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# All District Health Boards

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5 April 2018

New Zealand Productivity Commission  
PO Box 8036  
The Terrace  
Wellington 6143

**Attention: Judy Kavanagh**

**Draft Report: *Measuring and improving state sector productivity***

Thank you for the opportunity to provide feedback on the Productivity Commission's (the Commission) draft report on 'measuring and improving state sector productivity'. New Zealand District Health Boards (DHBs) are fully supportive of the Inquiry.

While there is extensive data available within health, there has been limited use of this data for planning, resource allocation and service improvement purposes. Although significant gaps exist in datasets from a "whole of system" perspective much can still be achieved by providing clinical and operational teams with access to good analytical capability. The health system is currently trapped in a model that compares limited sets of this year's activity against the plan/budget with no longitudinal or trend view and little incentive to invest in activity that will reduce the future need of a population for health services. In fact in many facets of the current construct there is an absolute disincentive to become more efficient or move services to a lower cost form of delivery.

Increasingly traditional measures of performance are becoming redundant in that they do not reflect the increasing integrated health and social sector drivers shaping the way in which services are being created. The focus on "widgets" and provider centric measures of productivity no longer reflect the ongoing changes in the way in which health services are being delivered.

Most national measures on health productivity continue to focus on DHB provider arm units of activity and miss the connections and linkages to a broader health approach.

For example a range of services traditionally defined as "tertiary" are now being provided in people's homes. Conditions that in the past would be admitted to hospital are now being managed within a primary and community care setting and thus are no longer "counted" centrally.

District Health Boards are not District Hospital Boards and are the key integrators of their local health system. One of the key opportunities to better understand the "productivity" is the development of better "system" level measures that connect citizen centric journeys across health and social sectors.

Joined up data creates a very different lens with in which to form a view on productivity as well as providing the window for identifying real system level changes that will impact on productivity and future demand.

While there are some very advanced system approaches being taken by DHBs in different parts of NZ, there is a lack of a national cohesive system level picture of what is being achieved. Health is very rich with data but it is also very poor with meaningful information and analysis.

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A quality health system would be considered as one which is safe equitable, timely, and patient-centred. DHBs must balance delivering productive services with delivering other aspects of quality and meeting the health needs of their population. DHBs recommend that the Commission take a stronger focus on qualitative evidence and the impact that end-user values and preferences have on the acceptability and viability of health and social interventions.

Inclusive in the notion of qualitative evidence is the effect these values and preferences have on equity. DHBs are required to ensure that the various population cohorts they serve have access to health care services for their specific needs to achieve the desired universal, equitable health outcomes. This also includes focusing on improving the overall health of Māori and Pacific Peoples as a priority and achieving improvements in population health.

It is understood that the terms of reference for the Inquiry is centred on technical efficiency which is concerned with optimal methods of producing outputs. DHBs consider that allocative and dynamic efficiency is as relevant to the role they have, given their responsibility under the New Zealand Health and Disability Act 2000.

Removing barriers to better connection of data across “systems”, which needs further facilitation and leadership to overcome real and perceived legislative barriers, would allow for a more complete understanding of the health system and its role in the broader social system and aid decision making. Some additional support from the centre may be required to address critical information gaps and to achieve a system view and ensure consistency nationally regarding approach to measurement.

DHBs have a responsibility for health system performance and its narrative. This is beyond hospital centric services and must incorporate a ‘whole of population’ perspective including primary care, community care, and the wider integrated social sector. Productivity measures need to reflect the whole of the health system.

DHBs would also like to see a balance between short term views of productivity to one which takes longitudinal view aligned to a whānau/patient population lifespan approach as opposed to episodic.

It is also important at a national level that consistent aggregated measures exist across DHBs to enable the health system to understand performance, opportunities for improvement and to articulate an authoritative performance narrative to central agencies and wider stakeholders.

Finally we would like to reaffirm our commitment to working with the Commission to determine how the health system performance can better reflect health outcomes for all New Zealanders.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'D Meates', written in a cursive style.

**David Meates**

Chief Executive Canterbury and West Coast DHBs  
CE Sponsor, Health System Performance Insights Programme