

HEALTH SYSTEM REFORM

Progress Report Q2 FY 2023/24

Health System Reform Progress Report Q2 FY 2023/24
22 March 2024

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PROACTIVELY RELEASED

Health System Reform Progress Report Q2 FY 2023/24

Executive summary

1. This is the second progress report from the System Reform Integration Office (SRIO) and reflects evidenced activity across the second quarter of 2023/24 financial year (October to December 2023 - Q2 FY 2023/24) for the Ministry of Health - Manatū Hauora, Health New Zealand – Te Whatu Ora, and Te Aka Whai Ora – the Māori Health Authority.
2. This Q2 report has been developed within the context of the coalition government formed in November 2023, which has introduced a new set of priorities for the health system to deliver, including those within the Government's 100-day plan such as the disestablishment of Te Aka Whai Ora.
3. The SRIO has had limited access to up-to-date information and/or supporting evidence to inform this Q2 report and is working closely with the Ministry of Health and Health New Zealand to look at future reporting processes that will meet expectations, without adding to existing capacity constraints or duplicating effort.
4. This report provides an update on the health system reform, based on evidence available against expected achievements on the Health System Reform Roadmap for Q2 FY 2023/24, key progress towards future achievements, and barriers to success.
5. Ten achievements were due for completion during Q2 FY 2023/24. Four of these were completed (achieved), substantial progress was made during the quarter for another three achievements, and the remaining three require significant work.
6. This report acknowledges areas of progress such as the establishment of clinical networks, improvements in standardising data collection, and recruitment of regional leadership. However, there remain several critical areas that are not evidenced as progressing as intended. For example, workforce engagement, clinical leadership and governance, and transparency and timely reporting of data have been repeatedly identified as areas of concern through previous reports such as the Health System Reform Progress Report Q1 FY 2023/24 and the assessment conducted by the Ministerial Advisory Committee for Health Reform Implementation (MAC) in November 2023.
7. An area of significant concern is system risk management capability, noting the Q1 report drew on 153 risks and issues which were subsequently themed to 11 systemic risks. While operational risks are managed at an entity level, there has been limited evidence of active system risk management in the last quarter. The role of the Joint Leaders Group must be strengthened to give confidence that these system wide risks are being managed at a senior leadership level. The establishment of a System Reform Assurance Office will provide an additional layer of confidence for the Director-General of Health and system leads.
8. The ability to monitor access and outcomes (including for Māori) remains a priority and requires collective focus from both the Ministry of Health and Health New Zealand, particularly with the planned disestablishment of Te Aka Whai Ora.

9. For New Zealanders to have confidence that the entities are working together to deliver the expected improvements to healthcare, the Q3 FY 2023/24 report will need to present a more robust and detailed view of system activity and treatment of risks. With the disestablishment of the MAC on 1 March 2024, it is important that reporting on system progress remains objective and thorough. Greater transparency through improved access to entity leadership and Board reporting is one way this could be addressed.

Background

10. The health system reform brought about the largest transformation in recent history. Twenty district health boards and eight supporting organisations were brought together into one entity (Health New Zealand). Te Aka Whai Ora and the Ministry of Disabled People - Whaikaha were created, and changes occurred within the Ministry of Health to better focus on the Ministry's role of setting the direction of our health system.
11. The first two years of reform focused on redesigning the system structure, establishing the entities, development and consolidation of roles, functions and relationships between the system entities and introducing strategies to ensure the system settings are in place to achieve the Government's objectives. All whilst continuing to deliver health services.
12. Disruption while national systems and processes of this scale are bedding in is to be expected. Many of the issues being experienced pre-date the reforms and are a legacy of the previous regionally based approach. It is important to acknowledge that the majority of people are still receiving high-quality and timely care. The improvements being put into place mean that more people will be able to receive that care.
13. Our health system is facing many challenges also being felt around the world. Growing and ageing populations, climate change, global workforce shortages, and the rapid diversification of technology are impacting health systems globally.
14. The Health System Reform Progress Report Q1 2023/24 (July to September 2023), was informed by the Health System Reform Roadmap¹ and a confidence assessment process where health system leads identified and tracked significant achievements delivering on the intent of reform, and system risks. This work supported the Director-General (as steward of the system), health system leaders and the Minister of Health to have a clear view of the work of reform. The Q1 progress report was proactively released on 10 November 2023.²

¹ Health System Reform Roadmap available online: <https://www.health.govt.nz/new-zealand-health-system/health-system-reforms/health-system-reform-roadmap>

² Q1 report available online: <https://www.health.govt.nz/system/files/documents/pages/system-reform-progress-report-q1-final-for-minister-11-sept-pr-watermarkd.pdf>

The Ministerial Advisory Committee for Health Reform Implementation (MAC)

15. The MAC was commissioned in 2023 to conduct a high-level future focused assessment of the areas requiring attention over the next 12-18 months to further progress the intentions of the reform across the health sector. This assessment was undertaken during September and October 2023 with the report drafted in November.
16. The *High-level assessment to support future focused health reform implementation* (the MAC report) was proactively released by the Minister of Health on 28 February 2024.³ This report identified key areas where the health system is making positive progress, and key areas requiring increased attention.
17. The Ministry of Health, Health New Zealand, and Te Aka Whai Ora accepted the key points in the MAC report. It is recognised that structural changes are largely complete, and progress across the sector is continuing to be made. However, there remains much work to operationalise and embed changes, and to plan for true system transformation.
18. The three entities provided a joint response to the 74 key points within the MAC report to the Minister of Health, which was proactively released on 14 March 2024.⁴
19. The MAC was disestablished by the Minister of Health on 1 March 2024.

