



Proactive Release

The following documents have been proactively released by the Department of the Prime Minister and Cabinet (DPMC), on behalf of Hon Andrew Little, Minister of Health:

Health and Disability System Reform Briefings February – June 2022

The following documents have been included in this release:

Title of paper: Policy Decisions for Pae Ora Bill Departmental Report: Talking Points

Title of paper: Health Reforms: Quality Functions in the Future System

Title of paper: Progress on Health System Functions Transfer

Title of paper: Health Reforms: Policy Critical Path to Day 1

Title of paper: Health Reforms: Key Policy Decisions and Delegation

Title of paper: Implementing the Intervention Framework for the Reformed Health System

Title of paper: Health Research in the Future System

Title of paper: Progress Update on Public Health Transformation Programme

Title of paper: Pae Ora Legislation Committee Report

Title of paper: Supplementary Order Paper for Pae Ora (Healthy Futures) Bill

Title of paper: Update on the Transfer of Functions from Ministry of Health to New Entities

Title of paper: Appendices to the Interim Government Policy Statement

Title of paper: Health Reforms: Role of Localities in the Reformed System

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant section of the Act that would apply has been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

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- Section 9(2)(h), to maintain legal professional privilege.



Aide-Mémoire

PROGRESS ON HEALTH SYSTEM FUNCTIONS TRANSFER

To	Hon Andrew Little, Minister of Health	Report No	DPMC-2021/22-1526
From	Stephen McKernan, Director, Health Transition unit	Date	25/02/2022

Purpose

1. This aide-memoire updates you on progress on the first tranche of functions transfer from the Ministry of Health (the Ministry) to the interim Māori Health Authority (iMHA) and interim Health New Zealand (iHNZ).

Context

Final staffing numbers are available from Te Whatu Ora and Te Aka Whai Ora

2. In January, you and the Ministerial Group on Health and Disability System Reform agreed to an overall transfer plan of functions and staff (full time equivalents; FTEs) from the Ministry to interim entities, as a key step of establishing the new entities and streamlining the Ministry's functions to that of its future role (DPMC-2021/22-1221 refers). The transfers would take place over three tranches, commencing from March 2022.
3. It was agreed that the first tranche of functions would transfer on 1 March 2022 and comprise of the following functions and number of FTEs:
 - a. To iHNZ 300 – 320 FTEs, comprising:
 - i. Health infrastructure
 - ii. Employment relations
 - iii. Pacific health commissioning
 - iv. Some components of DHB performance monitoring and support (acute demand and system flow)
 - v. Six data and digital infrastructure and planning teams
 - b. To iMHA, 66 FTE, comprising:
 - i. Māori health commissioning
 - ii. Policy
 - iii. Other vacant positions that could be repurposed to support establishment.

4. Receiving Chief Executives will be accountable to you as the Minister of Health for the performance of these functions, and the Director-General as the system steward will continue to have oversight of these, and retain appropriate statutory delegations. Officials are collectively continuing to work through some nuances of transferred accountability, particularly for health infrastructure and employment relations functions, to clarify where it would be appropriate for there to be shared arrangements or joint work and sign off between the Ministry and iHNZ during the transition period.
5. Whilst the interim entities are departmental agencies within the Ministry the transition is more straightforward in the short term. Staff transferring from elsewhere within the Ministry will continue to be employed by the Ministry while they work in departmental agencies (with new reporting lines), and budgets are managed within the Ministry's existing budgets with the appropriate delegations given to the Chief Executives and relevant staff. New cost centres have been established to delineate the functions transferred to the interim agencies from 1 March from those under the ongoing responsibility of the Ministry. This structure will support close working arrangements and provide safeguards in the transitional period up to 1 July.
6. The functions the interim entities are receiving from the Ministry are one part of what their full suite of functions and capability will be; that is, they will be building structures and functions that bring together teams from the Ministry with teams from district health boards (DHB) and shared services agencies into single integrated functions. This is particularly the case for iHNZ, who in the coming weeks and months are looking ahead to build one integrated function for employment relations ahead of 1 July to enable faster progress on this. This will include working in an integrated way with relevant employment relations functions from Technical Advisory Services (TAS).

