

In Confidence

Office of the Minister of Health

Cabinet Social Wellbeing Committee

Te Pae Tata | the interim New Zealand Health Plan

Proposal

- 1 This paper signals my intention to approve Te Pae Tata | Interim New Zealand Health Plan.

Relation to government priorities

- 2 The Government is committed to achieving equitable health outcomes for all New Zealanders in line with the purpose and principles set out in the Pae Ora (Healthy Futures) Act 2022 (the Pae Ora Act).
- 3 Te Pae Tata | Interim New Zealand Health Plan (Te Pae Tata) sets out the first two years of action for the reformed health system and gives effect to the interim Government Policy Statement and the Pae Ora Act.

Executive Summary

- 4 Under the Pae Ora Act, Te Whatu Ora – Health New Zealand (Te Whatu Ora) and Te Aka Whai Ora – the Māori Health Authority (Te Aka Whai Ora) must jointly develop a New Zealand Health Plan by 1 July 2024 for approval by the Minister of Health. Developing the New Zealand Health Plan will require comprehensive engagement with communities, cross-agency collaboration, and formal processes (e.g., Office of the Auditor General costings) before a final plan is tabled in the House of Representatives.
- 5 In advance of the first full New Zealand Health Plan, I intend to approve Te Pae Tata | Interim New Zealand Health Plan (Te Pae Tata), which sets out the first two years of action for Te Whatu Ora and Te Aka Whai Ora. This interim plan is a key accountability document for the new entities.
- 6 This paper asks Cabinet to note my intention to approve and release Te Pae Tata.
- 7 The release of Te Pae Tata will include launch events and a communications plan for the health sector and broader New Zealand public.

Background

- 8 The Pae Ora Act provides for the funding and provision of services to protect and promote the health of all New Zealanders, to achieve equity in health outcomes, particularly for Māori, and to build pae ora for all New Zealanders.
- 9 Under the Pae Ora Act, Te Whatu Ora and Te Aka Whai Ora must jointly develop a New Zealand Health Plan by 1 July 2024. This plan is a three-year costed plan for the delivery of publicly funded services giving effect to the Government Policy Statement.
- 10 Before developing the first full New Zealand Health Plan, I intend to approve Te Pae Tata, which sets out the first 2 years of action for Te Whatu Ora and Te Aka Whai Ora. This interim plan is a key accountability document that outlines actions to support establishing the new entities, and actions to address inequities, improve health outcomes and the experience of care, alongside creating a unified health service delivery system for better performance.
- 11 The actions in Te Pae Tata align to the interim Government Policy Statement on Health and deliver on the Government's Budget 22 initiatives. It sets out how Te Whatu Ora and Te Aka Whai Ora will meet their Te Tiriti o Waitangi obligations and develop a health system that holds Te Tiriti o Waitangi as its foundation.
- 12 Te Pae Tata replaces 20 different district annual plans, formerly produced by District Health Boards. It also informs the national service coverage picture and operating policies to unify our operating environment. Te Pae Tata has been accepted by both Te Whatu Ora and Te Aka Whai Ora Boards acknowledging that this is an interim plan to cover the first two years of their operations.

Analysis

Te Pae Tata priorities

- 13 There are a broad range of actions set out in five sections that create the backbone for success responding to the interim Government Policy Statement on health and delivering on the Government commitment to five key shifts summarised below.
- 14 Te Pae Tata aims to place whānau at the heart of the system to improve equity and outcomes, and to:
 - 14.1 Ensure Te Whatu Ora and Te Aka Whai Ora value the voices of consumers and whanau in all service design and improvements, including Māori, Pacific, Tangata whaikaha | Disabled People, Ethnic and Rainbow communities.
 - 14.2 Improve equity and outcomes by implementing service change and innovation in five priority areas, specifically:
 - 14.2.1 Pae ora | Better health in our communities
 - 14.2.2 Kahu Taurima | Maternity and early years
 - 14.2.3 Mate pukupuku | People with cancer

