

Statement of Intent

1 July 2002

Published in May 2002

by the Ministry of Health

PO Box 5013, Wellington, New Zealand

ISSN 1175-852X

This document is available on the Ministry of Health's website:

<http://www.moh.govt.nz>



MANATŪ HAUORA

Foreword

This Statement of Intent 2002 is the Ministry of Health's first within a new planning framework for the Public Service. The State Services Commission and the Treasury have developed this planning framework with the aim of improving the management and results of public service activities.

The Ministry welcomes this initiative and looks forward to the gains that both the health and disability sector and the public stand to make from a more long-term, outcomes-focused approach.

It is particularly fitting for the Ministry to embark on such a critical task at this time, as the recent sector changes have required a different approach to delivering public health and disability services.

It is also appropriate that after an intense period of establishing a new health and disability system, the Ministry turns more of its focus inwards and works on developing its people, knowledge and systems to ensure that the public health and disability sector works for New Zealand. Ultimately this means achieving improved health and participation outcomes for all and reducing health inequalities between population groups.



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Director-General of Health

1 May 2002

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Part A: Introduction and Overview

Introduction

The Ministry of Health provides the Government with strategic management of the public health and disability system, and is responsible for ensuring this system works for New Zealanders. The Ministry's ultimate aims are to improve the health and participation of the population and to reduce health-status inequalities between population groups. To achieve this, the Ministry must ensure that the health and disability system provides quality services in an effective and efficient manner.

January 2001 saw the implementation of a new framework for the delivery of health and disability services in New Zealand. The New Zealand Public Health and Disability Act 2000 instituted these new arrangements. District Health Boards (DHBs) were established to provide for the needs of their local populations, within resources made available by the Government, and the Ministry's role broadened as it took on new functions for sector planning and funding.

The challenge ahead for the Ministry is to ensure that it is well placed to function in its new role, and that its guidance and influence add value to the health and disability sector as a whole. A significant part of this involves supporting DHB development into organisations with a mandate for maximising health and disability gains within the resources available.

In meeting these challenges it is imperative that the gains of the past are consolidated and further work initiated to improve on these in the future. Key to these achievements is the implementation of the New Zealand Health Strategy and the New Zealand Disability Strategy. These strategies outline the significant areas that are most likely to achieve positive health and participation outcomes in the medium and longer term.

The Ministry and DHBs are jointly responsible for realising the outcomes highlighted in the strategies. DHBs are focussed on the needs of their local populations, while the Ministry maintains a national overview of the whole system. There are considerable opportunities at both the national and local level for health and disability gain, which will best be advanced through collaboration and partnerships across the health and disability sector, and across other sectors of the public service.

The Environment in Which We Work

Any organisation needs to be aware of the environment in which it operates. To be able to respond effectively to changing situations and demands, the Ministry needs to have a clear picture of the factors that may impact on the activities and success of the health and disability sector now and in the future. The Ministry has identified the following issues as being the most significant. Many of these are issues for health services internationally.

Changing demographics

New Zealand's demography influences the type and volume of services required of the public health and disability support system. It also influences the ways those services are required to be delivered. Over the next few decades the proportion of older people in the population is projected to increase from 11.5 percent to 22 percent by 2031. An increase in the number of young Māori and Pacific peoples is also expected. For example, by 2051 it is expected that one in five children will be Pacific. These changes in the age and ethnicity profile of New Zealanders have implications for the nature of appropriate service and support in the future.

The information age

Quality decisions within the health sector are, to a significant extent, dependent on the ability to collect, access, store, and analyse information. As opportunities to use information at a detailed level increase, so does the potential for misuse of information. In a society that places an increasing value on information, it is important that while the collection, use and access to information is enhanced, appropriate controls prevent its abuse.

The internal environment

A number of internal factors have the potential to impact on the current and future functioning of the health and disability support sector. Many of these factors are issues for health services internationally. The Ministry has identified the following as being the most significant.

Complexities and balances

The health and disability sector is extremely complex, comprising a large number of significant groups. The Ministry needs to work effectively with DHBs, health professionals, provider groups, communities, advocates, consumers, patients and their families, non-governmental organisations and other sectors. Balancing their needs and acknowledging different perspectives while maintaining a focus on health gains and participation within finite resources is a difficult task. Adding to this complexity is the challenge that arises from a devolved structure, where central direction and guidance remain essential in some areas. As the new health and disability structure matures, the balance point will require closer examination to ensure that appropriate levels of autonomy and control are being maintained.

Health and disability support workforce

The health and disability support workforce operates within an international market. Some health professionals are in short supply globally which affects New Zealand's ability to recruit and retain qualified personnel in particular areas. Increasingly there are also attempts to have 'non-poaching' agreements between countries all struggling to fully staff services. The development and attractiveness of other professions and industries also impacts on individual career decisions, as do perceptions of the likely professional and financial rewards available within the health and disability support sector. The future configuration of the health and disability support workforce will be critical to implementing the health and disability strategies.

Technological changes

Rapid and significant scientific and technological advances have been a feature of the health and disability support sector for some time. New technologies require careful examination, however, as the cost of employing new methods must be weighed against the benefit derived and alternate uses of resources. New technologies are also often controversial, yet their development often moves faster than public debate on the associated ethical and service provision issues.

Health and disability support information

The management of health and disability support information is critical to the basic functioning of the health and disability support system. Good information is needed to inform policy development, service delivery, strategic planning and monitoring. The Ministry is aware that, while some information systems are very good, there are particular services areas where good, systematic collection of information is poor. In improving information collection systems and data analysis, the Ministry is very conscious of the need to ensure that privacy concerns are addressed.

Information about health and disability support issues, treatments, conditions, policy and planning is freely available to policy makers, planners, managers, practitioners and the public. While open information sharing is encouraged in the sector and consultation patterns are well established, there are issues with information overload, accuracy, appropriateness, and ongoing implications for services delivery.

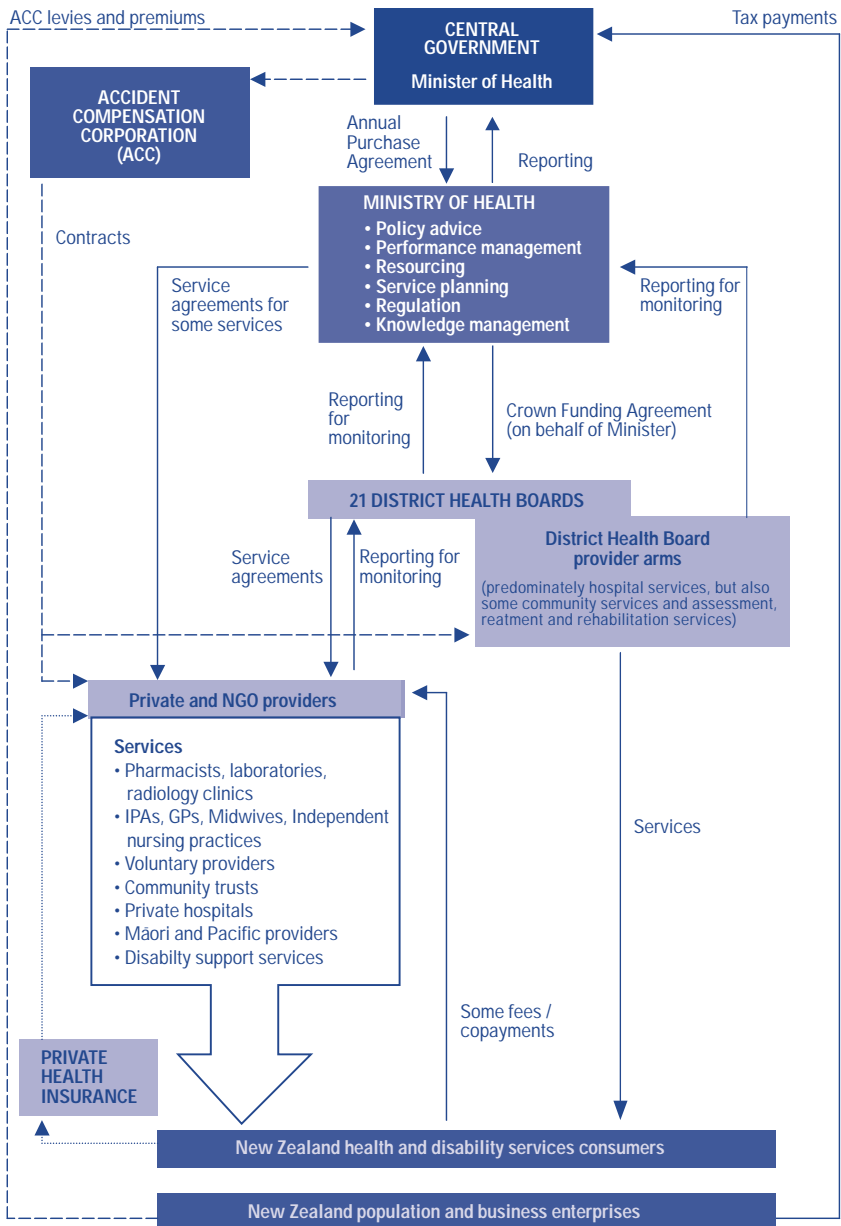
Public preferences and expectations

In New Zealand, public preferences and expectations of the health and disability support system largely centre around choice, access, patient and consumer involvement, and high-quality services. They make explicit the fundamental tension in the system, that is, what services represent the best use of health and disability support resources and how should expenditure be prioritised. Māori, Pacific people, other consumers, and health practitioners all have different perspectives which purchasers of services need to balance with cost and effectiveness issues. The new sector settings encourage a move to preventative services, early intervention and an increased role for primary health care.

The structural framework

The New Zealand Public Health and Disability Act 2000 is the central legislation governing the structure of the system. It establishes and sets out the functions of the 21 DHBs. DHBs, and the Ministry, then contract with a large number of providers for the range of health and

disability support services needed by New Zealanders. Within this framework, the next key structural movement is the establishment of primary healthcare organisations to provide community-based primary healthcare services.



The statutory and legal framework

While the New Zealand Public Health and Disability Services Act 2000 underpins the current health and disability support system, there are 56 other Acts that are relevant to the sector. There are also a large number of regulations that guide operational matters and service delivery. Legislative change to some of these other Acts is planned over the medium term, this will include simplifying regulations and requirements.

Sector funding and payment systems

The sector has recently moved to a three-year funding package. This provides the opportunity for longer-term planning and stability, it also, however, means that DHBs and the Ministry need to work hard to keep spending within the confines of the package. The impending move to population-based funding at the local level also represents a significant change from previous arrangements. From 2003/04 DHBs are to be funded on the basis of the population they are responsible for. This is a change, at the local level, from price/volume contracting to strategic resource allocation, within a capped budget. Ensuring transparency in prioritisation, demonstrating value for money and encouraging efficiencies are central to maximising health gains and securing the confidence of the Government and the public.

The Health and Disability Sector

The New Zealand Health Sector 2002

The Ministry of Health

The Ministry of Health is the Government's primary advisor on health policy and disability support services. It is responsible for:

- policy advice on improving health outcomes, reducing inequalities, implementing the Government's objectives and the design and operation of the sector
- nationwide planning
- performance management of District Health Boards, other Crown entities and non-governmental organisations
- implementing, administering and enforcing relevant legislation and regulations
- allocating funding to DHBs and providing oversight of human and capital development
- providing the sector and, where appropriate, the public with relevant health information and information systems
- facilitating collaboration to improve health and participation outcomes and reduce inequalities
- planning and purchasing of public health functions, disability support services and some personal and family health services.

District Health Boards

District Health Boards (DHBs) were established on 1 January 2001 to provide or arrange for the provision of health services 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. DHBs are Crown entities and have a majority of elected members, with some

members being appointed by the Minister of Health. Each board has a separate operating charter and a set of accountabilities and reporting requirements. Public hospitals are owned by DHBs and are the main providers of secondary and tertiary care health services. The objectives and functions of DHBs are set out in the New Zealand Public Health and Disability Act 2000, in sections 22 and 23 respectively.

Private and non-governmental providers

There are a significant number of private and non-governmental providers within the health and disability sector who provide primary, secondary and community-based care. These include general practitioners, midwives, independent nursing practices, private hospitals, voluntary providers, community trusts, Māori and Pacific providers, pharmacies, and laboratories. General practitioners and pharmacies are the most frequently consulted personal health care providers¹. Private and non-governmental providers have service agreements or contracts with the Ministry, DHBs and the Accident Compensation Corporation for a wide range of health and disability services.

Accident Compensation Corporation

The Accident Compensation Corporation (ACC) is a Crown entity that is responsible for:

- preventing injury
- collecting accident insurance premiums
- determining whether claims for injury are covered by the scheme and providing entitlements to those who are eligible
- paying compensation
- buying health and disability support services to treat, care for and rehabilitate injured people
- advising the government.

It provides accident insurance cover, injury prevention services, case management, medical and other care and rehabilitation services.

¹ The Health and Independence Report 2001, Ministry of Health 2001.

Focusing Our Efforts

Key Government goals

The Government has outlined six key goals to guide public sector policy, planning and performance. Of these six, the Ministry's focus is on the following four:

- *strengthen national identity and uphold the principles of the Treaty of Waitangi* – the Ministry will recognise the principles of the Treaty of Waitangi in its policies and activities
- *restore trust in Government and provide strong social services* – the Ministry will work to ensure the public has confidence in the health and disability system through efficient, effective and safe services, which improve health and participation outcomes
- *reduce inequalities in health, education, employment and housing* – the Ministry will maintain and strengthen its focus on reducing inequalities in health status across population groups
- *improve New Zealanders' skills* – the Ministry will work to further develop the health and disability sector workforce, its capability and skills across the whole sector.

Key sector objectives

In ensuring that the new system functions well, there are several fundamental objectives the Minister wants the health and disability sector to work actively towards over the next three years. These are outlined below. Progress towards these objectives supports the Government's Key Goals, particularly with regard to upholding the principles of the Treaty of Waitangi, providing strong social services and reducing inequalities.

Objective 1: Implement the New Zealand Health and Disability Strategies

The New Zealand Health and Disability Strategies provide a focus on specific outcomes, goals and action for the health and disability sector, including the Ministry. The strategies are mandated through the New Zealand Public Health and Disability Act 2000. The Responsible Ministers are required to table a progress report on their implementation annually to Parliament. The Director-General publishes the *Health and Independence Report* annually covering the state of public health.

