

Briefing to the Incoming Minister of Health

Part B: The health portfolio: roles and responsibilities

November 2023

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The health system and your role as Minister of Health

Overview of the current health system

The health system in New Zealand is complex and reflects the range of functions required to manage and deliver health services to our population. Many parts of the health sector have different funding and delivery approaches. As a whole, the system includes a range of public sector agencies, health service providers (many of which are private sector organisations or community organisations), professional organisations, and all the health workers within these entities.

Health service provision

Core health services in New Zealand are predominantly funded publicly and made available universally. Minimum service expectations are currently set through the Service Coverage Schedule and overall eligibility for funded services is mainly set through the Health and Disability Services Eligibility Direction 2011.

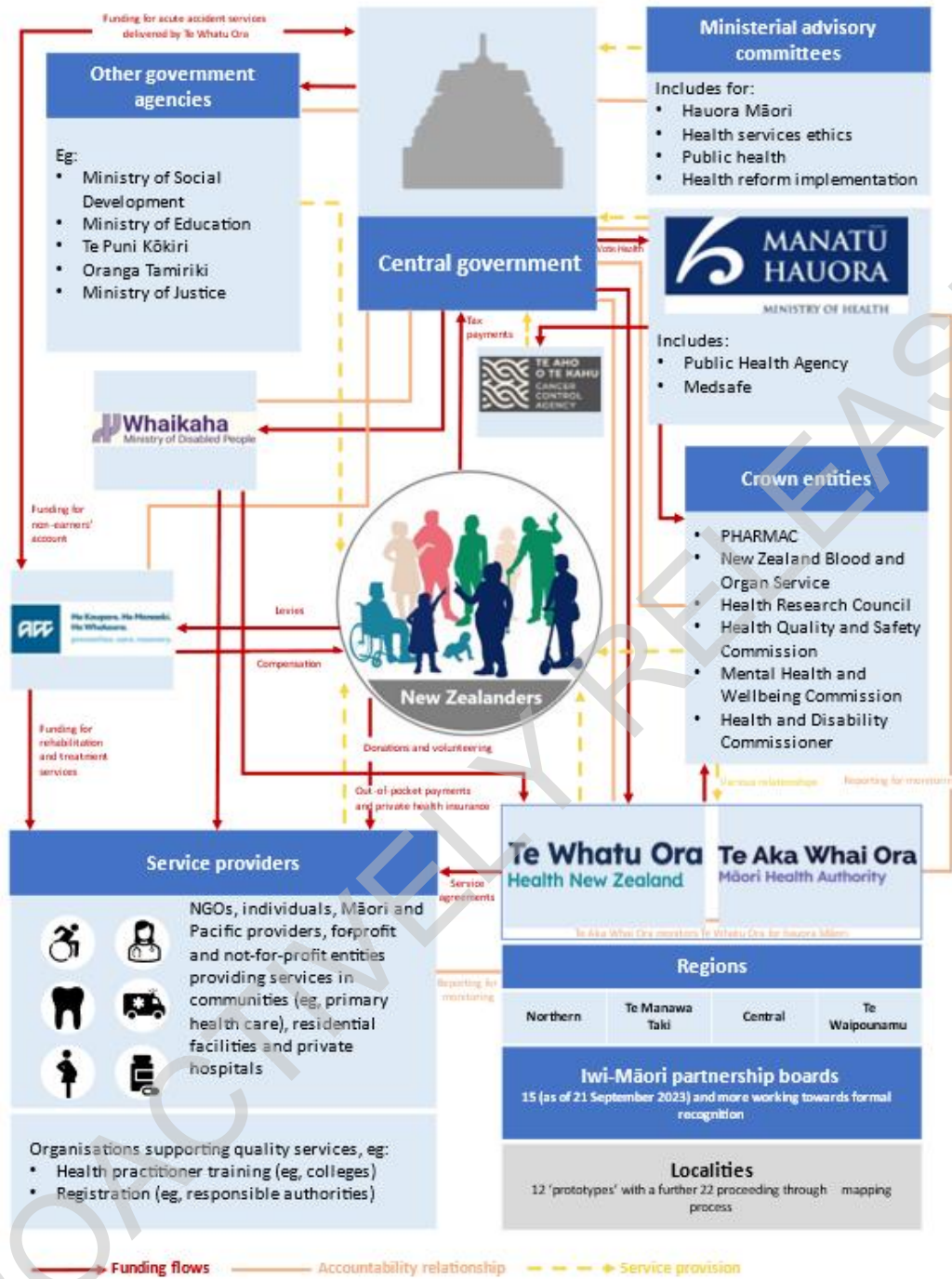
In addition to direct public provision, through Health New Zealand | Te Whatu Ora (HNZ) and other health entities, a range of organisations deliver health care including community organisations, hauora Māori providers and private sector organisations or individual health professionals. Some are fully or part-funded by government, funded through direct payments, or through private health insurance.

There is some targeting of additional financial support to access services, such as supporting patient payments based on socioeconomic factors.

Different funding models and organisations are involved across health areas, such as primary care, aged care and emergency services. Subsequent briefings from the Ministry of Health (the Ministry) or health entities on specific health areas will include more information on the funding models and organisations within those parts of the health sector.

A high-level overview of the different parts of the health system is set out in Figure 1.

Figure 1: Overview of the health system, as at November 2023



Roles and responsibilities as Minister of Health

The Minister of Health is responsible for setting priorities for health outcomes and the performance of agencies and entities that report to you. This includes Vote Health funding and 31 statutes (Acts of Parliament are listed in Appendix B). The Pae Ora (Healthy Futures) Act 2022 (the Pae Ora Act) sets high-level roles for the Minister of Health, while other legislation and regulation outline specific responsibilities. You also

hold other statutory responsibilities, functions and powers, which are laid out in specific legislation, such as the Mental Health (Compulsory Assessment and Treatment) Act 1992. Some of these responsibilities can be delegated to associate Ministers or the Minister for Mental Health.

The Pae Ora Act outlines key responsibilities you hold as Minister of Health. These include:

- to be guided by the health sector principles
- determining the following health strategies:
 - New Zealand Health Strategy
 - Hauora Māori Strategy
 - Pacific Health Strategy
 - Health of Disabled People Strategy
 - Women’s Health Strategy
 - Rural Health Strategy
- issuing a Government Policy Statement (GPS) on Health for a three-year period
- approving the New Zealand Health Plan developed by HNZ and the Māori Health Authority | Te Aka Whai Ora (MHA)
- endorsing the New Zealand Health Charter for health workforce
- approving a Code of Expectations for consumer and whānau engagement in the health sector
- responsibilities and intervention powers for health entities
- the ability to set up ministerial committees and the Minister’s role in existing committees.

