

(A3 pg filed not scanned)

Action required by: **Routine**

File number: **HC04-01-1**

**Hon Tony Ryall, Minister of Health**


**Health Crown Entity Change Project: Draft Implementation Overview and Plan for Noting**


**Advice**

- i. On 1 August 2011, Cabinet agreed to various machinery of government changes including the disestablishment of four health Crown entities and the establishment of a new health promotion entity [CAB Min (11) 28/5 refers]. Cabinet also agreed to disestablish the Health Act Boards of Appeal; this only requires relevant legislative amendments to effect.
- ii. Cabinet directed the State Services Commissioner to work with chief executives of monitoring departments to establish a project governance group and develop an implementation plan for the project.
- iii. This report provides, for your information, the draft Implementation Overview and Plan for the Health Crown Entity Change Project (attached as **Appendix A**). The Overview sets out the membership of the project governance group (referred to as the Steering Group), whose draft Terms of Reference are also attached to that document.
- iv. As you are aware, the timeframes agreed by Cabinet for this process have been delayed slightly. Officials understand that the State Services Commission provided a draft of the Crown Entities and Tribunals Reform Bill to you on 7 September 2011.
- v. The initial meeting of the Steering Group is scheduled for 14 September 2011 and it is expected to meet monthly thereafter through to August 2012. Support for the Steering Group will be provided by a Project Team, resourced from the Governance & Crown Entities team at the Ministry of Health.
- vi. You will be provided with quarterly progress reports from the Steering Group starting December 2011. You will also be provided with Health Reports seeking your approval or direction regarding matters for Ministerial decision as required during the change process, including for appointments, accountability documents and funding decisions.

**The Ministry recommends that you:**

- a) **Note:** the attached draft Implementation Overview and Plan for the Health Crown Entity Change Project (**Appendix A**), including the draft Terms of Reference for the project's Steering Group. Yes / ~~No~~

  
David Pannett  
Manager, Governance & Crown Entities  
Health Sector Forum

  
Minister's Signature:  
Date: 10 9 11

*I am relying on DGH to see all this through.  
Thanks.*

**Ministry of Health Contacts:**

Clare Teague Senior Advisor, Governance & Crown Entities		David Pannett Manager, Governance & Crown Entities	
Phone:	04 496 2069	Phone:	04 496 2309
Cellphone:	s 9(2)(a)	Cellphone:	s 9(2)(a)

Minister's feedback on quality of report				
Very poor (1)	Poor (2)	Neutral (3)	Good (4)	Very Good (5)

END.

Released under the Official Information Act 1982

**Appendix A: Draft Implementation Overview and Plan, Health Crown Entity Change Project**

(attached)

Released under the Official Information Act 1982

## DRAFT Implementation Overview and Plan: Health Crown Entity Change Project

This paper provides background information on the Health Crown Entity Change Project (the Project) currently being undertaken by the Ministry of Health. The Project also incorporates the disestablishment of the Health Act Boards of Appeal, which only requires relevant legislative amendments to effect. A detailed Implementation Plan for the Project is attached to this Overview.

### Governance structure

The Project is governed by a Steering Group, comprising seven members:

1. Mervyn English, Executive Director, Health Sector Forum, Ministry of Health (Chair)
2. Sandi Beatie, Deputy Commissioner, State Services Commission (SSC)
3. Rea Wikaira, Chair, Alcohol Advisory Council of New Zealand (ALAC)
4. Alastair Scott, Chair, Crown Health Financing Agency (CHFA)
5. Anthony Hill, Health and Disability Commissioner (HDC)
6. Hayden Wano, Chair, Health Sponsorship Council (HSC)
7. Dr Lynne Lane, Chair Commissioner, Mental Health Commission (MHC).

