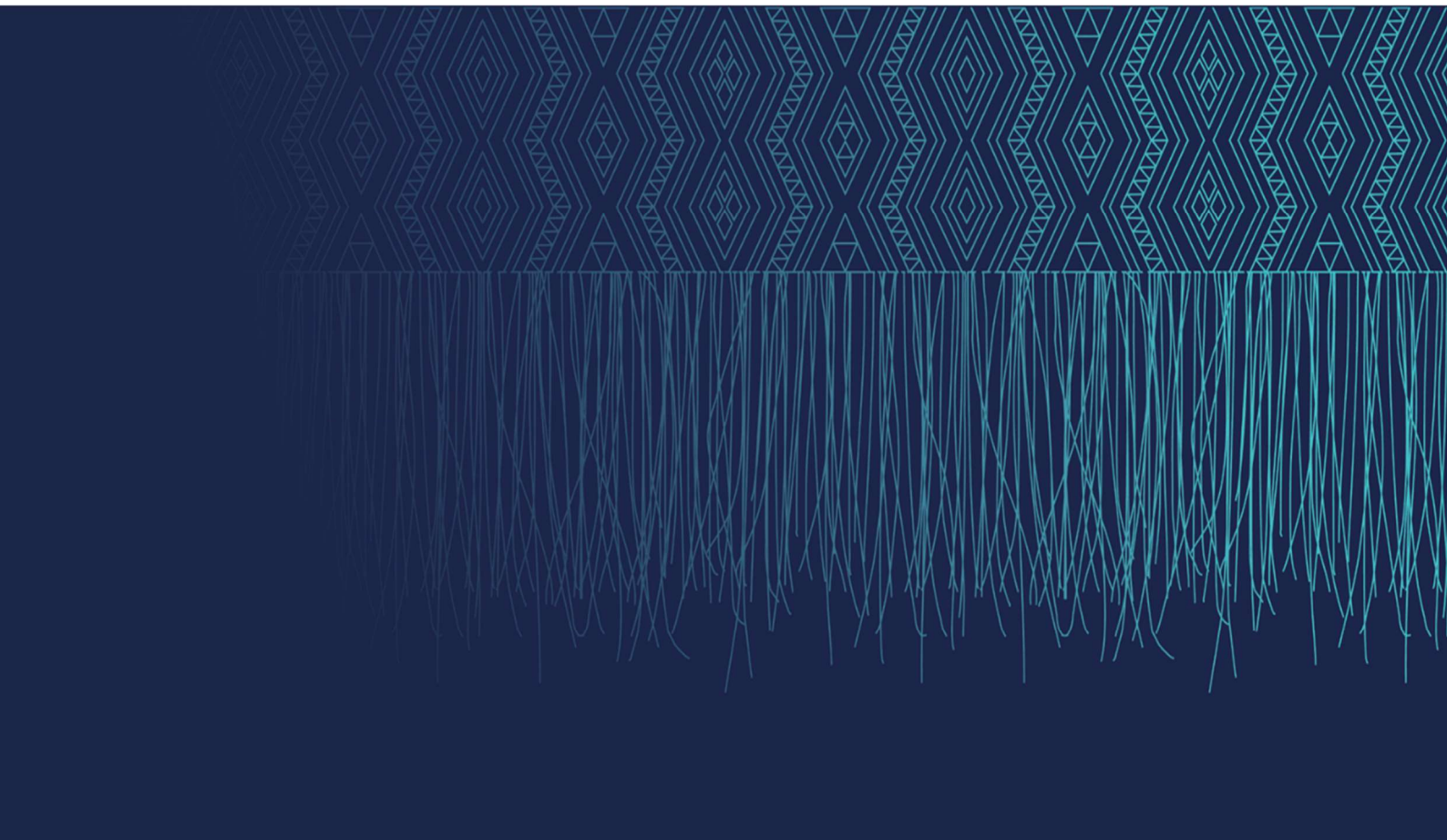


# Briefing for the Incoming Minister of Health

1 February 2023



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# 1 Message from the Chair and Chief Executive

Welcome to your new role as Minister of Health. We are pleased to introduce Te Whatu Ora's BIM, a high-level introduction to our wide-ranging responsibilities, services and initiatives to support the health and wellbeing of New Zealanders.