The New Zealand Health Strategy focuses on:

- priority population health objectives
- reducing inequalities in health status
- priorities for service delivery
- ensuring quality services.

Shorter-term priorities have been identified to reinforce and underpin the implementation of the Strategies. They are drawn from the Strategies and provide the Ministry, DHBs and wider sector with a sharper focus over the next 12–18 months. There are seven service priorities including:

- implementing He Korowai Oranga (the Māori Health Strategy)
- implementing the Primary Health Care Strategy
- enhancing mental health services in accordance with the Mental Health Blueprint
- reducing the incidence and impact of diabetes
- ensuring minimum waiting times and certainty of care for elective services.

The other two priorities are implementing the New Zealand Disability Strategy and reducing inequalities in health outcomes, which are outlined further below.

The New Zealand Disability Strategy is aimed at improving the participation of people with disabilities in society through the removal of barriers. The Ministry will ensure progress in implementing the New Zealand Disability Strategy through:

- the development of annual implementation plans for the Ministry
- appropriate purchasing and monitoring of service agreements for disability support services.
- contributing to the annual progress report on the implementation of the Strategy.

Objective 2: Reduce inequalities in health outcomes

Significant differences in health outcomes are evident across socioeconomic status, ethnicity, gender and geographical location. The largest inequalities are associated with socioeconomic status and ethnicity. For this reason, the Ministry will concentrate on working to improve the health of Māori, Pacific peoples and those with fewest resources. Because many of the determinants of health are affected by social, economic and environmental factors outside the direct influence of the health and disability sector, it is important that the Ministry develops its partnerships with other central government agencies and key sectors that impact on these wider determinants.

Objective 3: Develop successful District Health Boards

DHBs are Crown entities responsible to the Minister of Health. The community elects the majority of board members and the remainder are appointed by the Minister. There are currently 21 DHBs in New Zealand. They are responsible for:

- funding health care services to a geographically defined population
- running public hospital services
- improving, promoting and protecting the health and independence of their populations.

DHBs must assess the health needs of the people of their regions, and manage their resources appropriately, in order to meet those needs within capped budgets.

Given their significant responsibilities, DHBs are crucial players in the health and disability sector. Successful DHBs will be those which:

- meet their responsibilities under the New Zealand Public Health and Disability Act 2000
- are accountable for the decisions they make in relation to those responsibilities
- develop their capability and enhance their understanding of their community's needs
- take a population needs approach to planning and service delivery
- prioritise expenditure and investments to maximise health gains
- purchase or provide appropriate health services for their communities within the resources available
- work collaboratively across the sector to maximise the use of resources
- work with other sectors to maximise health gain and participation
- operate according to the spirit and standards of the public service.

The Ministry will continue to refine the performance framework for DHBs and assist them in building capability and collaboration to maximise health gains for their communities.

Objective 4: Build public confidence in the health and disability system

It is important that all New Zealanders have confidence in the health and disability system. Services need to be appropriate and effective for individuals and population groups. Services also need to reach people with high health needs who have not accessed them at an earlier stage. Confidence can be further developed through open accountability, performance management and monitoring of outcomes and services.

In order to improve public confidence in our health and disability services, the Ministry needs to ensure that:

- it provides direction and guidance to the health and disability sector and facilitates connections between its various parts

- DHBs successfully provide effective and efficient services that are appropriate for their communities, within the funding available
- it provides high-quality, timely services to the Government, particularly in policy, performance management and planning.

Objective 5: Meet obligations under the Treaty of Waitangi

The Government's overarching health and disability strategies build on the special relationship between the Crown and Māori under the Treaty of Waitangi. The Ministry strongly supports the principles and philosophy inherent in its role as the Crown's agent in this respect, and this is acknowledged in the commitments made in the New Zealand Health Strategy and New Zealand Disability Strategy. He Korowai Oranga, the Māori Health Strategy and Action Plan outline the environment and objectives that are needed to maintain a continuing improvement in Māori health status.

The intention is to support and encourage continued progress on the achievements made since the mid-1980s, ensuring that the necessary conditions are created for Māori to assume a lead role in improving Māori health status.

He Korowai Oranga is the key strategic platform for implementation of a broad approach to improve Māori health within a framework of Māori development and whānau ora. He Korowai Oranga recognises that Māori whānau and communities want improved health status, reduced health inequalities and increased control over the direction and shape of their own institutions, communities and development as a people. He Korowai Oranga therefore emphasises:

- building on the strengths of whānau for achieving whānau ora (health and wellbeing)
- reducing inequalities in Māori health status in priority areas.
- improving the effectiveness of mainstream services and Māori providers.

Crucial to Māori health gains will be the local partnerships made between iwi and DHBs as they seek to implement the objectives of He Korowai Oranga and to meet their objectives under the New Zealand Public Health and Disability Act 2000.

The key attributes the Ministry will need to strengthen in order to assist the sector in achieving these objectives are being knowledge based, people centred and systems minded.

Key Ministry outcomes

Both the Ministry and wider health and disability sector have long had a keen focus on outcomes. This is evident from the aims of an individual practitioner to ensure interventions result in improved health, through to the regular reporting of the Ministry on the state of the population's health. For the Ministry, the monitoring and reporting of health outcomes now requires a new framework and focus, given the recent changes in the health and disability sector.

The Ministry is currently undertaking work to develop a new strategic framework for health and disability outcomes, which will be used for future reporting on progress towards improved health and reduced inequalities. Related to this work, is the Ministry's involvement in Pathfinder, an outcomes based project, sponsored by the States Services Commission and the Treasury. The Ministry's involvement in this initiative concentrates on defining and reporting outcomes in relation to the New Zealand Health Strategy and its priorities for population health, reduced inequalities and improved services.

This work is not sufficiently advanced to form the basis of an outcomes model for the Ministry's first Statement of Intent. Therefore, the Ministry has concentrated on defining organisational outcomes associated with its unique role in the sector. These outcomes will remain valid as they relate to the key functions of the Ministry and articulate the main levers available to the Ministry in its role as primary advisor to the Government and leader in the health and disability sector. They will require further refinement and consultation with key stakeholders during 2002/03 and alignment with the work on a new outcomes framework that will monitor the health and disability system's performance.

The ultimate and enduring outcomes the Ministry (and the wider sector) strives to achieve are set out in the New Zealand Health and Disability Strategies:

- improved health outcomes for all New Zealanders throughout their lives
- reduced inequalities in health status across population groups
- increased participation in society by people with disabilities.

These outcomes represent the key outcomes the Government wants to realise through its health and disability services. In defining its contribution to these outcomes, the Ministry has, in this Statement of Intent, acknowledged its responsibility for ensuring that the health and disability system works for New Zealanders. The Ministry must provide effective strategic management of the sector in order to achieve this. Eight specific outcomes have been identified as critical to achieving effective strategic management of the health and disability system. As discussed above, these outcomes are focused on the Ministry's unique role and the key levers it will use to effect improvements in health and disability outcomes and reduced inequalities.

Currently the Minister of Health purchases eleven output classes from the Ministry of Health. All of these outputs contribute in various ways to the Ministry's outcomes as defined below. The relationships between outcomes and output classes are not necessarily linear and will require clearer articulation in the future. The work being undertaken on the outcomes framework and through the Pathfinder project will also help clarify the linkages between the two.

Outcome 1: Sector leadership

The Ministry is considered an effective leader in improving health outcomes, participation and reducing health inequalities by the Minister, DHBs, health professionals and the public, and progress is made in health outcomes.

How the Ministry will achieve this outcome

- The goals, objectives and priorities of the New Zealand Health Strategy and New Zealand Disability Strategy will be advanced and promoted by the Ministry in carrying out all functions.
- The Ministry will be an effective, proactive and credible communicator to the Minister, sector and public.
- Constructive relationships within the sector and across other key sectors will result in effective collaborative action.
- The values and behaviours of being knowledge based, people centred and systems minded will be modelled by the Ministry.

Outcome 2: Policy advice

Outcome

Policy advice to the Government and health and disability sector is strategic, objective and evidence based across the whole portfolio, including the wider determinants of health.

How the Ministry will achieve this outcome

- The Ministry will continuously identify key policy issues in relation to the Government's objectives and health and participation outcomes, and the sector's design and operation.
- Priorities for policy development are set in discussion with the Minister and collaboratively in consultation with DHBs, the wider health sector, Māori and the community through effective mechanisms.
- Policy priorities for 2002/2003 will support the seven service priority areas.
- Environmental scanning, evaluation and ongoing learning will inform the Government, Ministry and health and disability sector.
- Policy analysis and formulation will be outcome oriented and evidence based.
- All policy advice will recognise the Crown's responsibilities and obligations under the Treaty of Waitangi.
- Guidance will be provided to the sector on operational policies.

Outcome 3: Performance management

The performance of the health and disability system, including the Ministry, is regularly assessed, effectively managed and communicated to achieve continuous improvements in health and participation outcomes and reduced health inequalities.

How the Ministry will achieve this outcome

- Performance frameworks will meet legislative requirements, be balanced, outcome oriented, take account of best practice and be designed to achieve the Government's strategic policies.

- The Ministry will work collaboratively with DHBs to improve performance and trust through openness and clarity around expectations, roles and processes.
- A quality improvement focus will form a key part of performance frameworks.
- Poor performance will be identified early and plans for improvements implemented effectively.
- High performance will be acknowledged and knowledge and ideas shared with others.
- Incentives and sanctions will be developed according to evidence of effectiveness.
- The Ministry will work collaboratively and openly with DHBs to help them succeed by clarifying expectations, roles and processes.
- All the Ministry's performance reporting requirements will be met, including progress reports on the New Zealand Health Strategy and the state of public health in New Zealand.

Outcome 4: Knowledge management

The health and disability sector and, where appropriate, the public have easy access to relevant information and analysis and agreed national information systems to inform action to improve health and participation outcomes and reduce health inequalities.

How the Ministry will achieve this outcome

- Complete and accurate information will be collected in a timely manner and analysed to highlight trends, identify concerns and improve health and participation outcomes.
- Key information gaps are identified and addressed according to their priority and available resources.
- Information collected or held by the wider sector, including tangata whenua, is sought and utilised to improve health and participation outcomes.
- Information and analysis will be readily accessible and presented in a user-friendly format.
- Information systems will perform according to agreed standards.

Outcome 5: Sector resources

The development and allocation of financial and human resources are guided nationally according to clear priorities that will improve health and participation outcomes and reduce inequalities.

How the Ministry will achieve this outcome

- Funding decisions will be transparent to the health and disability sector, Parliament and the public.
- The Ministry will be accountable for the resourcing decisions it recommends and is responsible for.
- The Ministry will support credible funding allocations, service flexibility, open and transparent monitoring and reporting and the use of incentives and sanctions to assist DHBs to operate within the three-year funding package.
- Robust advice will be provided to the Government and sector on human resource issues of national importance.
- Workforce initiatives will respond to the needs of the health and disability sector.
- Robust advice will be provided to the Government and sector on capital resources of national importance.
- Collaboration on resourcing issues will be facilitated within the sector and, where appropriate, across sectors.

Outcome 6: Collaboration

Intrasectoral and intersectoral collaboration recognises the wider determinants of health and is focused on improved health and participation outcomes and reduced health inequalities.

How the Ministry will achieve this outcome

- The Ministry will prioritise its participation in intersectoral policies and initiatives according to the likelihood of improving health and participation outcomes or reducing inequalities cost effectively.

- A collaborative approach will be encouraged by the Ministry, including intersectoral action where that is most effective in improving health and participation outcomes or reducing inequalities.
- Intersectoral programmes managed by the Ministry will recognise the special status of tangata whenua, the expertise of communities, and apply evidence of effectiveness.
- Intersectoral collaboration will focus on activity with the education, justice, housing and social development sectors and on specific pilot initiatives in local areas.
- Collaboration will include support for iwi and Māori development in accordance with He Korowai Oranga.
- The Ministry will advocate effectively for public policies that recognise the impact of the wider determinants of health.

Outcome 7: Service planning

Strategies, frameworks and plans for health and disability services are developed at a national level to provide direction for service provision that improves health and participation outcomes and reduces health inequalities.

How the Ministry will achieve this outcome

- The development of strategies, frameworks and action plans will be evidence based and will address service priorities.
- Specified service coverage requirements will be regularly monitored by the Ministry.
- The Ministry's service agreements will be outcomes focused, and, where possible, provider performance will be assessed on effectiveness in achieving those outcomes.
- The Ministry will communicate effectively and maintain constructive relationships with providers to improve health and participation outcomes.
- The services funded and managed by the Ministry will be aligned to the priorities and objectives of the New Zealand Health Strategy and New Zealand Disability Strategy.

Outcome 8: Legislation and regulation

Outcome

The Government's policies are implemented, health impacts are managed, obligations under the Treaty of Waitangi are met and undue restrictions are minimised over time through the legislative and regulatory framework.

How the Ministry will achieve this outcome

- Legislation and regulations will be effectively implemented and efficiently administered by the Ministry.
- Compliance costs will be recognised and minimised relative to public safety risks.
- The Ministry will comply with all relevant legislation and regulations.

Measuring progress and effectiveness in achieving Ministry outcomes

The Ministry is committed to a continual process of refining and validating its work on health, participation and organisational outcomes with all key stakeholders. Consultation will be continued with the Minister and central agencies and feedback will be sought from the health and disability sector. The Ministry acknowledges that the initial outcomes detailed in this Statement of Intent require further development as well as the articulation of appropriate performance measures. The Ministry will work on these tasks during the 2002/03 financial year. It will ensure that the Ministry's outcomes are appropriately integrated into the work on the sector's performance and health outcomes that is currently underway. This work will be included in the Ministry's next Statement of Intent. The Ministry will report against these outcomes in its 2002/03 Annual Report using existing and qualitative information, and where possible, collect new information for reporting progress against the outcomes.

