



**Te Kāwanatanga o Aotearoa**  
New Zealand Government



MINISTRY OF HEALTH

# **Briefing to the Incoming Minister of Health**

February 2023

PROACTIVELY RELEASED

# Foreword

E te Minita, tēnā koe

Congratulations on your appointment as Minister of Health. Manatū Hauora is committed to supporting you to implement the Government's vision for the health system and to achieve pae ora for all New Zealanders.

Manatū Hauora is well placed to continue our role as chief steward of New Zealand's health system. The recent health system reforms present challenges and opportunities for how we must act as and how we lead health in our communities and across government. This involves a work programme that requires us to strengthen and develop new relationships, frameworks, skills and capabilities.

The reformed health system includes new entities and redesigned functions that direct, design and deliver services and programmes at national, regional and local levels. Taken together, there are many opportunities for the health system to improve outcomes, tackling inequity and honouring our obligations to Te Tiriti o Waitangi.

The current focus for Manatū Hauora, other entities and the system more broadly, is on ensuring health services meets the needs of New Zealanders as intended from the reforms. This means driving delivery to make sure people can access the support and care where and when they need it and in a way that works for me.

Manatū Hauora continues to work collectively with the other health entities, the communities our health system serves, iwi and hapū, and other organisations working to improve the health and wellbeing of New Zealanders.

I look forward to working with you, along with my leadership team, as you take up your new portfolio.

Nāku noa, nā

Dr Diana Sarfati



Director-General of Health

**Te Tumu Whakarae mō te Hauora**

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# Executive summary

Welcome to your new portfolio as Minister of Health. This briefing provides you with an overview of the context of recent Government reforms and priorities, and identifies key issues and upcoming milestones and decisions for Ministers. Manatū Hauora stands ready to support you and associate ministers by providing further information and advice on the matters outlined in this briefing, and on any other topics that you wish to raise.

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***The Government has made its objectives for the health sector clear via the health reforms***, with an overarching ambition of achieving pae ora | healthy futures for all New Zealanders. The reforms aim to drive for improved partnership with Māori and communities; tackle persistent inequities in outcomes and access for many in our communities; design health services around the needs of whānau and individuals; ensure health system sustainability through prevention, demand and financial management; and deliver improvements in service quality and reducing variation between different areas.

***The health reforms are in the early days of implementation***, with new entities, structures and functions in place and being developed. Te Whatu Ora is now established to replace the district health boards with a single organisation to lead a nationally-coordinated and regionally-delivered health service including the delivery of public health services through the new National Public Health Service. Te Aka Whai Ora is also established to drive a focus on hauora Māori throughout the health system. These changes have also taken place in the context of the Government's disability system reforms, which created Whaikaha | the Ministry for Disabled People as an important new partner to the health system, Te Aho o Te Kahu | the Cancer Control Agency and the Public Health Agency as a branded business unit within Manatū Hauora.

The first two years of reform are focused on establishing a "steady state" while delivering early priorities for improvement. ***Monitoring the progress with implementation of the reforms and the performance of the health system will be critical*** to delivering Government's objectives. Manatū Hauora will provide regular assessments to support you to maintain oversight and accountability, as well as continuing to deliver our broader "stewardship" role for health on matters such as the regulatory framework.

***Work to set direction and expectations for the next phase of health reform from July 2024 onwards is well underway.*** A suite of health strategies are required by the Pae Ora (Healthy Futures) Act and will set a long-term direction for health, with a focus on priority populations including Māori. The next three-year Government Policy Statement and funding decisions for Vote Health will provide important vehicles to set and support your expectations. Ministers will have decisions to make about how and when they wish to meet their statutory requirements and the direction to be set through the strategies.

***There is a broad range of strategic, policy and legislative work underway*** that will contribute to the health strategies, future Government Policy Statement and ongoing system improvement. This includes policy programmes related to primary and community care, the development of the health workforce, and the Therapeutic Products Bill currently before Parliament. Ministers will have decisions to make over coming months on the next steps for these programmes.

***Manatū Hauora's key role is to be your lead advisor on health.*** We champion the Government's agenda in the way we lead, advise, assess and convene the health sector, and how we use our insights to support you to achieve your objectives. Our role complements the distinct but related functions of Te Whatu Ora, Te Aka Whai Ora and the wider health sector, with whom we work closely.

***We are also building our capability and capacity to be an effective steward*** for the health system, as envisaged by the health reforms. Our early areas of focus include:

- i. putting in place new approaches to convene cross-system leadership and encourage a "one system" ethos towards shared aims;
- ii. continuing to manage the ongoing risks associated with COVID-19, while minimising its impact and impost on the health of New Zealanders and the health system; and
- iii. reviewing our legislative and regulatory responsibilities in light of the Government's objectives as part of our commitments to regulatory stewardship.

***We also play an important role in the social sector more broadly.*** We understand that many of the challenges facing the health sector are linked to socio-economic drivers that play out in multiple areas across the social sector. The health system has an important role supporting cross-agency responses to social issues (such as homelessness and supporting children in the care of Oranga Tamariki), but it also has a critical role in influencing strategies, policies and services across the social sector to ensure that the determinants of health and wellbeing are identified and addressed across all agencies.

***We are here to support you and are happy to brief you further*** on any of the areas set out in this briefing. We have also included a list of key anticipated decisions for the next six months and look forward to working with you in our ongoing efforts to achieve pae ora and deliver the health system that all New Zealanders deserve.

# Overview of the health system and recent reforms

The health system is implementing a significant programme of reform. Since July 2022, it has been transformed, with new entities and redesigned functions to direct, design and deliver services and programmes at national, regional and local levels.

## The Government's health reform objectives are clear

The health reforms will transform how care is managed and delivered in New Zealand, with a renewed focus on honouring Te Tiriti o Waitangi. The vision for the transformation is a system that delivers pae ora | healthy futures for all New Zealanders, where people live longer, healthier lives and achieve equitable health outcomes.

