



17 January 2023

[REDACTED]
[REDACTED]
[REDACTED]

Ref: OIA-2022/23-0437

Dear [REDACTED]

Official Information Act request for information regarding the performance, costs and disestablishment of the Health and Disability Transition Unit

Thank you for your Official Information Act 1982 (the Act) request received on 19 December 2022. You requested:

“Under section 12 of the Official Information Act 1982 I request all original communications including briefings, reports, memos, aides memoirs, cabinet papers, data, texts and internal emails regarding the following information:

- 1. The performance/lack of performance of the Health and Disability Transition Unit including the manager Stephen McKernan*
- 2. Costs associated with the unit including leases, workforce and Ernst Young contracting and consulting fees and PR and media fees*
- 3. Cost concerns generally associated with the unit*
- 4. Early disestablishment of the unit and it not being maintained through the end of the 2023 financial year as was budgeted*
- 5. Disestablishment of the unit*

Where information is withheld, I request you provide the title and date of the communication/document withheld, the reason for refusal and the grounds in support of that reason as required by section 19 (a) (i) and (ii) of the Official Information Act.”

The Health and Disability System Review Transition Unit (the Unit or HTU) was established within the Department of the Prime Minister and Cabinet (DPMC) in August 2020 and was disestablished on the completion of its work in September 2022. All responsibilities were transferred to health system entities in accordance with the Pae Ora (Healthy Futures) Act 2022.

The recommendations of the Simpson Review of the health and disability system pointed to a broad and far-reaching reform agenda, and a complex multi-year implementation process. The work encompassed changes in policy, legislation, system priorities, values and behaviours, and organisational structures and accountabilities. It comprised a mix of strategic and operational initiatives, foundational enablers, significant interdependencies across work streams, and the need for extensive stakeholder engagement and communications within an effective change management approach.

Your first question relates to the performance of the HTU (including the manager) which led delivery of this reform programme through the two years of its existence (spanning three financial years). During this period, the HTU delivered high-quality results to support the Government’s health reform programme, transforming the future shape of the health system. All matters relating to the funding, expenditure and performance of the Unit, including strong Ministerial satisfaction with the Unit’s performance, are located within the Annual Report 2021/22, available on the DPMC website:

<https://dpmc.govt.nz/publications/annual-report-2022>.

In addition to the material in the Annual Report, I have decided to release to you the sections of DPMC's Executive Leadership Team's Quarterly Dashboard, that relate to the performance of the Unit.

Proactively released material produced by the Unit is available on DPMC's website: <https://dpmc.govt.nz/publications/proactive-release-health-and-disability-system-reform-briefings>

Questions two and three relate to the costs of the Unit. I can advise that the total expenditure for the Unit from Vote Prime Minister and Cabinet for the three financial years of its existence was \$29,379,000 (GST exclusive). I note that a portion of the expenditure included in the 2022/2023 financial year is unaudited until the completion of the department's audit for the year.

In respect to the costs of engaging Ernst & Young (EY), as well as other contractors and consultants, for the 2020/21 financial year, please refer to Appendix 6 of DPMC's 2020/21 Annual Review on Parliament's website: https://www.parliament.nz/resource/en-NZ/53SCGA_EVI_116496_GA20955/51290689bb65a988b8c21f8dc7901696dae9f0c1. For the financial year 2021/22, the cost of engaging EY was \$7,262,370 and in 2022/23 it was \$345,941.

Questions four and five relate to the disestablishment of the Unit. The HTU led the design and early implementation of the health system reforms and was disestablished on 30 September 2022 once its work was complete and the next stages of the work transitioned to the health system entities, in accordance with the Pae Ora (Health Futures) Act 2022. The detailed design and implementation of the reforms is the responsibility of the health system entities. Financial information regarding those transfers will be included in the Supplementary Estimates of the Appropriations for 2022/23 which forms part of the Budget 2023 process, and the total costs to the department will be reported in its Annual Report 2022/23.

