Hon Simeon Brown

Minister of Health

Health delivery plan

Date of Issue: 7 March 2025

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Title: Health delivery plan

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The Hon Simeon Brown, Minister of Health, is releasing the Cabinet paper.

Explanatory note

Included in this release is the following document:

- Cabinet Paper Health delivery plan

Office of the Minister of Health

Cabinet

Health delivery plan

Proposal

1. This paper sets out my priorities and plan to make immediate improvements to the delivery of public health services to tackle declining levels of confidence in the system to respond to New Zealanders' needs.
2. It is accompanied by a paper *Delivering Quality and Timely Primary Care: next steps and implementation*, which sets out in greater detail how I will expand much needed access to urgent and primary care services.

Relation to government priorities

3. The Speech from the Throne in December 2023 stated that the Government will invest in frontline public services and show its respect for New Zealanders by spending public money carefully and with a clear purpose. The proposals in this paper contribute to the Government's priorities of improving health outcomes by providing New Zealanders with timely access to high-quality services, delivered by a financially sustainable health system.

Executive summary

4. New Zealanders deserve a health system that delivers – one that ensures timely surgeries, provides prompt and high-quality primary care, allows emergency department access when needed, and provides confidence in its efficiency and delivery of results.
5. My key priorities to ensure Health New Zealand (Health NZ) is focused on delivery are the following:
    a. **Stabilise Health NZ's governance and accountability** arrangements to allow the organisation to get back to basics on delivering for New Zealanders;
    b. **Drive shorter stays in emergency departments** 9(2)(f)(iv) confidentiality of advice
    c. Get on top of an elective surgery backlog by **delivering a boost in elective surgery volumes** to reduce waiting lists, and introducing new volumes-based measures to the wait times targets for first specialist assessments and elective treatment;
    d. **Enable faster access to primary care** through increasing and bonding primary care workforces, better 24/7 virtual access, creating a stronger focus on outcomes and improving the performance of core general practice, 9(2)(f)(iv) confidentiality of advice
    e. Provide clarity on the **health infrastructure investment pipeline**, and an intended level of investment in built infrastructure, to give communities visibility of the investment they are getting into healthcare facilities across New Zealand; and

f. 9(2)(f)(iv) confidentiality of advice

6. The public health system continues to operate under serious strain. For a long period of time now, it has had difficulty managing within its allocated resources, has a workforce feeling more and more stressed, facing increasing demands and significant shortages in supply, and the public hear more about what is not working well than they do good about innovation and change. The situation has not improved with the health reforms. New Zealanders' confidence in the health system is fast declining and we must take immediate steps to arrest it.

7. The Government inherited a health system in a state of turmoil following the last Government's merging of all district health boards into a single Health NZ entity. The previous Government also removed key health targets, which were used to ensure the system was delivering for patients and provided clear transparency around performance of our health system. The statutory arrangements put in place are too unfocused and do not drive delivery for New Zealanders. Health NZ had also lost all financial controls, meaning Commissioners were appointed in the middle of 2024 to turn the organisation around.

8. Since coming to office, we have reinstated key health targets and made a record $16.68 billion investment into Health NZ over 3 years to deliver on these targets; however, there is still an unacceptable gap between the levels of service New Zealanders currently experience, and what they reasonably expect. This will take time to turn around, but we must embark on the shift now with urgency in the most critical areas.

9. Achieving this requires a relentless delivery focus and a willingness to take some risks to see early gains. I want to acknowledge my predecessor, Hon Dr Shane Reti, who with our Government introduced five targets for the health system in March 2024 to drive performance in priority areas designed to result in real health improvements for New Zealanders. I am confident that these are the right things to focus on. However, performance against the health targets is not yet where it needs to be.

10. My health delivery plan sets out a series of immediate steps to lift performance, with further papers to come focused on improving the challenging state of health care infrastructure and streamlining and sharpening accountability instruments. The Primary Care Tactical Action Plan will require further investment through Budget 2025 (as set out in the companion paper *Delivering Quality and Timely Primary Care: next steps and implementation).* 9(2)(f)(iv) confidentiality of advice

Current context

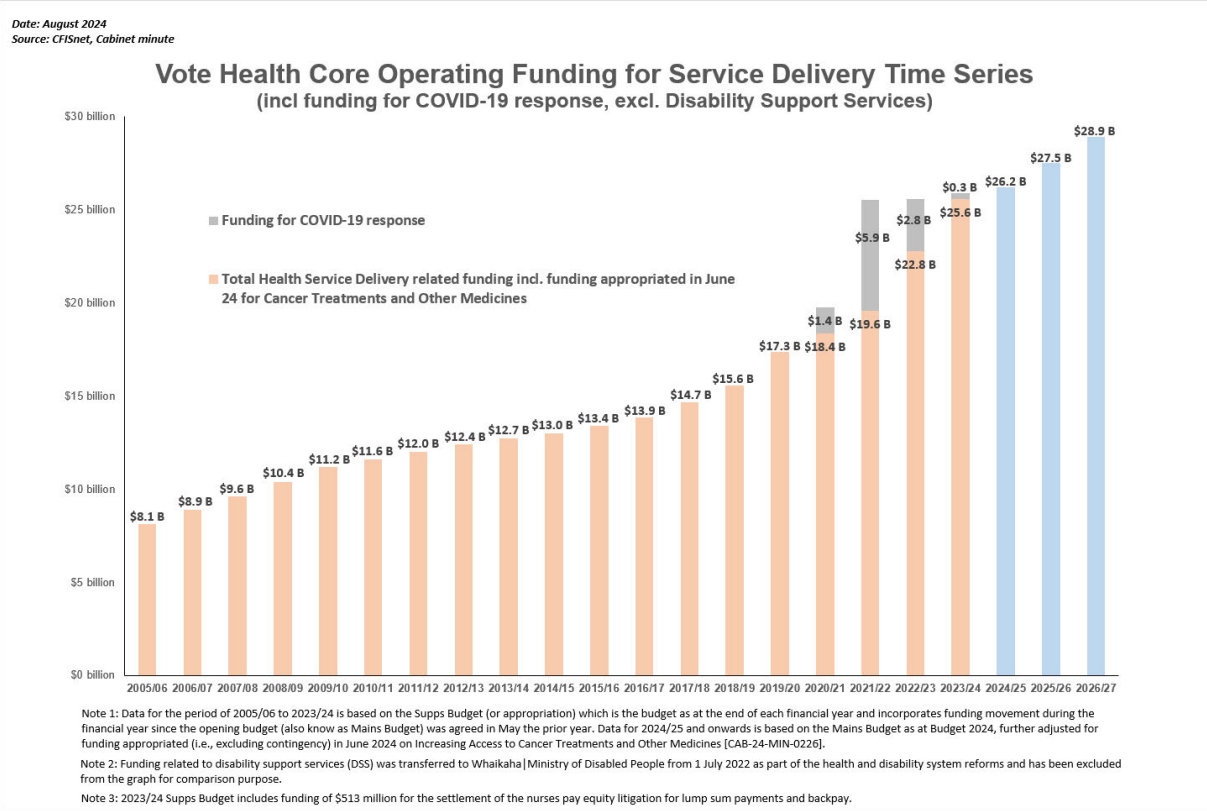
This Government is investing more money in real terms in the health system than ever before

11. Health is one of our largest areas of public spending. In 2024/25, Health NZ's total annual operating budget is around $28 billion, of which around $10 billion is commissioned to primary and community services providers.