In 2022, the Code of Expectations for health entities’ engagement with consumers and whānau was set. In 2023, the six health strategies and the New Zealand Health Charter were published by the Minister of Health. The Health of Disabled People Strategy was released as a provisional strategy, subject to further engagement with the disability sector.

The Minister of Health can determine the timeframes for issuing strategies under the Pae Ora Act. When released, the strategies were intended to set high-level directions for five to ten years, with the upcoming Government Policy Statement on Health and the New Zealand Health Plan providing more specific actions set by the Government.

The Minister of Health can also develop and issue additional strategies, not included in the Pae Ora Act. Currently, a Rare Disorders Strategy is in development as part of the Government’s response to recommendations from the independent review of the Pharmaceutical Management Agency | Te Pātaka Whaioranga (Pharmac).

The Pae Ora Act requires the first GPS and the New Zealand Health Plan to be approved by the Minister of Health by July 2024. The GPS must be issued for a period of at least three financial years, 2024/25 to 2027/28, but you can amend it at any time. The GPS and New Zealand Health Plan will need to align with Budget 2024 decisions on priorities that are funded within Vote Health from 2024. Until these are issued in

2024, there is an interim GPS and interim New Zealand Health Plan (Te Pae Tata) that outlines the Government's priorities for 2022–2024, and actions that advance them.

Improving Māori health outcomes

The Ministry is committed to fulfilling the special relationship between Māori and the Crown under Te Tiriti o Waitangi (Te Tiriti). The Crown, as the kaitiaki and steward of the health system has a responsibility (under article 1 of Te Tiriti), to enable Māori to exercise authority over their health and wellbeing (under article 2) and achieve equitable health outcomes (under article 3) in ways that enable Māori to live, thrive and flourish as Māori (Ritenga Māori declaration). The text of Te Tiriti, including its preamble and the three articles, along with the Ritenga Māori declaration, are the enduring foundation of our approach to achieving health and independence.

A series of principles recommended in the 2019 Waitangi Tribunal's *Hauora: Report on Stage One of the Health Services and Outcomes Kaupapa Inquiry* (Wai 2575) guide the Minister of Health, the Ministry of Health, and all health entities to apply Te Tiriti in the context of health. These are now also reflected in the 'health sector principles' set out in section 7 of the Pae Ora Act. The Waitangi Tribunal recommended Te Tiriti principles aimed at improving the health system for Māori and improving hauora Māori outcomes:

- **tino rangatiratanga:** This guarantee of tino rangatiratanga provides for Māori self-determination and mana motuhake in designing, delivering, and monitoring health services.
- **equity:** The principle of equity requires the Crown to commit to achieving equitable health outcomes for Māori.
- **active protection:** The principle of active protection requires the Crown to act, to the fullest extent practicable, to achieve equitable health outcomes for Māori. This includes ensuring that the Crown, its agents and its Te Tiriti partners are well informed on the extent and nature of both Māori health outcomes and efforts to achieve Māori health equity.
- **options:** The principle of options requires the Crown to provide for and properly resource kaupapa Māori health services. Further, the Crown is obliged to ensure that all health services are provided in a culturally appropriate way that recognises and supports the expression of hauora Māori models of care.
- **partnership:** The principle of partnership requires the Crown and Māori to work in partnership in the governance, design, delivery and monitoring of health and disability services.

Waitangi Tribunal Health Services and Outcomes Inquiry

The health system has not always done a good job of meeting its obligations to Māori under Te Tiriti and this is a core driver behind the Ministry's vision of pae ora | healthy futures. The Crown has been held to account for the health system failing to meet its obligations to Māori under Te Tiriti, as set out in the Waitangi Tribunal's *Hauora: Report on Stage One of the Health Services and Outcomes Kaupapa Inquiry* (2019) (Wai 2575).

The Waitangi Tribunal makes recommendations on claims brought by Māori relating to legislation, policies, actions, or omissions of the Crown that are alleged to breach the promises made in Te Tiriti. Kaupapa (thematic) inquiries deal with nationally significant issues affecting Māori as a whole.

Wai 2575 is proceeding on a phased and thematic basis. The stage one inquiry into the legislative and policy settings of the primary healthcare system was heard between October 2018 and March 2019. The Tribunal's stage one recommendations have informed and led to a significant number of the health system changes. For example:

- the Health and Disability System Review report, released in March 2020, incorporated many of the recommendations made in the Hauora report
- the Pae Ora Act, and specifically the health sector principles, based on the Hauora report's five Te Tiriti principles
- Whakamaua: Māori Health Action Plan 2020-2025 responded to the recommendations of the Hauora report.

Wai 2575 is still being considered by the Tribunal, with the disability phase currently in hearing weeks, and further stages on mental health and addiction to be heard in 2024/2025.

The role of the Ministry of Health

Our role as steward of the health system

The Ministry of Health is the steward of New Zealand's health system. The Ministry is the lead regulator, monitor and advisor to ministers on health and supports you to achieve your priorities for health.

Our aim with respect to stewardship is to ensure that the system settings are in place to support long-term health outcomes, and we identify and work with partners in the system to address issues and risks. We also support the health system to respond in the context of global trends, and to work together to achieve the Government's objectives.

The Ministry's stewardship role has two aspects. We are stewards of:

- **the health of the population of New Zealand**, focusing on assessing health outcomes and trends, identifying determinants of health, and encouraging partnerships and actions to protect and improve health across the public and private sectors
- **the health system**, focusing on how the system works, advising the Government on the system's performance and enabling the health entities to deliver in line with expectation, and supporting their accountability to ministers, now and in the future.

Both these aspects of stewardship support the Government to achieve its objectives. To fulfil these responsibilities, we undertake the following four broad roles.

We lead

- We support ministers to set and maintain strategic direction and policy for health and ensure the Government agenda drives the health system.
- We lead Māori-Crown relationships across the sector and facilitate Waitangi Tribunal processes, as well as leading the health sector's input into wider Māori-Crown relations.

