

Statement of Intent 2022-2024

Incorporating the 2022-23
Statement of Performance Expectations

Presented to the House of Representatives pursuant to section 149 and 149(L) of the Crown Entities Act 2004

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Te Whatu Ora

Health New Zealand

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Overview

Introduction

The Pae Ora (Healthy Futures Act) 2022, has created a new health system for Aotearoa including new entities, and a reformed the role for the Ministry of Health.

We are Te Whatu Ora | Health New Zealand, the Crown entity established under the Pae Ora (Healthy Futures) Act 2022 that amalgamates the 26 government-owned healthcare provider entities into a single national organisation, and the 12 Public Health Units into an integrated National Public Health Service.

Our objectives are outlined in the Pae Ora Act 2022:

- to design, arrange and deliver services to achieve the purpose of the Pae Ora Act in accordance with the health sector principles
- to encourage, support and maintain community participation in health improvement and service planning
- to promote health and prevent, reduce and delay ill-health, including by collaborating with other agencies, organisations and individuals to address the determinants of health.

Te Whatu Ora is governed by a Government appointed Board. We operate in partnership with Te Aka Whai Ora | the Māori Health Authority to achieve equity and improve the health of New Zealanders.

Our role is to serve the people of Aotearoa ensuring our practise, culture and functions enable equitable health and wellbeing amongst all people, no matter where you are or where you live. We are embedding Te Tiriti O Waitangi throughout our system to ensure Māori whānau are able to thrive.

We are building an entity that will operate effectively, safely and efficiently not just now but for the long term. An entity that is resilient, responsive to people and adopts the best of practise and innovation to meet the needs of communities and the expectations of Government.

Te Whatu Ora will use the Vote Health Appropriations wisely making the best use of the resources and assets available to deliver on our intentions. At the same time, we are mindful of risks like inflation, workforce availability and the impacts of the COVID-19 epidemic that are present in our current operating environment.

As a newly formed Crown Entity our amalgamation process has created the first consolidated nationwide view of health service delivery. Te Whatu Ora has taken responsibility for the assets, financial, contractual and employment obligations of the entities it replaces.

Our first objectives are to complete our amalgamation and at the same time to ensure the continuity and stability of health service delivery, including the COVID response, that has served Aotearoa in 2021/22. Our performance of these objectives is being measured under the interim Government Policy Statement, Te Pae Tata the interim New Zealand Health Plan and the outputs classes set out in this document. Our intention is to deliver greater value for New Zealanders, unifying and simplifying our system.

It is in Te Pae Tata (the interim NZ Health Plan) that we outline the actions we are taking to be a higher performing health service delivery system alongside establishing a new operating model that will reduce bureaucracy, reduce duplication and avoid waste in health service delivery,

support our health care workforce and our communities to build healthy futures.

The Board of Te Whatu Ora will implement a one-system ethos to:

- make our contribution to the interim Government Policy Statement (GPS)
- deliver, with our partners, on Te Pae Tata, the interim New Zealand Health Plan
- work collaboratively with the Te Aka Whai Ora, embedding Te Tiriti o Waitangi, mātauranga Māori, and Māori perspectives across its work
- operate in a financially responsible manner, making best use of our operating revenue, and capital assets to achieve our objectives
- build a healthy and robust organisation with resilience for the future
- be transparent and accountable in performing our functions
- reduce bureaucracy, duplication and waste in our national enabling function including procurement, finance, digital and infrastructure.

Purpose of this SOI and SPE

This document is Te Whatu Ora's Statement of Intent outlining our intentions over the next two years. It is also our Statement of Performance Expectations for our first year of operations. These documents are transitional as we establish ourselves. The Pae Ora Act 2022 recognises a two-year period of transition enabling operating models to be implemented and comprehensive and fully costed planning to be completed within the first two years.

The SOI component provides insight to the strategic direction of Te Whatu Ora and how we will deliver health services to New Zealanders. The SPE section sets out our performance expectations, providing a baseline for our performance assessment, and communicates our accountability to the New Zealand public.

It sets out our output classes, our prospective financial statements and how we will assess our performance during this interim period.

This document should be read alongside Te Pae Tata – the interim New Zealand Health Plan, jointly developed by Te Whatu Ora and Te Aka Whai Ora. Te Pae Tata outlines the planned actions to improve equity and health outcomes for all New Zealanders. Together these documents will deliver on the interim Government Policy Statement on Health and establish the health service delivery system outlined in the Pae Ora Act 2022.

Statement of responsibility

This document is the SOI and SPE for Te Whatu Ora as required under the Crown Entities Act 2004. It sets out our strategic goals and objectives to improve health outcomes for our population. It describes our role and functions consistent with the Pae Ora (Healthy Futures Act) 2022. It is read alongside Te Pae Tata, the interim New Zealand Health Plan developed by Te Whatu Ora and Te Aka Whai Ora.

The prospective financial statements and performance expectations have been prepared in accordance with generally accepted accounting standards for this SPE, were not audited and may not be relied upon for any other purpose.

We certify that the information contained in this Statement of Performance Expectations 2022 is consistent with the appropriations contained in the Vote Health Estimates of Appropriations 2022/24. These were laid before the House of Representatives under section 9 of the Public Finance Act 1989.

The Board acknowledges responsibility for the preparation of this SPE, which reflects the forecast performance and the forecast financial position of Te Whatu Ora for the financial year ending 30 June 2024.



Signed:



Naomi Ferguson
Interim Chair

Date: 23 June 2023



Signed:



Dame Karen
Poutasi
Board Member

Date: 23 June 2023

Health and wellbeing in Aotearoa

Comprehensive, inclusive services

Te Whatu Ora delivers comprehensive public health services to all residents of Aotearoa. The size and relative health of New Zealanders determines the work that is required to improve equity and health outcomes. The more effective it is matters to the greater wellbeing New Zealanders will experience.

There are three drivers of increasing demand for publicly funded delivery health services. They are our growing, aging and diversifying population, health inequity among our communities and variation in access to health services and health outcomes, resulting in unmet demand.

Aotearoa Population

Aotearoa is home to over five million people, three quarters living in the North Island. Our population is becoming increasingly ethnically diverse with over one-quarter of New Zealanders born overseas.

Our population has grown rapidly over the past ten years, by 2043 it is expected to increase by around one million to reach six million. We anticipate population growth to be much faster in urban areas, particularly metro-Auckland, and to grow more slowly in the South Island. Population diversity is expected to continue with nearly half of all children identifying as Māori or Pacific Peoples by 2040, an increase of around one in four compared with today.

Population ageing will also increase overall service demand over the next 20-years, although the impact is expected to vary according to ethnicity and geography. Today there are around 350,000 people aged 75-years and over, with about 34,000 aged 90-years and over. By 2040, it is expected this will increase to over 700,000 people aged 75-years and over, and more than 80,000 aged 90-years and over.

Health inequity

Over many decades, evidence shows the New Zealand public system performs well in international comparisons but has not delivered equitable health outcomes across our population. Health outcomes for Māori and Pacific peoples, and Tāngata Whaikaha | Disabled people are persistently worse than non-Māori, non-Pacific people. There are inequities around ethnicity, age and geographic location that persist over and above socioeconomic inequities.

Service variation

There is significant variation across our health system around service access, quality and cost, which contributes to inequities and sustainability challenges. This includes unmet need particularly for Māori and Pacific peoples; the impacts of deprivation levels, and inability to access services related to part-charges. It also includes variations in the quality of health service delivery.

A new health system

Te Whatu Ora is implementing changes will embed the foundations of our new health system are to improve health outcomes, embed Te Tiriti, implement a population health approach, drive equity of health outcomes and access, and to operate as a sustainable system. These foundations will influence our investment choices and our priorities as we move into our future.

Health Equity

Our drive for health equity is the first foundation of our transformed health system and Te Pae Tata. We aspire to service delivery that gives all New Zealanders the opportunity to achieve good health and wellbeing outcomes, regardless of who they are or where they live. Equity is not only an issue of fairness but is essential for building an inclusive society and economy where everyone can thrive. Although both equality and equity promote fairness, equality treats everyone the same regardless of need, while equity treats people differently acknowledging their different needs

Te Tiriti o Waitangi

Te Whatu Ora is embedding Te Tiriti o Waitangi as its foundation. This means placing Te Tiriti at the forefront of thinking and providing opportunities to enact Te Tiriti principles and articles to improve health for Māori. It involves changing the way the system functions to address bias and discrimination, balancing leadership between the Crown and Māori communities, sharing decision-making and resources and

making the whole health system accountable for Māori health equity.