At the heart of the reforms are five objectives agreed by Cabinet:

- **Partnership** – to develop a system that partners meaningfully with Māori and the communities that it serves; and that works collaboratively across organisations to improve health and wellbeing.
- **Equity** – to tackle persistent inequities in health outcomes and access to services for many of our communities.
- **Person and whānau-centred care** – to refocus the design and delivery of health services around the needs and aspirations of people.
- **Sustainability** – to prevent, reduce or delay health need wherever possible, and ensure a more financially sustainable system.
- **Quality** – to drive improvements in the quality and safety of care, and reduce variation between services and areas.

The health reforms have been underpinned by the Pae Ora (Healthy Futures) Act 2022 that came into effect on 1 July 2022. The Act provides the structural foundations for reform and creates a national health system that is more unified, cohesive, and effective, with agencies working together in partnership.

## The health system has been redesigned to reflect those objectives

To deliver the system transformation, the first step has been to establish new entities and confirm the roles and responsibilities of others based on principles of collaboration, partnership and shared leadership. At the centre of the reformed health system is the relationship between three entities: Te Whatu Ora, Te Aka Whai Ora and Manatū Hauora:

**Manatū Hauora** (Ministry of Health) is the chief steward of the health of the population and the health system, and lead advisor to government on health. The Ministry sets direction, policy, the regulatory framework and investment for health, and monitors

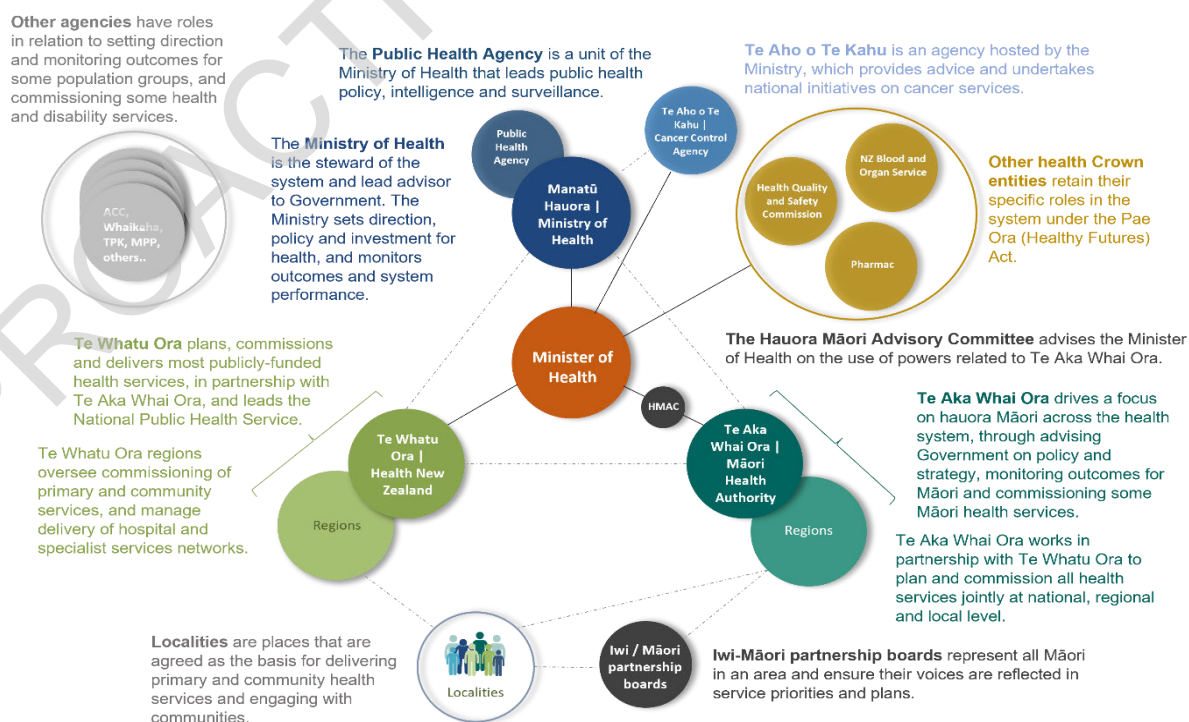
outcomes and system performance. The **Public Health Agency** is a new branded business unit within Manatū Hauora, and has its own dedicated role in the prevention of illness across the country by taking a future-focused, evidence-informed approach.

**Te Whatu Ora** (Health New Zealand) is a Crown entity, led by a board, that replaces the 20 district health boards. Te Whatu Ora plans, commissions and provides most publicly-funded health services through a nationally-coordinated and regionally-delivered health system. Te Whatu Ora regions oversee commissioning of primary and community services and manage the delivery of hospital and specialist services networks.

**Te Aka Whai Ora** (Māori Health Authority) is a statutory entity, led by a board, that drives a focus on hauora Māori, prioritising the voice of whānau Māori and ensuring health services deliver equitable outcomes to Māori. Te Aka Whai Ora works in partnership with Te Whatu Ora to plan and commission all health services jointly at a national, regional and local level, commissions hauora Māori services directly, and monitors the system-wide outcomes for Māori.

The roles of Te Whatu Ora and Te Aka Whai Ora have been designed to align with each other and with the Ministry, to create a central group of Crown entities with common aims, distinct yet complementary functions and shared accountability, via their respective boards, to the Minister of Health. This means that the three entities must partner and work together on many of their roles: for instance the Ministry and Te Aka Whai Ora jointly developing strategy for hauora Māori; and Te Whatu Ora and Te Aka Whai Ora jointly developing the New Zealand Health Plan.