We advise

- We are the principal advisor to the Government and its agencies on health and the determinants of health, and support ministers to fulfil their role and achieve their priorities.
- We provide advice on the Crown's obligations under Te Tiriti, and opportunities to address Māori health aspirations and achieve equity for Māori.
- We use our insights to provide advice on the legislative, regulatory, budgetary, policy and outcome settings that determine the health landscape and how it operates – and how these should change over time.

We assess

- We monitor the performance and integrity of the system overall and of the individual health entities, including meeting Te Tiriti obligations. We make evidence-based judgments on what is achieved, assessing overall health outcomes, trends, and the effectiveness of investment.
- We respond to risks, issues and opportunities wherever they occur. This includes identifying risks and issues, responding to feedback, identifying emerging practice and innovation, advising Government and supporting interventions when necessary.

We convene

- We bring together leaders from across the system to build constructive relationships and networks to jointly steer towards the Government's intended outcomes and priorities.
- We collaborate across the health system and wider government to strengthen relational trust through partnerships with Māori to advance Māori health equity.
- We work with other agencies to ensure that the Government's agenda promotes health and wellbeing as shared priorities. We also convene non-government partners to build and maintain partnerships on matters that impact on health and wellbeing and equitable outcomes.

A commitment to partnership and working together with other organisations is at the heart of these roles. Our role as a partner to the other health entities, wider government agencies and organisations and communities outside the public sector is integral to how we lead, advise, assess, and convene. However, as system steward and lead monitor for health entities and health outcomes, we also have to raise and highlight issues and concerns with the entities, and ministers, when appropriate.

The Ministry is primarily responsible for developing and maintaining legislation, monitoring regulatory outcomes, and managing relationships between, and performance of, other agents in the regulatory system. Many parts of the Ministry are involved in regulation and oversight of health regulatory systems, alongside other health agencies including service and audit providers and wider health system agents such as responsible authorities.

The Ministry's functions

The Ministry has several interdependent and connected functions related to our position in the health system. By undertaking all these functions, we fulfil our role to lead, advise, convene, and assess, and we provide the essential cross-cutting and supporting functions all high-performing systems require.

These functions have long been an integral part of the Ministry's roles and responsibilities. Since July 2022 and in the context of the health system changes, we have been strengthening and enhancing these functions, and the way we carry these functions out, through a change process within the Ministry.

Delivery of primary roles

Three directorates contain capabilities focused on the delivery of our core roles and responsibilities:

Strategy, Policy, and Legislation | Te Pou Rautaki

These related functions together support ministers to identify, develop and deliver their priorities. Strategy sets and updates the long-term vision, overall direction, and objectives for health. It scans the horizon, considers trends and potential opportunities, and sets high-level parameters for how the direction is to be achieved over time, including through investment. Policy translates strategy into actions, rules, requirements, and legislation to achieve the direction, working closely with specialist capabilities across the Ministry. This work includes engagement, evidence and evaluation, design thinking, innovation, and behavioural insights. Legislation is a potential lever to achieve our objectives when other options cannot address the problem adequately.

Regulation and Monitoring | Te Pou Whakamaru

These related functions support ministers to ensure the health system works well together to achieve its goals and is fit for purpose over the long term. Regulation involves working to uphold the quality and safety of providers, products, and services, so the public can have confidence in them. This often requires a degree of statutory independence to ensure the integrity of the regulatory regime. This function uses a range of tools, including approving, monitoring, certifying, licensing, and reviewing responsible authorities, services, and providers.

Monitoring involves assessing and analysing population health outcomes and the performance of Crown entities against Government objectives. This function, drawing on specialist capabilities and advice across the Ministry, provides insight and advice on outcomes and performance to support ministers to exercise their role, including to manage the Crown's interests and its relationship with those entities, and to intervene in the health system where necessary. The Regulation and Monitoring directorate also includes the Office of Radiation Safety and **Medsafe**.

Public Health Agency | Te Pou Hauora Tūmatanui

The Public Health Agency (as a branded business unit of the Ministry) provides public health leadership across the health sector and beyond. Its roles include influencing the wider determinants of population health, protecting against health risks and threats across New Zealand and internationally, preventing illness and premature mortality, and promoting health and wellbeing. Specific functions include leading public health policy, strategy, regulatory, intelligence, surveillance, and monitoring and providing advice to ministers on public health matters.

The Public Health Agency also hosts the Pacific Health Team that delivers leadership, policy advice and engagement for Pacific health across the Ministry; the Global Health team leads New Zealand's relationship and responsibilities with international health bodies, including the World Health Organization; and the Emergency Management Team responsible for preparedness, leadership and assurance in health emergencies.

Specialist capabilities that work across the Ministry

In addition, the Ministry has three further directorates that reflect priority areas and consolidate specialist skills and knowledge that underpin all the Ministry's roles and functions into a directorate or priority portfolio:

Māori Health | Te Pou Hauora Māori

Te Pou Hauora Māori is the principal advisor to the Minister of Health on Te Tiriti and Māori health equity. It operates at the heart of the Ministry's stewardship function to ensure the health system is meeting its obligations under Te Tiriti, improve Māori health outcomes and to strengthen relational trust through partnerships with Māori to advance Māori health equity across the health system. Te Pou Hauora Māori leads Māori-Crown relationships across the health sector and facilitates Waitangi Tribunal processes (as the lead Crown agency for Wai 2575 Health Service and Outcomes Kaupapa Inquiry) as well as the health sector's input into wider Māori-Crown relations. It provides strategy and policy advice on Te Tiriti and Māori health, undertakes Māori health monitoring, provides insights on Māori health needs and supports the work of the Hauora Māori Advisory Committee.

Clinical, Community and Mental Health | Te Pou Whakakaha

This directorate ensures strategy, policy, regulation, legislation, and system monitoring and performance are informed by evidence-based mental health and addictions and clinical expertise, lived experience and health system experience. The specialist expertise in the directorate provides mental health, community, clinical and professional leadership and advice across the Ministry and sector partners to support equitable health outcomes for all people of New Zealand. The directorate convenes clinical professions to help influence the future direction of the system. The Suicide Prevention Office also has a key role in providing oversight and leadership of suicide prevention across New Zealand.

Evidence, Research, and Innovation | Te Pou Whakamārama

Evidence, research, and innovation have a powerful impact on how a health system performs and delivers care, and on the health and wellbeing outcomes that it ultimately achieves. As a centre of excellence within the Ministry, this directorate promotes and provides high-quality analytics, research, evidence, and science advice to better inform strategy and decision-making and drive innovation within the health system. This directorate has an important role in horizon scanning both globally and nationally to identify risks and opportunities in relation to health and health services.

