

In Confidence

Office of the Minister of Health

Cabinet Appointments and Honours Committee

Appointments to Priority Governance Roles for Health New Zealand

Proposal

- 1 This paper seeks agreement to multiple appointments in key governance roles for Health New Zealand (Health NZ) to support progression of key Government priorities and to set the health system up for success. This includes appointments:
 - 1.1 to the re-established Health NZ board;
 - 1.2 of a Crown observer to the re-established Health NZ board;
 - 1.3 to a new Ministerial Committee for Health Infrastructure.
- 2 This paper also outlines my intention to seek an exception to the Cabinet Office Circular CO (22) 2 – *Revised Fees Framework for members appointed to bodies in which the Crown has an interest* (Cabinet Fees Framework) for the fees payable to Health NZ board members for the next 18 months from 24 July 2025 to 31 December 2026.

Background

- 3 Health NZ was established under section 11 of the Pae Ora (Healthy Futures) Act 2022 (the Healthy Futures Act). Health NZ is a Crown agent pursuant to schedule 1 of the Crown Entities Act 2004 (the CE Act). The CE Act applies to Health NZ, except to the extent that the Healthy Futures Act expressly provides otherwise. The additional collective duties of the Health NZ board as stated in section 16 of the Healthy Futures Act are to:
 - 3.1 act in a manner consistent with the Government Policy Statement on Health 2024-2027 (GPS) and the New Zealand Health Plan;
 - 3.2 operate in a financially responsible manner and, for that purpose, endeavour to cover all its annual costs (including the cost of capital) from its net annual income;
 - 3.3 maintain systems and processes to ensure that Health NZ has the capacity and capability to perform its functions.
- 4 The Government inherited a health system in a state of turmoil. The system was not focused on delivering timely, quality healthcare to patients, there was unclear transparency around performance of our health system, and Health

NZ had lost all financial control. This resulted in the appointment of Commissioners in mid-2024 to turn the organisation around. As a result, in March 2025 I released my Health Delivery Plan, which focused on five key health priorities to put the focus firmly back on patients and ensuring the health system puts those it serves first.

- 5 The first priority in my Health Delivery Plan is getting Health NZ back to basics and delivering on the health targets. This involves stabilising Health NZ's governance and accountability arrangements to allow Health NZ to focus on delivering for New Zealanders. While the Commissioner has progressed work at a rapid pace to turn Health NZ around, now is the time to put in place the next step of governance arrangements to lead the organisation.
- 6 I have previously updated Cabinet with my intentions for the next phase of key governance roles for Health NZ. This includes my intention to re-establish the Health NZ board, appoint a Crown observer to the Health NZ board to ensure it is focusing on key government priorities, and to establish a Ministerial Committee for Health Infrastructure.
- 7 In addition, primary care is a significant priority for the health system and a key priority in my Health Delivery Plan. To ensure my primary care delivery programme is robust, I am also signalling my intention to establish a Primary Care Advisory Group. This group will provide me with specialist primary care advice as the Government progresses the primary care work programme. I will report back on appointments to the group in due course.

Comment

Re-establishing the Health New Zealand board

- 8 The incoming Health NZ board needs to be focused on continuing the progress made to date by the Commissioner and Deputy Commissioners. This includes integrating the previous health system's functions and assets, operationalising a comprehensive transformation strategy and roadmap, and delivering on an extensive change programme. This must be done while getting Health NZ to a financially sustainable position through careful financial management, continuing business-as-usual activities and managing significant risk in relation to waiting lists, workforce and infrastructure projects.
- 9 It is important we have diversity of experience and skill on the board. I would like to strengthen South Island representation and female representation on the board, and this will be a key consideration when any future appointments are made.

10 s 9(2)(f)(iv)

Appointments to the re-established Health New Zealand board

11 Noting the above, I propose to appoint the following candidates beginning 24 July 2025:

- 11.1 **Professor Lester Levy** as Chair for a 12-month term;
- 11.2 **Dr Andrew Connolly** as Deputy Chair for a three-year term;
- 11.3 **Roger Jarrold** as a member for a 12-month term;
- 11.4 **Dr Frances Hughes** as a member for a three-year term;
- 11.5 **Parekawhia McLean** as a member for a three-year term;
- 11.6 **Peter McCardle** as a member for a two-year term;
- 11.7 **Terry Moore** as a member for a two-year term.

