

Hon Tony Ryall

Minister of Health



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Media Statement

Major push to lift public health performance

Health Minister Tony Ryall today announced a major drive for better value for money in health. He intends to free up resources for more and better front line services.

"Cabinet has agreed to a number of proposals from the Ministerial Review Group's report 'Meeting the Challenge' that will greatly improve national and regional cooperation and reduce duplication of back office functions, " the Minister said.

As a package, the changes will move up to an estimated \$700 million in savings over five years to frontline services. That would buy about 16,000 heart bypass operations or build two large city hospitals. The changes are also expected to reduce the health system bureaucracy by up to 500 administration jobs. These would be managed as much as possible through attrition and voluntary redundancy.

"The National Government inherited a public health system that wasn't well placed to cope with the significant financial and clinical challenges facing it. There is too much duplication that has led to poor regional and national performance and a track to financial crisis."

The Health Minister said there was a clear consensus across the health sector – and amongst the public – that change was needed.

"To better focus on patients, the public health service needs to stop reinventing the wheel 21 times in areas like IT and payroll" Mr Ryall said.

"This is about making the current system work better by filling in the missing links."

"The Government wants better coordination between District Health Boards (DHBs) and the Ministry of Health, and we want neighbouring DHBs working better together to improve services. Clinical networks will be a big part of this cooperation."

The major changes include setting up a new National Health Board (NHB) within the Ministry of Health. The NHB will focus on supervising the \$9.7 billion of public health funding the 21 DHBs spend on hospitals and primary health care.

The new NHB will manage national planning and funding of all IT, workforce planning and capital investment. It will also take national responsibility for vulnerable health services such as paediatric oncology.

Work will also start on consolidating the 21 DHBs' back office administrative functions such as payroll and bill payments.

The Minister said the changes also give the Ministry of Health a clearer focus on working with District Health Boards on improving services for patients.

"Officials estimate a one-off cost of between \$5 and \$10 million to set up the changes and that will be met within the Vote Health budget. Up to an estimated \$700 million is expected to be saved in the first five years from coordinating procurement and logistics. All savings will be reinvested back into frontline health services."

The Minister said Cabinet had carefully considered the Ministerial Review Group's 170 recommendations along with the public feedback received on them.

"These changes are an urgent priority and implementation will begin immediately" said Mr Ryall. "An officials group will coordinate the changes to ensure they are effectively planned and managed."

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