Ministry operations

There are two directorates that consolidate the functions and capabilities needed to run the Ministry as an effective organisation and government department.

Government and Executive Services | Te Pou Whakaterere Kāwanatanga

This function is focused on supporting ministers, and the business of government and Parliament in line with the norms and conventions of a government ministry and machinery of government. These responsibilities range from supporting you to make appointments to Crown entity boards, to preparing responses on your behalf to parliamentary questions. It is also responsible for ensuring that the Ministry's leadership maintains high integrity, sound communication and engagement, and good organisational governance. Government and Executive Services has a powerful impact on the Ministry's culture and tone.

Corporate Services | Te Pou Tiaki

The Corporate Services function protects and looks after our organisation, so we have great people, processes, and technology. It provides high-quality advice, services, and support to enable the business to run efficiently and achieve organisational excellence.

System Reform Integration Office and System Reform Assurance Office

The Ministry also includes the System Reform Integration Office and System Reform Assurance Office. These time-limited offices collectively ensure effective integration of reform implementation across the system and provide assurance over the reform programme.

Some of the Ministry's functions are also carried out by other health entities, but their roles are complementary rather than identical. For example, monitoring is a common function across the Ministry, the MHA, HNZ, and the Health Quality and Safety Commission, but each entity takes a different focus and approach relevant to its role. The MHA also has strategy and policy functions for hauora Māori, in addition to the Ministry.

To lead the health system through the years ahead, we are working to support ministers to set strategic direction and policy, to shape the regulatory environment, and to monitor how the system is working. Through a transformation programme, we are strengthening and improving the way we do business to ensure we deliver for ministers, communities, partner agencies, and the health sector.

Our monitoring role

As health system steward, we also monitor the system and ensure it is performing and reporting on progress against the strategic direction in a transparent and accountable way. Monitoring occurs at three levels:

- the health of the population and our diverse communities
- the collective performance of the health system, and its constituent parts, in achieving goals and objectives in line with the Government's intent
- the individual performance of each health entity in line with its functions.

For entity performance, their board, commissioner, or council, is responsible for monitoring their performance against the expectations set by the Minister and the Government, and against their role and responsibilities. The Ministry reviews the performance of Crown entities as well, including boards.

As part of our role leading system performance monitoring, we also monitor the implementation of the health system reform across the whole system. This is supported by the System Reform Integration Office and the System Reform Assurance Office. The System Reform Integration Office provides system-level reporting and advice to the Director-General and other health system leaders on the progress of the reform. The System Reform Assurance Office provides assurance that reform implementation is progressing in line with the requirements of the Pae Ora Act and the Government's intent. Both offices are responsible to the Director-General, and report on progress across the system.

Partnering to monitor the health system

As a shared function across multiple agencies, monitoring involves a partnership approach to enable collective insights and perspectives on areas of risk and opportunity. This also includes considering the experiences and outcomes that people and whānau have when they need or receive health care.

There are also monitors of health and wellbeing outcomes outside of the health sector. The Pae Ora Act provides for the Ministry and the MHA to monitor the performance of the publicly funded health sector for Māori in cooperation with Te Puni Kōkiri.

The Ministry works with Treasury to provide increased collective oversight of financial and capital matters. The Ministry meets regularly with Treasury to share information and bring together insights on entity financial sustainability and risk management, and to provide advice to ministers.

By convention and Cabinet mandate, the Ministers of Finance and Health provide Government oversight of health sector financial performance, with the Minister of Finance having particular interest in decisions relating to health infrastructure, employment relations, and financial settings. In part, this mandate reflects the size of Vote Health, which represents approximately 20% of government expenditure.

Māori-Crown relations

As principal advisor and agent on Māori health, the Ministry is responsible for leading the effective negotiation and implementation of Māori-Crown relationship agreements within the health sector. Relationship agreements allow iwi and Māori groups to work with public sector agencies (including health organisations) to develop tailored relationships which address both individual and shared aspirations.

In a health sector context, relationship agreements allow the Crown and iwi and Māori groups to address health and social needs and aspirations. While the specific themes and requests in relationship agreements may vary depending on the circumstances and aspirations of each iwi and Māori group, there are several consistent themes that iwi and Māori groups have commonly asked of the Crown in post-settlement relationship agreements. Some of the consistent themes include the importance of:

- cultural safety and collaboration
- health equity and whānau wellbeing
- Māori workforce development
- community engagement and empowerment
- research and Māori data sovereignty
- long-term relationship and accountability.

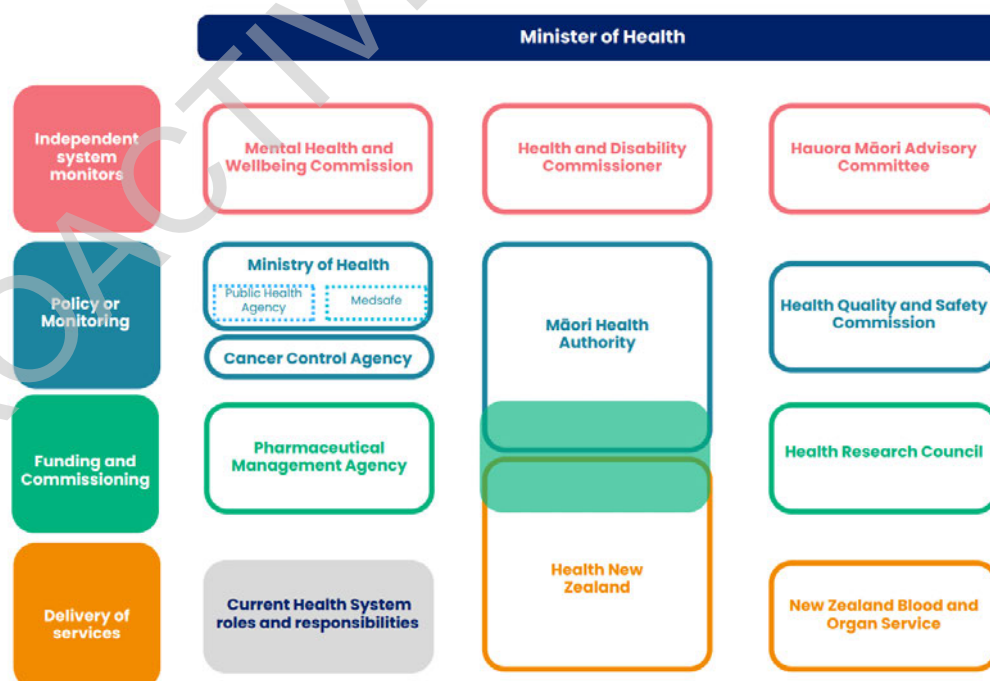
The role of other health sector agencies and entities

This section focuses on the agencies and crown entities that are responsible to the Minister of Health, as set out in Figure 2, and outlines the current roles and functions of each entity, prior to any structural changes from the incoming government, such as the disestablishment of the MHA. This section, and Figure 2, also include the role of the Hauora Māori Advisory Committee, as this relates to the MHA, and functions that hold the system accountable for Māori health outcomes. Changes to the committee's role and function will need to be considered alongside changes to the MHA.

