DEPARTMENT OF THE PRIME MINISTER AND CABINET
TE TARI O TE PIRIMIA ME TE KOMITI MATUA

Proactive Release

The following Cabinet papers and related Cabinet minutes have been proactively released by the Department of the Prime Minister and Cabinet (DPMC), on behalf of Hon Andrew Little, Minister of Health, regarding the following review:

The Health and Disability System review

The following documents have been included in this release:

Paper:	***Response to the Health and Disability System Review / Hauora Manaaki Ki Aotearoa Whānui (CAB-20-SUB-0269)***
Minute:	***Response to the Health and Disability System Review / Hauora Manaaki Ki Aotearoa Whānui (CAB-MIN-20-0269)***
Paper:	***The Health and Disability System Review: Next Steps (CAB-20-SUB-0369)***
Minute:	***The Health and Disability System Review: Next Steps (CAB-20-MIN-0369)***
Minute:	***Additional Item: New Zealand Health and Disability System Review (CAB-20-MIN-0237)***
Minute:	***Additional Item: New Zealand Health and Disability System Review (CAB-20-MIN-0244)***

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant section of the Act that would apply has been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to redaction codes:

- section 9(2)(f)(iv), to maintain the confidentiality of advice tendered by or to Ministers and officials, and
- section 9(2)(g)(i), to maintain the effective conduct of public affairs through the free and frank expression of opinion.

Office of the Prime Minister
Office of the Minister of Health

Cabinet

RESPONSE TO THE HEALTH AND DISABILITY SYSTEM REVIEW / HAUORA MANAAKI KI AOTEAROA WHĀNUI

Proposal

1. This paper seeks agreement to the response, and the process for responding to, the Review of the Health and Disability System / Hauora Manaaki ki Aotearoa Whanui (the Review).

Executive Summary

2. This is the most comprehensive assessment of the health and disability system for at least 30 years, undertaken without prejudice and without a predetermined destination, and with extensive community and sector engagement. It has built on the reviews of the system that have been undertaken over the last 10 or so years.

3. The Review has confirmed that while New Zealand has a very good health system by world standards, it is a system under stress. Despite the high calibre and commitment of its workforce, the sector has struggled to manage the increasing demand on its services, with the resources allocated to it. It is a complex and unnecessarily fragmented system, with unclear roles, responsibilities and boundaries. This can lead to the organisations operating within the system pulling in different directions, and without a long term view of where they are heading. Services are too often built around the interests of providers, and not around what consumers value and need.

4. Most importantly, outcomes for some population groups – Maori, Pacific peoples, the disabled, and those from deprived backgrounds – are not as good as they should be. Outcomes can also vary, depending on where you live. As the Review observes, the fact that Maori health outcomes are significantly worse for most other New Zealanders, is a failure of the system and does not reflect this Government's commitment to the Maori Crown relationship.

5. Taken as a whole, the Review recommends the creation of a single, integrated NZ health system from what is essentially a sector of 20 health systems. The recommendations aim to simplify and strengthen the roles of organisations operating in the system, and incentivise them to put the needs of consumers, whanau and communities at the heart of what they do. While it proposes a reduction in the number of DHBs, and the end of elected boards, its biggest shift is to the organisation and delivery of the services that the public engages with the most – primary and community services – which it proposes, should be tailored to local needs and the way people live their lives.

6. The Review recommends a much greater focus on Maori health, including updating relevant clauses in legislation, and creating a Maori Health Authority by separating out

the Maori directorate from the Ministry of Health to provide policy and strategy advice on Māori health and to commission Māori provider and workforce development.

7. The Review proposes additional funding to rebalance the system. It also proposes a dedicated performance support function to drive changes in system effectiveness and efficiency. Increases in funding to refloat DHB balance sheets to address structural deficits, will be linked to tackling underlying performance issues. It also proposes guaranteed funding increases, similar to those received by the education system, and changes to funding practices to improve the sustainability of contracted providers and the circumstances of vulnerable workers in NGOs.

8. The Review proposes significant reform, but it is not radical reform, and it does not represent centralisation of the sector. It is about building a much stronger spine to the health system that exists, not imagining a new one. Implementation of the recommendations is envisaged as a five-year programme of activities, involving legislative, structural and cultural change, requiring both government policy decisions, and changes within the control of the system itself.

9. In this paper, Ministers are asked to agree with the case for reform and the high level direction outlined in the Review, but are not asked to agree with the recommendations until detailed design is worked through. These will be the subject of future Cabinet consideration. The paper asks Ministers to agree to a number of measures to begin the response, including:

    a. the establishment of a lead Minister group led by the Prime Minister and comprising the Ministers of Health and Finance and the Associate Minister of Health (Minister Henare), to oversee the Review's response, and of a Ministerial advisory group, to support Ministers' deliberations

    b. the establishment of a transition unit which will lead the work to respond to the Review, and coordinate the change programme, under a number of different work-streams. The unit is likely to have three distinct phases. Initially it will provide Ministers with policy advice based on the Review report's findings and recommendations. Cabinet's decisions will then be used to develop a future blueprint for the health and disability system, and a pathway for implementing it. Depending on the outcome of this process, the taskforce could then become an establishment or /transition unit for the agreed changes. The unit would be made up of officials from central government and be attached to DPMC. It will also involve secondments from, and engagements with, the health and disability sector, so that the detailed design of the system is undertaken collaboratively.

    c. The Ministerial advisory group and transition unit will also be tasked with ensuring that the change process is fully scoped, appropriately consulted and implemented in a way that minimises disruption across the health and disability sector.

10. The Review was completed before the effects of the COVID-19 pandemic were felt. While it affirmed the need for reform by highlighting some of the fractures in the system, it also provided a glimpse of the vision it paints. The response to the pandemic led to the rapid adoption of practices that the sector had been slow to adopt – such as virtual consultations and e-prescribing – as well as cutting through processes, in a way that benefited both consumers and health professionals. And it reinforced the importance of population (or public) health, which had been underinvested for years. The public accepted unprecedented restrictions on the way they live their lives to prevent the health system from being overwhelmed, and to help

it prepare it for being there if it were needed. Given the sacrifice the country has made to protect the health and disability system, we owe it to the public to make changes to improve it, and build on the gains obtained from COVID-19.

Why did the Government commission a review of the health system?

The Government inherited a sector under strain

11. In 2017 we inherited a sector under strain. For a sustained period, funding had not kept up with increasing demands on the system, rising volumes have put pressure on hospitals and the health sector workforce, and wage increases were minimal, particularly among lower paid workers. Some of the strain in the system was particularly acute in specific sectors, such as mental health. It was a strain exacerbated by the state of NZ's health infrastructure, which had been underinvested for decades, and in many cases, was becoming increasingly not fit for purpose. It wasn't just the sector's buildings, but it's IT, and the organisational arrangements for how the sector is connected and works together.

12. On entering Government we took stock of the system. We commissioned a Ministerial Advisory Group to look at the direction of the health system, and the performance of the Ministry of Health. We launched an inquiry into mental health and addiction, and undertook reviews of a number of project or specific services, such as the roll out of bowel screening. The Wai 2575 Health Services and Outcomes Kaupapa Inquiry, with an initial focus on primary care, was initiated in 2016, commenced its hearings in 2018, and made its initial report in 2019.