After a search of our systems, we have not located any relevant text messages or internal emails which provide additional information within scope of your request. Accordingly, I have refused this part of your request under section 18(e) of the Act, as the information alleged to contain the information requested does not exist or, despite reasonable efforts to locate it, cannot be found.

You have the right to ask the Ombudsman to investigate and review my decision under section 28(3) of the Act.

This response may be published on the Department of the Prime Minister and Cabinet's website during our regular publication cycle. Typically, information is released monthly, or as otherwise determined. Your personal information including name and contact details will be removed for publication.

Yours sincerely



Clare Ward
**Executive Director,
Strategy, Governance and Engagement**

DPMC ELT Board Quarterly Dashboard (Q1: July – September 2020)

OUR STRATEGIC PRIORITIES	STATUS This QTR.	CONTEXT FOR STATUS	RISK MITIGATION (If priority not on track)	NEXT QTR. ACTIVITIES
<p><u>DPMC Priority:</u></p> <ul style="list-style-type: none"> Establish the Health Transition Unit in support of the Health and Disability System Review (HDSR) 	<p>●</p>	<ul style="list-style-type: none"> Director and majority of staff (including secondments) for response phase now approved. Access to HDSR files completed. Work programme has been developed and first briefing for Ministers covering work to date and project plan drafted. 	<ul style="list-style-type: none"> Interim arrangement for working in place while final set up completed. Given tight timelines work streams are progressing in parallel. 	<ul style="list-style-type: none"> Finalise the staff and accommodation arrangements. Continue to bring on specific expertise as required. Prepare for move to TSB. Develop design options and undertake first round of engagement with Ministers and sector.

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DPMC ELT Board Quarterly Dashboard (Q2: October – December 2020)

OUR STRATEGIC PRIORITIES	STATUS last QTR.	STATUS This QTR.	CONTEXT FOR STATUS	RISK MITIGATION (If priority not on track)	NEXT QTR. ACTIVITIES
<p>DPMC Priority:</p> <ul style="list-style-type: none"> Establish the Health Transition Unit in support of the Health and Disability System Review (HTU) <p>Key Milestones:</p> <ul style="list-style-type: none"> New Director in place by August 2020. Cabinet-agreed deliverables met by agreed deadlines. 	●	●	<ul style="list-style-type: none"> The Health Transition Unit is led by former Director-General of Health, Stephen McKernan, under an 18 month contract with Ernst & Young. This contract is due for review before 26 February 2021 as the current contract ends on 31 March 2021. There are currently 27 staff on either fixed term contractors; seconded departmental employees and specialist contractors based at TSB Building. Policy design work and Ministerial sector engagement is ongoing and on track. Cabinet agreed deliverables were met in the last quarter and Ministerial satisfaction has been met this quarter. There is a medium risk to this priority as Director arrangements need to be made in quarter 3 to ensure the Unit continues to provide the necessary support. 	<ul style="list-style-type: none"> The initial phase of work was expected to be six months in duration. It is anticipated that this phase of work will be followed by subsequent phases of work, as per the anticipated lifespan of the Transition Unit. The current Director arrangements are to be reviewed as part of the current Ernst & Young agreement before completion of Phase 1, (or 26 February 2021) to support the ongoing needs of the Unit. 	<ul style="list-style-type: none"> Finalising policy and operational design work and presenting a formal set of implementation options to the Minister of Health and Cabinet. Design and develop New Zealand Health Plan, including communications strategy to support the reform programme. Review the ongoing agreement with Ernst & Young before completion of Phase 1 or 26 February 2021 Note: the current contract is ends on 31 March 2021. Complete budget bids for Budget 2021. Complete Business Plan and budget for remainder of 2020/21.