As outlined in the previous section of this document, the **Ministry of Health | Manatū Hauora (the Ministry)** is the chief steward of the health of the population and the health system, and lead advisor to Government on health.

The Ministry hosts the departmental agency **Cancer Control Agency | Te Aho o Te Kahu**. The Agency reports directly to the Minister of Health, while its corporate functions are hosted by the Ministry. The Cancer Control Agency was created in recognition of the impact cancer has on the lives of New Zealanders and provides a sharp focus on this important health issue. The Cancer Control Agency provides central leadership and oversight of cancer control and unites efforts to deliver better cancer outcomes for New Zealand. It is also accountable for ensuring transparency of progress towards the goals and outcomes in the National Cancer Action Plan 2019–2029.

Figure 2: Health agencies and health entities responsible to the Minister of Health



Health New Zealand | Te Whatu Ora (HNZ) is a Crown agent with a board. Their objectives are set by the Government through strategic directions and policy settings. HNZ has taken over responsibility for funding and delivering health services from the previous 20 district health boards, and some operational functions previously undertaken by the Ministry. HNZ plans, commissions, and provides most publicly funded health services through a nationally coordinated and regionally delivered health system. HNZ regions oversee commissioning of primary and community services and manage the delivery of hospital and specialist services networks. HNZ has also taken over responsibility for the management of buildings with a replacement value of around \$24 billion*, and capital intentions over the next 10 years estimated at approximately \$20 billion.

**The buildings replacement value figure has been revised by Health New Zealand to be \$36.7 billion, owing to insurance revaluations since the previous National Asset Management Programme for the DHBs.*

The **Māori Health Authority | Te Aka Whai Ora (MHA)** was established as an independent statutory entity, also overseen by a board, to ensure that planning and service delivery respond to the aspirations and needs of Māori, and to design, deliver and arrange services to achieve the best possible outcomes for Māori. The MHA has also played a role in providing strategy and policy advice to the Minister of Health on matters relevant to hauora Māori. The MHA has a budget in 2023/24 of approximately \$656 million, \$411 million of which is for services provided through Māori health providers**. The MHA works in partnership with HNZ to plan and commission all health services jointly at a national, regional, and local level; commission hauora Māori services directly; and monitor system performance for Māori in collaboration with the Ministry and Te Puni Kōkiri.

The roles of HNZ and the MHA have been designed to partner each other, to create a central core of Crown entities with common aims, distinct yet complementary functions and shared accountability. Via their respective boards the entities report to you as the Minister of Health. The two entities and the Ministry have been required to partner and work together on many pieces of work, for example the Ministry and the MHA jointly developed a strategy for hauora Māori, and HNZ and MHA have been jointly developing the New Zealand Health Plan.

***As at January 2024, the budget description is amended by the Māori Health Authority to read "...\$656 million, \$10.2 million of which is allocated to iwi-Māori partnership boards and \$576.7 million for service delivery."*

The **Hauora Māori Advisory Committee (HMAC)** was established under section 89 of the Pae Ora Act. It is a key element in strengthening the Te Tiriti-based relationship between the Crown and Māori in the health system. The primary purpose of HMAC is to advise the Minister of Health on matters relating to the board of the MHA. In relation to the performance of the MHA, under the current wording of the Pae Ora Act, the Minister must seek and consider the advice of HMAC before exercising powers, including appointing or removing board members, issuing letters of expectations, and issuing directions to the MHA. Under the current settings, by June 2024, HMAC will be nominated directly by Māori through the Iwi Māori Partnership Boards and Māori health organisations.

There are a further six health Crown entities within the health portfolio. Their roles and functions are outlined briefly below.

Pharmaceutical Management Agency | Te Pātaka Whaioranga (Pharmac) has a primary role to use a rigorous evidence-based process to decide which medicines, vaccines, medical devices and related products should be funded for New Zealanders from within a capped budget set by the Government. For the first time in 2022/23

Pharmac has held and managed a central appropriation for the national purchase of pharmaceuticals.

Pharmac continues to hold the same important roles and responsibilities in the new health system, but is working under the health sector principles, objectives and outcomes outlined in the Pae Ora Act. This includes working to ensure Māori and other population groups achieve equitable health outcomes in closer collaboration with other health entities.

The **Health Quality and Safety Commission | Te Tāhū Hauora (HQSC)** leads and coordinates work across the health sector, for the purposes of monitoring and improving the quality and safety of health services. Under the Pae Ora Act, HQSC gained two new functions, the ability to make recommendations to any person in relation to matters within the scope of its functions and to develop a code of expectations for consumer and whānau engagement in the health sector (published in August 2022).

The **New Zealand Blood and Organ Service | Te Ratonga Toto O Aotearoa (NZBOS)** is New Zealand's sole provider of blood, blood products and associated services. In recent years its role has expanded to include coordinating deceased organ donation, tissue donation (eye tissue, heart valves and skin), hip bone donation, and operating the National Heart Valve Bank and the New Zealand Bone Marrow Donor Registry. Almost all its revenue comes from HNZ for the supply of blood, blood products and services.

The **Health Research Council (HRC)** is the primary government funder of health research in New Zealand. It was established under the Health Research Council Act 1990 as a Crown agent. It is responsible to the Minister of Health and advises the Minister on national health research policy. However, the HRC is largely funded from Vote Science and Innovation. The HRC exists to improve the health and wellbeing of all New Zealanders through the process of independently identifying and supporting high-quality, high-value research that delivers far-reaching impact within the health and research, science and innovation landscape.

