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

Proactive Release

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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MINISTRY OF HEALTH
MANATŪ HAUORA

Memorandum

Further advice on the interim Government Policy Statement – high level approach to priorities

Date due to MO:	26 November 2021	**Action required by:**	3 December 2021
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To:	Hon Andrew Little, Minister of Health

Contact for telephone discussion

Name	Position	Telephone
Maree Roberts	Deputy Director-General, System Strategy & Policy, Ministry of Health	021 539 738
Stephen McKernan	Director, Health Transition Unit	021 222 1962

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Purpose

1. The purpose of this memo is to provide advice on the overall approach to setting priorities through the interim Government Policy Statement (iGPS), and provide a first draft of potential content, for your initial feedback.

2. Subject to your feedback on this briefing, we are also seeking your agreement to discuss the approach to the iGPS with the board of the interim Māori Health Authority (MHA), to inform a further iteration of the draft before sharing it with the boards of both interim agencies to help inform the development of the interim NZ Health Plan.

Background

3. The Ministry of Health (the Ministry) is leading the development of the iGPS in partnership with the Transition Unit (TU). On 8 October 2021 we provided advice [HR20212157 / DPMC-2021/22-451 refers] that sought your direction on key aspects of the iGPS. You have agreed that:

   - the five key shifts, from the Pae Ora (Healthy Futures) Bill, provides a useful framework for the high-level direction setting in the iGPS
   - the iGPS should take a balanced approach, whereby the interim boards of Health NZ and the MHA have the flexibility to determine their own operating model, processes, and ways of working as much as possible, but that you may wish to define some specific expectations on these pending their development work over the coming months
   - the iGPS will support a more prescriptive approach when setting expectations for specific Government priorities
   - the iGPS should be based on the direction set out in Cabinet decisions, setting an expectation that a new NZ Health Strategy will be created by the Ministry when the Pae Ora (Health Futures) Bill is passed
   - in principle, the existing Health System Indicators should be leveraged when developing detailed expectations for system performance in the iGPS.

4. On 29 October 2021 we provided you with a memo [HR20212251 / DPMC-2021/22-618 refers] that sought advice on your priorities and how they would be expressed in the iGPS. You have indicated that your priorities are establishing the new entities; localities; primary and community care; equity; and focus on specific population groups.

Giving effect to your priorities in the iGPS

5. As we have discussed with you, the iGPS is the critical accountability vehicle for the implementation and consolidation of the system reforms in the first two years. However, it is intended to set priorities and not to be a fulsome description of all activities. It will be essential to make choices about what to include, what to leave out, and what to deal with through other means. The key challenge in developing the iGPS is to get the balance right so that priorities are clear, stretching and deliverable – but that the iGPS does not become unwieldy.

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6. It is also important to note that the iGPS is only one of the vehicles for you to set priorities for the system. Government priorities can also be indicated, and actions required, through other means, including:

   a. through inclusion in the system-level monitoring framework, which will set key indicators and metrics as focus for reporting and oversight. The monitoring framework will encompass priorities within the GPS, but will also be expected to include wider issues; and

   b. through inclusion in the interim NZ Health Plan, which you will approve. We expect that the Plan will include significantly more detail than the GPS. In the early years at least, we also anticipate there being SOIs and SPEs for entities that will similarly provide a route for reflecting priorities.

7. The purpose of this briefing is to seek your initial steer on how to present your priorities for the health system in the iGPS. To support this, we have developed draft content using an illustrative approach to framing.

8. The draft iGPS in Appendix 1 proposes arranging your priorities in chapters under five broad headings. Each chapter includes a description of the strategic context; priorities during the first two years of the reform; and examples of possible measures.

9. The five chapter headings are:

   a. **Priority 1: Laying the foundation for the future system** – this is intended to reflect the core activities needed to build and refine the reformed system model, including institutional arrangements and key enablers (we do not expect that this would be replicated in future GPSs).

   b. **Priority 2: Keeping people well and independent at home** – this will reflect your primary objective of rebalancing the system towards primary and community care and focusing on population health, including through implementing the locality approach.

   c. **Priority 3: Achieving equity in system performance** – this will capture other priorities for equity in system performance outside of primary and community care, including enabling steps to improve quality in the future system.

   d. **Priority 4: Developing the workforce of the future** – this will reflect a focus on the health workforce and how it supports wider priorities such as equitable outcomes.

   e. **Priority 5: Ensuring a financially sustainable system** – this will include the establishment of new arrangements to give effect to the high-level funding settings directed by Cabinet.

