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

#### Health and Disability System Reform Briefings October 2021 to January 2022

The following documents have been included in this release:

Title of paper: Health Reforms: Realising the Digital Shift for the Health System

**Title of paper**: Development of the Interim Government Policy Statement for the Reformed

Health and Disability System

**Title of paper**: Further advice on the Interim Government Policy Statement - Priorities for

Inclusion

Title of paper: Health Reform: Choices to Expand the Public Offer

**Title of paper**: Health Reforms: Public Health Transformation

Title of paper: Health Reforms: Addressing Workforce Supply and Demand

**Title of paper**: Localities: Setting a Narrative, and Updating on Rollout and Prototypes

**Title of paper**: Further Advice on the Interim Government Policy Statement – High Level

Approach to Priorities

**Title of paper**: Monitoring Arrangements for the New Health System

**Title of paper**: Restructure of Vote Health Appropriations to Support Health Reforms

**Title of paper**: Health Reform – Progress Update and Assurance Framework

Title of paper: Update on the Pae Ora Bill: Select Committee Progress and Further Policy

Decisions

**Title of paper**: Pae Ora Bill: Key Policy Decisions for Recommendation in the Departmental

Report

Title of paper: Allocation of Commissioning Budgets Across Future Health Entities

**Title of paper**: Health Reform: Transfer of Functions from Ministry of Health to New Entities

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# Memorandum

Further advice on the interim Government Policy Statement – priorities for inclusion

Date due to MO:	22 October 2021	Action required by:	29 Octo	ber 2021	
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То:	Hon Andrew Little, Ministe	er of Health	~'(		

# **Contact for telephone discussion**

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#### **Purpose**

- 1. This memo contains advice on how your priorities for health system reform are presented in the Interim Government Policy Statement (interim GPS) and the pathway to achieve those priorities. It identifies existing health system and wider government priorities that can both be driven by, and help drive, your priorities.
- 2. The advice is intended to support a further discussion with you on your priorities for the interim GPS what is included, the balance to be struck across different elements and where you consider there may be gaps.

## **Background**

- 3. The Cabinet paper for reform [CAB-21-MIN-0092 refers], sets out foundational proposals for reform of the health system in New Zealand, in response to the Health and Disability System Review (HDSR). On 8 October 2021, we provided you with a memo on the development of the interim GPS for the reformed health system [HR 20212157/ DPMC-2021/22-451 refers].
- 4. At the HDSR officials meeting on 12 October 2021, you indicated that the interim GPS should set out the strategic direction and five system shifts being explicit about what is expected in the first two years regarding the establishment of the new entities. This includes expectations regarding localities planning as a new feature that will drive greater emphasis on primary and community care.
- 5. We committed to providing information about other existing health system and government priorities, that you may want to include in the interim GPS, for discussion with you to enable the draft interim GPS, under development for mid-November, to be aligned to your expectations and needs.

## **Giving effect to Ministerial priorities**

- 6. As discussed in our earlier memo on the development of the interim GPS, there is a balance to be struck between high-level and detailed expectation setting for your priorities establishing the new entities; localities; primary and community care; equity; and focus on specific population groups.
- 7. We propose that to achieve the objectives of Pae Ora, equity, Te Tiriti partnership, sustainability, person and whānau-centred care, and excellence should weave through all the priorities, with specific expectations around reporting for these elements.

  Similarly, while priority considerations for data and digital investment are not explicitly drawn out at the high level, we consider your expectations in these areas should be identified and articulated through each of the five proposed priority areas.
- The interim GPS will be developed in line with existing Te Tiriti frameworks, including those in the Pae Ora Healthy Futures Bill, and the expectations will practically apply how Treaty obligations will be met. We will do our utmost to ensure the interim GPS expectations utilise and reflect mātauranga Māori where appropriate.

- 9. We consider that your priorities can be captured within a structure as outlined below:
  - a. Ministerial Foreword
  - b. Section 1: Strategic context
    - i. Structure of the health system (governance and delivery)
    - ii. Overview of the health system review and reforms
    - iii. Concurrently managing COVID-19 and ensuring continuity of service
  - c. Section 2: Priorities for the period 1 July 2022 30 June 2024

# i. Priority 1: Implement the institutional arrangements to lay the foundation for the future system

This priority will contain specific expectations regarding the establishment of Health NZ and the Māori Health Authority (MHA) – priorities for the functioning of the new entities from "Day One" and the next two years, the expected benefits of the reform changes, and the gains that Government expects to see by June 2024; and that the structure and culture of the organisations will support collaboration and cohesion, avoid duplication, complexity and fragmentation, and align with the Public Service Act 2020 (where applicable), and the new NZ Health Charter.