Te Whatu Ora has now been operational for 7 months, set up by the Government's health reforms and resultant Pae Ora Act 2022. This was a landmark change. We have made good progress since commencement, while having significant work to do given the breadth and depth of the reforms, and a number of system challenges that need to be overcome.

Many aspects of the change and system integration are still in process. As management and information systems are further established, we are gaining better clarity on both service delivery challenges and opportunities.

Te Whatu Ora is a Crown entity governed by a Board that reports through its Chair to you. We look forward to extending our existing working relationship with you. We also look forward to supporting new Associate Ministers.

As a Crown entity, our relationship with you is different to that of Manatū Hauora, given the statutory roles and responsibilities of our Board. It nonetheless remains critical that we are closely connected, including for Te Whatu Ora to implement Te Pae Tata, the interim New Zealand Health Plan.

We are working particularly closely with Te Aka Whai Ora, to help ensure that our service delivery – and wider system changes – give effect to Te Tiriti and strive for health equity for Māori, Pacific and other priority populations. Our partnership with Te Aka Whai Ora is in good shape.

Our success also critically hinges on strong connections with a very wide range of organisations and stakeholders – of all kinds – across the health and disability system. This includes continued progress on workforce issues and planned care, alongside maintaining focus on the COVID response and preparation for winter 2023.

Our current financial performance is in line with budget, though there remain cost pressures throughout the system, including construction and staff costs. There are also still major pressures on staff and other resources, with vulnerability to further major demand escalation.

This briefing comes at a time when some regions are significantly affected by extreme weather events, reminding us of the importance of looking out for each other in communities and collaborating to bring out our collective best, whatever the circumstances.

Every day, our people do their best to enhance health outcomes across New Zealand, and many, many more people – both inside and outside the public service – work towards the same aim in the important roles they play. We take this chance to further share our appreciation for their work.

We look forward to an early opportunity to confirm your delivery priorities.

Rob Campbell

Chair

Margie Apa

Tumu Whakarae – Chief Executive

## 2 Te Whatu Ora's role in the health and disability system

For a fuller overview of the system and the goals of the health sector reforms, please see the Briefing for the Incoming Minister by Manatū Hauora.

Te Whatu Ora was established under the Pae Ora (Healthy Futures) Act 2022 (Pae Ora Act). In practice this meant amalgamating 28 government-owned healthcare entities (20 District Health Boards and 8 shared service entities) and functions transferred from Manatū Hauora into a single national organisation. Included in this amalgamation were 12 Public Health Units into an integrated National Public Health Service.

We are embedding Te Tiriti o Waitangi in practice throughout our system to ensure our decision making and delivery enables Māori whānau to thrive. This is achieved through working in partnership with Te Aka Whai Ora and growing people capability to act on opportunities to improve equity of access for Māori, Pacific, people with disabilities and mental health conditions, and those living in rural communities. The five system shifts frame the aspirations of the health reforms:

- The health system will reinforce Te Tiriti o Waitangi principles and obligations;
- All people will be able to access a comprehensive range of support in their local communities to help them stay well;
- When people need emergency or specialist healthcare this will be accessible and high quality for all;
- Digital services will mean that many more people will get the care they need in their homes and local communities; and
- Health and care workers will be valued and well-trained for the future health system.

Te Whatu Ora's functions as set out in the Pae Ora Act include: owning and operating services, providing and arranging the provision of services at national, regional and local level, undertake and promote public health measures, including commissioning services to deliver public health programmes, improve service delivery and outcomes for all people at all levels within the publicly funded health sector.

Te Pae Tata is the accountability document that translates those expectations into delivery priorities to end of June 2024. It sits alongside Ola Manuia, the Pacific Health Action Plan, to support improvements in Pacific health.

