

Briefing

Government Policy Statement on Health 2024-2027

Date due to MO: 6 December 2023 **Action required by:** 11 December 2023

Security level: IN CONFIDENCE **Health Report number:** H2023032289

To: Hon Dr Shane Reti, Minister of Health

Consulted: Health New Zealand: Māori Health Authority:

Contact for telephone discussion

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Minister's office to complete:

- | | | |
|---|------------------------------------|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <input type="checkbox"/> Noted |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn | |

Comment:

Government Policy Statement on Health 2024-2027

Security level: IN CONFIDENCE **Date:** 6 December 2023

To: Hon Dr Shane Reti, Minister of Health

Purpose of report

1. This briefing provides you with information to support the progression of the Government Policy Statement on Health (GPS) 2024-2027. It sets out our understanding of your immediate priorities for the health system and seeks your direction on your headline priorities for the next three years. It also seeks to confirm your preferences for receiving advice on the GPS in the coming months.

Summary

2. The GPS is a direction-setting mechanism provided for under the Pae Ora (Healthy Futures) Act 2022. It enables the Government to specify its priorities and expectations for the publicly funded health sector over a three-year period. It forms part of the new accountability framework in the health system to help drive improvements in system performance.
3. The GPS must contain:
 - a. the Government's priorities for the health sector
 - b. specific expectations for health entities to meet those priorities
 - c. a framework for monitoring and reporting on progress.
4. As Minister of Health, you have legislated responsibilities to issue a GPS at least every three years. You are required to consult and have regard to the views of Health New Zealand and the Māori Health Authority and engage with others as appropriate.
5. An interim GPS is currently in place for the 2022-2024 period. You must issue a new GPS for the 2024-2027 period beginning in July 2024. This will be the first full GPS delivered under the Pae Ora (Healthy Futures) Act 2022. We are currently working on the basis that you will seek Cabinet approval of the GPS in May 2024.
6. The GPS will set clear parameters for the New Zealand Health Plan (NZHP), a three-year costed plan for the delivery of publicly funded services by Health New Zealand and the Māori Health Authority. As Minister of Health, you approve the NZHP. Decisions on the GPS and the NZHP will then guide our advice on investment for Budget 2024.
7. We propose an approach for working with you to develop the GPS, which sets out the key matters where your decisions will be required to determine content to include in the GPS. We welcome your feedback on the proposed approach.

8. We understand from initial conversations with you that your overall vision for the health system is to ensure all New Zealanders have timely access to quality health care, including health services and addressing wider determinants of health. You have indicated that the GPS should reflect this vision, and additionally that the GPS should focus on:
 - a. access to health services and medicines
 - b. timeliness
 - c. quality of services
 - d. the health workforce
 - e. infrastructure
 - f. health targets
9. We understand that you would like the GPS to reflect that health service provision should be based on need in the first instance, before then considering targeted services for key population groups.
10. We also understand that you would like the GPS to be coherent, concise and outcomes focussed.
11. There are different ways you can utilise both the GPS and the NZHP to reflect your priority areas and set your expectations for the health system. Trade-offs will be required to achieve a balance between:
 - a. delivering and improving core health services and doing the basics better, versus
 - b. laying the foundations for more transformational and accelerated activity that supports longer-term aspirations.
12. You may also wish to engage with the Minister for Mental Health in developing the GPS and how it reflects mental health and addiction as a potential priority area.
13. Subject to your agreement, we propose to provide you with regular updates on the GPS through a combination of written advice and deep dives on the GPS between now and June 2024. We welcome your views on your preferences for receiving that advice and providing feedback.

Recommendations

We recommend you:

- a) **Note** the Government Policy Statement on Health (the GPS) enables the Government to set the strategic direction and expectations for the health system for the 2024-2027 period
- b) **Note** an interim GPS is currently in place for the 2022-2024 period, and you must issue the 2024-2027 GPS ahead of the 2024/25 financial year
- c) **Note** the GPS forms part of the direction-setting and accountability framework in the reformed health system alongside the suite of health strategies and the New Zealand Health Plan
- d) **Provide feedback** on the approach for developing the GPS

e) **Confirm your priorities and vision** for the GPS, noting that you have **Yes/No** indicated your interest in the following areas:

- access to health services and medicines
- timeliness
- quality of services
- the health workforce
- infrastructure
- health targets

f) **Note** we plan to provide you with sequenced written advice on content for the GPS between now and June 2024

g) **Provide feedback** on how you would like to receive advice on the GPS in the coming months (eg via written advice only or also incorporating in-person deep dives with officials)

h) **Note** there will be trade-offs and choices for you to set GPS expectations that achieve an appropriate balance between delivering and improving core health services and functions, and putting in place actions that drive transformation over a longer timeframe

Next steps

i) **Agree** to forward a copy of this briefing to the Minister for Mental Health **Yes/No**

j) **Note** that subject to your preferences, we plan to provide you with further advice later this year on the GPS including options regarding scope and content.



Dr Diana Sarfati
Director-General of Health
Te Tumu Whakarae mō te Hauora
Date: 6 December 2023



Hon Dr Shane Reti
Minister of Health

Date: 13/12/2023

Government Policy Statement on Health 2024-2027

The GPS enables you to set the strategic direction and expectations for the health system for the next three years

1. The Government Policy Statement on Health (the GPS) is a new direction-setting and accountability mechanism provided for under the Pae Ora (Healthy Futures) Act 2022 (the Pae Ora Act). It enables you, as Minister of Health, to specify your priorities and expectations for the publicly funded health sector, and to hold health entities to account for their performance.
2. Under the Pae Ora Act, the GPS must contain:
 - a. the Government's priorities and objectives for the publicly funded health sector over a three-year period
 - b. expectations for how health entities will deliver against those priorities
 - c. measures and measurable outcomes as part of a framework for monitoring progress and reporting requirements.
3. The five health entities specified under the Pae Ora Act must give effect to the GPS: Health New Zealand, Māori Health Authority, Health Quality and Safety Commission, Pharmac and New Zealand Blood and Organ Service. While the GPS does not strictly apply to other organisations in the health system (eg, the Ministry of Health and the Health and Disability Commissioner) it can reflect the critical roles they play in meeting your priorities.

The Minister of Health has legislated responsibilities in relation to the GPS

4. Under the Pae Ora Act, you are required to issue a GPS at least every three years, and you may amend the GPS at any time. The GPS must be tabled in the House of Representatives. We are working on the basis that you will take the GPS to Cabinet for approval in May 2024, ahead of publication in June 2024.
5. In preparing the GPS, the Pae Ora Act requires you to consult and have regard to the views of Health New Zealand and the Māori Health Authority and engage with others as appropriate. We are working collaboratively with health entities to develop the GPS. The Pae Ora Act sets out that, in preparing the GPS, you must have regard to, but are not bound by, the suite of health strategies issued under the legislation.
6. An interim GPS is currently in place for the 2022-2024 period. The 2024-2027 GPS will be the first full GPS delivered, to take effect from 1 July 2024.

The New Zealand Health Plan gives effect to the GPS at an operational level for health services

7. The GPS is one of several new and strengthened accountability mechanisms introduced to help drive improvements in system performance.

8. As Minister of Health, you approve the NZHP that is jointly developed by Health New Zealand and the Māori Health Authority. This is the key mechanism for giving effect to the priorities and expectations set out in the GPS at an operational level. It provides a three-year costed plan for the delivery of publicly funded services by Health New Zealand and the Māori Health Authority. You will receive advice from these health entities on the NZHP.
9. The relationship between the GPS and the NZHP is central to the new accountability framework for the health system. Together, the GPS and the NZHP will provide for the delivery of the Government's priorities and expectations over a 3-year period. As such, strong alignment between the GPS and the NZHP is crucial to translating your expectations into costed plans for service improvement, which can be monitored over the period.
10. The direction set through the GPS would also be reflected in your Letters of Expectations to health entities, as well as through our work monitoring the performance of the health system [H2023032863 refers].

