

Reference: 20240867

22 November 2024

Rodney Parsons
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Dear Rodney

Thank you for your Official Information Act (OIA) request, received on 2 November 2024. You requested the following:

*Treasury is quoted as suspecting a decline in productivity as measured by a decline in "case weights per FTE"
(<https://www.nzherald.co.nz/nz/politics/documents-reveal-treasurys-warnings-about-health-nzs-finances-and-board/MVFI6UGUDFBAXPEWAV72ZEDSCU/>).*

Presumably treasury is referring to the WIES measure? Can treasury confirm this.

Can treasury also confirm that it has received advice from Ministry of Health and Te Whatu Ora of the following:

- NZ's use of Victoria' WIES measure has morphed well beyond the intended use, with the core structure being broken by the separate creation of the neonatal weighting, meaning that there ceased to be a single national weighting some years ago.*
- Rather than heed warnings from Australia about this weighting, NZ decided to take a short term adjustment with multi-billion dollar consequences which have also driven health decisions for a number of years.*
- The WIES implementation effectively "broke" in mid-2022, meaning that the current implementation is no longer valid.*
- MoH has been aware of this for several years and pre-reform had a team exploring a transition to the Australian Independent Health and Aged Care Pricing Authority (IHACPA) National Weighted Activity Unit (NWAU), however the plan was deprecated during the reform and doesn't appear to have been adopted.*
- Due to the failed national data integration, the activity weightings have not been reliable since 2021-22, and a simple explanation for some of the activity reductions is loss of the data, rather than a real under-activity position.*
- Along with the publicly acknowledged difficulty in tracking FTE, this means that treasury's productivity measure is very unreliable - can treasury outline its uncertainty calculations on that figure.*

In all, can treasury confirm that it's measure of outputs (WIES) is broken, and combined with the uncertainty around inputs (FTE), that treasury cannot be certain what productivity levels for health actually are. Given information uncertainty is common, can treasury disclose any Value of Information measurements it has undertaken, and any steps taken with MoH and HNZ to

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rectify the health costing/weighting system.

As it stands your request for information under the OIA does not meet the threshold for 'official information'. Official information is information actually held in some form by an agency or Minister of the Crown. Questions that require an agency to form an opinion or provide an explanation, and so create new information to answer the request, is not deemed official information under the OIA. Therefore, your request is refused under section 18(g) of the OIA, as there is no 'official information' held.

However, I would suggest you visit the Treasury website which details advice on the financial performance of Health New Zealand: [Treasury advice on the financial performance of Health New Zealand - Information release | The Treasury New Zealand](#)

Please note that this letter (with your personal details removed) may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Jess Hewat
Manager, Health and ACC