Hon Simeon Brown

Minister of Health
Minister for State Owned Enterprises
Minister for Auckland

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Professor Lester Levy
Board Chair
Health New Zealand
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Dear Lester,

I am writing to detail my expectations of Health New Zealand's (Health NZ) ongoing performance in 2025/26, and to set out my priorities for 2026/27. This letter builds upon previous letters of expectation to you.

I want to acknowledge the progress Health NZ has made and the renewed focus on putting patients first. The performance of our health system declined significantly between 2017 and 2023, with waitlists climbing and performance reducing across our health system. I am pleased to see a renewed focus on the needs of patients, and on delivering against the five health targets.

1. Shorter stays in Emergency Departments.
2. Faster cancer treatment.
3. Increased childhood immunisation.
4. Shorter wait times for elective surgery.
5. Shorter wait times for first specialist appointments.

There is a huge amount of work required to ensure all New Zealanders can get the care they need in a timely and quality manner, and it is the role of Health NZ's Board and management to ensure this happens and that a sense of urgency is applied to this.

Health NZ must ensure that it is delivering for patients within its budget. I want to acknowledge the progress Health NZ has made improving financial discipline supported by credible financial and delivery plans. With Health NZ now entering a more stabilised state, I expect you to shift focus toward enhancing service delivery and further improving timely access to quality health care.

This includes the considerable work required to meet the Government's targets, deliver faster access to primary care, enhanced infrastructure development and support for continued workforce growth, and prioritising frontline clinical roles within budget.

Priorities for 2025/26

Delivering health services for New Zealanders

The Board must ensure Health NZ is firmly focused on delivering this Government's clear agenda for health delivery: to put patients first and ensure all New Zealanders have access

to timely, quality healthcare, delivered by a financially sustainable health system. It is my expectation that the Board is relentless in its pursuit of improved outcomes for New Zealanders.

I have been clear my focus is that Health NZ continues to meet the milestones necessary to deliver on:

- the Government's Health Targets
- faster access to primary care
- support the development of both physical and digital infrastructure
- continue to grow the workforce and prioritise recruitment to frontline clinical roles

Patients should be at the heart of every decision and care prioritised based on clinical need. I expect the Board to hold the organisation to account for achieving these outcomes.

1. Delivery against health targets

I expect you to make significant improvements to deliver the Government's health targets, including all interim milestones. This includes lifts in performance in relation to new volumes-based measures for the wait times targets for first specialist assessments and elective treatments. I also expect you to ensure emergency departments make further progress towards the shorter stays in the emergency department target; by empowering local hospitals to find local solutions to their particular challenges, including partnering with local primary and community care providers in their districts.

Your leadership must ensure that progress is measurable, visible, and maintained at every stage, not just at year-end. This includes the recently introduced primary care health target - More than 80% of people can see a primary care provider within one week – that will take effect from 1 July 2026.

I expect Health NZ to have a fully funded and operationally ready Winter Preparedness Plan in place by the end of February 2026, to ensure timely implementation ahead of winter 2026.

2. Expectations for Health NZ delivery: Delegations and Budget responsibilities

It is clear to me that Health NZ is too centralised. Too many decisions are made by people who are removed from the problems that frontline clinicians are trying to solve. This is causing significant frustration for local districts and stifling innovation which could lead to efficiencies which deliver more care for patients within the budgets which have been set.

As Health NZ confirms its planning for 2026/27, you must ensure regional accountability and decision-making are embedded while maintaining sufficient financial controls to continue improvements in financial performance.

It is also critical Health NZ balances financial performance with driving investment into priority areas to improve health services while also meeting growth pressures. This will mean a better balance between primary and community, and hospital and specialist services is required.

Nationally and regionally planned, locally delivered model

Health NZ's accountability arrangements must be stabilised to enable the organisation to focus on delivery which is to be regionally planned and locally delivered. There must be clear

and singular lines of accountability in place at a national executive level, with those accountabilities flowing out to the frontline.

I expect Health NZ to develop a devolution policy by the 31st of December 2025 to enable the devolution of decision making to regions and districts. This reinforces my expectation that regional accountability, production planning, and local decision-making is embedded as quickly as possible.

I expect Health NZ's decision-making model to be structured across three tiers: national, regional, and local. This approach is designed to enable decisions to be made as close to communities as possible, while maintaining system-wide consistency and accountability.

