



Action required by: **Urgent**

File number: HC04-02-2; HC04-05-2

Hon Tony Ryall

Health Promotion Agency Establishment Board: Memorandum to APH

Executive summary

- i. On 1 August 2011 Cabinet agreed to disestablish the Alcohol Advisory Council of New Zealand (ALAC) and the Health Sponsorship Council (HSC), and transfer their functions to an arms-length health promotion entity combining the relevant functions from ALAC, HSC and the Ministry of Health [CAB Min (11) 28/5 refers].
- ii. This entity, to be known as the Health Promotion Agency (HPA), is to be established as a Crown agent pursuant to the Crown Entities Act 2004. The HPA is expected to begin operating by 1 July 2012, pending the passage of the enabling legislation. In the interim, Cabinet has invited you to set up an Establishment Board for the HPA.
- iii. Officials understand you wish to appoint Dr Lee Mathias as Chair, and Ms Katherine Rich, Professor Grant Schofield, Mr Hayden Wano and Mr Rea Wikaira as members, of the Establishment Board.
- iv. This report provides a draft memorandum to the Cabinet Appointments and Honours Committee (APH), and accompanying CAB 50, CAB 51 and CAB 100 forms (**Appendix A**) for your signature.
- v. Conflict of interest enquiries are still being carried out with respect to Mr Wano, who is currently overseas. If any conflicts of interest are identified following APH's consideration of the paper, officials will advise you so that you may report these to Cabinet on 10 October 2011.
- vi. Draft terms of reference for the Establishment Board are attached for your information as (**Appendix B**). It is proposed that these be supplied to the Chair and members of the Establishment Board with their letters of appointment, noting that you intend to finalise them with the Establishment Board shortly. Should you have any initial comments on the draft Terms of Reference, please note your comments on the document and officials will update them accordingly.

The Ministry recommends that you:

- a) **Agree:** to appoint Dr Lee Mathias as a member and Chair of the HPA Establishment Board Yes / ~~No~~
- b) **Agree:** to appoint Ms Katherine Rich, Professor Grant Schofield, Mr Hayden Wano and Mr Rea Wikaira as members of the HPA Establishment Board Yes / ~~No~~
- c) **Sign:** the attached draft memorandum to APH and CAB 100 form, asking APH to note your intention to appoint the above individuals (**Appendix A**). Yes / ~~No~~

d) **Note:** the attached draft Terms of Reference for the HPA Establishment Board (Appendix B). Yes / No



David Pannett
Manager, Governance & Crown Entities
Health Sector Forum



Minister's Signature
Date:

Ministry of Health Contacts:

David Pannett Manager, Governance & Crown Entities		Caroline Heath Senior Advisor, Governance & Crown Entities	
Phone:	04 496 2309	Phone:	04 816 2678
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.

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Appendix A: Memorandum to APH (for the Minister's signature)

CAB 50 x 5

CAB 51

CAB 100 (for the Minister's signature)

(attached)

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Appendix B: Draft Terms of Reference for the HPA Establishment Board

(attached)

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Memorandum for the Cabinet Appointments and Honours Committee

HEALTH PROMOTION AGENCY ESTABLISHMENT BOARD: APPOINTMENTS

Proposal

1. This paper outlines my intention to appoint the following individuals to the Health Promotion Agency Establishment Board (the Establishment Board):
 - a. Dr Lee Mathias as Chairperson; and
 - b. Ms Katherine Rich, Professor Grant Schofield, Mr Hayden Wano and Mr Rea Wikaira as members.
2. It is proposed that appointment terms for the above individuals commence on the date of appointment and end on 30 June 2012 (or at such time as the initial governance board of the Health Promotion Agency is appointed).