Tranche 1 transfers are on track

7. Functions and associated FTEs are on track to transfer on 1 March and handover on the whole is progressing well. The collective agencies have sought to progress the transfers without placing additional demands or pressure on staff who are delivering key work, particularly on the COVID-19 response. This has required an approach to handover that is pragmatic, and balances practical solutions (such as shared leadership across entities) with a longer-term view of role clarity. To ensure a smooth transition for complex issues such as the hospital rebuild programme, the Ministry and iHNZ will be working closely to ensure that immediate demands and decisions can be addressed without delay.
8. Some functions that will transfer in the first tranche carry extra complexity, and as such officials have made arrangements to ensure smooth transfer:
 - a. Employment relations – a number of staff from this function will transfer to iHNZ on 1 March and an interim lead for this function will be appointed. Because a number of negotiations that carry high levels of financial risk will occur in the coming months, the Ministry and iHNZ will work closely together to deliver work programmes and manage risk. The legal requirement for DHBs to consult the Director-General of Health on bargaining parameters and settlements, and for the Ministry to respond to consultation, will remain with the Ministry until the Pae Ora Healthy Futures Bill has been enacted.
 - b. Health Infrastructure Unit – your office has received a briefing on the transition plan for this function. The Ministry and iHNZ will work together closely to ensure a safe handover, including continuity of leadership across in-flight projects, and having an appropriate delegations framework in place for decision making
 - c. Data and Digital – officials are working through future governance arrangements for data and digital in the future system more generally, and are also looking at how joint

governance or working arrangements could be stood up for the HIRA programme, given its' strategic significance to the system.

9. In addition, the Ministry and iHNZ have also agreed to a short term arrangement of shared leadership across key functions, like health infrastructure, DHB performance monitoring and data and digital. This arrangement has been taken where the Ministry's future role is still evolving and there are critical system requirements for these functions in the short term that do not neatly sit in one entity (such as supporting COVID-19 response activity). This arrangement also reflects the Director-General of Health's continued statutory accountability for functions.
10. As described in the advice to the Ministerial Group, the approach to identifying FTEs and functions to transfer has been slightly different for each entity based on their context. iHNZ is largely receiving operational functions where the requirement will be to ensure continuity of operations. The focus for the iMHA transfers on the other hand, was centred on the idea that they will need to build many of their future functions and greatly expand and improve on the capacity and capability that exists in the system currently. Therefore, the approach for iMHA was to transfer roles to support recruitment and establishment, and therefore a number of vacant positions to enable the iMHA to recruit people with the right skills and experience for its future role (DPMC-2021/22-1221 refers).

Next steps

11. As part of progressing with the transfers, you will send letters to Chief Executives and the Director-General of Health to acknowledge that accountability to you for the performance of these functions has transferred, effective from 1 March. Where there are specific arrangements, such as the Director-General continuing to be consulted on employment relations bargaining parameters and settlements, these will be clearly articulated in the letters. We will send these to you to sign next week.
12. Officials are now working towards subsequent tranches of transfers that will occur formally by 1 June 2022. Confirmation of this date will be provided at the time of seeking your approval to proceed. The following functions are proposed to transfer in later tranches:
 - a. Workforce
 - b. Audit and compliance
 - c. Mental health programmes
 - d. National commissioning and planning of primary and community services
 - e. Population and public health programmes
13. Officials are continuing to work through how COVID-19 response functions will be allocated across entities and the timing of these transfers.

Recommendations

14. It is recommended that you note the contents of this aide-memoire.

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25/02/2022

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To Hon Andrew Little

Minister of Health

Date: / /

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