Population Health

A population health approach recognises that our health and wellbeing is influenced by many factors that are sometimes outside of our control the health system, such as housing quality, employment and income. Our health system will take a population health approach to our collaboration with communities, to work together to plan, design and deliver services, including public health, community, primary and specialist care.

Ensuring a sustainable health service delivery system

The transformation of the health service delivery system to meet the complex demands of our growing and ageing population is underpinned by a premise that a more affordable health system is one that invests in keeping people, their whānau and their communities well and out of hospital. It must address persistent inequities and be nationally consistent, so that health service delivery responds fairly regardless of who you are and where you live.

It is also establishing a new operating model that will reduce bureaucracy, reduce duplication and avoid waste in health service delivery, support our health care workforce and our communities to build healthy futures.

Establishing Te Whatu Ora

Our focus on people

People are central to our new health system. We are putting people and whānau at the centre and enabling them to have greater influence over how we plan and design services, tailoring them to local needs. We will support our workforce and ensure that Te Whatu Ora is a better place to work. We need to have enough people and the right people with the right skills available in the right places to be successful.

Putting people at the centre also means building an inclusive leadership and culture to implement our new Health Charter | Te Mauri o Rongo developed jointly with the Māori Health Authority. This charter communicates how we care for people, recognise and value our workforce, and defines the competencies expected from everyone including leaders. This will be supported by smarter intelligence with better data to measure and learn from the experience of our consumers and whānau to ensure our system is equitable, accessible and cohesive.

Equitable health outcomes

The primary goal of the Pae Ora (Health Futures) Act is to improve health and wellbeing for all New Zealanders. To achieve equity in health outcomes we need to reduce the inequities experienced. We will begin by focusing

on the areas with the greatest opportunity for health gain, particularly for Māori, Pacific people and Tāngata whaikaha | Disabled people.

Our priority areas are:

- **Pae ora** | Better health in our communities
- **Kahu Taurima** | Maternity and the early years
- **Mate pukupuku** | People with cancer
- **Māuiuitanga taumaha** | People living with chronic health conditions such as diabetes, heart disease, respiratory conditions, stroke and gout
- **Oranga hinengaro** | People living with mental health problems and addictions
- Action on climate change.

These priorities for health gain are not new. They have been chosen because they are areas where inequities continue to persist in spite of significant effort to shift outcomes for people who are underserved by the health system.

Unifying our Health System

We are implementing mechanisms to unify our system including a locality approach, nationally consistent strategic networks, joined-up and integrated pathways of care, to support high-quality, safe services and strategic commissioning.

There are four areas of focus for performance of our unified health system:

- ensure we have future capability for pandemic responses
- support healthy ageing and strong integrated pathways to manage the risk of the system being overwhelmed by our ageing population
- provide a continuum of care to ensure we have services to prevent the unnecessary use of hospitals, manage people's flow through our hospitals, supports early and safe discharge
- ensure access to planned care across all settings, within agreed timeframes.

We will strengthen our ongoing COVID-19 response and our future pandemic resilience. The National Public Health Service will provide the leadership, intelligence and capacity in health surveillance, prevention and protection for our communities.

Welcome from the chair and chief executive

This is an exciting time for our health system as we move into a period of change across our system. Te Pae Tata, our interim Health Plan, sets out our intentions for action over the next two years to transition our system to be able to meet the ambitions of the Pae Ora legislation. Te Whatu Ora and Te Aka Whai Ora will work together with our health and social sector partners, to transform the health system and realise the government's objectives for a healthy future. It is critical that we move towards a one-system ethos in our future system. This requires combined efforts and collaboration from all our partner organisations, workforces and communities to realise the opportunities of an improved health system and deliver equitable health and wellbeing outcomes. Health equity and Te Tiriti sit at the heart of these changes and are embedded into Te Pae Tata and our Statement of Intent.

Through the passing of the Pae Ora (Healthy Futures) Act and significant investment in the health sector through Budget 22, the government has created the necessary foundations for this transformation of our health system. To transform health service delivery in our communities we will need to do more than change what we do, we must change how we operate. There are many challenges to be overcome as we work through the next two years of transition to our new operating system. We will need to work differently and smarter, as a unified system to meet these challenges together.

Work is underway to determine how we best organise ourselves operationally to achieve the key strategic system shifts we need to see in our health system, to meet both the common and diverse needs of all communities across Aotearoa. Our health system is large and complex, and we will need to work through our changes over the next two years in a considered way to make sure that we not only continue to provide quality care to those who need it, but also achieve improvements in health equity, health outcomes and experience of care. Unifying our health system to simplify decision-making will result in a system that is nationally led, regionally delivered and locally tailored to ensure local services meet local needs while also being connected to a nationally consistent range of quality specialist health services. Getting it right in our priority areas as set out in Te Pae Tata and our SOI and SPE

means we can then scale solutions across the system.

Our people are our most important partners as we move through the next two-years. We have a highly skilled and dedicated health workforce across Aotearoa. This knowledge and experience of our health system will inform how we achieve our aspirations. We will engage, grow and support our workforce during our transition to position our people, our organisation and our system for success.

We look forward to working with all of our partners as we build towards pae ora.



Signed:

Naomi Ferguson
Interim Chair

Date: 23 June 2023



Signed:

Fepulea'i Margie
Apa

Chief Executive

Date: 23 June 2023

A new operating model

Te Whatu Ora is under establishment, building operating models and accountability structures to ensure that we deliver our priorities, continue safe service delivery, and at the same time build a sustainable system for the future. Our operating model includes a working partnership with Te Aka Whai Ora.

Tō Tātou Waka Hourua

To enable joint leadership, Te Whatu Ora and Te Aka Whai Ora have adopted the principle of Tō Tātou Waka Hourua | Two boards one destination. Te waka hourua is the double-hulled canoe that symbolises our Te Tiriti partnership. This waka concept represents us as partners working to improve health outcomes for our communities. Te Whatu Ora and Te Aka Whai Ora both contribute the skills and leadership we need to swiftly reach our destination.

Our double-hulled waka analogy shows how we bring people their skills, talents, strengths and leadership together to deliver our goals for both communities. Our waka hourua will drive transformational change for Aotearoa New Zealand's health system to support better outcomes and wellbeing for all our people.

In accordance with cabinet decisions, Te Whatu Ora and Te Aka Whai Ora will collaborate nationally, through our four regional divisions and at local level with Iwi-Māori Partnership Boards to ensure communities have access to the primary and community care they need.

Te Whatu Ora Operating Model

We are currently transitioning operations previously delivered by the Ministry of Health, Te Hiringa Hauora | the Health Promotion Agency, the 12 public health units, 20 district health boards, and seven shared services agencies to Te Whatu Ora; a process that is underway and will evolve through our transition period.

Te Whatu Ora established the National Public Health Service on 1 July 2022, amalgamating 12 public health units into a single national service.

Te Whatu Ora is working through our regional and districts capabilities, previously operated by District Health Boards, and primary health care organisations to ensure continuity of the currently commissioned and delivered services across Aotearoa. The national service delivery commissioning and system capability, previously operated by the Ministry of Health, has transferred to the national entity of Te Whatu Ora.

Service commissioning and delivery is being reorganised into regions, with networked hospital and specialist services to optimise capacity, and localities that bring primary and community care together, serving communities. National enabling functions like finance, infrastructure, digital, workforce, intelligence and procurement are being established.

Our first two-years

Our approach to change is built around the following principles:

Unify. We will unify our teams across geographic and professional boundaries, so that our people can work together for the benefit of patients, whānau and communities.

Equity. We will focus on achieving equitable health outcomes, acting to remove unwarranted variations in access to and treatment in health services in our priority areas identified in the New Zealand Health Plan. This involves national planning to identify areas that need consistency, coordination and possibly centralisation to realise equity gains. Delivery at regional level will be expected to meet national requirements and service tailoring will be used locally to support needs.

Simplify. We will bring functions together releasing resources to frontline care through operating consistency and standardisation. Functions will have clear accountabilities with a span of control to enable focus and clarity of purpose for the respective activities. Reporting lines will be simplified for support, direction, feedback and information flows.

Engagement. We will engage the people who know best when redesigning parts of our operating model, so those functions are well-positioned for future success.

New leadership functions

Nationally Te Whatu Ora will be led by four leadership teams reporting to our chief executive, including the:

- clinical leadership team with leaders to provide expertise and advice for medicine, nursing and midwifery, and primary and community
- delivery leadership team with leaders for hospital and specialist services, commissioning, public health and Pacific health
- enabling leadership team with leaders for finance, people and culture, disability, infrastructure investment and data and digital
- chief executive governance and change team with leaders for secretariats; change management; governance, partnerships and risk; communication and engagement, task forces and advice of disability support services.

