IN THE WAITANGI TRIBUNAL WAI 2575

IN THE MATTER OF the Treaty of Waitangi Act 1975

AND

IN THE MATTER OF HEALTH SERVICES AND OUTCOMES INQUIRY

EVIDENCE OF JOHN KENNETH HAZELDINE

3 July 2017

CROWN LAW

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INTRODUCTION

1. My full name is John Kenneth Hazeldine. I provide this brief of evidence on behalf of the Ministry of Health. I am authorised by the Ministry of Health to give this evidence on its behalf.

John Hazeldine's background

2. I am Chief Advisor DHB Planning and Funding for the Ministry of Health, reporting directly to the Director of Service Commissioning, the Ministry of Health.

THE NEW ZEALAND HEALTH SYSTEM

Overview

3. New Zealand's health system is geared towards achieving better health for all New Zealanders. The system comprises many decision-makers and a mix of public and private ownership models that span central government and community-based providers, Maori and Pacific providers, commercial providers, non-governmental organisations (NGOs) and independent general practitioners. A diagram attached as appendix one provides a visual overview of the New Zealand health and disability system and its key players.

4. New Zealand has a semi-devolved health sector with roles and responsibilities split between the Ministry of Health (the Ministry), District Health Boards (DHBs), health sector Crown entities and agencies, and non-government organisations. However, the Ministry remains a significant direct funder of health and disability services as well as overseeing a number of screening programmes.

5. The public health system receives a large portion of Government budget. The public health system's funding comes mainly from Vote Health, which totalled just over $16.142 billion in 2016/17. Other significant funding sources include the Accident Compensation Corporation (ACC); other government agencies such as the Ministry of Social Development, Department of Corrections, Ministry of Education, and Ministry of Business Innovation and Employment; local government such as prevention and public services; and private sources such as insurance and user fees.

6. The New Zealand Public Health and Disability Act 2000 (NZPHD Act) sets the requirements of the public health sector, and establishes a semi-devolved structure with the Ministry as the steward of the health system, and twenty DHBs as the main operational components of the public health system within their respective regions.

Ministry of Health

7. As well as being the principal advisor to the Minister on health and disability policy, the Ministry is the steward of, and has overall responsibility for, the management and development of the health and disability system. The Ministry improves, promotes and protects the health and wellbeing of New Zealanders through:

   7.1 its stewardship of New Zealand's health and disability system;

   7.2 advising the Minister of Health, and the Government, on health and disability issues;

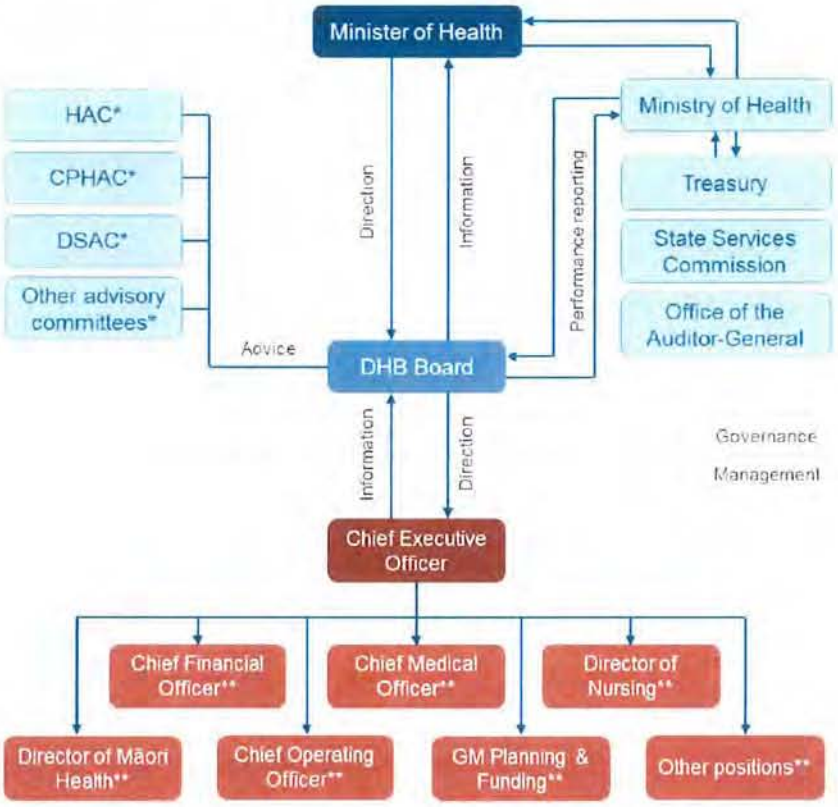
   7.3 directly purchasing a range of national and disability support services; and

   7.4 providing health sector information and payment-related services for health providers, such as payment processing and preparation of payment schedules.

