

Aide-Mémoire

Update on Budget 22 Initiatives and Contingencies February 2024

Date due to MO:	15 February 2024	Action required by:	N/A
Security level:		Health Report number:	H2024035871
To:	Hon Dr Shane Reti, Minister of Health		
Consulted:	Health New Zealand: <input checked="" type="checkbox"/> Māori Health Authority: <input type="checkbox"/>		

Contact for telephone discussion

Name	Position	Telephone
Fergus Welsh	Chief Financial Officer	s 9(2)(a)
Kevin Davies	Deputy Chief Financial Officer	s 9(2)(a)

Aide-Mémoire

Update on Budget 22 Initiatives and Contingencies February 2024

Date due: 15 February 2024

To: Hon Dr Shane Reti, Minister of Health

Security level: **Health Report number:** H2024035871

Purpose

1. This report responds to your request at a recent meeting with officials for the further information relating to the status of Budget 2022 initiatives.

Background

2. During your meetings with Ministry of Health | Manatū Hauora (the Ministry) officials during January 2024, and further discussions in preparation for the joint Ministers meeting on Wednesday 31 January 2024, you requested additional information on the status of the funding provided through the initiatives approved at Budget 2022 [H2024034934 refers].
3. Ministry officials have worked with Health New Zealand | Te Whatu Ora (HNZ) to produce updated information on the initiatives for your consideration. This report provides that information.

Report

4. The previous report detailed a split of the 39 Budget 2022 initiatives into the following five categories:
 - a. Initiatives where there is no or limited opportunity to reassess spending or to reprioritise the programme.
 - b. Initiatives which are not aligned to Government priorities as they reflect a targeted approach for a particular portion of the population rather than to reflect need.
 - c. Initiatives which are not aligned to Government priorities as they are initiatives which have not been identified as an area of priority for the Coalition Government.
 - d. Initiatives where there is limited progress and expenditure committed to date - therefore there is an opportunity to reassess the programme; and
 - e. Initiatives where the programme has not started - therefore there is an opportunity to reassess the programme and the level of investment.
5. The additional analysis that has been completed has maintained this split of the initiatives into these categories, but we have provided a further breakdown within those categories of whether (based on information provided by HNZ) the funding has been committed or remains available for further decisions and / or reprioritisation.

6. The remainder of the report will work through categories b) to e) from the above list. We have assumed that where there is little or no ability to reprioritise (category a. above), there is no merit in looking at these initiatives in any more detail. This means that the total value of the initiatives that this report considers is just under \$1.1 billion of funding over four years, broken down between the categories as:

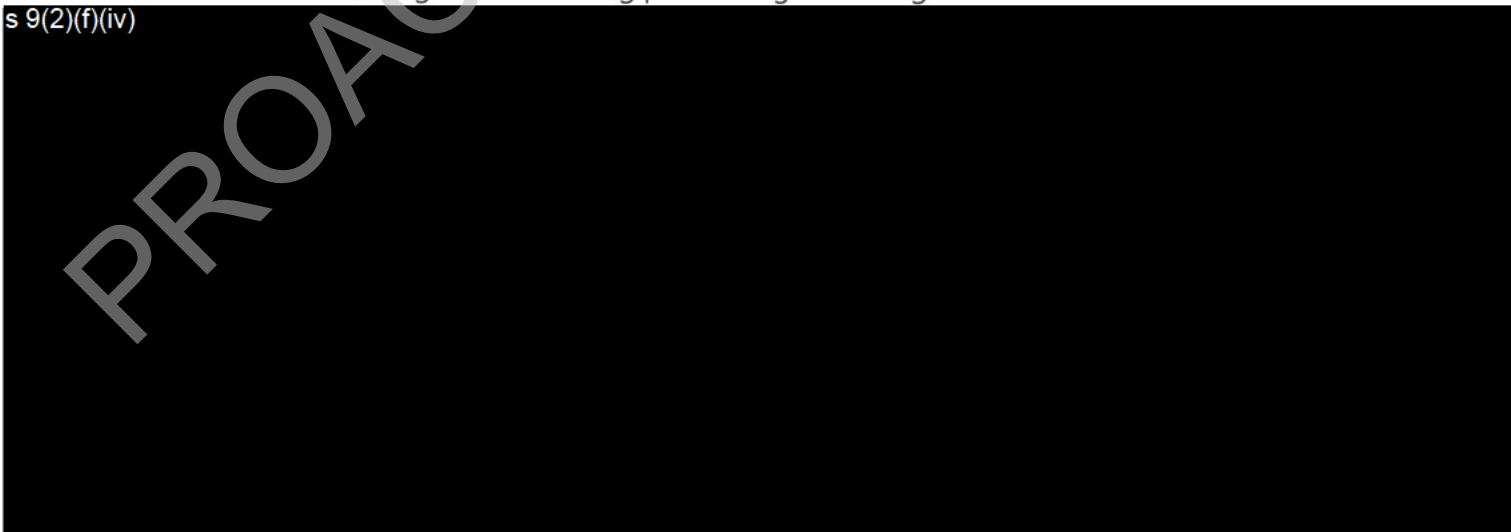
s 9(2)(f)(iv)



Summary

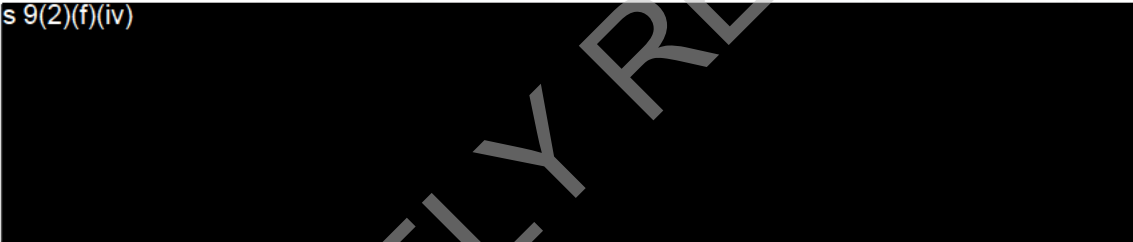
7. In summary, following the further analysis undertaken by the combined Ministry and HNZ teams, we get the following position against Budget 22 initiatives:

s 9(2)(f)(iv)



8. Of the \$1.058 billion of additional funding approved in Budget 2022 within the categories as detailed above, we have been advised that:
- a. \$708.544 million of the funding is fully committed. This means that there are contracts written for at least the current year, and the intention is that these contracts will continue into the future. However, in discussions with HNZ, there remains an opportunity within these areas, for these contracts to be terminated (with a lead time advising of an intention not to renew of around 6 months) and for the activities to cease. This could free up funding for reprioritisation to other areas. For those initiatives where there is a clear direction from you that this is not an area in which you wish HNZ to continue to invest, then HNZ could be requested to provide a more detailed assessment of the risks and consequences of following this path.
 - b. HNZ have determined that there is \$263.007 million of funding which they intend to fully commit and contract over the next three years, although these are yet to be formally contracted. This situation provides you with a short window to request that HNZ cease entering into any further agreements with this funding. The Ministry would again recommend that HNZ are requested to provide a more detailed assessment of what the risks and consequences of this approach would be, to allow you to make decisions based upon complete information.

c. s 9(2)(f)(iv)



9. Alongside this, HNZ have identified that there is \$25.2 million of funding held in the *Data and Digital Infrastructure and Capability – Enabling Health System Transformation* contingency (\$10.1 million of operating funding and \$15.1 million of capital funding) that can be released to be repurposed for other activities.
10. The next sections will break this opportunity down between the four categories (b-e).

Category b) - Initiatives which are not aligned to Government priorities as they reflect a targeted approach for a particular portion of the population rather than to reflect need

11. Following the additional analysis undertaken, the initiatives that are classified in this category are detailed in Appendix One. In summary:

s 9(2)(f)(iv)

12. There are six initiatives that fall into this category, of which the majority of the funds have already been committed in the current and outyears. There is a small opportunity with some funds that are no longer required for two Rainbow initiatives, but as laid out in paragraph 8b above, the main opportunity in this space will require a more detailed analysis to be provided by HNZ of what of the future commitments can be foregone and what are the risks associated with this approach.

Category c) - Initiatives which are not aligned to Government priorities as they are initiatives which have not been identified as an area of priority for the Coalition Government

13. Following the additional analysis undertaken, the initiatives that are classified in this category are detailed in Appendix Two. In summary:

s 9(2)(f)(iv)

14. In this category, there is \$25.622 million available to you for reprioritisation. This is principally connected with the contingency funding set aside for the Smokefree Aotearoa

2025 Action Plan, which is not continuing and therefore this contingency is available for reprioritisation.

Category d) - Initiatives where there is limited progress and expenditure committed to date - therefore there is an opportunity to reassess the programme

15. Following the additional analysis undertaken, the initiatives that are classified in this category are detailed in Appendix Three. In summary:

Initiative	Classification	Total Budget	2022/23 Funding	2023/24 Funding	2024/25 Funding	2025/26 & outyears	2023/24 spend to 30.11.2023
		(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Category D	Committed	358.770	82.091	114.933	103.023	58.723	34.699
	Intended to be committed	166.300	3.570	53.907	46.656	62.167	-
	Recommended to be returned	55.478	-	6.523	17.865	31.090	-
	GRAND TOTAL	580.548	85.661	175.363	167.544	151.980	34.699

16. Of the \$55.478 million of funding that has been identified as available for reprioritisation, there are three initiatives that provide this opportunity:



17. In addition to these immediate opportunities, there is a further \$166.300 million of funding that has not yet been committed to contract, although it is anticipated that these services will continue to be required at this stage. This situation provides you with a further opportunity across the list of initiatives detailed in Appendix Three, although the vast majority of this funding is intended to be spent in the Data and Digital area. The Data and Digital team have offered up some funding that is not required through the available contingencies (see paragraph 9 above) and any further reallocation of funding away from these projects is likely to have longer term impacts on the progress that will be able to be made in this area.

Category e) - Initiatives where the programme has not started - therefore there is an opportunity to reassess the programme and the level of investment

18. Following the additional analysis undertaken, the initiatives that are classified in this category are detailed in Appendix Four. In summary:

22. The next step is to identify areas where you would like to reprioritise this funding to, noting that there is on-going funding of \$38.684 million from 2025/26 onwards which would allow on-going programmes to be funded, as opposed to one-off initiatives.
23. Once identified, officials from the Ministry and HNZ will work together to produce the necessary documentation to allow the funding to be repurposed, which may require Cabinet consideration and approval.
24. You do have the option to request additional information from HNZ regarding any initiatives where there are future funds committed but which you do not see as a priority.
25. To assist in determining those areas where you seek further opportunities to identify funding that could be reprioritised, you may wish to identify the specific initiatives within the lists contained in Appendix 1 – 4, which you would like this level of analysis on, to ensure that the Ministry and HNZ can focus on the right areas.

Fergus Welsh
Chief Financial Officer
Date:

Initiative	Classification	Total Budget	2022/23 Funding	2023/24 Funding	2024/25 Funding	2025/26 & outyears	2023/24 spend to 30.11.2023
		(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Category E	Committed	37.928	17.622	3.440	4.851	12.015	-
	Intended to be committed	39.978	-	13.848	13.197	12.933	-
	Recommended to be returned	2.060	-	2.060	-	-	-
	GRAND TOTAL	79.966	17.622	19.348	18.048	24.948	-

19. Most of the funding that is being made available through this category comes from the current financial year and is allocated funding for the initiative signed off for *Preventing Family Violence and Sexual Violence: Services for Victims of Non-fatal Strangulation*. This is a joint initiative with several other departments, who have accepted that this funding can be repurposed due to the delays in embarking upon the programme. Future years funding will still be required.

Next steps

20. The information provided above offers you various options for sourcing some funding for reprioritisation opportunities.
21. At a minimum, this is the total of \$93.893 million of operating funding over three years (\$58.793 million from Budget 22 initiatives and \$35.100 million from contingency), and \$15.100 million of capital funding from the Data and Digital capital contingency, with the following time profile:

Vote Health Minister of Health	\$ millions		
	2023/24	2024/25	2025/26 and outyears
Non-departmental Output Expenses: Delivering Hospital and Specialist Services	2.397	0.369	0.369
Delivering Primary, Community, Public and Population Health Services	6.801	17.792	31.065
Total Operating	9.198	18.161	31.434
Smokefree Aotearoa 2025 Action Plan – Contingency	10.000	7.750	7.250
Data and Digital Infrastructure and Capability – Enabling Health System Transformation Contingency	10.100	-	-
Total Operating Contingency	20.100	7.750	7.250
Data and Digital Infrastructure and Capability – Enabling Health System Transformation Contingency	15.100	-	-
Total Capital Contingency	15.100	-	-
Grand Total	44.398	25.911	38.684

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Briefing

Budget 2024: Revisions to the Vote Health Package for submission

Date due to MO: 15 February 2024 **Action required by:** 16 February 2024

Security level: **Health Report number:** H2024036127

To: Hon Dr Shane Reti, Minister of Health
Hon Matt Docey, Minister for Mental Health and Associate Minister of Health

Copy to: *Subject to recommendations below*
Hon David Seymour, Associate Minister of Health (Pharmac)
Hon Casey Costello, Associate Minister of Health

Consulted: Health New Zealand: Māori Health Authority:

Contact for telephone discussion

Name	Position	Telephone
Maree Roberts	Deputy Director-General, Te Pou Rautaki Strategy, Policy and Legislation, Manatū Hauora	s 9(2)(a)
Steve Barnes	Group Manager Strategy, Te Pou Rautaki Strategy, Policy and Legislation, Manatū Hauora	s 9(2)(a)

Minister's office to complete:

- | | | |
|---|------------------------------------|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <input type="checkbox"/> Noted |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn | |

Comment:

Budget 2024: Revisions to the Vote Health Package for submission

Security level:

Date: 15 February 2024

To: Hon Dr Shane Reti, Minister of Health
Hon Matt Doocey, Minister for Mental Health and Associate Minister of Health

Purpose of report

1. This report provides the Minister of Health and the Minister of Mental Health with updated advice on the final package of proposed initiatives and supporting documentation for the Budget 2024 process, which will be submitted to the Treasury on 16 February 2024. This update includes:
 - a. an overview of changes to templates for Vote Health initiatives invited into the Budget 2024 process, following your feedback and direction on the draft initiatives provided on 9 February 2024 [H2024035078 refers]
 - b. a revised letter to support the formal response to the Minister of Finance **(Appendix 1)**
 - c. a further template required by the Treasury for submission that summarises the Vote Health package and the ranking you have specified, for your consideration and approval **(Appendix 2)**
 - d. an updated initiative template for 'Emergency department security- service expansion' **(Appendix 3)**.
2. Your decision is requested by 11:00am tomorrow (16 February 2024) to enable Ministry of Health (the Ministry) officials to submit the Vote Health package to the Treasury by 1:00pm tomorrow.

Summary of changes to the Vote Health package

3. You received advice on 9 February 2024 setting out a proposed Vote Health package for Budget 2024 for your consideration and feedback [H2024035078 refers]. The package included cost pressure, new initiative, capital and savings templates, as well as an update on the progress of all initiatives.
4. You have since provided feedback on the proposed initiatives and your feedback is now reflected in the respective templates. The table below sets out a summary of the resulting changes and subsequent direction sought ahead of submission to the Treasury. The updated 'Emergency department security – service expansion initiative' is attached in full at Appendix 3 for your consideration and approval.

Category	Initiative <i>Only initiatives with changes are included</i>	Changes resulting from your feedback	Direction sought
Cost pressures	Health cost pressure funding for Health New Zealand	s 9(2)(f)(iv), s 9(2)(j)	Noting.
	s 9(2)(f)(iv), s 9(2)(j)		Noting.
New spending initiatives (invited and uninvited)	General – order of priority	<p>Your preferred ranking has now been reflected in the additional summary template required by the Treasury (Appendix 2). This includes:</p> <p>Within 100-day plan actions:</p> <ol style="list-style-type: none"> 1. Emergency department security – service expansion 2. Breast screening extension of eligibility to include 70-74 year olds as part of the free national programme 3. Health workforce – Waikato third medical school <p>Within Manifesto commitments:</p> <ol style="list-style-type: none"> 1. Primary care funding – support for immunisations and health targets 2. Health Workforce – Training more doctors 3. Health Workforce – Bonding scheme for nurses and midwives 4. Medicines – Increasing access to medicines including cancer treatments. 	Review and approve the summary template for submission to the Treasury at Appendix 2 (recommendation j).
	Emergency department security – service expansion	<p>On your direction, this initiative has been scaled back to 50% (\$59.9 million over four years) and has also presented an additional option to deliver the scaled commitment (\$30.8 million over four years).</p> <p>A final draft of this initiative is attached at Appendix 3 for consideration and approval.</p>	Consider and approve the attached final draft of this initiative template, which gives effect to your direction on scaling.