The other health Crown entities retain their specific lead roles and functions in the system, as summarised below. This includes the **Health Quality and Safety Commission, Pharmac, Health Research Council of NZ, Health Disability Commissioner** and **NZ Blood and Organ Service** – and **Te Aho o Te Kahu | the Cancer Control Agency** (a departmental agency hosted by Manatū Hauora).



Alongside these entities, **Whaikaha** (Ministry of Disabled People) was also created on 1 July 2022 to lead a partnership between the disability community, Māori and Government. Whaikaha leads strategy and policy for disability across Government, monitors outcomes and service performance for disabled people, and delivers the disability support system.

## The Ministry has a critical role in the new environment

The Ministry is the lead advisor to Ministers on health and supports you to achieve your priorities for health.

The Ministry's wider stewardship role is not new; it has been part of the Ministry's function for some time. However, the health system reforms change the context for stewardship and provide new opportunities.

At its simplest, stewardship is about creating the conditions to achieve pae ora. It is about ensuring that the essentials are in place and working well to achieve the Government's objectives — and knowing when there are issues to address.

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

- **health of the population** of Aotearoa 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; and
- **health system**, focusing on how the system works as a whole, advising the government on its performance and enabling the entities in the system to deliver their roles and support their accountability to ministers, now and in the future.

To fulfil these responsibilities, the Ministry will 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 relations for the health sector and champion our shared obligations to Te Tiriti o Waitangi, to ensure alignment in the system in pursuit of the Government's objectives.

### We advise

- We are the principal advisor to Government and its agencies on health and the determinants of health, and support Ministers to fulfil their role and achieve their priorities.
- 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 Te Tiriti o Waitangi obligations. We make evidence-based judgments on what is achieved, assessing overall health outcomes, trends and the effectiveness of investment.



- We respond to issues and opportunities wherever they occur: identifying and responding to feedback, risks and issues and emerging practice and innovation, advising Government and supporting interventions when necessary.

**We convene**

- We bring leaders from across the system together to build constructive relationships and networks to jointly steer towards the vision, intended outcomes and priorities.
- We work with other agencies to ensure that the Government's agenda promotes health and wellbeing as shared priorities and 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, to wider government agencies and to organisations and communities outside the public sector is integral to how we lead, advise, assess and convene.

The work to develop the future Ministry is already underway, but we are early in this journey. The first two years of the reform agenda are focused on laying foundations and transitioning to the new system; and the Ministry itself is a key part of this change. Over this period we will focus on supporting delivery of the reforms and Government priorities together with the new entities, while also evolving the functions and design of the Ministry to support our aspirations for pae ora.

# Implementing the health reforms

This part of the briefing sets out how we are going about implementing the government's health reform objectives set out above in all of our work. We are ready to provide you with further advice on all the following areas at your request.

## Implementing the health reforms: early days

While there has been significant effort already put into reforming structures and systems, there remains even more to do to realise the full promise of the health reforms during the implementation phase.

Our approach to supporting implementation has a dual focus: to deliver the short-term requirements in the first two years, and to put in place the system architecture to set and deliver long-term objectives from July 2024 onwards.

Te Whatu Ora, Te Aka Whai Ora, and Manatū Hauora met the initial requirements for July 2022 as the new system came into effect with no significant disruption to operational delivery. The entities continue to implement the new system model, with a focus is on embedding and improving functions and relationships while delivering early priorities.

A key goal of the health reforms is improving accountability arrangements to lift health sector performance and better manage risk. The new system 'architecture' will link long-term outcomes and strategic direction-setting to medium-term Government priorities, financial settings and Budget, and system-wide planning and accountability processes.

The Ministry is convening an integrated programme across the health system to support delivery of the different components of the future framework – including areas in which the Ministry has a lead role (e.g. the Government Policy Statement) and those where health entities lead but development must be connected (e.g. the NZ Health Plan). This is focused on the roadmap to July 2024 and the requirements to support the next phase of reform.

## Issues and risks

The Government has set long-term objectives for change to achieve pae ora (healthy futures) for all New Zealanders. These changes will not happen overnight, and it is expected to take time to see improvements in many health outcomes.

Following initial implementation, the focus of the reforms is shifting towards the medium and longer-term. The Ministry is working closely with Te Whatu Ora, Te Aka Whai Ora, the Treasury, and other agencies to set a clear direction for the Government's objectives. The following areas need shared, ongoing attention:

- **a sustained focus on change management and culture change** at all levels of the system through a structured, system-level approach;
- **workforce pressures**, which continue to require joint attention and risk mitigation;

- **shared understanding of what success will look like** in June 2024 and the collective action needed to achieve it, against which progress can be tracked;
- greater **visibility of implementation plans** in key aspects of reform such as data and digital, and localities; and
- **improved financial and costing information and forecasting.**

The Ministry will lead further work on how these aspects of implementation can be strengthened and will keep Ministers informed.

## The Pae Ora health strategies set the direction for delivering on the reform promise in the medium term

Health strategies are the means through which the long-term direction for health (and for the health system specifically) is set by Ministers. The role of strategies has been embedded in the reformed health system – as a core element of both the Pae Ora (Healthy Futures) Act and the underlying accountability framework.

The Pae Ora Act requires the Minister of Health to make six strategies, the statutory duties for which will come into effect on 1 July 2023:

- **the New Zealand Health Strategy** – a new whole-population strategy that Ministers have previously agreed will replace the existing 2016 NZ Health Strategy and set the overarching direction for health and the health system;
- **the Hauora Māori Strategy** – which Ministers have agreed will update the direction for the health system to honour Te Tiriti o Waitangi and achieve health equity for Māori, building on the existing strategy He Korowai Oranga and Whakamaia action plan and in advance of a planned more comprehensive new strategy in 2024. This strategy will be developed jointly by Manatū Hauora and Te Aka Whai Ora;
- **the Pacific Health Strategy** – which will be the first government strategy to set direction for improving Pacific Health;
- **the Health of Disabled People Strategy** – which will update the strategic direction for improving the health of disabled people, building on the relevant sections of the existing cross-government Disability Strategy;
- **the Women's Health Strategy** – which will be the first government strategy to set direction for improving women's health; and
- **the Rural Health Strategy** – which will similarly be the first government strategy to set direction for improving rural health.