The **Mental Health and Wellbeing Commission | Te Hiringa Mahara** was established as an independent Crown entity in response to He Ara Oranga: Report of the Government Inquiry into Mental Health and Addiction to provide independent, system-level oversight of mental health and wellbeing in New Zealand. One of its key objectives is to contribute to better and more equitable mental health and wellbeing for people in New Zealand. The statutory independence of the Mental Health and Wellbeing Commission from government policy is important to ensure it can carry out its oversight and monitoring function.

The **Health and Disability Commissioner | Te Toihu Hauora, Hauātanga (HDC)** is an independent Crown entity, established by the Health and Disability Commissioner Act 1994. It is steward of the Code of Health and Disability Services Consumers' Rights and its objective is to ensure that the rights of consumers are promoted, protected, and upheld. A core function of HDC is to resolve complaints and it has mechanisms to support health and disability service providers to improve their performance. These mechanisms include running a complaints process for consumers and running commissioner-initiated inquiries.

Accountability and performance of health Crown entities

As Minister, you have a range of levers under the Crown Entities Act and specific health legislation available to support performance and accountability from health entities. Crown entities are governed by boards, or a commissioner or council, that are accountable to you for performing their duties. Levers include:

- setting entities' strategic direction and annual performance requirements (for example, through the GPS, annual Letters of Expectation, Statements of Intent/Statements of Performance Expectations, setting funding parameters and giving directions)
- monitoring strategic direction and results (for example, through the monitoring agent, discussing results with entities, requesting information)
- board appointments, remuneration and removals (for example, appointing chairs and members, setting terms and conditions of appointment, ensuring quality induction and review processes).

The Ministry will support you to carry out your duties as Minister

The Ministry acts as your agent in the above roles and is responsible for monitoring health Crown entity performance on your behalf and providing you with advice. The Ministry, through our Director-General or lead Deputy Director-General, supports you as lead monitor in meetings with the chairs of health entities.

The Ministry also supports the Minister and the Governor-General to make appointments to over 500 statutory health roles for a range of entities and bodies. Further information on the full range of entities, boards and committees for which you are responsible can be found in Appendix B: Legislation, statutory entities, boards, and committees. These include 18 independent statutory authorities that regulate health professions under the Health Practitioners Competence Assurance Act 2003 and ministerial committees related to ethics and medicines.

Ministerial health committees provide you with independent expert advice and offer a forum for the sector to have a role in decision-making. The Pae Ora Act requires the Minister to establish a Hauora Māori Advisory Committee (discussed above), a national advisory committee on health services ethics and an expert advisory committee on public health. The Ministry provides secretariat support for some health committees (including committees on ethics and reform progress).

Other government agencies key to health

Ministry of Disabled People | Whaikaha was created on 1 July 2022 as a departmental agency hosted by the Ministry of Social Development to fund disability services for disabled people. Health services for disabled people are funded by the health entities. Disability support services were transferred from the Ministry to the

Ministry of Disabled People. The Ministry of Disabled People also leads strategy and policy for disability across government and monitors outcomes and service performance for disabled people. The Ministry works closely with the Ministry of Disabled People to improve health services and health outcomes of disabled people.

Accident Compensation Corporation (ACC) provides accident compensation entitlements, including funding for treatment, rehabilitation and support services for individuals suffering from injury. There are common providers for many services funded by ACC and by HNZ. HNZ provides many emergency and acute services for people covered by the ACC scheme. ACC also funds counselling services for people after a physical injury or sexual abuse.

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How the health sector is funded

Funding for the health system and health care is from a combination of public funding and private funding, including from insurance and out-of-pocket payments for care.

Vote Health (the Vote) is the main source of public funding for health services and is administered by the Ministry. The Vote directly supports the day-to-day operation of health services delivered by the health workforce in our communities, hospitals, and other care settings. ACC pays the Crown for acute care received in HNZ facilities offsetting some core Crown costs funded through the Vote.

There are also levies collected on some goods or services that have an impact on health outcomes and the costs of healthcare. The problem gambling and alcohol levies are collected by other agencies, but the funding is made available to Vote Health. The problem gambling levy provides funding to implement actions from the Strategy to Prevent and Minimise Gambling Harm, and the alcohol levy funds actions that reduce alcohol-related harm.

Vote Health appropriations

The main operating appropriations in Vote Health relate to:

- delivering hospital and specialist services
- delivering primary, community, public and population health services
- national pharmaceuticals purchasing
- delivering hauora Māori services
- stewardship of the health system.

Although not a separate appropriation, Vote Health funding for mental health is ring-fenced. The mental health ringfence includes funding within the Vote Health appropriations of delivering hospital and specialist services, delivering primary, community, public and population health services, and delivering hauora Māori services. The Ministry of Health sets the ringfence to ensure dedicated investment in mental health and addiction services is at least this set amount. The funding from the alcohol and problem gambling levies is additional to the ringfence.

The ringfence for 2022/23 was set by the Ministry at approximately \$2.2 billion. The actual spend will be assessed against this expectation once audited end-of-year figures have been provided by HNZ and the MHA.

While the appropriations within Vote Health relate to different service areas, the majority of operating funding within the health system pays for the workforce. Significant pay increases through settlements and pay equity processes have contributed to operating expenditure increases in current and future years.

For 2023/24, the amount of funding appropriated is \$28.829 billion, including \$3.072 billion of capital funding and \$25.757 billion of operating funding. This is based on Vote Health’s baselines as at the 2023 Pre-Election Economic and Fiscal Update (PREFU), further adjusted by additional government decisions made since PREFU. These decisions have been incorporated into Section A of the 2023 October Baseline Update. Given these decisions do not require further approval by joint Ministers, we have included them in the entities’ baselines here to better reflect their budget positions.

Figure 3 shows Vote Health’s operating budget split by appropriation. Of the operating funding, \$0.269 billion (1%) is related to the Ministry of Health’s departmental expenses for our stewardship role and the remaining \$25.488 billion is non-departmental expenses for commissioning and services provision, including:

- \$14.203 billion (55%) for delivering hospital and specialist services
- \$8.717 billion (34%) for delivering primary, community, public and population health services
- \$1.498 billion (6%) for national pharmaceutical purchasing
- \$0.651 billion (3%) for delivering hauora Māori services.

Figure 3: Vote Health by main operating appropriations, 2023/24



At an entity level, the majority of the operating funding is provided to HNZ (90%), with the remaining funding split among Pharmac (6%), MHA (3%), the Ministry of Health (1%), and other Crown entities (0.2%). The other entities are the Health and Disability Commissioner (including the Aged Care Commissioner), Health Quality and Safety Commission, and Mental Health and Wellbeing Commission.