Category	Initiative <i>Only initiatives with changes are included</i>	Changes resulting from your feedback	Direction sought
	Health workforce – Waikato new medical school	Based on your direction, the template has been revised to only seek costs for the cost benefit analysis and business cases components of this initiative in Budget 2024. Further funding to progress this initiative can be sought as an out-of-cycle request during 2024/25 or at Budget 2025.	Noting.
	Primary care funding – support for immunisations and health targets	The outcomes section has been amended to make it clear that this initiative is also to encourage enrolment of the c.250,000 unenrolled population. Note, reference to the unenrolled population as heavy users of the health system has not been included because a large cohort of the unenrolled are the younger population who have less need of the health system.	Noting.
	Mental Health and Addiction Community Sector Innovation Fund	The initiative template has been updated with changes to the risk and timeframe sections, noting HNZ's views that there is a risk they may not be able to fully distribute the full first year of funding committed to in the National Party's fiscal plan, but also noting there may be opportunities to accelerate the implementation timeline proposed in the bid to mitigate this risk. There have also been editorial changes to clarify the problem definition, as well as an alternative phased funding option.	Noting.
	Medicines – Increasing access to medicines including cancer treatments	Clarification that savings made from the prescription co-pay reinstatement would be a contributory source of funding for this in initiative.	Noting.
	Timely access to COVID-19 vaccine and therapeutics and ongoing cost-effective management of COVID-19	Based on your direction on 12 February, there is no required change to the draft template provided to you on 9 February.	Noting.
	Delivering on health targets through improved primary care access and accountability	This is a back-pocket initiative only. The template will not be submitted to the Treasury.	Noting.
Savings	Targeting the removal of prescription co-payment	Clarification that savings made from this initiative would be a contributory source of funding for the <i>Medicines – Increasing access to medicines including cancer treatments</i> initiative. Costings have been reviewed through the quality assurance process, and there is no change to the fiscal impact of this initiative.	Noting.

Category	Initiative <i>Only initiatives with changes are included</i>	Changes resulting from your feedback	Direction sought
Letter to the Minister of Finance		Updated to reflect the initiatives you intend to submit. This is attached at Appendix 1.	Approval (subsequent to which, we will work with the Minister of Health's office to manage submission).


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Final templates for submission to the Treasury

5. Excluding the Emergency department security – service expansion initiative, which is still subject to your approval, all final initiative templates have been amended according to the changes set out in the table above and are progressing through final quality assurance checks.
6. The final list of templates to be submitted are set out in the revised letter to the Minister of Finance attached at **Appendix 1**.
7. The Treasury requires one additional template to be completed, the 'Budget 2024 Initial Baseline Exercise Summary Template'. This template is broader than the concurrent baseline savings exercise that forms part of the proposed Vote Health submission to Budget 2024. It includes:
 - a. Section 1 - an overview of proposed operating baseline changes sought through Budget 2024 (including cost pressures and new spending initiatives)
 - b. Section 2 - a summary of alignment with Government priorities, including Vote Health expenditure and trends and the priority order for initiatives
 - c. Section 3 - information on planning for managing within baselines.
8. The template is attached at **Appendix 2** for your consideration and approval. If you have feedback, the Treasury have indicated that there is scope to refine and re-submit this template, if required, in the week following submission.
9. Ministry officials understand that this template will be shared with the Minister of Finance as part of the Budget 2024 process.

Health New Zealand cost pressure initiative

s 9(2)(f)(iv), s 9(2)(j)



- 12. [Redacted]

Increase in FTEs between 2023/24 and 2024/25

- 13. [Redacted]
- 14. [Redacted]
- 15. [Redacted]

PROACTIVELY RELEASED



Capital initiatives

16. On 13 February 2024, the Ministry provided the Minister of Health further information on the context for the capital initiatives and options to meet the signalled cost pressures for New Dunedin Hospital, including deferral or cancellation of current projects, use of tagged contingencies and use of HNZ reserves.

17. We are awaiting your formal direction and will submit the resulting templates (including any required amendments) tomorrow.

Next steps

18. Subject to your agreement to the amended Vote Health package, Ministry officials will submit the resulting templates to the Treasury by 1:00pm on 16 February 2024 and we will work with the Minister of Health's office to submit the letter and template to the Minister of Finance.
19. Ministry officials are working on further advice to support the Budget 2024 process following submission of initiatives, including:
- a. considerations for developing packages of funding
 - b. progressing advice on risks and mitigations for multi-year funding decisions in March
 - c. continued engagement on cost pressures.

Recommendations

We recommend you:

- a) **Note** that templates for initiatives invited into Budget 2024 have been amended to reflect your feedback. **Noted**
- b) **Note** that Budget 2024 initiative templates must be submitted to the Treasury by 1:00pm on Friday 16 February 2024, and you must formally respond to the Minister of Finance by the same deadline. **Noted**
- c) **Note** that in order to meet the submission deadline, your response to this report is required by 11:00am tomorrow (16 February 2024). **Noted**
- d) **Note** that the Minister of Finance has asked you to rank Vote Health initiatives in your response, and that your preferred priority order has been reflected in both the amended letter from the Minister of Health to the Minister of Finance (Appendix 1) and the required summary template for the Treasury (Appendix 2). **Noted**
- e) **Approve** the final draft of the 'Emergency department security – service expansion' (Appendix 3). **Yes/No**
- g) **Agree** to submit the revisions set out in this report, and the remaining components comprising the Vote Health package for Budget 2024 provided to you on 9 February 2024 [H2024035078 refers], as set out in the letter to the Minister of Finance attached at Appendix 1. **Yes/No**
- i) **Agree** to send the letter attached at Appendix 1 to the Minister of Finance. **Yes/No**
- j) **Agree** to submit the additional template provided at Appendix 2 required by the Treasury, 'Budget 2024 Initial Baseline Exercise Summary Template'. **Yes/No**

k) **Indicate** whether you would like to refer this advice to:

Hon David Seymour, Associate Minister of Health (Pharmac)

Yes/No

Hon Casey Costello, Associate Minister of Health.

Yes/No

Hon Dr Shane Reti
Minister of Health

Date:

Hon Matt Doocey
**Minister for Mental Health and Associate
Minister of Health**

Date:

Maree Roberts
Deputy Director-General
**Te Pou Rautaki | Strategy, Policy and
Legislation, Manatū Hauora**

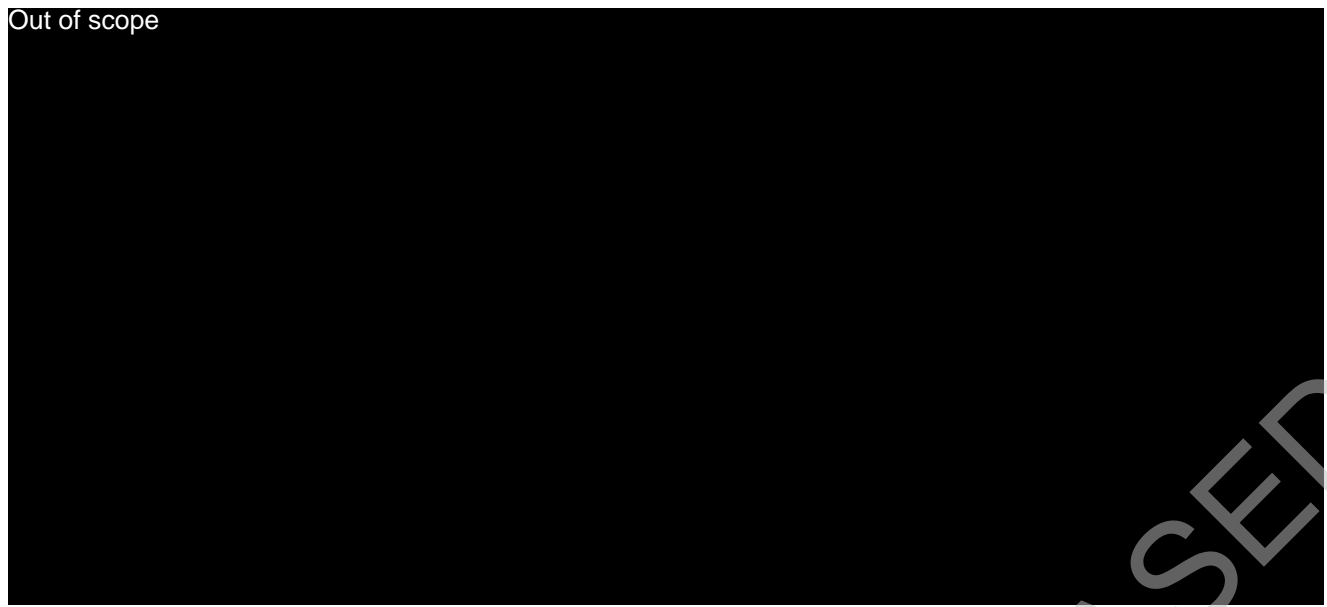
Date:

Minister's Notes:

PROACTIVELY RELEASED

PROACTIVELY RELEASED

Out of scope




PROACTIVELY RELEASED



PROACTIVELY RELEASED

Out of scope



PROACTIVELY RELEASED

Briefing

Achieving the Ministry of Health Baseline Reduction Target

Date due to MO: 22 February 2024 **Action required by:** 1 March 2024

Security level: **Health Report number:** H2024036448

To: Hon Dr Shane Reti, Minister of Health

Copy to:

Consulted: Health New Zealand: Māori Health Authority:

Contact for telephone discussion

Name	Position	Telephone
Fergus Welsh	Chief Financial Officer, Corporate Services	s 9(2)(a)
Geoff Short	Director, Transformation Management Office	

Minister's office to complete:

- | | | |
|---|------------------------------------|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <input type="checkbox"/> Noted |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn | |

Comment:

Achieving the Ministry of Health Baseline Reduction Target

Security level:

Date: 22 February 2024

To: Hon Dr Shane Reti, Minister of Health

Purpose of report

1. This paper responds to your request for an update on the Ministry of Health's (the Ministry) approach to meeting its Baseline Reduction Target (BRT) set by the Minister of Finance. Your agreement is sought to the overall direction of travel for the savings package.

Summary

2. As part of Budget 24 the Ministry is required to achieve a BRT of 6.5% on the Ministry's eligible baseline to enable the delivery of the Government's wider fiscal sustainability goals and to fund other critical cost pressures. While the savings target is 6.5% or \$12.6 million per annum, historic issues of unsustainable establishment funding combined with reductions from time limited funding mean the overall savings needed equates to up to a \$35 million reduction required in the baseline over the forecast period.
3. The work to identify savings is incorporated into the Ministry's existing Transformation Programme. Savings are being identified from areas where resources can be reduced due to activities being ceased or scaled back, particularly where activities do not align with the Government's priorities. Good progress is being made on the identification of savings, with around \$26 million identified in non-personnel savings to date. It is insufficient to address the required level of savings of up to \$35 million to achieve the BRT, address time-limited funding impacts and an unsustainable historic establishment.
4. To meet the level of savings required for next financial year changes will be needed to the organisational structure of the Ministry, which in turn will impact on the number of people we employ. The Ministry will need to downsize to meet its expected budget for next year. We will need your support to achieve this change as it will likely impact on our level of services to you over the next few months, especially our ability to absorb additional projects.
5. The level of organisational change needed will affect positions that are currently vacant and some that are currently filled. Both will have an impact on people that we will need to manage carefully. A robust change process will need to occur between late March and early June 2024 to realise the savings from 1 July 2024. There will be impacts on our staff, on some of our services provided, and on external perceptions of the Ministry during this time. Our leadership priority will be to staff during this period of uncertainty.

Recommendations

We recommend you:

- a) **Agree** to support the overall approach the Ministry of Health is taking to achieve its Baseline Reduction Target and reduce expenditure to meet its forecast budget from 1 July 2024 Yes/No
- b) **Note** the Ministry's approach is to make changes to non-personnel expenditure in the first instance, however the level of expenditure reduction needed to meet our forecast budget will require reductions to our overall number of personnel
- c) **Note** the non-personnel savings identified to date are unlikely to significantly impact on external stakeholders or services provided by the Ministry, especially core functions
- d) **Note** the personnel savings needed to realise the savings required to achieve the Baseline Reduction Target and residual funding risks will mean the disestablished of some filled and unfilled positions across the Ministry
- e) **Note** the level of organisational change needed to realise personnel savings may negatively impact on some of the Ministry capabilities and services, including how some core functions are delivered over the period of formal organisational change and staff consultation
- f) **Note** that the Ministry has a Transformation Programme in place to support the identification of appropriate savings, manage the process of change, and support the minimisation and mitigation of risks associated with organisational change

Dr Diana Sarfati
Director-General of Health
Te Tumu Whakarae mō te Hauora
Date:

Hon Dr Shane Reti
Minster of Health
Date:

Ministry of Health Baseline Reduction Target

Background

6. As part of Budget 24, each department has been requested to deliver savings from their departmental expenditure to enable the delivery of the Government's wider fiscal sustainability goals and to fund other critical cost pressures. A number of agencies have also been requested to review non-departmental expenditure to identify activities that can be ceased to fund cost pressures.
7. The Ministry of Health (Ministry) has been requested to find savings of 6.5% on the eligible departmental baseline, which equates to an average of \$12.6 million per annum from 2024/25. It is one of several agencies that are requested to identify 6.5%, based on the level of growth in FTEs in agencies since 2017. The agencies with significantly higher levels of growth have been requested to identify savings options for 7.5% of eligible baseline. As a result of the reforms undertaken in the health system the Ministry's FTEs have reduced significantly rather than grown over the period.
8. The 6.5% reduction in baseline funding for the Ministry is referred to as our Baseline Reduction Target (BRT) and has been included in the Budget 24 package (referred to as *Ministry of Health – Baseline Savings*).
9. However, in addition to meeting the BRT, the Ministry has gone through a period of significant change over the last four years. This has seen its departmental output expense baselines change significantly as a result as time limited funding expires and the Ministry must right size itself to live within significantly smaller outyear baselines. This has meant we need to realise a significantly larger savings target than the 6.5% set in Budget 24.

Process

10. To achieve the required reductions, we are focusing on realising savings from the Ministry departmental expenses under its multi-category funding appropriation. There is no requirement for other entities in the health sector to find savings, although as a departmental agency the Cancer Control Agency is included as part of our Ministry wide approach. The health sector entities are to make efficiencies in their operations and use any savings to address their cost pressures.

Internal

11. To find appropriate savings in our baseline we have set clear priorities for activities across the Ministry, reviewed our current activities against those priorities, worked to identify savings from areas of lower value or alignment with priorities.
12. Our approach to realising savings has been incorporated into our Transformation Programme, which has a dedicated short-term internal structure and the necessary governance arrangements to drive actions across the Ministry. Our Transformation Programme focuses on shifting internal resources to the value generating functions of

the Ministry: strategy, policy, monitoring, regulation and data and analytics, with the necessary enabling functions to support.

13. The Transformation Programme was initiated in mid-2023 following an external review of the Ministry by EY. Achieving the BRT has been added to the work programme of the Transformation Management Office to ensure that savings identified fit within the overall change process of the Ministry and align with our drive to increase our value creation.

External

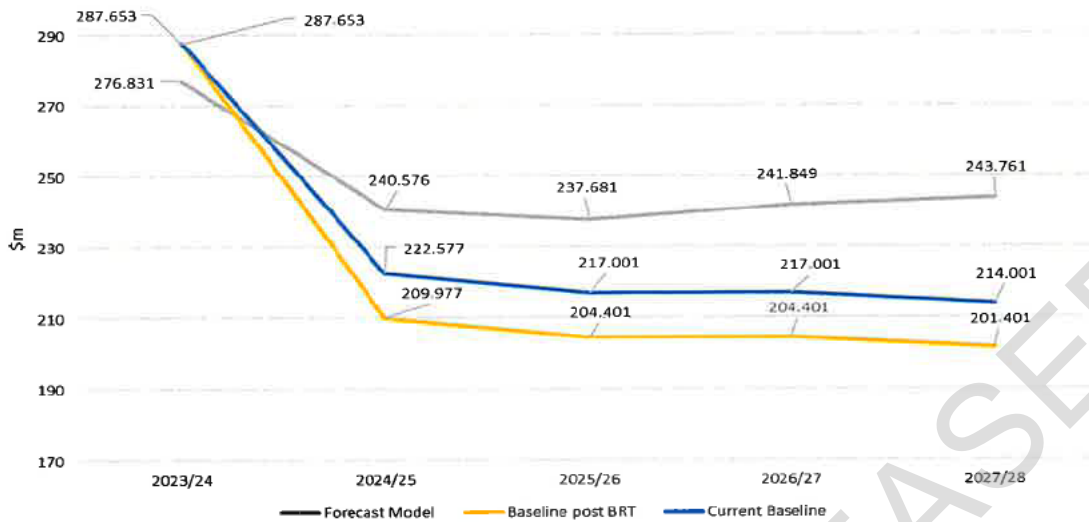
14. Like all agencies the Ministry is also working with the Treasury to identify the savings options for inclusion in the Budget 24 package. A Savings Assurance Panel (SAP) has been established by Central Agencies to review the approach each agency is taking. The Ministry presented in January to the SAP, which was satisfied with the outline provided and the methodology in use. The SAP will continue to provide external assurance to our approach as we progress with actions to realise the savings required.
15. As we move to realise any savings arising from personnel we will also need to work closely with the Public Services Commission, which is looking to coordinate any organisational change processes across the public service.