Manatū Hauora has the lead responsibility for the development of health strategy, in partnership with Te Aka Whai Ora in respect of hauora Māori and with the involvement of a wide range of partners. The Ministry is taking forward an integrated programme to develop the suite of health strategies required by the Pae Ora Act and engage with stakeholders and the public to inform advice to Ministers.

## Issues and risks

The development of six strategies in parallel poses a risk to the coherence of the overall direction, the alignment between the strategies, and the success of their implementation. This is being managed through a coordinated programme of activity, including consolidated advice to Ministers across the suite of strategies. This coordinated programme also includes work to develop a health workforce strategy and outcomes framework, both of which are closely connected and are noted in sections below.

Ministers will have critical decisions to make in early 2023 to support the development of the strategies, including how and when they wish to meet the statutory requirements in the Pae Ora Act. These will include, for example, choices on the priorities for the strategies and level of ambition for change.

## Building a health workforce that delivers for all New Zealanders

Manatū Hauora is leading the development of a health workforce strategy to address workforce issues and ensure there is a sustainable, representative, and responsive health workforce that can meet the future needs of all New Zealanders.

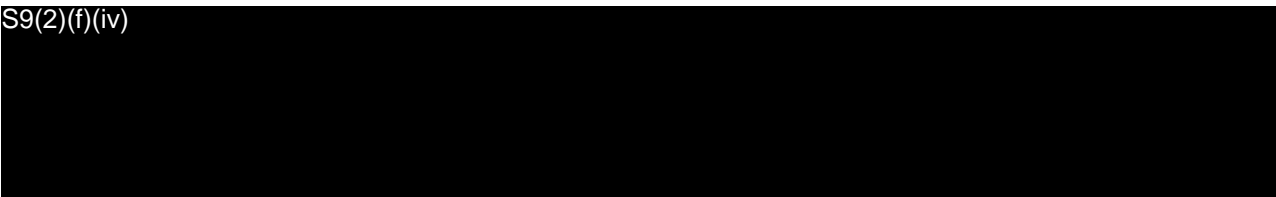
Health workforce pressures present in New Zealand are driven primarily by persistent under-representation of some communities, increasing demand, growing complexity of healthcare, an ageing workforce, and recruitment and retention challenges. This is underpinned by international competition and global shortages.

Manatū Hauora has been engaging with the health sector since late 2022 to understand perspectives on key issues and opportunities for the workforce. Following this engagement, the Ministry has developed a strategic framework that describes the system settings and conditions required to enable an effective workforce.

The Strategic Framework aims to ensure the workforce system can address the issues raised by the sector and support the long-term objectives for pae ora. The Strategic Framework outlines that workforce system enablers (including legislation, commissioning, investment, education, and employment) need to be strategically aligned to create shifts in the health workforce system. A series of conditions also need to be met to effect long lasting change.

We are currently developing a suite of policy options against the draft Strategic Framework on how the system must shift and operate to manage long term workforce challenges. These options will be developed with input from other government agencies including Te Whatu Ora, Te Aka Whai Ora, ACC, Whaikaha, Ministry of Education and the Ministry of Business Innovation and Employment. We have set up a cross agency advisory group to support this process. This recognises the need for a whole of system approach to health workforce challenges in New Zealand.

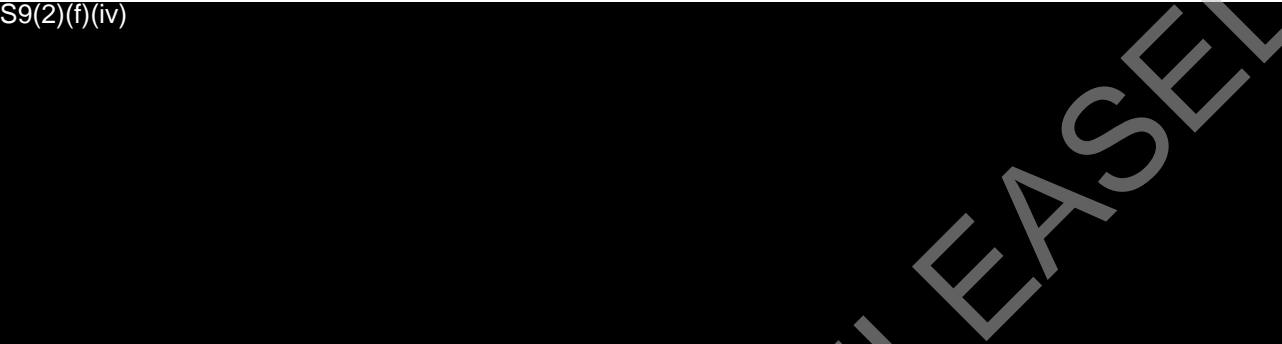
S9(2)(f)(iv)



## Issues and risks

Engagement with the health sector has shown there are challenges that can be addressed immediately, providing incremental progression towards a more effective health workforce system in the longer term. The Workforce Taskforce, established by Te Whatu Ora, has begun work on immediate workforce priorities. However, some of the identified challenges will take time to solve and will require system change and alignment across the public and private sectors.

S9(2)(f)(iv)



## Engaging with the health sector to support delivery: employment relations

Delivering on the reform promise will require effective collaboration with those who work in the health sector. As the health sector is one of the most heavily unionised sectors in the public service, employment relations play a prominent role in health system workforce-related activity and these relationships are key to success going forward.