Reform roadmap achievements expected in Q2 FY 2023/24

20. The Health System Reform Roadmap, updated in October 2023, identified 10 achievements to be completed during Q2 FY 2023/24.
21. As of 31 December 2023, four achievements were completed (achieved), significant progress was made for three achievements during the quarter, and the remaining three require further work to ensure progress towards achievement is made. Expected achievements are summarised in table 1, with further detail available in Appendix 1.

³ The MAC report is available online: <https://www.health.govt.nz/about-ministry/information-releases/general-information-releases/proactive-release-reforms-related-documents#reports>

⁴ The joint response to the MAC report is available online: <https://www.health.govt.nz/about-ministry/information-releases/general-information-releases/proactive-release-reforms-related-documents#macbrief>

Table 1 Status of expected roadmap achievements (31 December 2023)

Roadmap achievement	Lead entity	Status (Q2 2023/24)
Data and digital investment & transition plan completed (DAD 02)	Health New Zealand	
National infrastructure operating model agreed (INF 01)	Health New Zealand	
National asset management plan in place (INF 03)	Health New Zealand	
Infrastructure and investment plan for 2023-24 completed (INF 05)	Health New Zealand	
Government Policy Statement (GPS) and Budget 2024 completed (DSF 05a)	Ministry of Health	
Te Pae Tata 2024-2027 completed (DSF 05b)	Health New Zealand	
Māori data sovereignty framework launched (HMC 03)	Te Aka Whai Ora	
Clinical governance arrangements in place (OFC 06)	Health New Zealand	
Review contracting arrangements to support new models of care and service (PCC 03)	Health New Zealand	
Regional health service plans completed (DSF 06)	Health New Zealand	

Status key:

	Completed		Progressed		Further work required
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Achievements completed

22. The **data and digital investment and transition plan has been completed (DAD 02)**. The MAC report identified the significant challenges faced by Health New Zealand with both the scale and complexity of the digital systems inherited, and the level of investment necessary to address these. One particular area, human capital management and payroll, is included in Health New Zealand's investment programme. This three-year project aims to modernise and standardise payroll and employee experience of onboarding, training, benefits and leave. The implementation of the data and digital investment and transition plan will be somewhat dependent on funding via budget cycles and requires appropriate monitoring and management throughout its lifecycle.
23. The **national infrastructure operating model has been completed (INF 01)**, which links national planning, regional coordination and local delivery, including nationally standardised frameworks and guidance. It is important for the system to ensure this coordinated approach is further embedded and effectively utilised across the health infrastructure portfolio.
24. **National asset management plan in place (INF 03)** and the **infrastructure and investment plan for 2023-24 completed (INF 05)** were also achieved. Provided to the Minister of Health in December 2023, these complementary documents set the strategic direction for the improved provision of health infrastructure in support of clinical service delivery. Both plans are subject to Cabinet consideration, expected in Q1 FY 2024/25.

Achievements progressed

25. Work on the **Government Policy Statement on Health (GPS) 2024-2027 and Budget 2024 (DSF 05a)**, progressed in Q2 2023/24, with the Budget due for submission in Q3 2023/24, to be announced by the Minister of Finance on 30 May 2024. Progress on the GPS was behind initial expectations for December 2023 but is now on track to be released in June 2024. Given the financial constraints outlined by the coalition government there is a risk of funding not being available for initiatives, resulting in a requirement to reprioritise initiatives within the funding envelope.
26. **Te Pae Tata 2024-2027 (DSF 05b)**, now known as the New Zealand Health Plan, also progressed in Q2 2023/24, with financial annexes submitted to Treasury in January 2024. While this financial information is more than that previously available, the information provided was in less depth than Treasury's expectations. Whilst feasible to complete this by June 2024 it may be challenging to undergo Ministerial engagement and auditing ahead of Cabinet consideration, within the remaining time available.
27. Māori data is a taonga (treasure). It is protected under Te Tiriti o Waitangi and the United Nation's Declaration on the rights of Indigenous Peoples. Development of a **Māori Data Sovereignty Framework (HMC 03)** progressed in Q2 with the development of a capability tool. With the disestablishment of Te Aka Whai Ora, it is important that this work is handed over and progressed by Health New Zealand and the Ministry of Health.

Further work required

28. Some work to develop **clinical governance arrangements (OFC 06)** has been advanced with clinical leadership in place at the Ministry of Health, the establishment of National Clinical Networks for Stroke, Cardiac, Trauma and Renal, and the establishment of Te Whiri Kaha | Māori Clinical Forum for Māori clinicians and health professionals.
29. As at the end of Q2, Health New Zealand's clinical leadership team are interim appointments (except for the National Lead, Nursing). It is essential that permanent appointments are made for these critical roles, including Chief Clinical Officer and Chief Medical Officer, to deliver effective and high-performing clinical governance across the whole system, and to ensure excellent quality and safe care delivery and experience for all patients and whānau. It is anticipated that appointments to permanent roles will be made in Q3 2023/24.
30. Substantial work remains to finalise clinical governance arrangements at Health New Zealand, including both clinical leadership and the clinical governance framework, creating uncertainty for operational staff, and a reliance on pre-existing governance frameworks and measures from previous District Health Boards.