The Ministry Savings Target

Overall level of savings

16. The Ministry's baseline funding in 2023/24 is \$287.654 million, as at the October Baseline Update 2023. Within this, there are a number of elements of one-off or time limited funding, the biggest of which are associated with:
 - a. a COVID-19 contract with ESR,
 - b. the timing of the fluoridation works programme, and
 - c. the Therapeutic Products Regulatory Regime programme of work.
17. In total, this one-off or time limited funding is over \$65 million, meaning that the Ministry's baseline reduces to \$222.578 million in 2024/25, before any savings target is applied.
18. While the savings target is 6.5% or \$12.6 million per annum, historic issues of unsustainable establishment funding combined with reductions from time limited funding mean the overall savings needed equates to a \$31-\$35million reduction required in the baseline or more than 10% per annum on average over the forecast period.
19. The graph below illustrates the impact on the Ministry's forecast funding over the next four years compared to the current baseline and the BRT requirement.

Graph 1: Forecast expenditure compared to current baseline and proposed baseline with BRT



Source: Ministry of Health financial information

Ministry Savings Programme

20. The Ministry was already working to reduce its overall establishment to address the unsustainable historic funding issues and time limited funding through the Transformation Programme and has moved quickly to include the BRT requirements within its programme of work.
21. The Ministry is seeking to address our financial pressures through a combination of FTE position reductions and specific item savings.
22. The Ministry does not generally run programmes or services, so the specific savings items within our baseline come from departmental activities that support the provision of advice from areas within the Ministry, or support functions for the Ministry's operations. Staff were invited to feed into processes run by their Directorate senior leaders, and we have incorporated where appropriate feedback we have received from unions into our approach.

Prioritising resources

23. The Ministry has focused strongly on the activities we need to do to carry out our stewardship role and we have identified six priority areas, built on your priorities, which will help guide our resourcing priorities and where we can defer or scale spending:
 - a. Providing coherent system-level leadership
 - b. Driving system strategy and performance
 - c. Establishing ourselves as the Government's primary advisor on health, priority setting, policy, and system performance
 - d. Future-proofing our health system and taking a government-level leadership role
 - e. Strengthening our regulatory practice and assurance
 - f. Progressing our transformation work and the shifts we need to make in the way we work.

Savings options identified to date

24. The Ministry has identified a number of savings initiatives already and is continuing to progress its savings programme over the coming weeks. The nature of the savings options identified to date, primarily those to come from reducing personnel means we will need your support to our approach. Some of the impacts from our proposed savings options may be felt by you through downscaling resources for lower priority projects and staff capability challenges during a period of organisational change.

Non-personnel options

25. Following the external review of the Ministry by EY in 2023 we further reviewed departmental activity, FTE growth, consultants and contractor expenditure and enabling functions activities. The Ministry has significantly reduced its expenditure on contractors and consultants and in 2024/25 we expect to be below the target we set of 11% of our workforce expenditure. We will always require specialist and technical advice for specific projects and will need to retain some ability to bring this expertise in. Having already significantly reduced potential expenditure in these areas there is little remaining in the forecast that can be realised as savings.
26. The Ministry has identified a suite of savings measures that are set out in the table below. Some of these reductions can be made within our direct control while some actions will require us to work with other entities (e.g., the potential sublease option).
27. Of these options the reduction in the centrally held Director-General controlled funding pool (which is set aside each year to be released for unplanned work during the year) may have an impact on our agility and ability to absorb additional critical priority work you identify. It may mean that additional priority projects will need to be added in exchange for the removal of other projects or require additional funding to address capacity challenges. This will be a key area for us to re-establish to allow for some spare, albeit limited, capacity to meet unplanned demands, if we can identify alternatives.

s 9(2)(f)(iv)

s 9(2)(f)(iv)

** This includes forecasts encompassing staff turnover and cost of living increases and has been estimated based on historical trends for year-end spending against budget. There would be a residual risk if the Ministry is not realising any underspends during the year due to the reduced funding levels.

Personnel Options

28. Our Transformation Programme has been working to adjust our overall staffing level to fit our budget next year, as the time-limited funded activities come to an end. We anticipated that we could achieve that by primarily drawing on some of the non-staff related savings identified above matched with closing unutilised vacancies and positions. At the end of last year, the Ministry undertook a review of all current vacancies and closed vacancies where the roles are not core to a future-focused Ministry. At the end of 2023, when we were advised of the BRT requirement we paused external recruitment, engaging contractors and consultants with exceptions requiring approval by the Director-General of Health.
29. The additional 6.5% reduction in our budget means we will need to take further action that will affect those currently employed in permanent roles in the Ministry. The additional savings needed requires us to realise reductions in existing positions that are currently filled. Each Deputy-Director General has been reviewing their organisational structures to identify roles that are not critical to meeting our priorities or to align their organisational design with our new business rules and in doing so realise efficiencies in staffing.
30. We are still working through the overall number of positions likely to be disestablished, the number of currently vacant positions affected and the number of filled positions that will need to be disestablished. In addition, around 63 positions in the Ministry are based on time limited funding that means they will end by 30 June 2024.
31. The level of organisational change to realise the identified savings from personnel is significant. While we are still working through the options it may require an estimated 80-90 filled positions to be disestablished and require the removal of a similar number of unfilled vacancies.
32. The Ministry will need to develop an organisational change proposal and undertake robust consultation with staff. The earliest we can initiate a change process with staff is just prior to Easter in late March. We are working to complete the process by early June 2024 at the latest to realise the savings from 1 July 2024, and be able to provision for any change costs related to redundancies in the 2023/24 year, which will be met mainly from holding vacancies (as noted in para 28 above).
33. This is a tight timeframe in which to make these changes. To be able to consult on potential organisational change we need to finish our work on savings options, identify all affected and impacted positions and ensure managers and support services are in place to run the process. The Executive Team will consider some of this work next week.
34. Until we have finalised the balance of non-personnel and personnel changes required to achieve the necessary level of savings, we won't have a complete picture of the potential impacts these operational decisions will have our role to support you and to steward the wider health system. These decisions may have some short-term impacts on our capability and delivery of specific work programme. It will also likely impact on our ability to absorb new projects without additional resourcing. We will seek to engage with you once the proposed changes are determined to discuss any impacts.

Risks

35. The scale and scope of the change proposal is not yet determined. However, it will be significant, and likely impact at least 50% of the Ministry staff because of any proposed changes, with a much smaller proportion of staff directly affected by likely job losses. This may have a negative impact on some of our services this financial year as naturally staff and managers will look to focus on their employment circumstances and those of their direct reports. It may affect the speed and breadth of advice to you, other Ministers, and wider government.
36. We have ring-fenced some areas that provide services directly to external groups, such as Medsafe, which is predominantly third party funded, to reduce the impact on external stakeholders. We have also deferred any change for the Māori Health Directorate while it is absorbing the staff and additional work with the disestablishment of the Māori Health Authority.

Impacts

37. The impact of downsizing will be keenly felt by Ministry staff who have been through a number of changes over recent years. There will be uncertainty amongst impacted staff and any affected staff who lose their roles. These people will need to be redeployed or made redundant. A number will need to receive their contractual entitlements as part of redundancy processes. It will negatively impact on overall staff morale, which in turn will impact on services.
38. The impact of organisational change will likely create negative perceptions of the Ministry as an employer. In some cases, this may lead to negative media and public perception. We have signalled to staff already this year that there will likely be job losses, so there will be no surprises, but the nature of organisational change is it impacts personally when change processes are initiated. Our leadership focus will be on careful and well led communication as part of the process. It will also likely occur in the context of other agencies undertaking change and at a time when there is reduced mobility in the labour market.
39. The minimisation and management of key risks associated with realising savings from personnel will be managed as part of our Transformation Programme including:
 - a. Uncertainty among employees and key partners about the proposed change leading to misaligned priorities and poor engagement.
 - b. Business as usual (BAU) workloads and priorities lead to delays in transformation activities or BAU activities are not able to be maintained due to resourcing constraints.
 - c. Change fatigue within Manatū Hauora leading to disengagement or increased employee turnover.
 - d. Insufficient funding available to implement the transformation and capability building programme in a structured way.
 - e. Benefits are not delivered as anticipated and savings not realised due to any delays in agreed organisational changes.
40. There will be restructuring costs such as redundancies, required within the current financial year. At this stage, the amount required is unknown and we are working

through the appropriate mechanisms to realise it from within our 23/24 baseline funding.

Next steps

41. The Ministry's Executive Governance Team will shortly consider our savings proposals and identify the non-personnel and personnel changes needed to reduce our expenditure for the next financial year. Final decisions on these will be needed as close to the end of this month as possible, so we can outline the impact of our proposed actions to meet the 6.5% savings initiative in the Budget 24 package. The proposals and their impact on the Ministry's capability, capacity and work programme may also come up in discussions with other Ministers, including the Minister of Finance.
42. We will need to develop a change proposal to conduct a robust consultation process with staff before the end of March 2024. While this is an operational matter that sits with the Ministry, we will keep you updated on our approach and timings and discuss with you any particular impacts.
43. We are keen to discuss our overall approach with you directly, given the impacts of some of the changes we will need to make may affect the level of support we can offer in some areas and for our ability to absorb emerging priorities without additional resourcing.

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Briefing

Budget 2024: Further material to support the Vote Health package

Date due to MO:	29 February 2024	Action required by:	N/A
Security level:		Health Report number:	H2024036600
To:	Hon Dr Shane Reti, Minister of Health Hon Matt Doocey, Minister for Mental Health and Associate Minister of Health		
Refer to:	<i>Subject to recommendations below</i> Hon David Seymour, Associate Minister of Health (Pharmac) Hon Casey Costello, Associate Minister of Health		
Consulted:	Health New Zealand: <input type="checkbox"/> Māori Health Authority: <input type="checkbox"/>		

Contact for telephone discussion

Name	Position	Telephone
Steve Waldegrave	Acting Deputy Director-General, Te Pou Rautaki Strategy, Policy and Legislation, Manatū Hauora	s 9(2)(a)
Steve Barnes	Group Manager Strategy, Te Pou Rautaki Strategy, Policy and Legislation, Manatū Hauora	s 9(2)(a)

Minister's office to complete:

- | | | |
|---|------------------------------------|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <input type="checkbox"/> Noted |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn | |

Comment:

Budget 2024: Further material to support the Vote Health package

Security level:

Date: 29 February 2024

To: Hon Dr Shane Reti, Minister of Health
Hon Matt Doocoy, Minister for Mental Health and Associate Minister of Health

Purpose

1. This briefing provides you with further material to support the progression of the Vote Health package through Budget 2024, including:
 - a. s 9(2)(f)(iv), s 9(2)(j)
[REDACTED]
 - b. a Budget 2024 Vote Health reference pack, containing a narrative to support discussions about the Vote Health package, including specific points on cost pressures, and 1-2 page summaries of each initiative submitted to the Budget 2024 process for quick reference.

Recommendations

We recommend you:

- a) **Note** that the next phases of the Budget 2024 process involve package development and bilateral meetings, which are in the process of being confirmed. **Noted**
- b) **Note** that the materials attached to this briefing at Annex 1 (Budget 2024 Vote Health reference pack) and Annex 2 (package scenarios for scaled funding) are provided for your initial feedback with a view that these will support you in the next phases of the Budget 2024 process. **Noted**
- c) **Note** that your early feedback on the package scenarios in Annex 1 will support Ministry officials to engage with the Treasury to inform the upcoming package development phase of the Budget 2024 process. **Noted**
- d) **Provide** feedback to Ministry officials in the space provided in Annex 1 on your preferences and views regarding package scenarios. **Yes/No**
- e) **Note** that pending your feedback, revised package scenarios will help shape our further development of the Vote Health narrative and talking points in Annex 2. **Noted**
- f) **Provide** feedback, if you wish, on the Vote Health narrative attached at Annex 2. **Yes/No**

g) **Note** that in addition to refinements to Annex 2 based on your feedback, forthcoming advice from the Public Health Agency and Health New Zealand will also inform refinements to provide more detail on how the costs of previous measles outbreaks might factor into Budget narrative or strategy. **Noted**

h) **Note** that later in March 2024, you and the Minister of Finance will receive joint Ministry-Treasury advice on multi-year funding for cost pressures. **Noted**

i) **Indicate** whether you would like to refer this report to your colleagues:

Hon David Seymour, Associate Minister of Health (Pharmac)

Yes/No

Hon Casey Costello, Associate Minister of Health.

Yes/No

Hon Dr Shane Reti
Minister of Health

Hon Matt Doocey
**Minister for Mental Health and
Associate Minister of Health**

Date:

Date:

Steve Waldegrave
**Acting Deputy Director-General,
Te Pou Rautaki | Strategy, Policy
and Legislation, Manatū Hauora**

Date:

Budget 2024: Further material to support the Vote Health package

Where we are now in the Budget 2024 process

2. Ministry officials submitted the Budget 2024 Vote Health initiative templates to the Treasury on 16 February 2024.
3. Since then, the Treasury has undertaken its assessment and subsequent moderation of the submitted initiatives and in doing so, asked several questions about initiatives. The questions were largely aimed at understanding assumptions, dependencies and implementation risks regarding capital, the Ministry's baseline savings initiative, Gumboot Friday, and the Mental Health Innovation Fund. All questions have now been addressed.
4. The Treasury are now progressing through a Budget package phase. Throughout this process, we expect further questions and Ministry officials will continue to engage with your offices on these.
5. On 14 February 2024, the Minister of Health's office requested information to support the progression of the Vote Health package. Ministry officials shared a draft narrative on the overall health package and key messages, as well as a snapshot of each submitted initiative, ahead of the meeting between the Minister of Health and Ministry of Health officials on 22 February 2024.
6. This briefing provides the updated materials to support the next steps in the Budget 2024 process set out below.

Next steps in the Budget 2024 process

7. The next phase of the Budget 2024 process is package development and bilateral meetings. The exact dates for bilateral meetings are yet to be confirmed, however Ministry officials anticipate that your (the Minister of Health) bilateral will be in the week beginning 11 March (though this may change).
8. Also in March, you and the Minister of Finance will receive joint Ministry-Treasury advice on multi-year funding for cost pressures. This will include an assessment of readiness to transition into multi-year funding for cost pressures from Budget 2024, including identifying any risks and mitigations for your consideration and decision.
9. Beyond March, Ministry officials will continue to support you to engage in the remaining stages of the Budget process, including the development of recommendations with the Treasury. Note that there are often a lot of last-minute changes at the final stages of package development before Cabinet agrees the package.
10. In mid-April (date yet to be advised), Cabinet will agree the final Budget 2024 package, at which point the Budget moratorium will commence. Budget Day for Budget 2024 is 30 May 2024.

Key tools to support the next steps

11. Two attachments are provided to support your engagement through the next phases of Budget 2024:
 - a. **s 9(2)(f)(iv), s 9(2)(j)**
[Redacted]
 - b. **Annex 2:** a Budget 2024 Vote Health reference pack, containing a narrative to support your discussions about the Vote Health package, including specific points on cost pressures, and 1-2 page summaries of each initiative submitted to the Budget 2024 process for quick reference. We will continue to update this reference pack as the Budget process progresses and the package develops.

Vote Health package options

Packaging scaled options to meet priorities

12. An invitation into the Budget 2024 process is not a guarantee of funding. It is likely that in the next phase of the Budget 2024 process, you will need to consider opportunities to further trim the submitted Vote Health package, having visibility of the possible implications.
13. **s 9(2)(f)(iv), s 9(2)(j)**
[Redacted]
14. Ministry officials invite your feedback on these options to support further refinement. We can communicate your preferences with the Treasury ahead of their upcoming work on package development.
15. These options do not consider the time-limited funding initiatives relating to the Pharmac Combined Pharmaceutical Budget (CPB), which is progressing separately through a Cabinet process.

Capital decisions may influence the package options

16. Package options for the capital funding track are based on the full capital track submission, however only cost pressures were invited into the Budget 2024 process. We understand that the Minister of Finance is actively considering approaches to navigating capital initiatives sought through Budget 2024 across portfolios. This may involve the Minister of Finance directing that a number of Vote Health initiatives are out of scope. We will update these scenarios should you receive such a direction.

17. Additionally, you have lodged a Cabinet paper requesting s 9(2)(j) from the DHB Equity Support Capital Contingency to fund New Dunedin Hospital. If this is approved, the Budget 2024 bid for the funding will be removed.