Employment relations matters follow a continuous cycle of collective agreement bargaining, with pay equity and pay parity matters increasingly prominent for both the Te Whatu Ora-employed and funded sector workforces. Implementation of the Holidays Act Remediation Programme (HARP) is also a high priority for Te Whatu Ora.

A combination of the health reforms, health workforce shortages and high inflation levels means the employment relations environment is currently challenging. Te Whatu Ora has separately provided information about the key upcoming bargaining events for their nursing, medical and midwifery workforces.

Manatū Hauora's system monitoring role includes health sector employment relations, with a focus on ensuring the Crown's interest is understood and protected. At just over \$10 billion, staffing costs are the largest part of the Te Whatu Ora expenditure budget. They are also the largest cost item for funded sector providers.

Manatū Hauora and Te Whatu Ora – which is the largest employer in New Zealand and the health system – work closely together and provide joint weekly reporting on employment relations matters to Ministers. We also meet fortnightly with a Cross-Agency Employment Relations Group, which is chaired by Te Kawa Mataaho, and includes representatives from the Treasury and the Department of Prime Minister and Cabinet.

While Manatū Hauora is responsible for development of the Health Workforce Strategy as above, Te Whatu Ora is responsible for development of the strategic approach to health employment relations. The parallel development of these provides an opportunity for an increased emphasis on stakeholder engagement and establishment of a more productive environment to progress employment relations matters in.

As the Minister of Health, you will attend bi-monthly meetings of the Ministerial Oversight Group on State Sector Employment Relations (MOGSSER) which is chaired by the Minister for the Public Service and includes the Minister of Finance, the Minister of Workplace Relations and Safety, and the Minister for Women.

## Investing in line with the new health reform direction (towards Budget 2024)

Manatū Hauora is working to embed the same reform objectives into our funding and investment approach, both in terms of how we manage our budgets as well as considering where we invest. This involves taking a medium-term approach and investing to improve equity of health outcomes for those who have experienced poorer health outcomes in the past.

In October 2021, Cabinet agreed to establish a multi-year funding arrangement for Vote Health from Budget 2024, with the intention of including three years of fixed funding and a medium-term indicative funding track for a further three years.

Cabinet also agreed that a multi-year funding arrangement should only be implemented once Ministers have confidence that the necessary system settings are in place to support effective planning and financial management. To allow these changes to occur, the system is currently operating under a set of transitional funding and accountability settings.

Manatū Hauora is leading a work programme for Budget 2024 that is focused on supporting the effective transition from interim arrangements and supporting Ministers to make choices about future funding and priorities for health. The key workstreams of this programme centre on issues that will inform both:

- a. the broad system settings for how funding is determined, allocated and monitored, and how accountabilities are reinforced; and
- b. the quantum of funding required to maintain the health system and to invest in priority areas for improvement.

### Issues and risks

These changes represent a fundamental reset of budget management settings for health: away from fixed nominal baselines and an annual Budget process that has tended to focus on marginal investments, and towards an approach that incentivises strategic decision-making on health expenditure and sustainable management of cost growth.

Achieving these benefits will require improvement in health sector planning and financial control – so that Ministers can have confidence in the ability of the system to manage within a fixed budget over a longer period of time whilst achieving the Government's priorities and targets for health. Ensuring progress with the transition from interim arrangements and readiness for the move to multi-year funding is an important element of the Budget 2024 programme and will be the focus of future Ministerial advice.

## Reforming primary and community care

The health reforms have set the high-level direction for primary and community healthcare; with a focus on exploring how the health system can support good health. As part of this, work is underway to explore how services should be designed, planned, and delivered to promote good health among the full diversity of Aotearoa's local populations and population needs. There are a number of critical policy issues to be determined to support this direction, and the Ministry has set out a work programme.

This programme will support development of the Pae Ora strategies, the Government Policy Statement and the NZ Health Plan through Ministers' decision on priorities, expectations and any changes to relevant system settings (including for instance eligibility for publicly-funded care and access to services through enrolment and funding mechanisms).

### Issues and risks

The proposed work-programme components are interdependent and intersect with multiple workstreams across the health entities. The timeframes for providing policy advice have been scheduled to help inform the next Government Policy Statement and Pae Ora Health Strategies as the main health inputs into Budget 2024. This has implications for the resourcing and delivery of work programmes across the health entities. We are working in coordination with Te Aka Whai Ora and Te Whatu Ora on the development of this work programme and, subject to your approval, the delivery.

### Monitoring our progress

System-level monitoring combines the context in which health entities operate, New Zealand's population needs, the picture of what affects health outcomes for New Zealanders, and the capability and capacity of our entities. It helps us understand the drivers of outcomes, and therefore the levers best used to achieve those.

Crown entity monitoring is a subset of system performance monitoring. Combining them strengthens the view of system performance across health entities and government, building up financial and non-financial information in order to assess investment decisions and impacts, as well as having a more strategic view of the system and its performance.

Manatū Hauora acts as agent of the Minister of Health to support the system accountability arrangements and monitor performance. Our role includes monitoring organisational and service performance of the health entities through their weekly, monthly, and quarterly reporting and through meeting with organisation leadership and governance; and monitoring system-wide performance through the data and insights we generate from the entities and our own analysis.

A key focus is the progress of the two new entities in meeting their establishment milestones and delivering commitments made in Te Pae Tata. In performance reporting on integrated financial and non-financial measures, the Ministry looks for the entities to demonstrate that they are building a strong, sustainable and affordable system, and achieving financial sustainability.

## Issues and risks

The Ministry's role in whole-of-system monitoring has been strengthened by the health reforms. The Ministry's role is to synthesise the data, qualitative information and soft intelligence collected from its engagements and collaboration into insights. The Ministry is working to incrementally mature its approach to system performance monitoring. This work is currently in the first phase: supporting the establishment of the two new entities, including ensuring roles and responsibilities are clear. We are developing a comprehensive suite of measures of system performance that cover delivery against expectations in the short, medium, and longer-term population level measures. A fuller approach will be in place in 2024.