Ola Manuia is a companion document to Te Pae Tata and sets out the Pacific priorities for the system. There is a suite of enabling factors that will be invested in in the next 18 months and seven health priorities to focus equity delivery. Pacific equity commitments for Te Whatu Ora include: Pacific provider development; development of a Pacific pipeline with clinical interventions across the sector that will target the gap in life expectancy; primary care investment in Pacific models of care in South Auckland relating to acute flow improvements; cancer; and workforce development. Pacific health commissioning has a budget of \$230 million; the team is forming and will be approximately 120 FTE nationwide. A Pacific Health Senate has also recently been established to offer clinical governance and advice to advance Ola Manuia's strategic priorities. We look forward to briefing you further on these and other developments, including upcoming Pacific health events.

The following two sections describe the Delivery and Enabling immediate activities and upcoming decisions.

### 3 Delivery Priorities

This section gives an overview of immediate activities and upcoming decisions impacting on the **delivery and the experience** of care that consumers, whānau and communities will experience. We will provide you with further information on these over the next few weeks.

#### 3.1 Managing Acute Demand and Planned Care

Across the motu, acute demand has returned to, or exceeds, pre-COVID-19 levels. Challenges both within hospitals (workforce, infection prevention and control, other COVID-19 measures) and externally (capacity in primary and community care, aged residential care and other agencies) mean patients face longer stays in hospital. These factors put pressure on bed availability and can lead to congested emergency departments.

In the past, these challenges peaked in winter, and then receded. This pattern has not occurred this year and demand and capacity challenges remain. In addition, system-wide planning for winter 2023 is under way, with a paper being prepared for you to take to Cabinet in March 2023. The initiatives include:

- Hospital flow to reduce long length of stay and facilitate more rapid discharge of patients;
- Primary and community access to diagnostics and interventions that reduce the likelihood of Emergency Department presentation (e.g. expanded Primary Options for Acute Care Scheme POAC); and
- Enhanced and scaled 'hospital in the home', virtual care and/or remote monitoring programmes such as clinical advice through telehealth that facilitates early discharge or prevention of acute presentations across the hospital network.

Recent planned care performance data shows that, while improvements in day cases have exceeded planned 'production', the challenges remain in balancing inpatient capacity where acute or trauma demands crowd out planned lists, even when scheduled.

Te Whatu Ora and Te Aka Whai Ora have accepted all the recommendations of the Planned Care Taskforce and has a work programme that sequences the implementation of 101 recommendations. As at end of December 2022, 16 recommendations were implemented or to be completed (e.g. booking and treating 12 month+ waiters), improving data and analytics to inform production planning, establishing clinical governance and networks. Forty-seven recommendations are in planning stages to refine actions (e.g. primary and community interventions, theatre utilisation reviews, outpatient capacity reviews, consistency of clinical thresholds, care navigation supports and outsourcing to private hospitals). Thirty-eight recommendations are being scoped as they require additional investment (e.g. expanded clinical telehealth, mobile surgical and diagnostic provision, minor capital infrastructure investments to expand space).

#### 3.2 Commissioning

##### Budget 22 Initiatives

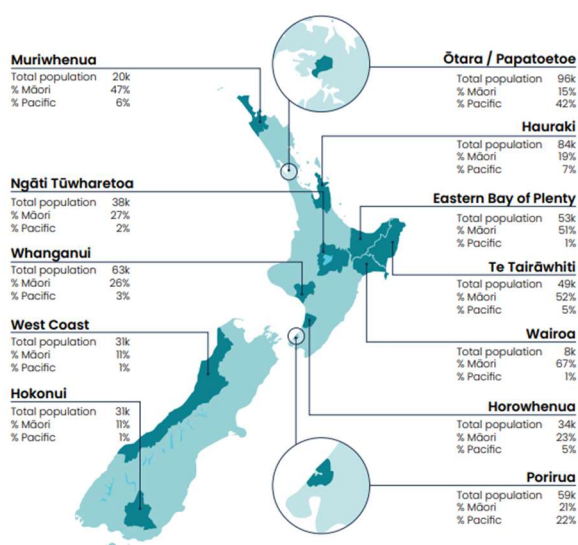
Initiatives to increase funding in primary care are in implementation stage. This includes an additional equity uplift in the capitation formulae, funding capacity to enable comprehensive

care in primary care (e.g. physiotherapy) and pay parity in tranches (Aged Residential Care being a priority). These funding changes will be implemented this quarter.