A key expectation in developing institutional arrangements will be ensuring that capacity and capability building is grounded in Te Tiriti to ensure the aspirations of the reformed health system on equity are realised. There will be explicit recognition of the intended role of the MHA in driving equity, and its commissioning and joint role as co-commissioner with Health NZ. This section may also carry expectations around the data and digital transformation that will enable the reformed health system to improve access to care.

This priority will also include expectations for the Public Health Agency as a branded unit in the Ministry and the public health service in Health NZ. It could also include further specific expectations regarding the role of iwi-Māori partnership boards and the requirements on the MHA in their respect, depending on Cabinet decisions to come and final provisions in legislation.

#### ii. Priority 2: Improving and integrating primary and community care

This priority will outline your expectations for the creation of an integrated patient- and whānau-centred care model, at the primary and community services level. Individuals, whānau and community will be empowered to access care, closer to home, that considers their holistic needs which might be best met by wider services, e.g. allied health or social services.

Key to this priority area will be your expectations around the development of localities and their respective provider networks, and engagement with lwi-Māori Partnership Boards. This could include clear expectations for the expansion of coverage of localities by the end of the second year, and measurable improvements in access to particular services in line with both Budget 2022 investment and initiatives identified in the development of the interim NZ Health Plan (with a focus on the equity component of these).

The digital transformation will play an important role in this priority area, by allowing primary and community service providers to share information and support referral pathways more easily. Expectations in this priority area particularly should be developed in the context of time constraints of the two-year horizon.

#### iii. Priority 3: Improving system performance

This priority will capture health system improvement programmes and initiatives that are either existing (e.g. Whakamaua: Māori Health Action Plan, Ola Manuia: Pacific Health and Wellbeing Action Plan, Mental Health Strategy) or prioritised through the reform initiatives (e.g. hospital and specialists care). Entities will be expected to work with teams beyond "Day One" plans to maintain service levels, provide confidence to the workforce and larger system, develop pathways to enable future implementation of the reforms, and continue the Government's response to COVID-19, building on successful practices to date.

This could include specific expectations regarding the continuation of those programmes (e.g. targets relating to ongoing planned improvement of access to mental health services), or their expansion in line with agreed Budget 2022 investment. We expect these would also link directly to key health system indicators.

#### iv. Priority 4: Workforce development

This priority will convey your expectations to the new entities for a secure and empowered workforce – who are supported throughout the transformation to ensure minimal possible disruption to their experiences of work other than where necessary for the reforms. Other expectations may focus on workforce capacity building for an engaged workforce that can work flexibly, is connected and operates seamlessly, has bespoke training pathways, and represents the communities it serves. Expectations in this priority area will be developed in context of ensuring the workforce shifts to enable the future system are developed and beginning to be implemented, including workforce plans, understanding and influencing the skills pipeline, training, and cultural development. This would also include expectations for improvement linked to Budget 2022 investment and would be underpinned by key indicators.

#### v. Priority 5: Financially sustainable system

This priority will outline your expectations around financial discipline, efficiency, and the avoidance of deficits within the context of a multi-year funding allocation. It may convey expectations around funding allocation, for example better targeting funding to need via the funding formula. Consideration of Te Tiriti and the core investment principles approved by Cabinet will also be described in this section. You may also consider conveying expectations for funding specific service areas.

d. Section 3 – Monitoring and Accountability Framework (including data expectations). We will provide separate advice on this section.

10. There are a range of ways to design and communicate expectations to map the way actions in each area may contribute to higher reform and wider health system aspirations. We will present structural and design options for the interim GPS to you when we provide the draft interim GPS in November.

It may be useful to include a small number of existing health system priorities that support the five system shifts

- 11. Your priorities will help drive, and in some cases may be driven by, existing health system priorities which support the five system shifts and longer-term aspirations for health. A stocktake of these are shown in **Appendix One**. These include:
  - a. significant government initiatives, campaigns, and programmes of work, compiled from a range of sources
  - b. selected principles from the Pae Ora Healthy Futures Bill which set immediate expectations for the system, such as providing services that are culturally safe and culturally responsive to people's needs
  - c. relevant elements from the draft Letters of Expectation to the boards of interim Health NZ and the interim MHA that went to the boards for feedback on 30 August
  - d. the priorities in the Health System Indicators framework.
- 12. Subject to your feedback on the proposed structure of the interim GPS and treatment of your priorities in paragraph 9 above, we envisage bringing in a small number of these existing health system priorities.