# Delivering for key population groups

Central to the health reform agenda was the promise of addressing long-term inequities of health outcomes for key population groups that have been under-served by the health system in the past. This section provides an overview of the work underway to deliver on the health reform promise for each of these groups.

## Improving health outcomes for Māori

The Pae Ora Act established new structures and created the environment and conditions for achieving equity and improved outcomes in health. It also created a new set of health sector principles to guide decision-making and set out how the Crown will give effect to the principles of Te Tiriti o Waitangi (Te Tiriti).

In the new health system, the need for Manatū Hauora to exercise its kaitiakitanga function for Māori health remains. Te Pou Hauora Māori | the Māori Health Directorate works across the Ministry to ensure a coherent and deep understanding of Te Tiriti and equity and its application.

Te Pou Hauora Māori is responsible for overseeing the implementation of Whakamaua: the Māori Health Action Plan 2020-2025, including leading two keystone projects:

- **Ao Mai te Rā: the Anti-Racism Kaupapa** which aims to build collective ownership and a shared understanding of racism and anti-racism in the Aotearoa health system. It also seeks to implement an anti-racism maturity model by co-designing an initial set of initiatives to support the health system in taking action against racism.
- **Houhia: Equity by Design** which aims to design practical, valuable and impactful health equity and Te Tiriti tools and solutions to shape and embed pro-equity and Te Tiriti-centric thinking, practice and behaviour across the entire health and disability system. The project is a partnership between the Māori Health Directorate, Manatū Hauora and the Health Quality and Safety Commission.



The Hauora Māori Advisory Committee (HMAC) established under section 89 of the Pae Ora (Healthy Futures) Act 2022 advises the Minister of Health on matters relating to the performance of Te Aka Whai Ora Board, as well as making recommendations on membership of the Public Health Advisory Committee. The Minister may seek advice from the Committee on other Māori health related issues. Te Pou Hauora Māori provides secretariat support to the Committee.

## Issues and risks

The responsibility for equity of health outcomes and meeting Te Tiriti obligations lies with the entire Ministry and wider health and disability sector. The Ministry has published a definition of equity. The Māori Health Directorate leads the development of equity tools and frameworks to support other directorates and the health and disability sector to implement practical responses to improve equity.

The Ministry has also published a Tiriti Position Statement. The Māori Health Directorate leads the development of Tiriti frameworks to support other directorates and the health and disability sector to engage with Māori and give practical application to Te Tiriti commitments.

## Improving health outcomes for Pasifika

The Pacific Health Team sits within the Public Health Agency and is Manatū Hauora's chief advisor on the health of Pacific peoples in Aotearoa. The Pacific Health Team has deep relationships with Pacific health providers, the Pacific health sector and Pacific communities.

The Pacific Health Team previously held responsibility for commissioning services directly from Pacific health providers and other Pacific expenditure such as Pacific Health scholarships, but this function has now moved to the Pacific Health Directorate within Te Whatu Ora as part of this entity's establishment.

The Pacific Health Team within the Public Health Agency now has a focus on strategy setting and monitoring the system. In particular, the Pacific Health Team is leading the development of the Pacific Health Strategy, one of the six statutory strategies required under the Pae Ora Act. The Pacific Health Strategy will provide the framework to guide health entities in improving Pacific health outcomes in Aotearoa New Zealand.

## Issues and risks

The diversity of Pacific communities and the depth of unmet need requires a deliberate, aspirational and purposeful approach. Pacific health and wellbeing inequities are longstanding and complex. There are multiple wider social determinants, including income, education, employment, homeownership, overcrowding, housing quality and social geography.

Manatū Hauora and Te Whatu Ora are developing an understanding of their individual roles and responsibilities and how they best work together to improve the health of Pacific communities.

## Promoting mental wellbeing for all

*Kia Manawanui Aotearoa: Long-term pathway to mental wellbeing* is the whole-of-government strategy and action plan for supporting mental wellbeing and guides our work programme. *Kia Manawanui* sets the direction for a population-health approach to mental wellbeing and commits to actions across government to enhance areas including leadership, policy, investment, data and workforce.

Manatū Hauora provides cross-government leadership for mental wellbeing, with recent focus areas including child and youth wellbeing (including supporting children and youth people under the care of Oranga Tamariki), housing, and crisis responses.

In addition to Manatū Hauora's core strategy, policy and monitoring functions for mental wellbeing, we have a substantial work programme underway to support the Government's priority. Priority programmes include the repeal and replacement of the Mental Health (Compulsory Assessment and Treatment) Act 1992 (discussed further below) and the Oranga Hinengaro System and Service Framework, which sets expectations for mental health and addiction service configuration over a 10-year horizon. Next steps include publication of the Framework and development of a monitoring approach, which will include mechanisms for tracking the mental health and addiction ringfence to ensure investment in this area.

### Issues and risks

Good progress is being made with work to transform New Zealand's approach to mental wellbeing, and the health system reforms provide opportunities to enhance these efforts. However, sustained efforts are required to deliver on the vision of mental wellbeing for all.

Key issues and risks related to improving mental wellbeing include:

- There are significant inequities and unmet needs for Māori, as well as other population groups such as young people, Pacific peoples, rainbow communities, and disabled people.
- While there has been a recent increase in investment, there is still significant pressure on some parts of the mental health and addiction system and signs mental distress in the population is increasing. Further investment will be required to fully address service pressures and ensure people are able to access support when and where they need it.
- Wider health workforce constraints are keenly felt within the mental health and addiction sector, with high levels of vacancies. There is an ongoing need both to grow and upskill existing mental health and addiction workforces and develop new, more diverse workforces.
- There is a considerable amount of public interest and associated scrutiny in mental health and addiction work. It is critical that Manatū Hauora maintains strong oversight, particularly in areas such as investment through the mental health and addiction ringfence, and that there is good reporting and information flows from Te Whatu Ora and Te Aka Whai Ora. We are working to ensure this as a core part of our system performance and monitoring function.