Background

3. On 1 August 2011, Cabinet agreed to disestablish the Alcohol Advisory Council of New Zealand (ALAC) and the Health Sponsorship Council (HSC) and transfer their functions to an arms-length health promotion entity combining the relevant functions from ALAC, HSC and the Ministry of Health [CAB Min (11) 28/5 refers]. The entity is to be established as a Crown agent pursuant to the Crown Entities Act 2004 (the CE Act).
4. Cabinet has also agreed that the entity be named the Health Promotion Agency (HPA), and its functions will be to lead and support activities for the purpose of:
 - promoting health and encouraging healthy lifestyles
 - preventing disease, illness and injury
 - enabling environments that support health and healthy lifestyles
 - reducing personal, social and economic harms.[CAB Min (11) 34/10 refers]
5. Cabinet invited the Minister of Health to set up an Establishment Board for the new entity to:
 - set the strategic direction for, and govern, the operational establishment of the entity

- select a chief executive designate
 - together with the chief executive designate, decide on the structure and personnel of the entity
 - develop budgets and accountability documents.
6. The Crown Entities Reform Bill (the Bill) was introduced to the House on 29 September 2011. The Bill provides for the HPA to commence operation on 1 July 2012.
 7. Terms of Reference for the Establishment Board will be finalised with members once appointments have been finalised.

Comment

8. The Minister proposes to appoint the following individuals to the Establishment Board.

Dr Lee Mathias – Chairperson

9. A former nurse, Dr Mathias has an extensive background in health service management and governance, and currently operates the consultancy firm Lee Mathias Ltd. Dr Mathias was elected to the Auckland DHB and appointed its Deputy Chairperson in 2010. She is also a current member of the Midwifery Council. Previous governance roles have included directorships of the Accident Compensation Corporation (Chairperson of ACC Healthwise), Birthcare Auckland Ltd, Pacific Health Ltd, and as Focus 2000 Ltd (Deputy Chairperson).

Ms Katherine Rich – Member

10. Ms Rich is the current Chief Executive Officer of the New Zealand Food & Grocery Council and Chairperson of the Food Industry Group. Ms Rich has a longstanding involvement in national leadership on social issues. Following her retirement from Parliament in 2008, she was appointed Chairperson of the Plunket Foundation; Chairperson of Child Youth & Family's Fresh Start Panel; and Chairperson of the Agriculture ETS Advisory Committee. She currently continues in these roles.

Professor Grant Schofield – Member

11. Professor Schofield is an expert in aspects of public health relating to physical activity and nutrition. He is currently Professor of Public Health at AUT University and Director of AUT's Centre for Physical Activity and Nutrition. Professor Schofield's research and teaching in New Zealand and Australia has focused on physical activity and nutrition, particularly as it relates to children and youth, primary care, and workplaces as settings for health promotion.

Mr Hayden Wano – Member

12. Mr Hayden Wano is the current Chairperson of HSC. He has over 20 years' experience in senior health management. He is Chief Executive of Tui Ora Limited (a Māori development organisation) and the General Manager of Iwi and Community Midland Health Network. Mr Wano is a member of the National Health Board. He was previously a Director of Clinical Services with Taranaki Healthcare Limited, and Chairperson of the Taranaki District Health Board from 2000 to 2007. Mr Wano is of Te Atiawa, Taranaki and Ngati Awa descent.

Mr Rea Wikaira – Member

13. Mr Rea Wikaira is the current Chairperson of ALAC. Mr Wikaira is currently employed as Executive Trustee of the Central Region Emergency Services Trust and prior to this he was Chief Executive Officer of the Auckland Westpac Rescue Helicopter Trust. He has previously served on a number of government boards in various roles including: Director of Health Waikato; Vice Chairperson of the New Zealand Lottery General Grants Board; and Chairperson of the 'Year of the Māori Language' Grants Board. Mr Wikaira has also been a serving Justice of the Peace for the last 20 years.

Representativeness of appointments

14. The Minister is satisfied that these appointments will provide for a well-balanced board in terms of gender, age, ethnicity and geographic representation, and an appropriate mix of skills and experience.