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DPMC ELT Board Quarterly Dashboard (Q3: January – March 2021)

Outcome 1: The Government is enabled to deliver its priorities					
OUR STRATEGIC PRIORITIES	STATUS last QTR.	STATUS This QTR.	CONTEXT FOR STATUS	RISK MITIGATION (If priority not on track)	NEXT QTR. ACTIVITIES
<p><u>DPMC Priority:</u></p> <ul style="list-style-type: none"> Establish the Health Transition Unit in support of the Health and Disability System Review (HTU) <p><u>Key Milestones:</u></p> <ul style="list-style-type: none"> New Director in place by August 2020. Cabinet-agreed deliverables met by agreed deadlines. 	●	●	<ul style="list-style-type: none"> The Transition Unit has been advising on a range of system design options to support programme of reform. On 18 March a paper was submitted to Cabinet on future health systems and Cabinet met to discuss the paper on 29 March. Expecting the Minister of Health to make an announcement on it in April - 12. Budget bids for 2021 was submitted. Ernst & Young's contract has been extended until 30 June 2021 for continued support and will be reviewed by mid-June 2021. 		<ul style="list-style-type: none"> The scoping of work for next phase has resulted in further areas of focus which will require more resources and HR/IT support. Cabinet decisions will be made on the design of the health system and post public announcement targeted engagement with stakeholders will take place. Detailed plan for transitioning has been developed; a draft Cabinet paper on managing the transition expected to be lodged in April 2021. Programme management office for early establishment/implementation to be established. Continue to manage proactive and reactive communications and engagement with sector. Plan for appropriation changes and budget 22 bids.

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DPMC ELT Board Quarterly Dashboard (Q4: April – June 2021)

Outcome 1: The Government is enabled to deliver its priorities					
OUR STRATEGIC PRIORITIES	STATUS last QTR.	STATUS This QTR.	CONTEXT FOR STATUS	RISK MITIGATION (If priority not on track)	NEXT QTR. ACTIVITIES
<p><u>DPMC Priority:</u></p> <ul style="list-style-type: none"> Establish the Health Transition Unit in support of the Health and Disability System Review (HTU) <p><u>Key Milestones:</u></p> <ul style="list-style-type: none"> New Director in place by August 2020. Cabinet-agreed deliverables met by agreed deadlines. 	●	●	<ul style="list-style-type: none"> Cabinet approved the Health and Disability System Review - proposals for reform. Public announcements were made on 21 April 2021, outlining the future of the health system. The announcements has been well received, and since then, there has been a rapid ramp up of implementation activity and wide interest from the sector to contribute to developments. The Transition Unit has developed a broad programme of work to deliver the reforms. Rapidly scaling up resource to ensure the right blend of skills and experience, including Māori, Pacific and disability expertise. 		<ul style="list-style-type: none"> First reading of the Health Reform Bill and ongoing Ministerial advice on system design. Interim Māori Health Authority and Health New Zealand entities established as departmental agencies and section 11 committees appointed. Draft workplan for interim entities developed. Recruitment of Chief Executives for interim entities commence and detailed design of Budget 2022. Commence engagement roadshow on NZ Health Charter and NZ Health Plan. Programme Management Office (PMO) fully staffed and operational.

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DPMC ELT Board Quarterly Dashboard (Q1: July – September 2021)

Strategic objective	Milestone	Quarter	Status this quarter	Context for status	Risk mitigation (if not on track)
Deliver the Health and Disability System Review priorities	Programme management office (PMO) fully staff and operational	Q1		PMO established in the Health Transition Unit with a Director, Programme Manager, two Project Managers and three Project Coordinators, as planned.	
	Ministerial committees to be appointed for interim Health New Zealand and interim Māori Health Authority	Q1		Ministerial committees for the interim entities established in September 2021 as planned. https://www.beehive.govt.nz/release/expert-group-appointed-lead-new-zealand%E2%80%99s-future-health-system	
	Secure Cabinet agreement to the core elements of the system model, functions, entitlements and access to services ahead of the introduction of legislation	Q2			
	Legislation changes and preparatory work to introduce Health Reform Bill	Q2			
	Sustainable funding pathway agreed with Ministers.	Q2			
	Design, develop and refine the NZ Health Plan	Q3			
	Design, develop and refine the NZ Health Charter	Q4			
	New legal entities in operation	Q4			