'People struggle with the phrase clinical governance, but really it's about having a framework in place throughout the organisation, that supports you to be explicit about the standard of care delivered, about how you protect patients from harm, about how you listen to patients, and about how you plan and measure improvement.' (Flynn et al 2015)¹

31. The SRIO has been unable to obtain information on Health New Zealand's clinical governance framework for Q2 2023/24. It is currently unclear how clinical risk is being managed, including how the system is alerted to areas of major clinical risk. This is an area that requires significant emphasis during Q3 and Q4 2023/24.
32. The **review of contracting arrangements to support new models of care and services (PCC 03)** has faced significant delays, with this work expected to be delivered 12-months later than planned. Until there is further clarity in the services required it is challenging to make procurement decisions. It is important to note that services continue to be delivered and existing contracts rolled over as appropriate during this period.
33. While regional leadership roles are in place across all functions at Health New Zealand, work to develop **regional health service plans (DSF 06)** has been significantly delayed. These plans must also reflect the Minister of Health's drive to strengthen regional input. Regional Health and Wellbeing Plans, due in December 2023, are now expected by the end Q4 2023/24 following completion of the GPS 2024-2027 and the New Zealand Health Plan. Once in place, these plans are anticipated to deliver to regional needs and to drive greater integration and collaboration, working across siloes.

Key progress in other reform roadmap areas

34. Early benefits of a single health system are already being seen, such as the ability to flex resources to areas with critical shortages, and the development of standardised thresholds for cardiac, renal and trauma care to ensure nationally consistent access to care. During the second quarter, progress has been made towards delivery of future Health System Reform Roadmap achievements. This progress is summarised below, by roadmap category.

Primary and community care

35. **National rural clinical telehealth implemented (PCC 04):** A new rural telehealth contract was awarded in November 2023 to Ka Ora, to provide overnight, weekend and public holiday access to telehealth services for almost 900,000 people. This supports those living in rural areas who may not have easy access to afterhours primary healthcare, to see a kaiāwhina⁵ or clinician from the comfort of their own homes.ⁱⁱ Ka Ora Telecare went live on 8 November 2023. By 15 December 2023, 35% of all eligible rural practices had enrolled in the service. There have been 2,518 nurse appointments and 1,913 GP appointments since the service launched, with 14% of calls made from Māori.

Hauora Māori care

36. **Kahu Taurima child wellbeing service enhanced (HMC 04):** In July 2023, the Government announced \$74 million of funding over the next two years for Kahu

⁵ The term kaiāwhina describes non-regulated roles in the health and disability sector. This includes community support, disability support, mental health and addictions support, primary care assistance, public health assistance, hospital orderlies and allied health roles such as allied health assistants and dental assistants.

Taurima, an overarching programme and strategy for change, integration and eventual transformation of maternity and early years (from pre-conception to 5 years old, or the first 2,000 days of life), which will be delivered over several years. In September 2023, 40 community-based hauora Māori partners across the country were contracted to develop and implement te ao Māori models of care for maternity, child growth and development, and to deliver a range of initiatives including developing telehealth pathways, a maternal mental health and wellbeing assessment tool, strengthening the Māori midwifery and child growth development nursing workforce, and developing educational programmes.ⁱⁱⁱ Hauora Māori partners connected in December 2023 to share knowledge at a series of regional wānanga across Aotearoa.^{iv} Progress is monitored by Te Aka Whai Ora via quarterly reports from providers. This important programme will be handed over to Health New Zealand following disestablishment of Te Aka Whai Ora.

37. **Mātauranga Māori solutions identified (HMC 05):** Te Aka Whai Ora continued to lead a number of initiatives to improve and increase the mātauranga Māori services offered in the health system. Initiatives included:
- a. Hosting wānanga with eight public sector agencies to discuss the Rongoā⁶ Māori Action Plan and reach agreement that it will form the basis for a collective approach to supporting and developing Rongoā services going forward.
 - b. Implementation plans for all 91 new mātauranga Māori solutions contracts were received. These contracts provide new service models, strategies, solutions and innovations grounded in te ao Māori.
 - c. Announcement of the delivery of Mātauranga Māori training for the health workforce. This is a \$4 million investment to 30 June 2025 providing a total of 5,530 training opportunities for 2023/2024 to support kaimahi to incorporate te ao Māori and mātauranga into their practices.
 - d. Assisting a group of rangatahi studying or working in healthcare to develop four waiata (Hauora Melodies) to support those in the healthcare sector who were feeling mamae or burnt out. The waiata will be distributed across the health workforce to provide a boost to mental health and connection to te reo Māori. The waiata are expected to be ready for release by early 2024.

Public health care

38. **National bowel screening settings for Māori and Pacific implemented (PHC 11):** This service provides effective screening services for early detection of bowel cancer.^v As of November 2023, the participation rate in the National Bowel Screening Programme was 56.2% overall, with participation rates for Māori (47.5%), Pacific (36.2%) and Asian (44.0%) lower than that of the rest (60.6%). Efforts must continue to increase participation rates to address population health needs.

⁶ Rongoā Māori is a cultural healing practice and incorporates deep, personal connections with the natural environment. It is a complete and complex, uniquely Māori system of healing, derived from mātauranga Māori.