13. This Government has committed to an overhaul of the welfare system, which includes interactions with the health system. Recent reviews have identified persistent challenges that welfare recipients and others on low incomes experience with the health system. They have highlighted the need to look at how the health and welfare systems can collectively improve outcomes for the large number of people with health conditions and disabilities in the welfare system, and people on low incomes who are also high users of the health system.

The Government commissioned a fundamental review of the way the health system could be improved

14. Those reviews and inquiries were, and are, important for analysing what are discrete components of a larger system. But we knew that they would identify issues that crossed boundaries and wanted to ensure that the whole system is working as well as it could. We recognised that a system-level review could provide a platform for building public consensus that would be needed for any significant system and institutional change. It would also meet the commitment we made to review primary care settings.

15. In July 2018 Cabinet established the Health and Disability System Review to identify opportunities to improve the performance, structure, and sustainability of the health system, with the goal of achieving equity of outcomes across population groups, and contributing to wellness for all (CBC-18-MIN-0075 refers).

16. This has been the most wide-ranging and open review of the health system for at least 30 years. It hasn't been set up knowing what the answer is, it has instead collected information and engaged extensively across the country and has gone where the evidence has taken it. It has also built on reviews of the system that have been carried

out before, including the 2009 Ministerial Review, and the 2015 Capability and Capacity Review.

The Health and Disability System Review / Hauora Manaaki Ki Aotearoa Whanui

Overall New Zealand has a good health system, but it is clear there is room to do better

17. The Review has confirmed that the New Zealand health system is staffed by hardworking, highly trained and committed health professionals who deliver high quality care. Life expectancy continues to rise, and for most people, outcomes from the health system are good and are in line with other OECD countries, as is spending. In international comparisons, the system is regarded as administratively efficient, and for having a good care process, which is the safe coordination of care, including engagement with consumers. There are many examples of innovation in service delivery and initiatives achieving sustainable improvements in patient outcomes.

18. But for some population groups, particularly Maori and Pasifika, the disabled, and those from more deprived backgrounds, outcomes from, and the experience of, the health and disability system are not as good as they could or should be. In its interim report, the Review concluded that:

    a. the system needs to work

        i. in a much more cohesive, collective, and collaborative style within a set of agreed values and principles that apply throughout the publicly funded system

        ii. in partnerships both within the system and, more importantly, with those who choose or need to use it

    b. the system needs stronger leadership at all levels and clearer, enforceable mandates and accountabilities

    c. Māori need to have authority within the system to design and provide services that best suit their needs and allow them to embrace mātauranga Māori and fully express their cultural identity, which the system needs to support

    d. the long talked about move to give more emphasis to preventive care and the promotion of wellness needs to become a reality. This requires the growth of more multidisciplinary services and a reduced dependence on models that drive throughput ahead of service

    e. health services need to be planned more strategically, with more meaningful engagement with communities and better connections to other agencies with responsibilities impacting on key socioeconomic and cultural determinants of health

    f. workforce strategies need to be strengthened to ensure the future workforce better reflects the community it serves and has the skills necessary to operate effectively under different models of care

    g. data needs to be much more at the centre of decision making in the system, and this requires us to be much more determined about the type, standard, and relevance of the data that is collected

    h. the urgency for making improvements to outcomes for Māori, Pacific peoples, and low-income and rural households means priority needs to be given to getting more

appropriate services to these communities, rather than simply making system-wide changes in the hope that the benefits trickle down

i. the prospect of ever-increasing numbers of people with disabilities compels us to recognise that living with disability should no longer be treated as the exception. People living with disabilities have the right to expect equitable outcomes from the system, and we must ensure services strive to achieve that.

19. The Review noted that funding has not kept pace with increasing costs, which has added pressure to the system and may have contributed to issues such as staff burnout and underinvestment in capital maintenance. It also noted that funding formulas were complicated and poorly understood, and not always updated to reflect changing demographics, and that funding practices (particularly for contracted providers) did not incentivise innovation or provide certainty for long term planning.

20. However, the Review commented that previous funding levels are not the major contributor to equity of health outcomes, nor the sole cause of the system continually running financial deficits. It concluded that accountability mechanisms need to change to hold the system more accountable for staying within future funding paths.

The Review recommends the creation of a New Zealand Health System with population health in the driving seat at all levels in the system

21. The Review articulates a vision for a more cohesive, coordinated and integrated health and disability system that has a much clearer sense of where it wants to go, and where services are tailored to the needs and values of its consumers. The key features are:

    a. making population health a foundational element of the system, including the creation of a networked approach to primary and community services. This would see the devolution of contracted services from the Ministry of Health to DHBs (such as maternity and disability services), and from hospitals into primary and community care, to better reflect local conditions. Funding for primary and community care would be ring fenced in DHB budgets

    b. strengthening the system settings with coherent and aligned long-term national, regional and local planning, funding and accountability arrangements – including the key enablers of workforce, data and digital, and facilities and equipment – more central guidance, closer clinical and financial performance management, and greater transparency of performance

    c. changing the roles of organisations in the health sector, including:

        i. the Ministry of Health's leadership role would be strengthened, it would retain its role as chief steward with responsibility for policy, strategy, legislation, long term system outcomes and monitoring, building population health capacity and leading the budget process

        ii. creating a new Crown entity, provisionally called Health NZ (HNZ), to provide national leadership of health service delivery, both clinical and financial. HNZ would lead work on financial and clinical performance improvement, take on common service roles and ensure common operational policy and commissioning frameworks are in place. It would also manage the regional shared support entities. It is proposed that the Board of the HNZ would have 50% Maori representation

        iii. the establishment of the Māori Health Authority (MHA) by separating out the

Maori directorate from the Ministry of Health to provide policy and strategy advice on Māori health and to commission Māori provider and workforce development provide policy and strategy advice on Māori health and to commission Māori provider and workforce development. It would have a system leadership role for Maori, work alongside the Ministry of Health, and support HNZ and DHBs with the commissioning of Māori health services.

iv. a reduction in DHBs from the 20 which exist to between 8 and 12 over a five year period, and strengthening their accountability for improving equitable health outcomes in their own populations and contributing to the efficiency and effectiveness of the nationwide health and disability system. Boards would be appointed with the necessary skills, and in a way that is more reflective of populations they serve. Comprehensive community engagement strategies would provide for real input into service provision and feedback on performance

d. a much greater focus on Maori health, updating relevant clauses in legislation, strengthening DHB-Iwi partnerships, requiring DHBs to improve equity of Maori health outcomes in their strategic and locality plans, and ensuring funding formulas better reflect unmet need.

22. In addition to aligning funding and planning to support a longer term focus, the Review proposes guaranteed annual funding increases similar to those received by Social Development and Education. It recommends changes to simplify and reduce the volatility of funding flows, as well as multi-year contracts for NGOs. The Review notes that an increase in funding will be required to rebalance the system and reduce underlying structural deficits in DHBs, but recommends that this is administered through HNZ and focused on the better performers first to enable performance issues to be addressed.

