

# VOTE *Health*

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# Health

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## Overview

Appropriations sought for Vote Health in 2006/07 total \$10,644.927 million, an increase of \$834.759 million or 8.51% from 2005/06.

### Departmental Appropriations

\$157.408 million (1.48% of the Vote) relates to the functions of the Ministry of Health for: policy advice, purchasing of national health services, performance monitoring of the funders and providers of health and disability services, developing and administering regulations related to health service facilities, providers and public safety, ministerial servicing, and information services.

### Non-Departmental Appropriations

\$10,487.519 million (98.52% of the Vote) is for operating expenses incurred on behalf of the Crown and is intended to be spent as follows:

#### Output Expenses

\$10,083.830 million (94.73% of the Vote) is for the funders of health services and will be spent as follows:

- \$7,410.149 million (69.61% of the Vote) to fund health services from DHBs.
- \$723.527 million (6.80% of the Vote) to purchase national disability support services.
- \$342.977 million (3.22% of the Vote) to purchase public health services.
- \$864.363 million (8.12% of the Vote) to purchase national health services.
- \$7.730 million (0.07% of the Vote) to extend the meningococcal vaccine programme.
- \$700.172 million (6.58% of the Vote) to fund risk management and health and disability service contracts.
- \$19.824 million (0.19% of the Vote) to fund treatment and education services on problem gambling.
- \$2.088 million (0.02% of the Vote) to fund services from independent service providers and Crown Health Funding Agency (CHFA).
- \$13.000 million (0.12% of the Vote) to fund monitoring and protection of health and disability consumers interests.

#### Other Expenses

\$22.912 million (0.22% of the Vote) is for other expenses and is intended to be spent as follows:

- \$13.889 million (0.13% of the Vote) to fund provider development.
- \$6.778 million (0.07% of the Vote) to fund legal obligations.
- \$2.245 million (0.02% of the Vote) to fund International Health obligations, including WHO membership.

**Capital Expenditure**

\$380.777 million (3.58% of the Vote) is to provide capital funding and will be spent as follows:

- \$155.742 million (1.46% of the Vote) is for capital contributions to DHBs and the NZ Blood Service for construction and other capital requirements.
- \$95.700 million (0.90% of the Vote) to fund new debt for DHBs, for construction and other capital requirements.
- \$20.000 million (0.19% of the Vote) to finance loans to assist clients in long term care.
- \$92.253 million (0.87% of the Vote) to fund the renewal of DHB loans held by the Crown.
- \$17.082 million (0.16% of the Vote) to fund the purchase and development costs to prepare for significant health emergencies.

**Crown Revenue and Receipts**

The Ministry expects to collect \$529.194 million of Crown Revenue and Receipts in 2006/07 most of which is the reimbursement of accident-related acute public hospital costs from the Accident Compensation Corporation.

Details of how the appropriations are to be applied appear in Parts B, C, D and E of this Vote. Details of Crown Revenue and Receipts appear in Part F.

## Terms and Definitions Used

ACC	Accident Compensation Corporation
AIDS	Acquired Immunodeficiency Syndrome
BSA	BreastScreen Aotearoa
CHFA	Crown Health Financing Agency
DHB	District Health Board - District Health Boards fund, provide or ensure the provision of services for those in need of personal health services including disability services related to the health of older people
DSS	Disability Support Services
HEHA	Healthy Eating Healthy Action
MIF	Monitoring Intervention Framework
NASC	Needs Assessment and Service Coordination organisation
NBHS	Newborn Hearing Screening Programme
NCSP	National Cervical Screening Programme
NMSP	Newborn Metabolic Screening Programme
NZDS	New Zealand Disability Strategy
NZFSA	New Zealand Food Safety Authority
NZHS	New Zealand Health Strategy
Output Plan	Agreement between the Minister of Health and the Director-General of Health that sets out the Ministry outputs the Minister has agreed to and their cost
PHARMAC	Pharmaceutical Management Agency of New Zealand
PHO	Primary Health Organisation
PHU	Public Health Unit
Provider	An individual or organisation that supplies health or disability support services
RHMU	Residual Health Management Unit
TB	Tuberculosis
WHO	World Health Organisation

## Footnotes

Note 1	Expenses incurred pursuant to section 21 of the Public Finance Act 1989.
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## Minister Portfolio Table

36	Minister of Health
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# Health

VOTE MINISTER: Minister of Health

ADMINISTERING DEPARTMENT: Ministry of Health

The Minister of Health is the Responsible Minister for the Ministry of Health

## Part A - Statement of Objectives and Trends

### Part A1 - Objectives for Vote

#### *Government Priorities to 2016*

Cabinet has agreed that the following themes will constitute the government priorities for the next decade:

- Economic transformation
- Families - young and old
- National identity

The outputs of the Ministry of Health most closely align with the 'Families - young and old' theme. Cabinet noted that this theme could usefully be approached using the following sub-themes:

- Strong families
- Healthy confident kids
- Safe communities
- Better health for all
- Positive ageing

The Ministry of Health's strategic priorities and initiatives for 2006/07 and beyond and long term strategies link strongly to three of these sub-themes: *Healthy confident kids*, *Better health for all* and *Positive ageing*.

Ministry of Health long-term strategies that link to all identified sub-themes are:

- New Zealand Health Strategy
- New Zealand Disability Strategy
- He Korowai Oranga: Māori Health Strategy
- Mental Health Strategy
- Health of Older People Strategy
- Primary Health Care Strategy

#### **Healthy confident kids**

The Ministry of Health priorities for 2006/07 which link to this sub-theme are as follows (information on these priority initiatives can be found within the 2006/07 Statement of Intent):

- Child and Youth Services
- Primary Health Care

### **Better health for all**

The Ministry of Health priorities for 2006/07 which link to this sub-theme are as follows (information on these priority initiatives can be found within the 2006/07 Statement of Intent):

- Getting Ahead of the Chronic Disease Burden
- Child and Youth Services
- Primary Health Care
- Health of Older People
- Health Infrastructure and Workforce
- Cost effectiveness
- Elective Services

### **Positive ageing**

The Ministry of Health priorities for 2006/07 which link to this sub-theme are as follows (information on these priority initiatives can be found within the 2006/07 Statement of Intent):

- Primary Health Care
- Health of Older People
- Health Infrastructure and Workforce
- Cost effectiveness
- Elective Services

## *Vote Health Outcome: Healthy New Zealanders*

The ultimate outcome Vote Health aims to achieve is 'Healthy New Zealanders'. The Ministry has developed an outcomes model detailing the specific outcomes sought at a societal, system and Ministry level that contribute to the ultimate outcome of healthy New Zealanders.

### **Societal outcome: Healthy New Zealanders**

Contributing Outcome	
Better Health	The best possible improvement in New Zealanders' health status and quality of life over time, within the resources available.
Reduced Inequalities	An improvement in the health status of those currently disadvantaged, particularly Māori, Pacific peoples and people with low socio-economic status.
Better Participation and Independence	The health and disability support sector contributes constructively to having a society that fully values the lives of people with disabilities.
Trust and Security	New Zealanders feel secure that the system will protect them from substantial financial costs due to ill health and trust the system because it performs to high standards, reflects their needs and provides opportunities for community participation.

### **System outcome: A fair and functional health and disability support system**

Contributing Outcome	
Equity and Access	New Zealanders in similar need of services have an equitable opportunity to access equivalent services and resources are allocated in a manner that reduces inequity of outcomes.
Effectiveness	The system as a whole, and the services provided within the system are effective in contributing to the end outcome of healthy New Zealanders.
Quality	Health and disability support services are clinically sound, culturally competent and well co-ordinated and ongoing service quality improvement processes are in place.
Efficiency and Value for Money	The system operates efficiently and all else being equal, services deliver relatively large gains in health status for each unit of resource.
Intersectoral Action	Social, environmental, economic and cultural factors are influenced to reduce their negative impacts and increase their positive impacts on end outcomes for the health and disability system.

### **Ministry outcome: Ensuring the system works for all New Zealanders**

Contributing Outcome	
Direction and Leadership	There is a coherent, stable and widely understood direction for the system, informed by evidence and horizon scanning, and resourcing and incentives are aligned with this direction (including collaboration, coordination and service development).
System Funding	Financial resources are secured for the system and are allocated on a fair and transparent basis within it.
System Capability	Ensuring (within the ambit of the Ministry's functions) that the key inputs - including physical structures, workforce, and information - are in place.
Operating Environment	Unnecessary constraints on participants in the system are minimised and there are widely understood mechanisms and structures in place to protect public safety and equity.
System Monitoring	Monitoring of the performance of the system and of specific organisations within it is used to improve the design and operation of the system including the performance of organisations within it.

The Ministry of Health is the Government's primary advisor on health policy and issues and its contribution to improving health and independence is mainly indirect. This contribution is through the Ministry's advice to, influence on and relationships with the government, DHBs, practitioners, iwi and Māori organisations, Pacific communities, providers, non-governmental organisations, other government sectors and the public.

The Ministry of Health does directly manage contracts for disability support services for those under 65 years of age, public health services, and nationally coordinated services, eg, screening services.

DHBs are responsible for ensuring health services are available for their defined populations. They have both a funding role (planning and funding the health services for their populations) and a provider role (delivery of hospital and related services). It is the DHBs' task to assess local needs and provide appropriate and effective services to their communities within the resources available. They work with all health care provider organisations to ensure the provision of specified health services. Public hospitals are owned by DHBs and are the main providers of secondary and tertiary care health services. Primary and community based care is mostly provided through private/non government owned providers like general practitioners, Māori providers and disability support providers.