Vote Health also has significant funding for remediation and resolution of historical non-compliance with the Holidays Act 2003, and the health capital envelope to contribute funding for infrastructure.

Transitional funding through Budget 2022

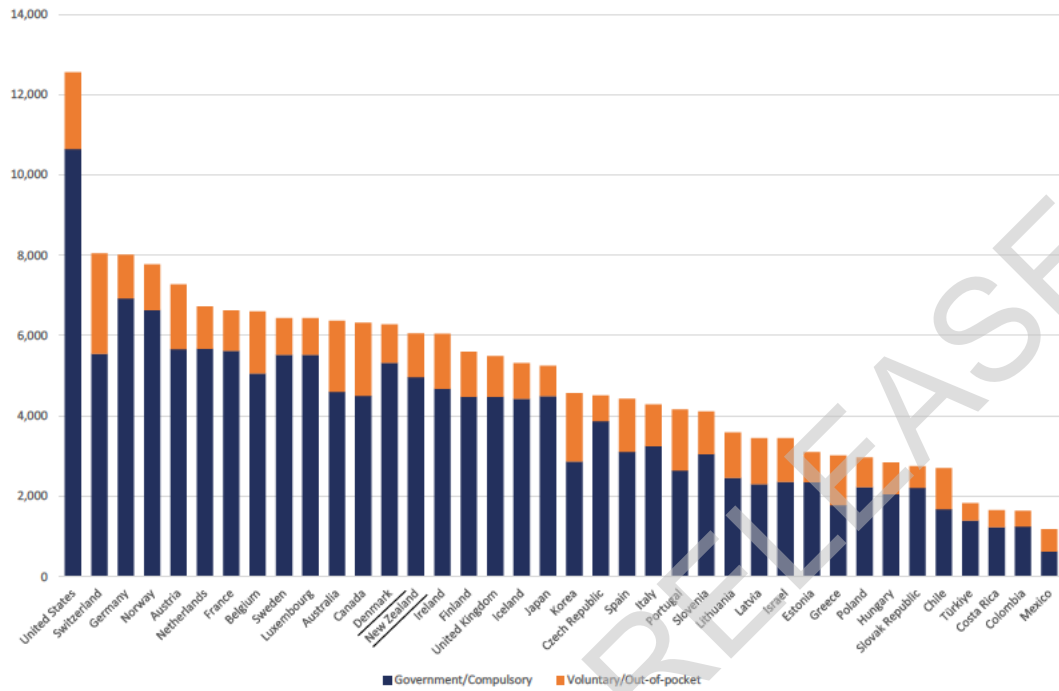
In Budget 2022, a two-year transitional funding package for 2022/23 and 2023/24 was set with the expectation that Budget 2024 would have multi-year appropriation funding for the three years from 2024/25. The multi-year funding is intended to align with and fund the GPS and the New Zealand Health Plan.

The health system changes implemented from 1 July 2022 significantly altered the appropriation structure in Vote Health to recognise the new Crown entities in the health and disability sector and also reduce the number of appropriations. The changes also allowed HNZ flexibility in managing its funding and directing services towards areas that reduced reliance on hospital and specialist services in the future.

Health spending is comparable to many developed OECD countries

Currently, health spending per capita in New Zealand is higher than some other OECD countries, but lower than Australia and the Netherlands, see Figure 4. Australia spends 9% more per capita and the Netherlands 21% more per capita on health. Despite the lower per capita funding, our overall life expectancy is higher or the same as many comparable OECD countries. However, life expectancy is lower for high-need groups, including Māori, Pacific peoples, disabled people, and those living in areas that are most socioeconomically deprived.

Figure 4: Comparable health spending for OECD countries, total/government/ compulsory/voluntary/out-of-pocket, US dollars/capita, 2022 or latest available



Source: OECD. 2023. *Health spending (indicator)*. DOI: 10.1787/8643de7e-en (accessed 30 September 2023).

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Appendices

Appendix A: Our leaders

The Executive Governance Team is the Ministry's strategic governance mechanism. It is responsible for ensuring the Ministry can fulfil its role as steward of the system by:

- setting the strategic direction of the Ministry as steward of the health system
- setting priorities
- understanding performance of the system we oversee
- ensuring we are delivering on our equity obligations.

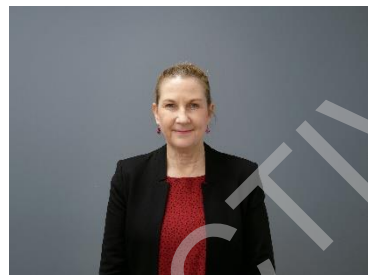
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Appendix B: Legislation, statutory entities, boards, and committees

Legislation the Ministry administers

The following Acts of Parliament are within the health portfolio and are administered by the Ministry.

- Burial and Cremation Act 1964
- Cancer Registry Act 1993
- Compensation for Live Organ Donors Act 2016
- Contraception, Sterilisation and Abortion Act 1977
- COVID-19 Public Health Response Act 2020
- Disabled Persons Community Welfare Act 1975 (Part 2A)
- End of Life Choice Act 2019
- Epidemic Preparedness Act 2006
- Health Act 1956
- Health and Disability Commissioner Act 1994
- Health and Disability Services (Safety) Act 2001
- Health Benefits (Reciprocity with Australia) Act 1999
- Health Benefits (Reciprocity with the United Kingdom) Act 1982
- Health Practitioners Competence Assurance Act 2003
- Health Research Council Act 1990
- Health Sector (Transfers) Act 1993
- Home and Community Support (Payment for Travel Between Clients) Settlement Act 2016
- Human Assisted Reproductive Technology Act 2004 (in conjunction with the Ministry of Justice)
- Human Tissue Act 2008
- Intellectual Disability (Compulsory Care and Rehabilitation) Act 2003
- Medicines Act 1981
- Mental Health and Wellbeing Commission Act 2020
- Mental Health (Compulsory Assessment and Treatment) Act 1992
- Misuse of Drugs Act 1975
- Pae Ora (Healthy Futures) Act 2022
- Psychoactive Substances Act 2013
- Radiation Safety Act 2016
- Smoke-free Environments and Regulated Products Act 1990
- Substance Addiction (Compulsory Assessment and Treatment) Act 2017
- Support Workers (Pay Equity) Settlements Act 2017
- Therapeutic Products Act 2023.

