

**Pacific Provider
Development Fund
Purchasing
Strategy
2005/06 to 2007/08**

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Introduction

This Pacific Provider Development Fund (PPDF) purchasing strategy will guide funding and purchasing decisions for the Ministry of Health (the Ministry) and District Health Boards (DHBs) from 1 July 2005 to 30 June 2008. It provides high-level guidance on goals, principles, vision, objectives, Pacific provider definition, administrative roles and funding categories. This purchasing strategy does not include detailed funding plans. Detailed funding plans, for national initiatives, will be developed as required.

This purchasing strategy was developed using an extensive consultation process within the Ministry, with all DHBs and external government agencies. Pacific providers were also provided an opportunity to provide input via their DHB. Appendix 3 includes an overview of the consultation process.

Strategic context

The New Zealand Health Strategy (NZHS) and the New Zealand Disability Strategy set out goals and objectives for the health sector. Prominent among these is reducing inequalities in health and independence outcomes between ethnic groups. Ensuring accessible and appropriate services for Pacific peoples is one of three priority objectives for the NZHS.

'Pacific provider development and workforce development' is priority 4 of the Pacific Health and Disability Action Plan (2002).

Rationale

Pacific peoples have significantly poorer health than other New Zealanders and Pacific peoples' poorer access to health services is known to contribute to this unequal situation. The PPDF seeks to improve this situation by increasing the accessibility and effectiveness of health services for Pacific peoples.

PPDF funding seeks to improve access to health services for Pacific peoples by assisting the development of Pacific health providers and the Pacific health workforce. These two approaches are designed to increase the range and quality of services available to Pacific peoples through Pacific providers. These services are intended to augment the mainstream services that have proven less effective in responding to the health needs of Pacific peoples than to other New Zealanders.

Making available health care providers who are from the same ethnic group or who can speak the same language as a population facing barriers in access to health services, is widely seen as an effective strategy for improving provision of services to underserved groups. Barwick (2000)¹ for example, refers to evidence from a number of Australian, American and New Zealand studies that indicate that ethnic-specific provider services tend to be more effective than mainstream providers for minority groups, and that same ethnicity workers contribute to better outcomes for minority groups. Similarly, a lack of diversity in the mainstream workforce is likely to lead to procedures and systems poorly suited to minority patient population needs. For minority patients, racial concordance between patient and health worker is associated with greater patient satisfaction, higher self-rated quality of care, and better health outcomes.²

Developing the Pacific provider sector and increasing the number of Pacific peoples working as health practitioners and health professionals will benefit both mainstream and targeted providers. It will ensure that Pacific providers are well placed to utilise their better understanding of the needs of Pacific communities and to provide a comfortable provider environment consistent with the cultural values of Pacific health consumers. The increase in the number of Pacific health professionals and health practitioners will also foster better communication between Pacific health consumers and health professionals and health practitioners – this in turn should contribute to improved health outcomes.

¹ Barwick H. 2000. *Improving Access to Primary Care for Maori and Pacific Peoples: A literature review*. Commissioned by the Health Funding Authority.

² See Betancourt JR, Green AR, Carrillo JE, et al. 2003. Defining cultural competence: A practical framework for addressing racial/ethnic disparities in health and health care. *Public Health Reports* 18(4): 293–302.

Background

The PPDF has been administered by the Ministry since 1998/99. That first year provided one-off funding of \$1.0 million (GST exclusive) for enhancing Pacific providers' governance and business skills to ensure they were better placed to fully participate in the development of the health and disability sector. An additional \$1.5 million (GST exclusive) was allocated in 2000/01. \$5.0 million (GST exclusive) has been allocated to PPDF each financial year since 2001/02.

The first purchasing strategy for implementing the PPDF was developed for the 2001/02 financial year and was also used to guide PPDF purchasing decisions in the 2002/03 and 2003/04 financial years. This initial purchasing strategy funded the following categories:

- DHB Initiatives
- NGO Provider Initiatives
- Pacific Training Scholarships Scheme (including the leadership programme)
- Pacific Research Initiatives.

