

# Briefing

## Feedback to Health New Zealand on the 2024/25 Statement of Performance Expectations and 2024-27 Statement of Intent

<b>Date due to MO:</b>	23 July 2024	<b>Action required by:</b>	N/A
<b>Security level:</b>	IN CONFIDENCE	<b>Health Report number:</b>	H2024045282
<b>To:</b>	Hon Dr Shane Reti, Minister of Health		
<b>Consulted:</b>	Health New Zealand: <input type="checkbox"/>		

### Contact for telephone discussion

Name	Position	Telephone
Simon Medcalf	Deputy Director-General, Regulation and Monitoring   Te Pou Whakamaru	s 9(2)(a)
Kirsten Stephenson	Group Manager, Health System Monitoring, Regulation and Monitoring   Te Pou Whakamaru	s 9(2)(a)

### 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 Withdrawn |  |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:

# Feedback to Health New Zealand on the 2024/25 Statement of Performance Expectations and 2024-27 Statement of Intent

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**Security level:** IN CONFIDENCE      **Date:** 23 July 2024

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**To:** Hon Dr Shane Reti, Minister of Health

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## Purpose of report

1. Health New Zealand | Te Whatu Ora (Health NZ) has provided you, as their responsible Minister, with the 1 July 2024 drafts of their 2024/25 Statement of Performance Expectations (SPE) and 2024-27 Statement of Intent (SOI). This report provides a high-level overview of the feedback the Ministry of Health | Manatū Hauora (the Ministry) provided to Health NZ on their SPE and SOI.

## Summary

2. In May 2024, the Ministry reviewed a draft SPE and SOI from Health NZ, and as agreed, provided formal feedback on your behalf. Private secretaries were provided with a copy of the formal feedback and a summary was provided in the 23 May 2024 Weekly Report.
3. Crown entities are required to provide a finalised SPE and SOI to their responsible Minister prior to the start of the financial year to which the documents relate (required under section 146 and 149I of the Crown Entities Act 2004). The responsible Minister is not required to approve the SPE and SOI.
4. Following discussion with you, Professor Levy, Commissioner of Health NZ, wrote to you on 1 July 2024 providing a further draft of the SPE and SOI and also acknowledged the legislative timeline required for finalisation of the documents would not be met given the work required to achieve confidence in the plans and numbers that underpin the SOI and SPE.
5. The SPE and SOI both sit in the context of the existing financial situation for Health NZ, and the proposed organisational turnaround. Given the level of uncertainty around the entity's operating model, delivery plans and pathway to financial sustainability, the current documents may need to be revised substantively before they are published.
6. The Ministry is working closely with Health NZ to support the Commissioner's turnaround plan. In the interim period as that plan is being developed, we have provided initial feedback on the SOI and SPE to support ongoing development of these documents as far as possible.

7. Once the documents are finalised, Health NZ are required to publish the documents on their website as soon as practicable after providing them to you as their responsible Minister.
8. It is proposed that you present the Health NZ SPE and SOI to the House of Representatives with their Annual Report in October/November 2024.
9. The Ministry has reviewed the 1 July drafts and provided feedback on your behalf. Our feedback is summarised below.

### ***Finance***

10. We have asked for confirmation of intention for the reporting of the 2023/24 forecast, as this has implications on the overall financial and performance commentary, and plans/actions for 2024/25.
11. We note that the financial plans for 2024/25 in the SPE must be consistent with the savings work underway, and support a pathway to financial sustainability. We expect to see further detail in the coming weeks from Health NZ in order to discuss their financial and savings plans, and will advise you accordingly. The SPE will need to follow and reflect confirmation of those plans.
12. We also note the likelihood, based on current understanding of Health NZ's financial situation, that the SPE for 2024/25 will reflect a projected financial deficit position at year end (with a return to break-even forecast for the following year, 2025/26). We will advise you further on this forecast as we receive detail from Health NZ.

### ***Output class reporting***

13. We have asked Health NZ to include a description of activity to expand the output classes in the SPE, and the phasing for these. We have also asked to add a comment/explanation under each output on the reasons for any significant variances in outclass spend and how those may impact or be different for the 2024/25 year.

### ***Mental health ringfence and output classes***

14. We have asked that the mental health and addiction output class includes funding from all relevant appropriations and that the narrative and figures are updated accordingly.
15. We have asked for more clarity about where/how the problem gambling appropriation funding is currently being accounted for.

### ***Mental health and addiction***

16. We have asked that the SPE includes more specific information around the reporting and publication of mental health and addiction targets and that inconsistencies in the way these targets are referenced in the document are rectified.
17. We have asked for more visibility of mental health, addiction and suicide prevention (which is not mentioned) throughout the documents, in line with the Government Policy Statement.

### **Infrastructure**

18. We have asked that the built infrastructure section states the top five projects completed in 2023/24 and also comments on the status of the top five projects currently in progress.

### **Māori health**

19. We have asked for baselines and meaningful targets to be included for output class five: Hauora Māori services and that Health NZ clarifies that reporting by ethnicity will be monitored.

### **Performance framework**

20. We have noted that before the Ministry and the Health Quality and Safety Commission (HQSC) can endorse Health NZ's entity performance framework, there must be clarity in supporting documents as to how the framework will be implemented, and what measures will underpin reporting to Health NZ's executive and Board.
21. We acknowledge that answering these questions is dependent on the change process underway to the Health NZ operating model, given that it will have implications for internal governance, decision-making and reporting. Therefore, we expect finalisation of the performance framework may take some time, and endorsement of the framework by the Ministry and the HQSC will now need to occur outside the SOI and SPE process.

### **Next steps**

22. The Ministry will continue to liaise with Health NZ regarding the finalisation and publication of their SPE and SOI.
23. It is proposed that you present Health NZ SPE and SOI to the House of Representatives with their Annual Report in October/November 2024.

### **Recommendations**

We recommend you:

- a) **Note** the contents of this report.

**Noted**

Simon Medcalf  
**Deputy Director-General**  
**Regulation and Monitoring | Te Pou Whakamaru**  
Date: 26 July 2024

Hon Dr Shane Reti  
**Minister of Health**  
Date:

## Minister's Notes

PROACTIVELY RELEASED