Appointment of a Crown Observer to the Health New Zealand board

12 As the Health NZ board is re-established, I want to ensure it is set up for success and the organisation remains focused on getting back to basics and Government priorities. Considering Health NZ's current financial status, I want to ensure strong oversight of financial management at the board.

13 A Crown observer can be appointed to the Health NZ board under section 61 of the Healthy Futures Act. The core skills required of a Crown observer for Health NZ are:

- 13.1 sound governance experience gained in a complex environment where operational, financial and change priorities are in play;
- 13.2 alignment of personal attributes to the public service and public interest in order to foster high trust relationships with the Minister of Health and the Ministry of Health;
- 13.3 proven financial governance and investment experience, and preferably organisational/change management experience;
- 13.4 preferably experience in the New Zealand health sector.

14 Noting the above I propose to appoint **Hamiora Bowkett** as a Crown observer for the Health NZ board for a three-year term, beginning 24 July 2025. Mr Bowkett is currently employed by the Department of Internal Affairs and is on secondment to the Public Service Commission as Executive Director of the Health Assurance Unit. I am satisfied Mr Bowkett has the core skills required of him under the Healthy Futures Act to act as a Crown observer to Health NZ.

15 In line with the provisions set out in section 61 of the Healthy Futures Act, Mr Bowkett will ensure that the Government's priorities are regularly

communicated and considered by the Health NZ board, its executive leadership team, and regional leadership. He will also advise me as Minister of Health on matters relating to Health NZ, its board or its performance, with a particular focus on the financial position of the organisation, and delivery of our health targets.

- 16 Separately I have proposed to amend the Healthy Futures Act to strengthen monitoring of Health NZ by providing for the Director-General of Health (or delegate) to observe Health NZ board meetings [CAB-25-MIN-0188].^s s 9(2)(f)(iv)

Appointment of members to the Ministerial Committee for Health Infrastructure

- 17 Another key priority area which needs to be rapidly addressed is the state of health infrastructure. Health NZ's infrastructure portfolio is significant, amounting to over \$6 billion of infrastructure investment. Much of the health system infrastructure needs rapid repair, having an impact on health service delivery. Meeting infrastructure needs is central to managing future healthcare capacity across New Zealand.
- 18 The Ministerial Committee for Health Infrastructure (the Committee) is established under section 87 of the Healthy Futures Act. The purpose of the Committee is to strengthen physical health infrastructure project delivery and governance arrangements, while helping drive delivery and value for money from investment. The threshold for projects to be prioritised will be set at \$25 million capital cost, but the Committee will have oversight of all projects.
- 18.1 In the first phase, the Committee will be accountable directly to me and will provide me with advice and exercise functions relating to delivery of physical health infrastructure.
- 18.2 In the second phase, I intend to make changes to the Healthy Futures Act to provide for a permanent infrastructure committee of the Health NZ board, with relevant functions specified and delegated to it from the Health NZ board. ^s 9(2)(f)(iv)
- 19 Initially, the Committee will focus on:
- 19.1 undertaking an initial portfolio health check;
- 19.2 monitoring Health NZ's portfolio performance to meet agreed programme and cost expectations;
- 19.3 outlining expected improvements to project reporting to ensure visibility of the portfolio;
- 19.4 identifying any key themes or strategic changes required.
- 20 The Committee will also be expected to provide direction and assess performance against all approved business cases, prioritise future projects

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and review, approve or endorse business cases that require Ministerial approval.

21 It is also recommended that one member of the Committee will be a member of the Health NZ board. This is to ensure alignment between the Committee's advice and the Health NZ board decisions on infrastructure.

22 I intend to appoint the following candidates to the Committee beginning 1 July 2025:

22.1 **Dr Margaret Wilsher** as Chair for a nine-month term;

22.2 **Mark Binns** as member for a nine-month term;

22.3 **James Christmas** as a member for a nine-month term;

22.4 **Sarah Sinclair** as a member for a nine-month term;

22.5 **Evan Davies** as a member for a nine-month term, in conjunction with his role as Crown Manager of the New Dunedin Hospital project;

22.6 **Roger Jarrold** as a member for a nine-month term, and transitioning to become the Health NZ board representative on the Committee from 24 July 2025.