The Ministry outlined to the Cabinet Social Equity Committee in August 2001 that the focus of the PPDF was on primary care providers as a strategy to develop Pacific peoples' health. This recognised both that Pacific morbidity and mortality is amenable to health care intervention and effective health promotion, prevention and primary care, and that Pacific people face barriers in accessing primary care services.

From 2001/02 to 2003/04 funding was allocated to the seven DHBs with the highest Pacific populations, using a 'per head of Pacific population' funding formula (together with adjustments for DHBs with smaller populations). The seven DHBs were Auckland, Counties Manukau, Waitemata, Waikato, Hutt Valley, Capital and Coast, and Canterbury.

In 2004/05 an interim purchasing strategy for the PPDF was developed to provide a bridge from the expired 2001/02 PPDF purchasing strategy to this new purchasing strategy for 2005/06 and outyears. The 2004/05 PPDF purchasing strategy contained the following key components:

- \$5.0 million (GST exclusive) which was divided into the following two overarching funding categories:
 - \$3.5 million (GST exclusive) allocated to local Pacific provider development projects (funded through DHBs)
 - \$1.5 million (GST exclusive) allocated to national Pacific provider development initiatives and projects (funded through the Pacific Health Branch of the Ministry).

In 2004/05 PPDF also funded a further six DHBs with the next highest Pacific populations. These DHBs were: Northland; Bay of Plenty; Lakes; Hawke's Bay; MidCentral; Otago.

In November 2004 the Ministry published the Pacific Health and Disability Workforce Development Plan 2004 (PH&DWDP). Many of the initiatives in this purchasing strategy also contribute to, and are contained as action points within the PH&DWDP.

Pacific Provider Development Framework

This 2005/06 to 2007/08 purchasing strategy is informed by the goals and principles of the Pacific Provider Development Framework, which were agreed by Cabinet in October 2001. Agencies were directed to use the framework for distributing Pacific provider development funding. The Ministry of Pacific Island Affairs monitors agencies use of the framework.

The overall aim of the Pacific Provider Development Framework is to substantially increase the number of appropriately structured, skilled, qualified and experienced Pacific providers across the state sector. It also focuses on improving the overall quality of services delivered to the Pacific community.

The Pacific Provider Development Framework requires state sector agencies to take a coordinated response regionally and nationally to Pacific providers, including the coordination of funding regimes, accountability procedures, evaluation and monitoring methodologies and contract requirements.

This requires DHBs to collaborate with other funding agencies, such as the Department of Child, Youth and Family Services, when they are contracting with Pacific providers for local development projects. It also requires the Pacific Health Branch of the Ministry to collaborate with other agencies on national projects.

Government's goals for Pacific provider development

Two relevant goals from the Pacific Provider Development Framework are:

- establishment of a comprehensive and holistic service infrastructure for Pacific people
- identification of, and addressing, the major barriers for Pacific people in participating as providers and achieving their full potential.

Government's principles for Pacific provider development

Relevant principles from the Pacific Provider Development Framework are:

- recognition of Pacific values and principles
- recognition of diversity
- partnership relationships
- sustainability of Pacific providers
- governance and ownership of 'by Pacific for Pacific' services.

In addition to Government's principles, the Ministry expects implementation of the Pacific Provider Development Fund (PPDF) to also adhere to the following principles:

- ensure funding is focused on provider development and that funding is accessed by Pacific providers
- be inclusive of all DHB-funded Pacific providers.

Vision for Pacific provider development

PPDF is a grant fund that has a future focus. It seeks to increase the capacity and capability of Pacific providers to ensure they:

- are robust organisations with demonstrably sound governance and management infrastructures
- have an appropriately qualified and competent workforce with tertiary qualified staff
- are self sufficient and sustainable and provide high quality community focused services.

While Pacific providers should have the capability, capacity and workforce to deliver on Government, Ministry and DHB strategies for improving Pacific health and disability support outcomes, this is not intended to limit the development of Pacific providers.