The Review includes an alternate view from some members on the role of the Māori Health Authority

23. The Māori Advisory Group and some members of the Review panel while agreeing with the Review proposals wanted additional strengthening of Māori commissioning of services. They presented an alternative position requesting that local iwi/Māori are supported by the MHA in 50/50 governance arrangements to oversee and co-commission with their DHB partners all health services to their populations. The Review proposes that the MHA commissions Māori workforce and provider development and Māori health innovation funding. The alternate position would like this extended to include Kaupapa Māori health services plus longer term addtional population health and cross government initiatives. We will consider this position as we work through the response to the Review's recommendations.

Building on the gains that emerged from the COVID-19 pandemic

While the Review was completed before the pandemic, COVID-19 highlighted pre-existing fractures in the system, but also led to changes along the lines it proposes

24. The Review was completed just as the COVID-19 pandemic hit. As the country took unprecedented, and highly effective, steps to prevent the health system from being overwhelmed, the health system demonstrated its well-established capacity to respond in a crisis. But it required extraordinary powers, and clear leadership, to cut through existing processes and structures to join up parts of the system (e.g. PHUs), centralise

procurement (e.g. lab and PPE supplies) and other functions, and standardise approaches (e.g. to testing and contact tracing).

25. The COVID-19 pandemic demonstrated the potential of the sector to achieve rapid and fundamental change, which included the adoption of practices that the sector had been slow to embrace – such as virtual consultations and e-prescribing. For example, community mental health teams in Northland changed their normal practice of requiring clients to come in for treatment, or sending two workers to visit clients, by using telehealth and video to provide services. Clients have received more regular contact, and felt more comfortable in their homes, while community health workers have been able to meet with a client every hour, rather than 3-4 per day.

26. There is also the opportunity to use the infrastructure and resources from the COVID-19 response and heightened public awareness, to make a big push on public or preventative health. Almost 10,000 former health professionals have registered with the Ministry of Health, with almost 4,000 saying they were available to be deployed if required. This infrastructure is not limited to the health sector, 25 iwi, for example, have set up functional call centres to connect with whanau as part of the COVID-19 response.

27. The Ministry of Health's initial thinking on what improvements should be prioritised is as follows:

    a. **commissioning of Māori health services** – learning from current initiatives to explore opportunities to commission Māori and Pacific health providers in the delivery of whānau-centred primary health care

    b. **strengthening system leadership** with stronger central direction if necessary, in areas such as shared services, centrally-led industrial bargaining, and national service planning

    c. **revitalise public health** – initially by stabilising public health units with a nationally-directed network to enable them to continue and amplify their key role in the COVID-19 response

    d. **investment in digital infrastructure** – building on the progress made through COVID-19 to realise the potential of linking and providing information to support people to look after their own health and decision making across the system

    e. **investment in R&D** to modernise and improve the system by building on potential investments in COVID-19 vaccine research and development

    f. **a system-wide approach to lock-in changes in practice that strengthen quality and safety** – including the use of video technology for specialist advice to primary care and delivering outpatient appointments; and different approaches to hospital emergency departments

    g. **embedding new ways of working in primary care** to build on the positive response to COVID-19 to incentivise a shift in models of care in primary care.

28. Building on the gains obtained from responding to the COVID-19 pandemic is a key part of the response to the Review, either in tandem or ahead of other changes, but in alignment with the Review's general direction. s9(2)(g)(i) [redacted]

Government response to the recommendations in the Health and Disability System Review

Future direction: a truly New Zealand Health and Disability System

29. The Government's vision is for an integrated and sustainable health and disability system with equity of access and outcomes, created in partnership with Maori and with population health at its heart. A system that better responds to the needs of Pacific, European, Asian, disabled, and rural or urban populations. The Review's recommendations are aligned to this broad general direction.

The recommendations are general in nature, but need to be considered together

30. The Review's recommendations are outlined in 12 interdependent groups or themes, which are intended to be implemented together to fully realise the improvements to equity and sustainability of the system that are intended. They range from legislative change, to structural and culture changes, and involve a determined building of the capabilities the system will need to deliver in a new way. A summary of the recommendations is outlined in the table in **Appendix One**. The full recommendations are contained in the Review report.

31. The Review envisages a broad programme-based approach to reform that will take 5 or so years to implement, and involve central government officials working alongside participants from the health and disability sector. Some of these changes are, or will be, within the control of the system itself. Many will require policy work and engagement with the sector and the public, before they are reported to Cabinet for consideration.

32. We are not asking Cabinet to agree with the recommendations until detailed design is worked through, but we are asking it to accept the case for reform and the high level direction outlined in the Review, specifically: changes that reduce fragmentation of the system, strengthen leadership and accountability, increase the focus on population health and on tailoring services to the way that people live their lives in order to improve equity and lift health outcomes for all New Zealanders. The recommendations themselves will be the subject of future Cabinet consideration. For example, while officials agree with the need for longer term funding signals backed by improved planning the details of this need to be designed alongside consideration of wider improvements to public sector finance management.

Arrangements for responding to the Review's recommendations

33. We propose a number of measures to oversee, respond to, and lead the implementation of the Review's recommendations, including:

    a. a **Ministerial Group** to oversee the Government's response. The Group will be led by the Prime Minister, and also include the Ministers of Finance and Health and the Associate Minister of Health (Minister Henare). The Ministerial group will report to the Cabinet Social Wellbeing Committee as the work progresses

    b. a **ministerial advisory group**, established as a section 11 committee under the Public Health and Disability Act to advise Ministers on implementing the Review's recommendations. It would comprise sector experts, and have some continuity

with the Review. The advisory group would have input into the work of the transition unit, and into the operational improvements derived from the COVID-19 pandemic. We will report to the Cabinet Appointment and Honours Committee (APH) on proposed membership of the group

c. a time-limited **transition unit** to lead the response and act as an overall coordinator of the change programme. This body is likely to have three distinct phases. Its initial focus will be on providing Ministers with policy advice, based on the Review report's findings and recommendations (and relevant matters arising from the COVID-19 response). This will then be followed by a phase involving additional work streams (such as system architecture, communications, machinery of government), and consultation with participants, culminating in a future blueprint for the health and disability system, and a pathway for its implementation.

   The transition unit will include seconded staff from the Ministry of Health and Central Agencies, as well as secondments of subject matter and other experts from across the health and disability system. We propose the transition unit be in DPMC, report to the Ministerial Group, and be led by a director. s9(2)(f)(iv) [redacted].

32. The Ministerial advisory group and transition unit will also be tasked with ensuring that the change process is fully scoped, appropriately consulted and implemented in a way that minimises disruption across the health and disability sector.

33. s9(2)(g)(i) [redacted]

Financial implications

34. The Review concludes deficits in DHBs are of the size that they cannot be redressed simply by improved efficiency and better management, and as a result the Government will need to provide additional investment to rebalance the system. Funding will need to be considered in a fiscally constrained environment brought about by the COVID-19 pandemic, and in the context of a revised fiscal strategy. The economic shock from COVID-19 is likely to put stress on the health of many New Zealanders and to further exacerbate health inequalities. At the same time there is more need than ever to manage the health and disability system's sustainability challenge.