12. The Government has invested a record $16.68 billion into health across the forecast period for three Budgets as part of our plan to invest in frontline services. This equates to approximately $1.4 billion a year in cost pressure funding over the forecast period.

13. Vote Health core operating funding (including COVID-19 funding but excluding Disability Support Services funding) has increased significantly over recent years (refer Figure 1) however costs have also increased, and outcomes have worsened.

Figure 1. Vote Health core operating funding growth



Health NZ's clinical workforce has grown, and salaries have increased

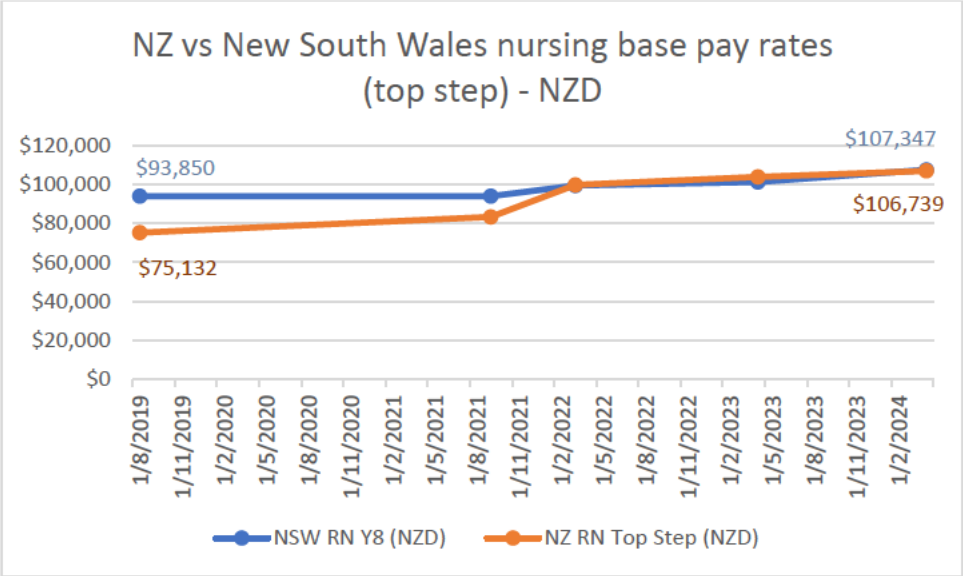
14. The funding boost from this Government is enabling Health NZ to retain capacity at the frontline to deliver more services to New Zealanders. In September 2023, Health NZ had approximately 27,800 full-time equivalents (FTEs) nursing staff; this has grown by 6 percent to approximately 29,500 FTEs as at September 2024. Medical staff, Allied and Scientific staff, and Care and Support staff have also all increased between 5–14 percent since 2022.[1]

[1] Health Workforce Information Programme, data provided by Health NZ as at 12 February 2025.

15. Remuneration for health workforces has also increased. For example, nurses at the top of the scale are paid at a comparable level with Police and on average earn more than teachers with a similar level of experience. Since 2014, average salaries for nursing and midwifery staff have increased by almost 70 percent[2]; this compares to an approximately 35–40 percent increase in average salaries across teachers and Police over the same period, acknowledging that this captures a range of seniority levels within those workforces.

16. In addition, an increasing range of allowances are available to all three workforces to reflect additional responsibilities. The average salary of a registered Nurse (including senior nurses) is currently around $125,660, including overtime and allowances. Nursing salaries in New Zealand are in line with international offerings (refer Figure 2).

Figure 2. Comparison of New South Wales and Health NZ (NZNO) Registered Nursing Top Step (NZD)



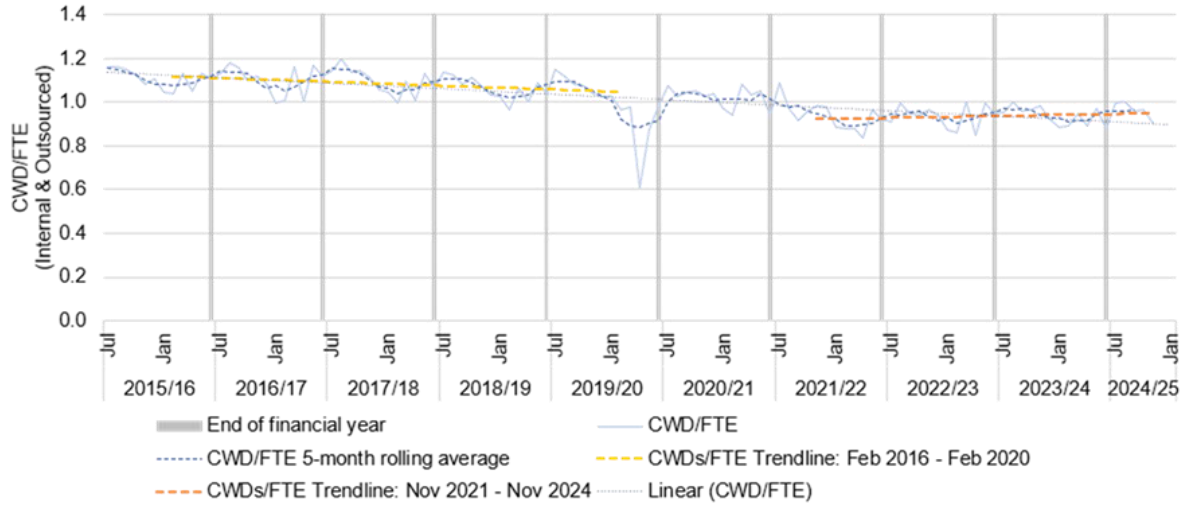
17. Our investment is going where it needs to – to bolstering the frontline workforce, while right-sizing back-office support. Over 2022/23 and 2023/24, Health NZ's frontline staff has grown by almost 6,500 people alongside achieving back-office efficiencies.