Service areas

Four regions. Te Whatu Ora will have four regions nationally known as Northern, Te Manawa Taki, Central and Te Pounamu. Each region will have functions that operate within our national frameworks to support contract management, analytics and monitoring, and integration planning for primary, community and hospital services. Te Aka Whai Ora will co-locate in the regional offices to work in partnership on strategies and plans for regions and local communities. There will be regional directors for commissioning and for the hospital and specialist networks.

Hospital and specialist services. The next two-years will see planning to draw together specialist services and regional care systems into networked solutions that include infrastructure, workforce, digital and transport. A whole-of-system approach will be used to better manage acute care, respond to winter demand and strengthen after-hours care. National leadership will ensure hospital and specialist services work cohesively across the country. Capacity will be strategically harnessed in public and private hospitals to best meet demand and overcome the significant variations in the quality of care that people experience.

Localities. Over the next two-years we will establish localities that draw together our primary and community services to focus on keeping people well in their communities. This will involve creation of comprehensive primary care teams and collaboration with our Iwi Partnership Boards, local government and social sector partners. There are over 20 million primary care encounters each year spanning aged care, midwifery, pharmacy, Whānau Ora, mental

health, district nursing, allied health, and primary care, delivered by a mix of private, public and NGO entities.

A strengthened primary and community care system is one of our greatest opportunities to reduce the risk and burden of disease and reduce demand for more costly and intensive specialist care to achieve better health outcomes for all New Zealanders. There will be new funding and accountability arrangements to incentivise performance improvements, improve data sharing and meet digital standards. Barriers to improve access and unmet demand will be addressed using changes to funding formulas, along with investment in Māori, Pacific and more integrated care, and resourcing of urgent care services. Healthy ageing will be supported by providing alternatives to hospital stays.

Rural areas. Nearly one person in four lives in rural parts of Aotearoa. These people include a larger percentage of children, older people and Māori compared to urban centres. There are variations in the definitions and degree of rurality and a range of factors contributing to inequitable care. To address this, a 'rural proofing' requirement will be applied across service design and commissioning to ensure service designs are sustainable and make use of digital technologies and telehealth opportunities.

Public health. Through the COVID-19, New Zealanders experienced the importance of public health leadership and expertise to manage a pandemic response. Our new National Public Health Service will bring together the people, abilities, skills and functions from the 12 public health units, Te Hiringa Hauora the Health

Promotion Agency and the Ministry of Health. It will work closely with Te Aka Whai Ora, the Public Health Agency within the Ministry of Health and in local communities to embed a population health approach, and to improve people's health outcomes and the equity of health outcomes. Our ongoing COVID-19 work will be integrated with disease surveillance and response management.

Service enablers

Critical to our first two years is to understand opportunities for improvement in our system enablers. This requires information gathering, analysis, along with the development of strategies and plans and performance measures. Enablers include workforce, finance and procurement, digital and data and infrastructure.

Workforce. Health care depends on a highly-skilled workforce across many types of clinical work and our non-clinical support functions. Our first focus is on strategies to address immediate pressures around recruitment and retention. Te Whatu Ora and Te Aka Whai Ora are committed to partnering with unions to ensure that staff can feel safe in their workplace, prioritise staff wellbeing and have a workplace free of bullying, racism, fatigue and burnout. We will ensure that staff are enabled and feel supported to have a voice, know they are heard and valued, and have with more influence in the decisions that affect them. We will develop transformational leadership, with servant leaders who empower and listen to their workforce.

Over the next two-years, we will also develop strategies and plans to build a long-term sustainable workforce. Te Pae Tata needs to invest in workforce training and development. We are asking our partners to collaborate with us to build our workforce, including government departments and ministries, professional councils and employee associations, universities, politicians, legislators and unions. We also need our education providers, the Ministry of Education and the Tertiary Education Commission to work with us to ensure we have the training and qualification pathways to support our workforce in their career aspirations and to better serve the needs of our communities. We will work with the Government direction for pay parity and pay equity.

Finance. Our new finance function will create an integrated financial management system, reports and analysis across our existing 20 districts. Rollout of a new oracle finance solution will continue. There is also significant work underway on a new information system solution for payments made to all providers of commissioned services nationwide. Finally, a national procurement function is being established to realise supply-chain efficiencies from procurement to warehousing, inventory management and use of supplies at the point-of-care. This builds on existing work to establish a national health product catalogue that is interoperable with Australia. The new systems will remove waste and improve safety by ensuring the right products are available where needed and there are no expired products in the system.

Digital and data. Considerable analysis, strategy development and planning is required for our digital solutions across many functions. Te Whatu Ora will grow the opportunities for people to use digital tools to access and use their health information, make appointments, receive phone and video consultations and use equipment to monitor their health at home. Equally important is the need for digital tools to provide greater support to our workforce. Well-designed information systems can reduce the administration burden for our staff, making the right information available at the right time and place and capturing information updates easily. There are significant opportunities to improve efficiency and effectiveness in our workflows both clinical and non-clinical, to standardise data and to integrate information sharing and reporting nationally.

Infrastructure. Safe and fit for purpose facilities, sites and equipment are important parts of our health system. Te Whatu Ora is responsible for 1,200 buildings over 30 campuses, ranging from hospitals to smaller healthcare facilities. Evidence-based decisions are needed to determine when we strengthen hospital buildings and site infrastructure, and when it is better to enable more service delivery in primary care, community and home settings. Health services need specialised facilities in their design and their fit-out, which includes clinical and digital equipment.

A significant focus on health service and capital planning will be a priority to ensure that our health facilities and the associated assets are fit for purpose to meet the needs of our changing population. Work will be progressed on a 10-15 year national asset management and investment plan and on an information systems solution to underpin this. As the national asset management and capital investment plans evolve, more investments will be identified as routine upgrades and business cases will focus on new, more complex projects.

Delivery of Pae Ora | Healthy Futures

Our strategic intent, and performance expectations are guided by the interim Government Policy on Health 2022 – 2024 and Te Pae Tata, the interim New Zealand Health Plan 2022 – 2024.

Te Pae Tata, the interim New Zealand Health Plan has been jointly developed by Te Whatu Ora and Te Aka Whai Ora. It outlines Aotearoa’s challenge to improve

health outcomes and the equity of those outcomes, the service variation inherent to the previously decentralised health system, and our priorities over the next two-years.

The actions in Te Pae Tata, and this document describe how we will deliver on our commitment to interim Government Policy Statement and Te Pae Tata, the interim New Zealand Health Plan 2022|24.

Interim Government Policy Statement for Health

Te Whatu Ora will deliver against the six priorities outlined in the iGPS. This intention is summarised in the table below and is fully outlined in Te Pae Tata.

Table 1: Six priorities of the interim Government Policy Statement

Interim GPS priority	The commitment of Te Whatu Ora
Embed Te Tiriti o Waitangi across the health system.	Te Whatu Ora is embedding Te Tiriti o Waitangi into the way we work and to realise the aims of the Whakamaua Māori Action Plan 2020-25. This will be achieved in collaboration with the Te Aka Whai Ora and the Ministry of Health.
Lay the foundations for the ongoing success of the health system.	In the consolidation of 26 entities Te Whatu Ora is establishing an operating model to commission and deliver health services and operate our core enablers including finance, procurement and intelligence; our actions in Te Pae Tata we are implementing Te Mauri Rongo, the Health Charter and implementing an inclusive and smarter system

Keep people well in their communities.	In Te Pae tata we outline the work we will do to implement a public health approach in localities to support our communities' mental health and wellbeing.
Achieve equity in health outcomes.	In Te Pae Tata we outline our work to improve equity in access to health services that work for our communities. We are developing Te Ao Māori and Pacific services that reflect the needs of these communities and ensuring that Tāngata whaikaha Disabled people, rural communities, rainbow community, refugee, migrant communities and all our communities have access to services that work for them.
Develop the health workforce of the future.	A Workforce Taskforce is established to prioritising a national work programme to address barriers to improving workforce pipelines and address critical staffing shortfalls. In Te Pae Tata we outline actions to ensure that staff can feel safe in their workplace, prioritising staff wellbeing and having a workplace free of bullying, racism, fatigue and burnout. We are developing transformational leadership, with servant leaders who empower and listen to their workforce.
Ensure a financially sustainable health system.	The health system faces sustainability challenges evident through the increased pressure from the COVID-19 pandemic and the disease burden of an ageing population. Te Whatu Ora will manage sustainability through national integration of the system, removal of duplications inherent in the previous system, taking advantage of scale for digital solutions, prioritisation of investment to areas with the greatest need and improvement in equity and outcome and, optimising the use of existing capacity.