35. This paper seeks agreement to provide $5 million to Vote Prime Minister and Cabinet for the establishment of the transition unit. This funding is sought as a charge against the Between Budget Contingency established at Budget 2020. Further funding is likely to be required to undertake health and disability system reform, but this will be sought once the implementation plan is developed. The allocation of funding will be agreed jointly by the Prime Minister, the Minister Finance, the Minister of Health, and the Associate Minister of Health (Minister Henare).

36. The implementation of health and disability system reform is likely to have further, significant financial implications. Decisions on further funding will be taken alongside Cabinet decisions on a package of reform.

Legislative Implications

37. This paper does not have any legislative implications. The Government's response to the Review would have legislative implications depending on future decisions.

Impact Analysis

38. A full impact analysis of proposals will be conducted before Ministers are asked to make decisions, and will accompany future papers on these items.

Human Rights

39. The proposals in this paper are consistent with, or will improve consistency with, the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993. The proposals will also help improve consistency with United Nations conventions such as the United Nations Convention on the Rights of Persons with Disabilities.

Gender impact statement

40. The Review focused on supporting the rights and improving the health outcomes for all New Zealanders, including a specific focus on population groups experiencing inequities.

Disability Impact

41. The New Zealand Disability Strategy (2016 to 2026) creates an expectation that disabled people have the highest attainable standards of health and well-being and that they receive appropriate and timely support for all their health needs, not just those services related to their impairment. A person's impairment should not be a barrier to accessing mainstream health services. At the same time disabled people should have choice and control over the disability services and supports they receive. This underpins the more than five years of policy and service development and the Midcentral prototype Mana Whaikaha which forms part of a larger programme of disability system transformation that is underway.

42. The New Zealand Disability Strategy emphasizes a twin track approach – equitable access and outcomes from mainstream health services and choice and control over disability services and support. The response to the Health and Disability System Review needs to give effect to the "health and well-being outcome" in the New Zealand Disability Strategy, the principles and approaches that underpin the Strategy, and give effect to United Nations Convention of the Rights of Persons with Disabilities (UNCPRD) in particular Article 25, which is the Health Article, and Article 4.3 which requires close consultation and active involvement of disabled people and their representatives in the development and implementation of legislation and policy concerning issues relating to disabled people.

43. Active involvement of disabled people as part of the Government response will be essential and this will be done both at a high level through the Ministerial advisory group as well as from a range of stakeholders.

Consultation

44. This paper was prepared by the Department of the Prime Minister and Cabinet (Policy Advisory Group). Consultation on a draft of the paper was undertaken with the Ministries of Health, the Treasury, and the State Services Commission.

Communications

45. There are high expectations about the Review's findings from the health sector, and among the wider public. To support transparency and foster public engagement with the response, we propose to make a statement to the public and make this paper and the Review available publicly, as soon as possible following Cabinet decisions. Ongoing engagement with the sector, and the public more generally, will be a feature of the implementation of the Review. A comprehensive communications and engagement plan will be developed.

Proactive Release

46. I intend to proactively release this Cabinet paper following Cabinet consideration.

Recommendations

47. The Prime Minister and Minister of Health recommends that Cabinet:

    1 **note** that the Health and Disability System Review (the Review) concluded that as a whole, and by world standards, New Zealand has a very good publicly funded health system, but it is a system under serious stress, and one that doesn't deliver good outcomes for all its citizens:

    - it is complex and unnecessarily fragmented, with unclear roles, responsibilities and boundaries, which can lead to organisations and individuals operating within the system pulling in different directions
    - the health sector workforce is feeling increasingly stressed by being required to manage growing demand on its services with insufficient resources
    - services are too often built around the interests of providers, and not around what consumers value and need
    - outcomes for some, particularly Maori, Pacific peoples and the disabled, are not as good as they should be, with significantly worse outcomes for Maori representing systemic challenges, as outlined in the WAI 2575 Inquiry
    - funding has not kept pace with increasing costs and rising demand, and funding arrangements have not incentivised innovation or a longer term focus, but are not the sole cause of the large sector deficits, or major contributor to inequitable outcomes

    2 **note** that the Review envisions the creation of a single, integrated New Zealand health system with revised accountability and decision rights, including:

    - making a population health approach a foundational principle in order to address long standing inequalities, with a wider range of primary and community services planned and delivered at the local level
    - simplifying and strengthening the roles of organisations in the health sector with coherent and aligned long-term planning at all levels, and the separation of stewardship functions from service delivery for those at the centre

- updating legislating and giving Maori authority to develop and implement policies in a way that addresses their needs and respects te Ao Maori
- ensuring that key enablers in the system – workforce, data and digital, and facilities and equipment – are planned in a cohesive and coordinated way that encourage new ways of working and investment in long term capability
- guaranteed annual funding increases, and simplified processes to reduce volatility and improve longer term planning, as well as a funding injection to rebalance the system to address underlying deficits and performance issues

3 **note** that the COVID-19 pandemic highlighted many of the issues identified in the Review, but has also led to the adoption of practices that have benefited consumers and improved the functioning of the health system, which the Government will build into its implementation plan

4 **agree** to the case for reform and high level direction of travel outlined in the Review, specifically, changes to the health and disability system that reduce fragmentation, strengthen leadership and accountability, increase the focus on population health and on tailoring services to the way that people live their lives, in order to improve equity of access and outcomes for all New Zealanders

5 **agree** that agreement on individual recommendations in the Review will be the subject of future Cabinet papers

6 **approve** the establishment of a Ministerial group led by the Prime Minister and also including the Ministers of Finance and Health and the Associate Minister of Health (Minister Henare) to oversee the Government's response to the Review

7 **invite** the Minister of Health to set up a s11 Ministerial committee under the New Zealand Public Health and Disability Act 2000, to advise the Ministerial group on the response to the Review, and on the operational improvements arising from the response to the COVID-19 pandemic and how these could be progressed

8 **agree** to the establishment of a time-limited transition unit located in DPMC to undertake policy and design work arising from the response to the Review, and which will report to the Ministerial group

9 **invite** the Ministerial group referred to in recommendation 6 to report to the Cabinet Appointment and Honours Committee on proposed membership of the Ministerial Advisory Group

10 s9(2)(g)(i), s9(2)(f)(iv) :

10.1 s9(2)(g)(i), s9(2)(f)(iv)

10.2 s9(2)(g)(i), s9(2)(f)(iv)

10.3 s9(2)(g)(i), s9(2)(f)(iv)

11 **agree** to provide $5 million for the establishment of the transition unit to respond to the Review, referred to in recommendation 8, and that this should be appropriated in the 2020/21 financial year

12 **agree** to establish the following new appropriation:

Vote	Appropriation Minister	Title	Type	Scope
Name	Prime Minister	Health and Disability System Reform	Departmental Output Expense	This appropriation is limited to implementation of health and disability system reform.