I expect you to continue to strengthen operating models empowering devolved regional and district-level decision making and clinical leadership, strengthening regional financial accountability and efficiencies and appointing individuals with the expertise and experience to lead effectively.

Local districts and regions should be empowered to manage within their allocated budgets, including hiring decisions.

Where Group Directors Operations (GDOs) are not delivering to expectations or outcomes, decision-making authority can be pulled temporarily to the regional or national level.

I expect the Board to ensure that there are appropriate internal controls to support accountable regional and local delivery and the achievement of the agreed fiscal track. This will include frequent and regular engagements between Executive Regional Directors, GDOs, Regional Deputy CFOs, the Health NZ CFO and the Chief Executive. The Crown Observer should also be involved in these engagements from and early stage. Ultimately the Chief Executive and the Board are accountable for performance across all aspects of Health NZ.

I expect production planning processes - the health services plans our districts and hospitals deliver - to have clinical input and buy-in at the hospital clinician level. While the national Executive team should set volume targets for services at a national level, their operational delivery needs to be agreed with and supported by frontline workforce and clinical leadership.

While the final devolved structure may result in a smaller national office than in recent years, this change is not driven by restructuring or cost savings. The primary driver is to embed clinical involvement in budgeting and service planning, ensuring clinical commitment to delivering local health services. Patients and communities benefit when health professionals, supported by their managers, have responsibility for resources provided by the national office. This approach strengthens accountability and aligns decision-making with those closest to care delivery.

Ensuring recruitment to frontline clinical roles

You must continue to remove unnecessary bureaucracy to ensure clinical appointments are delivered in a timely manner, particularly in geographic locations or services experiencing workforce shortages that are directly impacting on patient care. As a priority, I expect you to monitor and prioritise shifting away from dependence on locums to recruiting permanent Senior Medical Officers to vacancies – with an initial focus on regions that have high dependency on locums.

Retaining specialists in New Zealand is also a priority. I expect you to work with the STONZ Union and RDA to ensure that junior doctors who head overseas to undertake fellowships

are provided with job offers prior to leaving, so that we can attract and retain a pipeline of NZ trained specialists in our country.

I expect you to maintain active collaboration with the responsible authorities, particularly the medical and nursing councils to accelerate and embed enhanced recruitment pathways for international medical graduates. These partnerships should result in tangible improvements in workforce availability and service delivery.

I expect Health NZ to ensure that it has an attractive online presence to ensure vacancies are being promoted effectively to international workforces.

3. ***Budget***

The Government is making record investments into health. You must deliver to the financial plan for 2025/26. You must also return to a breakeven financial position from 2026/27, while maximising outcomes for patients from the funding provided.

I expect to see continued improvement in financial controls, embedding of devolution of responsibility for budgets and resourcing, and full implementation of the recommended actions identified by the Deloitte report. You must monitor cash reserves and liquidity to ensure that financial obligations can be met. While there are emerging signs of productivity improvement, I want to emphasize the need for Health NZ to deliver measurable improvements in productivity across hospital, specialist, and primary care services.

I expect Health NZ to operate efficiently and effectively; with clear financial plans that show budgets at a regional and district level for the provision of hospital and specialist services and those outsourced through commissioning functions. As has been discussed with you, I expect to receive the outputs of an independent review of your recent 2025/26 reforecast with a focus on ensuring trade-offs between in-house personnel and out-sourced staffing is appropriate.

4. Enabling primary care and wider community sector to succeed for all New Zealanders; Delivering Primary, Community, Public and Population Health Services

Too many New Zealanders can’t get an appointment in primary care in a timely manner. Fixing this is a priority for the Government.

The Government has provided Health NZ with over $400m of funding in Budget 2025 to deliver the Primary Care Tactical Action Plan. I expect Health NZ to deliver on the actions within this plan to improve access to primary care for kiwis. We know that by ensuring kiwis can get seen in primary care, we will directly reduce pressure on our hospital system.

I expect to see clear evidence that clinical governance is not only embedded but actively driving improvements in safety, accountability, and outcomes across all levels of the organisation.