Monitoring our performance

Our performance measures

For continuity with previous entities' reporting, Te Whatu Ora is committed to maintain existing performance and financial measures while improved measures are developed. These existing measures are found in:

- the health system indicators framework, which are high-level measures produced in collaboration with the Health Quality and Safety Commission and the Ministry of Health.
- Whakamaua, the Māori Health Plan 2020-2025
- measures previously used by the Ministry of Health to monitor district health board performance
- delivery measures reported from our production plans and national datasets.

There are also new measures are found two documents issues by the Minister of Health:

- the interim Government Policy Statement (iGPS)
- Te Pae Tata | the New Zealand Health Plan.

We will use the first two-years to establish baselines that reflect a strong equity approach with clear consideration of Māori, Pacific and Tāngata whaikaha | Disabled people and where people live, considering the issues of access and geographic variation.

By 2024, Te Whatu Ora will have begun to implement new performance measures to link our new structures, enabling functions and operating procedures to our delivery of health services and to population health outcomes. This will be crucial to analysis on what is working to improve services and outcomes. When reported nationwide, these measures will inform our teams within regions and localities, motivating them to adopt lessons about what is working and lift performance.

To demonstrate the layers involved from purpose to inputs, we have established the following intervention logic framework. This framework demonstrates how our priority areas of focus and the services we fund and deliver contribute to the health and wellbeing of our population and lead to achievement of our long-term outcomes and expectation of Government.

Figure 3 below sets out the enablers Te Whatu Ora will use to deliver to the purposes of the Pae Ora (Healthy Futures) Act and the outcomes in the iGPS.

Purposes for Pae Ora (Healthy Futures) Act include mauri ora | healthy individuals, whānau ora | health families, wai ora | health environments.

Government priorities and outcomes from the iGPS include Embedding Te Tiriti o Waitangi across the system, laying the foundations for success of the system, keeping people well and independent in their communities, achieving equity in health outcomes, developing the health workforce of the future, and ensuring a financially stable health system. These priorities and outcomes will contribute to the

purposes for the Pae Ora (Healthy Futures) Act.

Te Whatu Ora Enablers. Beneath the government priorities and outcomes from the iGPS are five groups of enablers Te Whatu Ora will use to improve health outcomes, equity of outcomes and lift the performance of service delivery. The five groups include improve health outcomes and equity, laying foundations – a unified health system, Te Tiriti and health equity, keeping people well in their communities and future workforce, and financial stability. Enabler activities are listed across each row with some repetition that reflects the way activities can underpin multiple outcomes.

This diagram is a first step along the path to development of our intervention logic.

Figure 1: Enablers linked to Pae Ora (Healthy Futures) Act and iGPS

PAE ORA – HEALTHY FUTURES FOR NEW ZEALANDERS								
	Health System Purposes PAE ORA ACT	Mauri ora <i>Healthy individuals</i> Protect, promote & improve the health of all New Zealanders	Whānua ora <i>Healthy families</i> Achieve equity in health outcomes among New Zealand's population groups, striving to eliminate health disparities, in particular for Māori			Wai ora <i>Healthy environments</i> Build towards pae ora (healthy futures) for all New Zealanders		
	Government priorities & outcomes iGPS	Embedding Te Tiriti o Waitangi across the system	Laying the foundations for the success of the system	Keeping people well & independent in their communities	Achieving equity in health outcomes	Developing the health workforce of the future	Ensuring a financially stable health system	
ENABLERS	Improve health outcomes & equity	Pae Ora Better health in our communities	Kahu Taurima Maternity & early years	Mate Pukupuku People with cancer	Māuiuitanga Taumaha People living with long-term conditions	Oranga Hinengaro People living with mental health & addictions	Action on climate change	
	Laying foundations – a unified health system	Public health services	Hauora Māori services	Mental health & addiction services	Primary & community services	Specialist & Hospital services		
	Te Tiriti o Waitangi & health equity	Implementation of governance structures & policies	Development of Māori participation & career paths in health workforce	All of workforce cultural training	Population focused Kaupapa Māori models of delivery	Clinical & engagement policies & training to address bias in service delivery	Monitoring & analysis of equity	
	Keeping people well in community & future workforce	Nationally consistent public health function & monitoring	Innovation in models-of-care for primary & community	Workforce development to support new models-of-care hospital, primary & community	Improved consumer access to consultations, telehealth & patient records	Improved digital support for primary & community workflows	Improved digital support for hospital & specialist workflows & communication with community providers	
	Financial sustainability	Appropriate standardisation in medical supplies & equipment to realise savings	10-15 year plan for all capital investments to inform timely asset renewal & replacement	Well-designed capital investment projects delivered on budget & on time	Grow workforce through plans, training, diversity, career paths, recruitment & retention	Intelligence function that standardises data and metrics nationally with measures that inform improvement & data-sharing to motivate change	Integrated plans for health services & enablers that identify opportunities for innovation & improvement	

Funding base for 2022|23

Te Whatu Ora's total income funding appropriations for Budget 22, financial year 2022|23, totals \$20.4 billion, excluding funding from other agencies and third parties. As part of this, there is a two-year package to fund the transition from district health boards to Te Whatu Ora, \$1.78 billion for 2022/23 and \$1.3 billion for 2023/24. This provides financial certainty for our first two-years of operation. A three-year funding cycle will come into effect from Budget 2024.

- \$1.787 billion for current operations, along with provisions for population growth, cost pressures and resolution of the 2021|22 district health board deficits
- \$371 million of budget bids, approved subject to Te Whatu Ora providing further detailed information.

We receive funding from two appropriations: hospital and specialist and primary and community. This has been mapped to our four output classes as set out below.

The total funding increase to Te Whatu Ora is \$2.16 billion, which includes:

Table 2: Budget appropriations mapped to output classes

Forecast 2022 23 Revenue and Expenses per Output Class

Output Class	Hospital and Specialist \$M	Primary and Community \$M	National Covid Response \$M	Third Party Revenue \$M	Total \$M	%
Public health units		469.2			469.2	1.90
Mental health and addictions	1,392.1	554.2			1,946.3	7.90
Primary and community services		6,513.9		1,572.9	8,086.8	32.82
Hospital and specialist	11,496.6			1,219.1	12,715.7	51.61
National Covid Response			1,420.0		1,420.0	5.76
Total	12,888.7	7,537.3	1,420.0	2,792.0	24,638.0	100.00
Expenditure	12,888.7	7,537.3	1,420.0	2,792.0	24,638.0	
Net Surplus/(Deficit)	0.0	0.0	0.0	0.0	0.0	

Our output classes

Our Budget 22 appropriations have been mapped to the following output classes, each with performance measures. These are:

- **Public health** services that embed population health in our system with a focus on prevention
- **Primary and community** services that provide comprehensive care in our communities, preventing the unnecessary use of hospitals
- **Specialist and hospital** services that provide expert and timely care acute and planned care to communities
- **Mental health and addiction** services that support people when they have mental health and addiction needs, working with primary and community care
- **Capital** programmes that provide us the physical and digital infrastructure required to operate a successful health system.

Output classes create the framework for both financial and non-financial reporting. They show how our funding is directed to our activities and how our performance is to be measured. Our measures mostly come from existing sources, including the Health System Indicators, Whakamaua, the interim Government Policy Statement and Vote Health. There are additional measures for new activities set out in the New Zealand Health Plan.

The choice of measures for our first two years is constrained by the availability of national datasets with meaningful baseline

information. The approach to measurement also varies, including:

- Periodic sampling of volumes, such as the numbers of children enrolled with an oral health service or general practice.
- Numbers of activities completed in a financial year, such as the numbers of planned care interventions.
- Numbers of activities completed between the 4th quarter of the previous financial year and the 3rd quarter of the most recent financial year where data analysis for the full financial year is still being completed.

Over the next two years, we will progress more timely data capture and the development of more sophisticated measures particularly around improving health outcomes, along with equity of access to services and improved outcomes.

Activity and financial reporting against output classes was not provided by the sector prior to the creation of Te Whatu Ora. A reporting roadmap is being developed – such that detailed activity and financial reporting against output classes can be regularly provided.

Mental Health Ringfence

Te Whatu Ora and Manatū Hauora continue to work on confirming the final dollar value of the mental health and addictions ringfenced funding. At this stage, the figure of \$1.98bn is shown in the funding base table provided above. We note that Te Aka Whai Ora also holds a material proportion of the ringfence. The figure once finalised will be recorded in our annual report.