39. **National breast, cervical and bowel screening improvements implemented (PHC 05):** A new cervical screening test that detects the human papillomavirus (HPV) (a cause of more than 95% of cervical cancers) was introduced by Health New Zealand and the Māori Health Authority in September 2023 for women and people with a cervix aged 25 to 69 years (www.timetocervicalscreen.nz).^{vi} Between 12 September and 31 December 2023, 133,158 HPV primary screens were completed. Of these, 17,156 were for people that were under-screened⁷ and 9,735 were previously unscreened. The actual numbers and ethnicity breakdown for overall screening rates were not available to the SRIO at the time of this report.
40. **National immunisation programme improvements implemented (PHC 02):** On 21 December 2023, the Minister of Health announced a suite of tools and funding to lift Māori immunisation rates and immunisation rates of all babies in New Zealand. My Health Record (<https://my.health.nz/>) enables people to check their own immunisation records, and the expansion of the Aotearoa Immunisation Register (AIR), helps support vaccination outreach activity across the country. Immunisation coverage at 24 months of age fell across all ethnicities in Q2 FY 2023/24 to their lowest level since Q1 FY 2022/23 at 81.0%, compared to a target of 90.0%. Immunisation rates for Māori were 65.1%, and rates for Pacific peoples and European/Other remain below target at 80.0% and 85.9% respectively. The only group currently meeting the target is Asian peoples at 91.1%.^{vii} While some decline is partly due to a change in measurement and data collection via the AIR system, lifting immunisation rates is one of the top priorities for the Minister of Health, the Ministry of Health, Health New Zealand, and Te Aka Whai Ora.^{viii}

Workforce

41. **Development of future workforce planning in line with transformation goals as outlined in the New Zealand Health Plan (WFO 14):** The Health Workforce Plan 2023/24^{ix} includes 81 initiatives with milestones over the 2023/24 period, of which 14% of initiatives have been delivered in full. The remainder are scheduled to be completed by June 2024. One initiative, the expansion of the 2024 Voluntary Bonding Scheme, added two new categories to the scheme to encourage and retain recently qualified health professionals where the system needs them most. The scheme now includes new and recent graduate anaesthetic technicians and new graduate pharmacists, an extension to include all new graduate midwives nationwide, and additional eligible communities for general practice trainees.^x The Q2 data for this scheme is not currently available for release.
42. **Te Mauri o Rongo | New Zealand Health Charter implemented across the health sector (WFO 11):** Health New Zealand has approved initiatives for phase one of the Charter's implementation. As of November 2023, 60% of actions arising from the staff survey results have been completed. Work is underway to develop and implement a suite of wellbeing initiatives and a new independent mechanism for frontline workers to raise complaints. Culture change is central to supporting

⁷ Under-screened is defined as returning for a cervical screening test more than 84 months (7 years) of a previous test.

retention and engagement. Health New Zealand will launch its second staff survey in April 2024 to gather further insights on workforce culture and engagement.

43. **Increase workforce flexibility through regulatory settings – HPCA Act (WFO 09):** The Ministry of Health is reviewing the regulatory settings, including the Health Practitioners Competency Assurance Act 2003 (HPCA Act) to address barriers to the health workforce being sufficiently agile to meet New Zealand’s growing health needs. The review will focus on increasing patient safety, ensuring ‘right-touch’ regulation, creating a sustainable ‘people-centred’ regulatory model, and will support the Government’s priorities.

Organisation, function and capabilities

44. **Entity performance management and reporting systems established – Health New Zealand (OFC 09b):** Further work is required by Health New Zealand to finalise their internal performance framework to focus appropriate attention on major issues with a sufficient level of timely information to provide assurance to the Board. With regards to financial reporting, the Ministry of Health Regulation & Monitoring directorate and Treasury position is that the Board needs greater visibility around managing cost pressures within budget and protecting the expected operating surplus and underlying break-even position.
45. Health New Zealand published the Clinical Performance Metrics for 1 July to 30 September 2023 on 19 December 2023,^{xi,xii} and is due to publish the Quarterly Performance Report: Quarter ending 31 December 2023 in March 2024.^{vii} These reports showed:
- a. The continuing challenges that the system is facing, specifically hospital pressures, impacting on specialist appointments, planned care and emergency department performance. These challenges are due to population growth, an ageing population, and an increasing number of people who have chronic and complex conditions, as well as pressures within primary care and aged residential care services.
 - b. Small improvements in mental health wait times for under 25-year-olds, to 68.3% being seen by specialist mental health services within three weeks of referral.
 - c. In elective/planned care, Health New Zealand has focused on urgent patients and people waiting the longest for specialist review and treatment, to ensure that everyone waiting for more than three years has been treated or has a treatment plan. Improvement to date has been modest, and it is noted that the previous acceptable time to be seen was within four months.
 - i. There has been a long-term increase in the number and proportion of people waiting longer than four months for a First Specialist Appointment. As of September 2023, 59,818 people were waiting more than four months for a First Specialist Assessment, increasing to 68,179 in December 2023, compared with 35,863 in September 2022, indicating that much work remains to turn this around, and to manage potential increasing clinical risk to those waiting to be seen.

- ii. The number of people waiting longer than a year for a procedure has been reduced by over 1,800 people since Q3 2022/23. 606 patients waiting more than 365 days for treatment remained untreated at the end of December (excluding orthopaedics).
 - iii. However, the number of people waiting more than four months has increased in three consecutive quarters. Those waiting more than four months for a procedure has increased from 26,472 in Q1 2022/23 to 30,757 in Q2 2023/24.
 - iv. For orthopaedics, the remaining number of patients waiting to be treated for longer than a year was 1,307 (as of 7 January 2024) - a reduction of 3,664 since 1 July 2023. Health New Zealand aims to treat all orthopaedic patients waiting more than 12 months by 30 June 2024, which equates to 50 patients per week.
46. **Ministry of Health governance leadership and functions in place (OFC 10a):** The Ministry of Health's 12-month transformation programme was further established and defined. In Q2 2023/24 it delivered a revised organisational and governance structure, strengthened the understanding of the Ministry's role as system steward, and developed a robust plan and reporting for the remainder of the financial year.
47. **System and entity performance monitoring and reporting (OFC 09a/b/c):** All three core health entities released their annual reports, which are accessible online:
- a. The Ministry of Health's annual report for 2022/23 was released on 20 October 2023.^{xiii} The report covers the achievements over the 12-month period, since the reform of the health system began with the new health entities stood up including the creation of the Public Health Agency within the Ministry of Health on 1 July 2022. Over the last 12 months, the Ministry has sharpened the focus on its key role as chief steward of the reformed health system and taken a closer look at how it operates, so the Ministry is well set up to deliver on its purpose and role.
 - b. On 5 December 2023, Health New Zealand launched its first annual report for the period 1 July 2022 to 30 June 2023, providing a comprehensive picture of the first 12 months for the organisation.^{xiv} This period focused on ensuring continuity of care during significant change, embedding structures fit for one organisation, better understanding the challenges and opportunities, and making early moves to generate the savings needed to reinvest in frontline care.
 - c. Te Aka Whai Ora released its 2022/23 annual report on 5 December 2023, covering year one of the newly formed agency.^{xv} The report describes the work undertaken and the achievements over the course of 2022/23, with the iwi-Māori partnership boards, hauora Māori partners and Māori communities. Despite a challenging year, the report shows the impact made through the voices of whānau and iwi.

