

# VOTE *Health*

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# Health

## Overview

Appropriations sought for Vote Health in 2004/05 total \$9,917.895 million, an increase of \$332.540 million or 3.47% from 2003/04 (Supplementary Estimates).

### Departmental Appropriations

- \$168.608 million (1.70% of the Vote) relates to the functions of the Ministry of Health for: policy advice, purchasing of national health services, performance monitoring of the funders and providers of health and disability services, developing and administering regulations related to health service facilities, providers and public safety, ministerial servicing, and information services.
- \$0.955 million (0.01% of the Vote) is a capital contribution to the Ministry of Health for the enhancement of information technology systems, which support the sector.

### Non-Departmental Appropriations

\$9,748.332 million (98.29% of the Vote) is for the funders of health services and will be spent as follows:

- \$7,299.763 million (73.6% of the Vote) to fund health services from DHBs.
- \$666.844 million (6.72% of the Vote) to purchase national disability support services.
- \$286.214 million (2.89% of the Vote) to purchase public health services.
- \$468.918 million (4.73% of the Vote) to purchase national health services.
- \$88.920 million (0.90% of the Vote) to purchase a meningococcal vaccine programme.
- \$334.304 million (3.37%) of the Vote to fund primary care and other health services.

\$543.703 million (5.48% of the Vote) is to provide capital funding and loan facilities for DHBs, and residential care loans for older people.

\$59.666 million (0.60% of the Vote) relates to other services and expenses as follows:

- \$8.829 million (0.09% of the Vote) to fund services from independent service providers.
- \$15.625 million (0.16% of the Vote) to fund provider initiatives.
- \$11.917 million (0.12% of the Vote) to fund monitoring and protecting of health and disability consumers interests.
- \$11.843 million (0.12% of the Vote) to fund treatment and education services on problem gambling.
- \$11.452 million (0.12% of the Vote) for other expenses and services.

## **Crown Revenue and Receipts**

The Ministry expects to collect \$503.067 million of Crown Revenue and Receipts in 2004/05, most of which is the reimbursement of accident-related acute public hospital costs from the Accident Rehabilitation and Compensation Insurance Corporation.

Details of how the appropriations are to be applied appear in Parts B1, C, D and E of this Vote. Details of Crown Revenue appear in Part F.

## Terms and Definitions Used

<b>ACC</b>	Accident Compensation Corporation
<b>ANZFA</b>	Australia New Zealand Food Authority
<b>CCMAU</b>	Crown Company Monitoring Advisory Unit
<b>DHBs</b>	District Health Boards - District Health Boards fund, provide or ensure the provision of services for those in need of personal health services.
<b>DSS</b>	Disability Support Services.
<b>HFA</b>	Health Funding Authority - the organisation that was funded by the Government prior to 1 January 2001 to purchase health and/or disability support services for eligible people
<b>HHS</b>	Hospital and Health Services
<b>HSP</b>	Health Service Providers
<b>NGOs</b>	Non-Governmental Organisation
<b>PHARMAC</b>	Pharmaceutical Management Agency of New Zealand
<b>PHO</b>	Primary Health Organisation
<b>Provider</b>	An individual or organisation that supplies health or disability support services
<b>Output Plan</b>	Agreement between the Minister of Health and the Director-General of Health that sets out the Ministry outputs the Minister has agreed to and their cost
<b>RHMU</b>	Residual Health Management Unit
<b>WHO</b>	World Health Organisation

# Health

VOTE MINISTER: Minister of Health

ADMINISTERING DEPARTMENT: Ministry of Health

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

## Part A - Statement of Objectives and Trends

### A1 - Objectives for Vote Health

#### *Related Key Government Goals*

The Key Government Goals most directly supported by Vote Health are:

- **Strengthen national identity and uphold the principles of the Treaty of Waitangi** - the Ministry and District Health Boards (DHBs) 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 and DHBs 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 and wider sector will work to further develop the health and disability support workforce, its capability and skills.

#### *Vote Health Outcome: Healthy New Zealanders*

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

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

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

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

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

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

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

The Ministry of Health is the Government's primary advisor on health policy and issues and its contribution to improving health and independence is largely indirect. This contribution is through the Ministry's advice to, influence on and relationships with the government, District Health Boards, practitioners, iwi and Māori organisations, Pacific communities, providers, non-governmental organisations, other government sectors and the public. Although the Ministry currently has some responsibility for the direct purchasing of health and disability support services (which allows for a more direct influence on health and participation outcomes), this is likely to change in the near future as such responsibilities are further devolved to DHBs.

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

The New Zealand Health Strategy provides the framework for the Government's overall direction of the health sector. The Strategy provides DHBs with the context within which they will operate and identifies the key priority areas. The priorities, goals and targets within the Strategy are reflected in both the accountability arrangements between the DHBs and the Minister of Health and the funding decisions they make on behalf of the populations they serve.

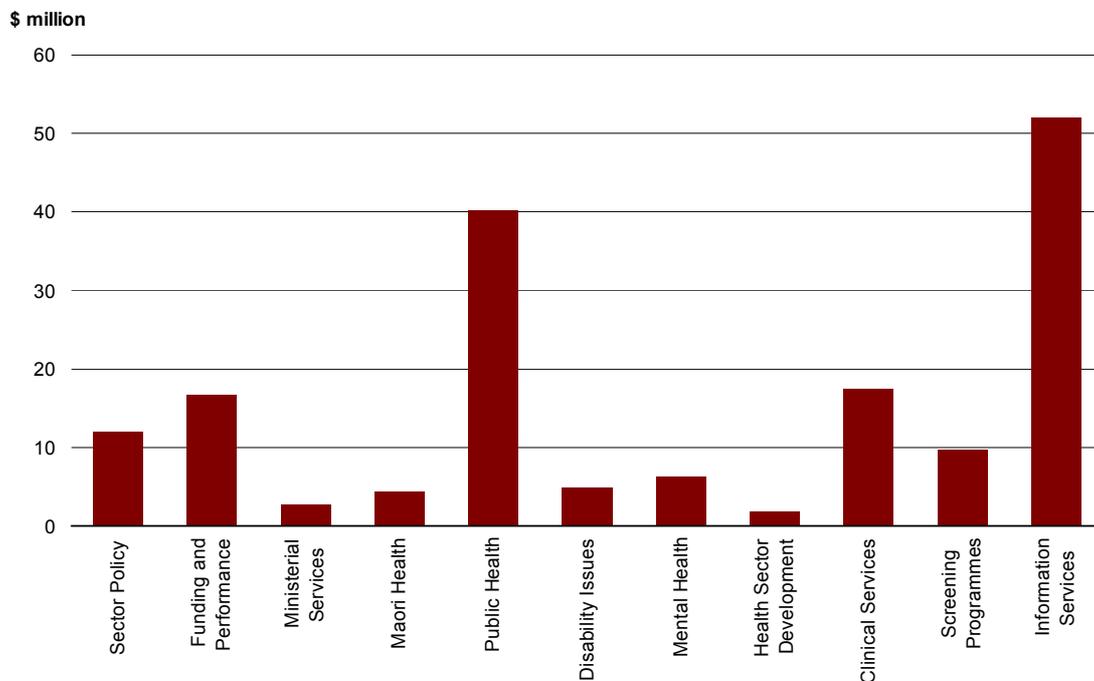
The New Zealand Disability Strategy outlines the future direction of development of services for people with disabilities. The Strategy is complemented by public service implementation plans aimed at encouraging better collaboration between agencies to remove barriers to full participation in society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