Budget 2024 Vote Health reference pack

18. A Vote Health reference pack is provided in hard copy for your ongoing reference. The reference pack includes talking points and reference materials covering:
- a. an overarching narrative to support the Vote Health package, including points on health cost drivers and trends in health expenditure, and what the Vote Health Budget 2024 submission package includes
 - b. quick reference summaries on each of the initiatives submitted, covering title and description, funding sought, key messages, an assessment of scalability and deferability, as well as implementation
 - c. s 9(2)(f)(iv), s 9(2)(j)
19. We will continue to update this reference pack as the Budget progresses.

Cost pressures

20. s 9(2)(f)(iv), s 9(2)(j)

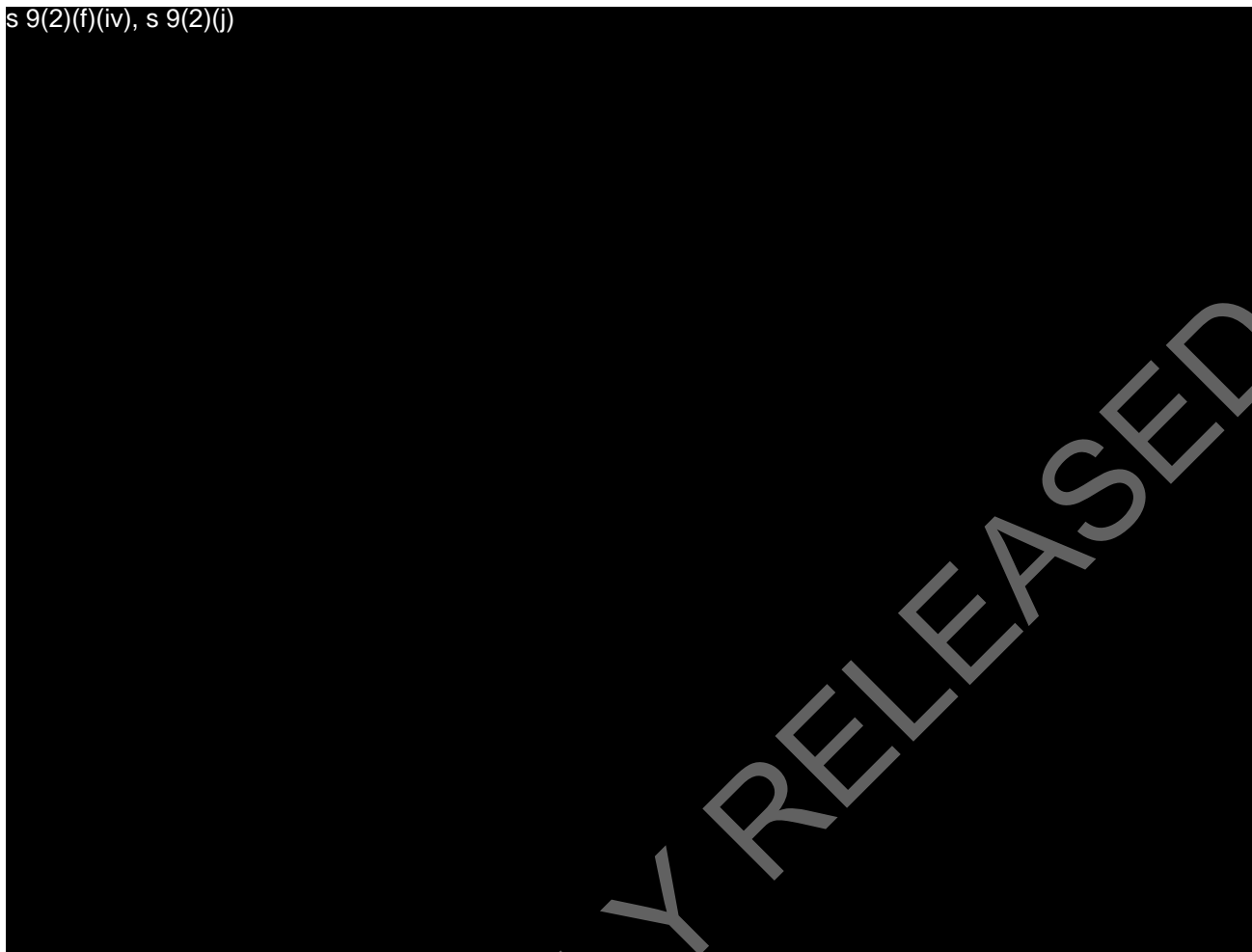
- 21.

- s 9(2)(f)(iv), s 9(2)(j)

22. s 9(2)(f)(iv), s 9(2)(j)

- 23.

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Targets

27. [Redacted]
[Redacted].
You (the Minister of Health) have indicated that you will work with HNZ to agree changes to services (for example, reductions to scope or coverage) in other parts of the health system in order to free up resources to make as much progress as possible toward targets in 2024/25 and beyond, within whatever funding can be provided.

28. Service changes must be made with care, as reductions in access to primary or preventative care could result in more people presenting at hospital with acute illnesses, making achievement of hospital-based targets harder. [Redacted]

Next steps

29. Ministry officials will continue to work with your offices to update the Budget 2024 Vote Health reference pack, as required.

30. Subject to your feedback on the packaging options, these will be amended and added to your reference pack to support upcoming meetings with the Minister of Finance. Your early views on these package options will also support Ministry of Health officials to communicate preferences with the Treasury as part of their work on package development.

ENDS

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Annex 1: Scaled package scenarios for Vote Health

The Vote Health package submitted seeks the following through Budget 2024:

- operating funding totalling **§ 9(2)(j)** over the forecast period, including:
 - **§ 9(2)(f)(iv)**
 - new spending of **§ 9(2)(j)**
- capital funding of **§ 9(2)(j)** million over 10 years, including:
 - the capital component of new spending initiatives (operating) totalling **§ 9(2)(j)**
§ 9(2)(j)
 - capital cost pressures of **§ 9(2)(j)**
 - capital new spending initiatives of **§ 9(2)(j)**

The package scenarios presented here consider different ways to use levers such as scalability and deferability (based on the viability of these for each initiative) to achieve a Vote Health package that equates as near as possible to 85%, 75% and 65% of the total funding sought respectively for operating and capital. Note that a 100% scenario is not included, as this represents the full package submitted for Vote Health (outlined in Annex 2).

For operating funding, the totals include the operating funding sought in the current financial year (2023/24) and the next four years to 2027/28. For capital funding, the totals include the capital funding sought over the next ten years to 2032/33 (including the current financial year 2023/24). This is in line with the standard approach to calculating charges against the operating and capital allowances.

These options do not consider the time-limited funding initiatives relating to the Pharmac Combined Pharmaceutical Budget, being managed by a separate Cabinet process currently.

Priorities for funding

Key considerations and trade-offs are presented for the different options. These consider the priorities for Budget 2024 set out by the Minister of Finance when inviting Vote Health initiatives into the Budget 2024 process, being to prioritise fiscal sustainability and a focus on value for money, including:

- strict fiscal management for Government expenditure.
- initiatives to deliver tax relief and ensure value for money through investments.
- a work programme focused on reprioritisation, savings and revenue (or cost recovery where appropriate).

You (the Minister of Health) have already expressed a preferred ranking of new spending and savings initiatives, and this was communicated in the submission of Vote Health initiatives to the Treasury, as well as to the Minister of Finance. This ranking is based on:

- Addressing time limited funding
- Progressing 100-day plan commitments

- Progressing coalition agreement commitments
- Progressing manifesto commitments.

Additionally, you have outlined your vision for the health system, which focuses on timely access to quality health care, with five priority areas that will be reflected in the Government Policy Statement for implementation over the next three years – access, timeliness, quality, workforce and infrastructure.

Connecting with the GPS

The long-term vision for health and wellbeing is to achieve longer life expectancy and improved quality of life for all.

To achieve the long-term vision, two major long-term goals must be addressed:

- to improve health outcomes for all New Zealanders, so that people can live longer, healthier and more independent lives.
- to improve health equity for those most in need, in particular for Māori, Pacific peoples, disabled people and other communities who experience the poorest health outcomes.

In the short-term, the Government is focused on achieving timely access to quality health care. The Government is also focussed on responding to the five non-communicable diseases of cancer, diabetes, respiratory disease, heart disease and poor mental health.

Addressing the five modifiable factors of smoking, alcohol consumption, poor nutrition, lack of exercise, and adverse social and environmental factors will be important to these efforts, and will involve working across government.

Over the next three years, the health system will focus on improvements in three priority areas relating to health services:

- **Access:** ensuring every person, regardless of where they live in New Zealand, has equitable access to the health care services they need.
- **Timeliness:** ensuring people can access the health care and services they need, when they need it in a prompt and efficient way.
- **Quality:** ensuring the health care and services delivered in New Zealand are safe, appropriate, transparent, easy to navigate and continuously improving.

The health system will also focus on two priority areas to make improvements to critical enablers:

- **Workforce:** having a skilled and culturally capable workforce who are accessible, responsive and are used optimally to deliver safe and effective health care.
- **Infrastructure:** ensuring the health system has the digital and physical infrastructure it needs to meet people’s needs now and into the future.

Key for navigating package scenarios:

	Initiative is presented as it was submitted (or revised figure, if applicable) and is viable
	Initiative is scaled and still viable
	Initiative is scaled with significant risks
	Initiative would be deferred

Scenario 1: High-cost package (85% of submitted package)

These scenarios set out ways to achieve a package of Vote Health funding to the value of approximately 85% of the submitted package, or less.

Operating

85% of the operating funding sought for Vote Health through Budget 2024 equates to a total of **§ 9(2)(f)(iv)** over the forecast period. Scaling of each initiative has been considered for new spending initiatives from the bottom of the priority list upwards if required to enable inclusion within each package and, where applicable, impacts of the scaling are included.

§ 9(2)(f)(iv), § 9(2)(j)

Initiative	Proposed costings (\$ millions) at B24	Impact	Initiative	Proposed costings (\$ millions) at B24	Impact	Initiative	Proposed costings (\$ millions) at B24	Impact
Health cost pressure funding	§ 9(2)(f)(iv), § 9(2)(j)		Health cost pressure funding	§ 9(2)(f)(iv), § 9(2)(j)		Health cost pressure funding	§ 9(2)(f)(iv), § 9(2)(j)	
Timely access to COVID-19 vaccine and therapeutics and ongoing cost-effective management of COVID-19	250.917 (scaled from 773.840)	Significantly scaled to the point of not being viable. The minimum viable amount for this initiative is \$688.565 million	Timely access to COVID-19 vaccine and therapeutics and ongoing cost-effective management of COVID-19	773.840	As submitted	Timely access to COVID-19 vaccine and therapeutics and ongoing cost-effective management of COVID-19	773.840	As submitted
Emergency department security - service expansion	59.949	Defer	Emergency department security - service expansion	59.949	As submitted	Emergency department security - service expansion	59.949	As submitted
Breast screening extension of eligibility to include 70–74-year-olds as part of the free national programme	27.810	Defer	Breast screening extension of eligibility to include 70–74-year-olds as part of the free national programme	27.810	As submitted, noting that there is an associated capital component of \$7.190 million over 10 years	Breast screening extension of eligibility to include 70–74-year-olds as part of the free national programme	27.810	As submitted, noting that there is an associated capital component of \$7.190 million over 10 years
Health Workforce – Waikato New Medical School – cost benefit analysis and business case development	5.000	Defer Note there is a significant risk with deferring this initiative due to the MOU signed	Health Workforce – Waikato New Medical School – cost benefit analysis and business case development	5.000	As submitted	Health Workforce – Waikato New Medical School – cost benefit analysis and business case development	5.000	As submitted
Gumboot Friday – funding to deliver free youth mental health counselling services	24.000	Defer	Gumboot Friday – funding to deliver free youth mental health counselling services	24.000	As submitted	Gumboot Friday – funding to deliver free youth mental health counselling services	24.000	As submitted
Mental Health and Addiction Community Sector Innovation Fund	20.880	Defer	Mental Health and Addiction Community Sector Innovation Fund	20.880	As submitted	Mental Health and Addiction Community Sector Innovation Fund	20.880	As submitted
Primary care funding – support for immunisations and health targets	52.000	Defer	Primary care funding – support for immunisations and health targets	52.000	As submitted	Primary care funding – support for immunisations and health targets	52.000	As submitted
Health Workforce – Training 50 more doctors	20.329	Defer	Health Workforce – Training 50 more doctors	20.329	As submitted, noting that there is an associated capital component of \$25.932 over 10 years	Health Workforce – Training 50 more doctors	20.329	As submitted, noting that there is an associated capital component of \$25.932 over 10 years
Health Workforce – Bonding scheme for nurses and midwives	§ 9(2)(f)(iv)	Defer	Health Workforce – Bonding scheme for nurses and midwives	§ 9(2)(f)(iv)	As submitted	Health Workforce – Bonding scheme for nurses and midwives	§ 9(2)(f)(iv)	As submitted
Medicines – Increasing access to medicines including cancer treatments.	443.000	Defer	Medicines – Increasing access to medicines including cancer treatments	443.000	Defer , noting that even the scaling option of 323.000 million exceeds the allowance.	Medicines – Increasing access to medicines including cancer treatments	443.000	As submitted
Total package	§ 9(2)(f)(iv)		Total package	§ 9(2)(f)(iv)		Total package	§ 9(2)(f)(iv)	

Key considerations and trade offs

s 9(2)(f)(iv), s 9(2)(j)

There is an anticipated correlation between baseline funding and the ability of the system to deliver on new commitments. The system needs to have sufficient funding to continue providing existing services if it is to also implement new initiatives. Without rapid implementation of the long run plans to improve productivity and change models of care, there is a risk that the 85% scenario might lead to reductions in service delivery, and subsequently the implementation of new initiatives may also be compromised.

s 9(2)(f)(iv), s 9(2)(j)

What this doesn't show however, is that the viability of new spending initiatives is impacted by sufficient support for baselines (for example in option 1C). As such, option 1B appears as the most effective way to structure a package at 85% funding in a way that delivers on the greatest number of Government priorities.

Note that your intention to use savings from the targeted savings initiative *Prescription co-payment – reinstating the \$5 prescription co-payment with targeted exemptions* (estimated net savings of \$116.143 million over forecasted years) to partially fund *Medicines – Increasing access to medicines including cancer treatments* would in practice reduce the amount required.

Questions for the Minister

- Indicate your preferred approach and/or views on this scenario.

Minister's comments

Capital

The total Vote Health capital funding sought against the multi-year capital allowance (excluding the capital component of operating new spending initiatives) is **§ 9(2)(j)**, made up of **§ 9(2)(j)** in cost pressures, and **§ 9(2)(j)** in new capital spending. 85% of the total capital funding sought is **§ 9(2)(j)**, although not all initiatives were invited or met the conditions outlined by the Minister of Finance.

We understand that the Minister of Finance is actively considering approaches to navigating capital initiatives sought through Budget 2024 across portfolios. This may involve the Minister of Finance directing that a number of Vote Health initiatives are out of scope. We will update these scenarios should you receive such a direction.

1D: Cost pressures and new initiatives - scale to 85% by funding cost pressures and new initiatives based on the priority list		
Initiative	Proposed costings (\$ millions) at B24	Impact
Cost pressure - New Dunedin Hospital	§ 9(2)(j)	§ 9(2)(j)
§ 9(2)(j)		
Cost pressure - National cost pressure contingency for the health capital portfolio	71.400	As submitted
§ 9(2)(j)		
Total	§ 9(2)(j)	

1E: Cost pressures only (if required) – scaled to 85% of cost pressure submission, based on the priority list		
Allowance for cost pressures: 267.750 Allowance for new spending: 0.000		
Initiative	Proposed costings (\$ millions) at B24	Impact
Cost pressure - New Dunedin Hospital	§ 9(2)(j)	§ 9(2)(j)
§ 9(2)(j)		
Cost pressure - National cost pressure contingency for the health capital portfolio	71.400	Defer
§ 9(2)(j)		
Total	§ 9(2)(j)	

Key considerations and trade offs

Capital cost pressures:

- Funding the cost pressure for New Dunedin Hospital is a priority to maintain progress on this project. You have received a draft Cabinet paper from HNZ requesting **§ 9(2)(j)** from the DHB Equity Support Capital Contingency. If this is approved, the Budget 2024 bid for the funding will be removed.
- If both the New Dunedin Hospital pressure **§ 9(2)(j)** and all known cost pressures are realised against Health Capital Envelope funding, then HNZ would have remaining funding of **§ 9(2)(j)** in the Health Capital Envelope to meet new cost pressures on the existing portfolio.
- If only the New Dunedin Hospital pressure is funded, **§ 9(2)(j)** can still proceed as HNZ can meet all currently known cost pressures, including the **§ 9(2)(j)** required for the **§ 9(2)(j)** from the funding remaining in the Health Capital Envelope. There would also be **§ 9(2)(j)** of funding remaining in the Health Capital Envelope to meet new cost pressures.
- Feasible options for managing within the remaining funding include further phasing or deferral of some investments or a contribution from HNZ internal reserves. If no cost pressures are funded, it will be necessary to defer or cancel projects to meet the New Dunedin Hospital cost pressure.