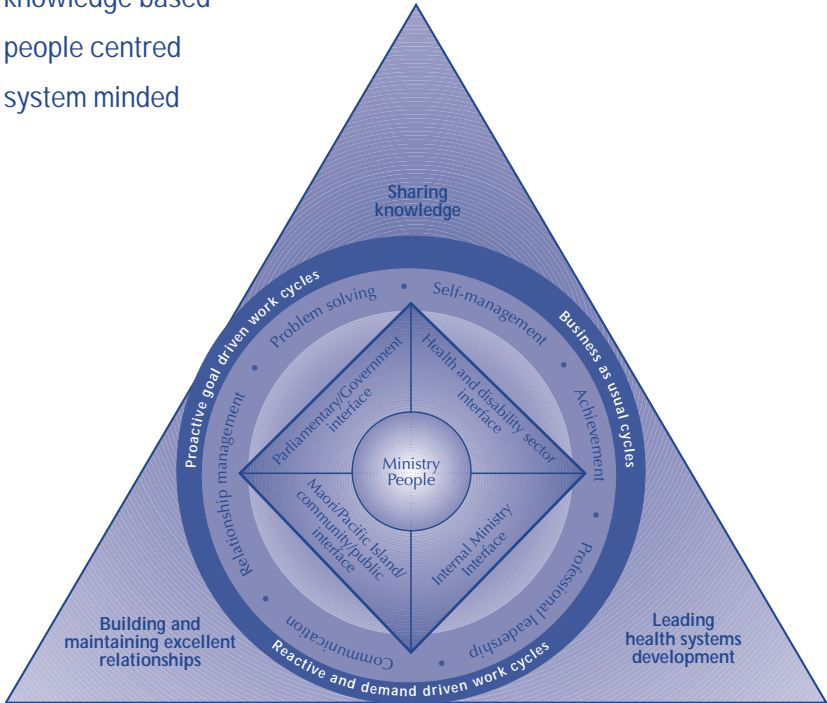
The Ministry's Capability and Capacity

The Ministry has experienced considerable change over the last 18 months. During this period its main focus has been on developing the health and disability strategies, establishing the DHBs and bedding down the new health and disability sector structure. Over the next 12 to 18 months more effort will be directed inwards, as the process of assessing and developing the organisation's capability and capacity continues. The Ministry has already stated that the future emphasis needs to lie in developing its knowledge base, people and systems to ensure its is well positioned to deliver on its commitments to the Government and the New Zealand public.

Basis of Ministry Work

Leading Health – If we want to make a difference our work must be:

- knowledge based
- people centred
- system minded



Our knowledge

Knowledge is the basis of effective and efficient management and delivery of health and disability services. One important role for the Ministry is the governance of health information, systems and standards relating to health information and technology across the whole health sector. The Ministry's increasing effectiveness at improving the sector's information and technology capabilities will underpin the desired improvements in clinical and management outcomes across the health and disability sector. To this end the Ministry has produced a report, WAVE (Working to Add Value through Electronic information), a knowledge strategy for the health and disability sector, which outlines the key areas of focus for health information and technology.

The report requires all areas of the sector to review and align activities with the key WAVE priorities to ensure that the whole-of-sector strategy is implemented. Implementation will span a number of years. A chief information advisor has been appointed within the Ministry to ensure the success of this project and to address the immediate areas requiring improvement (for example, information to support integrated care, ethnicity data collections and the development of various national indexes such as the Practitioner Index). The New Zealand Health Information Service within the Ministry will play a key role.

Like any complex organisation, the Ministry relies heavily on its own information systems to manage and share knowledge internally. Amalgamation with the Health Funding Authority has meant integrating different systems and information structures, as well as expanded roles and functions. Work will continue on refining the capability and capacity of staff and information technology systems to ensure consistency and efficiency across the Ministry and DHBs in all localities. Payment and contract processing functions will continue to be refined to maximise efficiencies and ensure they meet the needs of the DHBs for whom they provide these key services.

Our systems

Sector systems

In the information management and technology area, significant effort will continue to be put into supporting the internal business needs of the Ministry and better managing the contracting payment and monitoring functions of the sector. New systems and functions have been established in a somewhat ad hoc manner, and there has not been an opportunity to formulate a strategy. The development and implementation of an overarching strategy will ensure a more effective organisation. During 2002/03 the Ministry will embark on a strategic review of the way forward for systems, data, applications and reporting as well as ownership, maintenance and support processes.

As the devolution to the DHBs continues and sector capacity increases, there will continue to be a focus on establishing new systems within critical timeframes. The often tight timeframes in the past have left a number of undesirable legacies, and there will be ongoing activity across the Ministry and the sector to replace or remedy these systems. Requests for changes, additions and enhancements are now part of business as usual and this will affect existing resources and their utilisation.

Ministry systems

A major concern for the Ministry's internal organisation is the diversion of the information management technology support to focus on DHBs and the wider sector. This has meant the level of service, maintenance and proactive support and activity for the Ministry has been less than ideal – but necessary in light of the priority activity and criticality of the sector. The effect on the organisational systems of the merger of the Ministry, Health Funding Authority and hospital monitoring section of the Crown Company Monitoring Advisory Unit is that there are now several computing environments existing in parallel. The background systems are still disparate and separate. In practice, this means that staff do not have a seamless computing environment. It is, instead, a technically complex and difficult environment to support and maintain, and efficiencies and cost savings have not yet been attained through rationalising and consolidation.

Over the next few years the Ministry will consider all aspects associated with information management and technology, including (but not limited to):

- formulating an Information Systems Strategic Plan (ISSP) for the Ministry and the wider sector
- considering the current roles of the New Zealand Health Information Service, Shared Support Services Group/Health Benefits and the Ministry's information technology
- reviewing existing systems across the board
- rationalising, consolidating and streamlining systems, applications, data, reporting, maintenance and support
- establishing guidelines, policies and procedures for new developments or enhancements
- consideration of ownership issues
- recommendations on the most appropriate support and maintenance for systems and environments in the future
- upgrading, consolidating and rationalising the disparate internal environments into one
- establishing guidelines, policies and procedures for new developments or enhancements
- resolving resourcing issues.

Our people

The recent changes in the health and disability system saw the integration of the Ministry's functions with those of the Health Funding Authority and the health monitoring section of the Crown Company Monitoring Advisory Unit in 2000, along with the establishment of DHBs in 2001.

The people in these organisations were initially moved into transitional structures in the Ministry while new structures were being put in place. Since then, some have been transferred to DHBs, with refinements being made to the structure of the Ministry as a result.

As a result, the Ministry has taken on a new and expanded role. Key to this role is the responsibility for ensuring the system as a whole works. This new role incorporates providing policy advice to the Government on health and disability issues, regulation, funding of the sector, performance management, reporting on health and disability status, and nationwide strategic planning. Our expanded role requires an expanded set of core skills. The Ministry also has a more prominent role to play in the sector, drawing on skills such as leadership, relationship management, planning and knowledge management across all areas of the Ministry.

The key challenges now facing the Ministry that will directly impact on the way we manage our people in the short to medium term involve:

- having an able, skilled, educated and motivated workforce matching business needs
- having strong leadership ability in both management and non-management roles
- being well connected to the wider health and public sectors
- being known as a great employer so that talented people want to join and stay with the Ministry
- building Māori capability and capacity
- building Pacific peoples' capability and capacity
- rebuilding the foundations of our human resource management practices to complete the integration of the policies and practices of the Ministry and the former Health Funding Authority, and build practices for the future
- building a workforce able to adapt to the development and evolution in the sector, which will continue to impact on the role and structure of the Ministry
- developing mechanisms and structures to ensure that different perspectives are brought together to provide robust, consistent advice
- having talented managers who are skilled at – and have time for – management, with a potential pool of people being groomed for future roles

- maintaining flexibility in our systems and skills to enable us to respond more effectively to client needs
- maintaining continuity of high-quality services in an environment of continual change.

One of the next tasks will be a robust analysis of the Ministry's key capability gaps and the development of appropriate strategies for addressing these. While the Ministry is aware of some current capability issues (such as Māori and Pacific peoples) an in-depth process is required to accurately identify areas for immediate development.

These capability challenges have been articulated in the Ministry's 'Great Capability Adventure'. It is envisaged this project will run for the next two years, leading the process whereby the Ministry will address future human resource capability issues.

In enhancing its human resource capability and capacity, the Ministry will promote the expectations and standards outlined in the New Zealand Public Service Code of Conduct. It will also work with staff and their representatives to build constructive, future-focused partnerships in line with the principles of the Employment Relations Act 2000.

Our structures

The Ministry has undergone several evolutionary changes to its internal structures since January 2001. It is now well placed to deliver in the new environment, as the most significant realignments have already occurred. However, it is likely that further refinements will take place as DHBs build their capability and further functions are devolved. The timing, nature and need for these refinements will become clearer in the immediate future. In the meantime, the Ministry will concentrate on ensuring its current configuration maximises constructive relationships within the Ministry and across the sector.

Our facilities

The Ministry has changed from being an organisation based solely in Wellington to one with localities across the country and several offices in Wellington. As refinements to the organisation continue, the nature and location of the Ministry's facilities will also change.

Assessing and measuring capability and capacity in the future

The Ministry will work to develop appropriate indicators for assessing and measuring its capability and capacity. In future, the Ministry anticipates reporting on a range of indicators that will enable both the Ministry and key stakeholders to better gauge the Ministry's current situation and future needs. This will enable the Ministry to be more accurate and proactive in ensuring it is well placed to meet anticipated demands and requirements.

Risk Management

The Ministry must manage the risks to its operations in order to protect the Government's ownership interests and ensure the Ministry delivers on its purchase agreement with the Minister of Health. To this end, the Ministry will pursue prudent strategies to identify, mitigate or resolve financial, capability and service risks. A key strategy for the management of risk is regular monitoring and reporting. Financial risks are monitored through regular reporting to the Ministry's Internal Audit, Finance and Risk Committee. Human resource issues are reported monthly to the Deputy Director-General, Corporate and Information and quarterly to the Executive Team. Service delivery performance against the Purchase Agreement is reported quarterly to the Minister.

The Ministry implemented a new risk management system in 2001/02, which has sufficient power and flexibility to meet the Ministry's needs for the foreseeable future. Each Directorate has on line access to its own set of risks which are entered in a constant and comparable format across the Ministry. Higher level or strategic risks can be reported on specifically or within each Directorate. The end results can be filtered, grouped and focused to enable specific reports on key interest areas as well as individual Directorate reports and reports for the whole organisation. Each risk has an identified owner who is responsible for confirming actions and assessments regularly.

The Ministry is moving to an Enterprise Risk Management approach to management reporting, a concept which is rapidly gaining support internationally. This approach mainstreams risk systems and enables high level discussions of emerging and managed risks on a regular basis, thus adding a value that has not been a feature of risk systems in the past.

Part B: Departmental Forecast Report

Statement of Responsibility

The forecast financial statements for the Ministry of Health for the year ending 30 June 2003 contained in this report have been prepared in accordance with section 34A of the Public Finance Act 1989. The forecast financial statements are based on the best information available and incorporates Government's decisions to date on the devolution to District Health Boards of a range of rights and obligations under service agreements and statutory notices.

The Director-General of the Ministry of Health acknowledges, in signing this statement, that she is responsible for the forecast financial statements contained in this report.

The financial performance forecast to be achieved by the department for the year ending 30 June 2003 that is specified in the Statement of Objectives is as agreed with the Minister of Health, who is the Minister responsible for the financial performance of the Ministry of Health.

For each class of outputs, the performance forecast to be achieved by the department for the year ending 30 June 2003 that is specified in the Statement of Objectives is as agreed with the Minister of Health, who is responsible for the Vote administered by the department.

We certify that the information contained in this report is consistent with the appropriations contained in the Estimates of Appropriation for the year ending 30 June 2003 that are being laid before the House of Representatives under section 9 of the Public Finance Act 1989.

Signed



Karen O Poutasi (Dr)
Director-General of Health
26 April 2002

Countersigned



Rajendra P Narayan
Chief Financial Officer
26 April 2002

A financial overview of 2002/03

In 2002/03 the Ministry expects:

- to earn \$140.226 million in revenue from the Crown and \$7.357 million from other purchasers of the services it will supply under the 13 departmental output classes detailed in the Statement of Objectives Specifying the Performance Forecast for Each Class of Outputs on page 42 of this report.
- to incur expenses of \$147.583 million in providing these services, which cover sector policy, DHB funding and purchasing, ministerial support services, Māori health, public health, disability issues, mental health, health sector development, clinical services, national screening programmes, information services, biosecurity policy advice and specific pest and disease response.

In addition, the Ministry administers the following non-departmental appropriations:

- 21 output classes totalling \$5.411 billion to fund the purchase of personal health and disability support services the District Health Boards
- one output class totalling \$1.422 billion to fund national disability support services
- one output class totalling \$221.683 million to fund the purchase of public health services from DHB's and the Ministry
- one output class totalling \$1.814 million to fund the management of residual area health board liabilities and debt allocated to DHBs
- two output classes totalling \$531.581 million to fund national services and the provision of advisory and support services by independent providers at a national level
- one output class totalling \$11.917 million to fund the monitoring and protection of health and disability consumer interests
- one output class totalling \$36 million to fund the development of a programme for Meningococcal vaccine
- one output class totalling \$107.548 million for health services funding

- two output classes totalling \$2.226 million to fund the services received from international health organisations
- one output class totalling \$2 million to fund legal expenses
- one output class totalling \$15.625 million to fund provider development

The Ministry collects Crown revenue and receipts of \$346.931 million, mainly as reimbursement of public hospital cost from the Accident Rehabilitation and Compensation Insurance Corporation (ACC) and capital charges from District Health Boards.

The Ministry also receives capital receipts of \$25.074 million, primarily being repayments of residential care loans.

Financial Highlights

A summary of financial highlights is shown in the following table.

	2001/02		2002/03
	Budget	Estimated Actual	Forecast
	\$000	\$000	\$000
Revenue: Crown	132,724	132,724	140,226
Revenue: Other	7,499	7,499	7,357
Revenue: Interest	125	125	0
Output expenses	140,223	135,510	147,583
Net surplus	125	4,838	0
Closing taxpayers' funds	22,535	22,535	25,760
Net cash from operating and investing activities	507	5,327	(5,824)

The level of forecasted revenue reflects adjustments approved subsequent to baselines confirmed in the 2001/02 Main Estimates.