- 14.2.4 Māuiuitanga taumaha | People living with chronic health conditions
- 14.2.5 Oranga hinengaro | People living with mental distress, illness and addictions
- 14.3 Implement the Pacific health priorities in Te Pae Tata consistent with Ola Manuia.
- 14.4 Implement the Health of tāngata whaikaha | disabled people priorities of Te Pae Tata.
- 15 Te Pae Tata aims to embed Te Tiriti o Waitangi across the health sector, including:
 - 15.1 Embed the principles and obligations of Te Tiriti o Waitangi and implement the Māori health improvement priorities.
 - 15.2 Establish Iwi Maori Partnership Boards and enable their partnership with Localities to be established.
- 16 Te Pae Tata aims to develop an inclusive health workforce, including:
 - 16.1 Grow the numbers and diversity of the health workforce, including Māori, Pacific and tāngata whaikaha | disabled people, and ethnic communities to meet demand by addressing critical workforce gaps and ensuring workforce pipelines for future growth.
 - 16.2 Implement Te Mauri o Rongo | the Health Charter and monitor actions to improve the workplace experience of the healthcare workforce.
 - 16.3 Develop an inclusive leadership and culture increasing the number of Māori, Pacific and Tāngata whaikaha | Disabled people, and ethnic communities in leadership and decision-making roles across the system.
- 17 Te Pae Tata aims to keep people well in their communities, including:
 - 17.1 As required by the Pae Ora Act, roll out Localities to achieve full coverage across Aotearoa with community partnership groups and provider networks, along with published plans agreed with Iwi Māori Partnership Boards.
 - 17.2 Establish the National Public Health Service, embedding Te Tiriti and leading the implementation of a population health approach across service commissioning, Localities and Iwi Māori Partnership Boards.
 - 17.3 Establish comprehensive primary and community care teams within locality provider networks and improve access to healthcare for rural and remote communities.
 - 17.4 Implement the Reset and Restore Planned Care Plan with demand balanced across sites to maximise delivery to all our communities, utilising all the resources available.

- 18 Develop greater use of digital services to provide more care in homes and communities, including:
 - 18.1 Scale and adapt population health digital services developed to support the COVID-19 response to serve other key population health priorities.
 - 18.2 Improve the interoperability of data and digital systems across the hospital network, and between primary, community and secondary care settings.
 - 18.3 Improve digital access to primary care as an option to improve access and choice, including virtual after-hours and telehealth, with a focus on rural communities.
- 19 Establish Te Whatu Ora and Te Aka Whai Ora to support a financially sustainable system, including:
 - 19.1 Implement a new national, regional, and local organisation structure that unifies and simplifies the system including a consistent standardised operating model for corporate functions. Both entities will action gains from nationalising and standardising business processes in people and culture, finance, commissioning, hospital and specialist care delivery, data and digital, as well as health capital expenditure on facilities.
 - 19.2 Create and implement actions to deliver national consistency in data and digital capability and solutions across Te Whatu Ora including streamlining duplicate legacy systems inherited from District Health Boards and Shared Service Agencies, to improve intra-operability and reduce operating costs.
 - 19.3 Deliver the approved capital projects that are under way, to ensure that project milestones are met, and benefits realised.
 - 19.4 Deliver a National Asset Management Strategy and long-term Capital Investment Plan to inform budget 2024 and following years, including: the information solution strategy, and the requirements and road map for asset management and investment analysis.
 - 19.5 Leveraging existing operations, to build a national procurement and supply chain function that is led nationally and implemented consistently across regions, districts and localities.
 - 19.6 Implement a climate sustainability and response plan across the health sector.

Cross-sector implications and issues

- 20 One of the key focus areas for Te Pae Tata is to embed a population health approach, recognising that our health and wellbeing is influenced by many factors that are sometimes outside of the reach of the health system, such as housing quality, employment, and income. Te Pae Tata recognises that many of the determinants of health and the levers for achieving pae ora sit outside Te Whatu Ora and Te Aka Whai Ora and will require effective collaboration with other social sector agencies, non-government organizations, and communities.

- 21 Implementing the Te Pae Tata priorities will have implications for other parts of the public sector. For example, this could include partnering with housing agencies to improve housing as part of improving mental wellbeing; or working with the Ministry of Social Development on employment initiatives that have been shown to have a positive impact on health outcomes.
- 22 The implementation of the Te Pae Tata priorities will be consistent with the Social Sector Commissioning Action Plan 2022 to 2028 (SWC-22-MIN-0140 refers), which seeks to embed relational approaches to commissioning across the social sector by 2028.