The New Zealand Health Strategy provides the framework for the Government's overall direction of the health sector. The Strategy provides DHBs with the context within which they will operate and identifies

the key priority areas. The priorities, goals and targets within the Strategy are reflected in both the accountability arrangements between the DHBs and the Minister of Health and the funding decisions they make on behalf of the populations they serve.

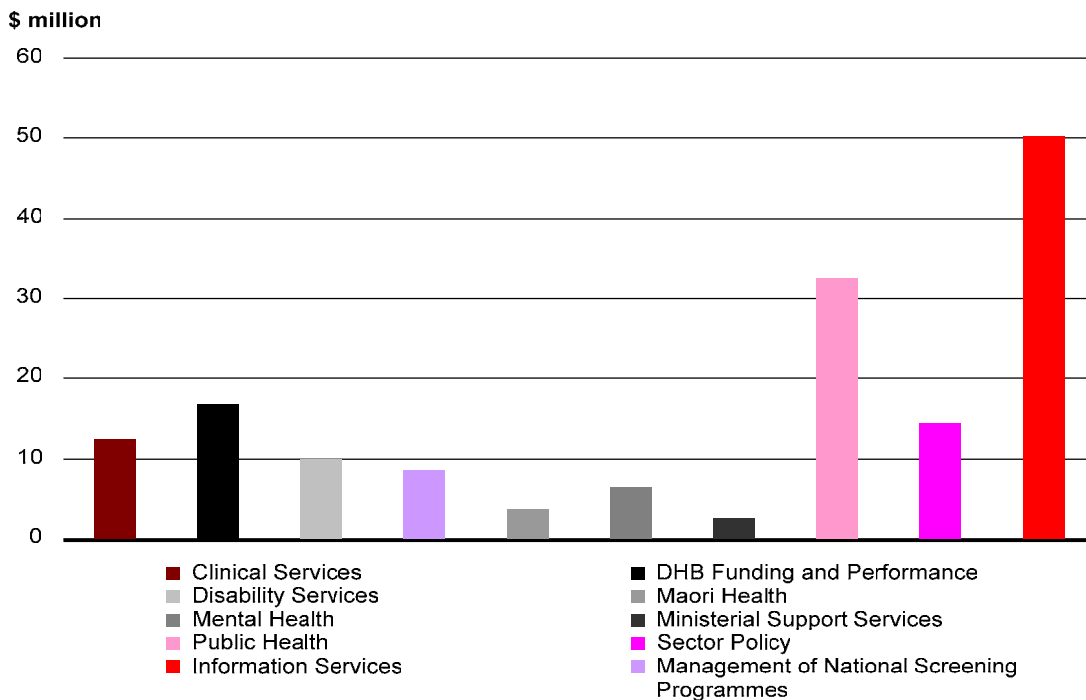
The New Zealand Disability Strategy outlines the future direction of development of services for people with disabilities. The Strategy is complemented by public service implementation plans aimed at encouraging better collaboration between agencies to remove barriers to full participation in society for people with disabilities.

The Ministry, DHBs and wider health and disability support sector aim to build on the gains already achieved in health outcomes in the recent past and reduce the inequalities in health status between population groups. The marked differences in health outcomes evident between ethnic and socio-economic groups require the Ministry, DHBs and health providers to reorient their focus towards better primary and integrated care models, diversity in providers and greater collaboration with other sectors.

**Vote structure**

The graphs below show Vote Health expenditure in terms of the level of annual appropriations or the proportion of each expense to the total appropriation for that class of expenses (departmental operating and non-departmental operating and capital expenses respectively) for 2006/07.

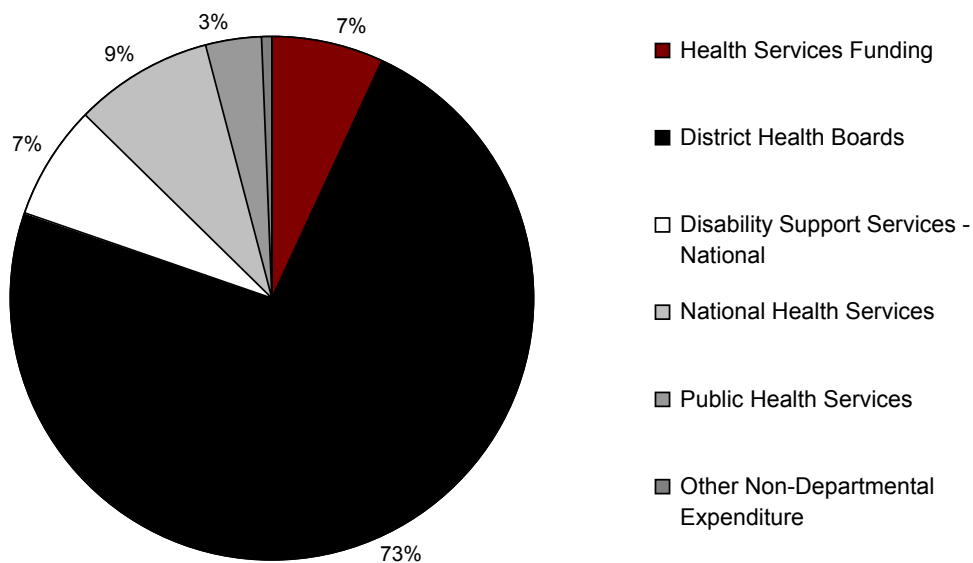
**Figure 1 - Ministry of Health Departmental Output Expenses for 2006/07, by Appropriation**



Source: Ministry of Health

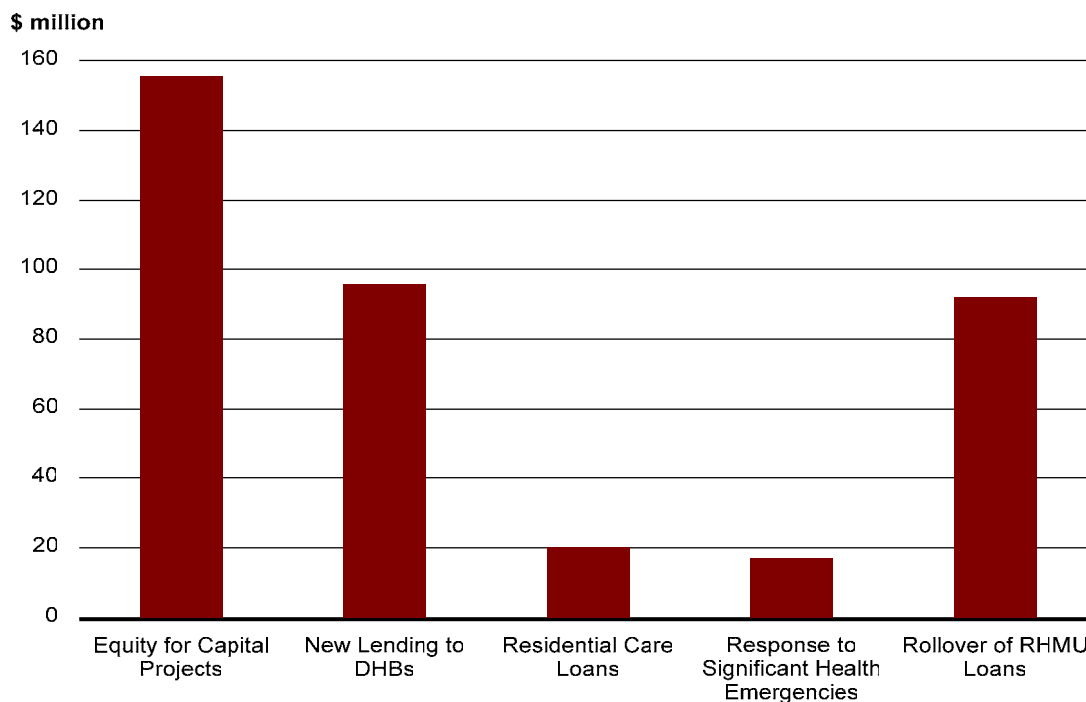


**Figure 2 - Percentage of Non-departmental Expenses for 2006/07, by Appropriation, Excluding Capital Expenses**



Source: Ministry of Health

**Figure 3 - Non-departmental Capital Expenditure 2006/07, by Appropriation**



Source: Ministry of Health

For descriptions of these services see Part C2.

## Part A2 - Trends in Vote

The table of Trends in Vote Health shows health and disability outputs funded by the Crown have substantially increased over the past five years. This increase is due to additional funding for inflationary pressures and demographic change, and new health service initiatives.