I also expect Health NZ to:

- introduce the new primary care health target of more than 80 percent of people to be able to access an appointment with a primary care provider within one week, to take effect from 1 July 2026
- work to address demand, supply, and sustainability issues in the community pharmacy sector

- work to address demand and workforce issues, as well as increased complexity of care needs and uneven access to palliative care across New Zealand
- continue to build momentum and to roll-out a regionally standardised Extended Primary Community Care (EPCC) programme and further embeds specialist services in the community and reduce demand on hospital services.

Primary Health Organisations

This Government's additional investment in general practice should enable you to set a performance baseline for Primary Health Organisations (PHOs), that incorporates the following accountabilities for Health NZ to proactively monitor and hold PHOs accountable for:

- ensuring practices open their books for enrolment including for newborns
- supporting delivery of the Government's Health Targets, particularly through the delivery of vaccinations and minor planned care procedures in the community
- providing clinical governance support to improve the quality of care
- supporting delivery of workforce planning and reporting, and maintaining a strong network of education and training provision across providers and capacity for clinical placements
- delivering population health services, linking with local providers for community diagnostic services, supporting smooth pathways into and out of hospital, and keeping people out of hospitals through coordinated and timely access to care in the community

I want improved reporting on PHO funding distribution and spending at a local level, particularly in relation to community services. I expect a transparent and consistent format for PHO financial reporting as a priority, including standard reporting of revenue.

Health NZ also plays a key role in ensuring accrued PHO reserves are directed towards efforts that keep people well. I also want to reiterate my expectation for PHOs to pass on all first-contact capitation funding to practices and Health NZ's role to actively monitor this.

I expect Health NZ to work with the Ministry to develop an outcomes framework and performance measures for PHOs and providers, that can be implemented from 1 July 2026.

Health NZ will re-establish district-level primary care clinical alliances and proactively support these primary-secondary networks, with implementation expected by mid-2026. These alliances will enable a more collaborative and integrated model of care across PHOs, general practices, and hospitals, and should be established in each district over the 2026 calendar year.

In parallel, I expect Health NZ to work with the Ministry and the Primary Care Advisory Group to develop a clear strategy for the future of PHOs and clinical alliances. This should define the role of PHOs and alliances, outline the outcomes they are expected to achieve, and ensure alignment within primary care and alliances that deliver public health outcomes in communities. This strategy must be completed by the end of March 2026.

Strengthening primary care at the clinic level has been a priority, but we also need a clearly defined role for PHOs and alliances to support healthcare delivery locally. Ultimately, the goal is a more collaborative and integrated model of care across PHOs, general practices, alliances, and hospitals.

Delivery and reporting against the urgent and after-hours framework

Within the next two years I expect Health NZ to implement the changes in urgent and after-hours healthcare as described in the framework.

I also expect that any risks will be identified and mitigated so the delivery of the services within the agreed timeframe and budget is not compromised, and that Health NZ reports to me monthly on the implementation of each of the initiatives in the framework, and any other measures as appropriate. I expect Health NZ to operate efficiently and effectively, with clear financial plans and reporting for the delivery of these services.

Following the announcement of the framework, it has become clear that East Auckland, South Auckland, Wellington and Christchurch all require dedicated or enhanced overnight after-hours solutions to ensure their have appropriate coverage. I ask that you prioritise funding to:

- progress additional service provision within the Counties Manukau region to ensure that both East and South Auckland communities have appropriate overnight urgent-care coverage;
- progress extended hours for after-hours and urgent-care in Wellington City, while retaining current access in Kenepuru;
- work with local primary care to explore additional after-hours and urgent-care coverage in Christchurch. It is clear that there is significant demand for services from Christchurch Emergency Department, and I expect a plan to address this by the end of February 2026 alongside the winter preparedness planning work.

5. Long-term planning approach to service delivery

Short-term planning cycles do not unlock value for money or drive efficiency. This is true both within Health NZ, with the funded sector, and with contracts with private providers. Short term contracts limit the ability to make strategic decisions and create instability. We need to shift toward a longer-term planning approach that enables sustainable investment, workforce stability, and service improvements. Longer planning will enable decisions that deliver enduring benefits for patients and the health system.

Delivery of the Electives Boost

Reducing wait times for elective treatment is a priority after years of increasing waitlists. While waitlists are starting to fall for the first time in years, continued effort needs to be made to reduce waitlists as quickly as possible. I expect you to continue to implement initiatives to lift the volume of treatments to reduce the elective treatment wait list. I expect the Board to direct management to refocus the Electives Boost, and deliver on my expectation that private sector providers will receive long term contracts for their services.