Remuneration

15. The Establishment Board is classified as a Group 4 Level 2 body under the Fees Framework. The Chairperson will be paid \$655 per day and members will be paid \$415 each per day. The Minister considers the fees to be appropriate given the expected workload of the Establishment Board and the calibre of appointees.
16. Annual fees for the governance board of the HPA will be assessed under the Fees Framework at the time of appointment.
17. Professor Schofield is employed in the wider State sector (ie, as an employee of AUT). He is to be advised that, under the Fees Framework, employees of a Crown body are not to retain both the fee payable to board members and their ordinary pay where duties are undertaken during ordinary working hours (paragraph 60 of the Fees Framework refers). Professor Schofield will be asked to make the necessary provisions to give full effect to this provision.
18. All fees for members of the Establishment Board will be met from within existing Vote: Health baselines.

Appointment process and consultation

19. The Minister can confirm that, in terms of the State Services Commission's Board Appointment and Induction Guidelines, an appropriate process has been followed in considering the proposed appointees. The proposed appointees are aware of their candidacy and conflict of interest enquiries have been carried out.

Conflicts of interest

20. The Minister can confirm that, in accordance with the State Services Commission's Board Appointment and Induction Guidelines, appropriate enquiries have been made regarding any real or potential conflicts of interest that could reasonably be identified.
21. Where candidates have declared conflicts of interest, these are outlined in their CAB 50/01 forms (attached). Conflict of interest enquiries are still being carried out with respect to Mr Wano. If any conflicts of interest are identified following the Committee's consideration of this paper, the Minister will report them to Cabinet on 10 October 2011.
22. While not appointed under the CE Act, the Minister expects that members of the Establishment Board will manage any real or potential conflicts of interest in accordance with this Act. The key statutory provisions for managing conflicts of interest under the CE Act are:
 - all interests which the member is aware of that may result in a conflict must be disclosed at the time of appointment
 - new interests arising after appointment must be disclosed to the Chairperson as soon as practicable after the member becomes aware that he or she is interested
 - a member with a conflict of interest must not vote or take part in any discussion or decision of the board or any committee relating to the matter, unless authorised to do so by the Chairperson by prior written notice to the board, and if the Chairperson is satisfied that it is in the public interest to do so.

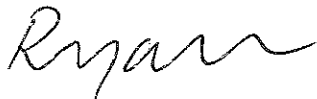
Timing and publicity

23. The Minister intends to announce these appointments once they have been finalised.

Recommendations

24. It is recommended that the Committee:

1. **note** that the Minister of Health intends to make the following appointments to the Health Promotion Agency Establishment Board:
 - a. Dr Lee Mathias as Chairperson; and
 - b. Ms Katherine Rich, Professor Grant Schofield, Mr Hayden Wano and Mr Rea Wikaira as members;
2. **note** that appointment terms for the above individuals will commence on the date of appointment and end on 30 June 2012 (or at such time as the initial governance board of the Health Promotion Agency is appointed); and
3. **note** that the Crown Entities Reform Bill, introduced to the House on 29 September 2011, provides for the new Health Promotion Agency to commence operation on 1 July 2012.



Hon Tony Ryall
Minister of Health

3 / 10 / 11

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Current Membership Form

Cabinet Appointments and Honours Committee

All sections must be completed.
This form is available at www.dPMC.govt.nz/cabinet/

Organisation

HEALTH PROMOTION AGENCY ESTABLISHMENT BOARD

Current Membership

List members, including those being replaced or reappointed, but excluding the proposed new appointee(s).

The Minister of Health, Hon Tony Ryall, is considering appointing the following individuals to the new Health Promotion Agency (HPA) Establishment Board:

- Dr Lee Mathias as Chairperson; and
- Hayden Wano, Rea Wikaira, Katherine Rich, and Professor Grant Schofield as members.

Name	Age	City/Town	Date of original appointment	Expiry date of present term
-	-	-	-	-

Brief Outline of the Functions and Responsibilities of the Organisation

On 1 August 2011, Cabinet agreed to establish a Health Promotion Agency (HPA) charged with the following functions:

- promoting health and encouraging healthy lifestyles
- preventing disease, illness and injury
- enabling environments that support health and healthy lifestyles
- reducing personal, social and economic harms.