The main contributors to the increase in Revenue are:

- new funding for an assisted human reproduction committee
- new funding for complementary health care research

- new funding for the Meningococcal vaccine development programme
- new funding for the management of Residential Care Loans
- new funding for a youth alcohol research programme
- expense transfers from 2001/02 to 2002/03
- increases in estimated third party revenue.

These increases are partially offset by the decrease in transferring the food safety funding to the new food safety agency.

Forecast Financial Statements

Statement of Forecast Financial Performance for the Year Ending 30 June 2003

	2001/02		2002/03
	Budget	Estimated Actual	Forecast
	\$000	\$000	\$000
Revenue			
Crown	132,724	132,724	140,226
Other	7,499	7,499	7,357
Interest	125	125	0
Total revenue	140,348	140,348	147,583
Expenses			
<i>Output expenses</i>			
Personnel	64,257	64,257	64,548
Operating	66,704	61,991	71,934
Depreciation	7,297	7,297	8,533
Capital charge	1,965	1,965	2,568
Total output expenses	140,223	135,510	147,583
Surplus/(deficit) from operations	125	4,838	0

The accounting policies on pages 52 to 57 form part of, and should be read in conjunction with, these forecast financial statements.

Statement of Estimated Financial Position as at 30 June 2002 and Forecast Financial Position as at 30 June 2003

	Budgeted Financial Position as at 30/6/02 \$000	Estimated Financial Position as at 30/6/02 \$000	Forecast Financial Position as at 30/6/03 \$000
Taxpayers' Funds			
General funds	22,535	22,535	22,535
Capital contribution	–	–	3,225
Capital repayments	–	–	–
Total Taxpayers' Funds	22,535	22,535	25,760
Represented by:			
Assets			
<i>Current assets</i>			
Cash & bank balances	37,817	42,637	35,200
Short-term deposits with the Crown	–	–	–
Prepayments	807	807	786
Receivables & advances	1,728	1,728	1,694
Total current assets	40,352	45,172	37,680
<i>Non-current assets</i>			
Physical assets	20,963	20,963	20,298
Total assets	61,315	66,135	57,978
Liabilities			
<i>Current liabilities</i>			
Creditors and payables	23,436	23,543	22,173
Provision for repayment of surplus	125	4,838	0
Provision for restructuring	9,000	9,000	3,400
Employee entitlements	4,781	4,781	5,069
Total current liabilities	37,342	42,162	30,642
<i>Non-current liabilities</i>			
Employee entitlements	1,438	1,438	1,576
Total non-current liabilities	1,438	1,438	1,576
Total liabilities	38,780	43,600	32,218
Net assets	22,535	22,535	25,760

The accounting policies on pages 52 to 57 form part of, and should be read in conjunction with, these forecast financial statements.

Forecast Statement of Cash Flows for the Year Ending 30 June 2003

	2001/02	2002/03	
	Budget	Estimated Actual	Forecast
	\$000	\$000	\$000
Cash Flows from Operating Activities			
Cash was provided from:			
Supply of outputs to:			
Crown	134,724	133,053	140,226
Other	7,373	7,204	7,846
Interest	125	125	0
Cash was disbursed to:			
Cost of producing outputs:			
Output expenses	(127,729)	(121,069)	(143,523)
Capital charge	(1,965)	(1,965)	(2,505)
Net Cash Flows from Operating Activities	12,528	17,348	2,044
Cash Flows from Investing Activities			
Cash was provided from:			
Sale of Physical Assets	369	369	0
Cash was disbursed to:			
Purchase of Physical Assets	(12,390)	(12,390)	(7,868)
Net Cash Flows from Investing Activities	(12,021)	(12,021)	(7,868)
Cash Flows from Financing Activities			
Cash was provided from:			
Capital Contribution from the Crown	0	0	3,225
Cash was disbursed to:			
Payment of Surplus to the Crown	(10,801)	(10,801)	(4,838)
Repayment of Capital	0	0	0
Net Cash Flows from Financing Activities	(10,801)	(10,801)	(1,613)
Net Increase/(Decrease) in Cash Held	(10,294)	(5,474)	(7,437)
Opening Total Cash Balances at 1 July	48,111	48,111	42,646
Closing Total Cash Balances at 30 June projected	37,817	42,637	35,200

The accounting policies on pages 52 to 57 form part of, and should be read in conjunction with, these forecast financial statements.

Reconciliation of Net Cash Flows From Operating Activities to Net Surplus/(Deficit) in the Statement of Financial Performance for the Year Ending 30 June 2003

	2001/02		2002/03
	Budget	Estimated Actual	Forecast
	\$000	\$000	\$000
Operating surplus/(deficit)	125	4,838	0
Add/(deduct) non-cash expense/(revenue) from operating statement			
Depreciation and amortisation	7,297	7,297	8,533
(Increase)/decrease in receivables and advances	(126)	(126)	34
(Increase)/decrease in prepayments	(48)	(48)	21
(Increase)/decrease in crown debtor	2,000	2,000	0
Increase/(decrease) in payables and provisions	(254)	(260)	(981)
Increase/(decrease) in GST payable	(440)	(440)	117
Increase/(decrease) in other accrued liabilities	1,140	1,254	(953)
Increase/(decrease) in provision for employee entitlements	159	159	426
Increase/(decrease) in provision for restructuring	2,843	2,843	(5,608)
Increase/(decrease) in deferred revenue	(168)	(169)	455
Net cash flows from operating activities	12,528	17,348	2,044

The accounting policies on pages 52 to 57 form part of, and should be read in conjunction with, these forecast financial statements.

Forecast Statement of Movements in Taxpayers' Fund (Equity) as at 30 June 2003

	Budgeted Position as at 30/6/02 \$000	Estimated Position as at 30/6/02 \$000	Forecast Position as at 30/6/03 \$000
Taxpayers' funds at start of period	21,835	21,835	22,535
<i>Increase in Revaluation Reserve</i>	700	700	0
Add/(deduct) net surplus/(deficit)	125	4,838	0
<i>Total recognised revenues and expenses for the period</i>	125	4,838	0
<i>Adjustment for flows to and from the Crown</i>			
Capital Contribution	0	0	3,225
Capital Withdrawal	0	0	0
Provision for payment of surplus to the Crown	(125)	(4,838)	0
<i>Total Adjustments for flows to and from the Crown</i>	(125)	(4,838)	3,225
Taxpayers' Funds at the end of the period	22,535	22,535	25,760

The accounting policies on pages 52 to 57 form part of, and should be read in conjunction with, these forecast financial statements.

Forecast Details of Fixed Assets by Category as at 30 June 2003

	30 June 2002	30 June 2003 Projected Position		
	Estimated Actual Position \$000	Cost \$000	Accumulated Depreciation \$000	Net Book Value \$000
Land	2,000	2,000	0	2,000
Buildings	200	200	5	195
Machinery	226	1,286	1,071	215
Scientific Equipment	448	1,677	1,213	464
EDP Equipment	13,109	53,693	40,873	12,820
Furniture and Fittings	1,564	4,328	2,674	1,654
Leasehold Improvements	3,174	9,107	6,324	2,783
Motor Vehicles	242	792	625	167
Total	20,963	73,083	52,785	20,298

The accounting policies on pages 52 to 57 form part of, and should be read in conjunction with, these forecast financial statements.

Statement of Objectives Specifying the Financial Performance Forecast for the Ministry for the Year Ending 30 June 2003*

	Unit	2001/02 Budgeted	Estimated Actual	2002/03 Forecast
Operating Results				
Revenue: other	\$000	7,499	7,499	7,357
Revenue: interest	\$000	125	125	0
Output expenses	\$000	140,223	135,510	147,583
Operating surplus before capital charge	\$000	2,090	6,803	2,568
Net surplus	\$000	125	4,838	0
Closing taxpayers' funds				
Net current assets ²	\$000	3,010	3,010	7,038
Current ratio ³	%	108	107	123
Average debtors outstanding	days	87	87	91
Average creditors outstanding	days	19	21	14
Resource Utilisation				
Physical assets:				
Total physical assets at year end	\$000	20,963	20,963	20,298
Value per employee	\$000	36	36	42
Additions as % of physical assets	%	59	59	39
Taxpayers' funds				
Level at year-end	\$000	22,535	22,535	25,760
Level per employee	\$000	39	39	54
Forecast Net Cash Flows				
Surplus/(deficit) operating activities	\$000	12,528	17,348	2,044
Surplus/(deficit) investing activities	\$000	(12,021)	(12,021)	(7,868)
Surplus/(deficit) financing activities	\$000	(10,801)	(10,801)	(1,613)
Net increase/(decrease) in cash held	\$000	(10,294)	(5,474)	(7,437)

* For the non-financial Statement of Objectives, see page 58

² Current assets minus current liabilities

³ Current assets as a proportion of current liabilities

The accounting policies on pages 52 to 57 form part of, and should be read in conjunction with, these forecast financial statements.

Statement of Objectives Specifying the Performance Forecast for Each Class of Outputs for the Year Ending 30 June 2003

<i>Departmental Output Class</i>	Revenue: Crown \$000	Revenue: Depts \$000	Revenue: Other \$000	Total Expenses \$0000	Surplus/ (deficit) \$000
Vote Health Departmental output classes (Mode B gross)					
<i>D1 – Sector Policy</i>	12,123	0	275	12,398	0
<i>D2 – DHB Funding and Performance</i>	13,270	0	0	13,270	0
<i>D3 – Ministerial Servicing</i>	3,185	0	0	3,185	0
<i>D4 – Māori Health</i>	2,416	0	0	2,416	0
<i>D5 – Public Health</i>	24,413	0	5,887	30,300	0
<i>D6 – Disability Issues</i>	15,560	0	0	15,560	0
<i>D7 – Mental Health</i>	3,364	0	0	3,364	0
<i>D8– Health Sector Development</i>	5,422	0	0	5,422	0
<i>D9 – Clinical Services</i>	10,684	0	0	10,684	0
<i>D10 – Management of Screening Programmes</i>	9,347	0	0	9,347	0
Total departmental output classes (Mode B gross)	99,784	0	6,162	105,946	0
Departmental output classes (Mode B net)					
<i>D11 - Information Services</i>	38,363	0	1,195	39,558	0
Total departmental output classes (Mode B net)	38,363	0	1,195	39,558	0

The accounting policies on pages 52 to 57 form part of, and should be read in conjunction with, these forecast financial statements.

Statement of Objectives Specifying the Performance Forecast for Each Class of Outputs for the Year Ending 30 June 2003 *continued*

<i>Departmental Output Class</i>	Revenue: Crown \$000	Revenue: Depts \$000	Revenue: Other \$000	Total Expenses \$0000	Surplus/ (deficit) \$000
Vote Biosecurity administered by the Ministry of Health					
Departmental Output Classes (Mode B gross)					
<i>D12 – Policy Advice Purchasing</i>	301	0	0	301	0
<i>D13 – Specific Pest and Disease Response</i>	1,778	0	0	1,778	0
Total departmental output classes (Mode B gross)	2,079	0	0	2,079	0

The accounting policies on pages 52 to 57 form part of, and should be read in conjunction with, these forecast financial statements.

GST Status of Departmental Output Classes Forecast for Each Class of Outputs for the Year Ending 30 June 2002

<i>Vote Health Departmental Output classes (Mode B Gross)</i>	GST Exclusive (DFR) \$000	GST \$000	GST Inclusive (Vote) \$000
<i>D1 – Sector Policy</i>	8,335	1,042	9,377
<i>D2 – DHB Funding and Performance</i>	8,432	1,054	9,486
<i>D3 – Ministerial Servicing</i>	4,251	531	4,782
<i>D4 – Māori Health</i>	3,816	477	4,293
<i>D5 – Public Health</i>	28,636	3,579	32,215
<i>D6 – Disability Issues</i>	11,243	1,405	12,648
<i>D7 – Mental Health</i>	5,381	673	6,054
<i>D8 – Health Sector Development</i>	4,823	603	5,426
<i>D9 – Clinical Services</i>	22,752	2,844	25,596
<i>D10 – Management of National Screening Programmes</i>	8,871	1,109	9,980
Total Vote Health Departmental Output Classes (Mode B gross)	106,540	13,317	119,857
Departmental output classes (Mode B net)			
<i>D11 – Information Services</i>	31,606	3,950	35,556
Total Vote Health Appropriations for Departmental output classes (Mode B net)	31,606	3,950	35,556
Vote Biosecurity administered by the Ministry of Health			
Departmental Output Classes (Mode B gross)			
<i>D12 – Policy Advice Purchasing</i>	301	38	339
<i>D13 – Specific Pest and Disease Response</i>	1,778	222	2,000
Total departmental output classes (Mode B gross)	2,079	260	2,339

The accounting policies on pages 52 to 57 form part of, and should be read in conjunction with, these forecast financial statements.

Explanatory Notes:

The forecast financial statements in this report present expenses (and revenue) exclusive of GST, in accordance with generally accepted accounting practice. When appropriated by Parliament, these expenses are inclusive of GST, in accordance with legislation. Thus:

- The *GST-exclusive* amounts for each departmental output class correspond to ‘Total Expenses’ for 2002/2003 appearing in the Statement of Objectives Specifying the Performance Forecast for each Class of Outputs appearing on page 42 of this report, while the aggregate amount for all thirteen output classes corresponds to ‘Total Output Expenses’ for 2002/03 in the Statement of Forecast Financial Performance on Page 35 of this report.
- The *GST-inclusive* amounts for each departmental output class correspond to the annual and other appropriations for 2002/03 appearing in Part B1 of the 2002/03 Estimates for Vote Health and Part B1 of the 2002/03 Estimates for Vote Biosecurity.

Memorandum Account Balances

National Radiation Laboratory

	Opening Balance 1 July 2001 \$000	Projected Balance 30 June 2002 \$000	Projected Balance 30 June 2003 \$000
Comprehensive Test Ban Treaty (CTBT)	21	32	25
Licensing: Radiation Protection Act	38	17	20
Total	59	49	45

Comprehensive Nuclear Test Ban Treaty

A Memorandum account was established in 1998/99, for the implementation of an International Monitoring System to establish and maintain compliance with the Comprehensive Nuclear Test Ban Treaty.

Licensing

A Memorandum account was established on 1 July 1998 for the National Radiation Laboratory licensing activities required by the Radiation Protection Act 1965.