9(2)(f)(iv)

## Localities

### The first localities – provisional areas



By July 2024, the Pae Ora Act requires that every community in New Zealand will be part of a locality.

Te Whatu Ora is supporting 12 prototype localities to establish themselves, gather community voice, and produce their own locality plan. An implementation plan is due to your office that will outline how localities will be spread to increase coverage to 50% of the country by 30 June 2023 and then 100% by June 2024.

Over the next two months:

- Iwi Māori Partnership Boards will make locality boundary recommendations that will cover up to 50% of Aotearoa's population; the recommendations will trigger the establishment of localities in those areas as part of the national roll out;
- A revised programme of implementation that builds on the learnings from locality prototypes will be shared with you in February/March. This includes advice on outcomes, funding models and community engagement processes; and
- The 12 locality prototypes will submit their draft locality plans for approval for implementation.



## **Additional milestones**

There are a number of other milestones that will be brought to your attention:

- a public facing access and choice website for Mental Health launch;
- the Paid Family Care policy extension;
- a new SmokeFree campaign;
- launch of the HIV Action Plan and Sexually Transmitted and Blood Borne Infections Strategy.

## **3.3 Public health**

### **Childhood Immunisation Taskforce**

Te Whatu Ora is concerned with reduced coverage of childhood immunisation and aims to lift access to flu vaccines as part of preparedness for winter 2023. The Immunisation Taskforce has submitted their report with recommendations to significantly lift rates that include:

- Reducing the barriers to training that can expand the immunising workforce; improve accessibility of information to parents and guardians to inform decision-making;
- More alternative delivery models that can be available to whānau including expanded outreach, enable all wellchild providers to vaccinate, expanded recall systems and implement an antenatal immunisation pathway.

These initiatives will have cost implications that are being scoped and likely to be subject to prioritisation for Budget 2023.

### **COVID-19 Framework**

Te Whatu Ora continues to implement the Framework with 7 enablers as agreed with Ministers. You will be aware that operational planning for vaccinating tamariki aged 6 months to 4 years is in its final stages. It is estimated that 15,000 tamariki are eligible to receive this vaccine. Te Whatu Ora has confirmed capacity at existing locations to support the rollout, which will begin on 9 February 2023.

### **Breast Screening Aotearoa Review**

Te Whatu Ora commissioned an independent quality improvement review of the national breast screening programme (BreastScreen Aotearoa) in April 2022 to assess whether current arrangements for quality and clinical safety are fit for purpose. A draft report with recommendations has been submitted to Te Whatu Ora. This and the serious adverse event report from incidents (late notification of screens) is due to be released following Board consideration.

The main findings from the review are the need for a fundamental shift to having Māori, Pacific, and consumer expertise and experience shape and guide the national breast screening programme at all levels. Persistent inequities in accessibility must be addressed to improve breast cancer outcomes in New Zealand. The Te Whatu Ora and Te Aka Whai Ora Boards will approve the report for release, anticipated to be in mid to late February 2023. The report also proposes a review in the way national screening programmes are run to integrate and build critical mass of expertise in how they may be delivered and translate

effective practices in addressing equity. Te Whatu Ora is considering the implications of this review.

9(2)(f)(iv)

### **BreastScreen Aotearoa programme business case**

Budget 2021 approved funding of up to \$55.6 million over four years to replace vital components of the Information and Communication Technology (ICT) infrastructure supporting BreastScreen Aotearoa [CAB-21 MIN-0116.14 refers]. 9(2)(f)(iv)

## **4 Enabling Priorities**

This section gives an overview of immediate activities and upcoming decisions impacting on the enabling functions that support frontline delivery – workforce, capital infrastructure and data and digital. The purpose of these decisions is to enable frontline delivery by growing the skills and workforce needed for care and deliver the building and technology infrastructure that will support that delivery. We will provide you with further information on these over the next few weeks.