13 **approve** the following changes to appropriations to give effect to the decision in recommendation 11 above, with a corresponding impact on the operating balance and net core Crown debt:

	$m – increase/(decrease)				
Vote Prime Minister and Cabinet Prime Minister	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24 & Outyears**
Departmental Output Expense: Health and Disability System Reform (funded by revenue Crown)	-	5.000	-	-	-

14 **agree** that the changes to appropriations for 2020/21 above will be included in the 2020/21 Supplementary Estimates and that, in the interim, the increases be met from imprest supply

15 **agree** that that the expenses incurred under recommendation 13 above be charged against the Between-Budget Contingency established in Budget 2020

16 **authorise** the Prime Minister and Minister of Health to release the Review, and this Cabinet paper, to the public after 10 June.

Rt Hon Jacinda Arden
Prime Minister

Hon David Clark
Minister of Health

Appendix: Recommendations of the Health and Disability Review

The following table provides a high level summary of the detailed recommendations contained in the Review, in the groupings in which they are presented. Attention to the interdependencies between recommendations is important to successfully deliver the system proposed by the Review. If implemented selectively, in part, or disconnected from one another, the recommendations of the Review may not realise the improvements to equity and sustainability of the system that are intended. Ministers are not asked to agree to the Review's recommendations until detailed design is worked through, but the table explains what issues they were designed to address and/or what role in the system they will play.

Recommendation	Description	Purpose
Ensuring accountabilities, structures and functions match	These recommendations are aimed to simplify and strengthen the roles of organisations in the sector. They involve structural change in how the health and disability system operates to strengthen leadership and accountability, including: • changing the role of the Ministry of Health, and strengthening its focus on system stewardship • creating two new organisations: o *Health NZ* to lead the delivery of services and be accountable for financial performance, clinical and financial service improvement. It is proposed that the HNZ board is comprised of 50% Maori representation o *Māori Health Authority* to advise on all aspects of Māori health policy, monitor and report on performance, and manage investment in workforce and provider development) • reducing the number and reviewing the organisational status of DHBs and subsidiaries, with elected boards replaced by appointed members. The stronger	The current system is fragmented with unclear roles and responsibilities, these changes are designed to provide a more integrated system with clearer lines of accountability, improved leadership and a stronger Māori voice.

Recommendation	Description	Purpose
	population health focus would increase community involvement in the health system from the status quo.	
A system with shared values	This recommendation is for a Health and Disability System Charter setting out shared values and guiding the culture, behaviours and attitudes expected of all parts of the sector. All publically funded providers would be expected to abide by the charter.	Consumers find that the system does not always work well together and does not always respect their cultures. Building a shared sense of purpose through agreement on shared values, culture and behaviours can help to reduce fragmentation and encourage people to work better together.
Changing the driver of the system	These recommendation are designed to improve the effectiveness of the health and disability system using a population health approach as a foundational principle: • all strategy, planning and service delivery to be developed using a population health approach. This will require increased capacity and capability at all levels in the system. • the functions currently performed by the Health Promotion Agency should be transferred to the Ministry, Health NZ, and the Māori Health Authority. • core health protection competence and capacity in the system should be strengthened • a mandatory Public Health Advisory Committee should provide independent advice to the Minister.	New Zealand has long standing health inequalities. A population health approach identifies people's needs, and translates these needs into policy, planning and delivery of healthcare. A strong population health approach can help to improve health and disability outcomes and tackle inequalities.
Ensuring the system is focused and engages communities	These recommendations strengthen long term and strategic planning for the health and disability sector and support community engagement in local service planning:	There is a lack of structured long term planning in the system and limitations with community engagement. Better planning will provide leadership and direction and if designed with communities provide more responsive services.

Recommendation	Description	Purpose
	• the development of a Long Term Health Outcomes and Services Plan (NZ Health Plan) that is the basis for capital, digital and workforce planning • DHBs develop 5 year strategic plans including: community engagement, locality plans, Māori perspectives and engagement	
Creating a new networked approach to primary and community services (Tier 1)	A number of changes to the organisation of tier 1 services are proposed to support a population health approach, to improve the equity of health outcomes, and improve the accessibility and effectiveness of services: • the provision of services should be planned on a locality basis by DHBs who will be accountable for service access and health outcome • tier 1 services will include a wider range of services, organised as a network of connected providers with shared accountabilities and shared information • the population based funding available for tier 1 services should be ring fenced and better weighted according to need with relevant ethnicity weightings included. It should no longer be mandatory for DHBs to contract PHOs for primary health care services. Similarly alliance arrangements required by the PHO Services Agreement and the DHB Operating Policy Framework should no longer be mandatory.	For consumers the system can be too hard to understand with lots of different parts that don't work well together. These changes aim to support services that are more responsive to what people need, provide a different mix of services and support good health and good lives.

Recommendation	Description	Purpose
Tier 2 operates cohesively across DHBs and integrates with Tier 1	The review notes the need for the hospital system to provide efficient and effective care to all New Zealanders regardless of where they live and need for the system to get better at how it uses resources and adopts new technologies. To achieve this the recommendations aim to: • provide a system wide view of Tier 2 services and identify national/specialist services and where they should be provided • ensure that Tier 2 services should work as a network, planning should incorporate transport and rural health services, patient access should be increased though the use of telehealth and extended hours • provide a stronger focus on performance improvement initiatives	Specialist services will need to be delivered sustainably while improving access and addressing variations in outcomes. These changes are designed to create a more deliberately planned system that works more closely together in networks to deliver on these challenges.
Effectively managing system funding and improving operational effectiveness	Recommendations are made to improve the sustainability of the health and disability system through: • legislation to provide for a guaranteed annual adjustment • a dedicated performance support function to drive changes in system effectiveness and efficiency • funding to rebalance the system to be managed by Health NZ	The health and disability system has struggled with financial sustainability. Greater certainty of funding alongside support for performance improvement is designed to support sustainability.
Hauora Māori	These recommendation are for stronger focus on Māori so that polices are specifically designed to address Māori health issues:	Overall system has not been good for Māori, with persistent and longstanding variations in outcomes.

Recommendation	Description	Purpose
	• the health legislation should be updated • DHB iwi partnership arrangements are strengthened and DHBs are required to specifically address improving equity of Māori health outcomes in their strategic and locality plans. All locality plans should provide for the provision of kaupapa Māori services. • population funding formulas should include an ethnicity and deprivation factors to better reflect unmet need and Tier 1 services in particular should be focused on finding and addressing the unmet need in the community.	Updating relevant clauses in legislation, improved engagement, more kaupapa Māori services and improved funding are all designed to address these issues.
Disability	The recommendations support better planning of services, improved engagement with disabled people and their whānua, improvement to the collection and use of data and evidence, and the development of a better trained workforce. It is also recommended that Health NZ should initially fund disability services and then devolve to DHB with a consistent commissioning framework that allows DHBs the flexibility to contract for services that best meet their population's needs.	Disabled people want more control over their own lives with a system that is inclusive and meets their needs. Improving needs assessment, workforce, evidence and data alongside more flexible local delivery of services can help to meet these objectives.
Workforce	The recommendations for change are designed to ensure that the future workforce is planned and managed effectively. The proposed changes include: • improved longer term planning and co-ordination of training involving the Ministry, Maori Health Authority, Tertiary Education Commission, Health NZ, the new New Zealand Institute of Skills and Technology	A sustainable system requires new models of health care, new workforces and changes to how we use health care workers. These changes are designed to support a better planned, more flexible and more diverse workforce for the future.

