



## Office of Hon Dr Jonathan Coleman

Minister of Health  
Minister for Sport and Recreation

Member of Parliament for Northcote

17 DEC 2014

Chair

Dear Chair

### **Letter of expectations for DHBs and subsidiary entities 2015/16**

Thank you for the continued contribution you and your staff are making to a better public health service. It is important that we drive a team approach across the system.

While recognising these are tight economic times, the Government is committed to improving the health of New Zealanders and will continue to invest in key health services. Investment in our public health services has risen from a budget of \$11.8 billion in 2008/09 to \$15.6 billion in 2014/15. Health is the only portfolio with this sort of increase, which demonstrates the Government's on-going commitment to protecting and growing our public health services.

### **Fiscal Discipline/Management of the Health Portfolio**

As I have discussed with you previously, DHBs need to budget and operate within allocated funding and must have detailed plans to improve year-on-year financial performance. This includes seeking efficiency gains and improvements in purchasing, productivity and quality aspects of DHBs' operation and service delivery. You and your Board must monitor and hold your Chief Executive accountable against these expectations as keeping to budget allows investment into new and more health initiatives.

Improvements through national, regional and sub-regional initiatives must continue to be a key focus for all DHBs. I recognise that DHBs want to have a greater role in the process of making back office savings to reinvest into frontline services, and want greater control of the implementation phase of the four health shared service business cases. It is essential that these business cases are implemented swiftly and savings achieved. The current transition process in place to shift responsibility for implementation of the business cases takes these considerations on board.

### **Leadership**

Strong clinical leadership and engagement should be embedded in DHBs and utilised in all aspects of DHBs' core business eg budgeting and service design. Clinically driven service changes are encouraged where these make sense for patients and encourage positive

system changes. DHBs are expected to include clear detail in their annual plans for 2015/16 that shows how they will foster clinical leadership.

DHB governance, senior management and clinical leaders need to work together in order to ensure we are heading in the same direction. As agents of the Crown you and your Board must assure yourselves that you have in place the appropriate clinical and executive leadership to deliver on the Government's objectives. I expect you to spend time talking with clinical leaders and fostering, encouraging and supporting clinically-led decision making.

### **Integration between Primary and Secondary Care**

Integrating primary care with other parts of the health service is vital for better management of long-term conditions, mental health, an aging population and patients in general. The pathways to achieve better co-ordinated health and social services need to be developed and supported by clinical leaders in both community and hospital settings. I expect DHBs to move services closer to home in 2015/16, and DHBs need to have clear evidence of how they plan to do this. The key to better health, as well as financial sustainability, is earlier intervention and population-based initiatives delivered in the community.

### **National Health Targets**

The national health targets are very important for driving overall hospital performance, and have resulted in major improvements in the health outcomes of New Zealanders. Health target performance continues to improve, but DHBs must remain focussed on achieving and improving performance against the targets, particularly the primary care targets, which are still some way from being achieved. I expect DHBs to work directly with primary health organisations and individual practices to drive performance against the primary care targets, and to provide clear and specific plans for achieving all national health targets in their annual plans.

As you are aware, from quarter two of 2014/15, the 62 day Faster Cancer Treatment indicator has become the cancer health target with a target achievement level of 85 percent by July 2016 and then increasing to 90 percent by July 2017. The addition of this indicator ensures continued focus on improving cancer services.

Targets will continue to evolve over time, reflecting a range of dynamic factors. Any changes to current targets for 2015/16 are expected to be known early next year, and may entail adjustments to the electives, more heart and diabetes checks and better help for smokers to quit targets.

I also expect to see elective surgery access further boosted by [\$50 million of] new funding to target more orthopaedic and general surgery, and the development of community-based intervention teams to treat musculoskeletal pain non-surgically.

Clinicians should focus on implementation of the agreed clinical prioritisation tools to support appropriate access for patients.

### **Tackling Key Drivers of Morbidity**

As Minister of Sport and Recreation as well as Minister of Health, I am looking to strengthen the link between physical activity and keeping New Zealanders healthy. Obesity is a major risk factor for diabetes and other chronic conditions, which are key drivers of morbidity. We are currently doing a stocktake of 'what works' to reduce obesity, but in the meantime I expect all DHBs to be considering what they can do to help reduce the incidence of obesity in New Zealand.

A key Government priority is reducing the number of children living in material hardship. DHBs are already working closely with other social sector organisations to achieve sector goals in relation to the Government's Better Public Services initiatives and other cross-agency initiatives, such as Whānau Ora, Social Sector Trials, Children's Action Plan and Youth Mental Health. I expect district health boards to support cross-agency work that delivers outcomes for children across a range of dimensions – health, education, social and justice.

### **Refreshed New Zealand Health Strategy**

At my request, the Ministry of Health is planning to update and refresh the New Zealand Health Strategy. Once this process is completed, the Strategy will provide DHBs and the wider sector with a clear strategic direction and road map for delivery of health services to New Zealanders into the future. I expect DHBs to take an active part in the consultation for the refresh of the Strategy.

Additionally, a renewed focus on strategic direction should be evident in DHB annual plans for 2015/16. Therefore, all DHBs must refresh their statements of intent in 2015/16 and build these in to their annual plans. I also encourage you to take a strong interest in the Ministry of Health's four-year plan when it is available, as it will provide further clarity on how the sector is expected to manage its resources and prioritise activities over the next four years.

Finally, please keep in mind that the Budget 2015 process will clarify these and other Government priorities, and more information will be provided when available. Please share this letter with your clinical leaders and local primary care networks.

I thank you for the considerable effort you and your team are making, and I look forward to working with you in the future.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. Coleman', with a long horizontal line extending to the right.

Hon Dr Jonathan Coleman  
**Minister of Health**