Output class 1: Public health services

Outcome: Effective public health services improve community health and wellbeing. Te Whatu Ora will complete the integration of public health services nationwide. New operating models will be established, including collaboration with the Ministry of Health and other government departments to improve the conditions that support health and wellbeing. In our regions and localities, this means working with Iwi Māori Partnership Boards and community stakeholders to embed a population health approach and deliver public health services.

Why is this important? Public health services enhance the physical and social environments that promote good health and minimise the risks of illness. They use a population focus to influence social, commercial and environment factors around how and where we live. Public health

promotes healthy approaches to living, monitors the environment such as for air and water quality, and maintains surveillance of diseases in the community. It response to threats, closing land areas, rivers and beaches when there are toxic threats and advising on restrictive measures, such as through our COVID-19 pandemic.

Poorer environments such as poor housing, unsafe neighbourhoods, lack of public transport and ready access to alcohol and smoking undermine health and well-being. This contributes to higher stress and health outcome inequities in communities with poorer environments. By improving physical and social environments, public health services minimise the sources of illness and contribute to achieving more equitable health outcomes for everyone.

Table 3: Public health services

Performance measures	Baseline period	Baseline value	Target
Establish a nationally integrated public health service with consistent operating models		Milestone report	
Continue COVID-19 response and integrate into business as usual		Milestone report	
Financial Measures			
Percentage spend of Te Whatu Ora’s budget on public health		1.90%	

Output class 2: Primary and community services

Outcome: Primary and community services to recover from acute illness and accidents, and to live well with chronic conditions. They evaluate the need for specialist services, referring people when necessary to the appropriate hospital and specialist service. They provide the clinical services and support for post-hospital recovery.

Why is this important? Detecting and managing health problems early means that people can maintain their independence and functioning without the need for more invasive or intensive interventions. These services are provided by health professionals in general practice, Māori health services, Pacific health services,

community pharmacies, child and adolescent dental health services, physiotherapists and many others. Timely access to primary and community services means that people at risk of becoming unwell, or who have early-stage problems can get diagnostic and treatment services to manage their condition, in many cases avoiding further deterioration. Primary and community services are important for chronic conditions like diabetes, respiratory problems, gout, cardiovascular disease and stroke. People can manage these conditions with the help of their local general practice or community services and continue to live as well as possible in their community.

Table 4: Primary and community services

Performance measures	Baseline period	Baseline value	Target
Localities are established	Milestone report		
Provider Networks are established	Milestone report		
Percentage of children enrolled with an oral health service	Sampled at 1 April 2022	Māori 80% Pacific 92% Non-Māori, non-Pacific 100%	95%
Percentage of children enrolled with general practice or a kaupapa Māori provider by age 3-months	Sampled at 1 July 2022	Māori 67% Pacific 80% Non-Māori, non-Pacific 95%	85%

Performance measures	Baseline period	Baseline value	Target
Percentage of people enrolled with a general practice or a kaupapa Māori provider	Sample at 1 July 2022	Māori 83% Pacific 97% Non-Māori, non-Pacific 96%	95%
Percentage of children with all their vaccinations by age 2-years	2021 22 financial year	Māori 70% Pacific 82% Non-Māori, non-Pacific 90%	75%
HPV immunization rates	2021 22 financial year	Māori 57% Pacific 67% Non-Māori, non-Pacific 65%	75%
Influenza immunization rates for aged 65+	2021 calendar year	Māori 53% Pacific 67% Non-Māori, non-Pacific 64%	75%
Percentage of smokers offered help to quit in past 15-months	2021 22 financial year	Māori 64% Pacific 74% Non-Māori, non-Pacific 68%	90%
Percentage of obese children referred to a specialist service	2021 22 financial year	Māori 94% Pacific 97% Non-Māori, non-Pacific 95%	95%

Performance measures	Baseline period	Baseline value	Target
Percentage of people who report they were involved as much as they wanted to be, in making decisions about their treatment in general practice care	Q4 2021 to Q3 2022	Māori 84% Pacific 84% Non-Māori, non-Pacific 86% Disabled People 84%	Improve from baseline (trend to increase)
Percentage of people who report they can get primary care when they need it	Q4 2021 to Q3 2022	Māori 73% Pacific 77% Non-Māori, non-Pacific 80%	Improve from baseline (trend to increase)
Children 0-4 years: Rate of hospital admissions for an illness that might have been prevented or better managed in the community	Q4 2021 to Q3 2022	Māori 6,590 Pacific 10,258 Non-Māori, non-Pacific 4,802	Improve from baseline (trend to decline)
Adults 45-64 years: Rate of hospital admissions for an illness that might have been prevented or better managed in the community	Q4 2021 to Q3 2022	Māori 6,739 Pacific 7,370 Non-Māori, non-Pacific 4,802	Improve from baseline (trend to decline)
Financial Measures			
Percentage spend of Te Whatu Ora's total budget on primary and community care			32.82%

Output class 3: Hospital and specialist services

Outcome: People should receive access to specialist outpatient and hospital services in a timely manner to provide diagnostic and treatment services, so they can live as well as possible and avoid preventable deterioration of their health condition. This means they are able to continue their lives as part of the community.

Why is this important? Specialist services are situated in intensive health service environments like surgical centres and hospitals. Specialist services employ a wide range of professionals and technical people, along with specialised equipment for diagnosis, treatment and rehabilitation.

These services include acute and planned services, delivered in ambulatory, emergency and inpatient settings. The effective and prompt resolution of medical and surgical emergencies and planned treatment of significant conditions reduces mortality, restores functional independence and improves health-related quality of life, thereby improving population health. In our first two years, Te Whatu Ora will concentrate on establishing specialist and hospital networks to optimise the capacity of these services, along with ensuring accommodation and transport support for rural and underserved populations where people need to travel to receive care.

Table 5: Hospital and specialist services

Performance measures	Baseline period	Baseline value	Target
Percentage of people waiting longer than four months for their first specialist assessment	Q4 2021 to Q3 2022	26%	0%
Percentage of people given a commitment to treatment but not treated within four months	Q4 2021 to Q3 2022	41%	0%
Number of acute bed nights spent in hospital	Q4 2021 to Q3 2022	Māori 341,366 Pacific 154,929 Non-Māori, non-Pacific 1,577,694	Improve from baseline (trend to decline)
Standardised rate of acute readmissions within 28 days of discharge	Q4 2021 to Q3 2022	Māori 12%	12%

Performance measures	Baseline period	Baseline value	Target
		Pacific 12%	
		Non-Māori, non-Pacific 12%	
Number of mental health bed nights	2021 22 financial year	Māori 321,522 Pacific 68,202 Non-Māori, non-Pacific 519,569	Improve from baseline (trend to decline)
Number of planned care interventions, including: Inpatient surgical discharges, minor procedures delivered in inpatient, outpatient and community settings and non-surgical interventions, such as early intervention musculoskeletal programmes	2021 22 financial year	Māori 31,905 Pacific 16,617 Non-Māori, non-Pacific 251,172	Improve from baseline (trend to increase)
Colonoscopies per 100,000 people	Q4 2021 to Q3 2022	1,268	Improve from baseline (trend to increase)
First specialist assessments per 100,000 people	Q4 2021 to Q3 2022	11,010	Improve from baseline (trend to increase)
Percentage of people in adult inpatient care, who report they were involved as much as they wanted to be in making decisions about their treatment	2021 22 financial year	Māori Pacific Non-Māori, non-Pacific	Improve from baseline (trend to increase)
Financial measures			
Percentage spend of Te Whatu total budget on specialist and hospital services			51.61%

Output class 4: Hinengaro Oranga | Mental health and addictions

Outcome: Mental health and addiction services support people’s wellbeing and recovery through episodes of mental ill health. Investment to improve appropriate access to services and community support will improve mental health outcomes. There should be less need for hospital stays when early intervention can be accessed in the community. Ensuring services and support are culturally appropriate will make a positive difference to how people experience services and their recovery.

Why is this important? Over 50 percent of people across Aotearoa NZ will experience mental distress and addiction challenges at some point in their lives. Mental health and addiction services make a positive difference to people’s health and wellbeing, enabling people to get through a challenging time without serious or lasting disruption to their lives. Earlier intervention

can be enabled through strengthened primary care practices with expertise to provide a comprehensive approach to health and wellbeing. People can recover in their communities through community-based and kaupapa Māori services, for support and therapeutic interventions when problems are more serious. These services engage families and whānau, recognising that whānau play an important support role and may also need considerable help. People with serious mental health problems may need help from specialist inpatient services, followed by support on discharge that enables them to live well in the community. Good quality wrap around mental health services help to reduce future admissions to acute services. They help people with mental health problems maintain relationships, retain jobs and enjoy valued activities.