Forecast Statement of Commitments as at 30 June 2003

The Ministry has medium to long-term leases on its premises in Auckland, Christchurch, Dunedin, Hamilton, Wanganui, and Wellington. The amounts disclosed below as future commitments are valued on the current rental rates. The Ministry has also entered into non-cancellable contracts for computer maintenance and other contracts for services.

30/06/02		Leases	Contracts	Total
\$000		\$000	\$000	\$000
6,988	Less than one year	5,011	3,315	8,326
7,889	Between one and two years	3,962	1,590	5,552
2,342	Between two and five years	4,542	105	4,647
1,814	More than five years	1,814	0	1,814
19,033	Total commitments	15,329	5,010	20,339

Crown Funds Managed by the Ministry of Health

Statement of Non-Departmental Appropriations for the Year Ending 30 June 2003

	2001/02		2002/03
	Budget	Estimated Actual	Forecast
	\$000	\$000	\$000
Personal Health and Disability Support Services			
01 – Northland	170,021	170,021	184,512
02 – Waitemata	369,744	369,744	405,916
03 – Auckland	785,558	785,558	844,280
04 – Counties-Manukau	426,826	426,826	460,379
05 – Waikato	502,202	502,202	539,196
06 – Lakes	109,532	109,532	120,811
07 – Bay of Plenty	217,051	217,051	235,401
08 – Tairāwhiti	54,429	54,429	58,712
09 – Taranaki	115,453	115,453	124,096
010 – Hawkes Bay	172,119	172,119	183,579
011 – Whanganui	88,737	88,737	95,012
012 – MidCentral	192,356	192,356	206,526
013 – Hutt	152,712	152,712	162,868
014 – Capital and Coast	379,886	379,886	408,003
015 – Wairarapa	41,948	41,948	46,198
016 – Nelson-Marlborough	133,088	133,088	145,515
017 – West Coast	44,597	44,597	48,996
018 – Canterbury	619,562	619,562	660,354
019 – South Canterbury	59,156	59,156	63,898
020 – Otago	281,500	281,500	308,759
021 – Southland	100,652	100,652	108,368
Total Personal Health and Disability Support Services for District Health Boards	5,017,129	5,017,129	5,411,379
022 – Disability Support Services-National	1,347,682	1,347,682	1,421,738
023 – Public Health Service Purchasing	239,512	239,512	221,682

Crown Funds Managed by the Ministry of Health

Statement of Non-Departmental Appropriations for the Year Ending 30 June 2003 *continued*

	2001/02		2002/03
	Budget \$000	Estimated Actual \$000	Forecast \$000
024 – Management of Residual Health Liabilities and Crown Health Enterprise Debt	1,814	1,814	1,814
025 – National Services	527,028	549,028	518,914
026 – National Advisory and Support Services	12,680	12,680	12,667
027 – Advice on Food Standards	2,097	2,097	0
028 – Monitoring and Protecting Health and Disability Consumer Interests	12,317	12,317	11,917
029 – Meningococcal Vaccine	4,000	4,000	36,000
030 – Health Services Funding	11,012	11,012	107,548
Total Appropriations for Non-Departmental Output Classes	7,175,271	7,197,271	7,743,659
Other Expenses to be incurred by the Crown			
Australian Kidney Foundation	15	15	15
International Health Organisations	2,211	2,211	2,211
Legal Expenses	19,707	19,707	2,000
Provider Development	15,625	15,625	15,625
Total Appropriations for Other Expenses to be incurred by the Crown	37,558	37,558	19,851
Capital Contributions to Other Persons or Organisations			
RHMU Equity - Crown Funding Agency	120	0	0
Capital Injection to DHBs	158,800	158,800	0

Crown Funds Managed by the Ministry of Health Statement of Non-Departmental Appropriations for the Year Ending 30 June 2003 continued

Crown Output Class/Description	2001/02		2002/03
	Budget \$000	Estimated Actual \$000	Forecast \$000
Residual Health Management Unit Property Disposal	0	120	15,000
Debt refinancing for Crown Owned Hospitals	152,700	152,700	0
New Debt for Crown Owned Hospitals	19,485	19,485	0
DHB Deficit Support	0	0	123,400
DHB Capital Projects	0	0	149,400
Hospitals Private Debt	0	0	202,826
Refinance New Debt	0	0	53,500
DHB New Lending	0	0	84,915
Debt Restructure Capital Coast DHB	0	0	30,300
Residential Care Loans	5,300	5,300	35,000
Health Sector Projects	0	0	20,725
Total Appropriations for Capital Contributions to Other Persons or Organisations	336,405	336,405	715,066
Biosecurity	60	60	60
Total Appropriations	7,549,294	7,571,294	8,478,636

Crown Revenue and Receipts Managed by the Ministry of Health for the Year Ending 30 June 2003

Crown Output Class/Description	2001/02		2002/03
	Budget \$000	Estimated Actual \$000	Forecast \$000
Reimbursement from Accident Compensation Commission			
ACC – Reimbursement of Work Related Public Hospital Costs	17,112	17,112	16,458
ACC – Reimbursement of Non-Earners Account	156,122	156,122	150,154
ACC – Reimbursement of Self-Employed Public Hospital Costs	5,225	5,225	5,025
ACC – Reimbursement of Medical Misadventure Costs	882	882	848
ACC – Reimbursement of Earners Non-Work -Related Public Hospital Costs	43,607	43,607	41,940
ACC – Reimbursement of Motor Vehicle-Related Public Hospital Costs	38,172	38,172	36,713
Total ACC Reimbursements	261,120	261,120	251,138
Payment of capital charge by DHBs	98,615	98,615	95,477
Interest on Loans from Private Hospitals and Group Practices	38	38	38
Rental from RHMU	278	278	278
Total Crown Revenue and Receipts	98,931	98,931	95,793
Surplus from RHMU			
(Deficit)/Surplus of DHBs	(220,000)	(220,000)	(80,000)
Adjustments on DHBs opening balances in prior periods			
(Deficit)/Surplus of DHBs	(220,000)	(220,000)	(80,000)
Capital Receipts			
Principal Repayment of Loans to Private Hospitals	360	360	74
Residential Care Loan Repayments	5,000	71,000	25,000
Total Capital Receipts	5,360	71,360	25,074
Total Crown Revenue and Receipts	145,411	211,411	292,005

Statement of Significant Assumptions Underlying the Forecast Financial Statements

These forecast financial statements have been prepared in terms of section 34A of the Public Finance Act 1989 to provide prospective financial information to the House of Representatives. The information may not be appropriate for other purposes. The Act provides for the preparation of forecast financial statements in accordance with generally accepted accounting practice. The financial information presented in this report has been forecast; therefore actual results for the period covered are likely to vary from the information presented, and the variations may be material.

This Statement of Intent is based on the best information available and incorporates Government's decisions to date on the devolution to District Health Boards of a range of rights and obligations under service funding agreements and statutory notices.

The Ministry of Health complies with The Treasury's instructions for Mode B departments.

Crown funds managed by the Ministry of Health are prepared on the basis of The Treasury's Guidelines for Submission of Crown Financial Information.

Statement of Significant Accounting Policies

Measurement System

The general accounting measurement system recognised as appropriate for the measurement and reporting of results and financial position on an historical cost basis, modified by the revaluation of certain fixed assets, has been followed.

Budget Figures

The budget figures are those presented in Budget Night Estimates.

Revenue

The Ministry derives revenue through its provision of outputs to the Crown, from service to third parties and from interest on its deposit with the New Zealand Debt Management Office (NZDMO). Such revenue is recognised when earned and is reported in the financial period to which it relates.

Cost Allocation

The Ministry has determined the cost of outputs using a cost allocation system which is outlined below.

Cost allocation policy: direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

Criteria for direct and indirect costs: 'Direct Costs' are the costs directly attributed to an output. 'Indirect Costs' are those costs that cannot be identified in an economically feasible manner, with a specific output.

Direct costs assigned to outputs: direct costs are charged directly to outputs.

Basis for assigning indirect and corporate costs to outputs: indirect costs (Corporate Services) are allocated over the output classes, based on the proportion of fixed-term equivalent per project.

Debtors and Receivables

Receivables are recorded at estimated realisable value, after providing for doubtful and uncollectable debts.

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease costs are expensed in the period in which they are incurred.

Fixed Assets

Land and buildings are stated at net current values as determined by an independent registered valuer. They are revalued every three years and the last valuation was performed in April 2002 by G J McDonald of Rolle Hillier Parker who is a qualified Valuer for urban areas and an Associate of the New Zealand Institute of Valuers.

Additions between revaluations costing more than \$4,000 are capitalised and recorded at historical cost. The revaluation surplus/(deficit) is credited or debited to an asset revaluation reserve for that class of asset. Where a revaluation results in a debit balance in the asset revaluation reserve, the debit balance will be recognised in the Statement of Financial Performance.

Disposal of fixed assets

When a fixed asset is disposed of, any gain or loss is recognised in the Statement of Financial Performance and is calculated as the difference between the sale price and the carry value of the fixed asset.

Fixed assets vested from the Health Funding Authority (HFA) and Health Benefits Limited (HBL)

Fixed assets transferred from HFA and HBL are stated at net book value as recorded in the books of the HFA and HBL. In effecting this transfer, the Ministry has recognised the cost and accumulated depreciation amounts from the records of the HFA and HBL. The vested assets will continue to be depreciated over their remaining useful lives.

Depreciation

Depreciation of fixed assets, other than work in progress (which is not depreciated), is provided on a straight line basis so as to allocate the cost (or valuation) of assets, less their estimated residual value, over their useful lives.

The estimated useful lives of major classes of assets and associated depreciation rates have been estimated as follows:

Buildings	40 years	2.5%
Motor vehicles	3–5 years	20–33.3%
Furniture and fittings	5–10 years	10–20%
Machinery	5 years	20%
Leasehold improvements	5–10 years	10–20%
EDP equipment	3 years	33.3%
Scientific equipment	5 years	20%

The cost of leasehold improvements is capitalised and depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

Employee Entitlements

Provision is made in respect of the Ministry’s liability for annual leave, long-service leave, retirement and resignation entitlements. Annual leave has been calculated on an actual entitlement basis at current rates of pay while the other provisions have been calculated on an actuarial basis based on present value of expected future entitlements.

Provision for Restructuring

Restructuring occurs when the Ministry materially changes the manner in which its business is conducted. A provision for restructuring is recognised as a liability when the management has approved a detailed and a formal restructuring plan, and the restructuring has either commenced or the structuring has been announced publicly. Costs relating to the ongoing activities of the Ministry are not included in the provision. The provision is stated at the present value of the future cash outflows expected to be incurred.

Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts, and deposits with the NZDMO.

Operating activities include cash received from all income sources of the Ministry and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise capital injections by, or repayment of, capital and surplus to the Crown.

Financial Instruments

The Ministry is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors and creditors. All financial instruments are recognised in the Statement of Forecast Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Forecast Financial Performance as incurred.

Except for those items covered by a separate accounting policy all financial instruments are shown at their estimated fair value.

Goods and Services Tax (GST)

The Statement of Non-Departmental Appropriations are inclusive of GST. The Statement of Forecast Financial Position is exclusive of GST except for Creditors and Payables and Debtors and Receivables, which are GST inclusive. All other statements are GST exclusive.

The amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in Creditors and Payables or Debtors and Receivables (as appropriate).

Taxation

Government departments are exempt from the payment of income tax in terms of the Income Tax Act 1994. Accordingly, no charge for income tax has been provided for.

Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Contingent liabilities

Contingent liabilities are disclosed at the point at which the contingency is evident.

Taxpayers' Funds

The Crown's net investment in the Ministry is shown as taxpayers' funds.

Changes in Accounting Policies

There have been no changes to accounting policies since the date of the last audited financial statements. The policies have been applied on a basis consistent with those used in prior years.

Statement of Objectives

Generic quantity, quality and timeliness measures for all policy advice and briefings supplied by the Ministry of Health are as follows.

Quantity

Policy advice and briefings will be supplied on the basis agreed between the Minister of Health and the Director-General of Health in the Purchase Agreement for 2002/03 (as amended from time to time). Unanticipated advice and briefing requests will be supplied to the Minister as requested.

Quality

In relation to all Output Classes and subject to the Government's policy decisions, outputs identified contribute to the New Zealand Health Strategy and New Zealand Disability Strategy.

All policy advice will comply with the Ministry of Health's standards for policy advice (as noted here). All briefings will also meet corporate standards which apply to the provision of factual and technical information. Advice and briefings will:

- be clear, concise and logical
- be factually accurate, practical and complete
- have a clear statement of purpose
- be presented in the correct format
- consider options and impacts
- consider legal, financial and health service implications
- use the Ministry's internal guidelines in considering the relationship between the Crown and tangata whenua as embodied in the Treaty of Waitangi
- meet Cabinet Office requirements where relevant

- comment on external consultation including, where necessary, the comments of other government agencies
- comment on intersectoral implications
- be peer reviewed
- follow quality processes for briefings, recorded through the use of audit trails.

These procedures will be used for all outputs specified in the Purchase Agreement. The range of quality assurance procedures followed for ad hoc ministerial requests depends on the type of advice and the timeframe requested.

All advice to the Minister will be signed out in accordance with delegated authority.

The quality of policy advice and briefings is assessed by:

- a formal request to the Minister each quarter to indicate their level of satisfaction with the quality of advice provided. This will request assessment of:
 - the coverage of relevant issues
 - the clarity of the statement explaining the purpose of the advice
 - logical argument
 - accuracy
 - presentation of an adequate range of well-assessed policy options
 - evidence of adequate consultation
 - practicality and presentation
- 90 percent of these measures being rated as satisfactory or above
- the Minister
- regular meetings between the Minister and senior staff, and by quarterly reports to the Minister on the Ministry’s progress against the Purchase Agreement, which will provide opportunities for the progress and quality of outputs to be monitored.

Timeliness

Timeframes for policy projects will be met as agreed in the Purchase Agreement between the Minister of Health and the Ministry unless modified with the agreement of the Minister. Ad hoc ministerial requests will be supplied within the required timeframes. Timeliness will be monitored by the Ministry managers whose sections are preparing the response to each request.