### **4.1 Workforce**

#### **Health workforce**

Te Whatu Ora prioritised \$14.4m to continue to build on the success of health workforce initiatives nationally, announced by the Minister of Health in August 2022, including the Return to Nursing Support Fund and the recently launched international recruitment campaign. Te Whatu Ora and Te Aka Whai Ora are working closely with the Tertiary Education Commission to revamp health workforce training pathways and to develop an operational workforce strategy aligned to the Manatū Hauora workforce strategy.

Te Whatu Ora is in the process of completing the Workforce Plan that describes more specifically the workforce demand required to deliver services across the system and the supply side interventions or actions that, in partnership with training sector and regulators will address those gaps. Nursing pipeline modelling is close to completion (current estimates are that we have a gap of 700 nurses which is the difference between what is required to maintain current workforce and what training system is providing). Medical and allied health is in progress. The Workforce Plan aims to be in draft for review for Board and



then your office by end of March 2023. This is being developed in conjunction with professional pipeline groups convened as part of the Workforce Taskforce.

9(2)(f)(iv)

### **Holidays Act 2003 remediation programme**

Te Whatu Ora is working to remediate breaches of the Holidays Act 2003 (the Holidays Act), and to ensure correct future payroll practices, across a series of nationwide projects (reflecting former district health board workforces). We anticipate making the first payments to staff affected by Holidays Act breaches in almost all districts in 2023. This process will require approval from Manatū Hauora and the Treasury, and agreement from the Ministers of Health and Finance, to draw down funding to make the payments. We will provide advice on this issue as the first proposed payments approach.

9(2)(f)(iv)

### **Employment relations**

Te Whatu Ora is in collective negotiations with the New Zealand Nurses' Organisation for the Nursing and Midwifery collective agreement, which covers much of our nursing workforce. We will also soon enter bargaining with the Public Service Association for their nursing workforce, and with the Association of Senior Medical Specialists for the senior medical and dentistry workforce. Several smaller agreements with allied health professionals are also being negotiated at the same time.

9(2)(j)

### **Nursing Pay Parity**

Cabinet authorised the Minister of Finance and Minister of Health to jointly draw down the *Improving pay relativities for funded sector health workers* tagged operating contingency, up to \$40 million for 2022/23 and \$200 million from 2023/24 (establishing any new appropriations as necessary). Draw down is subject to joint Ministers' satisfaction with the outcome of work on finalising operational arrangements, including contractual mechanisms to support higher pay rates, and stakeholder consultation [SWC-22-MIN-0209 refers].

Te Whatu Ora, Te Aka Whai Ora and the Treasury expect to advise Ministers on the operational arrangements, contractual mechanisms, and consultation feedback in late February 2023 and seek the draw-down of the funding.

### **Te Mauri o Rongo – the New Zealand Health Charter**

Te Whatu Ora and Te Aka Whai Ora are working in partnership to develop Te Mauri o Rongo - the New Zealand Health Charter, which is required under the Pae Ora Act. Both entities will provide you with a briefing before end March 2023 on progress with the Charter and

proposed next steps. The Act requires that the Charter is made when the Minister endorses it and is presented to the House of Representatives and made public after it is made. While it does not state a timetable, the Act requires that a report is produced every 5 years once it is tabled (s.56 - 58 Pae Ora Act refers).

## 4.2 Strategy, Planning and Reporting

## Quarterly reporting

The first quarterly performance report, covering the period July – September 2022, is due for publication pending Ministerial sign-off. Te Whatu Ora is seeking agreement to release the report in early February 2023, ahead of the Q2 report.

Work on the next quarterly report (October to December 2022) is well underway and is due to you in early March 2023.

## Health Strategy and Budget 2024

Work on Budget 2024 is beginning now and will include an assessment of early progress on implementing the current – and developing the next iteration of – the Government Policy Statement and the New Zealand Health Plan. A briefing on this work is proposed.