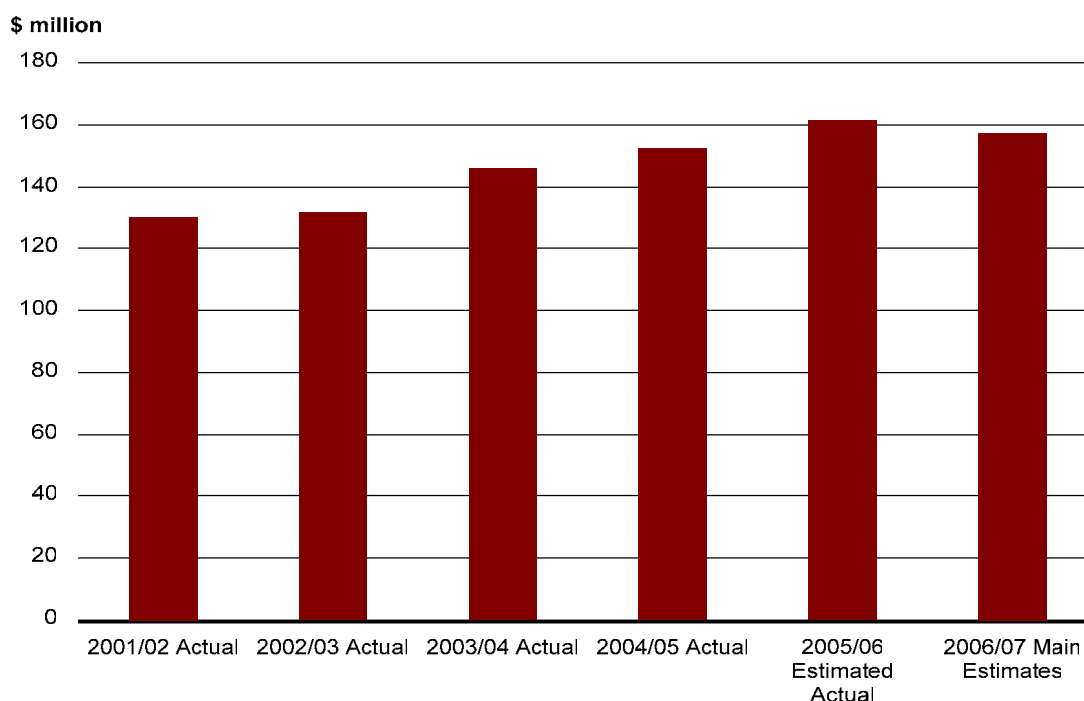
### *Output Trends: 2001/02 to 2006/07*

#### **Departmental output expense trends: 2001/02 to 2006/07**

The overall departmental output expense structure is the same as 2005/06.

Departmental output expenses have declined marginally as a percentage of the total Vote, from 1.53% in 2005/06 to 1.48% in 2006/07.

**Figure 4** - Trends in departmental output expenses



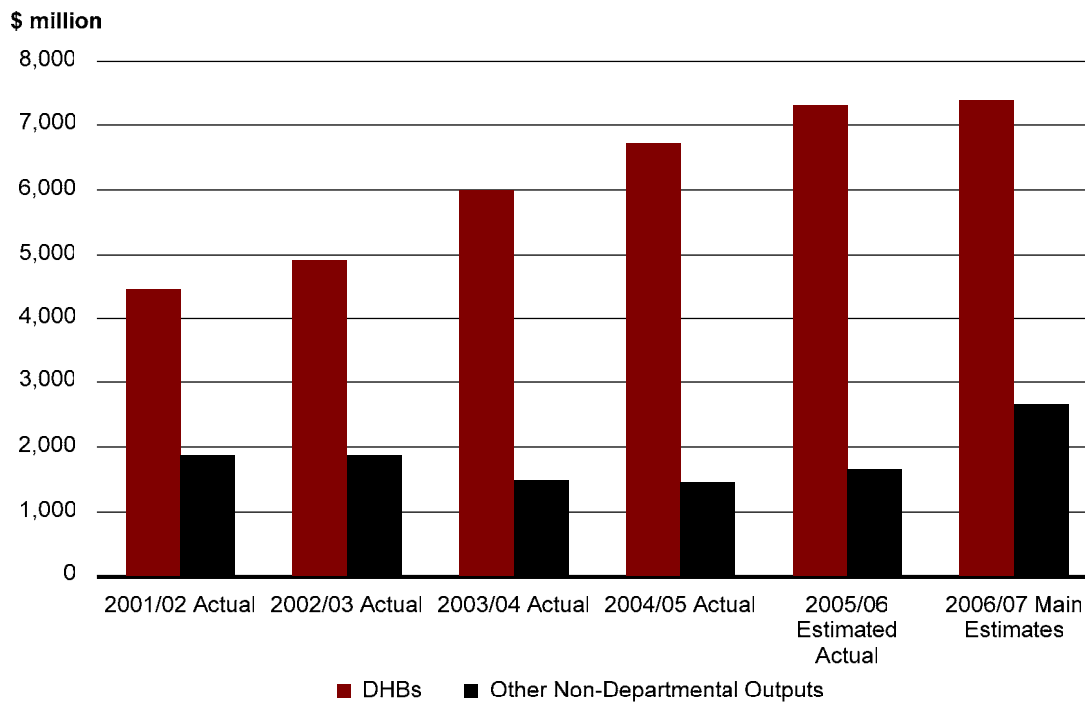
Source: Ministry of Health

The decrease in departmental output expenses in 2006/07 is mainly due to a number of time-limited funding initiatives which finished in 2005/06:

- Assisted Human Reproduction
- National Systems Review
- Counter-Terrorism Preparedness
- Meningococcal Vaccine Programme extension, and
- Development of Australia-New Zealand Therapeutic Products Authority.

#### **Non-departmental expense trends: 2001/02 - 2006/07**

The main non-departmental output expenses are DHB Health and Disability Support Services funding, Disability Support Services - National, Public Health Service Purchasing, Health Services Funding and National Services.

**Figure 5** - Trends in non-departmental expenses (excluding capital appropriations)

Source: Ministry of Health

#### **Non-departmental output expenses - changes for 2006/07**

The funding for the non-departmental outputs total of \$10,083.830 million has increased by a net \$1,049.287 million (11.6% increase over 2005/06). This increase includes:

- \$489.000 million for the Health Funding Package.
- \$59.218 million in additional funding for inflation and demographic change.
- \$7.300 million for the breast screening age extension initiative.
- \$19.000 million for the healthy eating healthy action initiative.
- \$67.600 million contributing towards industrial settlements.
- \$7.300 million for the extension of meningococcal vaccine programme.
- \$199.966 million for a number of other health sector priorities.

#### **Other Crown expenses**

In 2006/07, other expenses to be incurred by the Crown is \$22.912 million, an increase of \$0.929 million. This increase reflects the carry forward of legal expenses.

#### **Capital flows**

In 2006/07, the funding for capital is \$380.777 million which is a decrease of \$201.561 million. This mainly reflects a decrease in equity and debt funding for the construction of new facilities and other capital requirements.

**Crown revenue**

Crown revenue in 2006/07 is \$529.194 million and is largely represented by:

- reimbursement of ACC health-related costs
- capital charge paid by DHBs
- repayment of residential care loans, and
- repayment of loans by DHBs.

## New Policy Initiatives by Appropriation

Initiative	Appropriation as shown in Part B	\$'000 increase/(decrease)				
		2005/06	2006/07	2007/08	2008/09	2009/10
Meningococcal Vaccine Ongoing Delivery	Departmental Output Expense - Public Health	-	477	228	250	-
	Non-Departmental Output Expense - Meningococcal Vaccine Programme	-	7,730	6,765	6,632	-
Development of Trans-Tasman Therapeutic Regulator - Ongoing Operating Costs	Departmental Output Expense - Public Health	-	1,000	-	-	-
Institute of Environmental Science and Research Ltd (ESR) - Laboratory and Surveillance Capability	Non-Departmental Output Expense - Public Health Service Purchasing	-	756	-	-	-
Healthy Eating, Healthy Action Plan	Non-Departmental Output Expense - Public Health Service Purchasing	-	19,033	19,033	19,033	19,033
Breast Screening Age Extension	Non-Departmental Output Expense - National Services	-	7,300	7,300	7,300	7,300
Additional Demographic Funding	Non-Departmental Output Expense - National Services	-	4,336	4,336	4,336	4,336
Additional Forecast Funding Track Funding	Non-Departmental Output Expense - National Services	-	54,882	54,882	54,882	54,882
Other Initiatives and Risk Management	Non-Departmental Output Expense - Health Services Funding	49,361	199,966	202,936	203,047	209,929
<b>Total Initiatives</b>		<b>49,361</b>	<b>295,480</b>	<b>295,480</b>	<b>295,480</b>	<b>295,480</b>

## Part B - Statement of Appropriations

### Summary of Financial Activity

	2001/02	2002/03	2003/04	2004/05	2005/06		2006/07 Appropriations to be Used				2007/08	2008/09	2009/10	
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budget \$000	Estimated Actual \$000	By the Department Administering the Vote		For Non-Departmental Transactions		Total \$000	Estimated \$000	Estimated \$000	Estimated \$000
							Annual \$000	Other \$000	Annual \$000	Other \$000				
<b>Appropriations</b>														
Output Expenses	6,465,893	6,929,350	7,629,704	8,333,575	9,205,847	9,112,470	156,747	661	10,083,830	-	10,241,238	10,106,328	10,162,319	10,170,325
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Other Expenses	28,647	17,573	11,798	15,089	21,983	19,483	-	-	22,912	-	22,912	17,912	17,912	17,912
Capital Expenditure	250,207	494,999	861,172	213,916	582,338	582,338	N/A	N/A	380,777	-	380,777	717,743	309,815	239,000
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	-	N/A	N/A	-	-	-	-
<b>Total Appropriations</b>	<b>6,744,747</b>	<b>7,441,922</b>	<b>8,502,674</b>	<b>8,562,580</b>	<b>9,810,168</b>	<b>9,714,291</b>	<b>156,747</b>	<b>661</b>	<b>10,487,519</b>	<b>-</b>	<b>10,644,927</b>	<b>10,841,983</b>	<b>10,490,046</b>	<b>10,427,237</b>
<b>Crown Revenue and Receipts</b>														
Tax Revenue	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-	-	-	-
Non-Tax Revenue	112,590	196,091	327,516	393,926	394,208	371,508	N/A	N/A	N/A	N/A	468,249	468,249	468,249	468,249
Capital Receipts	2,206	21,999	18,994	26,070	60,945	44,000	N/A	N/A	N/A	N/A	60,945	60,945	60,945	60,945
<b>Total Crown Revenue and Receipts</b>	<b>114,796</b>	<b>218,090</b>	<b>346,510</b>	<b>419,996</b>	<b>455,153</b>	<b>415,508</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>529,194</b>	<b>529,194</b>	<b>529,194</b>	<b>529,194</b>