Cost

The out-turn for the year for each Output Class is within budget.

Output Class D1: Sector Policy

Description

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

- providing an integrated view of the future directions 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 the capacity to undertake, as strategic projects, major health initiatives that are likely to have a high and pervasive impact
- providing strategic advice on research and evaluation priorities
- providing advice on the direction of the health and disability sector, including advice on where and how best to achieve gains in health and independence for the population, improve service quality and reduce inequalities
- leading strategic policy issues that span the whole or part of the health sector, in particular sector funding
- New Zealand's international obligations in governance and reporting requirements relating to Treaty obligations and the health and disability sector
- providing administrative and advisory services to statutory and advisory committees.

This output class contributes to the New Zealand Health Strategy Goals of a healthy social environment, reducing inequalities, healthy communities, families and individuals, and accessible and appropriate health care services.

It contributes to the Ministry outcomes of sector leadership, policy advice, performance management, knowledge management, sector resources, collaboration and legislation and regulation.

Performance measures

Quality

All advice and briefings will meet the quality standards set out in the Statement of Objectives.

Quantity

Advice and briefings will be provided as required by the Minister.

Timeliness

Timeframes as agreed with the Minister will be met.

Cost

The output will be provided within budget.

Monitoring systems performance

This output covers a review of the monitoring of health and disability outcomes and of national and international reporting requirements within the Ministry and sector in order to develop a strategic framework for information collection and analysis. A stocktake of information needs and sources will be undertaken, and efficient collection methods and effective uses will be identified. The strategic framework will align information across monitoring and reporting responsibilities so that its use and value are maximised.

Workforce analysis and competency

This output involves developing a detailed analysis of the health sector workforce, concentrating on sector needs, competencies and skills. Areas of overlap and gaps in education and training will be identified,

along with an analysis of the required competencies and skills. Strategies for addressing workforce gaps, developing competencies and retaining personnel will be identified. Work will also be undertaken to respond to the ACC's review of medical misadventure.

Funding analysis

This output will examine ways to improve health outcomes from current funding within the public sector and identify and address current and future funding issues related to the two-tier public and private health sector.

Initiating improvements in health outcomes at current levels of funding will be achieved by:

- innovative management of the annual budget process
- developing, disseminating and implementing a methodology and processes for an ongoing Value for Money programme
- in association with DHBs, developing, disseminating and implementing a health and disability service prioritisation framework.

Research and policy development will be undertaken to identify the current and likely future funding implications of the two-tier public and private health sector and options to address them.

Legislation

This output will support the passage and implementation of new or amended legislation to improve public safety, simplify regulations and ensure changes in service delivery. Specific work covers the Health Practitioners' Competence Assurance Bill, amendments to the Health and Disability Commissioner Act 1994, and amendments to the Medicines Act 1991 and the Human Assisted Reproductive Technology Bill. Work will also be undertaken to review the current regulation concerning the collection, use, storage and disposal of human tissue.

Strategic direction and briefings

This output covers the research, development and maintenance of strategic information on key national and international health issues. It will produce ongoing advice on emerging health issues that will underpin the Ministry's strategic policy development. Policy advice will be further enhanced through the development and implementation of a quality improvement process.

Innovation, research and evaluation

This output focuses on progressing innovation, research and evaluation across the sector. An innovation review will be undertaken to assist the sector to become more innovative, adaptive and evidence based. Work also includes the three-year formative evaluation of the health sector reforms, and the development of evaluation skills and priorities for evaluation. Policy advice on bioethics, genetics and genomics will be provided under this output, along with an updating of the Health (Retention of Health Information) Regulations 1996.

Health of older people

This output focuses on the implementation of the Health of Older People Strategy. Specific work involves working with DHBs to develop:

- their capability to provide appropriate services
- a review of specialist services for older people
- assessment of options for developing intermediate-level care, rehabilitation and convalescence
- support for the passage of legislation to remove asset testing for long-term care of older people.

International relationships

This output ensures that the Government and Ministry's international obligations and Treaty commitments are met. It includes liaison and co-ordination, management of relationships, visitors and fellowship programmes, and administrative support. Work will also be undertaken

to review the Ministry's involvement in international bodies and the role of treaties and agreements to ensure that New Zealand's interests are represented cost-effectively.

Statutory and advisory committee support

This output provides support and advice to the following statutory and advisory committees to ensure their efficient functioning and fulfilment of their terms of reference and responsibilities:

- National Health Committee and Public Health Advisory Committee
- National Ethics Committee
- Regional Ethics Committees
- Ministerial Advisory Committee on Complementary and Alternative Health
- Health Workforce Advisory Committee.

Cost

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
Forecast 2002/2003	13,948	12,398	12,398	12,123	275
Estimated Actual 2001/2002	8,877	7,981	8,335	8,060	275

Output Class D2: DHB Funding and Performance

Description

This output class focuses on:

- providing the key accountability interface with the DHBs – the funders of health services for defined communities
- the development and negotiation of Crown Funding Agreements with DHBs
- supporting the DHBs' strategic planning and annual processes, and providing advice to the Minister of Health on DHB strategic plans and annual plans
- funding and performance management, including accountability arrangements and monitoring of DHBs and a range of Crown entities and other organisations
- analysis of, and reporting on, the performance of individual DHBs, Crown entities and other organisations
- providing strategic advice on the Crown's investments and risks
- providing advice on industrial relations across the sector.

This output class contributes to the New Zealand Health Strategy Goal of accessible and appropriate health care services.

It contributes to the Ministry outcomes of sector leadership, policy advice, performance management, knowledge management, sector resources, collaboration, service planning and legislation and regulation.

Performance measures

These performance measures apply to each output unless otherwise specified.

Quality

All advice and briefings will meet the quality standards set out in the Statement of Objectives.

Quantity

Advice and briefings will be provided as required by the Ministry's monitoring framework and as required by the Minister.

Timeliness

Timeframes specified in the Ministry's monitoring framework and as agreed with the Minister will be met.

Cost

The output will be provided within budget.

Service planning and purchasing

This output covers the planning and purchasing of personal health and other non-devolved agreements. Planning work will include preparing agreements and resolving outstanding issues so that in future they can be devolved to DHBs. It also includes the planning and purchasing of national clinical training initiatives.

Performance measures

- Approximately 2,700 service agreements with providers will be managed (depending on Government decisions regarding devolution in 2002/03).
- All service agreements will specify the nature, level, range and volume of services, and the location, access, monitoring arrangements, price, duration, scope for variation and mechanisms for dispute resolution.
- Quarterly reports will be provided to the Minister on the performance of the Ministry as funder and monitor of service agreements.
- Clinical training initiatives address prioritised needs and are provided within budget.

Funding and performance management of DHBs

This output provides for the funding and performance management of DHBs. The funding function includes negotiating annual funding agreements and implementing the population-based funding formula. Performance management involves regularly assessing financial, organisational health and health outcomes indicators of DHBs and developing improvement plans and increased monitoring and intervention, where required. Specific work includes:

- relationship development and enhancement with DHBs
- supporting DHBs' strategic and annual planning processes
- developing accountability arrangements
- regular performance reporting on a monthly and quarterly basis
- monitoring financial performance, informing The Treasury and Minister and advising on the application of statutory levers
- monitoring the delivery of services as specified in the Service Coverage Schedule, and working to resolve non-delivery issues
- advising on capital requirements, redundancies and configurations
- advising on industrial relations across the sector
- advising on governance, administration and provider arm functions of DHBs
- monitoring and managing statutory compliance of DHBs
- collating, analysing and improving information systems.

Performance Measures

- Monthly reports on DHB financial performance and risk management will be provided to the Minister within one month of the end of each month, excluding year-end, which will be within the timeframe agreed.
- Quarterly reports on DHB performance against their Crown Funding Agreements, including financial performance and balanced scorecard results will be provided to the Minister within six weeks of the end of each quarter, excluding the second quarter, which will be within the timeframe agreed.

- Planning guidelines will be reviewed in consultation with DHBs and issued annually according to the timeframe agreed with DHBs.
- District Annual Plans will be reviewed and formal feedback provided according to the timeframe agreed with DHBs.
- Crown Funding Agreements will be signed and Statements of Intent reviewed in a timely manner to ensure compliance with the New Zealand Health and Disability Act 2000 and Public Finance Act 1989.
- Accountability frameworks, including the Operating Policy Framework, Service Coverage Schedule and DHB Performance Indicators, will be developed in consultation with DHBs according to the timetable agreed with DHBs.
- Any service coverage gaps are recorded through a variation to the annual Crown Funding Agreement and progress on action to address gaps reported to the Minister quarterly.
- Assessment of capital investment proposals will be undertaken in consultation with the Treasury as required and advice provided to the Minister in a timely manner.
- Information systems will be continuously reviewed to improve their efficiency and increase the value and use of information in advising the Minister and improving DHB performance.
- Board appointments will be made in accordance with Cabinet and State Services Commission guidelines before the expiry of the term of the existing appointment.

Funding and performance management of other Crown entities and organisations

This output provides for the funding and performance management of other Vote Health Crown entities and organisations that have agreements with the Crown for the provision of health and disability services. The funding function (as applicable for each Crown entity) includes negotiating accountability agreements such as funding agreements and providing advice to the Minister and Crown entity around the preparation of Parliamentary accountability documents. Performance management involves monitoring the entities and organisations purchase and ownership performance to ensure they meet

the performance measures as specified in their agreements with the Crown. Organisations included in this output are the:

- Alcohol Advisory Council
- Health and Disability Commission
- Health Research Council
- Health Sponsorship Council
- Mental Health Commission
- New Zealand Blood Service
- PHARMAC
- Residual Health Management Unit.

Performance Measures

- Funding and performance agreements are negotiated and advice provided to the Minister in a timely manner to ensure compliance with the Public Finance Act 1989, where applicable.
- Formal reporting requirements are monitored to ensure entities meet performance requirements.
- Reports are provided to the Minister as required in a timely manner advising of any significant risks or issues in relation to strategic direction, capability, legislative compliance, financial and non-financial performance.

Cost

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
Forecast 2002/2003	14,928	13,270	13,270	13,270	0
Estimated Actual 2001/2002	9,486	8,432	8,432	8,432	0

Output Class D3: Ministerial Support Services

Description

This class of outputs involves providing support services to the Minister of Health and to the Associate Ministers of Health. This includes preparing draft responses to ministerial correspondence, parliamentary questions, requests for official information, requests for briefing reports and appointments to statutory bodies and committees.

Performance measure

Cost

The output will be provided within budget.

Ministerial correspondence

Quantity

Estimated at 6500 to 7000 based on 2000/01 and 2001/02 data:

- 621 to 885 items of urgent ministerial correspondence
- 640 to 690 items of ministerial correspondence from Members of Parliament
- 5174 to 5355 items of routine ministerial correspondence
- 65 to 70 items of ministerial correspondence for reply within 24 hours.

Quality

- 93 percent of final replies will be signed off without amendment.
- 100 percent of responses are factually correct.
- All responses will be peer reviewed and signed out in accordance with delegated authority.

Timeliness

- 90 percent of responses to urgent ministerial correspondence will be prepared within five working days of receipt by the Ministry.
- 90 percent of responses to ministerial correspondence from Ministers and Members of Parliament will be prepared within 10 working days of receipt by the Ministry.
- 90 percent of responses to 'routine' ministerial correspondence will be prepared within 20 working days of receipt by the Ministry.
- 90 percent of responses to '24 hour' ministerial correspondence will be prepared within 24 hours of receipt by the Ministry.

Direct replies to ministerial correspondence

Quantity

Estimated at 400 to 450 based on 2000/01 and 2001/02 data.

Quality

- 100 percent of responses are factually correct.
- All responses will be peer reviewed and signed out in accordance with delegated authority.

Timeliness

90 percent of responses will be prepared within 20 working days of receipt by the Ministry.

Responses to written and oral parliamentary questions

Quantity

Estimated at 2800 to 3200 based on 2000/01 and 2001/02 data.

Quality

All responses are peer reviewed and signed out in accordance with delegated authority, and all replies will be factually correct.

Timeliness

All responses will be prepared within the timeframes set by the Minister's office or an interim reply lodged.

Responses to requests for official information

Quantity

Estimated at 600 to 650 based on 2000/01 and 2001/02 data.

Quality

All advice and briefings will meet the quality standards set out in the Statement of Objectives and responses will be prepared in accordance with the provisions of the Official Information Act 1982.

Timeliness

100 percent of responses will be prepared within the statutory timeframes.

Responses to requests for briefing papers and speech notes

Quantity

Estimated at 700 to 750 based on 2000/01 and 2001/02 data.

Quality

All advice and briefings will meet the quality standards set out in the Statement of Objectives.

Timeliness

100 percent of responses will be prepared within the requested timeframe.

Weekly report to the Minister of Health

Quantity

Forty-six weekly reports will be prepared for the Minister of Health.

Quality

Quality measures for the Ministry's policy advice and ministerial servicing are as in the Statement of Objectives.

Timeliness

All reports will be sent to the Minister of Health by 3 pm each Friday.

Appointments to statutory bodies and committees

Quantity

An estimated 60 appointments to statutory bodies and committees will be made.

Quality

Appointments will be made in accordance with Cabinet and State Services Commission guidelines.

Timeliness

Appointments will be made before the expiry of the term of the existing appointment.

Cost

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
Forecast 2002/2003	3,584	3,185	3,185	3,185	0
Estimated Actual 2001/2002	4,782	4,251	4,251	4,251	0

Output Class D4: Māori Health

Description

This class of outputs purchases Māori advice and policy analysis provided to the Minister of Health on the health and disability sector. It focuses on:

- 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 how to improve access to, and the quality and effectiveness of, services to Māori consumers and Māori whānau
- advice on the interventions to improve Māori health outcomes including reorientation of the health and disability sector, which is needed to improve Māori health and participation outcomes and reduce inequalities
- advice on the impact of policy and legislation in relation to the Treaty of Waitangi and reducing inequalities and Māori health aspirations and needs
- Māori policy for the health and disability sector, including 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

advice on intersectoral co-ordination to ensure improved coverage and appropriate services to Māori, which also impact on improved health outcomes
- leadership on Māori strategic policy and service development issues that span the health and disability sector
- facilitation to enhance relationships between Māori communities and DHBs
- international liaison and advice on indigenous health issues.