Table 6: Hinengaro Oranga | Mental health and addictions

Performance measures	Baseline period	Baseline value	Target
Total number of mental health contacts	2021 22 financial year	Māori 1,242,416 Pacific 304,963 Non-Māori, non-Pacific 2,538,657	Improve from baseline (trend to increase)
People served by specialist and NGO mental health services per 100,000 people	Q4 2021 to Q3 2022	Māori 5,650	Improve from baseline (trend to increase)

Performance measures	Baseline period	Baseline value	Target
		Pacific 2,905 Non-Māori, non-Pacific 2,988	
Percentage of under 25-year-olds accessing specialist mental health or addiction services within three weeks from referral	Q4 2021 to Q3 2022	Māori 79% Pacific 87% Non-Māori, non-Pacific 68%	80%
Financial Measures			
Percentage spend of Te Whatu Ora's total budget on mental health			7.90%

Output class 5: Capital Programmes

Outcome: Capital programmes are focused on construction and refurbishment of health service buildings; procurement, upgrade and implementation of information solutions; and procurement and upgrade of equipment. Delivery of projects should meet planned targets to the standards agreed. When infrastructure is well-designed, capital is optimally allocated, and projects are delivered well; this enables more effective and efficient delivery of health services.

Why is this important? Infrastructure is a major component of the health system, which has significant impacts on patient and staff satisfaction, and the quality and safety of care. Te Whatu Ora’s health property portfolio is valued at \$24 billion. Healthcare

buildings are complex with significant site infrastructure, fixed, mobile and digitally enabled equipment required to support service delivery. International experience indicates that similar levels of capital are required for buildings and for the equipment that enables healthcare services.

The Health Infrastructure Unit (HIU) leads health capital investment management for the sector. It plans, prioritises and monitors infrastructure projects, and standardises the way projects are designed and delivered. Around \$4.2 billion has been invested in health infrastructure since 2018. Te Whatu Ora is also establishing nationally integrated digital and procurement functions.

Table 7: Capital programmes

Performance measures	Baseline period	Baseline value	Target
Develop and implement a national plan to create consistency in data and digital capability across Te Whatu Ora.			Milestone report
Improve digital access to primary and mental health care to improve access and choice, including virtual after-hours and telehealth, with a focus on rural communities.			Milestone report
Create a national near real time data platform for analytics underpinned by a common data model encompassing hospital operations, public health, primary care and workforce.			Milestone report
Deliver the approved digital capital projects that are underway, taking all practicable measures to ensure that project milestones are met and anticipated benefits realized.			Milestone report

Performance measures	Baseline period	Baseline value	Target
Deliver the approved capital infrastructure projects that are underway, taking all practicable measures to ensure that project milestones are met and anticipated benefits realized.		Milestone report	
Deliver a national asset management plan and capital investment strategy and investment plan by 2023.		Milestone report	
Deliver the information solution strategy, requirements and road map for procurement and supply chain.		Milestone report	
Establish the centre-led, nationally, regionally, and locally delivered procurement and supply function building on the existing operations.		Milestone report	
Deliver the information solution strategy, requirements and road map for procedure and supply chain.		Milestone report	

Table 8 below lists the Te Whatu Ora district projects that are being nationally monitored by our Investment and Infrastructure Directorate.

Table 8: List of Te Whatu Ora district capital projects 2022|24

District	Project name	Total project funding \$	Estimated construction completion
Capital & Coast	Te Wao Nui - Children's Hospital	110,818,368.00	Jul-22
Capital & Coast	Individualised Service Units (ISU) for High Risk Mental Health and Intellectual Disability Clients	12,800,000.00	Jul-22
Auckland	Auckland Hospital Covid Management and Treatment Areas (Tranche 1 and 2)	6,340,552.00	Jul-22
Capital & Coast	Wellington Regional Hospital ED expansion	3,200,000.00	Jul-22
Canterbury	Energy Centre and Services Tunnel	65,560,000.00	Aug-22
Hawke's Bay	Main Electrical Supply Upgrade	4,000,000.00	Aug-22
South Canterbury	Refurbishment of Child & Maternity Facilities	4,644,000.00	Aug-22
Hawke's Bay	Hastings Hospital Covid Management & Treatment Areas (Tranche 1)	1,150,000.00	Aug-22
Counties Manukau	Scott Cath Lab and Renal Extension	16,100,000.00	Sep-22
Nelson Marlborough	Child Respite Service Wairau	1,000,000.00	Sep-22
Waikato	Tokoroa Hospital Reconfiguration	1,187,400.00	Sep-22
Wairarapa	Outpatients Refurbishment	900,000.00	Sep-22
Waitematā	Infrastructure Programme - Tranche 1	36,943,724.00	Sep-22
Whanganui	Mental Health Facility Refurbishment	500,000.00	Sep-22
Waitematā	Waitakere Hospital Covid Management and Treatment Areas (Tranche 1)	3,100,000.00	Sep-22

District	Project name	Total project funding \$	Estimated construction completion
Counties Manukau	Middlemore Hospital Covid Management and Treatment Spaces	5,269,820.00	Sep-22
Tairāwhiti	Gisborne Hospital Covid Management & Treatment Areas (Tranche 1)	3,210,000.00	Sep-22
MidCentral	PN Hospital Covid Management and Treatment Areas (Tranche 3)	3,330,000.00	Sep-22
Lakes	Mobile Dental Clinic x 2	800,000.00	Oct-22
Hawke's Bay	Hastings Hospital Covid Management & Treatment Areas (Tranche 2)	1,450,000.00	Oct-22
Canterbury	Compliance Works	76,900,000.00	Nov-22
Canterbury	Parkside Enhancements - Tranche One	6,000,000.00	Nov-22
Counties Manukau	Scott Building Reclad	27,500,000.00	Nov-22
Waikato	Linear Accelerators	4,940,000.00	Nov-22
Canterbury	Specialist Mental Health Services Relocation from The Princess Margaret Hospital (TPMH) to Hillmorton	81,800,000.00	Nov-22
Waikato	Waikato Hospital ICU expansion and front of house (ED) reconfiguration	4,100,000.00	Dec-22
MidCentral	Palmerston North Hospital Covid Management and Treatment Areas (Tranche 1)	3,350,000.00	Dec-22
Northland	ISSP - Collaborative Community Care (CCC)	17,100,000.00	Jan-23
Midcentral	Surgical Procedural Interventional Recovery Expansion (SPIRE) Programme	30,900,000.00	Feb-23
Northland	New Community Mental Health Facility	19,500,000.00	Mar-23
Lakes	Woman, Child and Family Facility Upgrade	6,000,000.00	May-23

District	Project name	Total project funding \$	Estimated construction completion
Northland	Bay of Islands Hospital - Phase 2 (Primary Care)	14,100,000.00	May-23
Southern	Patient Information Care System (PICS)	27,190,000.00	May-23
Hawke's Bay	Surgical Services Expansion Project	16,200,000.00	Jun-23
Waitematā	Central Sterile Services Department (CSSD)	12,600,000.00	Jun-23
West Coast	Buller Integrated Family Health Centre (IFHC)	21,000,000.00	Jun-23
Auckland	Facilities Infrastructure Remediation Programme - Tranche 2	351,100,000.00	Jul-23
Southern	Keeping the Lights on - Stage 2 (Dunedin Hospital Transition Programme - Maintenance) (Critical Infrastructure Works)	20,000,000.00	Jul-23
Hawke's Bay	Seismic upgrades	8,800,000.00	Aug-23
Auckland	PICU/ICU Child Health Expansion (Starship)	40,000,000.00	Sep-23
Hutt Valley	SCBU and Upgrade of Maternity Facilities	9,531,000.00	Sep-23
Nelson Marlborough	Upgrade of Mental Health Inpatient Unit (Wahi Oranga)	2,500,000.00	Sep-23
Whanganui	Infusion Therapy Unit	800,000.00	Sep-23
Counties Manukau	Radiology Relocation to Harley Gray	22,000,000.00	Oct-23
Capital & Coast	Generators, High Voltage Network, TEC Infrastructure Replacements and Upgrades	25,000,000.00	Nov-23
Counties Manukau	Building Recladding	67,000,000.00	Nov-23
Waitematā	Waitakere – Electrical Infrastructure	7,200,000.00	Nov-23
Southern	Rural Primary Birthing Unit in Central Otago	7,000,000.00	Nov-23