## Part B1 - Details of Appropriations

Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Expenses (General)							
Clinical Services (M36)	13,177	-	13,062	-	12,432	-	- Strategic and policy advice and issues management relating to child and youth, maternity and adult health services. Development and administration of regulations related to health services facilities and providers.
DHB Funding and Performance (M36)	17,548	-	12,571	-	16,750	-	- Negotiation, management and monitoring of the funders of health and disability services, and the negotiation and monitoring of funding agreements with specific advisory and sector support service providers.
Disability Services (M36)	10,443	-	9,893	-	9,906	-	- Policy advice on issues specific to people with disabilities. Negotiate and administration of service agreements with disability support service providers.
Management of National Screening Programmes (M36)	9,327	-	9,327	-	8,510	-	- Management of national screening programmes.
Māori Health (M36)	3,632	-	3,632	-	3,742	-	- Policy advice on reducing disparities in health status for Māori by increased responsiveness.
Mental Health (M36)	6,338	-	6,338	-	6,355	-	- Implementation of the Mental Health Strategy. Administration of regulations related to mental health.
Ministerial Support Services (M36)	2,841	-	2,841	-	2,516	-	- Provision of responses to ministerial correspondence and parliamentary questions.
Public Health (M36)	42,460	-	40,810	-	32,531	-	- Administration and enforcement of health legislation, monitoring, national coordination, technical advice, negotiation and administration of service agreements with public health service providers.
Sector Policy (M36)	12,601	-	12,001	-	14,389	-	- Strategic advice and policy analysis on the health and disability sector in New Zealand. This includes health and disability services policy, public health policy and Māori health policy.
<b>Total Departmental Output Expenses (General)</b>	<b>118,367</b>	<b>-</b>	<b>110,475</b>	<b>-</b>	<b>107,131</b>	<b>-</b>	
Departmental Output Expenses (Restricted by Revenue)							
Information Services (M36)	51,576	1,361	49,368	1,361	49,616	661	Production and management of health information, including databases (see Note 1).
<b>Total Departmental Output Expenses (Restricted by Revenue)</b>	<b>51,576</b>	<b>1,361</b>	<b>49,368</b>	<b>1,361</b>	<b>49,616</b>	<b>661</b>	

Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Non-Departmental Output Expenses</b>							
Disability Support Services - National (M36)	707,159	-	699,159	-	723,527		- Funding of disability support services from District Health Boards and other Disability Support service providers.
Health and Disability Support Services - Auckland DHB (M36)	732,336	-	732,336	-	738,089		- Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from Auckland DHB.
Health and Disability Support Services - Bay of Plenty DHB (M36)	381,038	-	381,038	-	383,760		- Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from Bay of Plenty DHB.
Health and Disability Support Services - Canterbury DHB (M36)	844,461	-	844,461	-	849,278		- Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from Canterbury DHB.
Health and Disability Support Services - Capital and Coast DHB (M36)	425,430	-	425,430	-	436,948		- Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from Capital and Coast DHB.
Health and Disability Support Services - Counties-Manukau DHB (M36)	725,260	-	725,260	-	735,877		- Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from Counties-Manukau DHB.
Health and Disability Support Services - Hawkes Bay DHB (M36)	290,855	-	290,855	-	293,580		- Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from Hawkes Bay DHB.
Health and Disability Support Services - Hutt DHB (M36)	235,717	-	235,717	-	237,182		- Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from Hutt DHB.
Health and Disability Support Services - Lakes DHB (M36)	199,471	-	199,471	-	200,182		- Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from Lakes DHB.
Health and Disability Support Services - MidCentral DHB (M36)	301,206	-	301,206	-	304,307		- Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from MidCentral DHB.
Health and Disability Support Services - Nelson-Marlborough DHB (M36)	246,358	-	246,358	-	250,047		- Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from Nelson-Marlborough DHB.
Health and Disability Support Services - Northland DHB (M36)	310,492	-	310,492	-	317,001		- Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from Northland DHB.



Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Health and Disability Support Services - Otago DHB (M36)	352,723	-	352,723	-	358,078	-	Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from Otago DHB.
Health and Disability Support Services - South Canterbury DHB (M36)	108,860	-	108,860	-	109,922	-	Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from South Canterbury DHB.
Health and Disability Support Services - Southland DHB (M36)	190,483	-	190,483	-	194,904	-	Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from Southland DHB.
Health and Disability Support Services - Tairāwhiti DHB (M36)	96,409	-	96,409	-	97,783	-	Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from Tairāwhiti DHB.
Health and Disability Support Services - Taranaki DHB (M36)	213,941	-	213,941	-	215,136	-	Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from Taranaki DHB.
Health and Disability Support Services - Waikato DHB (M36)	612,494	-	612,494	-	618,419	-	Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from Waikato DHB.
Health and Disability Support Services - Wairarapa DHB (M36)	81,728	-	81,728	-	82,317	-	Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from Wairarapa DHB.
Health and Disability Support Services - Waitemata DHB (M36)	752,410	-	752,410	-	759,633	-	Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from Waitemata DHB.
Health and Disability Support Services - West Coast DHB (M36)	83,130	-	83,130	-	86,905	-	Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from West Coast DHB.
Health and Disability Support Services - Whanganui DHB (M36)	136,211	-	136,211	-	140,801	-	Funding of personal and mental health services including services for the health of older people, provision of hospital and related services and management outputs from Whanganui DHB.
Health Services Funding (M36)	159,863	-	110,096	-	700,172	-	Funding held over to address risks and to fund health and disability services contracts.
Management of Residual Health Liabilities and District Health Board Term Debt (M36)	1,674	-	1,674	-	1,748	-	Funding for Crown Health Financing Agency (CHFA) to provide and manage the Crown term debt facilities for DHBs, provide independent advice to the Minister on the credit worthiness and financial sustainability of DHBs, and to manage residual area health board liabilities.
Meningococcal Vaccine Programme (M36)	54,770	-	42,270	-	7,730	-	The development, purchasing and delivery of a vaccine against the epidemic strain of group B meningococcal disease to target population groups.

	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Appropriations							
<b>Non-Departmental Output Expenses - cont'd</b>							
Monitoring and Protecting Health and Disability Consumer Interests (M36)	12,455	-	12,455	-	13,000	-	- Provision of services to monitor and protect health consumer interests by the Health and Disability Commissioner, District Mental Health Inspectors and Review Tribunals, and the Mental Health Commission.
National Advisory and Support Services (M36)	340	-	340	-	340	-	- Provision of advisory and support services by independent service providers.
National Services (M36)	463,555	-	463,555	-	864,363	-	- Funding of services not devolved to District Health Boards.
Problem Gambling Services (M36)	16,506	-	10,006	-	19,824	-	- Funding of services provided under the Gambling Act 2003.
Public Health Service Purchasing (M36)	297,208	-	290,698	-	342,977	-	- Public Health Services funded by the Ministry of Health from DHBs and other public health service providers.
<b>Total Non-Departmental Output Expenses</b>	<b>9,034,543</b>	<b>-</b>	<b>8,951,266</b>	<b>-</b>	<b>10,083,830</b>	<b>-</b>	
<b>Other Expenses to be Incurred by the Crown</b>							
Australian Kidney Foundation (M36)	15	-	15	-	15	-	- Cost contribution to the Australian Kidney Foundation to receive the Australia and New Zealand Dialysis and Transplant Registry.
International Health Organisations (M36)	2,230	-	2,230	-	2,230	-	- Funding for New Zealand's membership and contribution to the World Health Organisation (WHO).
Legal Expenses (M36)	5,459	-	2,959	-	6,778	-	- Funding for the defence and settlement of legal claims against the Crown.
Provider Development (M36)	14,279	-	14,279	-	13,889	-	- Funding for the development of health providers, particularly for the improvement of Māori health.
<b>Total Other Expenses to be Incurred by the Crown</b>	<b>21,983</b>	<b>-</b>	<b>19,483</b>	<b>-</b>	<b>22,912</b>	<b>-</b>	
<b>Capital Expenditure</b>							
Deficit Support for DHBs (M36)	44,779	-	44,779	-	-	-	- Capital contributions to cover DHB deficits for Auckland, Whanganui and West Coast DHBs.
Equity for Capital Projects for DHBs and the New Zealand Blood Service (M36)	72,912	-	72,912	-	155,742	-	- Capital contributions to DHBs and the New Zealand Blood Service to cover new investments and reconfiguration of their balance sheets.
Health Sector Projects (M36)	25,670	-	25,670	-	-	-	- Capital investment in specific health sector assets.
New Lending to DHBs (M36)	101,096	-	101,096	-	95,700	-	- Funding of new debt for DHBs.
Refinance of DHB Private Debt (M36)	94,933	-	94,933	-	-	-	- Funding for CHFA to refinance DHB debt from private lenders.