Recommendation	Description	Purpose
	• more flexible workforce and more flexible training including earn-as-you learn and shorter cumulative training courses • Health NZ management of strategic employment relations • The tripartite accord should be reinvigorated and should commit all parties to working constructively towards achieving the long term objectives of the sector, • Commissioning of services should encourage more secure employment, employment of disabled people, encouragement of non-traditional participation	
Digital and data	Recommendations cover clearer central roles and accountability, and recommend that priority for investment should be given to developing data and interoperability standards that ensure data flows across the system and supports better clinical outcomes, empower consumers, and data-driven decision-making, within this tier 1 and telehealth are priorities	The delivery of better planned more integrated services requires improvements to data quality, secure data transfers, and data connectivity. These changes aim to improve the leadership and accountability to deliver on these priorities.
Facilities and Equipment	Recommendations are to base facility and equipment planning on the NZ Health Plan, and to continue to develop central capacity and capability through the Health Infrastructure Unit and improved asset management planning. Some further work is recommended on capital charge and depreciation for major redevelopments	There is a large backlog in facility and equipment investment. New Zealand is too small to duplicate expertise or effort. The recommendation are designed to streamline capital decision making and delivery.

CAB-20-MIN-0269

Cabinet

Minute of Decision

Response to the Health and Disability System Review / Hauora Manaaki Ki Aotearoa Whānui

Portfolios **Prime Minister / Health**

On 8 June 2020, Cabinet:

1 **noted** that the Health and Disability System Review (the Review) concluded that as a whole, and by world standards, New Zealand has a very good publicly funded health system, but it is a system under serious stress, and one that does not deliver good outcomes for all its citizens:

1.1 it is complex and unnecessarily fragmented, with unclear roles, responsibilities and boundaries, which can lead to organisations and individuals operating within the system pulling in different directions;

1.2 the health sector workforce is feeling increasingly stressed by being required to manage growing demand on its services with insufficient resources;

1.3 services are too often built around the interests of providers, and not around what consumers value and need;

1.4 outcomes for some, particularly Māori, Pacific peoples, and the disabled, are not as good as they should be, with significantly worse outcomes for Māori representing systemic challenges, as outlined in the WAI 2575 Inquiry;

1.5 funding has not kept pace with increasing costs and rising demand, and funding arrangements have not incentivised innovation or a longer term focus, but are not the sole cause of the large sector deficits, or major contributor to inequitable outcomes;

2 **noted** that the Review envisions the creation of a single, integrated New Zealand health system with revised accountability and decision rights, including:

2.1 making a population health approach a foundational principle in order to address long standing inequalities, with a wider range of primary and community services planned and delivered at the local level;

2.2 simplifying and strengthening the roles of organisations in the health sector with coherent and aligned long-term planning at all levels, and the separation of stewardship functions from service delivery for those at the centre;

2.3 updating legislation and giving Māori authority to develop and implement policies in a way that addresses their needs and respects te Ao Māori;

2.4 ensuring that key enablers in the system – workforce, data and digital, and facilities and equipment – are planned in a cohesive and coordinated way that encourage new ways of working and investment in long term capability;

2.5 guaranteed annual funding increases, and simplified processes to reduce volatility and improve longer-term planning, as well as a funding injection to rebalance the system to address underlying deficits and performance issues;

3 **noted** that the COVID-19 pandemic highlighted many of the issues identified in the Review, but has also led to the adoption of practices that have benefited consumers and improved the functioning of the health system, which the government will build into its implementation plan;

4 **agreed** to the case for reform and high-level direction of travel outlined in the Review, specifically: changes to the health and disability system that reduce fragmentation, strengthen leadership and accountability, and increase the focus on population health and on tailoring services to the way that people live their lives, in order to improve equity of access and outcomes for all New Zealanders;

5 **agreed** that agreement on individual recommendations in the Review will be the subject of future Cabinet papers;

6 **approved** the establishment of a Ministerial group led by the Prime Minister and also including the Ministers of Finance and Health and the Associate Minister of Health (Māori Health) to oversee the government's response to the Review;

7 **invited** the Minister of Health to set up a section 11 Ministerial committee under the New Zealand Public Health and Disability Act 2000 to advise the Ministerial group on the response to the Review, and on the operational improvements arising from the response to the COVID-19 pandemic and how these could be progressed;

8 **agreed** to the establishment of a time-limited transition unit located in the Department of the Prime Minister and Cabinet to undertake policy and design work arising from the response to the Review, and which will report to the Ministerial group;

9 **invited** the Ministerial group referred to in paragraph 6 to report to the Cabinet Appointments and Honours Committee on proposed membership of the Ministerial Advisory Group;

10 s9(2)(g)(i), s9(2)(f)(iv)

10.1 s9(2)(g)(i), s9(2)(f)(iv)

10.2 s9(2)(g)(i), s9(2)(f)(iv)

10.3 s9(2)(g)(i), s9(2)(f)(iv)

11 **agreed** to provide $5.0 million for the establishment of the transition unit to respond to the Review, referred to in paragraph 8, and that this be appropriated in the 2020/21 financial year;

12 **agreed** to establish the following new appropriation:

Vote	Appropriation Minister	Title	Type	Scope
Name	Prime Minister	Health and Disability System Reform	Departmental Output Expense	This appropriation is limited to implementation of health and disability system reform.

13 **approved** the following changes to appropriations to give effect to the decision in paragraph 11 above, with a corresponding impact on the operating balance and net core Crown debt:

	$m – increase/(decrease)				
Vote Prime Minister and Cabinet **Prime Minister**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24 & Outyears**
Departmental Output Expense: Health and Disability System Reform (funded by revenue Crown)	-	5.000	-	-	-

14 **agreed** that the changes to appropriations for 2020/21 above will be included in the 2020/21 Supplementary Estimates and that, in the interim, the increases be met from imprest supply;

15 **agreed** that that the expenses incurred under paragraph 13 above be charged against the Between-Budget Contingency established in Budget 2020;

16 **authorised** the Prime Minister and Minister of Health to release the Review to the public after 10 June 2020.

Michael Webster
Secretary of the Cabinet

Office of the Prime Minister
Office of the Minister of Health

Cabinet

THE HEALTH AND DISABILITY SYSTEM REVIEW: NEXT STEPS

Proposal

1. This paper outlines our approach to reform of the health and disability system, sets priorities for the next six months, and seeks approval to the terms of reference for the Ministerial Advisory Committee and the role of the Transition Unit.

Executive Summary

2. On 8 June Cabinet agreed to the case for reform and high level direction of travel outlined in the Review, specifically: changes to the health and disability system that reduce fragmentation, strengthen leadership and accountability, and increase the focus on population health and on tailoring services to the way people live their lives, in order to improve equity of access and outcomes for all New Zealanders. Cabinet also agreed that agreement on individual Review recommendations will be the subject of future Cabinet papers and to build on positive changes in service delivery that resulted from the sector's response to the COVID-19 pandemic (CAB-20-MIN-0269 refers).