The HPA is to be established as a Crown agent under the Crown Entities Act 2004 (the CE Act), and enabling legislation has been introduced to the House. It is intended that the HPA commence operations on 1 July 2012 (pending the successful passage of the enabling legislation), and be governed by a board comprising of between five and seven members.

The Minister of Health intends to appoint a five member Establishment Board to guide the new entity's formation.

Use further pages, if required, to provide the information requested.

Consultation on Cabinet and Cabinet Committee Submissions

Certification by Department:

Guidance on consultation requirements for Cabinet/Cabinet committee papers is provided in the CabGuide (see Procedures: Consultation): <http://www.cabguide.cabinetoffice.govt.nz/procedures/consultation>

Departments/agencies consulted: The attached submission has implications for the following departments/agencies whose views have been sought and are accurately reflected in the submission:

N/A.

Departments/agencies informed: In addition to those listed above, the following departments/agencies have an interest in the submission and have been informed:

N/A

Others consulted: Other interested groups have been consulted as follows:

N/A

Name, Title, Department: David Pannett, Manager, Governance & Crown Entities, Ministry of Health

Date:

03 / 10 / 11

Signature

David Pannett

Certification by Minister:

Ministers should be prepared to update and amplify the advice below when the submission is discussed at Cabinet/Cabinet committee.

The attached proposal:

Consultation at Ministerial level

- has been** consulted with the Minister of Finance
[required for all submissions seeking new funding]
- has been** consulted with the following portfolio Ministers:
- did not need** consultation with other Ministers

Discussion with National caucus

- has been** or **will be** discussed with the government caucus
- does not need** discussion with the government caucus

Discussion with other parties

- has been** discussed with the following other parties represented in Parliament:
- Act Party Maori Party United Future Party
- Other [specify]
- will be** discussed with the following other parties represented in Parliament:
- Act Party Maori Party United Future Party
- Other [specify]
- does not need** discussion with other parties represented in Parliament

Portfolio

Health

Date

3 / 10 / 11

Signature

Ryan

Establishment Board of the Health Promotion Agency

Draft Terms of Reference [as at 3 October 2011]

Purpose

These terms of reference set out the role and scope of the Establishment Board of the Health Promotion Agency, whose establishment was agreed by Cabinet on 1 August 2011 [Cab Min (11) 28/5].

These terms of reference should be read in conjunction with the Crown Entity Change Project Plan and terms of reference of the Crown Entity Change Project Steering Group.

Background

On 11 August 2011, the Minister of State Services announced the disestablishment of the Alcohol Advisory Council of New Zealand (ALAC) and Health Sponsorship Council (HSC), and the transfer of their functions to an arm's-length health promotion entity, combining the relevant functions of ALAC, HSC and the Ministry of Health.

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.

Context

The following were identified as potential benefits of combining the delivery of health promotion into one arms-length entity:

- improved coordination of programmes
- improved decision making across all health promotion activity
- improved value for money from spend
- greater commercial discipline
- better use of skill and expertise across the sector
- removed duplication of processes and functions
- streamlined administrative processes and functions.

Cabinet has agreed that the new entity will be a Crown agent. The Crown Entities Reform Bill (introduced to the House on 29 September 2011) provides for the name, board size, and functions and powers of the entity. Cabinet agreed to retain the independent evidence-based advisory role of ALAC and that this function is provided for in legislation. The ALAC levy will also be retained to address alcohol related harm and will pay a share of the operating costs of the new entity that relate to alcohol-related activities.

The Ministers of Finance and State Services have announced that savings estimated at \$7.5 million will be achieved over four years from the new entity, offset by one-off costs of transition of \$0.4 million. An initial package of programmes has been identified that could transfer from the Ministry to the new entity. Further work is

required to determine how and when these programmes will transfer to ensure performance.

Objective of the Establishment Board

The objective of the Establishment Board is to govern the establishment of the new health promotion entity.