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

### Vote structure

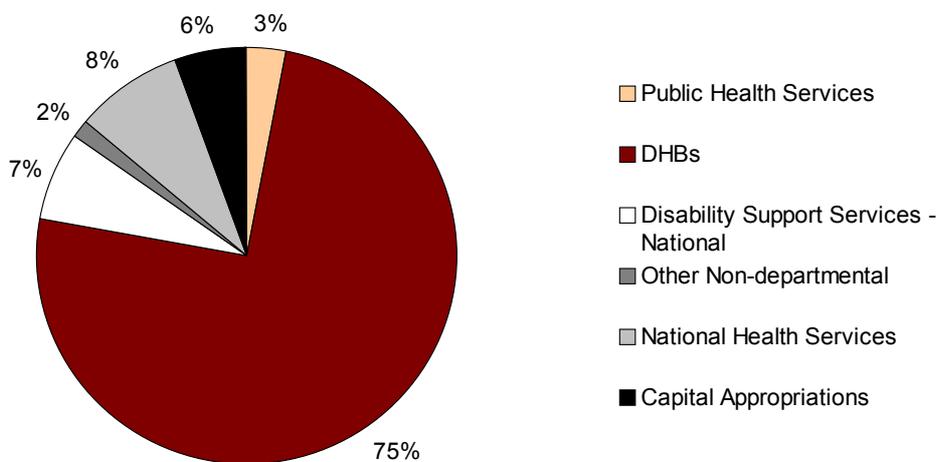
The graphs below display the structure of Vote Health in terms of the level of annual appropriations and the proportion of each output class to the total appropriation for that class of outputs (departmental and non-departmental respectively) for 2004/05.

**Figure 1** - Ministry of Health departmental output classes - 2004/05



Source: The Ministry of Health 2004

**Figure 2** - Non-departmental output classes, other expenses and capital appropriations - 2004/05



Source: The Ministry of Health 2004

For descriptions of these services see Part C2.

## A2 - Trends in Vote Health

The table of Trends in Vote Health at the end of this section shows health and disability outputs funded by the Crown have generally increased over the past five years. The expenditure trends for Vote Health over the last five years include transfers to and from other Votes. The significant transfers include:

- from Vote Health to Vote Climate Change and Energy Efficiency of \$1 million in 2004/05 and \$2 million in out years to contribute to Home Insulation grants
- from Vote Health Service Providers to allow the payment for price increases from 1998/99 of \$145.688 million (deficit switch) and to meet capital charges from 1999/2000 of \$108.800 million
- a reduction in Vote Health for direct purchase of elective services by ACC for accident victims from 1996/97 of \$15.015 million, 1997/98 of \$9.727 million and 1998/99 and outyears of \$9.918 million, accident-related primary referred services from 1999/2000 of \$9.828 million and accident rehabilitation of \$19.856 million in 2002/03
- a reduction in Vote Health in 2001/02 of \$1.900 million for the transfer of care for children with high and complex needs to Child Youth and Family Services
- to Vote Accident Insurance in 2001/02 and out years to fund inpatient rehabilitation.

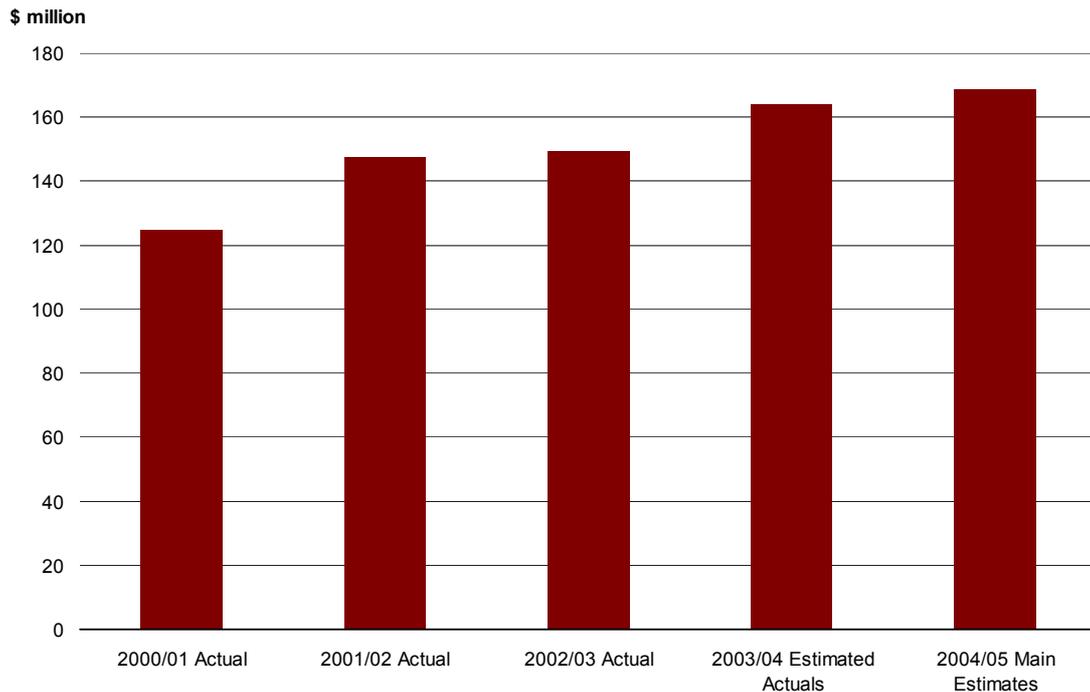
The table of Trends in Vote Health also shows a significant increase in capital contributions for equity to public hospitals due to the merging of Vote Health Service Providers with Vote Health.

### *Output Trends: 2000/01 to 2004/05*

#### **Departmental output class trends: 2000/01 to 2004/05, with outyear projections to 2007/08**

The departmental output class structure is the same as 2003/04.