### 4.3 Infrastructure

## Funding to manage cost escalations

9(2)(f)(iv) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

- 
- | Government          | Percentage |
|---------------------|------------|
| Current government  | 85%        |
| Previous government | 15%        |

## Te Whare Ahuru

9(2)(f)(iv)

## 4.4 Data and Digital

## Funding

A briefing to you and the Minister of Finance in late February will seek to draw down:

- funding from the Budget 2022 for 'Data and Digital Foundations and Innovation' contingency fund to support health sector reforms and investment in priority areas; and
- further funds from the Budget 2021 tagged contingency.

A paper is being developed on plans to allocate \$125 million over four years from Budget 2022 to retain and expand digital capability and infrastructure developed in response to the COVID-19 pandemic for broader health and disease management (e.g., measles, rheumatic fever, screening, child wellbeing).

## 5 Roles and Responsibilities

Te Whatu Ora is a Crown agent under the Crown Entities Act 2004. This means we must give effect to Government policy when directed by the responsible Minister.

The Te Whatu Ora Board has responsibility for Te Whatu Ora's day-to-day operations (largely exercised through the Chief Executive). Te Whatu Ora Board members are accountable to the Minister for performing their collective duties and observe the 'no surprises' convention in its dealings with the Minister and advisors. As a Crown Entity, Te Whatu Ora is required to report on performance to Parliament and to appear before Select Committees.

Te Whatu Ora works with the Minister of Health to agree performance objectives through key accountability documents and regularly reports to the Minister on performance.

We will support you to deliver the Government's priorities and your statutory responsibilities through regular communication, reporting, and providing timely advice. We will also work with your office to identify opportunities to connect with key stakeholders and help build a more integrated health and disability system. We look forward to understanding your expectations and preferences for best supporting you and your office.

### 5.1 Who we are

#### The Board

Te Whatu Ora is governed by a Board of up to eight members appointed by the Minister of Health. All decisions relating to the operation of Te Whatu Ora must be made by, or under the authority of, the Board. The Board delegates responsibility to the Chief Executive for the day-to-day management and leadership of Te Whatu Ora, which includes matters relating to Te Whatu Ora's responsibilities as an employer.

The boards of Te Aka Whai Ora and Te Whatu Ora work closely together in a Te Tiriti-based relationship - the 'Waka Hourua': the two entities moving together in a common direction. In practice, this means both the Boards, executive and teams of the two entities work closely together including holding joint Board meetings on a regular basis.

The work of the Board is supported by seven committees, comprising members of the Te Whatu Ora Board, as well as at least one Te Aka Whai Ora attendee:

- Capital and Infrastructure
- Clinical Quality and Assurance
- Data, Digital, and Innovation
- Finance and Audit
- Health, Safety, and Wellbeing
- People, Culture, Development and Change

- Public Health, Primary and Community Care.

## Te Whatu Ora staff and Executive

Te Whatu Ora is New Zealand's largest employer, with over 82,000 full-time equivalent staff. This includes 27,000 nurses and 800 midwives.

The amalgamation of 28 organisations into a single entity is a substantial undertaking, and work continues to finalise the organisational structure and appoint leaders to substantive roles. The organisational structure of Te Whatu Ora's leadership is shown in the diagram below.

The change programme will complete the nationalising of reporting lines, establishment of regional integration teams and local service delivery teams by 30 June 2023. The change programme will be recommending to the Board areas for substantial financial savings and how those benefits will be extracted that includes the disestablishment of roles and functions. All activities in Te Whatu Ora reports nationally to the following executives distinguishing those who are responsible for 'delivery' of care and those who 'enable' care.