Objectives

The PPDF aims to:

- develop a competent and qualified Pacific health workforce that will meet Pacific peoples' needs (in line with the Pacific Health and Disability Workforce Development Plan 2004)
- support Pacific health providers to effectively provide high quality community focused health services
- support the development and/or application of Pacific models of care
- support Pacific providers with their specific development requirements (including ensuring providers are robust with sustainable governance and management infrastructures)
- support the co-ordination of Pacific providers with each other and integration within the health and disability support sector
- foster innovation by developing new initiatives in line with regional and local needs and the aspirations of Pacific providers.

'Pacific provider' – defined

Cabinet agreed that a Pacific provider is one that is *owned and governed by Pacific people and is providing services primarily but not exclusively for Pacific people.*

A distinction is made between this definition and a Pacific service located within a mainstream organisation, which operates within the governance of the mainstream organisation. Such a service does not meet the definition of a Pacific provider and is **not** eligible for PPDF funding. It is expected that mainstream agencies will continue to fund these services from within their baselines.

Further eligibility requirements

In addition to Cabinet requirements the Ministry expects that in order to be eligible for PPDF funding Pacific providers will also:

- be responsive and demonstrate accountability to the Pacific community
- have a principal purpose/function to provide services which aim to produce better health outcomes for Pacific people
- not receive provider development funding from other Ministry sources (see Appendix 1)
- have predominantly Pacific staff providing services.

Total amount of funding allocated to PPDF

The PPDF is funded from Vote Health. \$5.0 million (GST exclusive) is currently allocated to the PPDF for each of the financial years covered under this purchasing strategy (ie, 2005/06, 2006/07 and 2007/08). Funding levels have not increased since 2001/02 and, because it is NDOE funding, have not been annually adjusted for inflation as has health service funding. This has resulted in the fund coming under increasing pressure. Once the PPDF evaluation³ is completed the Ministry will have the information required to develop a robust funding bid for increasing the PPDF.

Administrative roles

The PPDF will be administered by the Pacific Health Branch of the Ministry, and DHBs. Local projects will be administered by DHBs for their districts. National initiatives will be administered through the Pacific Health Branch.

The Pacific Health Branch has a national role and is responsible for administering activities most efficiently and effectively undertaken at a national rather than local level, where national consistency is needed across the country and those initiatives that focus or impact on Pacific provider development across the sector. This includes national workforce capability and capacity activities, and research projects.

DHBs have a district and local role, determining the best mix of services for their Pacific populations and the workforce and provider development requirements to support effective services. Local projects include provider development activities undertaken by Pacific providers who are serving local Pacific populations.

³ See Appendix 2 for details.

Funding Categories

There are two overarching categories of expenditure that reflect the different roles of the Ministry and DHBs outlined above. These are:

- local Pacific provider development projects (funded through DHBs) – currently set at \$3.648 million (GST exclusive)
- national Pacific provider development initiatives and projects (funded through the Pacific Health Branch of the Ministry) – currently set at \$1.351 million (GST exclusive).

These categories are broken down into the further subcategories outlined below.

Local Pacific provider development projects

Providers will not automatically qualify for PPDF funding. In order to receive funding, providers must demonstrate the need for development support in any of the four subcategories outlined below. Providers may seek funding from a mixture of subcategories.

1. Workforce development

A key objective of the PPDF is to develop a competent and qualified Pacific health workforce that will meet the needs of Pacific peoples. Funding will be available for providers' Pacific staff to undertake relevant training.⁴ Achieving a tertiary qualified workforce is considered a high priority by the Ministry. Further guidance on Pacific workforce development is contained in the Pacific Health and Disability Workforce Development Plan 2004.

Workforce development projects may include:

- backfilling of provider staff positions – for Pacific staff members who are undertaking health or disability sector training (either via a scholarship or personally funded)
- strategic projects – such as undertaking needs analysis and developing strategies to support ongoing workforce development
- governance and management training – projects specifically targeted at governance and senior management training and development, including mentoring programmes
- clinical training that is not funded elsewhere – health training for clinical staff (for example, nurses, doctors, community health workers, health promotion workers, allied professionals etc); and/or
- other training – projects for administration personnel or general training to meet quality/safety/legal requirements (for example, first aid training for all staff, training related to the development and documentation of systems and processes and procedures for external accreditation, certification, etc).