This output class contributes to the New Zealand Health Strategy Goals of a healthy social environment, reducing inequalities, Māori development in health, healthy communities, families and individuals, healthy lifestyles, and accessible and appropriate health care services.

It contributes to the Ministry outcomes of sector leadership, policy advice, performance management, sector resources and collaboration.

Performance measures

These performance measures apply to each output unless otherwise specified.

Quality

All advice and briefings will meet the quality standards set out in the Statement of Objectives.

Quantity

Advice and briefings will be provided as required by the Minister.

Timeliness

Timeframes as agreed with the Minister will be met.

Cost

The output will be provided within budget.

He Korowai Oranga

This output provides for the implementation of He Korowai Oranga (Māori Health Strategy) through the Māori Health Action Plan across all four pathways:

- whānau, hapū, iwi and community development
- Māori participation

- effective services
- working across sectors.

Other work includes research on Māori use and experience of health and disability services, which will inform future policy and service developments.

Māori participation in the implementation of the Primary Health Care Strategy

This output contributes Māori health policy advice into the implementation of the Primary Health Care Strategy. Pilot primary health organisations will be funded in areas of greatest need. Policy advice will relate to the establishment of pilots and specific operating issues relating to Māori access and health gains.

Enhancing DHB relationships with Māori

This output facilitates the development and maintenance of relationships between DHBs, iwi, Māori providers and the Ministry to ensure Treaty obligations and legislative requirements are met. This work supports the sector in actively achieving health gains for Māori and reducing inequalities through improved participation of Māori in health and disability service delivery. Work includes monitoring DHBs' relationships with iwi and clarifying relationships between iwi and the Crown. Specific advice will include DHBs' responsibilities and the alignment of relationships with He Korowai Oranga.

Māori provider and workforce development

This output supports the development of Māori providers and workforce through policy advice and the management of the Māori Provider Development Scheme. Strategic advice is provided on Māori workforce issues and specific capability programmes. Work will include joint initiatives with DHBs, the Clinical Training Agency and Māori providers. The Māori Provider Development Scheme and Māori scholarships are administered annually according to agreed processes. This output also administers the Client Management System, which

supports Māori providers in improving services, evaluation and data collection.

Performance measure

Funding for the Māori Provider Development Scheme is expended in line with the objectives of the Scheme by 30 June 2003.

Cost

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
Forecast 2002/2003	2,718	2,416	2,416	2,416	0
Estimated Actual 2001/2002	4,294	3,817	3,817	3,817	0

Output Class D5: Public Health

Description

This class of outputs focuses on three outcome areas:

- developing and maintaining an effective public health sector
- developing and maintaining a strategic approach to public health outcomes
- developing and implementing strategies to address inequalities in health outcomes.

These outcomes will be advanced through:

- policy and strategic advice and management of public health issues and services
- advice derived from the monitoring of the state of health of the population and advice on setting and monitoring national public health goals and targets
- policy development and advice on opportunities for dealing with health disparities between population groups (including advice on Pacific and Māori health)
- health promotion and education services and programmes
- health protection and regulatory activities, including the administration and enforcement of public health legislation
- co-ordination of national programmes, service development, programme planning, purchasing and contract management for public health programmes.

This output class contributes to the New Zealand Health Strategy Goals of a healthy social environment, reducing inequalities, Māori development in health, a healthy physical environment, healthy communities, families and individuals, healthy lifestyles, better mental health, better physical health, injury prevention and accessible and appropriate health care services.

It contributes to the Ministry outcomes of sector leadership, policy advice, performance management, knowledge management, sector resources, collaboration, service planning and legislation and regulation.

Performance measures

These performance measures apply to each output unless otherwise specified.

Quality

All advice and briefings will meet the quality standards set out in the Statement of Objectives.

Quantity

Advice and briefings will be provided as required by the Minister.

Timeliness

Timeframes as agreed with the Minister will be met.

Cost

The output will be provided within budget.

Public health policy advice

This output provides strategic and specific policy advice on public health matters including strategic policy advice on Māori health issues in relation to public health. Significant policy work will include primary health care, the National Drug Policy, environmental health, social environments, problem gambling and cancer control.

Planning and purchasing of public health services

This output provides for the planning and purchasing of public health

services at national, regional and district level including the management and monitoring of contracts, the management of shared decision-making with DHBs and relationships with providers.

Performance Measures

Approximately 350 service agreements with providers will be managed.

All service agreements will specify the nature, level, range and volume of services, and the location, access, monitoring arrangements, price, duration, scope for variation and mechanisms for dispute resolution.

Quarterly reports will be provided to the Minister on the performance of the Ministry as funder and monitor of service agreements.

Pacific peoples' health

This output provides for implementation of the Pacific Health and Disability Action Plan. Work includes action on the six priority areas of the Action Plan and policy advice on Pacific health issues. A monitoring framework will be developed to track the sector's progress in implementing the Action Plan.

Regulation of therapeutic products

This output provides for the regulation of medicines and medical devices to maximise public safety and health benefit. Specific work includes the evaluation of medicines, investigation of complaints, monitoring and analysis of adverse reactions and controlled drug prescribing, provision of safety information to prescribers, and the auditing and licensing of premises.

Performance Measures

- Approximately 240 new medicines applications and 1,000 changed medicine notifications will be processed according to MEDSAFE regulatory guidelines.

- Approximately 400 medicine and medical device complaints investigations will be undertaken with each investigation initiated within five working days.
- Adverse reactions reports will be produced quarterly for the Medicines Adverse Reactions Committee and the implementation of the Committee's recommendations completed within the agreed timeframes.
- Approximately 500 pharmacies and other premises will be audited and licences will be processed within 30 days of receipt.
- Approximately 150 restriction notices for controlled drugs will be issued within ten working days and reviewed annually.
- Three issues of *Prescriber Update* will be published annually.

Radiation protection services

This output provides services that contribute to the safety of users and the public from ionising and non-ionising radiations. Services include provision of policy advice to Government, advice to the public, implementation of the licensing and other requirements of radiation protection legislation, emergency response, monitoring of radiation exposures and practices, maintenance of the New Zealand primary standard for radiation exposure, environmental radioactivity monitoring and operation of the National Data Centre for New Zealand's Comprehensive Test Ban Treaty surveillance.

Performance Measures

- Approximately 2,500 operators of irradiating equipment and radioactive materials will be licensed with 95 percent of re-licensing completed within 60 days of the renewal notice.
- Codes of Safe Practice will be subject to continuous review and new Codes developed for new radiation uses.
- Equipment and practices will be inspected to assess legislative and regulatory compliance within a one- to five-year period according to degree of risk and an evaluation report provided within six weeks of inspection.

- Levels of radioactivity in the environment will be monitored and reported annually.
- Monitoring stations will be operated and maintained according to the Comprehensive Test Ban Treaty Organisation certification requirements and data transmitted to the international Data Centre as agreed.
- Services for monitoring individual occupational radiation doses will be provided to approximately 5,000 people and reports on dosimeters sent within five working days of receipt in 95 percent of cases.
- Services for calibrating radiation measurement equipment and verifying safe working conditions will be provided to internationally bench-marked levels of accuracy.

Administration and enforcement of legislation

This output covers advice, administration and enforcement of legislation and regulations related to public health responsibilities. Specific legislation includes the Health Act 1956; Burial and Cremations Act 1964; Smoke Free Environments Act 1990; Misuse of Drugs Act 1975, New Zealand Public Health and Disability Act 2000, Alcoholic Liquor Advisory Council Act 1976, Needle and Syringe Regulations 1998, International Health Regulations 1969, Tuberculosis Act 1948, Biosecurity Act 1993 and regulations, Hazardous Substances and New Organisms Act 1993 and regulations, Resource Management Act 1991, Toxic Substances Regulations 1981, Radiation Protection Act 1965, Medicines Act 1981 and the proposed Public Health Bill.

Public health priorities

Reducing inequalities in health

This output focuses on reducing inequalities in health status across population groups through policy advice, raising awareness, training for policy advisors and planners, advocacy for an inequalities focus in the health and disability sector and implementation of programmes specifically designed to reduce inequalities in health.

Public health infrastructure

This output supports the development of the public health capability throughout the health sector including the development of the public health workforce, resources, information and quality improvement. Work will centre on implementation of the Strategic and Action Plan for Public Health, including development of a greater capability in Māori and Pacific public health, intersectoral and community action, an improved public health focus in primary care, and building strong relationships between the Ministry and DHBs and with the wider sector.

Nutrition and physical activity

This output provides for the finalisation and implementation of the Healthy Action – Healthy Eating Strategy to improve health outcomes and reduce inequalities related to nutrition, physical activity and obesity. Work will include setting strategic directions, providing evidence-based policy advice, and developing an implementation plan to assist with priority setting for service provision. Monitoring, surveillance and the analysis of relevant data will also be undertaken.

Immunisation

This output supports the control of infectious diseases. Work involves the continued implementation of priorities outlined in the Integrated Approach to Infectious Disease, as well as policy and technical advice, monitoring and surveillance of infectious diseases, improving immunisation services and systems across the sector, establishment of the National Immunisation Register and the continued implementation of the meningococcal vaccine programme.

Public health and primary care

This output focuses on strengthening the relationship between public health and primary health care and supporting the development of public health and population health approaches through the implementation of the Primary Health Care Strategy.

Cost

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
Forecast 2002/2003	34,087	30,300	30,300	24,413	5,887
Estimated Actual 2001/2002	27,000	24,000	28,633	22,604	6,029

Output Class D6: Disability Issues

Description

This output class focuses on:

- advice to the Minister of Health and the Associate Ministers of Health on disability support services, policy and service development.
- contributing to Māori policy for the disability sector
- analysis of expenditure and service trends to inform budget monitoring
- overseeing the implementation of the New Zealand Disability Strategy as it relates to health and disability support services.
- effective utilisation of disability support services funding
- 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.

This output class contributes to the New Zealand Health Strategy Goals of a healthy social environment, healthy communities, families and individuals, healthy lifestyles, accessible and appropriate health care services and the objectives of the New Zealand Disability Strategy.

It contributes to the Ministry outcomes of sector leadership, policy advice, performance management, collaboration, service planning and legislation and regulation.

Performance measures

These performance measures apply to each output unless otherwise specified.

Quality

All advice and briefings will meet the quality standards set out in the Statement of Objectives.

Quantity

Advice and briefings will be provided as required by the Minister.

Timeliness

Timeframes as agreed with the Minister will be met.

Cost

The output will be provided within budget.

Implementation of the New Zealand Disability Strategy

This output provides for the implementation of the New Zealand Disability Strategy throughout the Ministry's business and activities for 2002/03. Work also includes the development of an implementation plan for 2003/04, reporting progress against plans and contributing to the monitoring of the New Zealand Disability Strategy by the Ministry of Social Development.

Transition policy advice

This output covers the work associated with implementing the Government's decisions regarding the separation of funding and planning for disability support services for people over 65 years of age from those for younger people with disabilities.

Assist the implementation of the Health of Older People Strategy

This output supports the implementation of the Health of Older People Strategy (as detailed in Output Class D1: Sector Policy). Specific work for Disability Issues includes Ageing-in-Place pilots, improving dementia care in residential services, and the development of resources for integrated care.

Future framework for younger people with disabilities

This output provides policy development and advice on the future framework for meeting the disability support needs of younger people with disabilities. Specific work includes a review of needs assessment and service co-ordination services for younger people with disabilities.

Service planning and purchasing

This output covers the planning and purchasing of disability support services. Service coverage requirements for disability support services will be purchased as specified in the Service Coverage Schedule. The delivery of services will be monitored and any gaps in service delivery resolved.

Performance measures

- Approximately 2,500 service agreements with providers will be managed.
- All service agreements will specify the nature, level, range and volume of services, and the location, access, monitoring arrangements, price, duration, scope for variation and mechanisms for dispute resolution.
- Quarterly reports will be provided to the Minister on the performance of the Ministry as funder and monitor of service agreements.

Cost

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
Forecast 2002/2003	17,505	15,560	15,560	15,560	0
Estimated Actual 2001/2002	12,548	11,154	11,243	11,243	0

Output Class D7: Mental Health

Description

This class of outputs purchases policy advice to the Minister of Health, implementation of government policy through collaboration efforts with DHBs, and administration of mental health legislation. It focuses on leading the implementation of the National Mental Health Strategy embodied in *Looking Forward* (1994), *Moving Forward* (1996) and the Mental Health Commission's *Blueprint for Mental Health Services in New Zealand* (1998). The objectives are to work with key stakeholders to assist the Government in achieving:

- a quality and quantity of mental health services that meet the needs of the New Zealand population and which provides value for money
- an environment of safety for consumers and the general public
- a community that is non-discriminatory towards people with mental illness.

This output class contributes to the New Zealand Health Strategy Goals of a healthy social environment, reducing inequalities, Māori development in health, healthy communities, families and individuals, better mental health, and accessible and appropriate health care services.

It contributes to the Ministry outcomes of sector leadership, policy advice, performance management, knowledge management, sector resources, collaboration, service planning and legislation and regulation.

Performance measures

These performance measures apply to each output unless otherwise specified.

Quality

All advice and briefings will meet the quality standards set out in the Statement of Objectives.

Quantity

Advice and briefings will be provided as required by the Minister.

Timeliness

Timeframes as agreed with the Minister will be met.

Cost

The output will be provided within budget.

Policy advice

This output provides policy and clinical advice on mental health matters. Specific work includes initiating a review and evaluation of the National Mental Health Strategy, the ongoing review of the Mental Health (Compulsory Assessment and Treatment) Act 1992, policy development to support implementation of the National Framework for Alcohol and Drug Services, and providing policy input into intersectoral initiatives. This output also provides relationship management with consumers and the sector.

Mental health service development, review and audit

This output focuses on mental health service issues. Work includes managing critical incidents and service safety risks, the development of service guidelines, implementation of plans to address the Mental Health Commission Privacy Review, auditing DHB funder and provider activities to ensure progress on the Mental Health Blueprint, and development of service specifications. This output also covers the implementation of the Forensic Framework and support for lead DHBs in establishing and developing forensic services.