The Government has invested to deliver an additional 31,600 elective treatments between March 2025 and June 2026. I expect this will lift performance towards the target milestone of 70 percent by June 2026. I expect Health NZ to continue to make funds available in the districts to empower local solutions to local need to help reduce wait lists and make further progress on our targets.

I expect Health NZ to contract, between now and 1 July 2026, the volume of procedures necessary to meet the Government's health targets. This includes ensuring sufficient capacity and agreements with providers to deliver timely access for patients, particularly in areas where wait times remain above target. I expect Health NZ to have in place the first

cohort of long-term contracts by early 2026 to give the private sector certainty to deliver elective and planned care for New Zealanders for a minimum of five years.

Focus on improvement of diagnostics

Poor and inconsistent access to diagnostics continues to disrupt patient pathways across many services, including those linked to the Government's health targets. This undermines timely care and can lead to poor patient outcomes. I expect you to deliver an additional 75,000 diagnostic procedures through your $65 million Diagnostic Improvement Plan announced in September 2025, to ensure improved access for all New Zealanders.

I expect you to consider the extent of further investment required to fund more diagnostic tests through both the public and private sector required for 2026/27. This includes entering into long-term agreements with providers. Delivering the Diagnostic Improvement Plan is an important priority and critical for clinical safety.

Improving aged care services

I expect you to deliver improving models of care and patient pathways for aged care services to ensure pressures on the aged care sector are better managed and care services for older New Zealanders are improved.

These services, including aged residential care and home and community support services, should be accessible and respond to people's needs in a timely way. I expect you to ensure that health outcomes are improved for older people, reducing unnecessary hospitalisations and length of hospital stays.

Funded sector

I expect Health NZ to prioritise engagement with the Ministry as it develops a 3-year work programme that provides a long-term outcome-based nationally consistent plan and vision for the funded sector. I expect Health NZ to be working towards long longer-term agreements with the funded sector to deliver outcomes which shift demand away from hospitals.

6. Accelerating infrastructure delivery, including data and digital

Delivering modern and reliable infrastructure is a key priority for the Government. This includes physical infrastructure, digital infrastructure, and clinical equipment. I expect Health NZ to ensure that its capital is effectively deployed to ensure rapid improvements in infrastructure which can drive efficiency, support frontline clinicians, and help deliver against our health targets.

I expect Health NZ to:

- support rapid delivery of the Health Infrastructure Plan and the over $1 billion of Infrastructure Investment from Budget 2025.
- continue to enhance infrastructure and data and digital investment planning through the Digital Investment Plan.
- continue the establishment of a centre for Digital Modernisation of Health to undertake the design, planning and development of business cases and provide capability in innovation, including AI and digital delivery, to support future delivery
- have a focus on accelerating the use of Artificial Intelligence (AI) where there will a positive return on investment and support for increased productivity.

- partner with both public and private providers to maximise delivery of services for New Zealanders.
- Focus on renewing clinical equipment to ensure it is modern, safe, and reliable. An example of this is the modernisation programme for CT and MRI scanners. These programmes must be delivered as quickly and efficiently as possible.

I expect Health NZ to speed up its decision making processes when it comes to business cases. Business cases must be robust, but they must also reflect the cost and complexity of the decision being made. It frustrates me to hear that decisions for relatively small amounts of capital can take many months, particularly when there are clinical risks that need to be urgently addressed.

I expect Health NZ to enter into long term agreements with IT providers to address the state of the IT systems across Health NZ.

Work should continue with the New Zealand Private Surgical Hospitals Association and major private providers on giving effect to the operating principles for management of waitlists, co-ordination around patients' needs, sharing of workforce and contracting arrangements, and co-location of infrastructure. I expect regular updates on the progress of this work.

All available funding and financing options must be considered (including long term leases and Public Private Partnerships) to support health infrastructure development. As you are aware, I have established an independent Health Infrastructure Committee. This committee is critical to providing me with the confidence that infrastructure functions are being carried out well and there is specialist expertise at a governance level for significant infrastructure projects, and I expect you to work closely with them.