Membership, qualifications and fees

The Minister of Health will appoint members of the Establishment Board. The Establishment Board will consist of no more than 5 members, including the Chairperson, and will collectively have the following skills/experience:

- governance of change processes/mergers
- knowledge of ALAC and HSC
- public health
- health promotion/social marketing
- commercial.

The term of members of the Establishment Board will expire on the date set out in legislation for the establishment of the entity (expected to be 1 July 2012), or, if later than this date, on the appointment of the initial governance board of the new entity. The Minister may alter the terms, or remove a member of the Establishment Board at any time. A member may resign his/her appointment by written notice to the Minister. As for accountabilities, the qualifications of members are expected to be consistent with the requirements set out in the Crown Entities Act 2004 (section 30).

The Establishment Board may draw on external expertise as required, and may appoint expert advisors to assist it in its role, after discussing the financial implications of any such appointment with the Ministry of Health. Expert advisors are not members of the Establishment Board and do not have voting rights.

A quorum will comprise of half plus one member and include the Chairperson or Deputy Chairperson (if one is appointed) of the Establishment Board.

The Establishment Board will meet approximately monthly, or as often as is necessary to carry out the role in the timeframe provided.

Fees for members of the Establishment Board will be set in accordance with the Cabinet Fees Framework.

Accountability

The Establishment Board is accountable to the Minister of Health, through the Chairperson.

While not appointed under the Crown Entities Act 2004, the actions of members of the Establishment Board, both individually and collectively, are expected to be consistent with the accountability requirements set out in this Act, including acting:

- consistently with the objectives and functions of the new entity that have been agreed by Cabinet or Ministers
- in a financially responsible manner
- with honesty and integrity
- in good faith
- with reasonable care, diligence and skill.

Deliverables

The specific deliverables of the Establishment Board include:

- set the strategic direction of the new entity (taking into account government priorities)
- select a Chief Executive designate
- oversee the transition from ALAC and HSC to the new entity – including working with the existing ALAC and HSC boards to ensure activities continue to be delivered through the transition
- make decisions that relate to the operational establishment of the entity – including developing draft budgets, determining the required organisational infrastructure, and, with the Chief Executive designate, determining the initial structure of the entity and personnel
- work with the Ministry of Health to agree the package of programmes to transfer from the Ministry – including how and when programmes will transfer
- prepare draft accountability documents for the consideration of the Minister of Health – including an annual business plan, draft statement of intent, and progress reports etc, as appropriate.
- establish an effective working relationship with the Office of the Minister of Health and provide advice to the Minister of Health, and other Ministers as relevant, the Director-General of Health, and Crown Entity Change Steering Group as required.

Ministerial servicing relating to the establishment of the new entity will be carried out by the Ministry of Health, in consultation with the Establishment Board.

Indicative timeframe

Cabinet decisions, made on 1 August 2011, call for draft legislation and an implementation plan by the end of August. Ministers have indicated that draft legislation will be a priority 4 on the 2011 Legislation Programme (to be referred to a Select Committee in 2011) and could be introduced into the House as early as September. Enactment will depend on a number of factors, but is expected between March and June 2012. Changes are expected to come into effect on 1 July 2012.

Reporting

Regular written progress reports on the establishment of the new entity will be provided to the Minister of Health and Ministry of Health.

The Establishment Board must work to meet the statutory timeframes that relate to specific deliverables, such as the timeframes for the development of Statements of Intent (such as section 140 of the Crown Entities Act 2004).

In addition to formal reports and advice, the Establishment Board will operate on a 'no surprises' basis, which means alerting the Minister and Ministry in advance of any non-delivery, issue or risk that could be of significance to the government.

Secretariat and resourcing

The Establishment Board will be serviced by a secretariat provided by the Ministry of Health. The secretariat will include administrative, policy and analytical support to the board and will draw on the wider Ministry, Central agencies, and individual

entities, as relevant. The secretariat will be accountable to the Ministry for its performance.