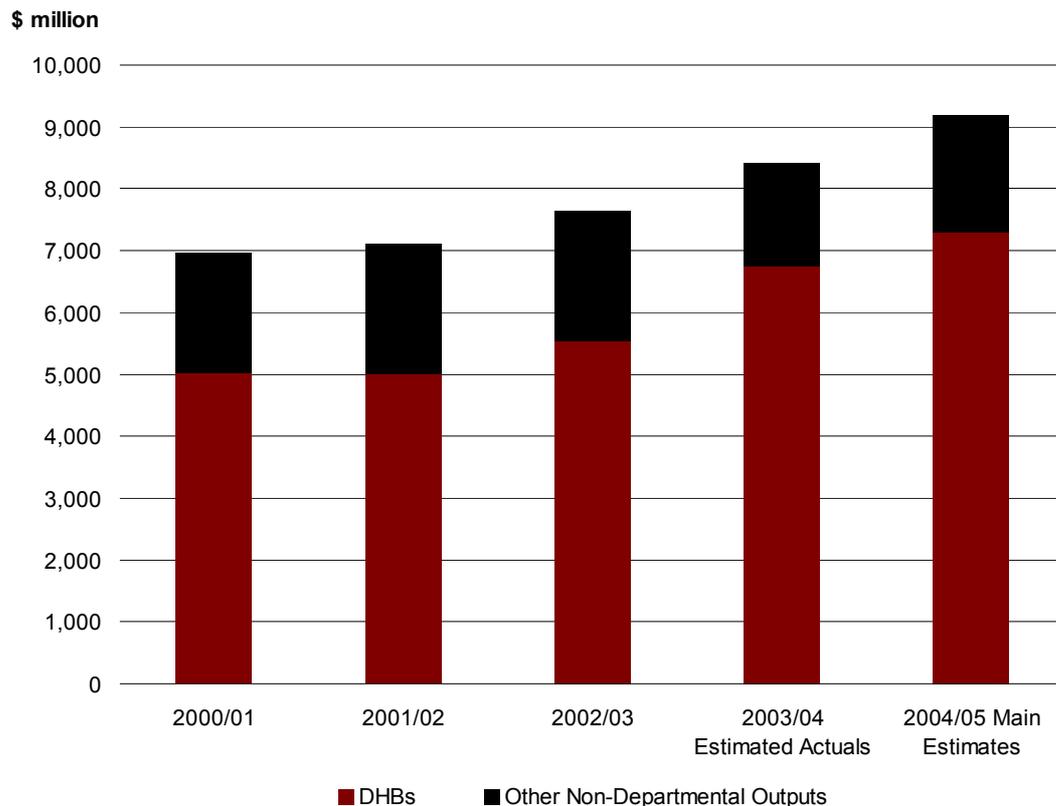
Departmental output class costs have declined as a percentage of the total Vote, and now represent only 1.7% percent of the Vote.

**Figure 3** - Trends in departmental output classes

The increase in 2004/05 is due to one off funding for DHB elections transferred from 2003/04 and an increase in funding for the National immunisation register transferred from NDOC. This was off set by the devolvement of aged care services to DHBs. In 2000/01 the departmental Vote changed significantly due to funding relating to sector changes, in particular: the transfer of part of the former HFA operating budgets to the Ministry of Health; one off new funding of \$20 million in 2000/01 to cover the costs of sector change; and a transfer from Vote Health Service Providers (HSP) to cover the funding of public hospital monitoring previously performed by CCMAU.

#### **Non-departmental output class trends: 2000/01 to 2004/05**

The main non-departmental output classes are DHB Health and Disability Support Services funding, Disability Support Services - National, Meningococcal Vaccine programme, Public Health Services Purchasing, Health Services Funding and National Services covering 93.8% of total Vote Health non-departmental output class expenditure.

**Figure 4** - Trends in non-departmental output classes

Source: The Ministry of Health 2004

Note that some funding for 'Other Non-Departmental Outputs' in 2004/05 includes funding for primary health organisations that will be devolved to District Health Boards.

Total expenditure on non-departmental classes increased steadily during the 2000/01 to 2004/05 period.

Changes during this period reflect funding for:

- reducing the elective surgical backlog and improving access to elective services
- demographic changes
- health and disability services to ensure that the sector can manage pressures and provide high-quality accessible health services
- mental health, to implement the recommendations of the Mason and mental health blueprint reports
- free visits to doctors and prescriptions for children aged five and under.

Specific funding for 2004/05 includes increases of:

- \$150 million for demographic changes
- \$400 million for the Health Funding Package (of which \$96.749 million is for improved primary care services)
- \$9.500 million for increases in Orthopaedic surgery

- \$9.280 million for property revaluation costs of DHBs
- \$275,000 for a National Initiative for the Treatment of Depression.
- \$680,000 for Suicide Guidelines for Accident and Emergency departments
- \$427,000 for the National Drug Policy - Contestable Pool
- \$140,000 for the National Drug Secretariat
- \$344,000 for the Community Action on Youth and Drugs evaluation
- \$1.000 million for a Needle and Syringe Exchange Programme
- \$191,000 for a Court Clinician - Addictions
- \$1.460 million for Central Region - Alcohol and Drug Youth Residential Treatment
- \$135,000 Development Training - Secondary Prevention
- \$300,000 for the Drug Foundation
- \$25.000 million for increased Mental Health Blueprint services
- \$53.473 million for the Meningococcal Vaccine Programme
- \$11.843 million for Problem Gambling Services.

### Capital flows

In 2004/05 non departmental capital decreases by \$397 million, which mainly reflects a reduction in funding required to refinance DHB's private Sector debt. Deficit support has been separated from other capital funding for DHBs.

In the 2000/01 financial year, sector capital funding was transferred from Vote HSP to Vote Health. In the same year it was decided that the Crown would refinance DHB private debt over time and subsequent new debt would be provided by the Crown through Vote Health. Capital by its nature is uneven as it relates partially to the funding of large projects. In 1999/2000, additional capital was provided to the HFA for investments in subsidiaries.

The significant capital funding changes from 2003/04 to 2004/05 are:

- \$57.448 million decrease for deficit support for DHB's
- \$130 million increase for equity for new capital projects for DHBs
- \$27.522 million increase for loans for new capital projects for DHBs
- \$528 million decrease in funding to replace private debt for DHBs, this funding is one-off, and phased as current private banking arrangements are available for refinancing.

### Crown revenue

Crown revenue is largely represented by:

- reimbursement of ACC health-related costs
- capital charge paid by DHBs
- repayment of interest and loans by DHBs

- recording of surpluses and deficits of DHBs.

### *Analysis by Appropriation Type: 2003/04 and 2004/05 Compared*

#### **Departmental output classes**

The Ministry's Crown funding decreases by \$1.467 million in 2004/05. The decrease is due to devolution of aged care contract management to DHBs offset by a funding transfer from NDOC for the Immunisation Register, along with a number of small funding adjustments relating to expense transfers and new initiatives.

#### **Non-departmental output classes**

The purchase of non-departmental outputs excluding capital funding increases by a net \$735 million (8.7% increase over 2003/04). This includes:

- \$150 million for demographic changes
- \$400 million for the Health Funding Package (of which \$96.749 million is for improved primary care services)
- \$9.500 million for increases in Orthopaedic surgery
- \$9.280 million for property revaluation costs of DHBs
- \$275,000 for a National Initiative for the Treatment of Depression
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## Reconciliation of New Initiatives to Appropriations

Where funding is allocated to DHB output classes, it will be apportioned according to a population based funding formula.