Capital new spending:

- Prior advice [H2024035078 refers] identified that most of the new capital initiatives identified by HNZ are either expected to be self-funded and/or are operating costs (e.g., programmes of small remediation; planning and asset condition assessments), or not likely to be investment ready in the 2024/25 year.

Questions for the Minister
Indicate your preferred approach and/or views on this scenario.

Minister's comments

Scenario 2: Medium cost package (75% of submitted package)

These scenarios set out ways to achieve a package of Vote Health funding to the value of approximately 75% of the submitted package, or less.

Operating

75% of the operating funding sought for Vote Health through Budget 2024 equates to a total of **§ 9(2)(f)(iv)** over the forecast period. There are a number of ways to arrange funding levels across the initiatives submitted to achieve this scaled option, **§ 9(2)(f)(iv), § 9(2)(j)**. Scaling of each initiative has been considered for new spending initiatives from the bottom of the priority list upwards and, where applicable, impacts of the scaling are included.

§ 9(2)(j), § 9(2)(f)(iv)

Initiative	Proposed costings (\$ millions) at B24	Impact
Health cost pressure funding	§ 9(2)(f)(iv), § 9(2)(j)	
Timely access to COVID-19 vaccine and therapeutics and ongoing cost-effective management of COVID-19	461.162 (scaled from 773.840)	Significantly scaled to the point of not being viable. The minimum viable amount for this initiative is \$688.565
Emergency department security - service expansion	59.949	Defer
Breast screening extension of eligibility to include 70–74-year-olds as part of the free national programme	27.810	Defer
Health Workforce – Waikato New Medical School – cost benefit analysis and business case development	5.000	Defer Note there is a significant risk with deferring this initiative due to the MOU signed
Gumboot Friday – funding to deliver free youth mental health counselling services	24.000	Defer
Mental Health and Addiction Community Sector Innovation Fund	20.880	Defer
Primary care funding – support for immunisations and health targets	52.000	Defer
Health Workforce – Training 50 more doctors	20.329	Defer
Health Workforce – Bonding scheme for nurses and midwives	§ 9(2)(f)(iv)	Defer
Medicines – Increasing access to medicines including cancer treatments.	443.000	Defer
Total package	§ 9(2)(f)(iv)	

Initiative	Proposed costings (\$ millions) at B24	Impact
Health cost pressure funding	§ 9(2)(f)(iv), § 9(2)(j)	
Timely access to COVID-19 vaccine and therapeutics and ongoing cost-effective management of COVID-19	773.840	As submitted
Emergency department security - service expansion	59.949	As submitted
Breast screening extension of eligibility to include 70–74-year-olds as part of the free national programme	27.810	As submitted, noting that there is an associated capital component of \$7.190 million over 10 years
Health Workforce – Waikato New Medical School – cost benefit analysis and business case development	5.000	As submitted
Gumboot Friday – funding to deliver free youth mental health counselling services	24.000	As submitted
Mental Health and Addiction Community Sector Innovation Fund	20.880	As submitted
Primary care funding – support for immunisations and health targets	52.000	As submitted
Health Workforce – Training 50 more doctors	20.329	As submitted, noting that there is an associated capital component of \$25.932 over 10 years
Health Workforce – Bonding scheme for nurses and midwives	§ 9(2)(f)(iv)	As submitted
Medicines – Increasing access to medicines including cancer treatments	443.000	Defer
Total package	§ 9(2)(f)(iv)	

Key considerations and trade offs

A key trade off with this option is whether to: **§ 9(2)(f)(iv), § 9(2)(j)**

Questions for the Minister

- Indicate your preferred approach and/or views on this scenario.

Minister's comments

Capital

The total Vote Health capital funding sought against the multi-year capital allowance (excluding the capital component of operating new spending initiatives) is s 9(2)(j), made up of s 9(2)(j) in cost pressures, and s 9(2)(j) in new spending. 75% of that total is s 9(2)(j), although not all initiatives were invited or met the conditions outlined by the Minister of Finance.

We understand that the Minister of Finance is actively considering approaches to navigating capital initiatives sought through Budget 2024 across portfolios. This may involve the Minister of Finance directing that a number of Vote Health initiatives are out of scope. We will update these scenarios should you receive such a direction.

2C: Scale to 75% by increasing New Dunedin Hospital costings and scaling or deferring remaining initiatives based on the priority list			2D: Scale to 75% by increasing New Dunedin Hospital costings and deferring cost pressure contingencies and remaining initiatives beyond the 75% cap		
Initiative	Proposed costings (\$ millions) at B24	Impact	Initiative	Proposed costings (\$ millions) at B24	Impact
Cost pressure - New Dunedin Hospital	s 9(2)(j)	s 9(2)(j)	Cost pressure - New Dunedin Hospital	s 9(2)(j)	s 9(2)(j)
s 9(2)(j)			s 9(2)(j)		
Cost pressure - National cost pressure contingency for the health capital portfolio	43.750 (scaled from 71.400)	Scaled down			
s 9(2)(j)			s 9(2)(f)(iv), s 9(2)(j)		
s 9(2)(j)			s 9(2)(j)		
Total	s 9(2)(j)		Total	s 9(2)(j)	

Key considerations and trade offs

As for Option 1.

Questions for the Minister

- Indicate your preferred approach and/or views on this scenario.

Minister's comments

Scenario 3: Low-cost package (65% of submitted package)

These scenarios set out ways to achieve a package of Vote Health funding to the value of approximately 65% of the submitted package, or less.

Operating

65% of the operating funding sought for Vote Health through Budget 2024 equates to a total of **§ 9(2)(f)(iv)** over the forecast period. **§ 9(2)(f)(iv), § 9(2)(j)**

§ 9(2)(f)(iv), § 9(2)(j)

Initiative	Proposed costings (\$ millions) at B24	Impact
Health cost pressure funding for Te Whatu Ora Health New Zealand	§ 9(2)(f)(iv), § 9(2)(j)	
Timely access to COVID-19 vaccine and therapeutics and ongoing cost-effective management of COVID-19	301.407 (scaled from 773.840)	Significantly scaled to the point of not being viable. The minimum viable amount for this initiative is \$688.565
Emergency department security - service expansion	59.949	Defer
Breast screening extension of eligibility to include 70-74-year-olds as part of the free national programme	27.810	Defer
Health Workforce – Waikato New Medical School – cost benefit analysis and business case development	5.000	Defer Note there is a significant risk with deferring this initiative due to the MOU signed
Gumboot Friday – funding to deliver free youth mental health counselling services	24.000	Defer
Mental Health and Addiction Community Sector Innovation Fund	20.880	Defer
Primary care funding – support for immunisations and health targets	52.000	Defer
Health Workforce – Training 50 more doctors	20.329	Defer
Health Workforce – Bonding scheme for nurses and midwives	§ 9(2)(f)(iv)	Defer
Medicines – Increasing access to medicines including cancer treatments.	443.000	Defer
Total package	§ 9(2)(f)(iv)	

Key considerations and trade offs

§ 9(2)(f)(iv), § 9(2)(j)

Through the multi-year funding, cost pressure funding will also be sought as a pre-commitment against Budgets 2025 and 2026.

§ 9(2)(f)(iv), § 9(2)(j)

Questions for the Minister

- Indicate your views on this scenario.

Minister's comments

Capital

The total Vote Health capital funding sought against the multi-year capital allowance (excluding the capital component of operating new spending initiatives) is s 9(2)(j), made up of s 9(2)(j) in cost pressures, and s 9(2)(j) in new spending. 65% of that total is s 9(2)(j).

3B: Scale to 65% by funding cost pressures and one smaller new spending initiative

Initiative	Proposed costings (\$ millions) at B24	Impact
Cost pressure – New Dunedin Hospital	s 9(2)(f)(iv), s 9(2)(j)	

3C: Scale to 65% by increasing New Dunedin Hospital costings and funding cost pressures only

Initiative	Proposed costings (\$ millions) at B24	Impact
Cost pressure – New Dunedin Hospital	s 9(2)(j)	s 9(2)(j)

s 9(2)(j)

s 9(2)(j)

Cost pressure – National cost pressure contingency for the health capital portfolio	71.400	As submitted
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Cost pressure – National cost pressure contingency for the health capital portfolio	71.400	As submitted
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s 9(2)(j)

s 9(2)(j)

Total	s 9(2)(j)	
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Total	s 9(2)(j)	
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Key considerations and trade offs

As for Option 1.

Questions for the Minister

- Indicate your preferred approach and/or views on this scenario.

Minister's comments

Scenario 4: Proposed minimum viable package

Operating – s 9(2)(f)(iv)

s 9(2)(f)(iv), s 9(2)(i)		
Initiative	Proposed costings (\$ millions) at B24	Impact
Health cost pressure funding for Te Whatu Ora Health New Zealand	s 9(2)(f)(iv)	
Timely access to COVID-19 vaccine and therapeutics and ongoing cost-effective management of COVID-19	688.565 (scaled from 773.840)	Potential impacts to health services, reduced eligibility.
Emergency department security - service expansion	59.949	Defer
Breast screening extension of eligibility to include 70–74-year-olds as part of the free national programme	27.810	Defer
Health Workforce – Waikato New Medical School – cost benefit analysis and business case development	5.000	As submitted
Gumboot Friday – funding to deliver free youth mental health counselling services	24.000	Defer
Mental Health and Addiction Community Sector Innovation Fund	20.880	Defer
Primary care funding – support for immunisations and health targets	52.000	Defer
Health Workforce – Training 50 more doctors	20.329	Defer
Health Workforce – Bonding scheme for nurses and midwives	s 9(2)(f)(iv)	Defer
Medicines – Increasing access to medicines including cancer treatments.	443.000	Defer
Total package	s 9(2)(f)(iv)	

Key considerations and trade offs

This option sets out what Ministry officials to be the minimum package viable to support Vote Health initiatives, s 9(2)(f)(iv) the minimum viable amount identified to address time-limited funding for COVID-19, and supporting the MOU already signed with Waikato University.

This approach does result in deferral of other priority initiatives currently ranked ahead of the *Health Workforce – Waikato New Medical School – cost benefit analysis and business case development* initiative.

Questions for the Minister

- Indicate your views on this scenario.

Minister's comments

Capital

4B: Proposed minimum viable option based on funding NDH pressure only		
Initiative	Proposed costings (\$ millions) at B24	Impact
Cost pressure - New Dunedin Hospital	s 9(2)(j)	s 9(2)(j)
Cost pressure - National cost pressure contingency for the health capital portfolio	71.400	Defer
Total	s 9(2)(j)	

Key considerations and trade offs

s 9(2)(j)

Questions for the Minister

- Indicate your views on this scenario.

Minister's comments

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Annex 2: Budget 2024 Vote Health reference pack

Attached.

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Briefing

Vote Health 2024: bilateral meeting with the Minister of Finance

Date due to MO: 8 March 2024

Action required by: N/A

Security level:

Health Report number: H2024037061

To: Hon Dr Shane Reti, Minister of Health
Hon Matt Doocoy, Minister for Mental Health and Associate Minister of Health

Refer to: *Subject to recommendations below*
Hon David Seymour, Associate Minister of Health (Pharmac)
Hon Casey Costello, Associate Minister of Health

Consulted: Health New Zealand: Māori Health Authority:

Contact for telephone discussion

Name	Position	Telephone
Maree Roberts	Deputy Director-General, Te Pou Rautaki Strategy, Policy and Legislation, Manatū Hauora	s 9(2)(a)
Steve Barnes	Group Manager Strategy, Te Pou Rautaki Strategy, Policy and Legislation, Manatū Hauora	s 9(2)(a)

Minister's office to complete:

- | | | |
|---|------------------------------------|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <input type="checkbox"/> Noted |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn | |

Comment:

Vote Health 2024: bilateral meeting with the Minister of Finance

Context

1. You (the Minister of Health) are meeting with the Minister of Finance on Monday 11 March at 4.30pm for the Vote Health Budget 2024 bilateral meeting.
2. You will be supported in the bilateral meeting by the following officials:
 - a. Dr Diana Sarfati, Director-General of Health
 - b. Maree Roberts, Deputy Director-General, System Strategy and Policy
 - c. Fergus Welsh, Chief Financial Officer, and
 - d. Simon Medcalf, Deputy Director-General, Regulation and Monitoring.
3. This meeting provides you (the Minister of Health) with an opportunity to discuss the Budget 2024 initiatives submitted as the Vote Health package, outlined in your letter to the Minister of Finance on 16 February 2024.

Supporting material

4. This report provides information to support you (the Minister of Health) at the bilateral meeting. This includes the Ministry of Health (the Ministry) assessment of a minimum viable funding option for health system cost pressures.
5. This briefing attaches:
 - a. an annotated agenda, which includes talking points and questions expected to arise during the bilateral (**Annex 1**),
 - b. a table summarising each initiative and the impact of deferral/scaling (**Annex 2**), and
 - c. an updated version of the Vote Health Reference Pack that was provided to you on 29 February, including full Q&A (**Annex 3**).
6. This briefing builds on the advice provided in the briefing on options for Vote Health packages provided on 29 February [H2024036600 refers].
7. The Vote Health Reference Pack has been updated to include updated material on cost pressures, as well as questions and answers.

Prioritising initiatives

8. The Minister of Finance's letter of 21 December requested consideration of phasing, scaling and prioritisation of new initiatives. The bilateral meeting will be an opportunity for you (the Minister of Health) to outline your priorities and respond to questions on which of the initiatives, particularly for new spending, could be scaled or deferred.

9. We previously provided you with an overview of what different packages for Vote Health could look like [H2024036600 refers]. To support this discussion on priorities at the bilateral meeting, a table is attached at Annex 2 which outlines the impact of scaling and deferring each initiative. A version of this table, without the scaled quantum figures or Ministry of Health analysis, has been provided to the Minister of Finance. The Treasury will provide analysis of each initiative to the Minister of Finance; we have not had visibility of the Treasury's advice.

Guide to use of terms

- s 9(2)(f)(iv), s 9(2)(j)

- **Planning parameters:** The planning parameters set out a cost pressure funding quantum of \$16,664 million over three Budgets, informed by a top-down model. The parameters were calculated on the forecast inflationary and demographic pressures and on HNZ baselines at HYEPU 2022.

s 9(2)(f)(iv), s 9(2)(j)

- **Minimal viable scenario:** The Ministry of Health has identified a minimum viable funding scenario s 9(2)(f)(iv), s 9(2)(j), which aligns with the planning parameters (\$16,664 million over three Budgets). The Ministry considers this amount would provide an acceptable level of funding for the continuation of services under existing settings, s 9(2)(g)(i)

Cost Pressures

Fiscal context for the submitted initiative

10. s 9(2)(f)(iv), s 9(2)(j)

11.

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15. s 9(2)(f)(iv), s 9(2)(j)

16.

The Ministry considers the planning parameters to be the minimum viable funding scenario

17. Taking into account all of the elements listed above, if a minimum viable funding scenario is required, the Ministry considers that the planning parameters (\$16,664 million over three Budgets) would provide an acceptable level of funding for the continuation of services under existing settings. s 9(2)(g)(i)

s 9(2)(f)(iv), s 9(2)(j), s 9(2)(g)(i)

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s 9(2)(f)(iv), s 9(2)(j), s 9(2)(g)(i)

[Redacted]

[Redacted]

- [Redacted]

[Redacted]

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

[Redacted]

[Redacted] While the Ministry believes that these are not strictly cost pressures but are the equivalent of new funding initiatives, HNZ has classified these as unavoidable. If that were to be the case, there will be a significant challenge for HNZ to keep within its funding envelope.

s 9(2)(f)(iv), s 9(2)(j), s 9(2)(g)(i)

[Redacted]

[Redacted]

s 9(2)(f)(iv), s 9(2)(j)



s 9(2)(f)(iv), s 9(2)(j)

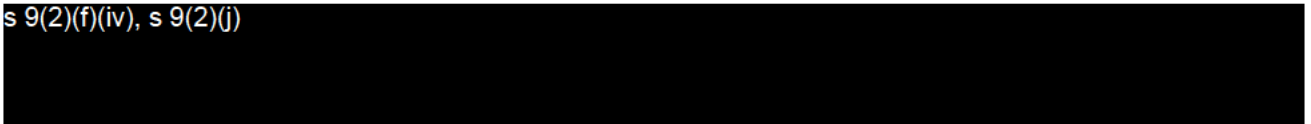
[Redacted text]

[Redacted text]

s 9(2)(g)(i)

- s 9(2)(g)(i)

s 9(2)(f)(iv), s 9(2)(j)



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27.

28.

29.

30. The Ministry is rapidly building a work programme addressing financial sustainability in the health system, as outlined in section H of the revised Budget 2024 Vote Health Reference Pack attached at Annex 3.

Other Budget 2024 matters

Multi-year funding

31. This meeting will not focus on decisions around the design of multi-year funding. Officials will provide you and the Minister of Finance with further advice on this in the coming weeks. If required, the annotated agenda provided at Annex 1 includes talking points to demonstrate the benefits of multi-year funding for addressing a core Government priority of fiscal sustainability.