The GPS can be used to respond to known challenges and opportunities in the health system

11. There are many examples of excellence across our health system and, overall, New Zealanders are in good health. However, like others around the world, our health system is under pressure. For example, as our population grows and changes, there are significant implications for both the health system and for people's health outcomes:
 - a. Increases in life expectancy come with increases in both healthy and unhealthy years, and disability rates rise steadily with age.
 - b. Increasing demand will exacerbate existing barriers to accessing timely healthcare, like availability, cost, and longer wait times.
 - c. The pressure to increase spending on publicly funded healthcare will continue over time due to a number of cost drivers, including to meet increasing and more complex demand for health services, changes in technology and the needs of an ageing population. This presents a fiscal sustainability challenge for the system.
 - d. Trends like lower rates of key childhood immunisation milestones and cancer screening are also cause for concern.
12. New Zealand's causes of death and disability are dominated by non-communicable disease such as diabetes, heart disease, stroke, cancer, back pain, and Alzheimer's. Mental health and addiction issues at a population level are increasing. There are unacceptable disparities in how the impacts of all of these health conditions are distributed. An ageing population means there is significant risk of long-term conditions becoming more prevalent. Many of these health conditions and their impacts are avoidable, and in some circumstances, reversible.

Insights from stakeholders and consumers highlighted further challenges and opportunities

13. We undertook wide-ranging engagement to inform the development of the suite of health strategies required under the Pae Ora Act. From December 2022 to April 2023,

we conducted over 140 face-to-face engagement events, and had over 51,000 online engagements including through our online discussion platform, Tātou.

14. Through the engagement process, a number of themes emerged on the changes that people want to see made to the health system which could also be used to inform development of priorities for the GPS. People told us that:
 - a. **Access to health services need to be improved:** people described significant barriers to access, included availability, cost, transport and timeliness. Participants stressed that the health system needs to be easier to navigate. They noted the importance of interpretation and communication services for different cultural, linguistic and communication needs, and interpreters who understand medical language.
 - b. **New care models need to be prioritised:** people viewed flexible primary and community-led solutions, such as those responding to COVID-19 and Cyclone Gabrielle, as transformative changes that should be preserved and grown. There was a strong view that care needs to be designed to meet local needs, be individual and whānau-centred and delivered faster and in convenient local settings.
 - c. **Workforce capability and capacity issues need to be addressed:** people expressed concern about the effects of workforce shortages for health equity, user choice, and good health outcomes. There was a desire to grow, value and provide ongoing development for a culturally competent and representative workforce, and for increased entry opportunities and easier recognition of overseas qualifications.
 - d. **Voice of people, whānau and communities is key to changing the system:** people want their views heard, respected and validated by health professionals and decision makers. They want autonomy and agency over their health and care. There is a need for greater Māori and Pacific leadership and decision-making, and more lived experience and peer leadership across the system.
 - e. **There is a need to address the wider determinants of health and wellbeing:** there were concerns that narrow definitions of health, and legacy health services, often ignore wider concepts of wellbeing and other worldviews, particularly te ao Māori, and do not make sufficient provision for the wider determinants of health, including environmental, socioeconomic and commercial factors. There were strong calls for cross-sector partnership approaches to address wider determinants of health and wellbeing.