Initiative	Appropriations as shown in Part B	\$000 increase/(decrease)				
		2003/04	2004/05	2005/06	2006/07	2007/08
Demographics	Non-Departmental Output Class - Health Services Funding		4,500	4,500	4,500	4,500
	Non-Departmental Output Class - District Health Boards		18,900	18,900	18,900	18,900
Financial Reporting Standards No 3	Non-Departmental Output Class - District Health Boards	72,741	110,150	110,150	110,150	110,150
Medsafe	Departmental Output Class - Public Health		1,050	-	-	-
Orthopaedics	Non-Departmental Output Class - National Services		9,500	39,500	39,500	39,500
	Departmental Output Class- Clinical Services		500	500	500	500
Removal of Asset Testing	Non-Departmental Output Class - National Services			1,600	1,600	14,000
	Departmental Output Class - Information Services		676			
National Initiative on the Treatment of Depression	Non-Departmental Output Class - National Services		275	-	-	-
	Departmental Output Class - Mental Health		25			
Suicide Guidelines for Accident and Emergency Departments	Non-Departmental Output Class - National Services		680	680	680	230
	Departmental Output Class - Mental Health		20	20	20	20
National Drug Policy - Contestable Pool	Non-Departmental Output Class - Public Health Service Purchasing		427	871	805	962
National Drug Secretariat	Departmental Output Class - Public Health		140	140	140	140
Community Action on Youth and Drugs Evaluation	Non-Departmental Output Class - Public Health Service Purchasing		344	194	-	-

One for One Needle and Syringe Exchange	Non-Departmental Output Class - Public Health Service Purchasing		1000	1000	1000	1000
Addictions - Court Clinician	Non-Departmental Output Class - National Services		191	191	157	-
Central region - AOD Youth residential treatment	Non-Departmental Output Class - National Services		1,460	1,068	1,068	1,068
Development Training - Secondary Prevention	Non-Departmental Output Class - National Services		135	-	-	-
Drug Foundation	Non-Departmental Output Class - Public Health		300	283	283	283
Family Income Assistance	Non-Departmental Output Class - National Services		350	1,400	1,400	1,400
ACC Primary Referred Pharmaceuticals and Laboratory Costs	Non-Departmental Output Class - National Services	10,300	10,300	10,300	10,300	10,300
Problem Gambling	Non-Departmental Output Class - Problem Gambling		11,843	11,843	11,843	11,843
	Departmental Output Class - Public Health	313	402	402	402	402
	Departmental Output Class - Mental Health	338	383	383	383	383
Mental Health Blueprint Implementation	Non-Departmental Output Class - National Services		25,000	50,000	75,000	100,000
Rollout of the Health Funding Package	Non-Departmental Output Class - Health Services Funding				550,000	550,000
Rollout of the Capital Envelope	Capital Output Classes				144,000	96,000
		<b>83,692</b>	<b>198,551</b>	<b>253,925</b>	<b>972,631</b>	<b>961,581</b>

## Trends in Vote Health - Summary of Appropriations and Crown Revenue

Types of Appropriation	1999/2000	2000/01	2001/02	2002/03	2003/04		2004/05 Appropriations to be Used				2005/06	2006/07	2007/08	
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budget \$000	Estimated Actual \$000	By the Department Administering the Vote		For Non-Departmental Transactions		Total \$000	Estimated \$000	Estimated \$000	Estimated \$000
							Annual \$000	Other \$000	Annual \$000	Other \$000				
<b>Operating Flows</b>														
Classes of Outputs to be Supplied	6,690,051	7,098,881	7,262,916	7,783,461	8,616,458	8,580,346	167,923	685	9,179,366	-	9,347,974	9,900,415	10,459,563	10,482,543
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Other Expenses	17,873	26,873	30,605	18,892	22,873	21,373	-	-	25,263	-	25,263	19,851	19,851	19,851
<b>Capital Flows</b>														
Capital Contributions	13,000	62,689	250,207	494,999	946,024	945,724	955	-	543,703	-	544,658	293,700	249,573	615,000
Purchase or Development of Capital Assets	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Repayment of Debt	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
<b>Total Appropriations</b>	6,720,924	7,188,443	7,543,728	8,297,352	9,585,355	9,547,443	168,878	685	9,748,332	-	9,917,895	10,213,966	10,728,987	11,117,394
<b>Total Crown Revenue and Receipts</b>	206,367	416,505	114,796	218,090	396,282	396,282	N/A	N/A	N/A	N/A	503,067	523,167	523,167	523,167

## Part B - Statement of Appropriations

### Part B1 - Details of Appropriations

	2003/04				2004/05		Description of 2004/05 Appropriations
	Vote		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Appropriations							
<b>Departmental Output Classes (Mode B Gross)</b>							
Clinical Services	15,472	-	15,218	-	<b>17,559</b>	-	Strategic and policy advice and issues management relating to child and youth, maternity and adult health services. Development and administration of regulations related to health services facilities and providers.
DHB Funding and Performance	17,144	-	16,079	-	<b>16,677</b>	-	Negotiation, management and monitoring of the funders of health and disability services, and the negotiation and monitoring of funding agreements with specific advisory and sector support service providers.
Disability Issues	10,564	-	10,268	-	<b>4,903</b>	-	Policy advice on issues specific to people with disabilities. Negotiate and administer service agreements with disability support service providers.
Health Sector Development	-	-	-	-	<b>1,900</b>	-	Development and implementation of health structural changes including District Health Boards.
Management of National Screening Programmes	13,533	-	12,052	-	<b>9,798</b>	-	Management of national screening programmes.
Māori Health	4,138	-	4,027	-	<b>4,407</b>	-	Policy advice on reducing disparities in health status for Māori by increased responsiveness.
Mental Health	5,972	-	5,553	-	<b>6,291</b>	-	Implementation of the Mental Health Strategy. Administration of regulations related to mental health.
Ministerial Support Services	2,600	-	2,536	-	<b>2,745</b>	-	Provision of responses to ministerial correspondence and parliamentary questions.

## Part B1 - Details of Appropriations (continued)

	2003/04				2004/05		Description of 2004/05 Appropriations
	Vote		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Departmental Output Classes (Mode B Gross) - cont'd</b>							
Public Health	34,870	-	34,531	-	<b>40,298</b>	-	- Administration and enforcement of health legislation, monitoring, national coordination, technical advice and negotiation and administration of service agreements with public health service providers.
Sector Policy	12,569	-	11,764	-	<b>12,006</b>	-	- Strategic advice and policy analysis on the health and disability sector in New Zealand. This includes health and disability services policy, public health policy and Māori health policy.
<b>Total Appropriations for Departmental Output Classes (Mode B Gross)</b>	116,862	-	112,028	-	116,584	-	
<b>Departmental Output Classes (Mode B Net)</b>							
Information Services	52,313	955	51,573	417	<b>51,339</b>	685	Production and management of health information, including databases.
<b>Total Appropriations for Departmental Output Classes (Mode B Net)</b>	52,313	955	51,573	417	51,339	685	
<b>Non-Departmental Output Classes</b>							
Health and Disability Support Services - Northland DHB	292,949	-	292,949	-	<b>308,587</b>	-	- Funding of personal health and mental health services, provision of hospitals and related services and management outputs from Northland DHB.
Health and Disability Support Services - Waitemata DHB	688,411	-	688,411	-	<b>756,954</b>	-	- Funding of personal health and mental health services, provision of hospitals and related services and management outputs from Waitemata DHB