The functions of the Steering Group are to:

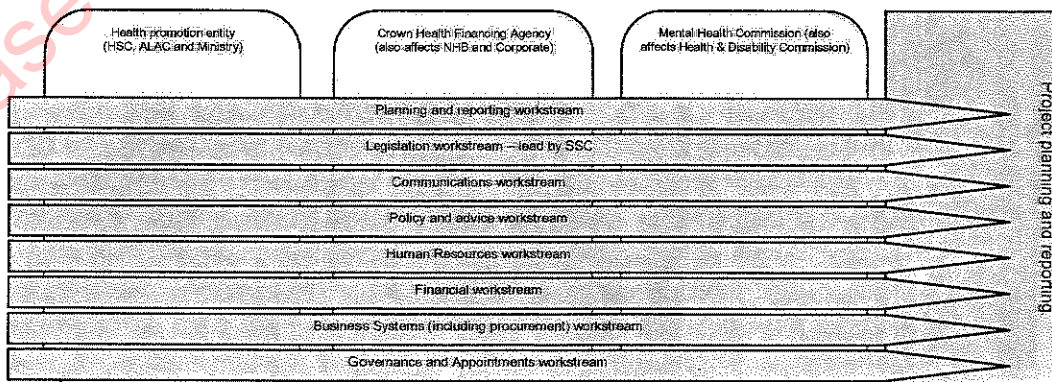
- provide guidance and oversight of the Project
- manage relationships at a senior level across all entities and with the Ministry of Health
- provide high-level communication with entities and stakeholders
- oversee activity transfers between entities/departments during the change process
- oversee financial management of the change process.

The Steering Group's initial meeting is scheduled for 14 September 2011 and it will meet monthly thereafter through to August 2012. The Steering Group's draft Terms of Reference are attached to this Overview. Support for the Steering Group will be provided by the Project Team, resourced from the Governance & Crown Entities team at the Ministry of Health. The Project Sponsor is David Pannett, Manager, Governance & Crown Entities.

### Project structure

The project has been divided into eight workstreams operating across three entity groups, as outlined in the diagram below and described in further detail in the table overleaf. Each entity group is led by the responsible Relationship Manager of the Project Team. The entity groups are:

1. Health Promotion Entity (HSC, ALAC and Ministry of Health)
2. Crown Health Financing Agency (CHFA, Ministry of Health, and The Treasury)
3. Mental Health Commission (MHC and HDC).



<b>Workstream</b>	<b>Description</b>
Planning and Reporting	A detailed project plan will be finalised in September 2011 and will be updated as required during the Project. Monthly reporting will be provided to the Steering Group against achievement of the plan and milestones.
Legislation	The legislation process for the proposed changes is led by SSC. Advice and feedback is provided to SSC at specified times to support the legislative process.
Communications	A communications plan, including channels for information distribution to both internal and external stakeholders, will be put in place for the duration of the project.
Policy and Advice	Timely policy advice and recommendations will be provided to the Steering Group and Ministers throughout the project.
Human Resources	The Ministry's Human Resources team will provide advice to the Project Team to inform papers for the Steering Group, and co-ordinate any HR advice to Ministry managers of any affected staff. Guidance will also be available to affected entities through the Project Team's Relationship Managers.
Financial	The impact of the changes on both NDE and DE spend are recognised. The Project Team will work with Corporate Finance and affected entities on budget planning and monitoring throughout the course of the project. The Project Team will also ensure any necessary Cabinet decisions are incorporated into the Ministry budget process.
Business Systems (including Procurement)	Co-ordination of the various infrastructural considerations that are impacted by disestablishment, including understanding obligations that have been entered into by the entities; records and archiving; IT matters; and subsequent planning for appropriate transfer or disposal of these elements, in conjunction with affected entities.
Governance and Appointments	Advice will be provided on the composition of entities' boards to 30 June 2012, the Establishment Board for the new health promotion entity, and the disestablishment of the other four entities. The appointment process for the Establishment Board will be initiated as soon as practicable.

### **Project Plan**

A detailed project plan has been drafted and describes activities and timeframes under each workstream. A risk register, which considers potential risks including costings, HR, quality of service, audit and compliance and migration steps aimed at avoiding or minimising these identified risks, is part of the project plan.