District	Project name	Total project funding \$	Estimated construction completion
Hawke's Bay	Radiology Facilities Redevelopment	25,100,000.00	Dec-23
Waitematā	Elective Capacity and Inpatient Beds and Infrastructure (Totara Haumarū)	267,100,000.00	Dec-23
Whanganui	Waimarino Health Centre Extension	2,131,200.00	Dec-23
Bay of Plenty	Tauranga extra ICU/CCU Capacity (Tranche 1 - CCU decant, HDU/ICU conversion)	1,250,000.00	Dec-23
Bay of Plenty	Tauranga extra ICU/CCU Capacity (Tranche 2 - new CCU fitout)	13,916,000.00	Dec-23
Northland	Critical Works - Package 2 (Capacity & Compliance)	48,200,000.00	Jan-24
Waikato	Waiora Building Seismic Upgrading	5,000,000.00	Jan-24
MidCentral	Acute Adult Mental Health Facility	35,400,000.00	Jan-24
Hawke's Bay	Linear Accelerators	33,156,000.00	Feb-24
Tairāwhiti	Acute Mental Health and Addictions Facility (Te Whare Awhiora)	23,700,000.00	Feb-24
Lakes	Mauri Ora – Mental Health & Addiction Services Facilities Redevelopment	33,025,000.00	Feb-24
Auckland	Tū Pono Āroha - Hospital Administration Replacement Project (HARP) - Phase 1	55,036,000.00	Mar-24
Auckland	Facilities Infrastructure Remediation Programme - Tranche 1	319,800,000.00	Apr-24
Bay of Plenty	Mental Health Facility at Tauranga Hospital	30,000,000.00	Apr-24
Auckland	Linear Accelerators	10,000,000.00	Jun-24
Capital & Coast	Renewal of Vertical Transport (Lifts) - Tranche 2	9,010,000.00	Jun-24

Financial Performance

The purpose of this prospective Profit and Loss Statement is to provide a base against which the actual financial performance can be assessed to promote public accountability. They are prepared for this purpose, and the information may not be appropriate for any other purpose.

They have been prepared in accordance with New Zealand generally accepted accounting practice (New Zealand GAAP) for public benefit entities. Their purpose is to assure Parliament of the planned performance of Te Whatu Ora. The use of the information for other purpose may not be appropriate. Actual financial results achieved for the period covered may vary from the information presented, and the variations may be material. The information in the prospective financial statements is unaudited. There is no intention to update the prospective financial statements subsequent to presentation.

Reporting Entity

Te Whatu Ora | Health New Zealand is the national health provider organisation that is domiciled and operates in Aotearoa. The relevant legislation governing the operations includes the Crown Entities Act 2004 and the Pae Ora (Healthy Futures) Act 2022. Te Whatu Ora commissions and provides publicly funded health services to all New Zealanders.

Te Whatu Ora is an amalgamation of the 20 District Health Boards, Te Hiringa Hauora (Health Promotion Agency), and their subsidiaries. It has also received transfer of

functions from the Manatū Hauora (Ministry of Health).

The financials are presented as a consolidated view of the entities that have been amalgamated into Te Whatu Ora as part of the reform outlined in the Pae Ora (Health Futures) Act 2022.

Statement of compliance

The prospective Profit and Loss Statement of Te Whatu Ora has been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Pae Ora (Health Futures) Act 2020, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). Te Whatu Ora is a Crown agent within the meaning of section 10(1)(a) of the Crown Entities Act 2004. This includes that Te Whatu Ora has a Board of Directors.

Basis Of Preparation

The Pae Ora (Healthy Futures) Act 2022 Section 10 Transfers, outlines that all assets, money payables, liabilities, contracts, entitlements and employees have transferred to Te Whatu Ora.

This transfer took effect from 1 July 2022. The transfer is complete for the 20 District Health Boards, Te Hiringa Hauora (Health Promotion Agency), and their subsidiaries. A single set of accounts are in place for all revenues and planned expenditures. These entities, prior to amalgamation, assisted in the compilation of the district operating cost

and revenue budgets which have been used to create these consolidated accounts.

Critical to the establishment of these accounts was confirmation of Crown revenue. The Crown appropriation revenue from the Crown of \$20.424Bn will be available for the 2022/23 year, and \$22.898Bn for the 2023/24 financial year. This includes the contingency required to respond to cost pressures in health service delivery.

Preparation of financial material

The following assumptions have been used in preparing these prospective financial statements:

- Minimum appropriation revenue from the Crown of \$20.424Bn will be available for the 2022/23 year, and \$22.898Bn for the 2023/24 financial year.
- The opening balance sheet is based on best understanding of audited balance sheets from the 20 DHBs and their subsidiaries, as well as the transfer of assets and liabilities from the Ministry of Health as at July 1, 2022.
- The operating costs have been prepared based on known and planned expenditure to deliver the current level of service provision, the budget priorities outlined by Government in the Vote appropriation.
- Latest expectations regarding Pay Equity have been included in the financial projections.
- Financial risks remain, mainly related to unsettled wage negotiations and

unfinalised third party supplier contracts. These are the responsibility of Te Whatu Ora.

These financial forecasts assume that there will be no unexpected external events (such as natural disasters or new pandemics) that will require significant operating or capital expenditure to be incurred.

Asset Management and Capital Planning is being developed on a consistent national basis and will be fully implemented. These intentions are outlined in Te Pae Tata, the interim New Zealand Health Plan.

Financial reporting from the transferring entities will be provided on a consistent national basis from 1 July 2022.

Performance reporting will show a national picture of delivery but also provide information on population and geographic variation including regional and district reporting.

The operational efficiencies that are expected from the one-system ethos have not yet been built into financial projections. These efficiencies will be reinvested against the system priorities established by the Board of Te Whatu Ora.

Profit and Loss Statement

The profit and loss statement for the first two years of the operation of Te Whatu Ora is presented below.

The Health Appropriation includes the contingency funding available to Te Whatu Ora to deliver the reforms outlined in Pae Ora (Health Futures) Act 2022.

Third Party revenue includes Direct Expenditure from the Ministry of Health.

Table 9: Te Whatu Ora Profit and Loss for years ended 30 June 2024

Forecast 2022 23 Comprehensive statement of Revenue and Expenses

	2022 23 \$ Millions	2023 24 \$ Millions
Revenue		
Appropriations	20,424	22,898
Covid Funding	1,420	295
Other Government Revenue	1,843	1,940
Third Party Revenue	951	987
Total Revenue	24,638	26,120
Expenses		
Internal Personnel		
Medical Personnel	2,839	3,043
Nursing Personnel	3,800	4,575
Allied Health Personnel	1,376	1,406
Support Personnel	313	330
Management & Admin Personnel	1,610	1,591
Total Internal Personnel	9,938	10,945
Other Operating Costs		
Outsourced Personnel	324	281
Outsource Services	1,333	968
Clinical Supplies	2,264	1,949
Infrastructure & Non-Clinical Supplies	1,630	1,669
Total Other Operating Costs	5,551	4,866
Primary and Community Services		
Personal Health	4,843	5,616
Mental Health	692	771
Disability Support Services	2,221	2,279
Public Health	273	378
Total Primary and Community Services	8,029	9,045
Interest, Depreciation & Capital Charge		
Depreciation	791	809

Interest & Capital Charge	329	455
Total Interest, Depreciation and Capital Charge	1,120	1,264
Total Expenses	24,638	26,120
Net Surplus/(Deficit) from Operations	0	0

Forecast Statement of Financial Position as at 30 June 2023

	2022 23 \$ Millions	2023 24 \$ Millions
Current Assets		
Cash	1,485	969
Term Deposits	942	900
Prepayments	205	190
Debtors	945	917
Inventory	813	590
Total	4,390	3,566
Current Liabilities		
Creditors	3,021	2,800
Income in Advance	308	98
GST Input/Output Adjustments	285	304
Payroll Accruals	653	445
Employee Entitlements	860	875
Leave Accrued	2,967	2,994
Total	8,094	7,516
Net Working Capital	-3,704	-3,950
Non Current Assets		
Land	1,730	1,730
Buildings and Plant	7,800	8,590
Clinical Equipment	688	827
Other Equipment	99	94
Information Technology	95	198
Software	265	262