Change is underway, but continued effort is needed to address these challenges

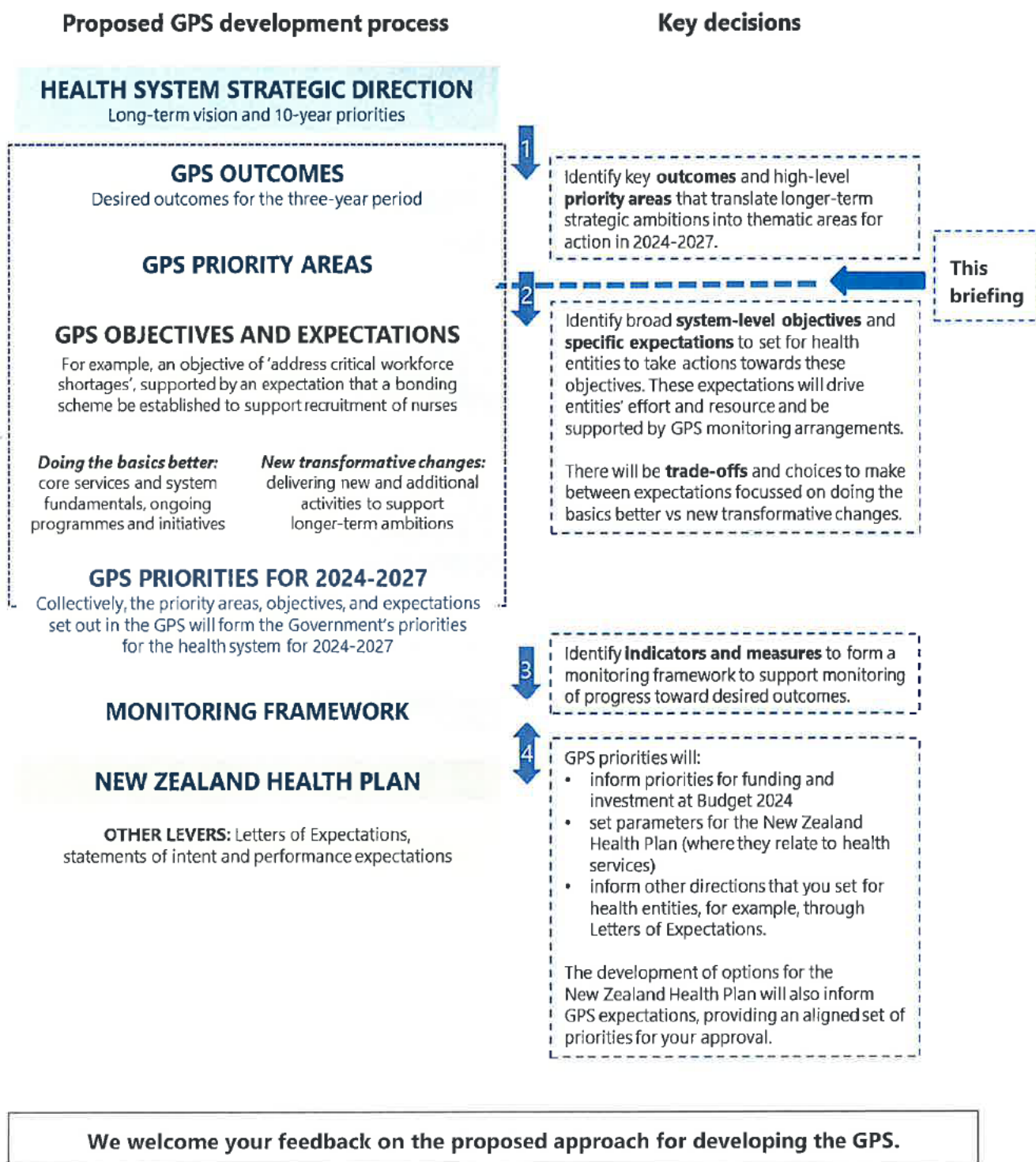
15. The significant changes in the health system in recent years were designed to tackle many of these challenges. For example, the establishment of Health New Zealand as a national commissioner of health services, the introduction of community planning processes (currently through the localities) and establishment of iwi-Māori partnership boards. All of these can help to inform the starting point for the GPS, alongside the strategic direction for the health system you set.

Proposed GPS development approach

16. We understand from initial conversations with you that your preferred approach is for the GPS to be concise, outcomes-focussed, and set at a relatively high strategic level.

17. This briefing seeks confirmation of your priorities and vision for the GPS. Once these are confirmed we will provide you with further advice on:
 - a. high-level **system objectives** in each priority area (likely focusing on key enablers and levers available)
 - b. **specific expectations** to direct specified action or focus effort – expectations will give the most detailed direction appropriate for the GPS and can be used to support your immediate goals for health (eg, progressing coalition commitments and supporting progress on some initiatives commenced as part of the 100-day plan) and other potential actions that we will provide further advice on.
18. The diagram on the following page (Figure 1) sets out the proposed approach for developing the GPS, informed by the requirements set out in the Pae Ora Act. It indicates the key matters where you will have choices and decisions to determine content for inclusion in the GPS.

Figure 1: Proposed approach for developing the GPS



Your priorities and vision for health

19. We understand from initial conversations with you that your overall vision for the health system is to ensure all New Zealanders have timely access to quality health care, including health services and addressing wider determinants of health. Within this, you have indicated that you would like to prioritise:
 - a. access to health services and medicines
 - b. timeliness
 - c. quality of services
 - d. safety of the health workforce
 - e. infrastructure
 - f. health targets
20. You have further indicated that prioritising health service provision should be based on need in the first instance, then turn to targeting services for key population groups.
21. You may wish to engage with the Minister for Mental Health in developing the GPS and how it reflects mental health and addiction as a priority.