There is also an opportunity in the interim GPS to reflect the wider Government priorities that contribute to Pae Ora

- 13. The HDSR acknowledged that the health system's ability to influence health outcomes is limited by the extent to which these are impacted by wider social determinants of health. Improving equity in the health and disability system requires addressing these underlying sources of social inequity. Due to the significant nature of early childhood development, addressing inequities during the early years is particularly important.
- 14. In the New Zealand context, research suggests there are a range of important social determinants of health including, the environment in which people live work and play, employment and income, housing and living conditions, exposure to interpersonal violence (including family and sexual violence), cultural identity and social inclusion. These determinants are interconnected, with none being discrete elements.
- 15. As Māori are disproportionately impacted by the social determinants of poor health, addressing these wider social inequities is crucial to improving health outcomes for Māori and to meeting our Te Tiriti obligations.
- 16. Effective action to address the drivers or determinants of ill health and enhance opportunities to promote wellbeing requires multiple interventions across government at national, regional, and local levels.
- 17. Given the social determinants of health, the health and disability system cannot achieve better health outcomes on its own. The health system reforms provide an opportunity for greater collaboration across Government and integration of health and social sector strategy and service delivery. **Appendix Two** maps out several cross-government

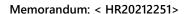
priorities that align to the five system shifts and may be useful to reference in the interim GPS so that the social determinants of health are systemically addressed.

The GPS will link to and drive an investment strategy for the reformed health system

18. In addition to setting priorities for the reformed health system, the GPS will also set the direction for the health system's new multi-year funding structure, in effect an investment strategy. The GPS will link to and drive advice on investment priorities and the expectation that these will be funded from within the multi-year funding allocation. The allocation has been designed to impose fiscal discipline, so that trade-offs are made across both new funding and existing baselines to meet Government priorities in the most efficient and effective manner.

### **Next steps**

19. We would welcome discussion with you on this advice at an upcoming HDSR officials or policy meeting. Subject to your feedback, we will provide more detailed descriptions of how your priorities are expressed and the pathway to achieving the priorities in the period covered by the interim GPS.



#### Recommendations

We recommend you:

- a) **Agree** that your priorities for health system reform are set out in the interim **Yes/No** GPS under the following five headings:
  - Priority 1: Implement the institutional arrangements to lay the foundation for the future system
  - Priority 2: Improving and integrating primary and community care
  - Priority 3: Improving system performance
  - Priority 4: Workforce development
  - Priority 5: Financially sustainable system.
- b) **Agree** to provide feedback on the high-level framing of your priorities under these headings, the balance to be struck across different elements and where you consider there may be gaps at an upcoming HDSR officials or policy meeting.

Dr Ashley Bloomfield

**Director-General of Health** 

Date: 22 October 2021

Hon Andrew Little

**Minister of Health** 

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Stephen McKernan

Director

Transition Unit

Date: 22 October 2021

## Appendix One: Potential priorities for inclusion in the interim GPS

Appendix One sets out potential existing priorities which support the five system shifts.