	2005/06				2006/07		
	Budget		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	Scope of 2006/07 Appropriations
Residential Care Loans (M36)	20,000	-	20,000	-	20,000	-	Loans to provide assistance for patients in residential care.
Response to Significant Health Emergencies (M36)	28,103	-	28,103	-	17,082	-	Capital purchase and development costs incurred to prepare for significant health emergencies.
Rollover of Residual Health Management Unit Loans (M36)	194,845	-	194,845	-	92,253	-	Funding to rollover DHB loans with CHFA.
<b>Total Capital Expenditure</b>	<b>582,338</b>	<b>-</b>	<b>582,338</b>	<b>-</b>	<b>380,777</b>	<b>-</b>	
<b>Total Appropriations</b>	<b>9,808,807</b>	<b>1,361</b>	<b>9,712,930</b>	<b>1,361</b>	<b>10,644,266</b>	<b>661</b>	

## Part C - Explanation of Appropriations for Output Expenses

### Part C1 - Departmental Output Expenses

Detailed cost information is included in the Ministry's Statement of Intent.

#### *Clinical Services*

This output expense provides strategic leadership and policy advice on clinical services that contribute to the stated Ministry of Health outcomes. Current work under this output expense aims to reshape health services to enable them to better respond to current and emerging critical issues, in particular the prevention and management of chronic disease in community settings.

This output expense focuses on:

#### **Policy Advice**

The provision of policy advice to the Minister of Health on personal health services, including analysis of clinical services, systems, and innovative projects to support ongoing clinical systems improvement. Responsive policy advice on clinical services matters is a core component of policy advice.

#### **Strategic Leadership**

Leadership to the health sector in priority strategic initiatives, to facilitate and champion changes to the operating environment for clinical services. Strategic leadership activities bridge the gap between policy and implementation, and focus on preparing the health sector for policy changes. They will be conducted in a manner that builds trust and understanding between the Ministry, planners and funders, health providers, health professionals and communities. Strategic leadership also involves the capability to provide trusted professional leadership for responding to clinical services matters as they emerge, managing relationships and risks.

#### **Service Development and Implementation**

Leading clinical service development and improvement initiatives. Managing interim implementation and other support for new policies of high strategic importance, such as the Primary Health Care Strategy, and transitioning these initiatives out to DHBs, PHOs and the sector.

#### **Statutory Committees**

Promotion of continuous improvement in the provision of safe and quality focused Health and Disability services by providing secretariat support for statutory committees.

#### **Delegated Statutory Duties (Certification)**

The promotion of continuous improvement in the provision of safe and quality focused Health and Disability services through the administration and enforcement of statutory obligations set out in the Health and Disability Services Safety Act 2001, Health Practitioners Competency Assurance Act 2003, and Health Act 1956 (section 125).

This output expense also contributes to the following Ministry priority areas:

- Primary Health Care Strategy implementation.
- Cancer Control Strategy implementation.

- Cardiovascular Disease/Diabetes initiatives.
- Child and Youth Services initiatives.
- Getting Ahead of the Chronic Disease Burden.

### *DHB Funding and Performance*

This output expense covers the provision of:

#### **Policy Advice**

Advice to the Minister of Health on funding and performance issues which affect DHBs and other health Crown entities, across funding, finance, service analysis and performance areas.

#### **Service Planning and Purchasing**

- Funding and monitoring a range of national personal health services.
- The purchase and monitoring of post clinical education and training.

#### **DHB and Crown Entity ownership advice**

- Developing the planning and reporting requirements for DHBs and other Crown entities, managing the DHBs' Crown Funding Agreements, and reviewing the performance reports on each DHB and other Crown entities.
- Advice on the performance of DHBs and other Crown health entities in delivering the Government's New Zealand Health and Disability Strategies.
- Advice on ministerial appointments to the governing bodies of the DHBs and other Crown entity boards and on the expectations of board members.
- Advice on industrial relations across the sector.
- Advice on best practice and policy for DHB elections, and assisting DHBs to meet their legislative obligations around DHB elections.
- Leading the Crown Negotiation Team working towards the resolution of the Wai 692 contemporary Treaty of Waitangi claim.
- Advice on governance issues affecting DHBs and other Crown entities, including conflicts of interest, succession planning, codes of conduct, delegation policies and approvals for co-operative and collaborative arrangements.

#### **DHB and Crown Entity Performance Management**

- Utilisation of the Monitoring Intervention Framework (MIF) for evaluating, recognising and encouraging improved DHB performance.
- Assisting DHB boards with the resolution of governance issues affecting board performance and the promotion of best governance approaches.
- Reviewing ongoing financial and non-financial performance of DHBs and Crown entities and the consideration of any appropriate interventions to achieve performance improvement.
- Alignment of DHB accountability and monitoring arrangements with the work of the Performance Management and Assessment steering group.

This output expense also contributes to the implementation of the following Ministry priority:

- Improving elective services overall.

### *Disability Services*

This output expense focuses on the provision of:

#### **Policy Advice**

- Providing advice to the Minister of Health who has responsibility for disability support services, policy and service development.
- Reporting on the implementation of the New Zealand Disability Strategy for the Ministry of Health.

#### **Service Planning and Performance**

- Funding disability support services, including negotiating service agreements with providers, payments for services, provider audit and monitoring, and payment of claims from people with a disability.
- Planning for and undertaking developments to improve the benefit of disability support services funded by the Ministry of Health, including cross agency co-operation and collaboration.
- Ensuring the effective utilisation of disability support services funding and analysing expenditure and service trends to inform budget monitoring.

This output expense also oversees and contributes to the implementation of the following priorities:

- Progressing the New Zealand Disability Strategy.
- Quality and safety of support services.
- Improving the benefit of disability support service funding.
- Quality and safety of home-based support services.

#### **New Zealand Disability Strategy**

- Improving the participation of disabled people and their families/whānau in the planning for and improvement of disability support services.
- Completing the deinstitutionalisation programme by consolidating the closure of the Kimberley Centre for people with an intellectual disability.

#### **Quality and Safety of Home Based Support Services**

- Completing the home based support service training initiative that will lead to the wider roll out of the national foundation certificate for home based support service workers.

#### **Improving the Benefit of Disability Support Service Funding**

- Improving the capacity and capability of needs assessment and service coordination organisations (NASC).
- Improving the provision of support services for people with autism spectrum disorder and their families/whānau.
- Improving the quality and provision of services for Māori.
- Improving the planning of disability support services for disabled Pacific people.

- Improving the provision of disability information and advisory services.

### *Information Services*

This output expense focuses on the provision of:

#### **Policy Advice**

- Provision of good quality and timely health information strategic and policy advice to the Minister of Health.
- Provision of health information strategic and policy advice in a context that supports the New Zealand Health Strategy (NZHS) and New Zealand Disability Strategy (NZDS).
- Provision of health information strategic and policy advice on use of information in innovative ways to improve the health status and independence outcomes for all New Zealanders.

#### **National Health Information**

- Health Information and Strategy - custodianship of the Health Information Strategy for New Zealand (HIS-NZ).
- National Collections - custodianship and operational responsibility for national collections of health and disability information on behalf of New Zealanders.
- Health Records - custodianship and operational responsibility for national health event summaries on behalf of all New Zealanders.
- Data Quality - the collection, processing, maintenance, analysis and dissemination of health data, statistics and information including strategies to improve data quality.
- Information Access - responsibility for provisioning health information to the sector and appropriate information to wider stakeholders.
- National Systems - the maintenance and on-going development of key national systems.
- Anchoring Framework - the maintenance and ongoing development of national indexes (ie, National Health Index and Health Practitioner Index) to ensure connectivity to data stored across national collections.
- Stewardship Support - providing advice and support to the Health Information Strategy Action Committee set up to provide Stewardship Governance for progressing HIS-NZ and ensuring consistent health information standards.

#### **Health sector payments and administration**

- The administration and monitoring of service agreements and payments for health benefits and service agreements.

This output expense also contributes to the implementation of the following priority:

- Developing health infrastructure (Information).

### *Management of National Screening Programmes*

This output expense ensures the effective delivery of current national screening programmes: the National Cervical Screening Programme (NCSP), BreastScreen Aotearoa (BSA), Newborn Metabolic Screening Programme (NMSP), Newborn Hearing Screening Programme (NBHS), and the Antenatal HIV Screening Programme, and the provision of advice on screening in other strategic areas.

The delivery of national screening programmes is overseen by the National Screening Unit which provides:

**Policy Advice**

- Provision of policy and strategic advice on the national coordination and leadership of screening programmes, and on reducing inequalities within screening programmes.

**Service Planning and Funding**

- Contracting with screening service providers for specified screening services, and ensuring that these contracts are funded and managed.
- Auditing and monitoring the contracted service providers against their contracts and the applicable national quality standards, in accordance with the national screening unit monitoring and audit frameworks and the National Screening Unit quality framework.

This output expense contributes towards the following Ministry priorities and initiatives:

- National Cervical Screening Programme.
- Breast Cancer Screening.
- Phased Implementation of Universal Routine-Offer Antenatal HIV Screening for Women in New Zealand.
- Colorectal Cancer Screening.
- Antenatal Screening for Down's Syndrome.
- Newborn Metabolic Screening Programme.