## **DRAFT Terms of Reference: Health Crown Entity Change Project Steering Group**

### **Purpose**

These Terms of Reference set out the role and scope of the Steering Group governing the Health Crown Entity Change Project (the Project), in relation to the machinery of government changes to health Crown entities and tribunals decided by Cabinet on 1 August 2011 [Cab Min (11) 28/5 refers].

These Terms of Reference should be read in conjunction with the Project's Implementation Plan and the Terms of Reference for the Establishment Board of the new health promotion entity.

### **Background**

On 11 August 2011, the Minister of State Services announced:

- *the disestablishment of the Crown Health Financing Agency (CHFA)* – the Ministry of Health will oversee the settlement of remaining Area Health Board claims and provide financial advice and support to DHBs, including around Crown loans and property disposal.
- *the disestablishment of the Mental Health Commission (MHC) earlier than provided in legislation* – the Health and Disability Commissioner (HDC) will provide advocacy and monitoring of the mental health sector alongside its current role. A Mental Health Commissioner will be appointed under the Health and Disability Commissioner to maintain a focus on mental health issues.
- *the establishment of a national health promotion entity* – to deliver relevant functions and programmes currently delivered by the Alcohol Advisory Council of New Zealand (ALAC), the Health Sponsorship Council (HSC) and Ministry of Health – this will result in the disestablishment of both ALAC and the HSC.
- *the disestablishment of the Health Act Boards of Appeal* – any appeals will fall within the jurisdiction of the District Court.

The changes are part of the Government's ongoing programme to improve value-for-money, innovation and high quality service provision across the State sector.

The objective of the changes is to improve coordination, reduce fragmentation and ensure more effective and efficient delivery of services.

### **Functions of the Steering Group**

The functions of the Steering Group are to:

- provide guidance and oversight of the Project
- manage relationships at a senior level across all entities and with the Ministry of Health
- provide high-level communication with entities and stakeholders
- oversee activity transfers between entities/departments during the change process
- oversee financial management of the change process.

### **Membership**

The Steering Group will consist of:

- Mervyn English, Executive Director, Health Sector Forum, Ministry of Health (Ministry of Health nominee, and Chair)

- Sandi Beatie, Deputy Commissioner, State Services Commission (State Services Commission nominee)
- the Chairs of affected entities (ie, ALAC, CHFA, HDC, HSC and MHC).

The Steering Group will be chaired by the Ministry of Health. A representative of the Treasury will be invited to attend meetings as relevant.

The Steering Group will meet approximately monthly.

### **Project team and resourcing**

The Steering Group will be serviced by a Project Team, led from the Governance & Crown Entities team of the Ministry of Health. The Project Team will draw resource and expertise from across the Ministry, central agencies and individual entities, as relevant.

A dedicated budget will be allocated from within the Ministry of Health baseline. The budget will be managed by the Project Team in consultation with the Ministry's Finance team.

Cabinet has agreed that the cost of change/disestablishment will be met by the individual entities (eg, from reserves). Where costs cannot be directly attributed to one entity, the Ministry will meet these costs in the interim. Costs met by the Ministry will be recovered when cash and assets are transferred back to the Crown, or to another entity as appropriate.

### **Deliverables**

A full list of deliverables are included in the Implementation Plan and detailed Project Plan. Initial deliverables include:

- draft legislation for the consideration of the Cabinet Legislation Committee on 15 September 2011 – this deliverable is being led by SSC
- a draft Implementation Plan for the Minister of Health by 7 September 2011 (completed).

Other deliverables identified in the Cabinet Expenditure Control Committee paper [ECC (11) 30] include:

- advice on consequential policy decisions – to be made by the Prime Minister, Deputy Prime Minister and Minister of State Services and which are consistent with the overall approach of the proposals
- advice on financial recommendations – to be made by Minister of Finance, the relevant Vote Minister, and relevant responsible Minister, as part of the Baseline Update process
- formation of an Establishment Board for the new health promotion entity – the Board will set the strategic direction and govern the operational establishment of the new entity, select a chief executive designate, determine the structure and personnel of the new entity, and develop budgets and accountability documents
- establishment of a Mental Health Commissioner under the Health and Disability Commissioner – to be the current Chair of the MHC on current conditions of appointment for a term expiring on 31 August 2015.