Productivity has not kept up with increasing funding and workforce

18. Despite this Government putting historic levels of funding into the health system, and an increasing health workforce, we are not seeing the results we have invested in. Productivity is declining and has not kept pace with funding and workforce growth, as shown in Figure 3 below.

[2] Sapere, Health sector workforce baseline review (2023). Health Workforce Information Programme, data provided by Health NZ as at 12 February 2025.

Figure 3. Case-weights per FTE



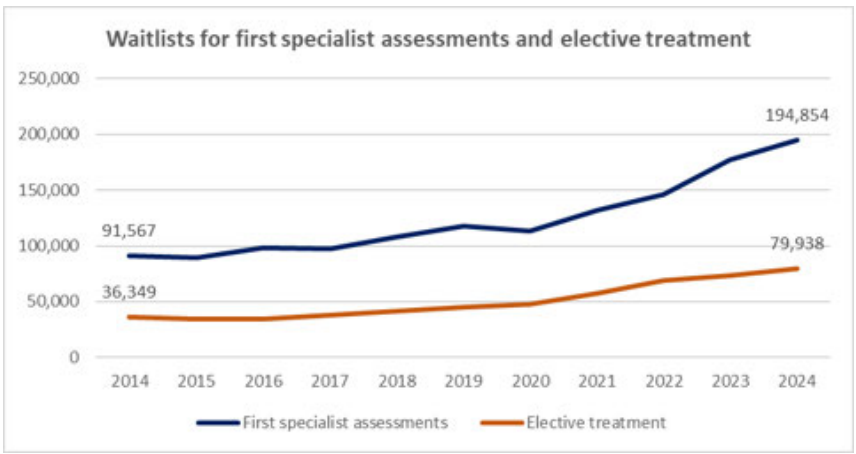
19. Additionally, New Zealanders are not getting the level of service expected.

    a. As at August 2024, only 43.5 percent of adults could get a face to face, phone or video consultation within a week when they needed to see a GP.

    b. The number of elective surgical discharges each year has decreased by 2 percent over the past 10 years (compared to Vote Health core operating almost doubling between 2014/15 and 2023/24). People are also waiting longer. As at September 2024, only 63.1 percent of people were waiting less than four months for elective treatment (compared to 95.4 percent in 2014) and the waitlist has more than doubled from approximately 36,000 people in 2014 to almost 80,000 as at September 2024 (refer Figure 4).

    c. Similarly, first specialist assessments have only increased by 17 percent between 2014/15 and 2023/24 (compared to Vote Health core operating funding almost doubling over the same period). Wait times for first specialist assessments are also trending in the wrong direction. As at September 2024, only 61.2 percent of people were waiting less than four months for assessment (compared to 97.2 percent in 2014) and the waitlist has more than doubled from approximately 91,500 people in 2014 to almost 195,000 as at September 2024 (refer Figure 4). Over 8,000 people were waiting more than 12 months for an assessment as at September 2024.

Figure 4. Total waitlists for elective treatment and first specialist assessments



Funding has been skewed towards hospital and specialist services

20. Historically, more funding has been invested in more costly hospital and specialist services at the expense of primary and community care. Over the past five years, hospital funding has increased at a higher rate (circa 53 percent) than Primary and Community funding (circa 41 percent). This is set out in Table 1.

Table 1. Growth of hospital and specialist funding compared to primary and community funding

($ million)	20/21	21/22	22/23	23/24	24/25	% change
Total Hospital and Specialist Services (using proxy prior to Health NZ existence)	**9,572.139**	**10,057.654**	**11,707.419**	**12,720.434**	**14,610.883**	**52.6%**
Total Primary and community services (using proxy prior to Health NZ existence)	**6,969.849**	**7,710.348**	**8,127.133**	**8,773.909**	**9,836.944**	**41.1%**

21. This balance is also reflected in Health NZ's budget (refer Table 2) with approximately 31 percent of the 2024/25 budget going towards commissioning of primary and community services, compared to approximately 52 percent going towards hospital and specialist services.

Table 2. Proportion of Health NZ 2023/24 and 2024/25 budget allocated to hospital and specialist vs. primary and community

Group ($m)	% of total budget 2023/24	% of total budget 2024/25
Hospital and Specialist Services	53.4%	52.3%
Commissioning: Primary and community	34.7%	31.0%
COVID-19	0.5%	-
Hauora Māori & Māori Health	0.1%	2.7%
National Public Health Services	1.5%	1.4%
Pacific Health	0.2%	0.5%
Risk reserves	-	0.7%
Contingency	-	3.9%
Enabling functions	9.6%	7.5%

22. This tells us we are missing opportunities for earlier and less costly interventions. We must shift the dial towards primary care, both to improve access for New Zealanders and because it is the fiscally responsible thing to do.

23. While the appropriation structure has been set up to better show where our investment in health is being spent, Health NZs ability to connect delivery activity to funding underneath this is lacking which undermines this move to greater transparency. I expect there to be improved monitoring and public reporting of the balance of investment between hospital and specialist services, and primary and community care, to support this shift.

Health service delivery costs are rising

24. For a long period of time now, the health system has had difficulty managing within its allocated resources. The cost of delivering health services continues to increase due to several demand and supply side drivers including the increasing complexity of health needs and meeting the needs of an ageing population, public and clinical expectations including increased use of technology, limits on productivity increases, constraints in international supply chains, and workforce shortages.

25. These cost increases have not been properly funded. For further funding context, and to signal my intent on how we should fund Health going forward, is a modelled proxy of Future Funding Track/Demographics which has historically been the agreed basis upon which a range of Governments have funded health sector cost pressures. FFT/Demo as it is more colloquially known, is based on assumptions around population growth, relevant price inflation and adjustments based on new medical technology costs. The formulae are then adjusted to account for future efficiency expectations.

Table 3. Future Funding Track/Demographics cost pressures vs. funded cost pressures

Financial Year	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Budget Year	B18	B19	B20	B21	B22	B23	B24	B24	B24
a. Total modelled cost pressure (proxy)	727	878	997	962	1,753	1,351	1,430	1,251	1,355
b. Total cost pressure funded	658	701	1,288[1]	931	1,796[2]	1,297	1,430	1,370	1,370

[1] Additional COVID-19 funding for cost pressures ($1.4 billion) is included in this figure

[2] Includes additional funding for district health board rebasing as part of the health reforms $600 million

26. The industrial relations context presents particularly significant upcoming financial challenges and potential risks. Health NZ is New Zealand's largest employer, with around 80,774 FTEs (95,000 permanent employees, excluding casuals) as at January 2025. 9(2)(j) prejudice to negotiations

27. 9(2)(j) prejudice to negotiations

28.