Representativeness of appointments

23 I am satisfied that the appointment of the above candidates will ensure an appropriate mix of experience, skills, and expertise in various key governance roles for Health NZ.

Remuneration

Current fees for Health New Zealand governance

24 Crown-funded entities are expected to cover board fees and expenses from within existing revenue.

25 The current annual fees for the Commissioner of Health NZ and three Deputy Commissioners are:

25.1 Commissioner: \$320,000;

25.2 1x Deputy Commissioner: \$250,000;

25.3 2x Deputy Commissioners: \$200,000.

Proposed Health New Zealand board fees from 24 July 2025 to 31 December 2026

26 An exception to the Cabinet Fees Framework was agreed by Cabinet prior to the previous board being replaced by a Commissioner. This recognised that fees needed to be set at a level that reflects the scale and complexity of the

Health NZ board's role and to attract appropriately qualified and experienced candidates.

- 27 In line with the exception requirements outlined in the Cabinet Fees Framework, I have consulted the Minister for the Public Service and her feedback has informed the proposals put forward in this paper.
- 28 I propose that the reestablished Health NZ board are paid daily fees (for 18 months) of:
- 28.1 Chair: \$2,500 per day for a maximum of 130 days per annum, with a further 50 days held in contingency;
 - 28.2 Deputy Chair: \$2,000 per day for a maximum of 100 days per annum, with a further 50 days held in contingency;
 - 28.3 Members: \$1,750 per day for a maximum of 80 days per annum, with a further 30 days held in contingency.
- 29 Contingency ensures there is flexibility if further work above the base day commitment is required and must be approved by me as Minister of Health. This approach means that there will be enhanced visibility of governance activities for monitoring purposes. A review of the necessary time requirements and fees for the Health NZ board will be undertaken in late 2026 to inform the fees for 2027 and out years.

Proposed fees for the Health New Zealand board Crown observer

- 30 The Cabinet Fees Framework does not include specific provisions for roles such as Crown observers. However, the intent of the Cabinet Fees Framework is to cover most statutory roles, except for where fee provisions are explicitly set out under separate regimes. Therefore, Crown observer fees should be set with reference to the Cabinet Fees Framework. I have not directly discussed this with the Minister for the Public Service.
- 31 Previous Crown observers have received the same fees as those of a Health NZ board member, due to the similar duties, scope and time required. I am therefore proposing that the Crown observer is paid the daily fee of \$1,750 per day for a maximum of 80 days per annum, with a further 30 days held in contingency.
- 32 As Mr Bowkett is employed as a public servant, it is expected that his associated salary would be paid at a pro-rata rate, taking account of time worked and fees received in his capacity as Crown observer.

Proposed fees for the Ministerial Committee for Health Infrastructure

- 33 Fees will be set in accordance with the Cabinet Fees Framework. The Committee has been classified as a Group 4-Level 1 body. In accordance with this Framework, I recommend the fee for the Chair of the Committee be \$1,265 per day and members fees be set at \$952 per day. The time commitment for this Committee may vary across the year but I estimate it will

be five to seven days per month for members and eight to ten days per month for the Chair.

- 34 Any members who are also public sector employees will adhere to the requirements to not retain both their Committee fee and their ordinary pay, where the Committee duties are undertaken during ordinary working hours.

Appointment process and consultation

- 35 I can confirm that an appropriate process was followed in considering the proposed appointments in accordance with the Public Service Commission's *Board Appointment and Induction Guidelines*.
- 36 Regarding the Health NZ board appointment process, this comprised public advertising and seeking nominations from nominating agencies and caucus and coalition party leaders. Interviews and due diligence such as referee, conflict of interest, and Ministry of Justice criminal record checks, among other due diligence efforts, were completed.
- 37 Candidates for the Crown observer role underwent a robust process, including the same due diligence as Health NZ board candidates.
- 38 Regarding the Committee appointment process, the Committee requires significant expertise related to infrastructure and its success is reliant on the calibre of the candidates. Therefore, direct nominations were sourced from sources including the Ministry of Health. Conflict of interest checks, Ministry of Justice criminal record and referee checks were completed.