Health and Disability Support Services - Auckland DHB	702,673	-	702,673	-	<b>759,305</b>	- Funding of personal and mental health services, provision of hospitals and related services and management outputs from Auckland DHB.
Health and Disability Support Services - Counties-Manukau DHB	669,723	-	669,723	-	<b>730,634</b>	- Funding of personal and mental health services, provision of hospitals and related services and management outputs from Counties/Manukau DHB.
Health and Disability Support Services - Waikato DHB	545,341	-	545,341	-	<b>606,683</b>	- Funding of personal and mental health services, provision of hospitals and related services and management outputs from Waikato DHB.
Health and Disability Support Services - Lakes DHB	190,073	-	190,073	-	<b>198,084</b>	- Funding of personal and mental health services, provision of hospitals and related services and management outputs from Lakes DHB.
Health and Disability Support Services - Bay of Plenty DHB	347,631	-	347,631	-	<b>383,289</b>	- Funding of personal and mental health services, provision of hospitals and related services and management outputs from Bay of Plenty DHB.
Health and Disability Support Services - Tairāwhiti DHB	96,523	-	96,523	-	<b>101,016</b>	- Funding of personal and mental health services, provision of hospitals and related services and management outputs from Tairāwhiti DHB.
Health and Disability Support Services - Taranaki DHB	203,181	-	203,181	-	<b>213,492</b>	- Funding of personal and mental health services, provision of hospitals and related services and management outputs from Taranaki DHB.
Health and Disability Support Services - Hawkes Bay DHB	261,515	-	261,515	-	<b>282,449</b>	- Funding of personal and mental health services, provision of hospitals and related services and management outputs from Hawkes Bay DHB.
Health and Disability Support Services - Whanganui DHB	129,321	-	129,321	-	<b>135,632</b>	- Funding of personal and mental health services, provision of hospitals and related services and management outputs from Whanganui DHB.
Health and Disability Support Services - MidCentral DHB	266,277	-	266,277	-	<b>295,214</b>	- Funding of personal and mental health services, provision of hospitals and related services and management outputs from MidCentral DHB.
Health and Disability Support Services - Hutt DHB	222,496	-	222,496	-	<b>226,259</b>	- Funding of personal and mental health services, provision of hospitals and related services and management outputs from Hutt DHB.
Health and Disability Support Services - Capital and Coast DHB	391,396	-	391,396	-	<b>438,376</b>	- Funding of personal and mental health services, provision of hospitals and related services and management outputs from Capital and Coast DHB.
Health and Disability Support Services - Wairarapa DHB	73,557	-	73,557	-	<b>77,352</b>	- Funding of personal and mental health services, provision of hospitals and related services and management outputs from Wairarapa DHB.
Health and Disability Support Services - Nelson-Marlborough DHB	212,264	-	212,264	-	<b>232,564</b>	- Funding of personal and mental health services, provision of hospitals and related services and management outputs from Nelson-Marlborough DHB.

## Part B1 - Details of Appropriations (continued)

	2003/04				2004/05		Description of 2004/05 Appropriations
	Vote		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Non-Departmental Output Classes - cont'd</b>							
Health and Disability Support Services - West Coast DHB	75,280	-	75,280	-	<b>80,098</b>	-	Funding of personal and mental health services, provision of hospitals and related services and management outputs from West Coast DHB.
Health and Disability Support Services - Canterbury DHB	779,291	-	779,291	-	<b>835,056</b>	-	Funding of personal and mental health services, provision of hospitals and related services and management outputs from Canterbury DHB.
Health and Disability Support Services - South Canterbury DHB	97,467	-	97,467	-	<b>104,585</b>	-	Funding of personal and mental health services, provision of hospitals and related services and management outputs from South Canterbury DHB.
Health and Disability Support Services - Otago DHB	339,629	-	339,629	-	<b>351,857</b>	-	Funding of personal and mental health services, provision of hospitals and related services and management outputs from Otago DHB.
Health and Disability Support Services - Southland DHB	167,257	-	167,257	-	<b>182,277</b>	-	Funding of personal and mental health services, provision of hospitals and related services and management outputs from Southland DHB.
Disability Support Services - National	877,569	-	877,569	-	<b>666,844</b>	-	Funding of disability support services from District Health Boards and other Disability Support service providers.
Health Services Funding	59,657	-	59,657	-	<b>334,304</b>	-	Funding held over to address risks and to fund health and disability services contracts.
Management of Residual Health Liabilities and Crown Health Enterprise Debt	1,814	-	1,814	-	<b>1,814</b>	-	Management of residual Area Health Board liabilities and debt allocated to DHBs.
Meningococcal Vaccine Programme	35,447	-	30,447	-	<b>88,920</b>	-	The development, purchasing and delivery of a vaccine to target population groups.

Monitoring and Protecting Health and Disability Consumer Interests	11,917	-	11,917	-	<b>11,917</b>	-	Provision of services to monitor and protect health consumer interests by the Health and Disability Commissioner, District Mental Health Inspectors and Review Tribunals, and the Mental Health Commission.
National Advisory and Support Services	9,251	-	9,251	-	<b>8,829</b>	-	Provision of advisory and support services by independent service providers.
National Services	447,201	-	433,201	-	<b>468,918</b>	-	Funding of services not devolved to District Health Boards.
Problem Gambling Services	-	-	-	-	<b>11,843</b>	-	Funding of problem gambling services.
Public Health Service Purchasing	251,217	-	240,217	-	<b>286,214</b>	-	Public Health Services funded by the Ministry of Health from DHBs and other public health service providers.
<b>Total Appropriations for Non-Departmental Output Classes</b>	8,446,328	-	8,416,328	-	9,179,366	-	
<b>Other Expenses to be Incurred by the Crown</b>							
Australian Kidney Foundation	15	-	15	-	<b>15</b>	-	Cost contribution to the Australian Kidney Foundation to receive the Australia and New Zealand Dialysis and Transplant Registry.
International Health Organisations	2,211	-	2,211	-	<b>2,211</b>	-	World Health Organisation (WHO) contribution.
Legal Expenses	4,852	-	3,352	-	<b>7,412</b>	-	Legal claims defence, compensation and action against third parties.
Provider Development	15,795	-	15,795	-	<b>15,625</b>	-	Funding for the development of health providers, particularly for the improvement of Māori health.
<b>Total Appropriations for Other Expenses to be Incurred by the Crown</b>	22,873	-	21,373	-	25,263	-	
<b>Capital Contributions to the Department</b>							
Capital Investment	5,045	-	5,045	-	<b>955</b>	-	Funding for the enhancement of information technology systems to improve sector capability.
<b>Total Appropriations for Capital Contributions to the Department</b>	5,045	-	5,045	-	955	-	

## Part B1 - Details of Appropriations (continued)

	2003/04				2004/05		Description of 2004/05 Appropriations
	Vote		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Capital Contributions to Other Persons or Organisations</b>							
Deficit Support for DHBs	77,548	-	77,548	-	<b>20,100</b>	-	- Capital contributions to cover DHB deficits for Auckland, Whanganui, Wairarapa, West Coast and Otago DHBs.
Deficit Support for New Zealand Blood Service	2,800	-	2,500	-	-	-	- Capital contributions to cover New Zealand Blood Service deficits.
Equity for Capital Projects for DHBs	61,463	-	61,463	-	<b>192,200</b>	-	- Capital contributions to DHBs to cover new investments and reconfiguration of their balance sheets.
Equity for PHARMAC	4,267	-	4,267	-	-	-	- Provide additional equity for PHARMAC.
Health Sector Projects	15,569	-	15,569	-	<b>32,041</b>	-	- Capital investment in specific health sector assets.
New Lending to DHBs	87,278	-	87,278	-	<b>114,800</b>	-	- Funding of New Debt for DHBs.
Refinance of DHB Private Debt	592,238	-	592,238	-	<b>63,527</b>	-	- Funding for RHMU to refinance DHB debt from private lenders.
Residential Care Loans	25,000	-	25,000	-	<b>29,000</b>	-	- Loans to provide assistance for patients in residential care.
Rollover of Residual Health Management Unit Loans	74,816	-	74,816	-	<b>92,035</b>	-	- Funding to rollover DHB loans with RHMU.
<b>Total Appropriations for Capital Contributions to Other Persons or Organisations</b>	940,979	-	940,679	-	543,703	-	
<b>Total Appropriations</b>	9,584,400	955	9,547,026	417	9,917,210	685	

