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§ 9(2)(a)

By email: § 9(2)(a)
Ref: H2023019691

Tēnā koe § 9(2)(a)

Response to your request for official information

Thank you for your request under the Official Information Act 1982 (the Act) to Manatū Hauora (the Ministry of Health) on 30 January 2023 for information regarding funding for new health authorities. Manatū Hauora will respond to each part of your request in turn.

a. How much money has been spent changing from the old DHBs to new 2 authorities?

Since the reforms were announced in 2018, approximately \$2,527.6m will be invested in Health Reform activities over the period to the end of 2025/26. This includes a significant investment in Budget 2022 for a range of initiatives, targeted at making significant investments in new initiatives to deliver on the health system.

In Budget 2021 funding in Vote Health was announced totalling \$449.1 million over four years (from 2021/22 to 2024/25) for the health system reforms. This included:

- \$258.5 million for entity establishment (including costs the interim Health New Zealand/Māori Health Authority entities);
- \$45.981 million for early reform initiatives (including locality prototypes and workforce development);
- \$144.629 million for the initial commissioning budget for the interim Māori health Authority; and
- \$36.394 million for the Health Transition Unit through Vote Prime Minister and Cabinet.

Furthermore, in Budget 2022 the Government announced additional funding of \$1,276.895 million over four years (from 2022/23 to 2025/26) to fund a range of initiatives targeted at making significant investments in new initiatives to deliver on the health system. This included:

- \$100.962 million across 4 years for establishing elements of the reformed system (including iwi-Māori partnership boards, consumer voice, Public Health Agency).
- \$707.615 million for reform-related initiatives focused on system enablers and other non-frontline issues (including workforce development, data and digital).
- \$468.318 million for reform initiatives directed at frontline services (including hauora Māori, Pacific health, public health, localities and adjustment to existing capitation).

Manatū Hauora audited 2021/22 Annual Report is publicly available here: www.health.govt.nz/system/files/documents/publications/manatu-hauora-annual-report-year-ended-30jun22.pdf. The report outlines the costs incurred to 30 June 2022 in Vote Health, associated with implementing the health and disability system reform, as summarised below in Table 1:

Table 1: Health and Disability System Reform Actual Expenditure

Health and Disability System Reform	Voted appropriation	Actual
	2021/22 \$000	2021/22 \$000
Departmental output expenses		
Health New Zealand For the establishment of Health New Zealand, delivery of initial health and disability system reform priorities, and related advice.		
Total expenses	25,495	22,081
Māori Health Authority For the establishment of a Māori Health Authority, delivery of initial hauora Māori reform priorities, and related advice.		
Total expenses	24,139	7,660
Non-departmental output expenses		
Hauora Māori For developing, implementing and delivering hauora Māori services, supporting the development of hauora Māori providers, developing partnerships with iwi, and other related initiatives.		
Total expenses	17,396	8,760
Locality networks For developing, implementing and delivering Locality Networks.		
Total expenses	9,642	-
Total expenses	76,672	38,501

The Health and Disability System Reform actual expenditure was lower than budget. This was due to the longer time taken than initially planned to scope, consult, and finalise function transfers on the Interim Health New Zealand and Interim Māori Health Authority work programmes. This was partly driven by disruptions caused by COVID-19.

While the implementation for the work programmes has commenced and the critical changes were in place for the 1 July transfer, there were some residual works required to support the ongoing responsibilities extending into 2022/23. Further, the work is underway with Iwi-Māori Partnership Boards to create services that could include health education, pūrākau, resource development, and models centred on addressing the wider social and environmental determinants of health in their communities. The provision of these services would extend into 2022/23. Accordingly, Joint Ministers approved in-principal expense transfers for the underspends from 2021/22 to 2022/23, which were confirmed as part of the 2022 October Baseline Update.

b. How much was spent on each of the new authorities?

Table 2 below details the breakdown of costs associated with the set-up of the interim agencies as departmental agencies within Manatū Hauora. These costs are for the period up to 30 June 2022, as on 1 July 2022 the new entities were established as standalone Crown entities. These results are also outlined in the Manatū Hauora Annual Report for the year end 30 June 2022, for the departmental activities within the Health and Disability System Reform multi category appropriation.

Table 2: Health NZ and Māori health Authority 2021/22 Actual Expenditure

Accounts \$000	Health NZ 2021/22			Māori Health Authority 2021/22		
	Actuals	Budget Supps	Variance	Actuals	Budget Supps	Variance
Personal Costs	3,519	4,254	(144)	2,867	3,182	(731)
Training/Other Personnel	137	601	358	27	350	348
Total Personnel	3,656	4,855	214	2,894	3,532	(382)
Travel	137	459	317	171	522	435
Communications & Couriers	2	-	(0)	0	-	(0)
Printing and Stationary	0	100	67	0	-	(0)
Other Operating Costs	2,232	4,480	3,665	922	2,436	1,604
Occupancy & Lease Costs	12	304	203	15	-	(14)
Non-IT Contractors and Consultancy	12,290	11,360	3,686	3,545	17,611	16,289
Computer Services	1,477	1,292	1,271	107	-	(2)
Total Operating Expenses	16,150	17,995	9,209	4,761	20,569	18,312
Total Direct Expenses	19,806	22,850	9,422	7,655	24,101	17,929
Overheads	2,275	2,645	370	5	38	33
Total Expenses	22,081	25,495	3,414	7,660	24,139	16,479

c. Has the changeover been completed or is it still on going?

The new entities were established on 1 July 2022, which was the first stage of the reform process, with Te Whatu Ora – Health New Zealand and Te Aka Whai Ora - Māori Health Authority up and running from that date. Alongside this, the health and disability system reforms are designed to also introduce changes to the way the health system operates. These activities are on-going and will take time to progress.

d. If still ongoing, how much more money is still required to complete the changeover for each authority?

Please refer to Manatū Hauora response to part A in this letter. Details are provided of the amount of funding that has been set aside through the last few budget processes, to give effect to the changes envisaged by the health and disability system reform work.

e. Please advise, what visible improvements have occurred as a result of the changeover of the new system?

Progress is being made and will be reported through the Manatū Hauora, Te Whatu Ora and Te Aka Whai Ora Annual Reports at the completion of each financial year's reporting processes.

f. Is this project well spent taxpayer funding?

A core focus of Budget 2022 is resetting the health system. The Government are investing in the new entities and structures, which are the foundations of the new health system. The Government is addressing historic underfunding and providing more certainty for patients and providers through the first multi-year funding arrangement for health. They have lifted their investment in data and digital across the health system, as well as expanding health services in primary and community care settings, so it's easier for people to get the help they need, closer to home.

Budget 2022 also includes funding to develop the health workforce. Ensuring health workers feel confident they are receiving the training and support they need to continue to provide the best possible care to patients

I trust this information fulfils your request. Under section 28(3) of the Act, you have the right to ask the Ombudsman to review any decisions made under this request. The Ombudsman may be contacted by email at: info@ombudsman.parliament.nz or by calling 0800 802 602.

Please note that this response, with your personal details removed, may be published on the Manatū Hauora website at: www.health.govt.nz/about-ministry/information-releases/responses-official-information-act-requests.

Nāku noa, nā



Fergus Welsh
Chief Financial Officer
Corporate Services | Te Pou Tiaki