***Māori Health***

This output expense purchases Māori advice and policy analysis provided to the Minister of Health on the health and disability sector. The Ministry of Health will provide:

**Policy Advice**

- Advice on interventions to improve Māori health outcomes, including the reorientation of the health and disability sector, which is needed to improve Māori health and independence outcomes and reduce inequalities.
- Advice on the impact of policy and legislation in relation to reducing inequalities and Māori health aspirations and needs.
- Intersectoral co-ordination to ensure improved coverage and appropriate services to Māori, which will also impact on improved health outcomes.
- The development of policy for the health and disability sector, including in relation to the operating and monitoring environment for DHBs and other service funders and providers, service development and implementation of Māori health strategies to improve Māori health outcomes.

**Administration of the Māori Provider Development Scheme**

- The allocation of funds from the Māori Provider Development Scheme to improve Māori health outcomes.



### **Supporting collaboration and co-ordination within and across sectors**

- Providing leadership on Māori strategic policy and service development issues that span the health and disability sector, the strategic direction of the health and disability sector with respect to Māori health and disability, including advice on Māori provider and workforce development and ways of improving access, and the quality and effectiveness of, services to Māori consumers and whānau.
- Supporting the enhancement of relationships between Māori communities and DHBs.
- Providing international liaison and advice on indigenous health issues.

This output expense also oversees and contributes the implementation of the following priorities:

- He Korowai Oranga.
- Reducing Inequalities.

### *Mental Health*

#### **Improving Mental Health**

This output expense focuses on leading the implementation of the Government's mental health priorities. It also focuses on administering mental health regulations for compulsory assessment and treatment.

This output expense will purchase:

- policy advice on improving health outcomes, reducing inequalities and increasing participation
- the administration of mental health legislation, and
- service development and review.

This output expense also contributes to the following areas:

- Implementation of the Mental Health Strategy.
- Regulatory Framework for Compulsory Interventions in Alcohol and Drug Addiction.
- Alcohol and Drug Addiction Regulatory Framework.
- Key Performance Indicator Framework.
- Revised Forensic Framework and Implementation Plan.
- Annual Report of the Office of the Director of Mental Health.

### *Ministerial Support Services*

This output expense involves providing support services to the Minister of Health and Associate Ministers of Health. This includes preparing draft responses to ministerial correspondence, parliamentary questions, requests for briefing reports and speeches, the provision of replies to questions asked by the Health Committee in respect of the Estimates and Financial Review examinations, and appointments to ministerial and occupational statutory bodies and committees.

### *Public Health*

This output expense focuses on:

- provision of policy advice to the Minister of Health in relation to public health services and policy

- managing public health issues (including public health information, radiation protection), and
- planning and funding of public health services.

This output expense also contributes towards the following Ministry priorities and initiatives:

- Healthy Eating, Healthy Action.
- Tobacco Control.
- Reducing alcohol use.

This output expense also contributes to the following:

#### **Establishment of the Australia-New Zealand Therapeutic Products Authority**

- Implementation of a new risk-based regulatory scheme for therapeutic products (prescription and over the counter medicines, complementary medicines, and medical devices).
- Establishment of a joint therapeutic products regulatory agency (JTA) with Australia to administer the new regulatory scheme.

#### **Pacific Health**

- Provision of policy advice on strategic frameworks and services to improve the health status of Pacific peoples in New Zealand.
- Implementation of the Pacific Health and Disability Workforce Development Plan.
- Administration of the Pacific Provider Development Fund to promote Pacific provider and workforce development.
- Liaison with the Pacific Health provider sector.

#### **Drafting of the proposed Public Health Bill and supporting it through parliamentary processes, to replace the Health Act 1956**

- Preparation of a draft Cabinet paper to outline key policy proposals.
- The finalisation of a draft Bill that gives effect to Cabinet decisions.
- The passage of the Public Health Bill including the Select Committee processes.
- The initiation of a review of current regulations associated with the Health Act.

### *Sector Policy*

This output expense provides strategic policy advice and analysis to the Minister of Health on the health and disability sector in New Zealand.

It focuses on:

#### **Policy Advice**

- Providing an integrated view of the overall performance of the health and disability sector.
- Providing an integrated view of the future directions, design, and priorities for the health and disability sector.
- Assessing external and domestic influences on the sector, including the determinants of demand for health and disability support services and the wider environment in which the sector operates.

- Providing strategic advice on where and how best to achieve gains in health and independence, improve service quality and reduce inequalities, for the population.
- Providing strategic advice on ethics and innovations and the associated regulatory frameworks.
- Operational policy on services for older people.

#### **Facilitating collaboration and co-ordination within and across sectors**

- Leading strategic policy issues that span the whole or part of the health sector, in particular on sector funding, therapeutics, and on the health and disability support workforce.

#### **Statutory committees and Ministerial support**

- Administrative and advisory services to some statutory and advisory committees where parallel advice is sourced from this output expense.
- Logistical and administrative support for international fellowships, international visits, and relationship management with international organisations.
- New Zealand's international engagements for the health and disability sector.

This output expense also oversees the implementation of the following Ministry priorities:

- Developing Health infrastructure (Workforce).
- Health of Older People Strategy.

## **Part C2 - Non-Departmental Output Expenses**

### *District Health Boards: Health and Disability Support Services*

The Minister of Health purchases health and disability services for all eligible people via District Health Boards (DHBs). DHBs are responsible for both the provision of health care services to a geographically defined population and the running of hospital services. DHBs are responsible for improving, promoting and protecting the health and independence of their populations. They must assess the health needs of the people of their regions and manage their resources appropriately.

#### **Performance Measures**

The Minister of Health expects that:

- all funding agreements with providers will specify the nature, level, range and volume of services, the location, access, monitoring arrangements, price, duration, scope for variation, and mechanisms for dispute resolution
- all funding agreements with providers will be written and monitored to ensure delivery of the service obligations specified in those agreements
- monthly financial reports (including statements of financial performance, financial position and cash flows), and quarterly reports will be provided to the Ministry of Health in accordance with requirements in the Funding Agreement with the funders (this reporting includes both quantitative and qualitative information).

For each of these output expenses, refer to the generic description above.

**Cost (all DHB Output Expenses)**

	2005/06 \$000	2006/07 \$000
Total output expenses	7,321,013	7,410,149
Total output revenues	-	-

The cost of each output expense is outlined in the following table.

**Cost**

Output Expense	2005/06 \$000	2006/07 \$000
Health and Disability Support Services - Northland DHB	310,492	317,001
Health and Disability Support Services - Waitemata DHB	752,410	759,633
Health and Disability Support Services - Auckland DHB	732,336	738,089
Health and Disability Support Services - Counties-Manukau DHB	725,260	735,877
Health and Disability Support Services - Waikato DHB	612,494	618,419
Health and Disability Support Services - Lakes DHB	199,471	200,182
Health and Disability Support Services - Bay of Plenty DHB	381,038	383,760
Health and Disability Support Services - Tairāwhiti DHB	96,409	97,783
Health and Disability Support Services - Taranaki DHB	213,941	215,136
Health and Disability Support Services - Hawkes Bay DHB	290,855	293,580
Health and Disability Support Services - Whanganui DHB	136,211	140,801
Health and Disability Support Services - MidCentral DHB	301,206	304,307
Health and Disability Support Services - Hutt DHB	235,717	237,182
Health and Disability Support Services - Capital and Coast DHB	425,430	436,948
Health and Disability Support Services - Wairarapa DHB	81,728	82,317
Health and Disability Support Services - Nelson-Marlborough DHB	246,358	250,047
Health and Disability Support Services - West Coast DHB	83,130	86,905
Health and Disability Support Services - Canterbury DHB	844,461	849,278
Health and Disability Support Services - South Canterbury DHB	108,860	109,922
Health and Disability Support Services - Otago DHB	352,723	358,078
Health and Disability Support Services - Southland DHB	190,483	194,904

***Disability Support Services - National***

The Minister of Health purchases disability support services to eligible clients, including service audits and developments required to support the provision of quality services to clients.

The clients are those who have a long-term physical, intellectual or sensory disability (or a combination of these), which is likely to continue for a minimum of six months and make the person less independent

and in need of ongoing support. People seeking access to these services usually have their eligibility and support needs assessed by a needs assessment and service co-ordination organisation (NASCO).

### Performance Measures

The Minister of Health expects that:

- All services will be provided in accordance with the output plan agreement with the Minister.
- All contracts with the providers will specify the nature, level, range, monitoring arrangements, price, duration, and mechanisms for dispute resolution.
- All contracts are audited and monitored to ensure compliance with the terms specified in the agreements.
- Residential services that are provided in community residential homes with 5 or more beds will be provided in facilities certified under the New Zealand Health and Disability Services Safety Act 2001 and meet the standards as required under that Act.

### Timeliness

- In a crisis, where a person's safety is at risk, that person should receive, or be assessed for, disability support services within 24 hours.
- If a person urgently requires assessment for disability support services, but is not in a crisis situation, needs assessment facilitators or health professionals should contact that person within two working days.
- If a person is assessed to urgently require disability support services, but is not in a crisis situation, that person should receive services within two weeks, subject to availability of funding.
- If the need for disability support services is not urgent, people will receive services as soon as possible. Timing of services will depend on the person's need relative to that of others, the person's ability to benefit and become more independent as a result of the services provided, and the availability of funding.

### Cost

	2005/06 \$000	2006/07 \$000
Total output expenses	707,159	723,527
Total output revenues	-	-

## *Public Health Service Purchasing*

The Minister of Health has funding agreements with providers such as DHBs and other providers for public health services. Public health services protect people from health threats and promote better health for all New Zealanders. Public health services are targeted at specific groups of people (particularly those in high risk groups).