## Part C - Explanation of Appropriations for Output Classes

### Part C1 - Departmental Output Classes

#### *Departmental Output Class: Sector Policy*

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, design and priorities for the health and disability sector
- providing an integrated view of the overall performance of the health and disability sector
- assessing external and domestic influences on the sector, including the determinants of demand for health and disability support services and the wider environment in which the sector operates
- providing strategic advice on ethics and innovations and the associated regulatory frameworks
- providing strategic advice on where and how best to achieve gains in health and independence for the population, improve service quality and reduce inequalities for older people
- leading strategic policy issues that span the whole or part of the health sector, in particular on sector funding and on the health and disability support workforce
- New Zealand's international engagements for the health and disability sector
- providing administrative and advisory services to statutory and advisory committees, operational advice on services for older people, logistical administrative support for international fellowships, international visits, and relationship management with international organisations in the health and disability support sector.

#### 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
2004/05	12,006	10,672	10,672	10,606	66
2003/04	12,569	11,172	11,172	11,155	17

Note: Revenue Crown may include rounding differences.

#### *Departmental Output Class - DHB Funding and Performance*

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
- providing advice to DHBs and the Minister of Health on governance, board performance and board member issues, 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
- purchasing post-clinical education and training
- funding and monitoring of a range of national contracts retained centrally.

### 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
2004/05	16,677	14,824	14,824	14,683	141
2003/04	17,144	15,239	15,239	15,204	35

Note: Revenue Crown may include rounding differences.

### *Departmental Output Class - Ministerial Support Services*

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 occupational statutory bodies and committees.

### 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
2004/05	2,745	2,440	2,440	2,413	27
2003/04	2,600	2,311	2,311	2,305	6

Note: Revenue Crown may include rounding differences.

### *Departmental Output Class - Māori Health*

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 independence outcomes, and reduce inequalities
- advice on the impact of policy and legislation in relation to the Treaty of Waitangi, reducing inequalities and Māori health aspirations and needs
- 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 will 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.

#### **Cost**

<b>Year</b>	<b>Cost GST incl \$000</b>	<b>Cost GST excl \$000</b>	<b>Total Revenue GST excl \$000</b>	<b>Revenue Crown GST excl \$000</b>	<b>Revenue Other GST excl \$000</b>
<b>2004/05</b>	4407	3917	3917	3882	35
<b>2003/04</b>	4138	3678	3678	3670	8

Note: Revenue Crown may include rounding differences.

### *Departmental Output Class - Public Health*

This class of outputs focuses on three 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.

Progress within these areas 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.

### 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
2004/05	40,298	35,820	35,820	28,549	7,271
2003/04	34,870	30,996	30,996	23,913	7,083

Note: Revenue Crown may include rounding differences.

### *Departmental Output Class - Disability Issues*

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 and services 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 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.

## 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
2004/05	4,903	4,358	4,358	4,287	71
2003/04	10,564	9,391	9,391	9,373	18

Note: Revenue Crown may include rounding differences.

### *Departmental Output Class - Mental Health*

This output class 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 provide value for money
- an environment of safety for consumers and the general public
- a community that assists the recovery and participation of people with mental illness.

It purchases:

- policy advice to the Minister of Health
- implementation of government policy through collaboration with DHBs and other agencies
- development of the infrastructure support required to enable service growth and quality improvement
- monitoring of progress in implementation of the National Mental Health Strategy
- administration of mental health legislation.

## 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
2004/05	6,291	5,592	5,592	5,541	51
2003/04	5,972	5,308	5,308	5,296	12

Note: Revenue Crown may include rounding differences.

### *Departmental Output Class - Health Sector Development*

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 of operational frameworks, systems and mechanisms not covered by other output classes.

#### 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
2004/05	1,900	1,689	1,689	1,689	-
2003/04	-	-	-	-	-

Note: Revenue Crown may include rounding differences.

### *Departmental Output Class - Clinical Services*

This output class involves the provision of trusted strategic leadership among the Ministry, health providers, health professionals and communities to support continuous improvement in the provision of safe and effective health services, in particular:

- leadership of priority strategic initiatives to improve the operating environment for clinical services and to improve intersectoral collaboration in key areas
- analysis of services, clinical systems and innovative projects to contribute to ongoing systems improvement
- policy advice to the Minister of Health and oversight of implementation of government policy in collaboration with DHBs, other Government agencies, and health and disability service providers
- administration and implementation of the Health and Disability Services (Safety) Act 2001
- administration and advisory services to statutory and advisory committees.

#### 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
2004/05	17,559	15,608	15,608	15,384	224
2003/04	15,472	13,753	13,753	13,347	406

Note: Revenue Crown may include rounding differences.

## *Departmental Output Class - Management of National Screening Programmes*

This output ensures the effective delivery of the national screening programmes (the National Breast Screening Programme - Breast Screen Aotearoa, and the National Cervical Screening Programme). The National Screening Unit of the Ministry of Health will:

- provide national leadership and strategic direction for specific screening programmes
- provide advice to Government regarding screening programmes
- ensure development and management of nationally consistent policy and quality standards for national screening programmes
- develop and manage effective national health promotion, recruitment and retention strategies for national screening programmes
- provide national monitoring, audit, evaluation and quality improvement processes for national screening programmes
- monitor, analyse and review international experience of screening programmes and advances in detection and treatment approaches on an ongoing basis
- maintain effective and efficient information systems supporting all aspects of programme operations and monitoring
- facilitate effective communications with all screening programme participants and stakeholders
- purchase programme services in accordance with provider agreements and robust financial and contract management
- develop and maintain nationally high levels of competency in the screening workforce, adequate capacity to meet service delivery demands and the capability to meet quality requirements
- administer the legislation and regulations related to screening programmes.

### **Quantity**

Quarterly reports against the Output Plan will be provided to the Minister of Health.

### **Quality**

The Ministry will monitor screening services delivered through contracts with DHBs and service providers, the Ministry will also monitor the performance of DHBs and service providers. Escalation pathways for non-performance will be identified and utilised where necessary.

### **Timeliness**

Monitoring will take place as provided for in contractual arrangements with DHBs and other service providers.

**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
2004/05	9,798	8,710	8,710	8,635	75
2003/04	13,533	12,029	12,029	12,011	18

Note: Revenue Crown may include rounding differences.

*Departmental Output Class - Information Services*

This output class include the:

- provision of timely and quality policy advice on strategic information management to the Minister of Health
- provision of administrative and advisory services to the Health Information Standards Organization ministerial committee
- development and support of health informatics capability
- commissioning of health information management standards required to support the ongoing implementation of electronic health capability in the health and disability sector
- collection, processing, maintenance, analysis and dissemination of health data, health statistics and health information including strategies to improve data quality
- 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.