Engagement

- 23 Over the last few years, there has been considerable engagement around the future of the health system, including 646 submissions received on the Health and Disability System Review and more than 4,600 submissions on the Pae Ora legislation through the Select Committee process. The direction of Te Pae Tata follows engagement with a range of sector and stakeholder groups, including a series of health reform roadshows attended by over 3,000 people.
- 24 A team from the interim Māori Health Authority led an assessment of Māori health needs and a process that identified priorities. A Pacific health team, a rural health team and a disabled peoples team led the development of priorities that would deliver meaningful change for these communities.
- 25 A panel of clinical leaders from population health, primary care and specialist care provided their expert advice. In addition, many other groups and Government agencies have been involved in developing Te Pae Tata, including the Royal NZ College of GPs, Dementia NZ, Hospice NZ, Age Concern, Royal College of Physicians Paediatric Society, NZ College of Midwives, Trauma network, NZ Drug Foundation, Te Kete Pounamu, unions, Health Promotion Agency, NZ Police, Suicide Prevention Office, National Prime Committee, ACC, NZ Medical Association, Palliative Care Aotearoa and the Rural Health Advisory Group.
- 26 Although both Te Aka Whai Ora and Te Whatu Ora Boards support the plans, they both recognise that the short term nature of Te Pae Tata may not reflect the aspirations of all stakeholders engaged above. Both Boards aim to establish a more thorough process for the New Zealand Health Plan 2024 that aims to advance on the aspiration for the reforms when the entities have further implemented organisation change and operating models.
- 27 Te Pae Tata sets us on the path to transforming New Zealand's health system with a focus on what will be prioritised during the next two years as we move to develop the first, full three-year New Zealand Health Plan (2024-2027). This full plan will involve comprehensive engagement with communities, and government and non-government health entities and stakeholders.

Implementation

- 28 Te Pae Tata provides guidance to the extensive network of providers who will be delivering services, as to the prioritisation of activity that gives effect to the intentions of the Pae Ora Act, whilst strengthening the capability of the service delivery system.
- 29 Te Whatu Ora and Te Aka Whai Ora are developing an agency tool to enable the chief executives to assign accountabilities and track the progress of each action against agreed delivery milestones.
- 30 Te Whatu Ora will be preparing (and publishing) quarterly performance reports for their Board and then Ministers. This will include tracking progress against key accountability documents, including Te Pae Tata. The reporting will provide details on delivery progress, including priorities, milestones and budget. I will provide a quarterly update to Cabinet on progress against the priorities and actions in Te Pae Tata.
- 31 Te Pae Tata informs and is aligned with national service coverage expectations and the Operating Policy Framework that sets out minimum expectations of provision of care. Any significant service changes will be discussed with the Minister of Health before they are confirmed.

New Zealand Health Plan 2024/25

- 32 Te Whatu Ora and Te Aka Whai Ora will establish a method and process to develop the full New Zealand Health Plan with the Board and advice to my Office. This process will need to begin early in the 2023 calendar year to be able to inform funding decisions for 24/25 year. This Plan will be informed by the strategies led by the Ministry of Health (i.e. Pacific Health Strategy, Health of Disabled People Strategy, Womens' Health, Rural Health, Health Ageing) and the Hauora Maori Strategy developed in partnership with Te Aka Whai Ora and enable the implementation priorities of those agreed strategies. Te Whatu Ora will begin the work to forecast the operating model and assumptions (i.e. workforce, capital and technology investment, production capacity and capability) to inform those settings in this financial year.

Risks

- 33 Te Pae Tata sets out the actions and priorities for the first 2 years of the reformed health system. This interim plan balances ambition to signal how the reforms will be realised against available resources, capacity and capability to give effect to the objectives of the Pae Ora Act. Te Pae Tata will also be implemented at the same time Te Whatu Ora and Te Aka Whai Ora will undergo significant organisation change.
- 34 I recognise that the health system has been under sustained pressure for many years, exacerbated by three years managing the COVID-19 pandemic. At the time of writing significant workforce shortages continue to place pressure on the system against growth in demand. The Te Whatu Ora Board and management team believe the actions published in Te Pae Tata are affordable within the 2 year funding pathway assuming no further shocks impact on the health system (e.g. new variants).

- 35 To mitigate delivery risk as noted, Te Whatu Ora and Te Aka Whai Ora have developed tools and have put in place appropriate management accountabilities to cascade delivery of Te Pae Tata objectives through the organisation.