Motor Vehicles	21	17
Work in Progress	1,888	2,338
Investments in Subsidiaries and Associates	689	644
Long Term Investments	103	118
Other	12	19
Total	13,390	14,836
Non Current Liabilities		
Employee Entitlements – Non Current Portion	268	289
Term Loans	107	81
Restricted Trusts and Special Funds	34	30
Other	2	3
Total	410	403
Net Funds Employed		
Crown Equity	6,614	6,614
Capital Injections	2,456	3,664
Revaluation Reserve – Land	1,693	1,693
Revaluation Reserve - Buildings	4,386	4,386
Other	4	4
Retained Earnings	-5,877	-5877
Total	9,276	10,484

Forecast 2022 23 Statement of Cash Flows

	2022 23 \$ Millions	2023 24 \$ Millions
Cash Flows from Operating Activities		
<i>Cash to be provided from:</i>		
Appropriations	20,886	22,898
Covid Funding	1,845	295
Other Government	1,993	1,940
Interest	200	150
Third Party Revenue	1,156	837
Total	26,080	26,120

<i>Cash to be applied to:</i>		
Payments to Employees	10,108	11,153
Payments to Hospital Suppliers	5,366	5,116
Payments to Community Providers	8,045	9,064
Net GST Inputs/Outputs	-196	-19
Total	23,323	25,314
Net Cash Flows from Operating Activities	2,757	806
Cash Flows from Investing Activities		
<i>Cash to be applied to:</i>		
Purchase of Property, Plant and Equipment	1,147	2,117
Net Cash Flows from Investing Activities	-1,147	-2,117
Cash Flows From Financing Activities		
<i>Cash to be applied to:</i>		
Capital Charge	415	455
<i>Cash to be provided from:</i>		
Equity Injections re Capital	556	1,208
Net Cash Flows from Financing Activities	141	753
Net Cash Flows from All Activities	1,751	-558
Cash at Beginning of Year	676	2,427
Cash at 30 June 2023	2,427	1,869

Forecast 2022 23 Statement of Changes in Equity

	2022 23 \$ Millions	2023 24 \$ Millions
Opening Balance 30 June 2022	8,720	9,276
Comprehensive Revenue and Expense	0	0
Capital Injections	556	1,208
Forecast Closing Balance 30 June 2023	9,276	10,484

Statement of accounting policies

Reporting Entity

Te Whatu Ora-Health New Zealand is a Crown entity as defined by the Crown Entities Act 2004 (CEA) and is domiciled and operates in New Zealand. The relevant legislation governing Te Whatu Ora's operations is the CEA and the Pae Ora (Healthy Futures) Act 2022 (the Act) and the New Zealand Public Health and Disability Act 2000. Te Whatu Ora's ultimate parent is the New Zealand Crown.

Te Whatu Ora consists of the following Combining Entities - twenty disestablished District Health Boards (DHBs), seven associated Shared Service Agencies (SSAs), Te Hiringa Hauora/Health Promotion Agency (HPA) and certain operations of the Ministry of Health (MoH). The Act disestablished and combined DHBs and HPA into one new organisation, Te Whatu Ora. Under the Health Sector (Transfers) Act 1993, certain assets, liabilities, contracts, and employees of MoH and SSAs were transferred to Te Whatu Ora by way of two Orders in Council.

Te Whatu Ora's primary objective is to deliver health, disability, and mental health services to the communities across New Zealand. Te Whatu Ora does not operate to make a financial return.

Te Whatu Ora is designated as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice (GAAP).

Basis of Preparation

Health Sector Reforms

On 21 April 2021, the Minister of Health announced the health sector reforms in response to the Health and Disability System Review. The reforms replaced all 20 DHBs with a new Crown entity, Te Whatu Ora, that is responsible for running hospitals and commissioning primary and community health services. It includes four regional divisions. Additionally, under the Health Sector (Transfers) Act, certain assets, liabilities, contracts, and employees of MoH and SSAs were transferred to Te Whatu Ora by way of two Orders in Council.

The following entities were combined into Te Whatu Ora:

1. Northland DHB
2. Waitemata DHB
3. Auckland DHB
4. Counties-Manukau DHB
5. Waikato DHB
6. Lakes DHB
7. Bay of Plenty DHB
8. Tairāwhiti DHB
9. Taranaki DHB
10. Whanganui DHB
11. Hawke's Bay DHB
12. MidCentral DHB
13. Hutt Valley DHB
14. Capital and Coast DHB
15. Wairarapa DHB
16. Nelson Marlborough DHB
17. West Coast DHB
18. South Canterbury DHB
19. Canterbury DHB
20. Southern DHB
21. Te Hiringa Hauora/Health Promotion Agency
22. HealthSource New Zealand Limited
23. healthAlliance N.Z. Limited
24. HealthShare Limited
25. Central Region's Technical Advisory Services Limited

26. South Island Shared Services Agency Limited

27. Northern Regional Alliance Limited

28. New Zealand Health Partnerships Limited

29. Certain functions of the Ministry of Health

As a result of the reforms, responsibility for public health policy, strategy, monitoring and intelligence rests with a new Public Health Agency, that resides within MoH. A new statutory entity, Te Aka Whai Ora-Māori Health Authority (MHA) has been formed to working partnership with Te Whatu Ora and MoH to ensure the health system works well for Māori. The MHA will lead changes in the way the health system understands and responds to Māori, develop strategy and policy, commission kaupapa Māori services and monitor systems performance to reduce inequities for Māori. Legislation to establish the new entities and disestablish DHBs came into effect on 1 July 2022.

Measurement of the Assets and Liabilities

The assets and liabilities of the Combining Entities are measured at their carrying amount as of the amalgamation date, with adjustment made where required to conform to Te Whatu Ora's accounting policies.

Changes in accounting policies

A single uniform set of accounting policies, consistent with the requirements of PBE Standards, is adopted by Te Whatu Ora. A corresponding adjustment to net assets/equity is made for any required adjustments to the carrying amounts on amalgamation. The accounting policies selected were reviewed and approved by the Te Whatu Ora Board.

Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the group are:

PBE IPSAS 41 Financial instruments

PBE IPSAS 41 replaces PBE IFRS 9 Financial Instruments and is effective for the year ending 30 June 2023, with earlier adoption permitted. There was a non-significant impact as a result of adopting the new standard as the requirements are similar to those contained in PBE IFRS 9.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with earlier adoption permitted. Te Whatu Ora has not yet determined how application of PBE FRS 48 affected its statement of performance.

Comparatives

Te Whatu Ora is not required to present comparative information on the face of its financial statements for the periods prior to the amalgamation date. Management has determined that the disclosure of comparative information for each of the Combining Entities would result in lengthy financial statements being presented that may unnecessarily confuse the users of its financial statements. As such, no comparative information is to be presented. The effects of amalgamation are to be disclosed in the financial statements as required.

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ dollars (the functional currency) using the spot exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

Goods and services tax

All items in the financial statements are presented exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue (IR) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IR, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

Te Whatu Ora is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Budget figures

The budget figures are derived from the 2022/23 statement of performance expectations. The budget figures have been prepared in accordance with GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Cost allocation

The cost of outputs has been determined using the cost allocation system outlined below.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner, with a specific output. Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity/usage information. Depreciation is charged on the basis of asset utilisation. Personnel costs are charged on the basis of actual time incurred. Property and other premises costs, such as maintenance, are charged on the basis of floor area occupied for the production of each output. Other indirect costs are assigned to outputs based on the proportion of direct staff costs for each output.

Critical accounting estimates and assumptions

The Board has made estimates and assumptions concerning the future. These estimates and assumptions might differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in respect of:

- Estimating the fair value of land and buildings – refer to Note 12
- Measuring the liabilities for Holidays Act 2003 remediation, long service leave, retirement gratuities, sabbatical leave, and continuing medical education leave – refer to Note 17
- Estimated useful life of property, plant, and equipment – refer to Note 12
- Estimated useful life of intangible assets – refer to Note 13.

Critical judgements in applying accounting policies

The Board has exercised the following critical judgements in applying accounting policies:

- Classification of leases – refer to Note 16.

Ā mātou whakapapa | Our story

In the pūrakau (ancient legend), when Tāwhaki ascended into heaven to attain the three baskets of knowledge, he also collected two mauri stones named 'Hōkai nuku' and 'Hōkai rangi'. These stones were seen as supporting the three baskets of knowledge, with one having the ability to look back into the past, while the other provided a vision into the future.

Watch Rahui Papa talk about Ā mātou whakapapa.

<https://www.tewhatauora.govt.nz/about-us/who-we-are/our-story/>

Te Whatu Ora – tohu

Read about the meaning behind our tohu – tāniko (shown opposite).

<https://www.tewhatauora.govt.nz/about-us/who-we-are/our-story/>