⁴ Note this category applies only to Pacific providers' Pacific staff.

2. Best practice and quality improvement

Pacific providers currently provide a wide range of health services. These services should be high quality and effective in improving outcomes for Pacific peoples. Initiatives in this category will assist Pacific providers to improve the quality of their services, and develop or apply Pacific models of care. Providers are permitted to employ staff to undertake best practice or quality improvement activities and projects. However, it should be noted that PPDF funding cannot be used for service delivery.

Example projects include:

- self-evaluations or assessments of service effectiveness and service quality in order to improve services
- projects that aim to increase the efficiency and/or quality of services
- new Pacific service model development – projects to explore alternative Pacific methods or models of service delivery
- networks/linkages – projects that support linkages with allied providers, including entering into Memoranda of Understanding
- access promotion – projects to support service access including communications planning, and service promotion resources and activities (funding is not available to meet the cost of ongoing overhead items)
- surveys/research – projects involving surveys of clients and research into current service levels.

3. Provider assistance

Initiatives in this area will generally focus on **one-off** support to assist providers with development, implementation or monitoring of their organisation's activities (eg, information and management systems). The Ministry expects that the PPDF will not be used in an ongoing way for provider assistance projects. The ongoing maintenance of capital purchases is an operational cost and is not permitted under this category. Appropriately funded services should be costed in such a way as to include an infrastructure support and development component.

If providers have received funding for a project from this provider assistance category they should not be eligible to receive further funding for a similar project in the future (for example, repeat restructuring will not be funded).

Example projects include:

- structure/legal – projects aimed at restructuring or assessing legal/constitutional issues for providers. Includes projects to convert legal entity status, amend constitutions, etc
- strategic planning – projects to develop strategic and business plans for the provider
- policies and procedures – projects to review and amend or develop policies and procedures

- capital IT – projects involving review and purchase of information technology (IT) solutions (software and hardware) that aim to enhance the efficiency and capability of Pacific providers to deliver services for Pacific populations (for example, electronic decision support systems). Includes specialist IT training for staff that will enhance their ability to use IT systems for the benefit of efficient and effective service delivery
- capital – non IT – projects involving capital purchases (not including IT projects) with agreed depreciation policies and procedures and consistent with a strategic or business plan that is agreed with the DHB. For example, refurbishments and fit-outs to meet the needs of new or expanding services including OSH requirements, ACC accreditation etc (but may not include the purchase of buildings or land).

4. New innovative development initiatives and projects

To ensure some flexibility and recognise that different districts will have different provider configurations, populations and needs (and that providers have their own goals and objectives) a ‘new initiatives’ subcategory has been allowed for. This category includes other new innovative ideas that will contribute to Pacific provider development and support the objectives of the PPDF, and that are not covered under the previous three categories. Initiatives under this category should not be undertaken at the expense of existing providers and support for them under the previous three categories.

Initiatives under this category may include:

- pilots of new services or service delivery mechanisms (including staff employment for these), provided such pilots are for a limited time and subject to a formal external evaluation (not longer than two years inclusive of the evaluation), and that a sustainable funding path is available via the DHB if the pilot is successful
- community development activities
- assistance for, or development of, Pacific non-health providers to support the development of Pacific networks across sectors to address determinants of health
- development of, and seeding, new Pacific providers for a time period not exceeding two years (providing there is a demonstrated need for a new Pacific provider). It is expected that the DHB will provide service funding after the set up phase.

DHB administration

DHBs may wish to co-ordinate some projects on behalf of a number of providers, for example, mentoring, co-ordinated IT development, co-ordinated quality or service standards projects. Such projects must be in line with the subcategories outlined above and all associated PPDF funding must directly benefit providers.

DHBs should collaborate where appropriate and encourage collaboration between providers. Providers may need intensive support to work together.