Capital

32. Talking points on the capital package are included in the annotated agenda at Annex 1. The Ministry provided to you a paper on 7 March [2024036928 refers] with additional information to support the New Dunedin Hospital Cabinet paper, which is due to be considered by Cabinet on 18 March.
33. We understand the Minister of Finance is actively considering whether some capital initiatives are out of scope for Vote Health, noting only capital cost pressures were invited into the Budget 2024 process. Further direction is yet to be received on this. We have provided talking points on the impacts of deferring capital new spending initiatives at Budget 2024, which would create significant pressure at Budget 2025.

Ministry savings

34. We have commenced work to ensure that the Ministry is fit and ready for the future.
35. The Ministry has a transformation programme set up where it is looking at removing many of its long-standing vacancies. The Ministry is also currently undertaking a process to identify what work it will stop or scale back.

36. Given the extent to which the Ministry's baseline primarily funds people and their activities, it will need to address these financial pressures through a combination of FTE position reductions and specific targeted non-personnel item savings.
37. There is a communication plan in place to ensure that the Ministry's employees are involved in the journey to deliver this fit and future-ready Ministry. The Ministry is currently developing an organisational change proposal. Once completed, the Ministry will undertake consultation with staff, and communicate decisions by the end of June 2024 at the latest, in order to realise the savings from 1 July 2024.
38. We have looked at all areas of the Ministry's Departmental baseline and have a series of initiatives in play, which include all areas of the departmental spend.

Budget 22 & Contingencies

39. We have previously identified areas where funding is not expected to be fully spent at this stage, and there remain some further opportunities to explore.
40. HNZ is preparing a number of papers on contingency funds that will provide additional information and options around the areas identified, including options for how to utilise this funding most effectively.

Equity

41. In-depth equity analysis across this package has not been undertaken. Each initiative template includes some analysis of the impact of the initiative on addressing health inequities.
42. At a strategic level, the upcoming Government Policy Statement (GPS) 2024-2027 will include goals to achieve longer life expectancy and improved quality of life for all through timely access to quality health care. This will be achieved through the areas of access, timeliness, quality, workforce and infrastructure. The table at Annex 2 includes a note on which areas of the upcoming GPS each initiative relates to.

Next steps

43. Officials will meet with you (the Minister of Health) briefly prior to your meeting with the Minister of Finance at 4.30pm.
44. Following the bilateral meeting, officials will work to draft financial recommendations, based on Ministerial decisions and directions.
45. The Treasury has provided further guidance on the next steps in the Budget process. The key upcoming dates in the Budget process are:

Key date	Milestone
18 March	Cabinet approval of early Budget decisions
20 March	Technical initiatives due for submission to the Treasury
5 April	Specific Fiscal Risks due to the Treasury
16 April	Financial recommendations due to the Treasury

Key date	Milestone
29 April	Cabinet agrees to Budget 2024 Cabinet paper, including all financial recommendations.
29 April – 30 May	Budget moratorium
30 May	Budget Day

46. Officials will keep you informed of the necessary steps for Vote Health ahead of each of these milestones.

Communications with HNZ about Budget decisions

47. Following the bilateral meeting, officials will discuss with you how and when Budget sensitive decisions are communicated with HNZ, given historically sharing such information has been a decision for Cabinet to make and is usually only agreed to be shared to a limited number of Crown entity officials after final budget decisions have been agreed. There may be an opportunity to raise this at the HNZ Board meeting you and the Minister of Finance are attending on 25 March.

Recommendations

We recommend you:

- a) **Note** you (the Minister of Health) are meeting with the Minister of Finance on 11 March; annexes 1, 2 and 3 are intended to support this discussion.
- b) **Note**, we understand from the Treasury that the Minister of Finance will be interested in discussing cost pressures with a lens of fiscal sustainability and productivity, as well as key manifesto commitments and other spending, savings and capital initiatives.
- c) **Note** that the Ministry has identified a minimum viable funding scenario for cost pressures of \$16,664 million over three Budgets (equivalent to the initial planning parameters), which it considers would provide an acceptable level of funding for the continuation of services under existing settings.
- d) **Note** that this minimum viable funding scenario would require Health New Zealand to manage with less flexibility, greater risk around system performance and financial management, and reduced opportunity to support improvements in performance.
- e) **Note** Annex 2 provides information on deferability and scalability of each initiative. A version of this table has been provided to the Minister of Finance without the Ministry of Health analysis.
- f) **Note** an updated Vote Health Reference Pack has been provided in **Annex 3**.
- g) **Note** the upcoming Budget 2024 milestones.

h) **Indicate** whether you would like to refer this report to your colleagues:

Hon David Seymour, Associate Minister of Health (Pharmac)

Yes/No

Hon Casey Costello, Associate Minister of Health.

Yes/No

Maree Roberts

Deputy-Director General

**Te Pou Rautaki | Strategy, Policy
and Legislation**

Date: 08 March 2024

Hon Dr Shane Reti

Minister of Health

Date:

Hon Matt Doocey

Minister of Mental Health

Date:

ENDS.

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Minister's Notes

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Annex 2: Summary of submitted Vote Health initiatives for Bilateral Meeting between Minister of Finance and Minister of Health

Note that initiatives are set out in the order presented in the submission letter to the Minister of Finance.

Track	CFIS ID	Title	Description	Funding sought			Scaled option			MoH comments on scalability and deferability implications
				Operating per annum (\$m)	Total operating (\$m)	Total capital (\$m)	Operating per annum (\$m)	Total operating (\$m)	Total capital (\$m)	
Cost pressures	15816 (Te Whatu Ora) 15811 (Hauora Māori services)	Health cost pressure funding for Te Whatu Ora Health New Zealand	This initiative covers core volume and price pressures for frontline health services delivered by Health New Zealand and covers the Delivering Hospital and Specialist Services appropriation, the Delivering Primary, Community, Public and Population Health Services appropriation, and the Delivering hauora Māori services appropriation. It provides funding to maintain current health policy settings.	1,862.000	7,448.000	N/A	Focus of bilateral discussion			\$20,460,000m is sought in total, with \$7,448,000m against the Budget 2024 allowance and the remaining amounts as pre-commitments against the Budget 2025 and 2026 allowances. With a financial sustainability view, the Ministry of Health has identified a minimum viable funding scenario of \$16,664 million in total, with \$5,488,000m sought against the Budget 2024 allowance and the remaining amounts as pre-commitments against the Budget 2025 and 2026 allowances. The quantum in the planning parameters is the same as base case costings for the Hauora Māori appropriation. Accordingly, within the minimum viable funding option, scaling of the Hauora Māori appropriation quantum is not proposed.
Targeted policy savings	15792 (savings) 15795 (funding)	Prescription co-payment – reinstating the \$5 prescription co-payment with targeted exemptions	This initiative reinstates the \$5 prescription co-payment for those 14 years and over, with exemptions for people with a Community Services Card (CSC) and those aged 65 and over. It retains the current Prescription Subsidy Card (PSC) settings. The initiative targets assistance with prescription co-payments at some of those who need it most and this targeting will help people access the funded medicines they need to get well and stay well. The total estimated net savings of \$116.143 million over the forecast period are achieved through people 14 years and over and up to age of 64 not exempt, paying the \$5 prescription co-payment. The savings will help pay for cancer treatments.	(29.036)	(116.143) (net)	N/A	N/A	N/A	N/A	Total savings are \$269.622m less operating funding requested of \$153.479m). Note the intention to use savings from the targeted savings initiative <i>Prescription co-payment – reinstating the \$5 prescription co-payment with targeted exemptions</i> (estimated net savings of \$116.143 million over forecasted years) to partially fund <i>Medicines – Increasing access to medicines including cancer treatments</i> would in practice reduce the amount required.
	15796	Disestablishment of the Māori Health Authority – return of funding	This initiative delivers savings from the disestablishment of the Māori Health Authority. Functions and frontline services of the Māori Health Authority are transferring to Health New Zealand and the Ministry of Health. Savings reflect underspend from entity establishment and reduced need for governance functions. This is not a reduction in funding for service delivery or frontline roles. Further savings may be realised following staff transfers and formal disestablishment.	(8.875)	(35.500)	N/A	N/A	N/A	N/A	Savings are from within the Delivering Hauora Māori Services appropriation and comprise \$31.500 million one-off savings for 23/24 financial year from unspent establishment funding and expected interest on investment over 22/23 and 23/24; and \$1.000 million saved annually from 24/25 onwards related to board member fees and associated support costs. Any reduction in the Delivering Hauora Māori Services appropriation is likely to be strongly opposed by Māori and iwi.
New spending initiatives	15797	Timely access to COVID-19 vaccine and therapeutics and ongoing cost-effective management of COVID-19	This initiative seeks the costs of a targeted and proportionate COVID-19 response and ongoing pandemic preparedness. Specifically, delivery of the vaccines and treatments that would be purchased by Pharmac; a baseline level of testing, surveillance and care; and a minimum supply of PPE stock. This initiative would require a significant reduction in access to antivirals, vaccines, and RATs from current settings.	193.46	773.840	N/A	172.141	688.565	N/A	Scalability: The scaled options would provide only a minimal level of protection for the health system against the impacts of COVID-19. There are significant risks with the scaled option, including increased burden on health care settings, increased morbidity and mortality associated with decreasing immunity and reduced access to diagnostics and treatments. If funding for purchase of COVID-19 vaccines and therapeutics is approved, this initiative is integral to ensuring those can be delivered. Deferability: Due to the time-limited nature of funding, which concludes at the end of the current financial year, deferability would result in a gap in these services being provided. Additionally, deferring funding for delivering vaccines and therapeutics purchased by Pharmac would risk those going to waste and the value for money of that investment not being realised. GPS priority tags: Access, timeliness, quality
New spending initiatives	15800	Emergency department security – service expansion	This initiative provides for 23 new 24/7 security guards (115 FTE – as ~5 FTE are required for 24/7 cover) across our highest-risk HNZ emergency departments, to support safer care and psychological safety for HNZ staff and people visiting our hospitals and facilities. It also includes a “summer surge” of capacity each year for ~3 weeks, to keep people safe across ~32 additional facilities over summer, aligned to changes in demand over the season. The initiative is designed to keep New Zealanders and workers safe, and grow trust and confidence in our health system.	14.987	59.949	N/A	7.712	30.848	N/A	Scalability: The scaled option presented removes the capacity for ‘summer surges’ and decreases the number of security guards available at high-risk facilities from 23 24/7 positions (115 FTE) to 14 24/7 positions (70 FTE). The scaled option would cost \$30.848 million. Scaling the initiative in this way would result in the initiative not reaching locations outside of major high-risk facilities. Decreases in high-risk facility FTE would impact on the ability to flexibly use security guard staff for security activities such as escort and restraint. It would reduce the initiative’s scale below that of the interim 2023/24 measure. Deferability: Deferring this initiative would preclude having additional security staff in Emergency Departments, with a risk of prolonging the security challenges in these settings. Based on current trends, we would anticipate an increase in violence incidents likely reaching a limit above current levels in one to two years. A perception of poor safety will also impact staff satisfaction, contributing to attracting and retaining health workforce. GPS priority tags: Access, timeliness, workforce
	15804	Breast screening extension of eligibility to include 70–74-year-olds as part of the free national programme	This initiative provides funding to the value of \$35.00 million over the forecast period (\$141.67 million over a 10-year period) to expand the services of the BreastScreen Aotearoa (BSA) programme to include free mammograms for women up to 74 years old. The current screening age for the programme is women aged 45-69. The proposed approach is for a phased rollout from 2025, taking 5 years for full implementation.	6.953*	27.810	7.19	N/A	N/A	N/A	*Note the 10-year profile for this initiative (2023/24 – 2032/33) is \$122.88m (including \$115.69m in operating funding over 10 years and \$7.19m capital incurred in 2025/26). The initiative includes outyear funding from 2033/34 at \$18.79m per annum. Scalability: A scaled option is not provided as the option to phase implementation over 5 years is considered the minimum viable option for this initiative. Scaling down the initiative would result in only partial delivery of the objectives (e.g. expansion for ages 70-71 only), or introduce unacceptable risks to existing service delivery. Deferability: Deferring this initiative would delay the time frame in which the breast screening age can be extended. Implementation is already proposed to be phased over 5 years and the same time frame for implementation would be required from a deferred start date. Deferral would not reduce any of the implementation risks as the proposed rollout is designed to reduce inequities and allow time for service providers to build capacity. GPS priority tags: Timeliness

Track	CFIS ID	Title	Description	Funding sought			Scaled option			MoH comments on scalability and deferability implications
				Operating per annum (\$m)	Total operating (\$m)	Total capital (\$m)	Operating per annum (\$m)	Total operating (\$m)	Total capital (\$m)	
New spending initiatives	15808	Health Workforce – Waikato New Medical School – cost benefit analysis and business case development	This initiative seeks \$5.000 million in operating costs for programme and business case development and independent cost benefit analysis of the proposal for a new medical school at the University of Waikato.	1.250	5.000**	N/A	N/A	N/A	N/A	**Sought in current financial year. Scalability: A scaled option is not provided. Deferability: This initiative is a Government priority and is now the subject of a Memorandum of Understanding signed with the University of Waikato. This initiative seeks funding for the current financial year 2023/24 to allow scoping work to commence in before July 2024. If funding is provided only in the 2024/25 financial year this would result in risks to the work programme that would need to be managed. If funding was deferred beyond 2024/25 this would have a serious impact on the goals of the Memorandum of Understanding. Further advice on milestones and dependencies will be provided on 18 March. GPS priority tags: Workforce
	15801	Gumboot Friday – funding to deliver free youth mental health counselling services	This initiative provides \$6.000 million per annum to contract I Am Hope Charitable Trust/Gumboot Friday (Gumboot Friday) to deliver free mental health counselling services for youth between the ages of 5 and 25 to help fill a gap in existing services particularly for individuals on wait lists for specialist mental health services.	6.000	24.000	N/A	5.000	20.000	N/A	Scalability: A scaled option is provided that would phase the value of the contract over the first 2 years to reach the full committed value of \$6 million in year 3: • Year 1: \$3 million • Year 2: \$5 million • Year 3 and outyears: \$6 million. This would result in a phased increase to the number of youth supported by this investment also: • Year 1: 4500 individuals with mild to moderate needs and 500 individuals with higher needs • Year 2: 7500 individuals with mild to moderate needs and 750 individuals with higher needs • Year 3: 9000 individuals with mild to moderate needs and 1000 individuals with higher needs. Deferability: This initiative could be deferred to either 2025/26 or 2026/27 and still deliver on the Government coalition agreement commitment. GPS priority tags: Timeliness
	15803	Mental Health and Addiction Community Sector Innovation Fund	This initiative provides funding for a national Mental Health and Addiction Innovation Fund which will enable community organisations to submit proposals for funding for innovative new approaches to addressing the mental health and wellbeing needs of New Zealanders.	5.220	20.880	N/A	3.340	13.360	N/A	Scalability: A scaled option is provided that decreases the funding available, resulting in fewer providers receiving funding and a fewer number of initiatives funded. An alternative scaling option is to phase implementation as follows: • Year 1: \$2.22 million • Year 2: \$5.22 million • Year 3: \$5.22 million • Year 4: \$8.22 million Scaling this initiative is likely to reduce the impact on desired outcomes, which include increasing access to services, growing workforce capacity, increasing use of digital technology and decreasing wait time for services. Deferability: This initiative can be deferred; however, deferral of implementation would mean a continuation of the status quo in the interim years, with the same level of pressure on mental health and addiction services. GPS priority tags: Access, timeliness
	15807	Primary care funding – support for immunisations and health targets	The initiative provides funding of \$52 million to support general practice to improve immunisation and contribute towards health priorities and targets. Funding will be made as an up-front payment to support broader capability in general practices. It will be accompanied by a letter of expectations asking practices to focus on improving immunisations, wait times for appointments, and opening books to new enrolments. This payment is designed as a boost to practices for the 2024/25 financial year while ongoing solutions to the funding and accountability model for primary and community healthcare are being worked through.	13.000	52.000***	N/A	26.000***	26.000	N/A	***Sought in 2024/25. Scalability: A scaled option is provided that reduces the investment by 50% representing a on-off funding injection of \$26 million. This would decrease general practices' ability to respond to the Government's priorities. Only larger practices with higher enrolments would receive a meaningful funding injection at this rate. This approach may exacerbate sector concerns about underfunding. Deferability: Deferral of this initiative would prevent it from meeting the original intent of providing interim support for primary care. Deferring this initiative would impact on the ability of the primary care sector to meet Government expectations and targets until a longer-term solution to the funding and accountability model for primary and community healthcare is determined and implemented. GPS priority tags: Access, timeliness
	15813	Health Workforce – Training 50 more doctors	This initiative provides funding to increase the number of domestically trained doctors by increasing the number of funded medical school places by 50 from 2025. This will enable the Universities of Auckland and Otago to increase their medical school intakes from 589 in 2024 to 639 from 2025. This initiative will cost \$226.288 million in operating expenses and \$25.932 million in capital expenses over 10 years, spread across tuition funding, student loans and postgraduate salaries for new doctors.	5.082****	20.329	25.932	3.049****	12.197	15.559	****This is a Cross-Vote initiative. Note this initiative has irregular outyears, totalling \$252.220m over 10 years to 2032/33 (\$226.288m operating, \$25.932m capital). The scaled option is \$135.773m (opex) over 10 years to 2032/33. Scalability: A scaled option is provided that increases training places by 30 rather than 50. This would make 619 places available each year for medical school intake from 2025. Deferability: Deferring this initiative will impact on the ability to grow the workforce as the cap would remain set at 589 places, thereby prolonging health workforce challenges. GPS priority tags: Workforce
New spending initiatives	15810	Health workforce - Bonding scheme for nurses and midwives	s 9(2)(j)	s 9(2)(j)						s 9(2)(j) Workforce