District Health Boards

8. There are 20 DHBs in New Zealand and each DHB is governed by a board of up to 11 members. DHB boards set the overall strategic direction for the DHB and monitor its performance. An example of a DHB organisational structure is outlined in figure 1 below.

Figure 1: Example of a DHB Organisational Structure



* HAC = Hospital Advisory Committee; CPHAC = Community and Public Health Advisory Committee; DSAC = Disability Support Advisory Committee. For further details on DHB advisory committees, see pages 78–79.

** Some DHBs may have different positions in this area.

9. In addition to sitting as a board, DHBs use advisory committees to address specific areas of focus. The NZPHD Act requires each DHB board to establish three advisory committees:

   9.1 a Community and Public Health Advisory Committee (CPHAC) to advise on health improvement measures;

   9.2 a Disability Support Advisory Committee (DSAC) to advise on disability issues; and

   9.3 a Hospital Advisory Committee (HAC) to advise on matters relating to hospitals.

   The DHB board must provide for Māori representation on each committee.

10. DHBs administer most of the day-to-day business of the health and disability system, and around three-quarters of the Vote Health funding.

11. DHBs have autonomy to plan, manage, provide and purchase health services for the population of their district. For example, primary healthcare services (such as GPs and practice nurses) are predominantly funded by DHBs through primary health organisations (PHOs).

12. Other health services provided or funded by DHBs include hospital services, public health services, aged care services, and services provided by other non-government health providers, including Māori and Pacific providers. Public hospitals and other public health services are owned and funded by DHBs. DHBs also deliver a number of services that are purchased nationally by the Ministry of Health.

13. The Ministry funds DHBs to deliver services principally through Crown Funding Agreements. The Ministry also monitors DHB progress in achieving key priority indicators, through an annual planning process.

14. Each DHB has a statutory responsibility to produce an Annual Plan that sets out its planned performance for the financial year, providing accountability directly to the Minister of Health. DHBs are expected to consider and include actions in their Annual Plans that will help them to achieve health equity for all of their populations, including Māori.

15. Under the NZPHD Act 2000, DHBs are also required to prepare Regional Service Plans (RSPs). RSPs are medium term (5-10 years) accountability documents, intended to improve health outcomes and reduce disparities for regional populations. RSPs provide a mechanism for DHBs to document regional collaboration efforts and to align service and capacity planning to provide healthcare that makes best use of available resources, is sustainable, and improves access to services.

Health sector Crown entities

16. In addition to DHBs, the Crown Entities Act 2004 lists a number of other health Crown entities that purchase, provide and monitor health services. These owe statutory accountabilities to the Minister of Health. The following Crown entities are part of the health sector:

    16.1 The *Health Research Council of New Zealand (HRC)* is responsible for the allocation of the government's investment in public-good health

research. The HRC undertakes regulatory and safety monitoring and provides strategic advice on health research related issues.

16.2 The *New Zealand Blood Service's* primary objective is to support the New Zealand healthcare community through managing the collection, processing and supply of blood, controlled human substances and related services.

16.3 The *Pharmaceutical Management Agency (PHARMAC),* is the government agency that decides, on behalf of DHBs, which medicines and related products are publicly funded in New Zealand. PHARMAC manages all hospital medicines and the vaccines funded by Government.

16.4 The *Health Promotion Agency* has an overall function to lead and support activities to: promote health and wellbeing and encourage healthy lifestyles; prevent disease, illness and injury; and enable environments which support health, wellbeing and healthy lifestyles.

16.5 The *Health Quality & Safety Commission* leads and coordinates work across the sector for the purposes of monitoring and improving the quality and safety of health and disability support services.

16.6 The *Health and Disability Commissioner's* role is to promote and protect the rights of health and disability services consumers. This includes making sure that consumer complaints are taken care of fairly and efficiently. The Office also incorporates the Mental Health Commission.

17. In addition to health sector Crown entities, the following National Health Agencies are a part of the health system:

17.1 *Health Workforce New Zealand* provides advice to the Minister of Health and Director-General of Health on workforce matters and provides national coordination and leadership on the development of the New Zealand's health and disability workforce.

17.2 The *Digital Advisory Board* links with other advisory boards and health sector governance and advisory entities to share a common narrative of the digital, physical and biological technology future and supports the Director-General of Health to deliver a digitally enabled health system.

Non-government organisations

18. Health and disability non-governmental organisations (NGOs) receive significant funding (in the order of $2–$4 billion per year) from both the Ministry and DHBs. Some NGOs also offer a range of services via different government funding agencies.