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Five key shifts for the reformed system	Government Priorities / Health System Indicators	Ministerial priorities	Ministry priorities	Health system principles Pae Ora (Healthy Futures)	Draft 30 August 2021 Interim Health NZ Letter of Expectations	Draft 30 August 2021 Interim Māori Health Authority Letter of Expectations
The health system will uphold Te Tiriti principles and obligations and ensure equity for all	Strong and equitable public health system	Implementation of Abortion Law Reform and results of the End of Life Choice referendum	Whakamaua: Māori Health Action Plan 2020-2025 Ola Manuia: Pacific Health and Wellbeing Action Plan 2020–2025 WAI2575 Health Services and Outcomes Kaupapa Inquiry	The health system should be equitable Should engage with Māori, population groups, and people to develop and deliver services and programmes that reflect their needs and aspirations Should provide opportunities for Māori to exercise decisionmaking authority on matters of importance to Māori Should provide choice of quality services to Māori and other population groups	Health NZ and the MHA have determined how they will work together practically in co-commissioning care for New Zealanders, including having identified early areas where the MHA will take a lead or stronger co-commissioning role to shift outcomes for Māori. This includes agreeing an initial Māori Health Plan, focused on how Health NZ will work to improve Māori health outcomes over the first two years, which should reflect the expectations of the iMHA and iwi Māori partnership boards.	<ul> <li>The MHA is established with a culture that encourages manaakitanga (respectful support) and kotahitanga (unity) from the outset. This includes collaboration with its partners – including Health NZ, the Ministry, other health entities, iwi-Māori partnership boards, the Māori health sector, wider social sector organisations, and the whānau and communities it serves. The MHA must take the opportunity to facilitate and support a "one system" ethos, leading by example in its behaviours and practice.</li> <li>The MHA has a leadership structure that is ready to play its partnership role in the new system. This means it engages with key partner entities and the communities it serves, prioritise a work and development programme, and ensures that the appropriate mix of operational systems and working arrangements are in place to support joined-up decision-making on hauora Māori priorities. I want to see Health NZ and the MHA take a fresh approach to planning, management, and commissioning of health services from the outset – noting that it will take time to progressively introduce and roll this out across the entire system.</li> </ul>
All people will have access to a comprehensive range of support in their local communities to help them stay well	Improved mental wellbeing Improved wellbeing through prevention Better primary health care Improved child wellbeing	Supporting the COVID- 19 response Implementing Kia Manawanui and the Government's response to He Ara Oranga Child and Youth Wellbeing Strategy Advancing key capital projects PHARMAC Review Maternity health strategy Smokefree 2025	Continued delivery of Vote Health initiatives in Budget 2019 \$1.9b mental wellbeing package Well Child Tamariki Ora Programme Rural health access	Should protect and promote people's health and wellbeing	<ul> <li>New Zealanders do not experience disruption to the services they receive from the health system</li> <li>Health NZ has an interim senior leadership structure that is ready to run the system in a new way. This means it reflects the communities it serves, breaks down district barriers, and ensures that decisions are made at the right levels. I want to see Health NZ take a new approach to management, commissioning and planning from the outset – rather than solely importing DHB leadership structures and relying on them shifting over time.</li> </ul>	New Zealanders do not experience disruption to the services they receive from the health system
Everyone will have access to high-quality emergency or specialist care when they need it	Strong and equitable public health system     Improved child wellbeing		Te Aho o Te Kahu (Cancer Control Agency) – equitable and timely cancer treatments	10)	• No reference	No reference
Digital services will provide more people with the care they need in their homes and communities and local communities	Towards a Digital Strategy for Aotearoa Strategy for a Digital Public Service Digital insights from the public service response to COVID-19		National Health Information Platform (including HIRA)		No reference	No reference
Health and care workers will be valued and well-trained for the future health system	Financially sustainable health system	Keeping the health system running     Ongoing management of DHB performance			<ul> <li>Our health workforce experiences the minimum possible disruption to its experiences of work, other than where necessary to achieve changes intended by the reforms. Changes to leadership, teams, and ways of working will be needed to realise the system shifts – but I expect to avoid disruption to the factors which affect people's work lives daily, like schedules and rosters, payroll and a central commitment to patient wellbeing.</li> <li>Health NZ is established with a culture that encourages and fosters positive, collaborative working from the outset. This includes collaboration both within Health NZ – between professional groups and national, regional and local levels – and between Health NZ and its partners – including the MHA, the Ministry of Health, other health entities, wider social sector organisations, and the people, communities and whānau it serves. Health NZ takes the opportunity to create a "one system" ethos, lead by example in its behaviours, and challenge boundaries and division based on the past.</li> </ul>	Our health workforce experiences the minimum possible disruption to its experiences of work, other than where necessary to achieve changes intended by the reforms. Changes to leadership, teams, and ways of working will be needed to realise the system shifts – but I expect to avoid disruption to the factors which affect people's work lives daily, like schedules and rosters, payroll and a central commitment to patient wellbeing.

Memorandum: < HR20212251>

## Appendix Two: Potential cross-government priorities for inclusion in the interim GPS

Appendix Two maps out several cross-government priorities that align with your priorities in Appendix One.