Projects not to be funded

The PPDF may not be applied towards:

- the ongoing cost of delivering services – with the exception of pilots for new services, subject to the limitations outlined on the previous page (page 10 refers)
- purchase of buildings or land
- ongoing provider fixed costs and overheads
- projects that are more appropriately funded from an alternative fund (eg, PHO establishment must be funded from PHO establishment funding and not from PPDF). PPDF may be used to supplement such funds where the primary source is proven to be unavailable or insufficient to meet the needs/budget identified in the providers business plan; or
- staff education and training that is not directly related to the delivery or management of health services.

DHBs cannot use the PPDF to fund DHB activity. This exclusion includes:

- administration costs associated with the PPDF
- DHB staff or contractors
- DHB overheads
- indirect DHB costs for associated projects undertaken or led by DHB staff members or contractors
- the work of the DHB (eg, developing DHB strategies including consultation on such strategies, policy responses or funding planning)
- activities that should be co-ordinated nationally (eg, scholarships).

Funding Approach

Local funding

PPDF funding will be calculated using a raw population approach on a 'per head of Pacific population' basis. This recognises that districts with higher Pacific populations are more likely to either have more providers, or a greater need for new providers who could benefit from further development. Other models note that Pacific-focused services are only viable in areas where the Pacific population is highly concentrated.⁵

This purchasing strategy will allocate funding to the 13 districts/DHBs with the highest Pacific populations.⁶

The 2005/06 Pacific population figures used by the MoH to calculate PPDF allocations are a projection by Statistics New Zealand as at 30 June 2004. The MoH uses these projections to determine the 2005/06 funding package for DHBs. The 2005/06 Pacific population projections will be fixed for three years and used for the duration of this purchasing strategy. The funding amount has been set at \$15.00 per head of Pacific population.

In 2005/06 the 13 funded districts collectively cover approximately 97.5 percent of the Pacific population (see table below).

⁵ For example, see *Pacific Mental Health Services and Workforce – Moving on from the Blueprint*, Mental Health Commission, September 2001.

⁶ Note: MoH is developing a model of Pacific provider development (see Appendix 2). In time this model may allow the development of further funding approaches for local Pacific providers.

2005/06 Pacific population projections

District and DHBs	Pacific population ⁷	PPDF funding (GST exclusive)	Approximate percentage of total New Zealand Pacific population
Counties Manukau	89,235	\$1,338,525	35.8
Auckland	52,740	\$791,100	21.2
Waitemata	35,045	\$525,675	14.1
Capital & Coast	21,840	\$327,600	8.8
Hutt	10,390	\$155,850	4.2
Canterbury	8,755	\$131,325	3.5
Waikato	7,805	\$117,075	3.1
Hawke's Bay	4,640	\$69,600	1.9
MidCentral	3,630	\$54,450	1.5
Otago	2,710	\$40,650	1.1
Bay of Plenty	2,325	\$34,875	0.9
Lakes	2,270	\$34,050	0.9
Northland	1,833	\$27,495	0.7
Total	243,218	\$3,648,270	97.7%

If the PPDF is increased in the future, the Pacific Health Branch will be in a position to consider further increasing the funding amounts to DHBs who receive PPDF.

⁷ Statistics New Zealand projection as at 30 June 2004.

National Pacific Provider Development Initiatives and Projects

As discussed on page 7, the national Pacific provider development initiatives and projects category will include activities that are most efficiently and effectively undertaken at a national level and cannot be cost effectively co-ordinated locally. National activities will be administered by the Pacific Health Branch of the Ministry.

National initiatives and projects will contribute to the competence and capability of Pacific providers but will also produce tools that can be used by mainstream services to improve the focus, competence and quality of their services for Pacific people.

The national Pacific provider development initiatives and projects will include the following subcategories:

- National provider development⁸
 - remaining DHBs
 - Pacific Disability Support Services (DSS) and Pacific public health providers
- National learnings
 - national/regional fono
- Workforce capacity and capability
 - Pacific health leadership development
 - Pacific health workforce awards
 - Support for Pacific Professional Organisations
 - National workforce development projects (implementing the PH&DWDP)
- Research
 - Pacific health research (Pacific Health Branch/HRC collaboration).