## Disability reform

Following the Government's disability reforms and the establishment of Whaikaha | the Ministry of Disabled People, Manatū Hauora continues to maintain a strategy and policy function related to the health of disabled people. Key work programmes include: reporting on the Disability Action Plan 2019-2023; contributing to the New Zealand Government's response to recommendations made by the Committee on the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD); developing the Health of Disabled People Strategy (HoDPS); and providing advice to the Minister on protecting bodily integrity, and on the Intellectual Disability (Compulsory Care and Rehabilitation) Act 2003.

### Issues and risks

Improving the health and wellbeing of disabled people is a collective responsibility across government, with many agencies progressing workstreams focussed on responding to the needs and aspirations of the disability community. An integrated approach across government, particularly with Te Whatu Ora and Te Aka Whai Ora, and a close working relationship with Whaikaha will be important moving forward.

There are specific disability-related policy areas that may attract, or have already attracted, significant concern and advocacy from the disability community and the Independent Monitoring Mechanism (IMM). This includes the lack of government progress on protecting bodily integrity and preventing the use of seclusion and restraint. Manatū Hauora will continue to assess effective and efficient approaches to protect disabled peoples' rights.

# Other key priorities

While the Ministry is investing significant effort into delivering against the government's reform agenda, it also continues to focus on 'business as usual' work. This includes our role as a regulatory steward (keeping legislation and regulations up to date and in good working order) and our broader role in leading on public health more generally (e.g. via the role of the Public Health Agency). While not exhaustive, particular key priority focus areas in the remainder of 2023 are set out below.

## Implementing decisions from the Smokefree Environments and Regulated Products (Smoked Tobacco) Amendment Bill

The Smokefree Environments and Regulated Products (Smoked Tobacco) Amendment Act came into force on 1 January 2023. This amendment means that the Smokefree Environments and Regulated Products Act 1990 (the Act) now restricts the sale of smoked tobacco products to a limited number of approved retail outlets and prohibits anyone from selling or supplying smoked tobacco products to people born on, or after, 1 January 2009. This is intended to significantly reduce retail availability and to create a 'Smokefree Generation' to prevent our tamariki, and the generations born after them, from ever taking up smoking.

The amendment also extends the Act's regulatory powers over the composition of smoked tobacco products, such as nicotine levels, so that only products that meet requirements set out in the Smokefree Environments and Regulated Products Regulations 2021 can be manufactured, imported, sold or supplied in Aotearoa. This is intended to make these products less addictive and appealing.

The Ministry is currently consulting on proposals to implement these changes, including a retail scheme (where they are sold), and low nicotine requirements. This consultation is open until 15 March 2023.

## Issues and risks

The proposals in the Act have generated opposition from industry and some parts of the retail sector which are likely to come through again in response to the current consultation.

The Ministry is ensuring a thorough consultation process, including face to face hui with Māori, that it hears from all stakeholders who wish to comment on the proposals to implement the changes and we will keep you informed as we go through that process.

## COVID-19 strategy and policy

While we are no longer in the extraordinary, crisis phase of managing COVID-19, the virus continues to create significant impacts and risks for New Zealanders and the health system.

Significant steps were made in the second half of 2022 to begin the transition from the emergency phase to managing COVID-19 more like other infectious diseases, using the broader system of care across baseline health services as far as possible. In particular, the Government retired the COVID-19 Protection Framework in September 2022, the Epidemic Notice was revoked in October 2022, and the COVID-19 Public Health Response Act 2020 was amended in November 2022 to remove the most restrictive powers from the Act that are no longer required for the response.

2023 will be a year of transition, continuing this evolution of the response to COVID-19, to ensure the settings and services in place continue to be appropriate and proportionate to the risks that COVID-19 presents over time. Ministers will have a number of decisions to make on the next steps for the COVID-19 Response and longer-term strategy. We are also carefully considering the lessons from COVID-19 and the COVID-19 response to inform our broader pandemic planning.

### Issues and risks

COVID-19 is continuing to mutate and evolve with many new variants being identified in New Zealand and internationally. This requires ongoing monitoring and readiness to evolve our response as necessary.

Despite concerted efforts, the impact of COVID-19 to date has fallen more heavily on Māori, Pasifika, older people, and with people with disabilities. A critical challenge will be to ensure that the long-term management of COVID-19 is integrated into the newly established health system in ways that achieve equity in health outcomes and eliminate disparities.

## Therapeutic Products Bill

In November 2022, the Therapeutic Products Bill (the Bill) was introduced to Parliament, representing a major milestone in modernising New Zealand's regulatory regime for medicine, medical devices and natural health products (NHPs).

The Bill is currently before the Health Committee and has attracted significant attention (over 6,000 submissions as of 31 January), many of which are from those opposed to the proposed regulation of NHPs. While many in the NHP industry support the Bill, the Bill will require active support and promotion from you and the Government.

The Ministry is also planning for the implementation of the new regulatory regime and establishment of the new regulator, and this will require decisions from you and Government.

A separate rongoā Māori workstream will provide advice to Ministers in April 2023 on whether, and how, rongoā can be included in legislation to provide assurances for patient safety, the protection of rongoā and access to export markets for rongoā practitioners.

## Issues and risks

The current timetable for Parliamentary consideration of the Bill is ambitious, with a report back date from Health Committee of 14 June. To support the Committee to complete its work, and ensure Cabinet decisions are obtained, the Ministry will seek guidance from your office on areas likely to require changes to the Bill.