Government's Commitment	Policy/Reform/Strategy	Desired Outcomes	Lead Agency	Alignment & Mutual Benefits to Reformed Health System
Honouring obligations under Te Tiriti o Waitangi	<ul> <li>The role of the Government in article 1, the promises it makes to Māori and their Tino Rangatīratanga; and in article 2 – so that together we may achieve equality as promised in article 3.</li> </ul>	<ul> <li>Continue to support the role of Māori Crown relations – Te Arawhiti in growing the capability and capacity of government departments and organisations to be better Treaty partners to ensure they can confidently work alongside Māori in the Māori world to partner and deliver better outcomes for Māori</li> <li>Continue its work to settle historic Treaty of Waitangi claims</li> <li>Continue to uphold the commitments made in Treaty settlements</li> </ul>	Te Kawa Mataaho/The Public Service Commission & Te Arawhiti/The Office for Māori Crown Relations	<ul> <li>In order to achieve the aspirations, improved health outcomes for Māori, and deliver on the recommendations of Wai 2575, the reformed health system must shift paradigms.</li> <li>Government agencies as better Tiriti partners, aligns and supports the reformed health system in delivering equitable services.</li> <li>Meeting Te Tiriti obligations benefits the reformed health system through enhanced reciprocity, learning from and implementing Mātauranga Māori.</li> </ul>
Reducing child poverty	Child, Youth and Wellbeing Strategy	Multi-dimensional wellbeing outcomes sought for children and young people, where all children and young people:  are loved, safe, and nurtured  have what they need  are happy and healthy  are learning and developing  are accepted, respected and connected  are involved and empowered	Te Tari o te Pirimia me te Komiti Matua/Department of Prime Minister and Cabinet: Child Wellbeing and Poverty Reduction Group	<ul> <li>The early years of a person's life plays a critical role on their outcomes later in life; income, mental health, life expectancy, etc. Reducing child poverty is essential not just to improve the wellbeing of children, but is also an investment in the wellbeing of New Zealand's adult population.</li> <li>Reducing child poverty is directly correlated to a reduction in the burden of disease in the short and long term.</li> <li>Integrated, locally based care, and community services in the reformed health system will improve access to healthcare for the most vulnerable children.</li> </ul>
Reducing family violence and sexual violence (FVSV)	National Strategy [under development]	Integrated community responses     Data, intelligence and insights to drive solutions on preventing FVSV     Violence prevention needs are met in diverse communities     Supported FVSV workforce and enhanced organisational capability	Joint Venture of the Social Wellbeing Board     (Te Kawa Mataaho/The Public Service Commission)	Violence contributes to poor economic, cultural, social, and health outcomes for a large portion of New Zealanders, and especially Aotearoa's most vulnerable and marginalised communities. Addressing violence reduces the costs and burden on the health system. The reformed health system will support the prevention and treatment of FVSV.
Creating accessible, affordable, and healthy homes	Government Policy Statement on Housing and Urban Development	<ul> <li>Ensure affordable homes are built</li> <li>Ensure houses meet needs</li> <li>Enable people into stable, affordable homes</li> <li>Support whānau have safe, healthy affordable homes with secure tenure</li> </ul>	Te Tūāpapa Kura Kāinga/Ministry of Housing and Urban Development	<ul> <li>Accessible, affordable and healthy homes lay the foundation for New Zealanders' wellbeing.</li> <li>Healthy homes reduce the burden of disease and cost to the health system.</li> </ul>
Strengthening the health workforce	Reform of Vocational Education (RoVE)	<ul> <li>Create six industry-led bodies give industry greater leadership across vocational education</li> <li>Establish regional skills leadership groups</li> <li>Establish Te Taumata Aronui: A group to help ensure that the RoVE reflects the Government's commitment to Māori Crown partnerships</li> <li>Create Te Pūkenga: A unified, sustainable, public network of regionally accessible vocational education, bringing together the existing 16 ITPs.</li> </ul>	Te Tāhuhu o te Mātaurama/Ministry of Education	<ul> <li>The human resource needs of the MoH, Health NZ, and MHA are met.</li> <li>Development and management of the health workforce talent pipeline is supported by strong relationships between educational institutions, boards, and the reformed health system.</li> <li>The health workforce and its leadership are reflective of New Zealand's society.</li> </ul>
Improving employment outcomes for all New Zealanders	Employment Strategy	<ul> <li>Build a skilled workforce</li> <li>Support industries and regions to thrive</li> <li>Support workplaces to modernise</li> <li>Support workers and businesses to be resilient and adaptable in the face of the changing nature of work</li> <li>Support more inclusive employment</li> </ul>	Hīkina Whakatutuki/Ministry of Business, Innovation &Employment	<ul> <li>The Māori, Pacific, Women's, Disabled, and Youth Employment Action Plans support building a stronger economy as NZ recovers from COVID-19, and a more diverse workforce.</li> <li>Improving labour market participation and lifting groups our of poverty directly improves health outcomes.</li> <li>A health workforce that is diverse and inclusive, supports the workforce aspirations of the reformed health system.</li> </ul>
Responding to climate change	Government Emissions Reduction Plan     Resource Management System Reform     Carbon Neutral Government Programme	The Treaty of Waitangi is reflected in environmental decision-making improve the quality of New Zealand's urban environments Build a sustainable and resilient land and food system New Zealand transitions to a climate-resilient, low-emission and circular economy	Manatū Mō Te Taiao/Ministry for the Environment	<ul> <li>Protecting the environment and preparing for the future is imperative. Climate change, if unmitigated, will have dire consequences for New Zealanders' physical and mental health.</li> <li>A healthy population will be more resilient in responding to climate change.</li> </ul>

Memorandum: < HR20212251>