Māori mental health

This output focuses on Māori mental health matters. Work will concentrate on Māori mental health workforce development and guidelines for Māori mental health services. Key areas for the Māori workforce are improving capacity in the area of addictions, increasing capability in forensic and adult mental health services, improving capacity in taitamariki and rangatahi services, and developing Māori providers. Cultural and clinical guidelines for kaupapa Māori mental health services will be developed to assist service efficacy, planning and contracting, monitoring and quality improvement.

Information and monitoring

This output will provide for the continued development of information and monitoring systems for mental health services. Work will involve reporting on the implementation of the Blueprint, expenditure, service utilisation and quality, managing specific research and information projects, developing a Pacific profile, and continued work on obtaining outcome data for measuring sector performance.

Administration of legislation

This output covers the administration of legislation relating to mental health to ensure statutory requirements are fulfilled. The relevant legislation includes the Mental Health (Compulsory Assessment and Treatment) Act 1992, Alcoholism and Drug Addiction Act 1965, and sections of the Misuse of Drugs Act 1975 and Land Transport Act 1998. It also involves managing the performance of statutory officers appointed by the Minister (district inspectors and mental health review tribunals) in accordance with the requirements of the Public Finance Act 1989 and Public Audit Act 2001.

Cost

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
Forecast 2002/2003	3,785	3,364	3,364	3,364	0
Estimated Actual 2001/2002	6,053	5,380	5,380	5,380	0

Output Class D8: Health Sector Development

Description

This output class provides for sector development during the establishment and development period of District Health Boards. This period is expected to continue until the next election of Board members in 2004. It focuses on policy advice and analysis on operational frameworks, systems and mechanisms not covered by other output classes.

Performance measures

Quality

All advice and briefings will meet the quality standards set out in the Statement of Objectives.

Quantity

Advice and briefings will be provided as required by the Minister.

Timeliness

Timeframes as agreed with the Minister will be met.

Cost

The output will be provided within budget.

Cost

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
Forecast 2002/2003	6,100	5,422	5,422	5,422	0
Estimated Actual 2001/2002	5,427	4,824	4,824	4,824	0

Output Class D9: Clinical Services

Description

This output class involves the provision of:

- a trusted interface between the Ministry, health providers, health professionals and communities to support the provision of safe and effective health services
- policy advice to the Minister of Health and implementation of government policy in collaboration with DHBs
- management of the strategic development of publicly funded clinical services and intersectoral programmes
- evaluation of services, systems and innovative projects to contribute to ongoing sector improvement
- administration and implementation of safety and facility-licensing legislation
- administration and advisory services to statutory and advisory committees.

This output class contributes to the New Zealand Health Strategy Goals of a healthy social environment, reducing inequalities, healthy communities, families and individuals, healthy lifestyles, better physical health, and accessible and appropriate health care services.

It contributes to the Ministry outcomes of sector leadership, policy advice, performance management, knowledge management, collaboration, service planning and legislation and regulation.

Performance measures

These performance measures apply to each output unless otherwise specified.

Quality

All advice and briefings will meet the quality standards set out in the Statement of Objectives.

Quantity

Advice and briefings will be provided as required by the Minister.

Timeliness

Timeframes as agreed with the Minister will be met.

Cost

The output will be provided within budget.

Policy advice

This output provides strategic and specific policy advice on health services and intersectoral collaboration. Key areas of focus will include initial work on a Clinical Services Strategy, cancer treatment services, further development of action plans for the Sexual and Reproductive Health Strategy, policy advice on rural health services and workforce recruitment, youth health, advice on eligibility issues for health and disability services, and work to enable devolution of the services under the Roadside to Bedside Framework.

Implementing the Primary Health Care Strategy

This output leads the implementation of the Primary Health Care Strategy. Pilot primary health organisations are being established, including several in high-need areas. Specific work will focus on assisting applications for funding, advising on issues arising from the operation of pilot organisations, further development of service delivery, implementing improvements to access, developing tools to better manage referred services, evaluating pilot models of nursing in primary health care, and evaluating the organisations in high-need areas.

Implementing the New Zealand Health Sector Quality Improvement Strategy

This output provides for the implementation of the New Zealand Health Sector Quality Improvement Strategy, which is required under the New Zealand Public Health and Disability Act 2000. Specific work will include the establishment of a quality strategy group and the development of an implementation plan after the Strategy is finalised.

Intersectoral programmes

This output focuses on the development, management and evaluation of key intersectoral programmes with DHBs, communities and other government departments. Specific work will include:

- ongoing contract management and evaluation of the Intensive Home Visiting pilots
- continued input into the Strengthening Families initiative (including Family Start Programme and the high and Complex Needs Strategy)
- continued support for and evaluation of the Intersectoral Community Action for Health pilots in Te Hiku O Te Ika/Far North, South Auckland, Kapiti and Porirua.

Elective services

This output focuses on monitoring the delivery of elective services across DHBs in line with the Government's objectives for maximum waiting times for assessment and treatment if eligible, national equity of access to elective services, and adequate levels of service provision to avoid unreasonable distress, ill health and/or incapacity. Specific work will continue to focus on policy advice, service coverage issues, performance management of elective services, and the monitoring of Māori access to elective services.

Clinical service development and review

This output involves the development and review of clinical services to promote effective and safe service delivery throughout the sector. The work focus includes the development of continuum of care planning for people with high health needs, a review of the high-cost treatment pool, disease management for cardiovascular disease, diabetes and asthma, oral health service development and continued support of the implementation of the Well Child Framework.

Nursing development

This output provides for planning and responding to professional, clinical and operational nursing issues across the sector. Specific work includes relationship management with key nursing organisations and continuation of work to support the development of the nursing workforce.

Licensing

This output ensures that the statutory requirements of the Old People's Homes Regulations 1987, the Hospital Act 1957 and the Disabled Persons Community Welfare Act 1975 are met by providers. It will monitor the standards and performance of licensees, audit agencies and service providers. Specific work will also include the establishment of systems to implement the Health and Disability Services (Safety) Act 2001.

Performance Measures

- Approximately 10 new licences will be issued with 95 percent completed within 15 working days.
- Approximately 800 old people's homes and hospitals will be relicensed and approximately 5 new homes for people with disabilities registered with 90% completed within 30 working days of the due date and a full inspection for 100% of new homes.
- Approximately 40 reviews of registrations of homes for people with disabilities undertaken with 90% completed within 30 days of the agreed time.

- Approximately 60 assessments will be made for variations to licences will be processed and 95% of approvals completed within 15 working days of receipt of application.
- Assurance checks of 100 percent of privately operated hospitals and old people's homes with full inspections of those identified as medium to high risk by 30 June 2003.

Statutory committee support

This output provides support and advice to the following statutory committees to ensure their efficient functioning and fulfilment of their terms of reference and responsibilities:

- National Health Epidemiology and Quality Assurance Committee
- Child and Youth Mortality Review Committee
- Mortality Review Committee.

Cost

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
Forecast 2002/2003	12,020	10,684	10,684	10,684	0
Estimated Actual 2001/2002	25,496	22,663	22,752	22,752	0

Output Class D10: Management of National Screening Programmes

Description

This output class ensures the effective delivery of the National Breast Screening Programme, BreastScreening Aotearoa and the National Cervical Screening Programme.

This output class contributes to the New Zealand Health Strategy Goals of better physical health and accessible and appropriate health care services.

It contributes to the Ministry outcomes of knowledge management and service planning.

Performance measures

Quantity

The programmes will provide quarterly monitoring reports to the Ministry.

Quality

The programmes will be appropriately monitored in accordance with quality and contract requirements.

Timeliness

Monitoring will take place in accordance with timelines as specified in quality and contract requirements.

Cost

The output will be provided within budget.

National Breast Screening Programme

This output provides for the effective delivery of the National Breast Screening Programme, BreastScreening Aotearoa, in accordance with programme objectives and appropriate standards. The programme is for New Zealand women aged 50 to 64 years and contributes to the Government’s objective to reduce the incidence and impact of cancer.

National Cervical Screening Programme

This output provides for the effective delivery of the National Cervical Screening Programme in accordance with programme objectives and appropriate standards. The programme is for New Zealand women aged 20 to 70 years and contributes to the Crown’s objective to reduce the incidence and impact of cancer.

Cost

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
Forecast 2002/2003	10,515	9,347	9,347	9,347	0
Estimated Actual 2001/2002	11,308	10,052	8,871	8,871	0

Output Class D11: Information Services

Description

This output class includes the:

- collection, processing, maintenance, analysis and dissemination of health data, health statistics and health information
- continuing maintenance and development of the national health and disability information systems
- provision of appropriate databases, systems and information products
- development and provision of health and disability information standards and quality audit programmes for data
- co-ordination of ongoing national health and disability information collections, and proposals for their development
- administration and monitoring of service agreements and the administration of payments for health benefits and service agreements.

This output class contributes to the New Zealand Health Strategy Goals of reducing inequalities, healthy lifestyles, better mental health, better physical health, injury prevention and accessible and appropriate health care services.

It contributes to the Ministry outcomes of policy advice, performance management, knowledge management and sector resources.

Performance measures

These performance measures apply to each output unless otherwise specified.

Quality

All advice and briefings will meet the quality standards set out in the Statement of Objectives.

Quantity

Advice and briefings will be provided as required by the Minister.

Timeliness

Timeframes as agreed with the Minister will be met.

National health information services

This output provides for the national management and provision of health information and information systems. Health information is collated, analysed and published in hard and electronic copies on an ongoing basis. The maintenance and development of information systems includes the National Health Index, Medical Warning Systems, National Minimum Dataset and the IQ Data Warehouse. Information standards are reviewed and developed on an ongoing basis, and quality audit programmes for data are undertaken.

Performance Measures

- The National Health Index and Medical Warning System will be available 98 percent of the time and 95 percent of transactions completed within three seconds.
- The National Minimum Dataset will be available 98 percent of standard business hours.
- The IQ Data Warehouse will be available as per customer service level agreements.
- A 24-hour, seven-days-a-week help-desk for users will be provided.
- Six statistical titles on health trends and issues will be published annually.
- New information will be added to the website monthly.

Health sector administration and payments

This output provides for the administration, monitoring and payment of service agreements and the processing and payment of health benefits. Payments are made according to contractual terms with providers. Administration and monitoring are conducted according to the requirements of the Ministry and DHBs.

Performance measures

- Quality standards as specified in service-level agreements will be met.
- Approximately 6,500 service agreements will be administered.
- Timeframes as specified in service level agreements will be met.
- Providers will be paid within their contractual terms.
- Standard validations and business rules as agreed with DHBs will be applied.

Implementing the Health Information Management and Technology Plan

This output focuses on the implementation of WAVE, the Health Information Management and Technology Plan for the health and disability sector. Implementation will proceed according to the agreed priorities identified in WAVE and available resources in order to create efficiencies and improve clinical decision-making.

Cost

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
Forecast 2002/2003	44,502	39,558	39,558	38,363	1,195
Estimated Actual 2001/2002	34,083	30,296	31,606	30,411	1,195

VOTE BIOSECURITY – Health

Output Class D12: Policy Advice

Description

This output class involves the purchasing of a range of policy advice and decision support for the Minister and the Government. The scope of the class covers advice on the effective management of risks posed by pests and diseases, consistent with objectives for the biological security of people's health. The key priority is ensuring that the Government's biosecurity policies are implemented effectively and efficiently. This includes:

- participating in the work of the Biosecurity Council and any related officials committee
- supporting, encouraging and actively facilitating the use of knowledge and information, and building capacity to assist with emergency response and with the achievement of biosecurity objectives related to human health
- providing advice to government agencies, public health service contractors and providers, local government, other agencies and the public on imported disease and disease vector surveillance and control
- administering public health legislation related to biosecurity objectives, and providing advice on implementation and interpretation of acts, regulations and international agreements
- contributing to the development of an integrated regulatory framework for the biosecurity sectors, which achieves an environment that is conducive to innovation within the Government's objectives, and which will foster the achievement of desirable biosecurity outcomes
- the development of public health protection and regulatory service guidelines

- funding policy in relation to services for the exclusion of unwanted organisms, including responses to interceptions of unwanted organisms
- contributing to intersectoral collaboration in order to maximise progress in the Government’s priority areas of ensuring effective management of risks posed by pests and diseases for the biological security of people’s health
- the development and implementation of policy in relation to surveillance services, including the detection of previously unrecorded vector organisms such as mosquitoes and the investigation and response to environmental health issues (including emergent issues) to help improve, promote and protect public health through the achievement of biosecurity objectives, including issues relating to disease vector surveillance and control
- funding policy in relation to emergency response services, including ensuring the maintenance of a nationally distributed, 24-hour, 365-days-per-year capability to investigate and report to the Chief Technical Officer (Health); and ensuring the building and co-ordination of a capability in terms of systems, procedures, trained personnel, laboratory diagnostic capacity and data management for undertaking the control or eradication of unwanted organisms or pests.

This output class contributes to the New Zealand Health Strategy Goal of better physical health.

It contributes to the Ministry outcome of policy advice.

Performance measures

The Ministry of Health will provide policy advice, specific pest and disease response, and Ministerial servicing as agreed in the Purchase Agreement between the Minister of Biosecurity and the Ministry.

Quality measures for the Ministry’s policy advice and ministerial servicing are as in the Statement of Objectives.

The output will be provided within budget.

Cost

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
Forecast 2002/2003	339	301	301	301	0
Estimated Actual 2001/2002	339	301	301	301	0

Output Class D13: Specific Pest and Disease Response

Description

This output covers the development and implementation of funding policy to ensure the revision and implementation of the Government's decision on the long-term response to the southern saltmarsh mosquito in New Zealand. This includes:

- funding policy in relation to operational services, as required
- convening meetings of the technical advisory group, as required.

This output class contributes to the New Zealand Health Strategy Goal of better physical health.

Performance measures

The Ministry of Health will provide quarterly progress reports to the Minister for Biosecurity on the success of the programme to date, expenditure against budget to date, results of nationwide surveillance, any other relevant information available (such as entry pathways), and a surveillance audit.

Quality measures for the Ministry's policy advice and ministerial servicing are as in the Statement of Objectives.

The output will be provided within budget.

Cost

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
Forecast 2002/2003	2,000	1,778	1,778	1,778	0
Estimated Actual 2001/2002	2,000	1,778	1,778	1,778	0