Track	CFIS ID	Title	Description	Funding sought			Scaled option			MoH comments on scalability and deferability implications
				Operating per annum (\$m)	Total operating (\$m)	Total capital (\$m)	Operating per annum (\$m)	Total operating (\$m)	Total capital (\$m)	
	15814	Medicines – Increasing access to medicines including cancer treatments	This initiative provides funding to Pharmac's Combined Pharmaceutical Budget and to Health New Zealand to increase access to cancer treatments and other medicines. This initiative aims to improve health outcomes for New Zealanders and survival for cancer patients by increasing access and delivery of publicly funded medicines. It maximises the benefits Pharmac can achieve for New Zealanders through the Combined Pharmaceutical Budget. It contributes to two Government coalition agreement undertakings: to increase Pharmac's budget every year and to give Kiwis access to 13 more cancer treatments. Note that the savings made from the \$5.00 prescription co-payment reinstatement would be a contributory source of funding for this initiative.	110.750	443.000	N/A	80.750	323.000	N/A	<p>Scalability: Scaling options involve deferring the initiative to 2026/27 or scaling down funding to fund 33 medicines instead of 48. Either of these scaling options result in either delays to accessing medicines (with deferral) or less medicines accessible (scaling down). The nominated number of medicines identified would enable the 13 new cancer drugs to be funded via the CPB (including other medicines that are higher in the list until those cancer drugs are reached).</p> <p>Deferability: Scaling includes an option to defer the initiative to 2026/27. This would mean that people wouldn't receive increased access to these medicines until 2026/27. Pharmac has advised due to uncertainties in the Options for Investment list in 2026/27 and outyears it is not possible to provide estimates on the additional number of medicines, cancer treatments that would be funded and the outcomes from the treatments.</p> <p>GPS priority tags: Access, timeliness, quality</p>
s 9(2)(j)	15817	New Dunedin Hospital	This initiative provides funding for cost pressures being felt on the New Dunedin Hospital project. It enables the construction contract for the new outpatient building to be signed.	N/A	N/A	s 9(2)(j)	N/A	N/A	N/A	<p>s 9(2)(j) . If this is approved, the Budget 2024 bid for the funding will be removed.</p> <p>Funding the cost pressure for New Dunedin Hospital is a priority to maintain progress on this project. Since submission of initiatives to the Budget 2024 process, HNZ has requested an increase to s 9(2)(j) . If this is approved, the Budget 2024 bid for the funding will be removed.</p> <p>If no cost pressures are funded, it will be necessary to defer or cancel projects to meet the New Dunedin Hospital cost pressure.</p> <p>GPS priority tags: Infrastructure</p>
Capital cost pressure	15823	National cost pressure contingency for the health capital portfolio	This initiative will provide a centralised contingency pool for Health New Zealand to manage new cost pressures that arise in the existing portfolio. The contingency will cover pressures related to projects approved in Budget 2022 or earlier. New health capital initiatives include separate contingency considerations incorporated by Health New Zealand.	N/A	N/A	71.400	N/A	N/A	N/A	<p>It is the Ministry of Health's view that this initiative can be met from existing sources, including the HCE, potential reprioritisation or deferral of investment and internal reserves.</p> <p>If both the New Dunedin Hospital pressure and the s 9(2)(j)(iv) pressure are funded, and all known cost pressures are realised against Health Capital Envelope funding, then HNZ would have remaining funding of s 9(2)(j)(iv) to in the Health Capital Envelope to meet new cost pressures on the existing portfolio.</p> <p>GPS priority tags: Infrastructure</p>

Track	CFIS ID	Title	Description	Funding sought			Scaled option			MoH comments on scalability and deferability implications
				Operating per annum (\$m)	Total operating (\$m)	Total capital (\$m)	Operating per annum (\$m)	Total operating (\$m)	Total capital (\$m)	
	s 9(2)(j)									

PROACTIVELY RELEASED

Briefing

Budget 2024: in-principle decisions for Vote Health following the bilateral meeting with the Minister of Finance

Date due to MO: 13 March 2024 **Action required by:** N/A

Security level: **Health Report number:** H2024037497

To: Hon Dr Shane Reti, Minister of Health
 Hon Matt Doocey, Minister for Mental Health

Refer to: *Subject to recommendations below*
 Hon David Seymour, Associate Minister of Health (Pharmac)
 Hon Casey Costello, Associate Minister of Health

Consulted: Health New Zealand: Māori Health Authority:

Contact for telephone discussion

Name	Position	Telephone
Maree Roberts	Deputy Director-General, Te Pou Rautaki Strategy, Policy and Legislation, Manatū Hauora	s 9(2)(a)
Steve Barnes	Group Manager Strategy, Te Pou Rautaki Strategy, Policy and Legislation, Manatū Hauora	s 9(2)(a)

Minister's office to complete:

Approved Decline Noted
 Needs change Seen Overtaken by events
 See Minister's Notes Withdrawn

Comment:

Budget 2024: in-principle decisions for Vote Health following the bilateral meeting with the Minister of Finance

Purpose

1. This briefing provides a summary of in-principle decisions taken at your (the Minister of Health) Vote Health Budget 2024 bilateral meeting with the Minister of Finance on Monday 11 March, to support your next steps in the Budget 2024 process.

Context

2. The in-principle decisions at the bilateral meeting provide direction on the Vote Health Budget 2024 package. Budget Ministers will be meeting over the coming weeks, and the final shape of the package may change. The final budget package will be agreed by Cabinet on 29 April.

Cost pressures

3. You (the Minister of Health) and the Minister of Finance agreed to progress with the previously-communicated planning parameters for cost pressures, noting that this quantum is already reflected in the fiscal forecasts. You also noted your expectation that Te Whatu Ora | Health New Zealand (HNZ) will deliver on priorities within these parameters.

4. s 9(2)(j), s 9(2)(f)(iv)

5. HNZ will also need to prepare a costed three-year New Zealand Health Plan (NZHP) to give effect to the Government Policy Statement 2024 - 20227, based on the agreed cost pressure funding quantum, for your review.
6. Joint Ministers have agreed to progress with multi-year funding through Budget 2024 [H2024034979 refers]. The planning parameters quantum for multi-year funding is set out below (updated to reflect rounded figures included in the Pre-Election Financial and Economic Update and confirmed with the Treasury):

	Budget 2024 Total across B24 forecast period (\$m)	Budget 2025 Total across B25 forecast period (\$m)	Budget 2026 Total across B26 forecast period (\$m)	Total sought against Budgets 2024, 2025 & 2026 (\$m)
Planning parameters	5,720 (Uplift of 1,430 p.a. ongoing)	5,480 (Uplift of 1,370 p.a. ongoing)	5,480 (Uplift of 1,370 p.a. ongoing)	16,680 (Cumulative uplift of \$4,170 by 2026/27)

New spending initiatives

7. You (the Minister of Health) and the Minister of Finance made in-principle decisions around the various new spending initiatives, and provided direction for where they would likely be scaled, deferred, or not progressed.
8. A summary of the decisions is set out below; the next section outlines where further work is underway. **Annex 1** provides a more detailed summary and provides space for your further direction.

Initiative	In-principle decision
Timely access to COVID-19 vaccine and therapeutics and ongoing cost-effective management of COVID-19	Scaled to the Treasury recommended quantum of \$232.152m
Emergency department security – service expansion	Scaled to \$30m
Breast screening extension of eligibility to include 70-74 year-olds as part of the free national programme	Scaled to \$24m over four years (at \$6m/year)
Gumboot Friday – funding to deliver free youth mental health counselling services	Scaled to: \$2m at 2024/25 \$4m at 2025/26 \$6m at 2026/27 \$6m at 2027/28
Health workforce – training 50 more doctors	Scaled to 25 new doctors In line with the standard approach to charges against Budget allowances, the funding to be charged against Budget 2024 will be the costs over the forecast period. However, for this initiative, costs increase after 2027/28. The financial recommendations for the Budget Cabinet paper will include costs over ten years to reflect this.

Initiative	In-principle decision
Health workforce – Waikato New Medical School – cost benefit analysis and business case development	Not progressing as new funding Further work to be undertaken to find alternative funding options.
Mental Health and Addiction Community Sector Innovation Fund	Not progressing in Budget 2024
Primary care funding – support for immunisations and health targets	Not progressing in Budget 2024
Health workforce – bonding scheme for nurses and midwives	Not progressing in Budget 2024
Medicines – increasing access to medicines including cancer treatments	Not progressing in Budget 2024

Further work underway to new spending initiatives

Timely access to COVID-19 vaccine and therapeutics and ongoing cost-effective management of COVID-19

9. Ministry officials will be exploring with HNZ, subject to direction from the Treasury on managing budget sensitivity, options for RATs, PPE, and surveillance within the scaled quantum, while also maintaining the delivery of the vaccines and therapeutics.

Breast screening extension of eligibility to include 70-74 year-olds as part of the free national programme

10. Ministry officials will also engage with HNZ in the coming weeks around the phasing of this initiative, to ensure that the funding profile aligns with the implementation plan, once this has been updated to reflect the in-principle funding quantum. The submitted initiative also included \$7.19m in capital funding for 2024/25. We are seeking confirmation from the Treasury about any scaling implications.

Health workforce – Waikato New Medical School – cost benefit analysis and business case development

11. The Ministry is reviewing the level of funding required for the business case and will look at the cost and alternative options. We are working with the Treasury on this and will come back with a proposal.

Primary care funding – support for immunisations and health targets

12. Given the in-principle decision not to proceed with the Primary care initiative, Ministry officials are considering alternative options and s 9(2)(f)(iv)

s 9(2)(f)(iv)

- c. transfer from Hospital and Specialist Services appropriation
- d. contingencies / Budget 2022 initiatives.

13. s 9(2)(f)(iv)

Capital initiatives

14. The New Dunedin Hospital initiative is currently being progressed through a Cabinet paper seeking s 9(2)(j). Depending on Ministers' views on communicating decisions on this initiative, it would be the only capital initiative announced at Budget 2024. The Ministry considers the decision to not progress other capital cost pressures and new spending initiatives can currently be managed, as HNZ can meet all currently known cost pressures from the s 9(2)(j)

15. s 9(2)(f)(iv)

Savings initiatives

16. There were no changes to the submitted savings initiatives.

Communication with entities about Budget decisions

17. The in-principle decisions will have an impact on HNZ. Budget process would generally preclude sharing this information with HNZ prior to final Cabinet decision-making and would be limited to a number of Crown entity officials after final Budget decisions have been agreed.

18. We are engaging with the Treasury about whether and how in-principle decisions might be communicated, in particular, in-principle decisions around cost pressures funding and timely access to COVID-19 vaccine and therapeutics. This may include a letter from you and the Minister of Finance, and/or the opportunity to signal funding levels at the HNZ Board meeting you and the Minister of Finance are attending on 25 March. We will provide you talking points to support attendance at the meeting.

Next steps

19. We will provide you with updates on:
- a. options for RATs, PPE and surveillance within the scaled quantum for timely access to COVID-19 vaccine and therapeutics.
 - b. alternative funding options for the Waikato New Medical School business case.

- c. alternative options for Primary Care funding.
20. We will provide you with an updated reference pack on Friday 15 March, which will include responses to the questions you (the Minister of Health) raised at the pre-meet on Monday.
21. The Treasury and the Ministry will provide further advice in late March on multi-year funding, risks and risk mitigation options.
22. Financial recommendations are due for submission to Treasury on 16 April, to be agreed by Cabinet on 29 April alongside the Budget 2024 Cabinet paper. We will provide you with draft financial recommendations for your consideration before these are submitted to Treasury.

Recommendations

We recommend you:

- a) **Indicate** whether you would like to refer this report to your colleagues:

Hon David Seymour, Associate Minister of Health (Pharmac)

Yes/No

Hon Casey Costello, Associate Minister of Health

Yes/No

- b) **Provide direction**, if any, on next steps for initiatives which the Minister of Finance and you have made in-principle decisions to progress

Dr Diana Sarfati
Director-General of Health
Te Tumu Whakarae mō te Hauora
Date:

Hon Dr Shane Reti
Minister of Health
Date:

Hon Matt Doocey
Minister for Mental Health
Date:

ENDS.

Minister's Notes

PROACTIVELY RELEASED

Briefing

Budget 2024 Vote Health Technical Initiatives

Date due to MO: N/A	Action required by: N/A
Security level:	Health Report number: H2024037765
To: Hon Dr Shane Reti, Minister of Health	
Consulted: Health New Zealand: <input type="checkbox"/> Māori Health Authority: <input type="checkbox"/>	

Contact for telephone discussion

Name	Position	Telephone
Fergus Welsh	Chief Financial Officer, Corporate Services	s 9(2)(a)
Andrew Powell	Manager Financial Strategy and Budget, Corporate Services	s 9(2)(a)

Minister's office to complete:

- | | | |
|---|------------------------------------|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <input type="checkbox"/> Noted |
| <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn | |

Comment:

Budget 2024 Vote Health Technical Initiatives

Security level: **Date:** 18 March 2024

To: Hon Dr Shane Reti, Minister of Health

Purpose of the report

1. This report advises you of two Budget 2024 Vote Health technical initiatives that the Ministry has been requested by the Treasury to submit as part of this process. These initiatives are due to be submitted into CFISnet by 1pm, Wednesday 20 March 2024.
2. No action is required by you.

Budget 2024 Vote Health Technical Initiatives

3. The Ministry is intending to submit two technical initiatives as detailed below. These initiatives meet the criteria in the Treasury's guidance as technical initiatives, given the initiatives do not involve significant policy decisions and there is no new funding sought over the five-year forecast period.

Technical initiative 1 - Shared Approach to Back-office Transformation

4. On 4 September 2023, Cabinet agreed to fund a shared approach to the back-office transformation service provided by the Department of Internal Affairs via a proportional transfer of funding from agencies based on their departmental output expense appropriations [CAB-23-MIN-0417 refers]. Agencies under the Government Chief Digital Officer (GCDO) Common Capabilities mandate (Procurement Rule 60) must use the proposed shared approach to back-office transformation.
5. We have been advised by the Treasury that transfers agreed by Cabinet from contributing departments baselines should be actioned through the technical initiatives Budget process. The funding required to be transferred is based on a stepped approach. The Ministry falls into band 3 (agencies with departmental output expense appropriations between \$100 million and \$500 million) and the contribution amount required is \$130,000 per annum, starting from 2024/25.
6. Accordingly, a technical initiative will be submitted in Budget 2024 to reflect this fiscally neutral transfer between Vote Health and Vote Internal Affairs.

Technical initiative 2 – Residential Care Loans (RCL)

7. This technical change was initially submitted in the 2024 March baseline update [H2024035159 refers]. It proposed to increase the capital expenditure appropriation

'Residential Care Loans – Payments' by \$12 million in 2023/24 and \$15 million per annum in outyears to address a forecast funding shortfall.