29. Increasing costs of health service delivery are not limited to the public health system. New Zealanders' private insurance premiums have also increased in recent years and are projected to continue to grow.

Our built infrastructure is outdated, poorly maintained and not suited to New Zealanders' needs

30. Health NZ's infrastructure portfolio includes approximately 1,200 buildings across 86 campuses, with an average age of 46.2 years, that is beset by issues relating to:

    a. a large amount of remedial work needing to be done to prevent disruption to services that will not serve to increase system capacity or shift models of care;

    b. older buildings that are not clinically fit for purpose and pose both asset failure risk and service delivery risk;

    c. significant seismic risk of some buildings. In relation to the seismic status of our health services buildings, Importance Level (IL) 3 and 4 classifications are used to indicate the highest significance of clinical services. There are 46 IL 3 and IL4 buildings that have earthquake notices, with another 20 -30 seismic assessments to be completed;

    d. supporting infrastructure risk, such as back up water in the event of a civil defence emergency; and

    e. safety and compliance risk relating to code of compliance, fire risk and clinical services falling out of accreditation.

31. Further to this, Health NZ has a fragmented digital ecosystem. There is an estimated 6000+ applications and 100+ digital networks. This equates to around 1 application for every 16 staff members (within the 95,000 permanent employees).

32. Capacity gaps are particularly pronounced in adult inpatient beds, renal dialysis spaces, cancer treatment services, theatres, and emergency care. Meeting built infrastructure needs, driven by shifts in models of care, is central to managing future healthcare capacity across New Zealand.

33. The state of the assets is due to the fact that prior district health boards all had differing approaches to asset management, with many using depreciation funding to fund services, leaving buildings to go into severe states of decline.

A patients first approach

34. The previous Government's 2022 health reforms were rushed and poorly implemented, with disastrous results. Through the creation of Health NZ, there was a complete loss of control of financial levers, exacerbated by organisational changes, insufficient and ineffective planning, inaccurate budgets and complicated information flows and systems. The reforms took decision making away from regions and districts, and put national structures in place without adequate governance and management controls. Most importantly, the reforms have eroded the trust and confidence of New Zealanders in getting access to the health services they need.

35. Health NZ has struggled to come together as a cohesive team that supports the organisation to deliver for patients. Senior Leadership Team members have only just begun weekly in person meetings, and have continued to operate from different offices, despite the majority living in Auckland. This has meant the organisation has failed to create a cohesive team to lead the organisation forward.

36. The previous Minister of Health started the process of putting the health system on the right track by setting targets and accountability for a system which was lacking transparency and focus. However, there is significant work still required to address longstanding challenges and give New Zealanders the level of service they expect.

37. This paper sets out how I will drive further action to ensure that all New Zealanders have access to timely, high-quality healthcare. It is an ambitious plan to respond to the most pressing issues in the system; the benefits for New Zealanders will make a real impact, but it requires Health NZ to have a relentless delivery focus and to reallocate baseline funding to implement immediate actions. If Health NZ's financial and delivery plans do not eventuate, there will be a slower return to breakeven and a potential need for a capital injection.

38. My focus is on boosting delivery of critical health services for New Zealanders. I will do this through a focus on five key areas: getting Health NZ back to basics, driving down emergency department wait times, getting on top of the elective surgery backlog, enabling faster access to primary care, and setting out a long-term health infrastructure programme.

39. Alongside these five immediate focus areas, I intend to streamline regulatory settings to ensure the health system is enabled for success in the long run.

Health NZ must get back to basics

40. My first priority is to get Health NZ to have a relentless focus on lifting performance against the health targets, deploying its resources to areas with the most impact, and finding ways to deliver more outputs so more New Zealanders can access the care they need. Improved productivity must be a priority for the entire organisation and must be accompanied by finding efficient ways of working, ensuring a strong relationship between clinical and non-clinical staff, establishing strong governance, management and financial controls in the right place, and optimising existing resources.

41. This also means having a relentless focus on the health targets across all levels of the organisation. I am not convinced this has been the focus of Health NZ since the targets were put in place, with the Commissioner advising me that not until October was it possible for the organisation to generate daily updates on emergency department wait times. This is unacceptable and demonstrates a lack of focus by the organisation. 9(2)(f)(iv) confi

42. It is my expectation that the Commissioner will continue to make the necessary changes to Health NZ's operations to ensure there is a very strong delivery focus and be relentlessly focused on our Government's health targets.

43. 9(2)(f)(iv) confidentiality of advice

Health NZ will need to deliver according to budget

44. Despite this Government's significant investment and an increasing Health NZ budget, the Government has inherited an organisation lacking financial controls.

45. When the Commissioner was appointed, Health NZ was forecast to end the 2024/25 year with a deficit of $1.76 billion. This has been reduced to a year end deficit of $1.1 billion, with Health NZ forecast to return to an overall breakeven position by the end of 2026/27. As set out in Table 4, this pathway will still see year-on-year increases in the funding going into the health system and Health NZ investment in health workforces and service delivery.

Table 4. Health NZ additional annual revenue, efficiency gains and deficit forecasts

	23/24 (actual)	9(2)(f)(iv) confidentiality of advice
Forecast Revenue (Appropriation)	23,483	
Forecast Revenue (Third Party)	3,697	
Total Revenue*	**27,180**	
Forecast Expenditure (Staff)	11,742	
Forecast Expenditure (Other) ***	15,315	
Forecast Expenditure (Outsourced Services)	846	
Total Expenditure	**27,903**	
Extra elective outsourcing to reduce the waitlist including risk reserve		
Risk reserve		
Efficiency savings		
Forecast Deficit	**(722)**	

Table 4 notes:

**Revenue (Appropriation) reflects funding for Health New Zealand appropriated into Vote Health. This will be captured within the funding totals outlined in Figure 1. Vote Health core operating funding growth; however, Figure 1 includes broader Vote Health operating funding, which is reflected in higher funding totals in Figure 1. Revenue (Third Party) is not captured within the funding totals outlined in Figure 1.*

9(2)(f)(iv) confidentiality of advice

**** consists of outsourced personnel, clinical supplies, infrastructure and non-clinical supplies, provider payments, assets and financing, internal allocations*

46. While the financial pressures are large, we know what they are. We need to better anticipate the financial pressures that are coming, and plan for them.