National provider development

Remaining DHBs

There are a further eight DHB districts that do not receive a PPDF allocation because their Pacific populations are currently considered too small or widely spread to be able to sustain a Pacific provider (see table below).

⁸ Pacific Mental Health Providers are currently covered under provider development activity led by the Ministry's Mental Health Directorate. Refer to Appendix 1 for further information.

District and DHB	Pacific population⁹	Approximate percentage of total New Zealand Pacific population
Nelson Marlborough	1225	0.5
Southland	1160	0.5
Whanganui	995	0.4
Tairāwhiti	778	0.3
Taranaki	745	0.3
Wairarapa	718	0.3
South Canterbury	338	0.1
West Coast	153	0.06
Total	6112	2.46%

The Pacific Health Branch will undertake a project to consider options for Pacific provider development in these regions. This category will not have any funding attached to it until this project is completed.

Pacific DSS and public health providers

The Ministry currently holds service contracts with most Pacific DSS and Pacific public health providers. This has meant that, although not excluded from being eligible for PPDF funding (and some are funded by DHBs where they are also Primary Health Care providers) DHBs have generally only funded providers that they also have service contracts with.

Some Pacific public health providers may receive funding for workforce development as part of their service contracts with the Ministry.

The Pacific Health Branch of the Ministry will undertake a project to determine options for provider development for Pacific DSS and Pacific public health providers working with the Ministry's Disability Services and Public Health Directorates. This category will not have any funding attached to it until this project is completed.

National learnings

National/regional fono

The Pacific Health Branch and DHBs will ensure collaboration occurs between national and local initiatives as required. The Pacific Health Branch will make regular communications to DHBs and other relevant organisations on progress under national initiatives. To facilitate this, the Branch will hold a national fono with Pacific health providers and DHBs to share learnings and discussion around Pacific provider development and this purchasing strategy.

⁹ Statistics New Zealand projection as at 30 June 2004.

DHBs are encouraged to undertake regular regional fono to facilitate provider linkages. In particular, the Pacific Health Branch considers it important for larger DHBs to mentor and support smaller DHBs.

Workforce capacity and capability

Implementation of the PH&DWDP/national workforce development projects

The Pacific Health Branch will consider funding action points from the Pacific Health and Disability Workforce Development Plan (PH&DWDP), where doing so will contribute positively to Pacific provider development.

Pacific health leadership development

Pacific leadership development is a key component of Pacific workforce and provider development. In 2004/05 a Pacific leadership development strategy was developed. It aims to compliment existing health sector and wider public sector leadership programmes and will include a Pacific values programme. The Pacific values programme will include cultural awareness of the diversity and complexity of Pacific communities and leadership within these communities.

In 2005/06 to 2007/08 funding allocated to this category will be used to deliver the programme to Pacific leaders and potential leaders across the health and disability sector. Recruitment into the programme will be through a transparent process with new cohorts being recruited on a regular basis, every two years.

Pacific health workforce awards

The Ministry contracts with a provider to administer the Pacific Health Workforce Awards (the Awards). The purpose of the Awards is to support development of a tertiary qualified Pacific health workforce. The Awards are managed nationally to ensure all applicants who meet the criteria have access to an award regardless of which DHB district they are living in.

The objectives of the scholarships awarded under the Awards are to support:

- the workforce training needs of Pacific health providers
- Pacific students to train in health sciences or health management.

The Awards have been updated, with new criteria developed. In 2005/06 to 2007/08, the Awards will continue to prioritise staff from Pacific providers and the new emerging Pacific workforce that are beginning, or continuing, health related training and education. Crown employees (including DHB employees) are not eligible for these awards.

Support for Pacific health professional organisations

The Ministry will continue to support the development of Pacific health professional organisations and projects undertaken by these organisations that will improve Pacific workforce capacity and capability and support the goals and objectives of the PH&DWDP. The funding will be allocated via a contestable process calling for proposals from interested organisations. Projects may not include establishing new training programmes or delivering training programmes.