Financial Implications

- 36 One of the foundational expectations of the Pae Ora Act and the interim Government Policy Statement is that the new health entities will work together to manage expenditure.
- 37 This includes the consolidation of the financial systems currently in place across the 29 prior entities. Building the capability to prepare consolidated budgets and financial reports across these 29 entities was a key priority for Day 1, and that capability was in place prior to the formation of Te Whatu Ora. I am pleased to have seen that both entities have been able to produce a consolidated financial operating position from our first month, building on the legacy of previous investment to integrate financial reporting.
- 38 The budget processes to establish the Day 1 position factored in cost growth, known changes to employment costs, and volume growth in acute demand within a district context. It is important to note that budget setting for 22/23 took place ahead of entity formation under the DHB settings. This budgeting of costs was then matched against revenue. The revenue includes Budget 22 funding, transfers from Manatū Hauora that are included in baseline funding to support transition, and specific initiatives funding to cover the planned operating cost of Te Whatu Ora and Te Aka Whai Ora for 2022 to 2024.
- 39 Te Pae Tata is being implemented in a context where both entities are undergoing significant structural change, a challenging employment relations context, a high inflation context and a health system that has much to do to recover deferred care and pent up acute demand. These risks are being actively managed by Te Whatu Ora and Te Aka Whai Ora executive leadership advising the Board and will require support from the Government to ensure a focus on delivery. This includes managing expectations that unbudgeted costs or expectations are placed on these entities while they are settling new operating models.
- 40 Many of Te Pae Tata's actions focus on building Te Whatu Ora as a unified national organisation to achieve corporate operational efficiencies. All actions in Te Pae Tata have a clear funding source, which are either:
- 40.1 directly funded as an initiative in Budget 22
 - 40.2 funded by a previous budget decision where the revenue has transferred to Te Whatu Ora from Manatū Hauora
 - 40.3 funded by the consolidation of existing resources
 - 40.4 funded by re-commissioning, meaning re-design and re-contracting, of existing services.
- 41 The simplification of the appropriation structure for the health sector, and Te Whatu Ora in particular, has allowed for a clearer focus on the funding available for the actions in Te Pae Tata. Te Whatu Ora considers that many of these actions had been underway in the past but were not coordinated or aligned to a strategy, national

prioritisation or potential de-prioritisation. In preparing the 2022/23 budget, Te Whatu Ora management assessed the costs of actions required for Te Pae Tata against the overall resource available and concluded that the proposed actions are affordable.

- 42 The funding sources for the Te Pae Tata action have been identified within the funding available for 2022 to 2024. Unplanned pressures or expectations will be managed as part of the monitoring process.
- 43 Establishing a robust nationwide view of future service demand and the associated infrastructure, digital and workforce requirements is part of the first two-years work programme to inform budget planning processes for the 3-year New Zealand Health Plan for 2024 to 2027, which will be a fully costed plan.

Legislative Implications

- 44 There are no legislative implications.

Impact Analysis

Climate Implications of Policy Assessment

- 45 Te Pae Tata recognises that climate change will impact New Zealanders' health and wellbeing and identifies actions. It includes actions to enable the health system to adapt to and mitigate the impact of climate change. These actions are set out in Section 3, including the development of emission targets.

Population Implications

Māori

- 46 Embedding Te Tiriti o Waitangi in the health system, and improving health outcomes and equity for Māori, are explicit, key priorities in Te Pae Tata.
- 47 Māori experience significant and pervasive inequities in their access to care, care experiences and their health outcomes. There are actions to address these inequities throughout Te Pae Tata. Also, Section 4 lays out a specific action plan to: (1) improve pae ora for Māori; (2) improve services for Māori; (3) strengthen and grow Māori capability and leadership; and (4) ensure accountability for results for Māori.

Pacific peoples

- 48 Also in Section 4, Te Pae Tata lays out a specific Pacific health plan to: (1) strengthen Pacific approaches in localities; (2) support strong Pacific commissioning and Pacific provider development; (3) advance Pacific models of care to address priority areas; and (4) support and grow a strong Pacific workforce. This Plan implements Ola Manuia, which is the Government's existing Pacific health action plan.

Tāngata whaikaha

- 49 Te Pae Tata includes a specific plan in Section 4 to create an accessible, inclusive, and equitable health system for Tāngata whaikaha. This plan includes specific actions in 4 areas: (1) establishing accessible environments and information; (2) developing inclusive models of care; (3) prioritising disability in service planning and commissioning; (4) supporting Tāngata whaikaha to lead the conversation.