**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
2004/05	52,024	46,244	46,244	45,636	608
2003/04	53,268	47,349	47,349	46,498	851

Note: Revenue Crown may include rounding differences.

## Part C2 - Non-Departmental Output Classes

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

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

Responsibility for some health services remains with the Ministry. Some of these funding responsibilities may be transferred to DHBs during 2004/05, depending on Government decisions.

#### Performance measures

The Minister of Health expects that:

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

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

#### Cost all DHB output classes

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
2004/05	7,299,763	6,488,678	6,488,678	6,488,678	-
2003/04	6,752,255	6,002,004	6,002,004	6,002,004	-

The 2004/05 cost of each output class is outlined in the following table.

### Cost

Health and Disability Support Services	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
Northland DHB	308,587	274,300	274,300	274,300	-
Waitemata DHB	756,954	672,848	672,848	672,848	-
Auckland DHB	759,305	674,938	674,938	674,938	-
Counties Manukau DHB	730,634	649,452	649,542	649,542	-
Waikato DHB	606,683	539,274	539,274	539,274	-
Bay of Plenty DHB	383,289	340,701	340,701	340,701	-
Lakes DHB	198,084	176,075	176,075	176,075	-
Taranaki DHB	213,492	189,771	189,771	189,771	-
Whanganui DHB	135,632	120,562	120,562	120,562	-
Hawkes Bay DHB	282,449	251,066	251,066	251,066	-
Tairāwhiti DHB	101,016	89,792	89,792	89,792	-
Wairarapa DHB	77,352	68,757	68,757	68,757	-
MidCentral DHB	295,214	262,412	262,412	262,412	-
Capital and Coast DHB	438,376	389,668	389,668	389,668	-
Hutt DHB	226,259	201,119	201,119	201,119	-
Nelson Marlborough DHB	232,564	206,724	206,724	206,724	-
West Coast DHB	80,098	71,198	71,198	71,198	-
Canterbury DHB	835,056	742,272	742,272	742,272	-
South Canterbury DHB	104,585	92,964	92,964	92,964	-
Otago DHB	351,857	312,762	312,762	312,762	-
Southland DHB	182,277	162,024	162,024	162,024	-

The major increases for 2004/05 relate to allocations of the Health Funding Package, demographic increases and devolution of primary care and aged care services.

### *Disability Support Services - National*

The Minister of Health purchases disability support services (DSS) for people who have a physical, intellectual, sensory or age-related disability, or a combination of those, where the disability is likely to continue for a minimum of six months and make the person less independent and in need of on-going support. To access these services, people must be assessed by a facilitated needs assessment service based on prioritised need.

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

## Performance measures

### Quantity

The Minister of Health requires that details of the quantity of services that are provided be specified in the output plan between the Minister of Health and the Ministry of Health's Chief Executive and included in agreements with service providers.

### Quality

The Minister of Health requires that all agreements with providers of relevant services comply with the following in addition to other relevant requirements within the standard documentation:

- Standards for Needs Assessment for People with Disabilities (June 1994).
- Assessing the Support Needs of Older People (May 1995).
- Guidelines for Regional Health Authorities: Service Co-ordination for People with Disabilities (February 1995).
- Standards for Home-Based Services (June 1995).

Residential care services will be provided in licensed hospitals or rest homes, homes registered under the Disabled Persons' Community Welfare Act, or subsequent legislation.

### Timeliness

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

## 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
2004/05	666,844	592,750	592,750	592,750	-
2003/04	877,569	780,061	780,061	780,061	-

The major decrease in 2004/05 relates to the devolution of aged care services.

### *Public Health Service Purchasing*

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

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

Public health services are purchased for specific purposes, including:

- services to monitor the physical environment (e.g. sewage, drinking water and air quality)
- services to monitor food-borne illnesses in humans
- services to help prevent the spread of communicable diseases like AIDS, TB, and Hepatitis A (including the needle exchange programme)
- services to promote better social environments
- services to promote the well-being of children
- injury prevention programmes (eg, the promotion of child restraints in cars)
- non-communicable diseases (breast and cancer screening programmes and the services to protect against non-communicable diseases like melanoma)
- services and programmes to promote better mental health, including programmes to reduce the stigma associated with mental illness and programmes to prevent suicide
- programmes to promote healthy diets and physical exercise
- sexual health programmes
- services to reduce alcohol and drug harm
- tobacco control programmes, including monitoring smokefree workplaces and restaurants and public education programmes
- public health infrastructure, including workforce development and the production of education materials.

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

### Performance measures

The Minister of Health expects that:

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

### 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
2004/05	286,214	254,412	254,412	254,412	-
2003/04	251,217	223,304	223,304	223,304	-

The major increases in 2004/05 relate to demographic changes and allocation of the Health Funding Package.

### *Management of Residual Health Liabilities and Crown Health Enterprise Debt*

The Minister of Health purchases services from the Residual Health Management Unit (RHMU) which include:

- managing Area Health Board debt existing on 1 July 1993
- providing and managing Crown debt facilities for DHBs, including refinancing of private bank debt as it becomes due
- managing residual area health board assets and liabilities
- managing mental health patient frozen funds (tracing and repaying former mental health patients' interest on funds including benefit payments held on their behalf during their admission to hospital)
- disposing of surplus DHB property.

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

Reporting against this output class is provided in the annual reports of the Ministry of Health and the RHMU. Management and monitoring are provided through the Ministry's output class D2 DHB Funding and Performance.

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

### Performance measures

The Minister of Health expects that:

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

### 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
2004/05	1,814	1,612	1,612	1,612	-
2003/04	1,814	1,612	1,612	1,612	-

### *National Services*

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

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

The provision for funding and monitoring of these services is covered within the Ministry of Health's departmental output classes.

### Performance measures

The Minister of Health expects that:

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

- reports on the delivery of services will be provided to the Ministry of Health by the providers in accordance with the provisions of their organisations' funding agreements.

### Cost

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
2004/05	468,918	416,816	416,816	416,816	-
2003/04	447,201	397,512	397,512	397,512	-

The major changes from 2004/05 are demographic increases and the full year impact of the devolution DSS contracts.

### *National Advisory and Support Services*

The Minister of Health purchases advisory and support services from a number of organisations working at a national level, including disability, psychiatric and welfare organisations. These services include consumer-based advice on health and disability support services, management of health and disability information and education resources, maintenance of networks with the Asia/Pacific region and internationally on disability and rehabilitation, and the coordination of national ambulance services.

The provision for funding and monitoring of these services is covered within the Ministry of Health's departmental output classes.

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

### Performance measures

The Minister of Health expects that:

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

### Cost

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
2004/05	8,829	7,848	7,848	7,848	-
2003/04	9,251	8,223	8,223	8,223	-

The major change in 2004/05 reflects a return to the previous funding level after a one-off increase in funding for the retraining of overseas trained doctors in 2003/04.

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

The Minister of Health purchases:

- education, advocacy, investigation, mediation, and proceedings services on behalf of users of health and disability services in accordance with the Health and Disability Commissioner Act 1994. These services are purchased from the Health and Disability Commissioner
- district inspector services, to inquire into the status and management of psychiatric patients in accordance with the Mental Health (Compulsory Assessment and Treatment) Act 1992
- review tribunal services which consider the condition of patients who seek reviews, or on whose behalf a review has been sought, in accordance with the Mental Health (Compulsory Assessment and Treatment) Act 1992
- services for monitoring and reporting on the implementation of the national mental health strategy in accordance with the Mental Health Commission Act 1998. These services are purchased from the Mental Health Commission.