47. A Health NZ financial management review completed by Deloitte in December 2024 concluded that the decline in financial performance was primarily due to a total lack of financial controls and the fact that "...financial information continues to rely heavily on manual collection and consolidation of data using spreadsheets, leading to discrepancies in reported data and lack of clarity on the source of truth.."[page 42]. I propose to release this Deloitte report alongside the intended announcements noted below.

48. The report reinforced that Health NZ's financial plans lacked the necessary details that would have enabled management to stay within available funding, and there was little planning around cost drivers, assumptions, output volumes and service levels. This meant governors, monitoring agencies and Ministers struggled to appropriately assess Health NZ's financial performance, or make necessary changes to mitigate the issues. This is unacceptable and is being addressed.

49. Health NZ needs to continue to put in place robust financial planning, so that known financial pressures can be planned for, and cost drivers effectively managed. Health NZ must continue to get back to the basics of good financial management with clear processes and accountabilities, strong governance, and to know the financial pressures and plan for them.

50. I expect that this work must be completed by 1 July 2025 to allow the new financial year to start with clear budgets in place for all districts, clear output plans and clear KPIs in order to meet the health targets across New Zealand.

51. 9(2)(j) prejudice to negotiations

52. Health NZ is currently going through a process to find efficiencies in its delivery of health services. In doing so, the Commissioner has stated that he will not make cuts to frontline services, will not reduce frontline staffing levels and will continue to invest sustainably in health infrastructure. This means making changes in a number of back-office functions through a reduction in vacancies and right sizing support functions.

9(2)(f)(iv) confidentiality of advice

53. I expect the Commissioner to provide certainty to the organisation as soon as possible, and by the middle of May at the latest. Constant change processes are disruptive and unsettling for staff, and means the organisation is not focussed on delivery.

54. 9(2)(f)(iv) confidentiality of advice

Restoring regional and local accountability will strengthen the delivery focus

55. Health NZ's delivery must be nationally planned and locally delivered. Regional and local decision-making and accountability has been lost in Health NZ's overly centralised and convoluted structure. Previous district-level governance and management controls were not retained or replaced with equivalent controls when the district health boards merged to form Health NZ. This meant there was a significant reduction in local oversight and connectivity, and loss of ability for districts and regions to see, plan and respond to risks and events as they happened in real time.

56. Inter district flows were abolished meaning that where a service was not provided in one district, financial compensation for transferring that patient to another service was removed, resulting in an increase in regional differences. 9(2)(f)(iv) confidentiality of advice

57. A number of the districts should also be brought together in order to ensure consistency for patients at a local level, starting with Auckland, Wellington and Canterbury.

58. Regional and local leaders need to be given the appropriate management controls to plan their service volumes, connect their staffing and rostering decisions with production plans, financial plans and forecasts, and deploy resources as they need to, to use capacity efficiently and deliver more outcomes. Coordinating regional delivery across districts to achieve efficiencies will be important but must not overtake district accountabilities.

59. I have therefore expressed my view to the Commissioner that there should not be a thick bureaucratic layer at every level of Health NZ and that any regional function is focused on coordination only.

60. I have also expressed my view that there must be clear and singular lines of accountability for delivery in place at an executive level, with those accountabilities flowing out to the frontline. At a senior executive level, the focus needs to be on national programmes, shared services, overall governance and planning, and empowering districts (ex-district health boards) to be laser focused on local delivery with clear budgets, clear accountabilities focused on the Government's health targets, and transparent decision-making powers within those budgets.

61. I expect Health NZ to also move its head office to Wellington to ensure closer accountability of the organisation to the Government.

Delivering against our health targets

62. The Government's health targets are the right things to focus on. They represent the level of service New Zealanders should reasonably expect from their health system. However, they are not being delivered upon to the standards Kiwis expect.

63. Our health targets are:

    a. Faster cancer treatment: 90% of patients to receive cancer management within 31 days of the decision to treat (Quarter 1 result: 84.6%);

    b. Improved immunisation for children: 95% of children fully immunised at 24 months of age (Quarter 1 result: 75.7%);

    c. Shorter stays in emergency departments: 95% of patients to be admitted, discharged or transferred from an emergency department within six hours (Quarter 1 result: 67.5%);

    d. Shorter wait times for first specialist assessment: 95% of patients wait less than four months for a first specialist assessment (Quarter 1 result: 61.2%); and

    e. Shorter wait times for elective treatment: 95% of patients wait less than four months for elective treatment (Quarter 1 result: 62.2%).

64. However, performance against the health targets is not yet where it needs to be; too many people are waiting too long for critical assessments and treatments. Lifting performance will require a shift in focus from inputs to outputs.

65. To drive this shift, I will be adding new volumes-based measures to the wait times targets for first specialist assessments and elective treatment, to ensure both that more New Zealanders can access care, and that they can access it more quickly.

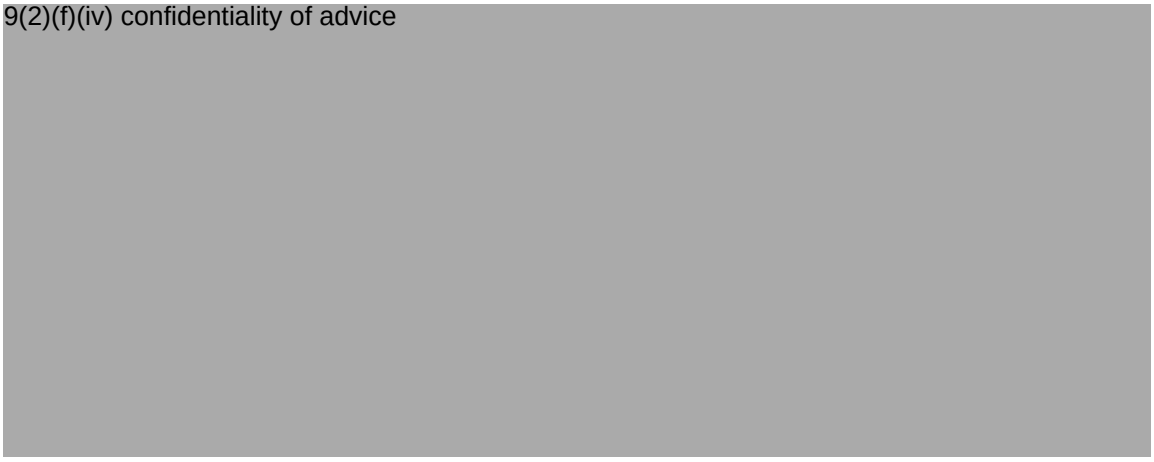
Driving down emergency department wait times

66. The time people spend in emergency departments is a barometer for how the whole system is working to support patients and their families with their health needs. We have set a Government target that would see 95 percent of people admitted, discharged or transferred from the emergency department within six hours.