Eligible organisations will be those that have:

- been established for, and are governed by, Pacific health professionals
- demonstrated the ability to undertake the project in a culturally appropriate manner.

Eligible projects must have demonstrated support from Pacific providers/health professionals and fit within the goals and objectives of the PPDF.

Research

A research and evaluation category is needed to ensure development of new understandings around Pacific provider and workforce development and test the effectiveness of current initiatives.

Pacific health research (Pacific Health Branch/HRC collaboration)

The Pacific Health Branch has formed a collaborative relationship with the Health Research Council (HRC) and has developed a joint research programme on Pacific provider and workforce development. Research projects will be undertaken in each financial year and managed by a joint steering group.

A range of Pacific health provider and workforce development research projects will be undertaken to meet the goals and objectives of PPDF.

Method of allocating funding

The Ministry will develop funding plans as required for the national initiatives category.

Contracting Mechanism

The Ministry will fund PPDF activities via stand alone contracts with DHBs, and other organisations.¹⁰ The contracts will ensure:

- appropriate focus on PPDF objectives
- more direct accountability and reporting on PPDF
- continuation of a funder to funder relationship between the Pacific Health Branch, of the Ministry and DHBs
- regular PPDF reporting to the Pacific Health Branch
- appropriate action being taken in the event of non-performance.

The contract will include:

- a standard service specification that reflects this purchasing strategy
- standard reporting requirements that will support the Pacific Health Branch's reporting and accountability requirements, and the ongoing funding and stewardship of the PPDF.

It is intended to use three-yearly contracts with DHBs, where appropriate, to facilitate funding security and longer planning timeframes. DHBs will be paid annually at the start of each financial year. Payment is conditional on DHBs meeting all their previous reporting and contract requirements. It is expected that DHBs will also contract with providers for an extended period.

DHBs will be required to provide a high level strategic plan outlining how they will move from an annual to a three-yearly cycle with their Pacific providers.

Timeframes

It is expected that funding will be released to DHBs on 1 July of the financial year within which it is to be spent. Achieving this timeframe will require planning, contracting and invoicing to be carried out prior to 1 July.

¹⁰ That is, PPDF activities will not be the subject of omnibus contracts, for example DHBs' Crown Funding Agreements.

Under Spend

The Pacific Health Branch of the Ministry has the authority to reallocate any unspent funding from any category into other PPDF categories or other projects that fit within the requirements of this purchasing strategy.

Appendix 1: Other Ministry Provider Development Funding Streams

Mental health

The Mental Health Directorate will commission a report into options for implementing a Pacific mental health provider development and training programme specific to the needs of Pacific mental health providers.

This will include:

- carrying out an assessment of Pacific mental health providers' needs and expectations
- undertaking a review of current Pacific provider development programmes
- reporting on the best options for implementing a Pacific mental health provider development programme.

The Pacific Health Branch will link closely with the Mental Health Directorate regarding developing Pacific providers.

Disability services

The Disability Services Directorate does not have Pacific provider development funding available for Pacific Disability Support Service providers.

Public health

Some Pacific public health providers may receive funding for workforce development as part of their service contracts with the Ministry.

Appendix 2: Pacific Provider Development Model

In 2004 the Ministry undertook a review of PPDF. This review suggested that Pacific providers' development needs are changing over time. The indication is that there has been a shift from predominantly infrastructure development towards an increasing focus on 'service development', service quality and facilitating best practice Pacific health services. This shift in focus reflects the changed needs of providers as they achieve goals along a development pathway. Workforce development will continue to be a key feature of providers' development plans.

In recent years, the majority of funding has been allocated to provider assistance initiatives (between 2001/2002 and 2003/2004 nearly 60 percent of PPDF funding was allocated to provider assistance initiatives). Over time, it is expected that the proportion of funding going to provider assistance initiatives will decline. However, there is no particular timetable for this and there is no ideal number of Pacific providers.