The Ministry has a large number of contracts to deliver these services. A significant number of providers do not report to Parliament directly, and will be included in a summary form in the report from the Ministry of Health as required under section 32A of the Public Finance Act 1989.

Public health services are purchased for specific purposes, including:

- services to monitor the physical environment (eg, sewage, drinking water and air quality)

- services to monitor food-borne illnesses in humans
- services to help prevent the spread of communicable diseases like AIDS, TB and Hepatitis A (including the needle exchange programme)
- immunisation services including the National Immunisation Register and immunisation facilitation and outreach services
- services to promote better social environments
- services to promote the wellbeing of children
- injury prevention programmes (eg, the promotion of child restraints in cars)
- non-communicable diseases (breast and cancer screening programmes and services to protect against non-communicable diseases like melanoma, diabetes, cardiovascular disease and cancer)
- services and programmes to promote better mental health, including programmes to reduce the stigma associated with mental illness and programmes to prevent suicide
- programmes to promote healthy eating
- sexual health programmes
- services to reduce alcohol and drug harm
- tobacco control programmes, including monitoring smokefree workplaces and restaurants, and public health programmes, and
- public health infrastructure, including workforce development and the production of education materials.

Services are aimed at specific population groups, such as Māori, Pacific peoples, children, young people, adults and older people.

### Performance Measures

The Minister of Health expects that:

- all funding agreements with providers will specify the nature, level, range and volume of services, the location, access, monitoring arrangements, price, duration, scope for variation, and mechanisms for dispute resolution
- all funding agreements with providers will be written and monitored to ensure delivery of the service obligations specified by the Minister, and
- monthly financial reports (including statements of financial performance, financial position and cash flows), and quarterly reports will be provided to the Ministry of Health in accordance with requirements in the Funding Agreement with the funders (this reporting includes both quantitative and qualitative information).

### Cost

	2005/06 \$000	2006/07 \$000
Total output expenses	297,208	342,977
Total output revenues	-	-

## *Management of Residual Health Liabilities and District Health Board Term Debt*

The Minister of Health purchases services from the Crown Health Financing Agency (CHFA), which include:

- providing and managing Crown term debt facilities for DHBs, including refinancing of maturing private bank debt and new debt facilities for major capital works
- providing independent advice to the Responsible Ministers on the credit worthiness and financial sustainability of DHBs, including early warning of perceived financial risks and plans to manage those risks, and
- managing residual area health board liabilities, including contingent liabilities arising in relation to the acts or omissions of an Area Health Board prior to 1 July 1993, patient trust funds, and residual property leases.

The activities of the CHFA are specified in a Composite Terms of Reference letter between the Minister of Health and the CHFA, and are managed and monitored on behalf of the Minister by the Ministry of Health. Performance measures relating to this output expense are covered in the Statement of Intent tabled in Parliament by the Minister of Health, in accordance with the Public Finance Act 1989 and Crown Entities Act 2004.

Reporting against this output expense is provided in the annual reports of the Ministry of Health and the CHFA. Management and monitoring are provided through the DHB Funding and Performance departmental output expense.

The Ministry of Health monitors the level and composition of DHB debt, and works with the CHFA to ensure financing of DHBs is carried out in an appropriate manner.

### **Performance Measures**

The Minister of Health expects that:

- the quantity, quality and nature of the services provided will be as agreed between the Minister and the CHFA, and within the timeframes specified
- the CHFA will provide quarterly reports to the Ministry of Health, summarising delivery of services against specifications in its funding arrangement with the Minister, identifying any significant variations, any corrective actions required to be taken, and any potential risks to delivery according to the agreed quality, quantity and price, and
- the Statement of Intent and Annual Report of the CHFA will be tabled in Parliament in accordance with the Public Finance Act 1989.

### **Cost**

	2005/06 \$000	2006/07 \$000
Total output expenses	1,674	1,748
Total output revenues	-	-

## *National Services*

The Minister of Health purchases a number of national personal health, Māori health, and mental health services. These services will be funded on behalf of populations spanning across District Health Board districts.

The Ministry has a large number of contracts to deliver these services. A significant number of providers do not report to Parliament directly, and will be included in a summary form in the report from the Ministry of Health as required under section 32A of the Public Finance Act 1989.

The administration and monitoring of these services is covered within the departmental output expenses administered by the Ministry of Health.

### **Performance Measures**

The Minister of Health expects that:

- services will be provided in accordance with funding agreements agreed with the Minister. The quantity, quality and nature of the services to be provided are documented and timeframes specified in these funding agreements, and
- reports on the delivery of services will be provided to the Ministry of Health by the providers in accordance with the provisions of their organisations' funding agreements.

### **Cost**

	2005/06 \$000	2006/07 \$000
Total output expenses	463,555	864,363
Total output revenues	-	-

## *National Advisory and Support Services*

The Minister of Health purchases advisory and support services from a number of organisations working at a national level.

The administration and monitoring of these services is covered within the departmental output expenses administered by the Ministry of Health.

The Ministry has a number of contracts to deliver these services. A significant number of providers do not report to Parliament directly, and will be included in a summary form in the report from the Ministry of Health as required under section 32A of the Public Finance Act 1989.

### **Performance Measures**

The Minister of Health expects that:

- services will be provided within appropriation in accordance with funding agreements agreed with the Minister. The quantity, quality and nature of the services to be provided are documented and timeframes specified in these funding agreements, and
- reports on the delivery of services will be provided to the Ministry of Health by the providers in accordance with the provisions of their organisations' funding agreements.



**Cost**

	2005/06 \$000	2006/07 \$000
Total output expenses	340	340
Total output revenues	-	-

***Monitoring and Protecting Health and Disability Consumer Interests***

The Minister of Health provides a grant for:

- education, advocacy, complaints resolution, and proceeding services on behalf of users of health and disability services in accordance with the Health and Disability Commissioner Act 1994.

The Minister of Health purchases:

- district inspector services, to inquire into the status and management of psychiatric patients in accordance with the Mental Health (Compulsory Assessment and Treatment) Act 1992
- review tribunal services to consider the condition of patients who seek reviews, or on whose behalf a review has been sought, in accordance with the Mental Health (Compulsory Assessment and Treatment) Act 1992, and
- services for monitoring and reporting on the implementation of the national mental health strategy in accordance with the Mental Health Commission Act 1998. These services are purchased from the Mental Health Commission.

**Health and Disability Commissioner**

The Health and Disability Commissioner Act requires the Health and Disability Commissioner to:

- educate health and disability services consumers and provider groups and individuals as to the provisions of the Code of Health and Disability Services Consumers' Rights
- assess and resolve complaints concerning alleged breaches of the Code of Health and Disability Services Consumers' Rights and provide mediation services as required
- refer providers to the Director of Proceedings, so proceedings are managed in accordance with the Health and Disability Commissioner Act 1994
- advise the Minister of Health on any matters affecting the Code of Health and Disability Services Consumers' Rights and on the administration of the Health and Disability Commissioner Act, and
- establish and maintain guidelines for the operation of a New Zealand-wide independent advocacy service designed to assist consumers of health and disability services to resolve complaints about alleged breaches of the Code of Health and Disability Services Consumers' Rights.

**Performance Measures**

The Minister of Health requires that:

- all activities of the Health and Disability Commissioner, including those of the functionally independent Director of Proceedings and the Director of Health and Disability Services Consumer Advocacy (defined in sections 49 and 25 of the Health and Disability Commissioner Act 1994), will be conducted in accordance with the provisions of the Public Finance Act 1989 and the Health and Disability Commissioner Act 1994

- all reports prepared by the Office of the Health and Disability Commissioner will be undertaken in accordance with the processes outlined in the legislation or approved guidelines, including provision of clear, concise advice; consider action of options and impacts; and being factually correct
- the quantity, quality and timeliness of the services will be as agreed between the Minister of Health and the Commissioner in the annual Statement of Service Performance
- an annual report of the Health and Disability Commissioner will be tabled in Parliament in accordance with the Public Finance Act 1989, and
- the Health and Disability Commissioner's services required by legislation will be provided within budget.

### **Mental Health Commission**

The Minister of Health requires the Mental Health Commission to monitor and report to the Minister of Health on the implementation of the strategic direction for mental health services described in the documents *Looking Forward* and *Moving Forward and Te Tahuhu*, and as outlined in the Letter of Agreement between the Minister and the Mental Health Commission to:

- promote better understanding of mental illness by the community
- reduce the stigma associated with mental illness and the prejudice shown to people with mental illness and their families and caregivers
- eliminate discrimination against people with mental illness and their families and caregivers
- promote employment in the mental health field as a desirable career choice
- promote the provision of training opportunities in the mental health field, and
- promote the development and maintenance of appropriate skills by people employed in the mental health field.

### **Performance Measures**

The Minister of Health requires the Mental Health Commission to:

- ensure all its activities are conducted in accordance with the provisions of the Public Finance Act 1989, the Crown Entities Act 2004 and the Mental Health Commission Act 1998
- ensure the quantity, quality and timeliness of services provided are as stated in the Letter of Agreement between the Minister and the Mental Health Commission
- report quarterly against outputs as provided in the Letter of Agreement between the Minister and the Mental Health Commission
- provide services within budget, and
- provide the Minister of Health with an Annual Report of the Mental Health Commission to be tabled in Parliament in accordance with the Public Finance Act 1989.