67. Performance against this target is lagging and has declined from 92.3 percent 2014/15 to 67.5 percent in Quarter 1 of 2024/25. This is unacceptable and requires improvements across wider urgent care settings and the broader continuum to address the flow across the system.

68. 9(2)(f)(iv) confidentiality of advice

69. 9(2)(f)(iv) confidentiality of advice

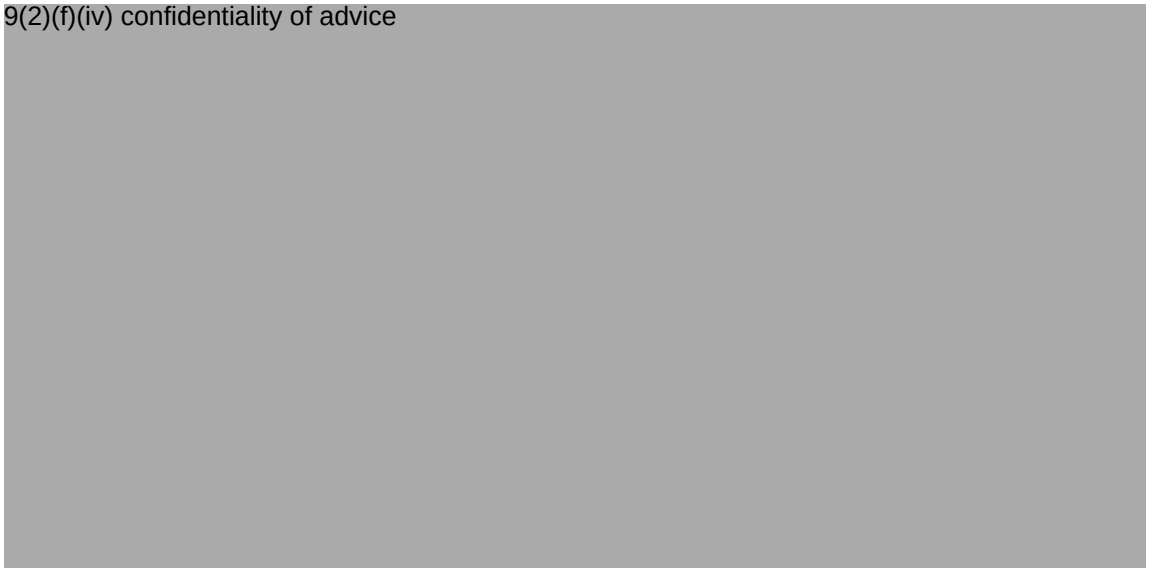
70. 

71. Access to 24/7 online telehealth and improved access to family doctors will also be critical to providing kiwis with more choices around how they access care outside of the emergency department.

Getting on top of the elective surgery backlog

72. The waitlist for elective treatments is growing because more people are added to the waitlist than those being discharged following surgery. The number of people waiting for over four months for elective treatment has grown from 1,037 people in September 2017 to 27,497 people in September 2023, **an increase of over 2,551 percent**. We must urgently lift the volume of surgeries to meet and exceed this demand to reduce the wait list.

73. 9(2)(f)(iv) confidentiality of advice

74. 

75. 9(2)(f)(iv) confidentiality of advice I also expect Health NZ to leverage all capacity available across the health system to address the elective surgery backlog, including beyond that held within Health NZ, to deliver more services to New Zealanders.

76. My clear expectation is that Health NZ will partner with the private sector to lift performance across all targets. While we have a publicly funded healthcare system, it does not need to be publicly delivered. My clear view is that patients are more focused on receiving timely and quality care, than being concerned about who delivers it.

77. I expect Health NZ to put in place medium term (circa 3 years) agreements with private providers to allow for a fair market price to be found prior to moving towards longer term agreements (circa 10 years). Health NZ already contracts the private sector for around 10 percent of elective surgeries annually, but does so on an ad hoc basis. This means that Health NZ is paying premium rates for these surgeries, and not getting value for money. This practice must stop immediately, and longer-term contracts must be put in place to deliver value for money and better outcomes for patients.

78. I expect Health NZ will work closely with ACC who already have many of these arrangements in place to ensure value for money for taxpayers and faster treatment for patients. I also expect that these arrangements will extend to many other patient services such as radiology and cancer treatments.

79. Private providers are keen to be part of the solution and to increase overall system capacity but require certainty to plan their activity and their investments with greater confidence. Therefore, I also expect Health NZ to work with the New Zealand Private Surgical Hospitals Association and major private providers on a set of operating principles around matters such as management of waitlists, co-ordination around patients' needs, sharing of workforce and contracting arrangements, co-location of infrastructure, and report back to me within a month.

Enabling faster access to primary care

80. Expanding access to primary care will also be critical to lift target performance by providing earlier and alternative options for people to access care. This is particularly important if we are going to meet our shorter wait times in emergency department health target.

81. I intend to do this by moving quickly to progress the Primary Care Tactical Action Plan, which was agreed in principle by the Cabinet Social Outcomes Committee in December 2024. 9(2)(f)(iv) confidentiality of advice

82. The clear evidence is that people are struggling to access primary care. As shown in Figure 5 below, 15.5 percent of adults aged over 15 years reported unmet need for a GP due to cost in 2023/24, up from 10.2 percent in 2020/21. The percentage of adults reporting unmet need for a GP due to wait times has increased from 11.6 percent in 2021/22 to 25.7 percent in 2023/24.[3]

[3] New Zealand Health Survey.

Figure 5. Adults reporting unmet need for a GP due to cost or wait times in the past 12 months

83. Funding for GPs has not kept pace with funding for hospitals, worsening access to GPs, meaning patients are presenting more often at emergency departments, often with worse sickness than if they had presented earlier at a GP. As above, we must shift the dial with investment balanced towards primary care both to enable New Zealanders to access support as early as possible, and to support a financially sustainable health system.

84. 9(2)(f)(iv) confidentiality of advice

85. These actions will result in immediate improvements in access to primary care, but the current system settings are not fit for purpose. The Commissioner is developing a package of further measures, utilising Health NZ baseline funding, to create a stronger focus on outcomes and improve the performance of core general practice.