Capital expenditure performance must be actively managed and monitored, with full transparency and accountability around the expenditure of funding for approved programmes and what is being delivered. I want to see capital investment consistently meet targets and timeframes and I want to see Health NZ speed up the delivery of these programmes. I expect to see appropriate management, assurance and asset management systems and capability put in place to drive delivery, efficiency and value.

7. Workforce

Effective management and settlement of collective bargaining

I expect Health NZ to manage collective bargaining effectively by maintaining fiscal discipline and ensuring settlements align with government affordability parameters. Health NZ is to consistently demonstrate effective management of collective bargaining by maintaining fiscal discipline and securing settlements that align with government affordability parameters.

Through prioritising the timely resolution of negotiations, proactive communication and comprehensive risk reporting to the Ministry, Health NZ will avoid service disruptions and uphold public confidence. Health NZ is required to lead and consult with the Ministry on bargaining and communication strategies for large collective agreement be they numbers of members and/or financial impact, provide weekly updates on progress and risks, and ensure legislative obligations, such as time bound requirements on initiation for bargaining, and expiry of agreements are meet with a view that planning is well in advance of collective agreements expiry.

These expectations aim to secure sustainable employment relations while supporting continuity of care and system stability. An integrated employment relations strategy will underpin these efforts, fostering constructive engagement with unions and promoting collaborative problem-solving to achieve fair and durable outcomes.

To ensure transparency and oversight, Health NZ must provide regular reporting to the Ministry on the progress of collective bargaining negotiations. This includes weekly updates on key milestones, risks, and any emerging issues that could impact service delivery.

A summary of settlement outcomes and compliance with affordability parameters should be submitted following each agreement. In addition, Health NZ is expected to maintain clear accountability mechanisms within its leadership structure to monitor adherence to these expectations and promptly escalate any significant risks or delays.

Quality and safety

I am concerned that clinical governance systems and processes are not yet consistently effective in detecting and escalating areas of clinical risk for management at appropriate levels (national/regional/district). This inconsistency poses a risk to patient safety and undermines confidence in the system's ability to respond to emerging issues.

8. Delivering on coalition commitments

I expect Health NZ to:

- prioritise funding to ensure Plunket is resourced to do their job properly
- prioritise work to better support road ambulance services
- progress work to better support mothers and babies in the critical days following birth.

Engagement

I expect all Board members to place a priority on attending sector engagements. It is important that stakeholders hear directly from system leaders and that you make yourselves available to hear from them. I also expect you to build strong relationships with the Hauora Māori Advisory Committee, and the Infrastructure Advisory Committee.

Working with the Crown Observer and Ministry of Health

I have appointed the Crown Observer to keep a close watch on performance, particularly on Health NZ's financial position and the delivery of health targets. During this re-establishment phase I have directed the Crown Observer to ensure the Government's priorities are regularly communicated to you and to your executive leadership team and regional leadership. I also note that to maintain momentum and continue to support improved health system performance and the Government's priorities for health, the Crown Observer will now undertake full time duties.

I expect you to ensure Health NZ prioritises providing timely responses to information requests made by the Crown Observer or Ministry of Health, as monitoring agency. This includes providing information about the operations and performance of Health NZ.

Next steps and other matters

I expect that providing clear Ministerial direction early in the annual planning cycle will enable accelerated delivery and ensure resourcing is applied to the areas that best support the Government's priorities. My expectations should form the basis of the Health NZ Statement of Performance Expectations for the coming financial year.

I continue to expect regular progress updates and to be advised early if you have any concerns about progress. My overarching expectation is that Health NZ is relentless in its pursuit of the delivery of more and better health services for New Zealanders. In doing so, I expect Health NZ to put patient need at the heart of every decision it makes and to prioritise care based on clinical need, not race.

I also expect you to focus on your core responsibility of health service delivery and avoid advocacy roles. This includes refraining from making submissions on local government policies or proposed developments.

These expectations should drive your operational delivery plans, along with all your formal organisational plans that outline the steps to reorganise Health NZ's operations and structures to be a financially sustainable, fit for purpose organisation that delivers timely, high-quality services every day.

Thank you again for your commitment to this role. I look forward to continuing our collaborative efforts to improve health outcomes for all New Zealanders.

Yours sincerely



Hon Simeon Brown
Minister of Health

Copy to: Dr Dale Bramley, Chief Executive, Health New Zealand
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