10. The description of the five priority areas above is intended to provide a framing device for the iGPS which orders your priorities. We have considered other devices – for instance using the five system shifts, or five reform objectives agreed by Cabinet. We have also considered the te Tiriti o Waitangi principles identified by the Waitangi Tribunal. Each of these has merits and drawbacks in terms of its ability to encompass the range of different priorities for transformation, improvement and stabilisation. We

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would welcome your initial reflections on the five areas indicated above, and propose to seek the views of the interim MHA.

11. Within each of the priority areas, whatever the choice of framing, there are questions on both the **choice of priorities** and expectations to be set for the system, and on the **level of detail** to be specified.

Choice of priorities

12. The priorities, actions or expectations in each of the areas above fit broadly into three categories. Each of these poses different questions and provide choices for how you wish to construct the overall balance and direction of the iGPS. These are:

 a. *Existing system improvement priorities*. These are "in flight" priorities, many of which pre-date the system reforms and which are expected to be carried forward by the new entities. These should be funded from within existing investment (although in some cases there may be bids for further funding through Budget 22). Examples here include the ongoing implementation in the coming two years of He Korowai Oranga and Whakamaua.

 The *key choice* for you in relation to these priorities is, simply, which to identify in the iGPS. This represents the largest set of potential expectations, and collectively could be an overwhelming list of initiatives and deliverables. The draft iGPS makes some initial proposals about which to highlight, we would welcome your feedback on whether this covers the right areas.

 b. *Priorities related to new investment.* These are new or expanded areas which will be directly linked to new investment secured in Budget 2022. Given the Budget process and relatively early stage of bids, these cannot be accurately predicted or included in the iGPS at this point. However, we have indicated in relevant places where Budget bids might be incorporated, if agreed, and how these might therefore strengthen the expectations.

 The *key choice* for you in relation to these priorities is the same choice as that posed by the Budget process – i.e. where to focus any new investment and how this would support the wider narrative on priorities. We will continue to ensure alignment between the iGPS and Budget processes so that these move forward in parallel, allowing for a clear view of the total expected position.

 c. *Performance improvement priorities for delivery from within the baseline.* These are priorities which you may expect the system to deliver in the two-year period, but which will not be funded by new investment from Budget 2022. In effect, these are priorities which you would expect to be delivered from within existing resources (i.e. the current funding baseline, including any agreed uplifts for cost pressures and rebasing to remove deficits). They might include for instance the rollout of programmes which have only been partially adopted by DHBs, but which the new system model, sustainably funded, should be able to implement nationally (e.g. acute care).

 The *key choice* for you in relation to these is how you wish to balance them with the transformation agenda. Setting priorities to be met from existing resources will

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require analysis of their feasibility and expected benefits, and agreement with the interim boards of Health NZ and the Māori Health Authority. It is likely that the iGPS could only accommodate a small number of such new priorities to ensure that it is not setting the system up to fail.

Level of detail

13. For each of the areas above, there is a question as to how far the iGPS should specify expectations. As we have previously advised, in our view the iGPS should in general set higher-level direction and objectives, with a focus on outcomes rather than mandating particular inputs or outputs.

14. Finding a balance here will in some respects be driven by the nature of the priority. In some instances, a higher-level direction will not be specific enough to set clear parameters for the interim NZ Health Plan or drive real change (and may not match the detail already publicly committed in existing programmes). More specific and quantifiable priorities, moreover, can be easier to monitor and may resonate more effectively with the system and the public.

15. We have drafted the iGPS with the intention of having a consistent approach to the level of detail across the priority areas, where the majority of expectations are high-level and do not pre-empt decisions on the approach to delivery in the interim NZ Health Plan. However, we expect that there will be case for including some more specific expectations for particular priorities, and there would be benefit in setting a number of these as a more tangible set of key deliverables. We have indicated some initial options for these.

16. We think there is merit in working towards setting a small number of headline, measurable priorities within each area. These could in effect become system targets, although of course we would need to be mindful of the potential distorting effect of highlighting some objectives in this way. We would welcome your views on this in principle.

17. Collectively, your choices on the type of priority, the level of ambition and the detail or specificity will provide an opportunity to develop a strong public offer as part of the iGPS – setting a clear story for the two-year period and supporting messaging and communications for the system and the public. We recommend considering further how to create this offer as the iGPS evolves over coming months.