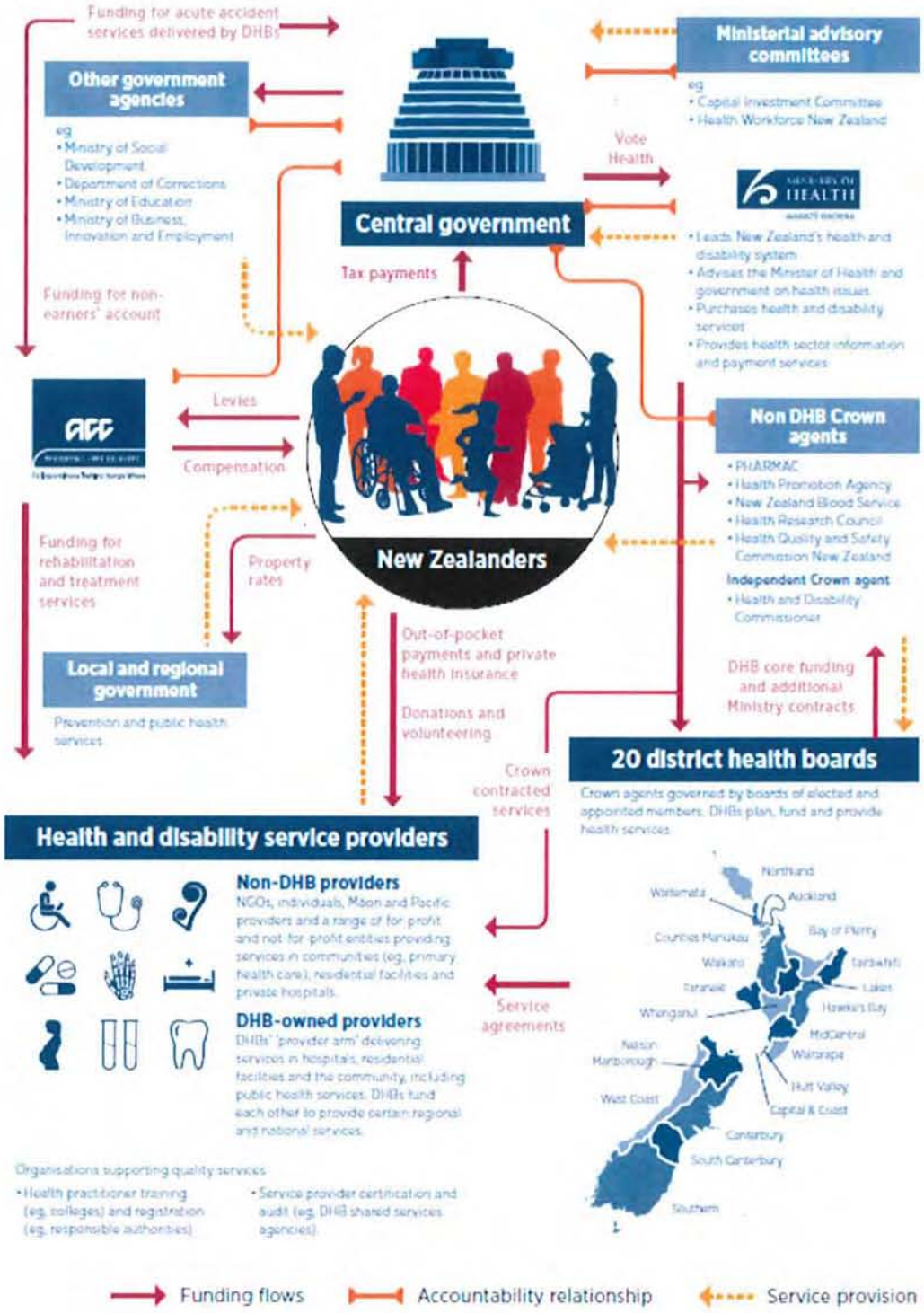
19. Health and disability NGOs include a wide range of organisations, both not-for-profit and for-profit, providing services to consumers at the community level, including primary healthcare, residential facilities and private hospitals.

20. Health and disability NGOs provide flexible, responsive and innovative frontline service delivery. Diverse services are offered in primary care, mental health, personal health, and disability support services, and include kaupapa services such those offered by Māori and Pacific providers.

21. PHOs ensure the provision of essential primary healthcare services, mostly through general practices, to people who are enrolled with the PHO. PHOs are funded by DHBs.

22. The Ministry is moving to streamlined contracting of NGOs, enabling contract management activity, such as reporting and auditing, to be shared across government agencies and reducing reporting duplication for NGOs. The streamlined contracting framework uses Results Based Accountability to monitor and evaluate the results of programmes delivered by NGOs.

23. The Ministry and NGOs from the health and disability sector have a formalised relationship outlined in the Framework for Relations between the Ministry and Health and Disability NGOs. To facilitate this relationship there is a Health and Disability NGO Network and Council, and within the Ministry an NGO Desk.

John Hazeldine

Appendix One: Overview of the New Zealand Health and Disability System