The work of the Establishment Board and secretariat are considered a 'cost of change', which is expected to be met by the individual entities (e.g. from reserves). The Ministry of Health will meet the cost of the Establishment Board and secretariat in the interim, instead of this falling to either ALAC or HSC. Costs met by the Ministry will be recovered when cash and assets are transferred to the new entity, or back to the Crown as appropriate.

Key contacts in the Ministry of Health are:

Mervyn English Executive Director Health Sector Forum and Governance DDI: 04 816 3949 Mob: S 9(2)(a) Email: Mervyn_English@moh.govt.nz	David Pannett Manager Governance & Crown Entities DDI: 04 496 2309 Mob: S 9(2)(a) Email: David_Pannett@moh.govt.nz	Caroline Heath Project Lead and Relationship Manager DDI: 04 816 2678 Mob: S 9(2)(a) Email: Caroline_Heath@moh.govt.nz
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External Engagement

While formal consultation on the changes will occur through the Select Committee process, there may be need for the Establishment Board to engage with key stakeholders separately. Engagement with stakeholders needs to take into account the legislative process and be coordinated with the Crown Entity Change Steering Group and Project Team.

Disclosure of interests

As for accountabilities and qualifications, members of the Establishment Board are expected to act consistently with the conflicts of interest disclosure rules set out in the Crown Entities Act 2004 (sections 62-65)

Confidentiality

The proceedings of the Establishment Board are subject to the Official Information Act 1982.

Future role of members of the Establishment Board

Once the New Zealand Public Health and Disability Act 2000 has been amended to establish the entity, a general governance board will be appointed by the Minister of Health under the Crown Entities Act 2004. Any future role of members of the Establishment Board will be considered in this process.



Office of Hon Tony Ryall

Minister of Health
Minister of State Services

3 OCT 2011

Rt Hon John Key
Chair
Cabinet Appointments and Honours Committee

Dear Prime Minister

Late Paper to Cabinet Appointments and Honours Committee: Appointments to the Health Promotion Authority Establishment Board

I write to seek permission to submit the above late paper for Cabinet's Appointments and Honours Committee meeting on 4 October 2011.

The paper outlines my intention to appoint five members to the Establishment Board for the new health promotion entity which, as Cabinet directed on 1 August 2011, will assume functions from the Alcohol Advisory Council, the Health Sponsorship Council, and the Ministry of Health [CAB Min (11) 28/5 refers]. These appointments came together quickly over the last week.

I am aware that this is the final APH meeting for 2011, and as the most appropriate mechanism for considering such appointments, I hope you consider this request favourably.

Yours sincerely

A handwritten signature in black ink, appearing to read "Tony Ryall", written in a cursive style.

Hon Tony Ryall
Minister of Health

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MINISTRY OF HEALTH – AUDIT TRAIL

DUE DATE: _____ URGENT SEMI-URGENT ROUTINE

Title HPA Establishment Board - memo to APH		Doctrak / Health Report / OIA / Ministerial # 2011213	
File Reference HCO4-02-2; HCO4-15-2	Lotus Notes Database Health Report	Lotus Notes Drawer -	Lotus Notes Folder -

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

Author/Person & Business Unit [content/quality] Caroline Heath	Date: 3-10-11	Ext. -	Peer Review [content/quality] -	Date: / /	Ext.
Accountable Manager or Chief Advisor David Pannett	Date: 05/10/11	Ext. 2309	EA/PA [formatting / quality]	Date: / /	Ext.

****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: / /	CHIEF FINANCIAL OFFICER/FINANCE Date: / /
POLICY Date: / /	GOVERNMENT RELATIONS Date: / /
MAORI HEALTH Date: / /	COMMUNICATIONS Date: / /
CLINICAL LEADERSHIP, PROTECTION AND REGULATION Date: / /	HEALTH LEGAL Date: / /
NATIONAL HEALTH BOARD Date: / /	RISK & ASSURANCE Date: / /
SECTOR CAPABILITY AND IMPLEMENTATION Date: / /	OTHER Date: / /
CORPORATE SERVICES Date: / /	COMMENTS
CHIEF NURSE Date: / /	
COMMENTS	

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 Delivery and Operations