18. The key challenge for the iGPS is to describe a set of Government priorities that is sufficiently challenging to match the reform's ambitions and mark a break from the past, but that are also realistic and reflect the existing and anticipated pressures in the health system particularly in relation to COVID-19. The iGPS cannot, and nor should it, include all areas of interest or set expectations that are beyond what can feasibly be delivered.

19. While the annexed draft covers a lot of ground in setting priorities, in our view it is likely to already be more detailed than may be useful for the system. We expect this content to be refined and reduced, rather than expanded.

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20. Articulating this balance through the iGPS will require analysis and negotiation, including within Government (e.g. to consider the relationship to wider priorities) and with Health NZ and the Māori Health Authority. This latter engagement will be critical in determining how the iGPS can best establish the strategic framework for an effective interim NZ Health Plan.

Structure of the draft iGPS

21. In Appendix 1 we have provided the following draft content:

    a. Section 1 – Strategic context for the iGPS. This is indicative text which will continue to be refined over the coming months.

    b. Section 2 – Chapters on your five priorities (as above).

    c. Section 3 – Strategic connections with wider Government priorities.

    d. Section 4 – The iGPS and the accountability framework.

22. To support a discussion with you, we have provided the chapters on priorities in template format so that you can indicate your preferences for the expectations to be included, emphasised or removed, as well as any other comments you may have.

23. The following sections will be developed subject to your feedback and further development, and are not provided at this time:

    a. Minister's foreword.

    b. Technical appendices, which are likely to include:

        i. Business rules for entities in the future system. We expect this will be an updated version of the existing Operational Policy Framework (OPF) to reflect new system settings and decision rights (e.g. it will include rules for all entities such as related to financial reporting, but will not replicate areas that should be determined by the entities themselves).

        ii. Service coverage. This will set minimum expectations for access to publicly funded health services, and in effect form the "public offer" on which you have recently received advice.

        iii. Expectations for financial performance. This would provide more detailed expectations and assumptions to underpin the priority chapter on this topic.

        iv. Monitoring framework metrics including the Health Systems Indicator Framework. This would detail the core national outcomes and indicator framework and supporting mandatory data and information reporting requirements for all entities. Further advice on the design of the system-level monitoring framework will be provided to you on 3 December.

        v. Transitional expectations.

24. These technical appendices represent some of the most significant areas of development work for the coming months. We will provide further advice in the New Year on options for each.

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Next steps

25. We would welcome discussion with you on this draft material at an upcoming HDSR officials' meeting.

26. Subject to your initial feedback, we propose to engage the board of the interim MHA before Christmas on the high level approach to the iGPS and communicate your priorities and preferences. This would reflect the anticipated strategic role of the MHA and their responsibility for driving hauora Māori across the system.

27. We do not intend to share the attached working document at this point, but rather seek to discuss broader principles and priorities with the board, before considering further revisions to the draft in light of this discussion. We suggest then bringing a revised version back to you, incorporating both your comments and the board's feedback, in January 2022. We will also provide advice on options for targeted engagement with key stakeholders at this time.

28. Following review of that further iteration, we propose to share the draft, with your agreement, with both boards of interim agencies by end January. This would provide for consultation on the emerging draft in the agencies' capacity as the delivery organisations for the iGPS, to seek feedback and support alignment with the development of the interim NZ Health Plan. We would then anticipate a further report reflecting the interim boards' feedback in March 2022.

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Recommendations

We recommend you:

a)	**Agree** to provide feedback on how you wish to present your priorities for the health system through the iGPS, including on the balance of the types of priorities you wish to highlight, and the level of detail expected	**Yes/No**
b)	**Indicate** whether you wish to consider setting a small number of headline measures associated with the key priorities in the iGPS, in addition to the wider expectations set out in the document	**Yes/No**
c)	**Comment** on the illustrative framing of the five priority areas in the draft iGPS, and whether you want to consider alternative approaches	
d)	**Comment** on the initial content in the draft iGPS content in Appendix 1, in particular on the chapters on your five priorities on pages 5 to 19 of the Appendix.	
e)	**Agree** that we engage with the board of the interim Māori Health Authority to seek their input on the approach to setting priorities through the iGPS, and provide them with your priorities and preferences	**Yes/No**
f)	**Note** that we will provide a revised version of this draft material, reflecting your feedback and that of the interim Māori Health Authority, to you in January 2022.	

Dr Ashley Bloomfield

Director-General

Ministry of Health

Date:

pp.

Stephen McKernan

Hon Andrew Little

Minister of Health

Date:

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Director

Transition Unit

Date: 26/11/2021

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