

26 May 2010

## Overview of Key Decisions and Feedback

This document is an outline of my final decisions on the location of Ministry functions and changes to how we work. These will help the Ministry better respond to Government's directions for the health and disability system and our role in supporting the Minister of Health.

Thank you for your feedback on the Discussion Document. I received 247 submissions – 143 from individuals and 104 from groups. Many provided careful and well thought through suggestions that reflect the wealth of experience and expertise currently in the organisation. I have read and considered them all in making my final decisions.

To set a context for these changes, I go back to Cabinet's decisions in October 2009 and subsequent decisions where the Government's directions for the health and disability system were determined. That is, to make the current DHB system work better (with a review in three years) making some changes to:

- Strengthen clinical leadership in decision making through the establishment of a National Health Board (NHB) and its Business Unit within the Ministry that has clinical representation. The NHB will oversee further consideration of the Ministerial Review Group's recommendations on clinical leadership.
- Accelerate improvements in quality and safety – through establishing a stand alone, clinician-led Health, Quality and Safety Commission focusing on improving system-wide quality and safety.
- Achieve higher system performance and secure sustainability through a continuous programme of driving productivity improvements to find savings that can be reprioritised to frontline service provision. This includes the potential collective procurement of medical devices, vaccines and hospital medicines, and reconfiguring the National Health Committee to inform prioritisation of new technology and interventions.
- Minimise administration costs and reduce bureaucracy and waste – both inside the Ministry and in the sector through the establishment of a shared services organisation for DHBs.
- Improve national and regional service planning and decision-making through amendments to the New Zealand Public Health & Disability Act 2000. The changes will enable a more flexible planning and funding framework where planning, funding and accountability for services can be placed nationally, regionally, and/or with Districts as appropriate. These will be administered by the National Health Board.

The changes outlined here and detailed in the material on the Intranet are about implementing those wider decisions. They are also about ensuring the Ministry is better positioned to support our Minister with a whole of system view of how the new and existing organisations will work together. Budget 2010 has reinforced the importance of health and disability services in the Government's priorities, but it also underlines the responsibility we have to deliver improved performance and sustainability.

I know the size of the Ministry and the impact on jobs is on many people's minds. I'm also mindful that I am in the last two months of my term as Director-General. These decisions will see a nett reduction of 35 positions ensuring our staffing level remains below 1390 full time equivalents or FTEs from 1 July this year and part of the way to achieving the 1290 level by 30 June 2011. This is a commitment I made in October as part of the suite of changes following the MRG report and well before I made any decisions on my own future.

The following organisational charts show where functions will be located in the Ministry and within the National Health Board from 1 July

I expect DDGs to continue the process of further reductions and these will form part of business planning assumptions for the next financial year. Good managers will support this by looking for different ways of doing business and ensuring that we focus on the right things. Managers must ensure that the activities that we resource match Government priorities. To reflect this, I have increased resourcing in some areas of high Government expectation.

For many Ministry staff these decisions will have little or no impact. Some people will be substantially affected and will now go through a matching or contestable process, as outlined in this document and detailed in the Change Protocol. My commitment to those affected is that we will provide support where needed and ensure a fair, transparent process that treats people with respect.

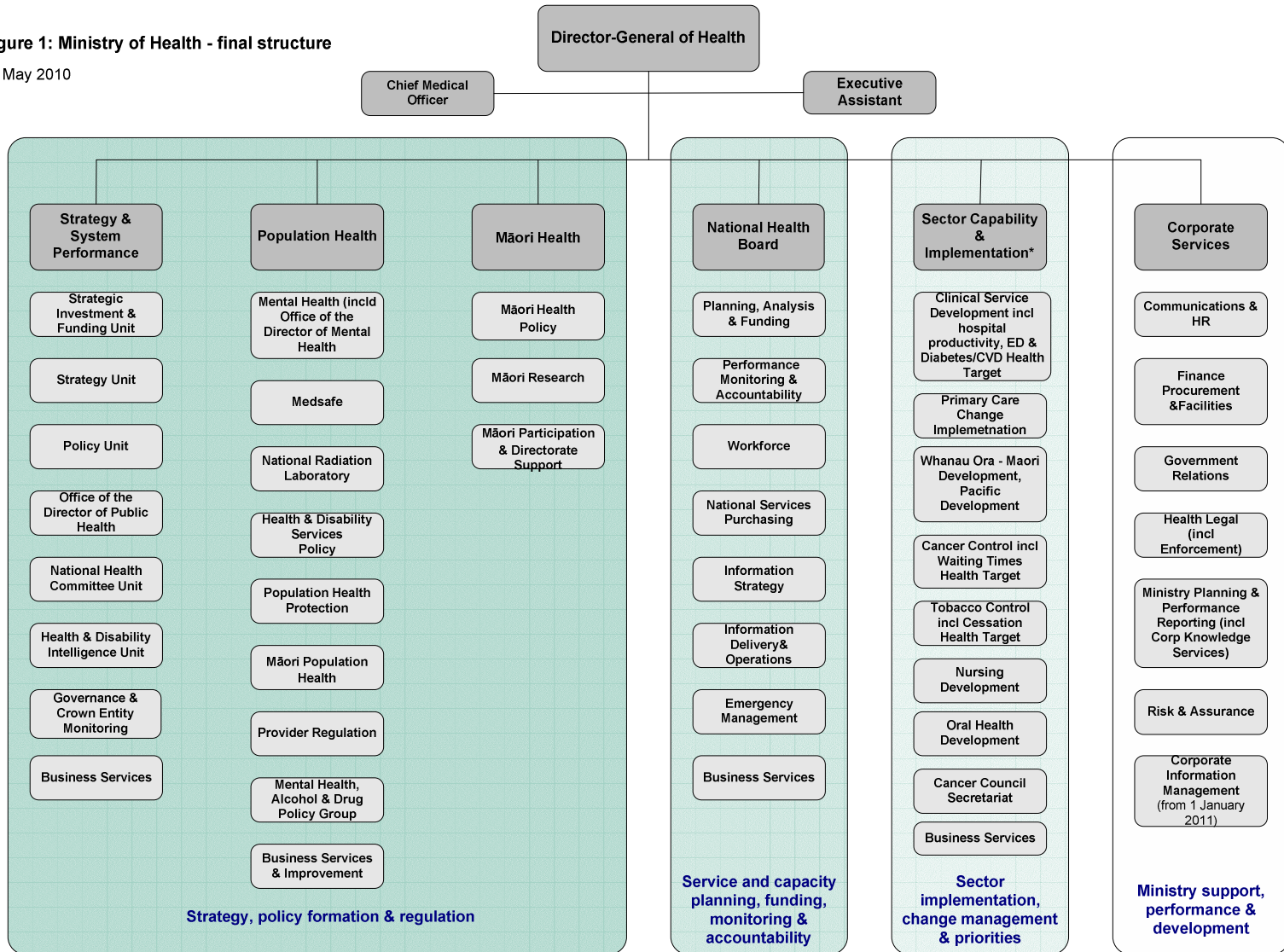
Please take the time to read this material and take part in the meetings with your manager and your team to discuss the details and what it all means for you. If you have any questions – please ask.

**Stephen McKernan**  
**Director-General**

# Part 1: Location of Functions

Figure 1: Ministry of Health - final structure

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\* Work programme oversight by NHB/DHB CE Governance Group

**Figure 2: National Health Board - final structure**

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