3. Health sector reform is something that past governments have struggled with. We want to learn from these experiences and base our approach to reform on making changes with, rather than to, the sector, and in a way that is the least disruptive to the health workforce and to the New Zealand public.

4. To ensure we make changes that improve health outcomes for all New Zealanders, it will take time to plan for successful implementation. However, there are a range of activities that we want to prioritise in the next six months, which we are asking Cabinet to approve. These include:

   a. work on health and disability system design, including key structure, funding, and system settings, and the development of a detailed implementation plan

   b. a number of quick wins (or ready now) initiatives that are aligned to the direction of the Review and that can be got underway now. These include initiatives that build on the gains from the response to the COVID-19 pandemic, particularly those that benefit health consumers (such as e-prescribing and telehealth), launching a measles catch-up campaign using the infrastructure and processes that have been built up over the last few months, and strengthening the role and organisation of public health units. We will also have a focus on improving the performance and financial sustainability of DHBs.

5. s9(2)(g)(i), s9(2)(f)(iv) [redacted]

[redacted]

Our approach to health sector reform

6. In June we accepted the comprehensive analysis of the health and disability system undertaken by the Health and Disability System Review / Hauora Manaaki Ki Aoteroa Whānui (the Review) and agreed that fundamental changes are required. We also agreed the high level direction of travel outlined in the Review.

Many of the Review recommendations reflect aspirations that have been held for the health and disability sector for many years

7. Some of the Review recommendations propose changes to service delivery, culture and behaviour that are not new and not contested, or not considered contentious: they reflect aspirations that have been made for the health and disability sector across strategies and reviews for the past 20 years. However, while these changes have been proposed before, the health and disability sector has struggled to implement them.

8. Other recommendations in the Review are designed to make the changes to structures, settings and funding to enable the service delivery, cultural and behavioural improvements to occur. In addition, some sector and population groups, for example, disabled and Pacific peoples, while welcoming the Review, have raised concerns that its recommendations do not reflect their aspirations for the health and disability sector. Our response to all the recommendations, will require careful consideration, so that Cabinet can consider fully-formed advice that take these perspectives into account.

Our approach will be underpinned by some core principles

9. Reform of the health and disability sector is not something we undertake lightly. The health and disability sector touches the lives of every New Zealander. We recognise that change is disruptive and the costs of transition can be high. We acknowledge that many reforms in the past haven't achieved their objectives because they haven't taken the public with them, and they haven't had the close involvement of the sector in their development. For these reasons our approach to reform will be based on the following core principles:

    a. ensuring that the primary objective is to improve the equity of outcomes for all New Zealanders, and in particular Māori, Pacific peoples and disabled people

    b. recognising the Government's commitment to the Maori-Crown relationship by making changes that give Māori the authority to develop and implement policies in a way that addresses their needs and respects te ao Māori

    c. involving the sector and public in the reform process

    d. emphasising sustainable, enduring change and recognising the costs of change and the long term financial sustainability of the health and disability system

    e. taking a strong cross-government and cross-sectoral approach, ensuring coordination across all relevant work programmes, while minimising disruption and uncertainty.

10. Even though some activity will be able to get underway straight away, we will take the time to plan implementation carefully to ensure we minimise the disruption and uncertainty for the sector – and New Zealand public – and set ourselves up with the greatest chance of success.

s9(2)(g)(i), s9(2)(f)(iv)

[redacted]

[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

[redacted]

13. The Ministry of Health have identified a number of priority actions that are aligned with the direction of the Review, these include:

    a. actions which build from the **gains made in the response to COVID-19**. The health and disability system's response to COVID-19 has led to a number of positive changes to structures, processes and service models at a general level, and for specific sectors (such as disabled people) and population groups, including Maori. In some cases these changes have brought forward national objectives substantially, and shown how redesign can be achieved at pace. We want to build on these gains and ensure that we act now to amplify or lock in such changes, in

keeping with the broader direction of the Review which focuses on rebalancing the system to recognise the centrality of population health services and public health.

b. ensuring the **performance and financial sustainability of District Health Boards** (DHBs), through a robust, centrally-driven approach that encourages system-wide ownership of outcomes

c. implementing the **Government's response to He Ara Oranga** (the Mental Health Inquiry).

14. s9(2)(g)(i), s9(2)(f)(iv) [redacted]

15. s9(2)(g)(i), s9(2)(f)(iv) [redacted]

Arrangements for responding to the Review

16. Cabinet approved the establishment of a Ministers' group to oversee the Government's response to the Review, a Ministerial Advisory Committee (the Committee) to advise the Ministers group, and to have input into the work on the response to the Review, which will be undertaken by the Transition Unit and the Ministry of Health.

17. s9(2)(g)(i) [redacted]

s9(2)(f)(iv) [redacted]

18. s9(2)(f)(iv) [redacted]

19. s9(2)(f)(iv) [redacted]

The Transition Unit will lead the response to the Review

20. The Transition Unit will lead the response to the Review, including designing an overall implementation plan and work programme, undertaking policy work on structural design and establishment of new entities, and legislative change. It will also be responsible for working with agencies to ensure the perspective of other sectors is

reflected in the work of the Review. The Transition Unit will report to the Ministers' Group overseeing the Review. It will work closely with the Ministry of Health to ensure work it is leading that is considered part of health and disability system reform, is aligned to the overall direction. The relationship between the Transition Unit and the Ministry of Health will be agreed through a Memorandum of Understanding.

21. The Transition Unit will provide secretarial support to the Committee. The Transition Unit will also consult the Committee on all its work and include comment from the Committee in its papers where there is a difference of opinion.

22. s9(2)(g)(i), s9(2)(f)(iv)

Financial implications

23. There are no immediate fiscal implications of this paper. However, as the work on reform progresses, there are likely to be material costs associated with progressing the Review, particularly with respect to addressing DHB deficits and in improving the way primary and community care is organised. Understanding the costs of the reform will be a key deliverable of the Transitions Unit.
24. While funding the costs of health and disability system reform may be difficult in the current fiscal environment, reform is critical to addressing system sustainability. Tackling inequities and inefficiencies in the current system has the potential to moderate funding needed into the future.

Legislative Implications

25. This paper does not have any legislative implications. The Government's response to the Review would have legislative implications depending on future decisions.

Impact Analysis

26. A full impact analysis of proposals will be conducted before Ministers are asked to make decisions, and will accompany future papers on these items.

Human Rights

27. The proposals in this paper are consistent with, or will improve consistency with, the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993. The proposals will also help improve consistency with United Nations conventions such as the United Nations Convention on the Rights of Persons with Disabilities.

Gender impact statement

28. The Review focused on supporting the rights and improving the health outcomes for all New Zealanders, including a specific focus on population groups experiencing inequities.

Disability Impact

29. The New Zealand Disability Strategy (2016 to 2026) creates an expectation that disabled people have the highest attainable standards of health and well-being and that they receive appropriate and timely support for all their health needs, not just those services related to their impairment. A person's impairment should not be a barrier to accessing mainstream health services. At the same time disabled people

should have choice and control over the disability services and supports they receive. s9(2)(f)(iv) [redacted]

30. The New Zealand Disability Strategy emphasizes a twin track approach: equitable access and outcomes from mainstream health services and choice and control over disability services and support. The response to the Health and Disability System Review needs to give effect to the "health and well-being outcome" in the New Zealand Disability Strategy, the principles and approaches that underpin the Strategy, and give effect to United Nations Convention of the Rights of Persons with Disabilities (UNCPRD) in particular Article 25, which is the Health Article, and Article 4.3 which requires close consultation and active involvement of disabled people and their representatives in the development and implementation of legislation and policy concerning issues relating to disabled people.