Barriers to success

48. Barriers to success are those systemic risks and issues that must be managed in order to successfully deliver health system reform and transformation.
49. The Q1 progress report drew on 153 specific risks and issues that were reported by senior leaders. These were aggregated into 11 key systemic risk/issue themes and included in the published report.
50. Subsequently, senior leaders from the Ministry of Health, Health New Zealand and Te Aka Whai Ora attended risk workshops to refine this risk summary, to collectively agree on the key system-wide risks/issues that could impact on reform, and to agree the relative priority of these risks/issues. A revised list of six systemic risk themes was drafted following these workshops:

Table 2 Systemic risk themes

Revised risk	Reflects: risk/issue per Q1 System Reform Progress Report
Health Workforce confidence, engagement, and readiness for reform	Risk 1: Insufficient or ineffective engagement with the health workforce on reform
	Risk 4: Readiness for implementation of reform changes
Public trust and confidence in reform and wider health sector	Risk 7: Low public trust and confidence in reform
Prioritisation of resources	Risk 2: Insufficient resources for implementing reform changes
	Risk 5: Insufficient financial resources for reform initiatives
Giving effect to Te Tiriti of Waitangi	Risk 8: Te Tiriti of Waitangi is not given full effect
Reform planning, enablers, and integration to reflect complexity	Risk 6: Organisation design does not deliver on reform intent
	Risk 3: Reform planning and integration is hampered by system complexity
	Risk 11: Critical enablers of reform may not be sufficiently established or integrated
Collective clarity of reform intent	Risk 9: Lack of clarity of reform intent
System performance monitoring	Risk 10: System performance management and monitoring not in place

51. In November 2023 an additional system risk was identified following the proposal by the incoming new coalition government to disestablish Te Aka Whai Ora: 'Māori health needs are not addressed'. The risk that health needs of Māori may not be visible and appropriately responded to may result in persistently poorer health outcomes for Māori when compared to those of the general population. The Pae Ora (Disestablishment of Māori Health Authority) Amendment Bill^{xvi} was subsequently passed in February 2024.
52. The Joint Leaders Group agreed to the development of a system transformation risk dashboard in February 2024 that will represent key risk themes expressed in terms of transformation purpose, success and barriers to success. The dashboard will provide better visibility of transformation risks and how they are being managed.

53. This dashboard will form the basis for regular risk reporting and will be provided to the Joint Leaders Group. It is the responsibility of the Joint Leaders Group to 'provide collective leadership of the progress of the overall reform programme and to identify and manage risk to ensure effective delivery of reform outcomes' as stated in their Terms of Reference (June 2023).
54. During Q3 2023/24 further work will be undertaken to actively manage systemic risks. This continues to build on the initial risk responses identified in the Q1 progress report.

System Reform Assurance Office

55. In September 2023, the Director-General established the System Reform Assurance Office (SRAO), to give confidence to the Director-General that the health system is well established and delivering the intended outcomes from reform. It provides assurance on the effectiveness of system governance, planning and risk management, including those with first- and second-line accountabilities. This includes:
 - a. Developing and maintaining a Reform Assurance Framework that identifies the requirements, accountabilities, and system for providing assurance across the implementation of reform.
 - b. Engaging with and supporting other assurance arrangements, to ensure that there is a cohesive approach to reform assurance including Office of the Auditor-General, Implementation Unit, Hauora Māori Advisory Committee and Treasury.
 - c. Working closely with Regulation and Monitoring (Ministry of Health) and Crown Entity Monitoring to ensure an integrated perspective on performance, including the implementation of reforms.
56. The Director of the SRAO began in November 2023 and commenced work on engaging with assurance bodies as well as developing a reform assurance framework.

Next steps

57. The first two years of the health reform (FY 2022/23 and 2023/24) intended to focus on the structural reform, including the development, refinement and consolidation of roles, functions and relationships between the system entities. Several significant foundational aspects of reform implementation are in place and the entities are confident that other planned elements of reform will be in place by June 2024.
58. With the structural reform phase substantially advanced, the health system will need to move into a transformation phase, to ensure that the opportunities of a single health system are realised and embedded in a transformed healthcare system. This second phase focuses on how the system operates within the new structures and could take 10-15 years to implement and achieve the outcomes desired.
59. Work to develop an integrated health system transformation plan is underway. This plan will consider the transformation needed across all aspects of the New Zealand health system and will include both a three-year (focused on the immediate work to respond to delivering the Government's priorities, including delivery of health targets) and a 10-year horizon (the more fundamental transformation of how the system operates to ensure lasting changes to outcomes and sustainable delivery of healthcare for the New Zealand population). In time it is intended that the health system transformation plan will replace the Health System Reform Roadmap and will form the basis for future reporting.