### **Health and Disability Commissioner**

The Minister of Health requires the Health and Disability Commissioner to:

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

### **Performance measures**

The Minister of Health requires that:

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

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

### **Mental Health Commission**

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

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

### **Performance measures**

The Minister of Health requires that the Mental Health Commission will:

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

## Mental Health reviews and inquiries

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

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

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

## Performance measures

The Minister of Health expects that:

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

## 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
2004/05	11,917	10,593	10,593	10,593	-
2003/04	11,917	10,593	10,593	10,593	-

## *Meningococcal Vaccine Programme*

The Minister of Health purchases the development of a vaccine for meningococcal meningitis and the establishment of a clinical trial for young people in high-risk areas.

## Performance measures

The Minister of Health expects that:

- the terms and conditions of the contract for vaccine development are met by the developer and the Ministry of Health

- the Ministry will identify and contract with appropriate organisations to deliver the clinical trial vaccine to the target population
- the Ministry will report to Ministers regularly on the progress of the programme and phasing of associated costs.

### 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
2004/05	88,920	79,040	79,040	79,040	-
2003/04	35,447	31,508	31,508	31,508	-

The major change reflects the progression from the trial stage to commencement of wider delivery in 2004/05.

### *Health Services Funding*

The Ministry of Health funds a number of national personal health, Māori health, and mental services. These services are funded on behalf of populations spanning District Health Boards.

Funding and monitoring provisions of these services are covered by the performance measures in the Ministry of Health's departmental output classes.

### Performance measures

The Minister of Health expects that:

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

### Cost

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
2004/05	334,304	297,159	297,159	297,159	-
2003/04	59,657	53,028	53,028	53,028	-

The major change in 2004/05 reflects new funding for primary care services, which will be devolved to DHBs gradually during the year.

## *Problem Gambling*

Services provided under the Gambling Act 2003.

Treatment services provided through Mental Health Services for those with problem gambling addictions, including new intervention services (brief and early intervention approach), counselling and screening services.

Public health education services to protect and people from health threats and promote better health for all New Zealanders. Public health services are targeted at specific groups of people (particularly those in high risk groups).

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

### **Performance measures**

The Minister of Health expects that:

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

### **Cost**

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
2004/05	11,843	10,527	10,527	10,527	-
2003/04	-	-	-	-	-

The increase in 2004/05 reflects treatment services now being funded through the Ministry that were previously funded through the Problem Gambling Committee. The Ministry of Health has funding agreements with providers such as DHBs and NGOs for problem gambling services.

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

### Part D3 - Other Expenses

#### *Provider Development*

The focus of provider development is on the continued development of competent health providers for the improvement of Māori health.

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

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

#### 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
2004/05	15,625	13,889	13,889	13,889	-
2003/04	15,795	14,040	14,040	14,040	

#### *Legal Expenses*

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

#### 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
2004/05	7,412	6,588	6,588	6,588	
2003/04	4,852	4,313	4,313	4,313	

The major change from 2003/04 to 2004/05 reflects one-off funding provided for legal settlements.

#### *Australian Kidney Foundation*

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

**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
2004/05	15	13	13	13	
2003/04	15	13	13	13	

*International Health Organisations*

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

**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
2004/05	2,211	1,965	1,965	1,965	
2003/04	2,211	1,965	1,965	1,965	

## Part E - Explanation of Appropriations for Capital Flows

### Part E1 - Capital Contributions

#### *Net Worth of Entities Owned*

The Minister of Health is responsible for the Government's ownership in the entities listed in the table below. The estimated net worth (total assets less total liabilities) of these entities is also listed. Changes in net worth result from the effects of operating surpluses/deficits.

#### Statement of Estimated and Forecast Net Worth

	Balance Date	Estimated Net Worth 2004 \$ million	Forecast Net Worth 2005 \$ million
Ministry of Health	30 June	21.735	21.735
Crown Entities:			
Alcoholic Liquor Advisory Council of New Zealand	30 June	1.635	1.338
Health and Disability Commissioner	30 June	1.600	1.330
Health Sponsorship Council	30 June	0.970	0.027
All DHBs	30 June	1,437.308	1,639.702
Mental Health Commission	30 June	0.225	0.225
RHMU	30 June	20.190	14.118
New Zealand Blood Service	30 June	10.724	11.094
Health Research Council	30 June	1.760	0.660
PHARMAC	30 June	8.840	7.140

## Part F - Crown Revenue and Receipts

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

	2003/04		2004/05	Description of 2004/05 Crown Revenue
	Budgeted \$000	Estimated Actual \$000	Budget \$000	
<b>Current Revenue</b>				
Non-Tax Revenue				
ACC - Reimbursement of Complex Burns Costs	3,000	3,000	3,000	Payment by ACC to reimburse complex burns treatment costs incurred by the public health system.
ACC - Reimbursement of Work-Related Public Hospital Costs	24,499	24,499	24,499	Accident compensation (ACC) recovery of work-related accident treatment costs incurred by the public health system.
ACC - Reimbursement of Non-Earners Account	166,398	166,398	166,398	Payment by ACC to cover the costs incurred to Vote Health by non-earners who have accidents and require acute hospital treatment.
ACC - Reimbursement of Self-Employed Public Hospital Costs	449	449	449	Payment by ACC to recover the accident treatment costs incurred to Vote Health for self employed workers.
ACC - Reimbursement of Earners' Non-Work-Related Public Hospital Costs	47,474	47,474	47,474	Payment by ACC to cover the costs incurred to Vote Health by earners who have an accident outside work and require acute hospital treatment.
ACC - Reimbursement of Motor Vehicle-Related Public Hospital Costs	39,815	39,815	39,815	Payment by ACC to cover the costs incurred to Vote Health by those who have a motor vehicle accident and require acute hospital treatment.
Payment of Capital Charge by DHBs	147,492	147,492	180,197	Payment of capital charge by DHBs.
Net Surplus from DHBs	(82,900)	(82,900)	(20,100)	The net surplus(deficit) from DHBs.
Repayment of Loan Interest from Private Hospitals and Group Practices	38	38	38	Repayment of loan interest from private hospitals and group practices.

Residual Health Management Rental	278	278	278	Rental income from vacated area health board premises that were not taken over by DHBs.
Total Non-Tax Revenue	346,543	346,543	442,048	
<b>Total Current Revenue</b>	<b>346,543</b>	<b>346,543</b>	<b>442,048</b>	
<b>Capital Receipts</b>				
Principal Repayment of Loans to Private Hospitals	74	74	74	Repayment of loan principal from private hospitals and group practices.
Repayment of Residential Care Loans	22,000	22,000	24,000	Receipts from repayment of loans by patients receiving residential care.
Repayment of DHB Debt	27,665	27,665	36,945	Repayment of debt by DHBs.
<b>Total Capital Receipts</b>	<b>49,739</b>	<b>49,739</b>	<b>61,019</b>	
<b>Total Crown Revenue and Receipts</b>	<b>396,282</b>	<b>396,282</b>	<b>503,067</b>	