Conflicts of interest

- 39 Appropriate enquiries concerning conflicts of interest have been completed, in accordance with the Public Service Commission's *Board Appointment and Induction Guidelines*, to identify any conflict of interest that could reasonably be identified.

s 9(2)(a), s 9(2)(ba)(i)

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Timing and Publicity

- 48 These appointments will be published in the *New Zealand Gazette* and will be announced via a media release once all appointees have accepted their

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appointment. The new Health NZ board will be informed of the remuneration decisions Cabinet takes by way of letter from me to the new Chair.

Recommendations

1 I recommend the Committee **note** my intention to reestablish a Health New Zealand board and make the following new board appointments commencing on 24 July 2025 for staggered terms of office as outlined below:

1.1 Professor Lester Levy as Chair for a 12-month term of office;

1.2 Dr Andrew Connolly as Deputy Chair for a three-year term of office;

1.3 Roger Jarrold as a member for a 12-month term of office;

1.4 Dr Frances Hughes as a member for a three-year term of office;

1.5 Parekawhia McLean as a member for a three-year term of office;

1.6 Peter McCardle as a member for a two-year term of office;

1.7 Terry Moore as a member for a two-year term of office;

2 s 9(2)(f)(iv)

3 **note** my intention to appoint Hamiora Bowkett as a Crown observer to the Health New Zealand board for a three-year term commencing on 24 July 2025;

4 **note** that I have established a Ministerial Committee for Health Infrastructure and intend to make the following appointments commencing on 1 July 2025:

4.1 Dr Margaret Wilsher as Chair ending on 30 March 2026;

4.2 Mark Binns as a member ending on 30 March 2026;

4.3 James Christmas as a member ending on 30 March 2026;

4.4 Sarah Sinclair as a member ending on 30 March 2026;

4.5 Evan Davies as a member ending 30 March 2026;

4.6 Roger Jarrold as a member and from 24 July 2025 as the Health New Zealand board representative ending 30 March 2026;

5 **note** I have consulted the Minister for the Public Service and her feedback has informed the proposals put forward in this paper regarding fees for the Health New Zealand board;

6 **agree** the fees for the Health New Zealand board are as follows for 1 July 2025 to 31 December 2026:

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- 6.1 Chair: \$2,500 per day for a maximum of 130 days per annum, with a further 50 days held in contingency;
- 6.2 Deputy Chair: \$2,000 per day for a maximum of 100 days per annum, with a further 50 days held in contingency;
- 6.3 Members: \$1,750 per day for a maximum of 80 days per annum, with a further 30 days held in contingency;
- 7 **agree** the fees for the Crown observer of the Health New Zealand board is \$1,750 per day for a maximum of 80 days per annum, with a further 30 days held in contingency;
- 8 **agree** the fees for the Ministerial Committee for Health Infrastructure is \$1,265 per day for the Chair, and \$952 per day for members;
- 9 **note** subject to legislative amendments to the Pae Ora (Healthy Futures Act) 2022, s 9(2)(f)(iv)
- 10 **note** the Health New Zealand board Crown observer will support monitoring of Health New Zealand to ensure key Government health priorities are met;
- 11 **note** subject to legislative amendments to the Pae Ora (Healthy Futures Act) 2022, the Director-General of Health, or their nominee, will attend Health New Zealand board meetings, s 9(2)(f)(iv)
- 12 **note** Health New Zealand will report to the Ministry of Health quarterly on days claimed by each member of the Health New Zealand board;
- 13 **note** that a review of the necessary time requirements and fees for the Health New Zealand board will be undertaken in late 2026 to inform the fees for 2027 and out years;
- 14 **note** I intend to establish a Primary Care Advisory Group to provide him with specialist primary care advice as the Government progresses a primary care work programme as outlined in my Health Delivery Plan;
- 15 **note** I will report back with proposed appointments to the Primary Care Advisory Group in due course.

Authorised for lodgement

Hon Simeon Brown
Minister of Health