Appendix 1: Detailed responses to reform roadmap achievements expected in Q2 FY 2023/24

1. The Health System Reform Roadmap, updated in October 2023, identified 10 achievements to be completed during Q2 FY 2023/24. As of 31 December 2023, four achievements were completed (achieved), significant progress was made for a further three achievements during the quarter, and the remaining three require further work to ensure progress towards achievement is made.
2. The detailed responses for each achievement below have been provided by the Ministry of Health, Health New Zealand, and Te Aka Whai Ora.

Status key:

 Completed	 Progressed	 Further work required
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Data and digital investment & transition plan completed (DAD 02)

-  *Completion of a data and digital investment plan and transition plan that is integrated into Budget 2024.*
3. Health New Zealand has aligned investment planning to both Budget 2024 and New Zealand Health Plan processes. The national data and digital team structure went live in November 2023 and the transition to new ways of working is ongoing. Key examples and highlights of new ways of working include national approaches to investment management, commercial management, and architectural alignment at the enterprise architecture level. These activities are also being aligned to strategic direction, to ensure decisions on upgrades and replacements are informed by, and aligned to, national roadmaps.
4. Investment is critical to stabilise and modernise many of the systems that Health New Zealand has inherited, including significant digital infrastructure. Investment will be critical to realising the full benefits of a single organisation by improving functionality or service experience for people receiving health services, enabling efficiencies and reducing the administrative burden on staff and frontline delivery teams.
5. Health New Zealand's investment programme includes urgent resilience investments in human resource and payroll systems, a shift to a national health and safety reporting system, a digital workspace across the organisation, and an initial build of the records management system.
6. Health New Zealand has undertaken extensive consultation and planning over the past four months to develop a digital roadmap, which includes both the near-term delivery focus and the wider delivery agenda, along with future considerations. Health New Zealand has also had key engagements with stakeholders on the challenges and possibilities to modernise healthcare via technology.
7. The Ministry of Health and Health New Zealand are progressing the data and digital policy programme, including policy priorities and key next steps on the policy work programme. Further advice will be provided to the Minister of Health in Q4 FY 2023/24.

National infrastructure operating model agreed (INF 01)

- ✔ *Operating model agreed and progressing. Consistent frameworks developed for infrastructure that deliver major capital projects in collaboration with regional delivery teams.*
- 8. The national infrastructure operating model (including department structure) for Health New Zealand was agreed in July 2023 and implementation is progressing.
- 9. Regional Infrastructure Leads have been established as the link between national planning, regional co-ordination and local delivery. Nationally standardised frameworks and guidance to support improved regional delivery such as facility design guidance and standardised guidance for fire, structural and engineering design are being established. There is also regional representation on major project steering groups including clinical and data and digital representation.
- 10. This work has ensured that there is now a link between the national and regional levels on every aspect of health infrastructure. There are nationally standardised frameworks implemented, including planning and design, management and delivery of health infrastructure projects. The operating model enables a coordinated approach across the health infrastructure portfolio.

National asset management plan in place (INF 03)

- ✔ *A national asset management strategy will be completed.*
- 11. The National Asset Management Plan sets out the intended pathway on how Health New Zealand better manages the health estate and improves asset management practices for health infrastructure.
- 12. The National Asset Management Plan was approved by the Board of Health New Zealand and provided to the Minister of Health in December 2023, as required by Cabinet to develop and present a Capital Investment Plan and National Asset Management Strategy by December 2023 [SWC-22-MIN-0063 refers]. This achievement is considered complete, while recognising that there are steps remaining in the process before finalisation, including Cabinet consideration.

Infrastructure and investment plan for 2023-24 completed (INF 05)

- ✔ *Completion of the infrastructure and investment plan for 2023-2024. (Linked with National asset management plan and infrastructure investment plan in place (INF 03))*
- 13. The Infrastructure and Investment Plan is the first national plan for investment in health infrastructure. It will help prioritise resources to ensure investments are well understood, planned, and delivered, and that investments are geared to meet the prioritised clinical needs. The Infrastructure and Investment Plan is set over 10 years and will provide the greatest certainty of investment for years one to three and identify the longer-term investment pathway for outyears.
- 14. The Infrastructure and Investment Plan has been developed in alignment with the Nationwide Clinical Service and Campus Plan (NCSCP). The NCSCP outlines the intended system of delivery that investment will support. It sets out the required transition and distribution of clinical health services to meet the needs of the growing, ageing and more diverse population of New Zealand.

15. The Infrastructure and Investment Plan and supporting material was approved by the Board of Health New Zealand and presented to the Minister of Health in December 2023. This included advice on the process, recommendations, and options on level of investment.
16. The National Asset Management Strategy (INF 03 above) and Infrastructure and Investment Plan are complementary documents that together set a strategic direction for the improved provision of health infrastructure in support of clinical service delivery. Both achievements are considered complete and are subject to Cabinet consideration in Q1 FY 2024/25.

GPS and Budget 2024 completed (DSF 05a)

- *Budget 2024 will be completed. This will include the Investment Strategy and the GPS.*
17. The development of Budget 2024 and the Government Policy Statement on Health (GPS) 2024-2027 were significantly progressed in Q2 and are continuing in Q3 FY 2023/24. Budget 2024 will be announced by the Minister of Finance on 30 May 2024 with the GPS to follow in June 2024.