Office of Chief Executive	Chief Executive	Margie Apa
	Chief of Staff	Peter Alsop
Clinical Leadership	Lead Clinical Advisor - Medical	Peter Watson
	Lead Clinical Advisor Nursing	Dale Oliff
Delivery	National Director, Commissioning	Abbe Anderson
	National Director, Hospital & Specialist Services	Fionnagh Dougan
	National Director, National Public Health Services	Nick Chamberlain
	National Director, Pacific Health	Markerita Poutasi
	National Director, Service Improvement and innovation	Dale Bramley
	Chief Tikanga	Mahaki Albert
Enabler	Chief Finance Officer	Rosalie Percival
	Chief People & Culture	Andrew Slater (starts 3 <sup>rd</sup> April)
	Chief Data & Digital	Interim Stuart Bloomfield
	Chief Infrastructure Investment	Jeremy Holman
	Strategy and Planning	Interim Tracey Maisey
	Corporate Services	Interim Sue Gordon

## 5.2 Our finances

### Te Whatu Ora's Budget

Te Whatu Ora funding for 2022/23 is \$24.6 billion. This funding is comprised of \$20.4 billion in Crown funding and the balance from other government entities, third parties and special purpose COVID-19 funding. Expenses budgeted for 2022/23 are also \$24.6 billion, resulting in a budgeted break-even position. A table with the current budget is set out in Appendix 1.

2022/23 funding includes \$1.4 billion for costs from the COVID-19 pandemic, which will not continue in 2023/24. Because expenses are not as quick to adjust as revenue it has been, as expected, a challenge to eliminate COVID-19 expenses to align with the end of funding.

A more detailed briefing on the drawdown of tagged contingencies and the Budget 2024 process will be provided.

## **6 Future papers**

### **6.1 Upcoming Cabinet Papers**

#### **Winter Preparedness Cabinet Report-back**

Cabinet has requested an update on Winter 2023 preparedness actions. It is due on 28 February 2023 and will go to Cabinet in March 2023 (date TBD). The update includes lessons learned from Winter 2022, and actions to prepare for Winter 2023, covering:

- COVID-19 response (subsequently removed; content covered in papers below);
- maintaining planned care capacity;
- national escalation pathways and triggers, especially for emergency departments;
- which winter measures will be used;
- aged residential care (ARC) capacity, and using ARC to support hospital flow;
- nursing recruitment and retention; and
- staff flu vaccination.

#### **COVID-19**

Manatū Hauora is also developing a series of related Cabinet papers due to be considered by Cabinet in March and we are working closely with them to ensure we are aligned:

- COVID-19 Strategic Framework (led by Manatū Hauora)
- COVID-19 Strategy for 2023/24 (led by Manatū Hauora)
- COVID-19 funding options (Manatū Ora and Te Whatu Ora).

#### **Governance Arrangements for Health Infrastructure**

A draft paper is nearing completion on the new governance framework for health infrastructure projects and programmes, informing Cabinet of the disestablishment of three governance groups, and providing an overview of the Te Whatu Ora's Infrastructure Operating Model.

### **6.2 Future briefings**

We will need to brief you on a range of matters over the coming weeks, including:

- Te Pae Tata
- Employment Relations
- Legal issues, including infrastructure and pay equity matters
- Kahu Taurima | Maternity and early years
- Infrastructure and Digital and Data

- Winter preparedness (including planned care)
- Immunisations (including the Immunisation Task Force recommendations)
- Mental health
- Te Whatu Ora finances and Budget 2024
- Localities

We welcome any feedback on topics you would like to see covered or the sequencing of those briefings.

## Appendix 1

### Mapping of current Budget to Te Whatu Ora Organisation Accountability Structure

Category	Expense budget Billion	Average FTE
Commissioning: Primary & Community	\$ 7.74	1,223
Corporate Services	\$ 0.15	695
COVID-19	\$ 1.43	465
Data & Digital	\$ 0.65	2,323
Disability Services	\$ 0.11	831
Finance	\$ 0.46	920
Hospital & Specialist Services	\$ 12.98	71,534
Infrastructure & Investment	\$ 0.02	13
Internal Audit & Assurance	\$ 0.02	83
Maori Health	\$ 0.05	390
National Public Health Service	\$ 0.54	1,188
Office of the CE and Governance	\$ 0.07	259
Pacific Health	\$ 0.05	130
People & Culture	\$ 0.31	1,167
Service Improvement & Innovation	\$ 0.07	470
Strategy, Planning & Accountability	\$ 0.01	30
Trusts & Special Funds	\$ 0.00	5
	<b>\$ 24.64</b>	81,726