Misinformation about the Bill and the Government's proposals for the regulation of NHPs remains a risk to the successful passage of the Bill. Common claims include that the future regulator will prohibit common plants, herbs and spices – including those used in cooking. Manatū Hauora is monitoring social media and proactively releasing information to counter these messages.

The Ministry is currently engaging with the rongoā sector to consider how rongoā might be appropriately scheduled in legislation. This workstream was supported by Te Aka Whai Ora. However, because of the position taken by Te Aka Whai Ora to not seek the appointment as an official advisor to the Select Committee and to provide a submission to the committee, they are no longer able to contribute and support the workstream due to Parliamentary conventions over the workstream.

## Mental Health Bill

The Government agreed to repeal and replace the Mental Health (Compulsory Assessment and Treatment) Act 1992 as part of the response to *He Ara Oranga: Report of the Government Inquiry into Mental Health and Addiction*. The Act sets out the specific circumstances in which a person may be subject to compulsory mental health assessment and treatment.

In December 2022, Cabinet agreed to foundational settings for new mental health legislation. A Bill is currently being drafted which will shift the legislation governing compulsory mental health care towards a more rights-based and recovery approach, enabling care in line with a te ao Māori world view. The policy proposals have been guided by extensive public consultation undertaken in 2021-2022. Following consultation, an Expert Advisory Group was established to help balance the diverse views received through consultation and to test and refine policy proposals.

Cabinet also agreed that the general administrative settings in the current Mental Health Act be retained, with updates required to support the policy direction of new legislation.

S9(2)(f)(iv)

## Issues and risks

There is high stakeholder interest and expectations for new mental health legislation and the level of transformation able to be driven by statute. While legislation is a key mechanism for influencing change, achieving the transformation sought through new mental health legislation will be dependent on the future mental health and addiction system and service configuration; workforce capacity and capability; practice change; and people's attitudes towards risk and mental health. We continue to progress work across

these areas, which are interrelated and require sequencing and ongoing efforts over the long term.

## Pharmac and medicines

Manatū Hauora maintains a strategic relationship with Pharmac and is responsible for reporting on outcomes following the Government response to the independent review of Pharmac (the Government Response), which was released on 1 June 2022.

The Government has asked Pharmac to strengthen its focus on improving the health of Māori, Pacific, people living with disabilities, and other groups who do not yet share the benefits that Pharmac provides, to achieve equity. Priority work areas for Manatū Hauora, arising from the Government Response include developing an immunisation strategy, developing a rare disorders strategy and strengthening Crown monitoring of the performance of Pharmac.

### Issues and risks

The Government Response provides opportunities to develop new collaborative approaches across the health sector. If these approaches are not initiated early in the life of a reformed health system, the opportunity to reset and improve the collective impact on equity and health outcomes may be lost and entrench siloed operating styles.

There is also a risk of insufficient progress in key change areas if attention is divided across too many different pieces of work. We consider prioritising substantial change in some critical areas, such as engagement with and outcomes for Māori, while paying attention to and promoting sector relationships is likely to be a more effective approach.

Towards the end of 2022, Pharmac had been consulting on changes to the Pharmaceutical Schedule to align with recent changes to prescribing regulations. These changes have implications on access to some controlled drug medicines, including opioids. In light of the feedback, Pharmac has agreed to suspend any changes to the Schedule until a review of opioid access can be completed. Manatū Hauora has established a cross-agency working group to support this work.

# Regulation and regulatory stewardship

Regulation is a central feature of all health systems. It creates standards and safeguards for health services, health care, health products and devices as well as protection for the people who administer and use them.

Good regulation encourages continuous improvement for the benefit of people who use services, their whānau and our health workforce. It incentivises best practice and innovation and can adapt to new evidence and different ways of thinking, including mātauranga Māori.

As illustrated by the examples already provided above, the Ministry's own regulatory functions relate to specific regulatory regimes, exercised under statutory authority by named officers (such as the Minister, Director-General of Health, Director of Public Health, and Director of Mental Health and Addiction Services) or by the Ministry itself. In general, given the powers and functions being exercised, legislation requires a government department rather than a crown entity to administer regulatory regimes, including the exercise of any delegations.

The Ministry's wider regulatory stewardship role manages the broader legislative and regulatory environment in which the system operates. There are over 30 pieces of legislation steering the health system, regulating health goods and services as well as the exercise of compulsory powers (such as for public health and mental health).

This ensures that the statutory basis for the health system is fit for purpose and remains up to date, so that it supports entities to fulfil their roles and does not place undue barriers or constraints on how they deliver their functions. This role also helps the Ministry to monitor and review the regulatory performance of the sector and report on compliance with the standards it administers.

## Issues and risks

In some areas, the Ministry is administering outdated legislative frameworks, such as the Medicines Act, Health Act and Mental Health (Compulsory Assessment and Treatment) Act. The major regulatory regimes administered by the Ministry are the subject of new or upcoming legislative reform, which will result in changes to regulatory processes. Amendments to public health legislation are likely to flow from the findings of the COVID-19 review.

Following implementation of the health reforms, the Ministry has established a Regulatory Stewardship Advisory Group. The Advisory Group leads advice on the Ministry's regulatory stewardship role and will coordinate and support briefings to you.




## Recommendations for draft legislation

As part of its overall legislative and regulatory programme, the Ministry has two Bills in progress:

- The Therapeutic Products Bill which is with the Select Committee. In November 2022, Cabinet agreed that, subject to Parliament, the Bill should be passed by 31 August 2023.
- The Mental Health Bill which is being drafted for introduction.

S9(2)(f)(iv)



# Significant decisions in the next six months

S9(2)(f)(iv)





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# Manatū Hauora Executive Leadership Team

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