Approach to advising you on GPS content

22. We are working toward providing you with a final GPS to publish in June 2024. Based on that timeframe, we plan to provide you with written advice as set out in the following table:

Indicative timing	Planned GPS advice	Milestones for Budget 2024 and the NZHP
By the end of 2023	We will provide you with more detailed advice on options for GPS content. This will cover system-level objectives and specific expectations aligned to your priorities for inclusion in the GPS. This advice will also include options for engagement on the GPS, seeking your decision on a preferred scope and approach	Advice on Budget 2024 Advice on emerging themes and actions for the NZHP
February 2024	A draft written GPS for your approval to undertake engagement during March 2024 should you wish, in line with your preferred engagement approach	Draft NZHP for review Final decisions on Budget 2024 (February or March)
Late March 2024	Report-back on engagement with an updated draft GPS	
April 2024	Draft GPS and draft Cabinet paper to approve for Ministerial consultation	Cabinet agreement to Budget 2024 package

Indicative timing	Planned GPS advice	Milestones for Budget 2024 and the NZHP
May 2024	Draft GPS and final Cabinet paper to lodge for Cabinet Committee	<i>Budget 2024 released</i>
June 2024	Final GPS to publish online and table in the House of Representatives	Cabinet approval and publication of the NZHP

Decisions on GPS content will require trade-offs to achieve an appropriate balance

23. The health system has undergone significant change over the last 12 months. While we are seeing early benefits being realised, the reforms will take time and continued effort to embed and deliver the expected benefits over the course of the 2024-2027 GPS and beyond. We also know that the health system is under pressure now and urgent support is needed to address immediate challenges while at the same time working towards long-term solutions.
24. We are also mindful of funding limitations over the next three years. While the health system was funded at Budget 2022 to implement the reforms and address historic deficits, the path for further funding growth is constrained by the current wider economic and fiscal context. We anticipate it will be challenging to secure substantial further investment in Vote Health at Budget 2024. This means that delivery of existing health improvement programmes and new objectives will need to be funded by repurposing lower value spend. However, there is a limit to how far this repurposing (along with other efficiency and productivity measures) can go to free up headroom for significant changes in the short-term.
25. To determine content for the GPS that is feasible and deliverable, there will be trade-offs and choices for the Government to achieve a balance between:
 - a. delivering and improving core health services and doing the basics better, versus
 - b. laying the foundations for more transformational and accelerated activity that supports longer-term aspirations.
26. Our next advice will seek initial decisions from you on where the health system should focus its efforts over the next three years and where savings and marginal new investment should be targeted to work towards longer-term aspirations. These decisions will then form the basis of content for the GPS, parameters for the NZHP, and guide our advice on investment for Budget 2024.

Te Tiriti o Waitangi

27. The Pae Ora Act requires the GPS to include the Government's priorities for engaging with, and improving health outcomes for, Māori. Our further advice on the GPS will include options to meet these legislative requirements, informed by the priorities set out in Pae Tū: Hauora Māori Strategy, as well as insights gained from our engagement with Māori over the past few years.

Equity

28. The Pae Ora Act further requires the GPS to include the Government's priorities for improving health outcomes for Pacific peoples, disabled people, women, rural communities, and other population groups. As above, we will provide further advice on how the GPS can meet these legislative requirements, informed by insights from engagement with these population groups and the priorities set out in the following strategies:
- a. New Zealand Health Strategy
 - b. Te Mana Ola: The Pacific Health Strategy
 - c. Provisional Health of Disabled People Strategy
 - d. Women's Health Strategy
 - e. Rural Health Strategy.

Next steps

29. Subject to your feedback, we will provide you with further detail on the GPS by the end of 2023, covering potential objectives and specific expectations that sit within your priority areas for your feedback. There will be trade-offs and choices for you to consider depending on the objectives and expectations you choose and the speed and type of change you envisage over the next three years.
30. This advice will also set out the spectrum of options for engagement on the GPS and seek your decision on a preferred approach.

ENDS.

Minister's Notes