The short time over which the Pacific provider sector has developed ensures that there will be a continuing need to expand and develop the capacity of the Pacific provider sector for the foreseeable future. Imposing a particular timetable or target figure would be arbitrary and contrary to the gradual, evolutionary nature by which the sector is developing. Imposing such limits would also introduce a short-term focus incongruent with the need for a long-term view to overcome the systemic barriers to Pacific peoples accessing health services. Such barriers have historically limited mainstream services' ability to respond to the health needs of Pacific peoples and need to be overcome if mainstream and Pacific providers are to respond more effectively to the needs of Pacific peoples.

Provider development grants to Pacific providers are to enable them to build their capacity to the point where they can sustain their operations and can deliver services with a distinctive Pacific focus, in a way that mainstream providers are not being asked to do.

The Pacific provider sector requires ongoing support to further develop its capacity and capability so that it can provide for the high levels of unmet health needs among Pacific peoples. The relative youth of most Pacific providers and the small scale and nascent state of their supporting infrastructure also means that Pacific providers need continuing support to reach a level of development comparable to longer established providers. This is compounded by the fact that most Pacific providers operate in high deprivation areas.

In 2004/05 a process and outcomes evaluation of the PPDF was commissioned. The evaluation will consider Ministry of Health initiatives, DHB initiatives and provider development projects to assess the extent to which the PPDF has achieved its objective of supporting the development of efficient and effective Pacific health providers.

The purpose of the evaluation is to: improve the understanding of PPDF investment decisions and guide future investment decisions; assess/measure the PPDF's contribution to the development of the Pacific health provider sector; determine how Pacific health provider development has improved the accessibility and effectiveness of health services for Pacific peoples and identify other factors that may affect the development and effectiveness of the Pacific health provider sector.

The PPDF evaluation will have two main components:

- A provider development model that will provide guidance on Pacific health provider life cycles; the development activities appropriate for Pacific organisations at different stages of maturation; and the assistance they need from the PPDF. This will include gathering baseline data on Pacific providers of health and disability support services to complement and update existing profiles held by the Ministry of Health.
- An evaluation of the effectiveness of PPDF in terms of its immediate objective to support and facilitate provider development, and with respect to longer term outcomes such as supporting improvements in health service delivery and workforce development. This aspect of the evaluation will look at Pacific health provider development projects, DHB initiatives and Ministry led national initiatives. The evaluation will consider the extent to which the principles and goals of the Pacific Provider Development Framework have been implemented.

It is expected that when the provider development model becomes available, future purchasing decisions will take the model into account.

Appendix 3: Consultation Process

This purchasing strategy was developed using the following consultation process:

- All Ministry Directorates were provided an internal draft for comment over a two week period in November 2004.
- DHB Pacific Managers (top seven DHBs) were consulted regarding options for their involvement in purchasing strategy development. DHB Pacific Managers were provided with an early draft to allow them to seek early input from their Pacific providers.
- An external consultation draft was developed, based on Ministry Directorate and early DHB input.
- All DHBs and external government agencies were provided with an external consultation draft for a two-month consultation period from mid December 2004 to mid February 2005. DHBs were asked to circulate this draft to their Pacific providers and facilitate their feedback.
- The Ministry met with smaller DHBs (8–13) in mid-March 2005.

External feedback was taken into account and incorporated in this purchasing strategy. Feedback was received from the following agencies:

- Child, Youth and Family Services
- DHBNZ (Workforce Development Group)
- Housing New Zealand Corporation
- Ministry of Pacific Island Affairs
- Ministry of Social Development
- DHBs: Tairāwhiti; Lakes; Hutt Valley; Canterbury; Auckland; Otago; Northland; Whanganui
- Rotorua Pacific Islands Charitable Trust (via Lakes DHB)
- Pacific Trust Canterbury (via Canterbury DHB)
- Mobile Nursing Service Tangata Atumotu (via Canterbury DHB)
- Counties Manukau Pacific providers (via Counties Manukau DHB)
- Pacific Health Reference Group.