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DPMC ELT Board Quarterly Dashboard (Q2: October – December 2021)

Strategic objective	Milestone	Quarter	Status last quarter	Status this quarter	Context for status	Risk mitigation (if not on track)
Deliver the Health and Disability System Review priorities	Programme management office (PMO) fully staff and operational	Q1			Complete	
	Ministerial committees to be appointed for interim Health New Zealand and interim Māori Health Authority	Q1			Complete	
	Secure Cabinet agreement to the core elements of the system model, functions, entitlements and access to services ahead of the introduction of legislation	Q2			Agreement gained 20 September 2021 through Cabinet paper "Health and Disability Review: Further policy decisions for the Health Reform Bill were also made [CAB-21-SUB-0378].	
	Legislation changes and preparatory work to introduce Health Reform Bill	Q2			Pae Ora (Healthy Futures) Bill was introduced and had its first reading in October 2021. The Bill is now at the Select Committee hearing stage.	
	Sustainable funding pathway agreed with Ministers	Q2			Agreement gained in December 2021.	
	Design, develop and refine the NZ Health Plan	Q3				
	Design, develop and refine the NZ Health Charter	Q4				
	New legal entities in operation	Q4				

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DPMC ELT Board Quarterly Dashboard (Q2: January – March 2022)

Strategic objective	Milestone	Quarter	Status last quarter	Status this quarter	Context for status	Risk mitigation (if not on track)
Deliver the Health and Disability System Review priorities	Programme management office (PMO) fully staff and operational	Q1			Complete	
	Ministerial committees to be appointed for interim Health New Zealand and interim Māori Health Authority	Q1			Complete	
	Secure Cabinet agreement to the core elements of the system model, functions, entitlements and access to services ahead of the introduction of legislation	Q2			Complete	
	Legislation changes and preparatory work to introduce Health Reform Bill	Q2			Complete	
	Sustainable funding pathway agreed with Ministers	Q2			Complete	
	Design, develop and refine the NZ Health Plan	Q3				This work has transferred to the interim entities. The Transition Unit maintains oversight of delivery.
	Design, develop and refine the NZ Health Charter	Q4				
	New legal entities in operation	Q4				

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DPMC ELT Board Quarterly Dashboard (Q3: March – June 2022)

Strategic objective	Milestone	Quarter	Status last quarter	Status this quarter	Context for status	Risk mitigation (if not on track)
Deliver the Health and Disability System Review priorities	Programme management office (PMO) fully staff and operational	Q1			Complete	
	Ministerial committees to be appointed for interim Health New Zealand and interim Māori Health Authority	Q1			Complete	
	Secure Cabinet agreement to the core elements of the system model, functions, entitlements and access to services ahead of the introduction of legislation	Q2			Complete	
	Legislation changes and preparatory work to introduce Health Reform Bill	Q2			Complete	
	Sustainable funding pathway agreed with Ministers	Q2			Complete	
	Design, develop and refine the NZ Health Charter	Q3				
	Design, develop and refine the NZ Health Plan	Q4				This work has transferred to the new entity. The Health Transition Unit maintains oversight of delivery.
	New legal entities in operation	Q4				The legal entities were established on 1 July as planned.

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DPMC ELT Board Quarterly Dashboard (Q1: July – September 2022)

Strategic objective	Milestone	Quarter	Status last quarter	Status this quarter	Context for status	Risk mitigation (if not on track)
1. Provide post-transition support and assurance on the Health and Disability System Reforms	1.1 Legislation in force	Q1			Complete.	
	1.2 Legal entities in operation	Q1				
	1.3 Transition Unit disestablished	Q1				

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