8. This enables eligible residents to retain ownership of their properties but still pay for their care. The assessment of eligibility for these loans is undertaken by the Ministry of Social Development and the payments are made by Te Whatu Ora directly to the rest homes. The loans are secured against the properties and repayments from the estates are recognised in the capital receipt appropriation 'Repayment of Residential Care Loans'.
9. The Treasury has since advised that this item has been declined by the Minister of Finance, and this will be advised to you in her MBU response letter, which will be returned to you around 20 March 2024. The Treasury considers that it does not meet the criteria for a fiscally neutral adjustment as outlined in CO (18) 2, given the increase to the capital expenditure appropriation is not fully offset by increases in third party funding (capital receipt of loan repayment in this case) within a single financial year.
10. The Ministry agrees with the Treasury's advice. It acknowledges there is some variability in the receipts from the loans across years although the scheme is expected to be fiscally neutral over time and for forecasting purposes the working assumption is that the receipts will offset the loan payments each year as the actual pattern of repayments is difficult to predict.
11. The Treasury has advised the decision to approve this change needs to be approved by Cabinet and suggests this initiative be managed through the Budget 2024 process as a technical initiative.
12. Currently both the capital appropriation and capital receipt appropriations are budgeted at \$20 million for 2023/24 and outyears reflecting the expectation that the scheme will be fiscally neutral over time. Over recent years, there has been a substantial increase in the number of people entering aged residential care facilities and larger numbers who pay the maximum contribution for aged care services. As a result, the payments against the residential care loans are increasing each year.
13. A technical adjustment is proposed to increase the capital expenditure appropriation 'Residential Care Loans – Payments', offset by an increase of the same amount in the capital receipt appropriation 'Repayment of Residential Care Loans', to meet the increasing funding needs of RCLs, as follows:

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Non-Departmental Capital Expenditure:					
Residential Care Loans - Payments	12.000	15.000	15.000	15.000	15.000
Non-departmental Capital Receipts:					
Repayment of Residential Care Loans	12.000	15.000	15.000	15.000	15.000
Total Capital	-	-	-	-	-

Next steps

14. The Ministry will submit the above technical initiatives in CFISnet by 1pm Wednesday 20 March 2024.
15. Financial recommendations for technical initiatives (if they are supported by Budget Ministers) are due in CFISnet by Tuesday 16 April 2024, which is the same timing as for Budget 2024 significant initiatives. The Ministry will provide you with the proposed draft financial recommendations ahead of the due date for your consideration and agreement.

Recommendations

We recommend you:

- a) **Note** that the Ministry, on advice from the Treasury, will submit the following two technical initiatives through the Budget 2024 process by 1pm Wednesday 20 March 2024:
 - i. Technical initiative 1 - Shared Approach to Back-office Transformation
 - ii. Technical initiative 2 – Residential Care Loans

Fergus Welsh
Chief Financial Officer
Corporate Services
Date: 18 March 2024

Hon Dr Shane Reti
Minister of Health
Date:

ENDS.

Minister's Notes

PROACTIVELY RELEASED

Briefing

Budget 2024 Vote Health Financial Recommendations

Date due to MO: 11 April 2024

Action required by: 15 April 2024

Security level:

Health Report number: H2024039092

To:

Hon Dr Shane Reti, Minister of Health

Hon Matt Doocey, Minister for Mental Health

Consulted:

Health New Zealand: Māori Health Authority:

Contact for telephone discussion

Name	Position	Telephone
Maree Roberts	Deputy Director-General, Strategy, Policy & Legal	s 9(2)(a)
Fergus Welsh	Chief Financial Officer, Corporate Services	s 9(2)(a)

Minister's office to complete:

Approved

Decline

Noted

Needs change

Seen

Overtaken by events

See Minister's Notes

Withdrawn

Comment:

Budget 2024 Vote Health Financial Recommendations

Security level:

Date: 11 April 2024

To:

Hon Dr Shane Reti, Minister of Health

Hon Matt Doocey, Minister for Mental Health

Purpose of report

1. This report updates you on the financial recommendations for Vote Health 2024, to be included in the overall Budget 2024 Cabinet paper for consideration on 29 April 2024.

Summary

2. Financial recommendations are a key part of the Budget process as they confirm Cabinet's decisions on the overall package. Significant financial recommendations are due for submission to the Treasury on 16 April. Cabinet will consider the final package for Budget 2024 on 29 April and agree to the financial and technical recommendations, alongside the policy decisions.
3. Key issues for noting are discussed in the body of this briefing. A summary of initiatives is attached at Appendix 1. All financial recommendations are attached at Appendix 2.

Recommendations

We recommend you:

a) **Indicate** whether you would like to refer this report to your colleagues:

Hon David Seymour, Associate Minister of Health (Pharmac)

Yes/No

Hon Casey Costello, Associate Minister of Health

Yes/No

b) **Note** the table with the current status of Vote Health initiatives attached at Appendix 1.

Yes/No

c) **Note** the financial recommendations for Budget 2024 included at Appendix 2.

Yes/No

d) **Note** that, subject to minor changes, these financial recommendations will be included in the Cabinet paper for the final Budget 2024 package to be considered by Cabinet on 29 April 2024.

Yes/No

Dr Diana Sarfati

Director-General of Health

Te Tumu Whakarāe mō te Hauora

Date:

Hon Dr Shane Reti

Minister of Health

Date:

Hon Matt Doocey

Minister for Mental Health

Date:

Budget 2024 Vote Health Financial Recommendations

Background

4. Significant and technical financial recommendations are used to confirm Cabinet decisions on the final Budget package. Technical financial recommendations are used for initiatives that neither seek new funding in the forecast period nor carry significant policy implications. Significant financial recommendations are required for all other initiatives.
5. Significant and technical financial recommendations will be included in the final Budget Cabinet paper to be considered on 29 April 2024. We provided you a briefing on the technical financial recommendations for Vote Health on 18 March [H2024037765 refers].
6. The Minister of Finance proactively releases Budget-related documents every year about two months after Budget Day. This release includes Cabinet minutes and the final Budget paper.
7. For your noting, all financial recommendations are attached at Appendix 2. For some initiatives, descriptions and titles have been amended since we last provided these to you on 19 March 2024, to reflect feedback from the Treasury.

Specific initiatives

Cost pressure funding

8. The Ministry of Health and the Treasury are providing you and the Minister of Finance with a briefing *Multi-year cost pressure funding for Vote Health: additional measures to improve planning and budgeting* this week. The additional recommendations for the initiative *Health cost pressure funding for Health New Zealand | Te Whatu Ora* will be provided in draft in this briefing.

Heated Tobacco initiative

9. Since submission of the Heated Tobacco initiative on 28 March, the Minister of Finance requested that officials from the Treasury and Ministry of Health work together to provide advice on introducing snus, with a variety of excise scenarios, to the New Zealand market. The Treasury led this modelling, which was sent earlier this week.
10. We have not yet received confirmation from Ministers on whether this initiative will be included in the final Budget 2024 package for Cabinet consideration. If this initiative does progress, it will be part of Vote Customs under Minister Costello's responsibility as Minister of Customs.
11. We have considered implementation timing and recommend that, if progressed, this initiative is implemented from 1 July 2024 (rather than on Budget night). This is because implementing from Budget night would carry significant risk of error, which would require future correction. The system changes required for excise change have impacts on freight and importers. Implementing the initiative from 1 July 2024 would allow Customs sufficient time to make the necessary changes and update the published Tariff.

Waikato New Medical School – independent cost benefit analysis and business case development

12. The Vote Health package includes an initiative for the Waikato New Medical School independent cost benefit analysis and business case development. Although this initiative is not seeking new funding, Cabinet approval is required for the proposed funding transfer. The recommendation seeks agreement to fund the initiative using Departmental underspends from the 2023/24 financial year and transferring some of this funding to 2024/25.

Mental Health and Addiction (MH&A) Innovation Fund

13. We understand that you (Minister for Mental Health) agreed with the Minister of Finance at your meeting on Tuesday 2 April 2024, that the Mental Health Innovation Fund would be funded from within existing Health New Zealand | Te Whatu Ora (HNZ) baselines.
14. On 5 April 2024 we provided you with advice that outlined how uncommitted MH&A funding in 2023/24 of approximately \$9.720 million, alongside use of ongoing uncommitted Budget 2019 funding of approximately \$2.790 million, could be used to partially or fully deliver on the Government's public commitment to an approximately \$5 million per annum Mental Health and Addiction Innovation Fund. As the advice is Budget sensitive, it has not been shared with HNZ.
15. On 10 April, you (Minister for Mental Health) met with officials to discuss the options for funding this initiative. You provided direction for this initiative to seek time-limited funding of \$10m over two years. This would be achieved through a transfer of \$9.720m from 2023/24 to 2024/25 and 2025/26. Financial recommendations reflecting this direction are provided in Appendix 2.
16. A briefing with further advice on this initiative will be provided to you (both the Minister of Health and the Minister for Mental Health) later today. This advice, for referral to the Minister of Finance, sets out the proposed approach to reprioritising underspends through Budget 2024 to support a Mental Health and Addiction Innovation Fund. We will update the financial recommendations for this initiative if there is any further direction following this briefing.

Gumboot Friday

17. We have included additional recommendations for this initiative on the advice of the Treasury. These additional recommendations note that an opt-out provision under the Government Rules of Procurement will be used. The recommendations also note that the contract with Gumboot Friday/I am Hope Charitable Trust will include monitoring and performance requirements, alongside other clauses consistent with Government health services contracts.

Prescription co-payment – reinstating the \$5 prescription co-payment with targeted exemptions

18. We understand Ministers may provide further direction on related policy settings. If there are to be changes to the policy settings, we seek direction by 9.00am Monday 15 April at the latest. This will ensure that the financial recommendations can be drafted and reviewed in time to meet the Treasury's deadline for submission of financial recommendations of 1pm Tuesday 16 April.

Capital Initiative

19. The Treasury has advised that a \$100m new capital funding initiative may be announced at Budget 2024. We await further advice on this matter. If progressed, we will provide your office with corresponding financial recommendations for inclusion in the recommendations to be submitted on Tuesday 16 April.

Budget sensitivity

20. Due to budget sensitivity, the Treasury has advised that we cannot share budget decisions with HNZ at this time. Therefore, we have not been able to engage with HNZ on the drafting of financial recommendations. In the event that a funding profile needs to be rephased to better reflect planning and programme needs, we propose this occurs at the October 2024 Baseline Update. This would be a technical adjustment that can be agreed by joint Ministers (Ministers of Finance and Health) and would not change the overall cost of an initiative across the forecast period.
21. The restrictions on communication with HNZ have an impact on the initiatives that were led by HNZ and subsequently scaled, in particular the Emergency Department Security initiative and the extension of the Breast Screening programme.
22. We are not in a position to confirm details of how the scaled quantum will impact on implementation i.e. the number of security guards that will be funded or the length of time required to implement the breast screening programme extension. During the production phase of the Budget, and subject to engagement with HNZ, there will be an opportunity to refine the initiatives' descriptions for the Budget 2024 Summary of Initiatives, as well as for any collateral (such as press releases).
23. As noted above, there will be an opportunity to rephase the funding profile for these initiatives at the October 2024 Baseline Update if the proposed phasing for these initiatives is incorrect.

Next steps

24. The financial recommendations attached at Appendix 2 are subject to minor changes as we work through these with the Treasury and other agencies. If required, we will provide your offices with an updated version on Monday 15 April.
25. Pending minor changes and any feedback from your offices, the Ministry will submit the financial recommendations at Appendix 1 to the Treasury by 1.00pm on Tuesday 16 April. These will then be considered by Cabinet as part of the overall Budget 2024 decisions on 29 April 2024.
26. This week we will also provide you with draft documents for the Estimates for Vote Health. Any changes made to the financial recommendations before 16 April will also be reflected in the Estimates documents.

ENDS.

Minister's Notes

PROACTIVELY RELEASED

Appendix 1 – Current status of Vote Health Budget initiatives

Category	Initiative	Bilateral In-principle decision	Current status and implications
Cost Pressure	Health cost pressure funding for Te Whatu Ora Health New Zealand**	Agreed funding in line with planning parameters	Progressing in line with bilateral decision Additional recommendations will be provided in the briefing <i>Multi-year cost pressure funding for Vote Health: additional measures to improve planning and budgeting.</i>
Savings	Prescription co-payment – reinstating the \$5 prescription co-payment with targeted exemptions	Progress as submitted	Progressing in line with bilateral decision We understand there is active consideration of this initiative's policy settings. If there are to be changes to the policy settings, we seek direction as soon as possible but by 9am Monday at the latest. This will ensure that the financial recommendations can be drafted and reviewed in time to meet the Treasury's deadline for submission of financial recommendations.
Savings	Māori Health Authority* disestablishment – return of funding	Progress as submitted	Progressing in line with bilateral decision
Savings	Ministry of Health – Baseline Savings*	Progress as submitted	Progressing in line with bilateral decision
New Spending	Timely access to COVID-19 vaccine and therapeutics and ongoing cost-effective management of COVID-19**	Scaled to the Treasury recommended quantum of \$232.152m operating funding over forecast period	Progressing in line with bilateral decision Note the COVID-19 specific multi-category appropriation will be disestablished. This may require rephrasing at the October Baseline Update (OBU) following HNZ engagement.

Category	Initiative	Bilateral In-principle decision	Current status and implications
New Spending	Emergency department security – service expansion**	Scaled to \$30m operating funding over forecast period	<p>Progressing with amendments</p> <p>Note this initiative has been phased over the forecast period (rather than a flat profile of \$7.5m) to support a phased roll-out of this initiative. The total for the forecast period remains \$30m operating.</p> <p>This may require rephasing at OBU following HNZ engagement.</p> <p>Subject to engagement with HNZ, there may be an opportunity to revise the description during Budget 2024 production phase.</p>
New Spending	Breast screening extension of eligibility to include 70-74 year-olds as part of the free national programme**	<p>Scaled to \$24m operating funding over four years (at \$6m/year)</p> <p>Capital \$7.190m</p>	<p>Progressing with amendments</p> <p>Note that funding for this initiative increases in the outyears (rather than remaining at \$6m per annum) to support a phased roll out of this initiative. The operating funding total for the forecast period remains \$24m.</p> <p>This will require rephasing across financial years at OBU, following HNZ engagement.</p> <p>Subject to engagement with HNZ, there may be an opportunity to revise the description during Budget 2024 production phase.</p>
New Spending	Gumboot Friday – funding to deliver free youth mental health counselling services	<p>Scaled to:</p> <p>\$2m operating funding at 2024/25</p> <p>\$4m operating funding at 2025/26</p> <p>\$6m operating funding at 2026/27</p> <p>\$6m operating funding at 2027/28</p>	<p>Progressing with amendments</p> <p>The funding profile has been revised to \$6m operating per annum based on Ministerial direction.</p> <p>Additional recommendations have been added to note the approach taken to this initiative.</p>

Category	Initiative	Bilateral In-principle decision	Current status and implications
New Spending	Health workforce – training 25 more doctors* (Note this title reflects bilateral decision)	Scaled to 25 new doctors	Progressing in line with bilateral decision Note this is a cross-vote initiative and only a portion of the funding is reflected in the Vote Health recommendations. In line with the standard approach to charges against Budget allowances, the funding to be charged against Budget 2024 will be the costs over the forecast period (i.e., to 2027/28). As costs increase after 2027/28, the financial recommendations include costs over ten years to reflect this.
New Spending	Health Workforce – Waikato New Medical School – independent cost benefit analysis and business case development*	Not progressing as new funding Further work to be undertaken to find alternative funding options.	Progressing in line with bilateral decision Proposing a transfer of a forecast underspend of \$2.575m* from 2023/24 to 2024/25 in the <i>Stewardship of the New Zealand health system MCA – Departmental Output Expenses</i> . The total cost of initiative has been revised down to \$3.075m. *\$0.500m does not require transfer as it will be used in the current financial year.
New Spending	Mental Health and Addiction Community Sector Innovation Fund	Not progressing in Budget 2024	To be included in Budget 2024 package This initiative proposes a funding transfer from 2023/24 to fund this initiative for two years (2024/25 and 2025/26). If this initiative continues beyond these two years, funding will need to be reprioritised from baselines.
New Spending	Primary care funding – support for immunisations and health targets	Not progressing in Budget 2024	No change - not progressing in Budget 24 You received advice on alternative options to direct funding towards primary care [H2024038078 refers]. While officials are undertaking further analysis to identify the implications of these options, s 9(2)(f)(iv), s 9(2)(g)(i) [REDACTED] [REDACTED]
New Spending	Health workforce – bonding scheme for nurses and midwives	Not progressing in Budget 2024	No change - not progressing in Budget 24

Category	Initiative	Bilateral In-principle decision	Current status and implications
New Spending	Medicines – increasing access to medicines including cancer treatments	Not progressing in Budget 2024	No change - not progressing in Budget 24
New Spending	New initiative: Tax only smoked tobacco products (Remove duty from heated tobacco products)	N/A	Included as a Customs initiative Note we have not received confirmation of whether or not this initiative is progressing, but if so this will be included in Vote Customs As Health submitted the original initiative, it is included in the attached recommendations for completeness.
New Spending	Pharmac – continuing access to medicines	Progressing separately	Progressing separately We will liaise with the Treasury and your office on whether this initiative will be announced alongside Budget 24 initiatives
Capital	To be confirmed	N/A	To be confirmed whether this is progressing The Treasury has advised that a \$100m new capital funding initiative may be announced at Budget 2024. We await further advice on this matter. If progressed, we will provide your office with corresponding financial recommendations for inclusion in the recommendations to be submitted on Tuesday 16 April.
Capital	New Dunedin Hospital	Progressing separately	Progressing separately We will liaise with the Treasury and your (Minister of Health) office on whether this initiative will be announced alongside Budget 24 initiatives

**Initiative title or description has been updated since original submission to better align with policy direction and/or Treasury guidance for financial recommendations.*

***Initiative title or description has been updated since original submission to reflect scaling.*

Appendix 2 – Financial recommendations for Vote Health

PROACTIVELY RELEASED

Out of scope



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