86. The Commissioner intends to direct $95 million per annum for three years starting in 2025/26 ($285 million total), to be funded from the Budget 2024 uplift to the Primary, Community, Public and Population Health Services Appropriation, for the delivery of enhanced access. Payment would be in addition to the annual cost pressure adjustment to capitated funding for primary care but it is subject to achievement of desired outcomes. 9(2)(f)(iv) confidentiality of advice

87. 9(2)(f)(iv) confidentiality of advice

88. Finally as part of this wider package, it is my expectation that Health NZ will ensure the proposed lift in funding goes direct to GP practices, 9(2)(f)(iv) confidentiality of advice

89. 9(2)(f)(iv) confidentiality of advice

90. I intend to announce the Primary Care Tactical Action Plan, along with the wider measures and intended target to boost primary care performance, on 7 March, to demonstrate this Government's commitment to delivering quality and timely primary care.

91. 9(2)(f)(iv) confidentiality of advice

Setting out a long-term health infrastructure programme

92. Modern and fit-for-purpose infrastructure, and delivering against promised infrastructure projects, is another part of restoring public confidence in the health system. Outdated infrastructure is inhibiting changes to models of care that improve patient outcomes.

93. There is a substantial infrastructure programme underway which will see critical improvements across our healthcare facilities; however, most of the investment to date has been to maintain capacity by replacing buildings at the end of life. Over an extended period of time, investment has been insufficient to shift from sustaining systems to lifting capacity to match the growing demand. It will take sustained, long-term effort to shift this imbalance.

94. In addition, the health infrastructure programme is slow-moving and costly. We must get back to clear scoping and planning to deliver core projects through staged builds and standardised designs, and we are missing opportunities to partner with the private sector to accelerate progress and share costs.

95. 9(2)(f)(iv) confidentiality of advice

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98. 9(2)(f)(iv) confidentiality of advice

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Regulatory settings should drive a streamlined and sustainable health system

100. Lifting the performance of the health system will also require work to ensure the system is enabled for success and is well-placed to respond to future demand.

101. 9(2)(f)(iv) confidentiality of advice

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My expectations of Health NZ

107. Following Cabinet's consideration of this paper, I also intend to issue a new Letter of Expectations to Health NZ that will be focussed on the following points.

    a. Principles to drive decision-making: patient need must be at the centre of every decision and care is to be prioritised based on clinical priority, not race;

    b. Delivery against health targets: measurable improvements in the short term, including a new target to drive timely access to primary care;

    c. 9(2)(f)(iv) confidentiality of advice

    d.

    e. Leveraging system capability: Health NZ must partner with Primary Health Organisations (PHOs), non-government organisations and the community sector, and private providers to maximise delivery for New Zealanders. Health NZ will be expected to maximise partnering with the private sector to enable public hospitals to focus on acute care. 9(2)(f)(iv) confidentiality of advice

    f. Long-term contracting: Health NZ must prioritise long-term contracts to improve the cost effectiveness of delivery from the private sector and to provide clear investment signals;

    g. Fiscal responsibility: Health NZ budgets will be set and stuck to through good financial management, with clear financial plans that show the budgets for different regions and districts, hospitals and commissioning functions. Health NZ must look to maximise third-party revenue opportunities;

    h. Focus on core responsibilities: Health NZ is to focus on health service delivery and not advocacy. I will reiterate the Government's view that Health NZ should be a health delivery agency, and not an advocacy body, in particular it should not be making submissions on council policies or proposed developments;

    i. Delegations for service delivery: Health NZ will accelerate the shift to local decision-making and service delivery, supported by clear accountability, delegation and management, and proactive performance improvement, using real-time information to address performance issues rapidly; and

    j. Infrastructure investment: Health NZ is to consider all available funding and financing options (including long term leases and Public Private Partnerships) to support health infrastructure development. The feasibility of a dedicated health infrastructure company is to be explored. Health NZ is also expected to seek ministerial approval prior to any material scope or cost changes to building works included in its Health Infrastructure Plan.

108. Health NZ will work with private sector hospital providers to agree a set of operating principles on how Health NZ will engage with the private sector to deliver long term delivery of healthcare services.

Next steps / implementation

109. The public need clarity on what to expect from their health system to restore public trust and confidence. As an immediate step, I am seeking Cabinet's agreement to announce the priorities and actions outlined in this advice. This includes:

    a. the immediate boost to increase volumes of electives and 9(2)(f)(iv) confidentiality of advice

    b. measures to expand access to primary care and 9(2)(f)(iv) confidentiality of advic through the Primary Care Tactical Action Plan (pending Cabinet's decisions on the accompanying Cabinet paper *Delivering Quality and Timely Primary Care: next steps and implementation);*

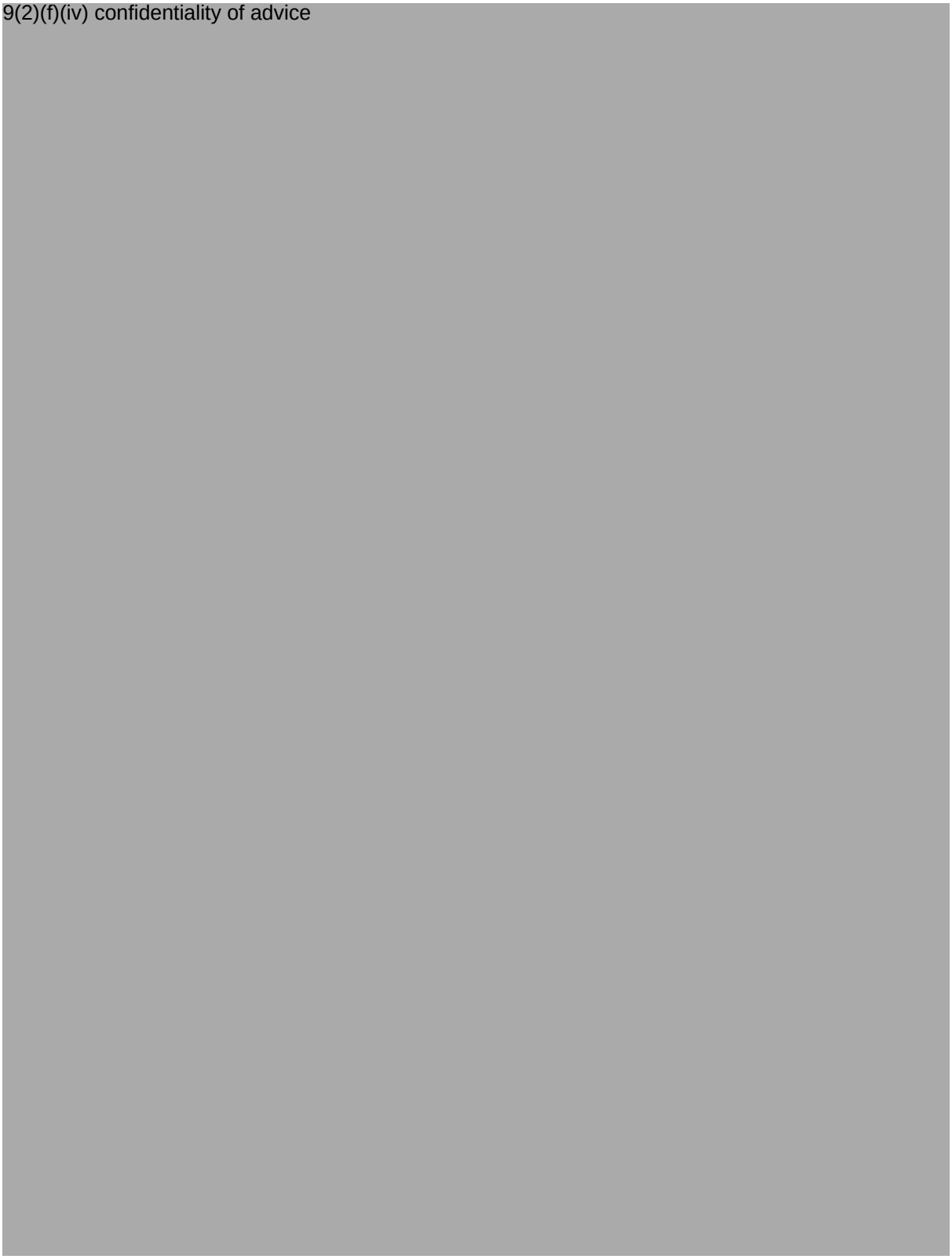
    c. additional measures to improve primary care 9(2)(f)(iv) confidentiality of advice