### **Indicative timeframe**

The draft Bill is Priority 4 on the 2011 Legislation Programme (ie, to be referred to Select Committee in 2011) and is expected to be introduced into the House on 27 September 2011. Enactment will depend on a number of factors, but is expected by the end of March 2012. Changes are expected to come into effect on 1 July 2012.

Individual members of the Steering Group considered the Implementation Plan and draft Bill prior to those documents' submission to Ministers.

The Steering Group is expected to meet until the changes take effect and financial recommendations are made (August 2012).

### **External engagement**

While formal consultation on the changes will occur through the Select Committee process, there may be need to engage with key stakeholders separately. Engagement with stakeholders by the Steering Group or Project Team needs to take into account the legislative process.

### **Reporting**

The Steering Group will report to the Ministers of Health and State Services, and the Minister of Finance as appropriate. A written progress report will be provided to these Ministers on at least a quarterly basis.

The Project Team will provide progress reports to the Steering Group on a monthly basis.

Released under the Official Information Act 1982



# MINISTRY OF HEALTH – AUDIT TRAIL

DUE DATE: 7/9/11

URGENT (24 hours)

SEMI-URGENT (3 DAYS)

ROUTINE (1 WEEK)

Title <i>Health Crown Entity Change Project: DRAFT Implementation Plan for Budget</i>		Doctrak / Health Report / OIA / Ministerial # <i>20111105</i>	
File Reference <i>HCO4-01-1</i>	Lotus Notes Database <i>HR</i>	Lotus Notes Drawer <i>-</i>	Lotus Notes Folder <i>-</i>

**RESPONSIBILITIES - CHECKED AND APPROVED BY (clearly print name and initial):**

Author/Person & Business Unit [content/quality] Date: <i>06/09/11</i> Ext. <i>2069</i> <i>Clare Teague</i>	Peer Review [content/quality] Date: <i>7/1/11</i> Ext. <i>2078</i> <i>Caroline Heat</i>
Accountable Manager or Chief Advisor Date: <i>08/09/11</i> Ext. <i>2309</i> <i>DAVID PANNETT</i>	Admin/EA/PA [formatting / quality] Date: <i>/ /</i> Ext. <i>2078</i> <i>Mgufri</i>

**\*\*PLEASE ENSURE YOU CLEARLY PRINT YOUR NAME AND SIGN\*\***

BUSINESS UNIT SIGN OFF (if required, print sign and date)	CORPORATE SIGN OFF (if required, print sign and date)
DIRECTOR GENERAL Date: <i>8/9/11</i> <div style="text-align: center; font-size: 2em; font-weight: bold; opacity: 0.5;">SIGNED OUT</div> DIRECTOR-GENERAL'S OFFICE	CHIEF FINANCIAL OFFICER/FINANCE Date: <i>/ /</i>
POLICY Date: <i>/ /</i>	COMMUNICATIONS Date: <i>/ /</i>
MAORI HEALTH Date: <i>/ /</i>	HEALTH LEGAL Date: <i>/ /</i>
CLINICAL LEADERSHIP, PROTECTION & REGULATION Date: <i>/ /</i>	IT Date: <i>/ /</i>
NATIONAL HEALTH BOARD Date: <i>/ /</i>	OTHER Date: <i>/ /</i>
SECTOR CAPABILITY AND IMPLEMENTATION Date: <i>/ /</i>	COMMENTS
CORPORATE SERVICES Date: <i>/ /</i>	
CHIEF NURSE Date: <i>/ /</i>	
(Empty)	

**IMPORTANT NOTE:** Documents with "financial implications" must be approved by the Chief Financial Officer and the DD-G Corporate Services. Documents with IT implications must be approved by relevant Director Information Strategy or Information Delivery & Op's