Te Pae Tata 2024-2027 completed (DSF 05b)

- *A fully costed draft presented to Ministers that includes audited financial statements, hospital and specialist services spending reviews, investment plans, benefits realisation framework and an outcomes framework.*
18. As with Budget 2024 and the GPS, the New Zealand Health Plan 2024-2027 (previously Te Pae Tata), was further developed in Q2 2023/24 and will reflect the Government's priorities. Financial annexes were submitted to Treasury in January 2024.
 19. The New Zealand Health Plan is being delivered to statutory guidelines, including Budget 2024 and is expected to be completed by 30 June 2024. A public release date in FY 2024/25 will be confirmed following audit and approval of the New Zealand Health Plan.

Māori data sovereignty framework launched (HMC 03)

- *An agreed Māori data sovereignty framework covering use of Māori health data is agreed and launched, enabling agencies to collect, store and utilise data in accordance with Te Tiriti o Waitangi and the Pae Ora (Healthy Futures) Act 2022. Māori data sovereignty and data governance from Te Aka Whai Ora will be adopted by Health New Zealand and the Ministry of Health.*
20. Development of a Māori Data Sovereignty Framework, to enable data sharing with Hauora Māori providers and Iwi Māori Partnership Boards, has been a priority piece of work for Te Aka Whai Ora. The first iteration of a capability tool has been developed that allows users to self-assess work against a range of domains and determine both areas of strength and those that require further development.
 21. With the disestablishment of Te Aka Whai Ora, the implementation of this work will need to be taken forward by Health New Zealand.

Clinical governance arrangements in place (OFC 06)

-  A clinical leadership team will be established and national clinical governance arrangements in place, to ensure a nationally agreed approach to clinical governance and that clinical advice and expertise will underpin all Health New Zealand decision making from strategy to service design and delivery.

Clinical leadership

22. In December 2023 the Ministry of Health published an article introducing clinical leadership for the Ministry, and included the following definition:

'A clinical leader is a health and disability systems level expert providing clinical input and strategic professional leadership across Ministry of Health priorities and work programmes and the wider health sector. A Ministry of Health clinical leader is employed in a recognised (or designated) Ministry role. They have clinical and professional leadership experience and generally hold an annual practising certificate.'^{xvii}

23. The clinical team within the Clinical, Community and Mental Health Directorate of the Ministry of Health is putting an operating model into place to ensure the Ministry's role as system steward is enacted from a clinical perspective.
24. As at the end of Q2, Health New Zealand's clinical leadership team are interim appointments (with the exception of the National Lead, Nursing). It is expected that appointments to permanent roles will be made in Q3 2023/24.

Clinical governance framework

25. The SRIO was unable to obtain information on the progress of the Health New Zealand Clinical Governance framework, that was signalled last year.

National Clinical Networks

26. The Stroke, Cardiac, Trauma and Renal Networks were established in Q2 FY 2023/24. Leadership for a further four National Clinical Networks⁸ has been confirmed and announced in January 2024.^{xviii} Health New Zealand and Te Aka Whai Ora jointly appointed experts to lead the Critical Care, Eye Health, Radiology, and Infection Services.
27. Further clinical networks will be established over 2024 including Diabetes, Cancer, Rural Health, Maternity and Child Health. The Ministry of Health also expects Health New Zealand to establish a clinical network for mental health and addiction, including areas such as forensic services. A team has been established within Health New Zealand's Hospital and Specialist Services Directorate to support the networks.
28. Clinical Networks will further strengthen clinical leadership across Health New Zealand's work and continually improve clinical governance. Clinical Networks will work with clinicians to create national standards and models of care, identify ways

⁸ Further information on National Clinical Networks is available on the Health New Zealand website: <https://www.tewhatauora.govt.nz/whats-happening/what-to-expect/national-clinical-networks/>

to address unwarranted variation in service quality and outcomes, and develop evidence-based solutions that can be applied nationally.

Te Whiri Kaha | Māori Clinical Forum

29. Te Aka Whai Ora has established Te Whiri Kaha | Māori Clinical Forum for Māori clinicians and health professionals from across the disciplines working in partnership with health agencies to share a more equitable and fairer system.^{xix} The appointment of 50 clinical and senior health professionals from a wide range of services, with knowledge diverse communities will address system-wide issues that most affect Māori populations, over a three-year appointment period. Te Whiri Kaha members will be working in partnership with the National Clinical Network and are expected to influence and provide evidence-based advice on service implementation and delivery, quality of service and workforce development and access for Māori to culturally appropriate care. Responsibility for Te Whiri Kaha will transfer to Health New Zealand following the disestablishment of Te Aka Whai Ora.

Review contracting arrangements to support new models of care and service (PCC 03)



Completion of the review for all current contract arrangements for models of care and health services as well as identifying opportunities to improve these (for example, with standardised terms and conditions). This will be supported by a plan to create and transition to new contracting arrangements for services.

30. This work has been delayed for several reasons. Commissioning undertook a major consultation process commencing Q1 of 2023/24, resulting in a finalised operating model in Q2 of 2023/24. From Q2 until now, significant recruitment has been underway to move into the new structure that has delayed some of Commissioning's planned work programme.
31. With recruitment underway and the new operating model in place, the contract review work has become a priority. In addition, during Q2, work to review the primary care and aged care funding models and agreements was progressed as a priority.
32. National and regional contracting and procurement teams have been established within Health New Zealand as part of the new commissioning structure. Recruitment continues for key roles to lead this work, with the final two appointments expected to be in place in April 2024.
33. The national and regional contracting and procurement teams are developing a plan for commissioning service contract, due by Q4 FY 2023/24, to enable delivery by December 2024 (Q2 FY 2024/25).