31. Active involvement of disabled people as part of the Government response will be essential and this will be done through the Committee, the work of the Transition Unit, and the Ministry of Health, as well as from a range of stakeholders.

Consultation

32. This paper was prepared by the Department of the Prime Minister and Cabinet (Policy Advisory Group). Consultation on a draft of the paper was undertaken with the Ministries of Health, the Treasury, and the State Services Commission.

Communications

33. There are high expectations about the Review's findings from the health and disability system sector, and among the wider public. s9(2)(g)(i) [redacted]

Proactive Release

34. I intend to proactively release this Cabinet paper following Cabinet consideration.

Recommendations

The Prime Minister and Minister of Health recommend that Cabinet:

1. **note** that because we recognise that change in the health and disability sector can be disruptive, and the costs of transition can be high, we will ensure that the needs and interests of consumers, whanau and communities are at the heart of our approach to reform and that we involve the sector and the public in the development of any changes

2. **agree** that our approach to reform will be based on the following core principles:

2.1 ensuring that the primary objective is to improve the equity of outcomes for all New Zealanders, and in particular Māori, Pacific peoples and disabled people

2.2 recognising the Government's commitment to the Maori-Crown relationship by making changes that give Māori the authority to develop and implement policies in a way that addresses their needs and respects te ao Māori

2.3 involving the sector and public in the reform process

2.4 emphasising sustainable enduring change and recognising the costs of change and the long term financial sustainability of the health and disability system

2.5 taking a strong cross-government and cross-sectoral approach, ensuring coordination across all relevant work programmes, while minimising disruption and uncertainty

3. **agree** that work on health and disability system reform should be undertaken in multiple streams across the Transition Unit, Ministry of Health and the sector, aligned under a single programme agreed by Cabinet

4. s9(2)(f)(iv)

4.1 s9(2)(g)(i)

4.2 s9(2)(g)(i)

4.3 s9(2)(g)(i)

5 s9(2)(g)(i)

6 s9(2)(f)(iv)

7 **agree** that the role of the Transition Unit is to:

7.1 have overall responsibility for leading the response to the Review, including developing, and reporting on the reform work programme, undertaking policy, architecture, system design, communications and other work as required

7.2 working with the Ministry of Health to ensure work on the response to the Review that they are leading is aligned to the overall direction

7.3 providing secretarial, and other, support to the Ministerial Advisory Committee as required

8 s9(2)(f)(iv)

8.1 s9(2)(f)(iv)

8.2 s9(2)(f)(iv) [redacted]

8.3 s9(2)(f)(iv) [redacted]

9 s9(2)(f)(iv) [redacted]

10 s9(2)(f)(iv) [redacted]

11 s9(2)(f)(iv) [redacted]

Rt Hon Jacinda Arden
Prime Minister

Hon Chris Hipkins
Minister of Health

s9(2)(f)(iv)

s9(2)(f)(iv)

s9(2)(f)(iv)

s9(2)(f)(iv)

s9(2)(f)(iv)

s9(2)(f)(iv)

CAB-20-MIN-0369

Cabinet

Minute of Decision

The Health and Disability System Review: Next Steps

Portfolios **Prime Minister / Health**

On 3 August 2020, Cabinet:

1 **noted** that, because we recognise that change in the health and disability sector can be disruptive, and the costs of transition can be high, we will ensure that the needs and interests of consumers, whanau and communities are at the heart of the approach to reform and that we involve the sector and the public in the development of any changes;

2 **agreed** that the approach to reform will be based on the following core principles:

2.1 ensuring that the primary objective is to improve the equity of outcomes for all New Zealanders, and in particular Māori, Pacific peoples and disabled people;

2.2 recognising the government's commitment to the Maori-Crown relationship by making changes that give Māori the authority to develop and implement policies in a way that addresses their needs and respects te ao Māori;

2.3 involving the sector and public in the reform process;

2.4 emphasising sustainable enduring change and recognising the costs of change and the long term financial sustainability of the health and disability system;

2.5 taking a strong cross-government and cross-sectoral approach, ensuring coordination across all relevant work programmes, while minimising disruption and uncertainty;

3 **agreed** that work on health and disability system reform should be undertaken in multiple streams across the Transition Unit, Ministry of Health and the sector, aligned under a single programme agreed by Cabinet;

4 s9(2)(g)(i), s9(2)(f)(iv)

4.1 s9(2)(g)(i), s9(2)(f)(iv)

4.2 s9(2)(g)(i), s9(2)(f)(iv)

4.3 s9(2)(g)(i), s9(2)(f)(iv)

5 s9(2)(g)(i), s9(2)(f)(iv)

6 s9(2)(f)(iv)

7 **agreed to delegate** decisions on the membership of the Ministerial Advisory Committee to the Ministers' Group previously established by Cabinet to oversee the government's response to the Review (Prime Minister, Minister of Finance, Minister of Health and Associate Minister of Health (Maori Health) [CAB-20-MIN-0269];

8 s9(2)(f)(iv)

8.1 s9(2)(f)(iv)

8.2 s9(2)(f)(iv)

8.3 s9(2)(f)(iv)

9 s9(2)(f)(iv):

9.1 s9(2)(f)(iv);

9.2 s9(2)(f)(iv);

9.3 s9(2)(f)(iv);

10 s9(2)(f)(iv)

11 s9(2)(f)(iv)

12 s9(2)(f)(iv)

Michael Webster
Secretary of the Cabinet

CAB-20-MIN-0237

Cabinet

Minute of Decision

Additional Item: New Zealand Health and Disability System Review

Portfolio **Health**

On 18 May 2020, Cabinet:

1 **noted** the update from the Minister of Health on the timetable and process for releasing and responding to the final report of the New Zealand Health and Disability System Review (the Review);

2 **noted** that the Minister will be receiving the final report of the Review on 21 May 2020;

3 **noted** that the Minister intends to report to Cabinet on 8 June 2020 with a high level response to the Review's recommendations and that it is proposed that the final report of the Review be publically released that week along with the government's response;

4 **noted** that the Department of Prime Minister and Cabinet, in consultation with relevant agencies, will lead the work on the government's response to the Review.

Michael Webster
Secretary of the Cabinet

CAB-20-MIN-0244

Cabinet

Minute of Decision

Additional Item: New Zealand Health and Disability System Review: Update

Portfolio **Health**

On 25 May 2020, Cabinet:

1 **noted** that the Minister of Health has now received the final report of the New Zealand Health and Disability System Review;

2 **noted** the briefing from the Minister on the key findings of the Review;

3 **noted** that the Minister of Health intends to report to Cabinet on 8 June 2020 with a high level response to the recommendations of the Review.

Michael Webster
Secretary of the Cabinet