Crown entities and independent statutory entities

Below is a list of the Crown entities, independent statutory entities, ethics committees, responsible authorities, Medsafe committees and other boards and committees to which the Ministry assists the Minister of Health to appoint members.

- Health New Zealand | Te Whatu Ora (HNZ)
- Māori Health Authority | Te Aka Whai Ora (MHA)
- Pharmaceutical Management Agency | Te Pātaka Whaioranga (Pharmac)
- Health Quality and Safety Commission | Te Tāhū Hauora (HQSC)
- New Zealand Blood and Organ Service | Te Ratonga Toto O Aotearoa (NZBOS)
- Health Research Council (HRC)
- Mental Health and Wellbeing Commission | Te Hiringa Mahara
- Health and Disability Commissioner | Te Toihau Hauora, Hauātanga (HDC)

Ethics Committees

- Advisory Committee on Assisted Reproductive Technology – provides independent advice to the Minister on assisted reproductive procedures or human reproductive research.
- Ethics Committee on Assisted Reproductive Technology – ministerial committee established to review, determine, and monitor applications for assisted reproductive procedures and human reproductive research.
- Health and Disability Ethics Committee – ministerial committee established to provide independent ethical review of health and disability research.
- National Ethics Advisory Committee | Kāhui Matatika o te Motu – ministerial advisory committee established to provide advice to Minister on ethical issues of national significance in respect of any health and disability matter, determine nationally consistent ethical standards across the health sector and provide scrutiny for national health research and health services.

Responsible authorities and Health Practitioners Disciplinary Tribunal

The Health Practitioners Disciplinary Tribunal and 18 independent statutory authorities operate under the Health Practitioners Competence Assurance Act 2003. Each authority's purpose is to protect the health and safety of members of the public by providing mechanisms to ensure that health practitioners are competent and fit to practise their professions.

They work to define the professions' scope of practice, prescribe necessary qualifications, register practitioners, and issue annual practising certificates. Authorities also set standards of competence (including cultural competence) and ethical conduct, and have the authority to investigate a practitioner's fitness, competence, and conduct. The Health Practitioners Disciplinary Tribunal holds disciplinary hearings for health

practitioners that are referred by responsible authorities or the Health and Disability Commissioner.

All responsible authorities are funded entirely by their profession and have their own staff and premises. While the Minister of Health has the power of audit and appoints members, the authorities have autonomy in decision-making. Each authority must provide an Annual Report to the Minister of Health every year and can be subject to performance reviews as seen fit.

- Chinese Medicine Council of New Zealand
- Dental Council | Te Kaunihera Tiaki Niho
- Dietitians Board | Te Mana Mātanga Mātai Kai
- Paramedic Council | Kaunihera Manapou
- Medical Sciences Council of New Zealand | Te Kaunihera Pūtaiao Hauora o Aotearoa
- New Zealand Chiropractic Board | Te Poari Kaikorohiti o Aotearoa
- New Zealand Medical Radiation Technologists Board | Te Poari Ringa Hangarau Iraruke
- Occupational Therapy Board of New Zealand | Te Poari Whakaora Ngangahau o Aotearoa
- Optometrists and Dispensing Opticians Board | Te Poari o ngā Kaimātai Whatu me ngā Kaiwahakarato Mōhiti
- Osteopathic Council of New Zealand | Kaunihera Haumanu Tuahiwi o Aotearoa
- Pharmacy Council | Te Pou Whakamana Kaimatū o Aotearoa
- Physiotherapy Board of New Zealand | Te Poari Tiaki Tinana o Aotearoa
- Podiatrists Board of New Zealand | Te Poari Tiaki Waewae o Aotearoa
- Medical Council of New Zealand | Te Kaunihera Rata o Aotearoa
- Nursing Council of New Zealand | Te Kaunihera Tapuhi o Aotearoa
- New Zealand Psychologists Board | Te Poari Kaimātai Hinengaro o Aotearoa
- The Psychotherapists Board of Aotearoa New Zealand | Te Poari o ngā Kaihaumanu Hinengaro o Aotearoa
- Midwifery Council | Te Tatau o te Whare Kahu
- Health Practitioners Disciplinary Tribunal | Taraipuinara Whakatika Kaimahi Hauora.

Medsafe committees

- Medicines Adverse Reactions Committee – advises Minister on safety of approved medicines.
- Medicines Assessment Advisory Committee – advises Minister on benefits and risks of new medicines.
- Medicines Classification Committee – makes recommendations to the Minister on classification of medicines.

- Medicines Review Committee – makes inquiries into objections to the terms of recommendations made under section 22(2) of the Medicines Act 1981, and reports these to the Minister. Also hears appeals under section 88 of the Medicines Act 1981.

Other committees

- End of Life Choice Review Committee – considers reports sent to it under the End of Life Choice Act 2019.
- Expert Advisory Committee on Drugs – provides advice to Minister regarding drug classification issues.
- Hauora Māori Advisory Committee – provides advice to Minister on MHA Board appointments, performance and any further advice requested.
- Health Workforce Advisory Board – ministerial committee established to provide advice to Minister on health workforce matters.
- Mental Health Review Tribunal – an independent body appointed by the Minister to consider whether patients subject to a compulsory treatment order are mentally disordered and make recommendations to the Attorney-General and Minister of Health regarding whether special patients should remain so.
- Ministerial Advisory Committee on health reform implementation – established to provide independent advice to Ministers on the continued implementation of the health reforms.
- National Cervical Screening Programme Review Committee – established to review the operation of the National Cervical Screening Programme.
- National Kaitiaki Group – ensure the protection of Māori women’s cervical screening data.
- Psychoactive Substances Appeals Committee – independent committee established under the Psychoactive Substances Act 2013 to hear appeals against decisions made by the Psychoactive Substances Regulatory Authority.
- Psychoactive Substances Expert Advisory Committee – established to provide expert advice to the Psychoactive Substances Regulatory Authority regarding safety issues around proposed psychoactive products.
- Public Health Advisory Committee – provides independent advice to the Minister and Associate Ministers of Health, the Public Health Agency, HNZ, and the MHA on public health issues.
- Radiation Safety Advisory Council – established to provide advice on matters and standards relating to radiation safety.
- Regulated Products Appeals Committee – responsible for determining appeals against decisions of the Director-General of Health to cancel or suspend a product notification for a notifiable product (vaping or smokeless tobacco product).