

NZ HEALTH PARTNERSHIPS

Sector Update | 21 February 2017

Dear Jenny

NZ Health Partnerships' (NZHP's) first Sector Update for 2017 follows our Board meeting, exactly one week ago, on Tuesday 14 March. Starting with this edition, all Sector Updates will be sent to our DHB shareholders and other stakeholders within one working week of our Board meetings.

Our intent is to ensure all information is current, useful to you and reflects the direction and decisions made by the NZHP Board.

In today's update we provide:

- A summary of NZHP's 2016/17 Quarter Two Report
- The outline of NZHP's upcoming Shareholders' Meeting in March 2017
- An introduction to NZHP's new GM Programmes, Paul Knight
- Updates on Programmes and Services.

Scroll down for summaries by topic and links that will help you skip straight through to the information of most relevance to you. If you would prefer to read and print a full PDF version [please click here](#).

Note you can only access the links if you are logging in from a DHB computer. If you work for another organisation or are logging in remotely please email steve.fisher@nzhealthpartnerships.co.nz for a username and password.

Key Upcoming Dates

23 February	DHB CFO Forum
27 February	National Oracle Solution Business Owners Forum
28 February	Joint Procurement Authority meeting
9 March	National DHB Chair & CE Forum
16 March	Medical Suppliers Briefing (jointly led by NZHP, PHARMAC, Ministry of Business Innovation and Employment (MBIE), DHBs)
20 March	NZHP Shareholders' Meeting
30 March	NZHP Board Meeting

CORPORATE

NZHP QUARTERLY REPORT

Consistent with our Shareholders' Agreement, NZHP Quarterly Reports are being sent to our DHB-shareholders to inform them of our performance throughout the financial year.

The reports provide a high-level summary of the status of Programmes and Services at the end of each quarter.

To view our overall performance for the period ending 31 December please [click here](#).

NZHP SHAREHOLDERS' MEETING

On Monday 20 March, NZHP will hold its second-ever Shareholders' Meeting.

The Chairs, Deputy Chairs, CEs and one other senior executive have been invited from all 20 DHBs. Thank you for the excellent response to date. There is at least one representative from every DHB with most sending multiple representatives from both Board and Executive level.

For more information about the day please [click here](#).

NEW GENERAL MANAGER PROGRAMMES

NZHP is pleased to introduce Paul Knight as our new General Manager Programmes. Paul brings to the organisation extensive technology and operations experience gained from various roles at Fletcher Building, Datacom and Capgemini UK.

Paul was Fletcher Building's Corporate CIO for more than 10 years, followed by two years as the GM Technology and Operations.

For more about Paul please [click here](#).

NATIONAL INFRASTRUCTURE PLATFORM

PROGRAMME STATUS: GREEN

The NZHP NIP programme team will support 12 DHBs, as well as HealthShare and healthAlliance, through to 30 June 2017. The implementations will be DHB-led, with NZHP providing guidance, support, assurance and oversight. The remaining eight DHBs have elected not to participate in the programme.

NZHP has completed commercial negotiations with the All of Government IaaS panel providers Datacom and Revera. Significant benefits were negotiated with both providers, including pricing decreases and provision of technical architect support for each region which were gained at no additional cost.

The outcomes are outlined below, demonstrating the power the Sector has when negotiating together. The negotiated prices provide a starting point for individual DHB-led negotiations with their chosen providers.

Savings Type	Datacom	Revera
Charge holidays of monthly IaaS costs	Up to \$1m (split by PBF) as a 3-month IaaS charge holiday, available from Oct - Dec 2017.	2-month charge holiday; to occur within 6 months of Service Establishment.
Setup savings per region	\$50k	\$12k
Operational monthly savings per region	\$61k - 187k	\$111k - 234k
Transition Charges (reduction in catalogue pricing) per region	\$585k-\$1.4m	N/A

For more information about NIP please [click here](#).

NATIONAL ORACLE SOLUTION

PROGRAMME STATUS: AMBER

The complexity of the NOS system and underperformance by the original IT infrastructure technology partner led to a move to a joint team of Oracle and Revera in late 2016.

Oracle has since experienced a number of significant technical issues which were escalated offshore to resolve. These are being rectified but have caused delays. Mitigations are being identified.

A number of updates for key stakeholders are planned in the coming weeks, starting with the DHB CFO Forum on 23 February.

BANKING & INSURANCE

SERVICE STATUS: GREEN

NZHP has been working with a number of DHB CFOs to develop and coordinate the Sector's response to the proposed changes to the Fire Service Levy.

With a 10-fold increase already absorbed from a change in the methodology for calculating the levy, indications are the sector may face further significant and highly disproportionate increases both in 2017/18 and 2018/19.

Work is underway to understand the true cost impact on DHBs and whether some of the increase can be mitigated by restructuring the collective insurance model.

NZHP is also facilitating a procurement process for the sector's shared Banking Services.

Negotiations are underway with the preferred respondent to the banking services RFP. The contract is expected to be finalised in May, with a start date of 1 June.

For more information about Banking & Insurance please [click here](#).

FOOD SERVICES

SERVICE STATUS: AMBER

NZHP has proposed two separate governance structures for the food service sector. The first for the six DHBs participating in the Food Services Agreement; the second for the wider sector that would focus on national consistency and standards across all DHBs, regardless of the supplier.

NZHP is also developing a plan to address a range of contractual and service delivery issues. We will look to review the contractual approach given only six DHBs have joined the FSA to date.

DHB PROCUREMENT STRATEGY

SERVICE STATUS: AMBER

Operating Model

The top priority is establishing an agreed future-state operating model, including clearly establishing what procurement

categories remain at a national level and what categories would be managed by DHBs regionally and individually. This will be discussed at length at the Joint Procurement Authority meeting on 28 February, then taken to the national Chief Executives Forum on 9 March for approval.

National Procurement Service

NZHP currently outsources the National Procurement Service to healthAlliance (FPSC) Ltd (hA (FPSC)). Options for ongoing ownership of this national function are currently being considered by both Boards.

Should the Boards of NZHP and healthAlliance (FPSC) support the transition of the national service, approval will be sought from all DHBS at the National CE Forum on 9 March.

Suppliers Briefing

NZHP, PHARMAC, MBIE and DHB representatives will jointly host a briefing for medical device suppliers on Thursday 16 March.

The purpose of the day is to provide an update on changes to health sector procurement and what that means for suppliers, as well as details of the transition of medical device procurement to PHARMAC.

Presentations will include:

- DHB Procurement Strategy, Dr Nigel Murray - CE Sponsor
- Direction of DHB Procurement, Megan Main - CE NZHP
- Transition of medical device procurement to PHARMAC, Steffan Crausaz - CE PHARMAC
- DHB Perspective, Peter Kennedy - Chair Procurement Operations Advisory Group

For more information about the DHB Procurement Strategy please [click here](#).

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