Children and young people

- 50 Te Pae Tata recognises obligations under the United Nations Convention on the Rights of the Child and includes actions focused on integrating maternity and early years services, such as Lead Maternity Carers and Well Child Tamariki Ora services. Te Pae Tata also identifies mental health services as an area to improve health outcomes and access for young people.

Older people

- 51 Te Pae Tata identifies specific actions to improve health outcomes for older people, in line with the Healthy Ageing Strategy. People over the age of 65 account for 41 percent of acute medical admissions, 25 percent of emergency department visits, 43 percent of total bed days and 36 percent of general practice consultations. Te Pae Tata identifies joined-up primary and community care as a mechanism to better support healthy ageing, people ageing at home, and to avoid unnecessary hospital care. It specifies actions to achieve this goal, including the implementation of the Dementia Mate Wareware Action Plan.

Rural communities

- 52 People living rurally face inequitable access to care, particularly for people who live remotely, are Māori or Pacific, and those on lower incomes. Te Pae Tata identifies specific actions to improve rural communities' access to care and improved health outcomes both face-to-face and digitally supported: (1) review the Primary Response in Medical Emergencies model with ACC and develop integrated and responsive rural ambulance programmes; (2) plan how to scale digital telehealth services to provide rural communities with reliable and sustainable afterhours access, and introduce and expand specialist advice models for virtual consultations with both whānau, and primary and community services providers; and (3) commission a national telehealth medical and specialist liaison service, with a specific focus to support rural areas and drive equity of access across key populations.

Human Rights

- 53 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

- 54 There was engagement about Te Pae Tata with other health entities including Te Aho O Kahu, Health Quality Safety Commission and the Mental Health and Wellbeing Commission. Manatū Hauora and the Treasury have been actively involved in

developing Te Pae Tata. Manatū Hauora has reviewed multiple iterations of Te Pae Tata and has provided detailed feedback in a range of areas.

- 55 The following agencies have had an opportunity to review Te Pae Tata, with some involved in specific actions. These agencies include Ministry for Social Development, Ministry of Education, Ministry for Pacific Peoples, Te Arawhiti, Te Puni Kōkiri, Ministry for Ethnic Communities, Whaikaha the Ministry of Disabled People, NZ Police and the Ministry for Primary Industries.
- 56 This Cabinet paper was prepared by Te Whatu Ora and Te Aka Whai Ora. The following agencies were consulted and have provided feedback on the paper: ACC, Ministry for Social Development, Office for Seniors, Ministry for Youth Development, Ministry of Education, Inland Revenue, Ministry for Ethnic Communities, Oranga Tamariki, Manatū Hauora, the Treasury, Corrections, Ministry for Pacific Peoples, Ministry of Housing and Urban Development, Statistics NZ, NZ Police, and the Public Service Commission.
- 57 The Department of the Prime Minister and Cabinet has been informed.

Communications

- 58 Te Whatu Ora and Te Aka Whai Ora have developed a communications package to support the launch of Te Pae Tata.
- 59 I intend to launch Te Pae Tata at the end of October 2022.
- 60 In addition to the launch, there will be other communication activities for the public and the sector. Te Pae Tata will be published on the websites of Te Whatu Ora and Te Aka Whai Ora, and summaries will be translated into twenty languages and available in accessible formats.

Proactive Release

- 61 This paper will be proactively released according to standard processes under Cabinet Office circular CO (18) 4, subject to redactions as appropriate under the Official Information Act 1982.

Recommendations

The Minister of Health recommends that the Committee:

- 1 note that under the Pae Ora Act 2022, Te Whatu Ora – Health New Zealand and Te Aka Whai Ora – the Māori Health Authority must jointly develop a New Zealand Health Plan by 1 July 2024.
- 2 note that in advance of the first New Zealand Health Plan, Te Whatu Ora and Te Aka Whai Ora have developed an interim New Zealand Health Plan setting out priorities and actions until 2024.
- 3 note that I intend to approve the release and publication of Te Pae Tata | Interim New Zealand Health Plan.
- 4 note that I will provide quarterly updates to Cabinet on progress against the priorities and actions in Te Pae Tata and the Statement of Intent.

Authorised for lodgement

Hon Andrew Little

Minister of Health

Appendix:

Te Pae Tata.