Regional health service plans completed (DSF 06)

 *Every region will have an approved regional health service plan ready to be implemented.*

34. In the joint response to the MAC report (Feb 2024) Health New Zealand acknowledged that more is required to strengthen regional input to service delivery to enable tailoring to local settings, and to reflect the Minister of Health's drive for greater regional input.
35. Development of the draft Regional Health and Wellbeing Plans to achieve system-wide transformation priorities has engaged primary, community and hospital networks to plan key deliverables to horizontally integrate delivery. These plans have been delayed and are currently under development, expected by 30 June 2024 (Q4 FY 2023/24) in readiness for implementation from 1 July 2024.
36. To ensure health services meet local needs, Health New Zealand has senior regional leadership roles in place across all its delivery functions (including Hospital and Specialist Services, Commissioning, and Pacific Health). These roles have significant decision and financial delegations to make decisions fit for the regional context. Regional leaders are responsible for maintaining key local and regional relationships, including fostering strong, whole-of-government connections with Regional Public Service Commissioners and relevant social sector leads.
37. Regional leaders also work together through Regional Integration Teams to ensure the right connections are made across Health New Zealand's work to be as effective as one organisation (eg, considering issues across the service continuum and how to work effectively with other organisations). Regional Integration Teams were evaluated in mid-2023 and, as a result, new terms of reference were adopted in October 2023. Work programmes led by Regional Integration Teams are underway, including regional service planning. Further work is required to strengthen the role, clarity, and input of regional leadership in broader service planning and development.

End notes

- ⁱ Flynn MA, Burgess T, Crowley P. 2015. Supporting and activating clinical governance development in Ireland: sharing our learnings. *Journal of Health Organization and Management* 29(4): 455–81.
- ⁱⁱ New rural after-hours telehealth service available across the motu (November 2023) from <https://www.tewhātuora.govt.nz/whats-happening/news-and-updates/new-rural-after-hours-telehealth-service-available-across-the-motu/>
- ⁱⁱⁱ Kahu Taurima contracts to improve maternity and early years services confirmed (September 2023) from <https://www.teakawhāiora.nz/en-NZ/news/kahu-taurima-contracts-to-improve-maternity-and-early-years-services-confirmed>
- ^{iv} Hauora Māori partners connect at regional Kahu Taurima wānanga across Aotearoa (December 2023) from <https://www.teakawhāiora.nz/en-NZ/news/rhauora-maori-partners-connect-at-regional-kahu-taurima-wananga-across-aotearoa>
- ^v Bowel cancer screening programme celebrates 1 million returned kits (January 2024) from <https://www.tewhātuora.govt.nz/whats-happening/news-and-updates/bowel-cancer-screening-programme-celebrates-1-million-returned-kits/>
- ^{vi} New cervical screening test is a game changer (November 2023) from <https://www.tewhātuora.govt.nz/whats-happening/news-and-updates/new-cervical-screening-test-is-a-game-changer/>
- ^{vii} Health New Zealand | Te Whatu Ora – Health NZ. 2024. Quarterly Performance Report: Quarter ending 31 December 2023. Wellington: Health NZ.
- ^{viii} New tools enable better management of immunisations (December 2023) from <https://www.tewhātuora.govt.nz/whats-happening/news-and-updates/new-tools-enable-better-management-of-immunisations/>
- ^{ix} Health Workforce Plan 2023/24 (July 2023) from <https://www.tewhātuora.govt.nz/publications/health-workforce-plan-202324/>
- ^x New professions and rural communities included in Voluntary Bonding Scheme in 2024 intake (November 2023) from <https://www.tewhātuora.govt.nz/whats-happening/news-and-updates/new-professions-and-rural-communities-included-in-voluntary-bonding-scheme-in-2024-intake/>
- ^{xi} Updated clinical performance metrics released (December 2023) from <https://www.tewhātuora.govt.nz/whats-happening/news-and-updates/updated-clinical-performance-metrics-released/>
- ^{xii} Clinical Performance Metrics, July-September 2023 – Health New Zealand | Te Whatu Ora from <https://www.tewhātuora.govt.nz/publications/clinical-performance-metrics-july-sept-2023/>
- ^{xiii} Manatū Hauora | Ministry of Health Annual Report for the year ended 30 June 2023 (October 2023) from <https://www.health.govt.nz/publication/manatu-hauora-ministry-health-annual-report-year-ended-30-june-2023>
- ^{xiv} Te Whatu Ora – Health New Zealand releases first annual report (December 2023) from <https://www.tewhātuora.govt.nz/whats-happening/news-and-updates/te-whatu-ora-health-new-zealand-releases-first-annual-report/>
- ^{xv} Te Aka Whai Ora release Annual Report for 2022/23 (December 2023) from <https://www.teakawhāiora.nz/en-NZ/news/te-aka-whai-ora-release-annual-report-for-202223>
- ^{xvi} Parliamentary Counsel Office, New Zealand Legislation (February 2024) from <https://www.legislation.govt.nz/bill/government/2024/0026/latest/whole.html#whole>
- ^{xvii} Clinical Leadership in Manatū Hauora (December 2023) from <https://www.health.govt.nz/publication/clinical-leadership-manatu-hauora>
- ^{xviii} National Clinical Networks (February 2024) from <https://www.tewhātuora.govt.nz/whats-happening/what-to-expect/national-clinical-networks/>
- ^{xix} Te Aka Whai Ora appoints 50 clinical and health professionals to Te Whiri Kaha | Māori Clinical Forum (November 2023) from <https://www.teakawhāiora.nz/en-NZ/news/te-aka-whai-ora-appoints-50-clinical-and-health-professionals-to-te-whiri-kaha-maori-clinical-forum>