

Briefing

Health New Zealand
Te Whatu Ora

Annual Report to Ministers on Enhancement of Infrastructure Management (Annual Report Back) 2023/24

Due to MO:	11 March 2025	Reference	HNZ00046242
To:	Hon Simeon Brown, Minister of Health		
From:	Jeremy Holman, Chief Infrastructure and Investment Officer		
Copy to:	Hon Nicola Willis, Minister of Finance		
Security level:	In Confidence	Priority	Routine
Consulted	The Ministry of Health		

Action sought	Action required by
Agree to publish the Annual Report to Ministers on Enhancement of Infrastructure Management 2023/24 on the Health New Zealand Te Whatu Ora website.	25 March 2025

Contact for further discussion (if required)			
Name	Position	Phone	1st contact
Zainab Abbas	Head of the Office of the Chief Infrastructure & Investment Officer	s 9(2)(a)	x
Jeremy Holman	Chief Infrastructure & Investment Officer		

Attachments
Appendix 1: Annual Report to Ministers on Enhancement of Infrastructure Management 2023/24

N.b.
refused in
full under s
9(2)(f)(iv)

Purpose

- 1. The briefing seeks your approval to publish the Annual Report to the Ministers on Enhancement of Infrastructure Management 2023/24 (Annual Report Back).

Recommendations

Health New Zealand | Te Whatu Ora recommends that you:

a) Agree to publish the Annual Report to Ministers on Enhancement of Infrastructure Management 2023/24 on the Health New Zealand Te Whatu Ora website.	Yes/No
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Hon Simeon Brown, Minister of Health

Date:

Jeremy Holman
Chief Infrastructure and Investment Officer

Health New Zealand | Te Whatu Ora
Date: 11 March 2025

Background

- When Health New Zealand | Te Whatu Ora (Health NZ) was established in 2022, Cabinet agreed capital settings and directed the Ministry of Health and Health NZ to report annually on Health NZ's progress on enhancing its infrastructure and asset management [SWC-22-MIN-0063 refers]. Subsequent annual reports were to be provided to the Minister of Health and the Minister of Finance.
- This is the second Annual Report Back (**Appendix 1**) and includes feedback from the Commissioner and the Ministry of Health.

Discussion

- Cabinet agreed to high-level capital settings to provide Health NZ with progressive decision rights to manage the sector's capital investment and asset management portfolio [SWC-22-MIN-0063 refers]. Capital settings specify decision rights within the investment management system, clarifying those decisions requiring Ministerial engagement and those that fall within the remit of the entities to manage.
- The current threshold for Board (or Commissioner) approval for low- and medium-risk assessments funded from within baseline is \$25 million whole of life cost (WOLC) (see **Table 1**). The intention at the time of establishing these capital settings was that, as Health NZ demonstrated its capability, and subject to Ministerial approval, the threshold would increase to \$50 million from 1 July 2024 regardless of funding source. This adjustment to capital settings did not occur, noting Health NZ's current challenges and installation of a Commissioner during the period when capital settings were to be updated.

Table 1: capital settings established for Health NZ

	Health NZ Board	Minister of Health	Cabinet
Whole of life cost	Up to \$25 million	\$25 million up to \$100 million	Over \$100 million
OR			
Risk level	Low and medium		High

- When approving new capital settings for the health sector, Cabinet required a report back to Joint Ministers [CAB-22-MIN-0132 refers] on the enhancement of infrastructure management. The first Annual Report Back to Ministers was provided in July 2023. This briefing is the second Annual Report Back to Ministers.
- The intention of these annual reports is for the Ministry of Health to use them as the basis of advice to the Minister on easing capital settings and lifting Health NZ's Board/ Commissioner delegations from \$25 million to \$35 million. This lift would fall under Stage 2 in the proposed progression of capital settings in the Cabinet decision (see Table 2). This would bring Health NZ in line with other Crown Entities. Health NZ is

currently out of step with other capital-intensive agencies and is operating at a lower capital setting.

Table 2: Proposed progression of capital settings in Cabinet decision

Stage 1 (Current Settings)	Stage 2	Stage 3 (From 1 July 2024)
Based on whole of life cost: Up to \$25m – Board Approval Up to \$100m – Minister Approval Over \$100m – Cabinet Approval	Specific decision rights sought through submission to Ministers of the asset management and investment plans.	Based on whole of life cost: Up to \$50m – Board Approval Up to \$200m – Minister Approval Over \$200m – Cabinet Approval

8. The Annual Report Back provides a self-assessment by the Infrastructure and Investment Group (IIG) of its performance over 2023/24 against the core business functions and key improvement areas as set out in the previous Annual Report Back.
9. These areas include: the operating model, structural changes, enhancing delivery improvements, major deliverables, ongoing work programme (improvements in practice and guidance), and key risks and challenges.
10. The FY2024/25 budget means that the IIG is prioritising its financial sustainability and taking a measured and prioritised shift in building its maturity. We have developed our work programme considering the expected resourcing levels for this financial year, while ensuring we are establishing solid foundations to build on in the coming years.
11. You will receive advice separately from the Ministry of Health on the enhancement of infrastructure achieved by Health NZ and the option to lift Health NZ's capital settings in line with other Crown agencies.

Next steps

12. Subject to your approval, the Annual Report to Ministers on Enhancement of Infrastructure Management 2023/24 will be published on Health NZ's website.