    d. the approach I expect Health NZ to take to its structure and change processes, and 9(2)(f)(iv) confidentiality of advice

110. I will return to Cabinet on the following matters:

    9(2)(f)(iv) confidentiality of advice

111. On my direction, the Public Service Commission has established a taskforce to provide independent advice on the performance and future direction of the health system. The taskforce will have a relentless focus on delivery and assurance that my expectations are being carried out.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9(2)(f)(iv) confidentiality of advice, 9(2)(g)(i) free and frank

9(2)(f)(iv) confidentiality of advice

Impact analysis

9(2)(f)(iv) confidentiality of advice

Climate Implications of Policy Assessment

126. A Climate Implications of Policy Assessment is not required as these proposals will not result in substantial changes to greenhouse gas emissions.

Cost of Living implications

127. Improvements to the delivery of services by Health NZ, including reductions in wait times for elective surgeries and improved access to primary care, will improve health outcomes and reduce the likelihood of costs associated with ill-health, such as reduced income. More flexible digital access will also reduce costs associated with transport and time off work, particularly for rural New Zealanders.

Population implications

128. It is well known that some population groups experience greater issues accessing healthcare. Those experiencing socio-economic deprivation, rural populations, Māori, Pacific peoples and disabled people are all population groups with longstanding access challenges linked to worse health outcomes.

129. A patient centred approach, a relentless focus on achieving our health targets for all New Zealanders, combined with addressing the backlog of electives and improving access to primary care may impact positively on those with longstanding access challenges. Where digital technology improvements are proposed, the Ministry of Health and Health NZ are working through the access implications for those who lack access to or confidence with digital devices, those with language barriers, and disabled people.

Human Rights

130. There are no human rights implications arising from the proposals in this paper.

Use of external resources

131. The taskforce established by the Public Service Commission to provide independent advice on the performance and future direction of the health system has assisted with the development of this paper.

Consultation

132. The proposals in this paper have been developed with input from Health NZ. The following government agencies have been consulted on this paper: The Department of the Prime Minister and Cabinet, The Treasury and the Public Service Commission.

Communications

133. My intention is to publicly announce the priorities and actions outlined in this advice as soon as possible following Cabinet agreement and to release the Health NZ Financial Management Review completed by Deloitte.

Proactive release

134. I propose to release this paper alongside an announcement.

Recommendations

The Minister of Health recommends that Cabinet:

1. **note** the Government has taken significant steps to focus and support the health system to deliver more outcomes for New Zealanders, including substantial funding uplifts and introducing health targets;

2. **agree** that the Minister of Health will take immediate action to boost delivery against the health targets and lift access to health services including:

   a. introducing volumes-based measures to the wait times targets for first specialist assessments and elective treatment;

   1. 9(2)(f)(iv) confidentiality of advice

   b.

   c.

3. **note** that the Commissioner of Health NZ has committed to:

   a. 9(2)(f)(iv) confidentiality of advice

   b. utilising $285 million over three years of Health NZ funding in 2025/26 to 2027/28 9(2)(f)(iv) confidentiality of advice

4. **agree** that the Minister of Health will make a series of announcements on the immediate actions in recommendations 2.a -2.d and 3 on 7 March 2025;

5. **note** that the Commissioner of Health NZ will report back to the Minister of Health in May on progress with implementing the short-term boost in elective surgery volumes;

6. 9(2)(f)(iv) confidentiality of advice

7. **note** Health NZ's financial forecasts anticipate decreasing deficit positions in 2024/25 and 2025/26 and a break-even budget by 2026/27;

8. 9(2)(f)(iv) confidentiality of advice

9. **note** the Commissioner of Health NZ has committed to maintain frontline services, frontline staffing levels and maintain a sustainable level of capital investment as it shifts funding within baselines to fund its electives boost and performance funded primary care;

10. 9(2)(f)(iv) confidentiality of advice

11.

12. **note** that the Minister of Health has set expectations for Health NZ to get back to basics of good financial management, with clear financial plans that show the budgets for different regions and districts, hospitals and commissioning functions;

13. **note** the Minister of Health has directed the Commissioner of Health NZ to accelerate the shift to local decision-making and service delivery, and set a requirement for local delivery plans to be developed;

14. 9(2)(f)(iv) confidentiality of advice

15. **note** that the Minister of Health will issue a new Letter of Expectations to Health NZ articulating the priority focus on increasing timely access to high-quality health services and delivery against the health targets, while ensuring robust governance, management and financial controls are in place;

16. 9(2)(f)(iv) confidentiality of advice

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23. **note** that the Minister of Health has established a taskforce in the Public Service Commission to provide independent advice and assurance that the Minister's expectations are being carried out and that delivery remains on track.

Authorised for lodgement

Hon Simeon Brown

Minister of Health