### **Mental Health reviews and inquiries**

Under the Mental Health (Compulsory Assessment and Treatment) Act 1992, the Minister of Health purchases:

- the services of District Inspectors, who are appointed by the Minister of Health in accordance with the provision of the Act

- the services of Review Tribunals who are appointed by the Minister of Health to review the condition of any patient subject to the Act and in accordance with the provisions of the Act, and
- mental health inquiries into the care and treatment of psychiatric patients as deemed necessary by the District Inspector or as required by the Director of Mental Health or the Director-General of Health (mental health inquiries are monitored in the Public Health departmental output expense administered by the Ministry of Health).

Reporting against this output is provided in the annual report of the Director of Mental Health.

### Performance Measures

The Minister of Health expects that:

- District Inspectors will provide monthly reports to the Director of Area Mental Health Services and the Director of Mental Health on their duties undertaken in accordance with the Guidelines for District Inspectors
- Review Tribunals will report annually to the Director of Mental Health on their duties undertaken
- as and when required, inquiries into the mental health care and treatment of patients will be completed and reported within the agreed timeframes, and
- outputs will be purchased within the appropriated sum.

### Cost

	2005/06 \$000	2006/07 \$000
Total output expenses	12,455	13,000
Total output revenues	-	-

## *Meningococcal Vaccine Programme*

The Minister of Health purchases the supply of a vaccine against the epidemic strain of group B meningococcal disease (MeNZB). The MeNZB vaccine will be delivered to newborns alongside the Child Immunisation Schedule, with opportunistic vaccination offered to the eligible population who have not completed the full schedule of vaccine doses.

### Performance Measures

The Minister of Health expects that:

- the terms and conditions of the contract for vaccine development are met by the manufacturer and the Ministry of Health
- the terms and conditions of the delivery of the MeNZB vaccine are met by primary care providers and the Ministry of Health, and
- the Ministry will report to Ministers regularly on the progress of MeNZB vaccine delivery and phasing of associated costs.

**Cost**

	2005/06 \$000	2006/07 \$000
Total output expenses	54,770	7,730
Total output revenues	-	-

*Health Services Funding*

The Minister of Health funds a number of sector initiatives. The administration and monitoring provisions of these services are covered by the performance measures in the departmental output expenses administered by the Ministry of Health.

**Performance Measures**

The Minister of Health expects that:

- services will be provided in accordance with funding arrangements agreed with the Minister. The quantity, quality and nature of the services to be provided are documented and timeframes specified in these funding arrangements, and
- reports on the delivery of services will be provided to the Ministry of Health by the providers in accordance with the provisions of their organisations' funding agreements.

**Cost**

	2005/06 \$000	2006/07 \$000
Total output expenses	159,863	700,172
Total output revenues	-	-

*Problem Gambling*

The Minister of Health purchases a variety of services provided under the Gambling Act 2003, including:

- Treatment services provided through Mental Health Services for those with problem gambling addictions, and their families/whānau. These include new intervention services (brief and early intervention approach), counselling and screening services.
- Public health services to protect people from health threats and promote better health for all New Zealanders. Public health services are population focused, and include targeted programmes for specific groups of people (particularly those in high risk groups).
- A research programme to inform further policy and service development to prevent and minimise gambling related harm.

The Ministry has a large number of contracts to deliver these services. A number of providers do not report to Parliament directly, and will be included in a summary form in the report from the Ministry of Health as required under section 32A of the Public Finance Act 1989.

**Performance Measures**

The Minister of Health expects that services will be provided within appropriation in accordance with funding arrangements agreed with the Minister. The quantity, quality and nature of the services to be provided are documented and timeframes specified in these funding arrangements.

**Cost**

	2005/06 \$000	2006/07 \$000
Total output expenses	16,506	19,824
Total output revenues	-	-

## Part D - Explanation of Appropriations for Other Operating Flows

### Part D3 - Other Expenses

#### *Provider Development*

The development of Māori health providers is a critical requirement for improving Māori health status. To this end, a Māori Provider Development scheme has been established. The scheme aims to accelerate Māori health workforce development and Māori provider development as part of the ongoing strategy to improve Māori health.

In addition to Māori provider development, the funding also covers other provider development initiatives such as Pacific peoples' provider development and assistance to implement new information technology.

#### *Legal Expenses*

This provision is for the defence and settlement of legal claims against the Crown.

#### *Australian Kidney Foundation*

This provision is for funding contributions to the Australian Kidney Foundation.

#### *International Health Organisations*

This provision is for funding of New Zealand's membership to the WHO and the granting of extra budgetary contributions to specific WHO projects.

## Part E - Explanation of Capital Flows

### Part E1 - Explanation of Movements in Departmental Net Asset Schedules

Details of Net Asset Schedule for Ministry of Health	Estimated Actual 2005/06 \$000	Projected 2006/07 \$000	Explanation of Projected Movements in 2006/07
Opening Balance	14,100	17,098	
Capital Injections	2,998	-	
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	17,098	17,098	

### Part E2 - Statement of Estimated and Forecast Net Worth of Entities Owned

	Balance Date	Estimated Net Worth 2006 \$000	Forecast Net Worth 2007 \$000
Alcohol Liquor Advisory Council	30 June	912	912
Health and Disability Commissioner	30 June	997	961
Health Sponsorship Council	30 June	1,000	876
All District Health Boards	30 June	1,653,036	1,750,860
Mental Health Commission	30 June	248	163
Crown Health Financing Agency	30 June	6,215	5,648
New Zealand Blood Service	30 June	12,674	12,674
Health Research Council	30 June	4,960	2,840
Pharmac	30 June	9,614	8,614

### Part E3 - Explanation of Appropriations for Capital Expenditure

#### *Response to Significant Health Emergencies*

This appropriation provides capital funding for significant health emergencies. The appropriation increases the Crown's stock of anti-viral medications and personal protective equipment as a contingency to respond to a pandemic.

#### *Deficit Support for DHBs*

This appropriation provides owners equity to DHBs that require deficit funding. The funding is released to provide cash to enable DHBs to meet payment obligations and agreed financial banking ratios.

### *Equity for Capital Projects for DHBs and the New Zealand Blood Service*

This appropriation provides owners equity to DHBs and the New Zealand Blood Service mainly for construction purposes, but also for other capital purchases agreed by the Crown and balance sheet restructuring.

### *Health Sector Projects*

This appropriation provides capital funding for specific health projects, such as housing modification costs for people being de-institutionalised from Kimberley.

### *New Lending to DHBs*

This appropriation provides new debt funding to DHBs for construction purposes and other purposes agreed by the Crown including balance sheet restructuring.

### *Refinance of DHB Private Debt*

This appropriation provides debt funding from the Crown to DHBs to replace current debt held by private banking institutions, as it becomes due for refinancing.

### *Residential Care Loans*

This appropriation provides funding from the Crown to provide interest free loans to people entering aged care facilities, with non-cash assets.

### *Rollover of Residual Health Management Unit Loans*

This appropriation provides funding for the renewal of DHB loans held by the Crown.



## Part F - Crown Revenue and Receipts

### Part F1 - Current and Capital Revenue and Capital Receipts

	2005/06		2006/07	Description of 2006/07 Crown Revenue
	Budgeted \$000	Estimated Actual \$000	Budget \$000	
<b>Non-Tax Revenue</b>				
ACC - Reimbursement of Complex Burns Costs	3,000	2,300	3,000	Payment by ACC to reimburse complex burns treatment costs incurred by the public health system.
ACC - Reimbursement of Earners' Non-Work-Related Public Hospital Costs	59,021	59,021	56,358	Payment by ACC to cover the costs incurred by Vote Health for earners who have an accident outside work and require acute hospital treatment.
ACC - Reimbursement of Medical Misadventure Costs	1,797	1,797	1,716	Payment by ACC to reimburse costs associated with medical misadventures.
ACC - Reimbursement of Motor Vehicle-Related Public Hospital Costs	48,893	48,893	46,687	Payment by ACC to cover the costs incurred by Vote Health for those who have a motor vehicle accident and require acute hospital treatment.
ACC - Reimbursement of Non-Earners Account	193,929	193,929	185,180	Payment by ACC to cover the costs incurred by Vote Health for non-earners who have accidents and require acute hospital treatment.
ACC - Reimbursement of Self-Employed Public Hospital Costs	5,622	5,622	5,368	Payment by ACC to recover the accident treatment costs incurred by Vote Health for self employed workers.
ACC - Reimbursement of Work-Related Public Hospital Costs	20,591	20,591	19,662	Payment by ACC recovery of work-related accident treatment costs incurred by the public health system.
Net Surplus from DHBs	(81,053)	(81,053)	-	The net surplus/(deficit) from DHBs.
Payment of Capital Charge by DHBs	142,130	120,130	150,000	Payment of capital charge by DHBs.
Residual Health Management Rental	278	278	278	Rental income from vacated area health board premises that were not taken over by DHBs.
<b>Total Non-Tax Revenue</b>	<b>394,208</b>	<b>371,508</b>	<b>468,249</b>	
<b>Capital Receipts</b>				
Repayment of DHB Debt	36,945	26,000	36,945	Repayment of debt by DHBs.
Repayment of Residential Care Loans	24,000	18,000	24,000	Receipts from repayment of loans by patients receiving residential care.
<b>Total Capital Receipts</b>	<b>60,945</b>	<b>44,000</b>	<b>60,945</b>	
<b>Total Crown Revenue and Receipts</b>	<b>455,153</b>	<b>415,508</b>	<b>529,194</b>	