

The Treasury

Budget 2017 Information Release

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[1]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[4]	to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	6(c)
[11]	to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.	6(e)(vi)
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[33]	to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials	9(2)(f)(iv)
[34]	to maintain the effective conduct of public affairs through the free and frank expression of opinions	9(2)(g)(i)
[36]	to maintain legal professional privilege	9(2)(h)
[37]	to enable the Crown to carry out commercial activities without disadvantages or prejudice	9(2)(i)
[38]	to enable the Crown to negotiate without disadvantage or prejudice	9(2)(j)
[39]	to prevent the disclosure of official information for improper gain or improper advantage	9(2)(k)
[40]	Not in scope	

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

Reference: T2017/587 DH-1-2-3

Date: 10 March 2017

To: Minister of Finance (Hon Steven Joyce)

Aide Memoire: Additional Information on the Health Capital Investment Pool

DHB Capital Investment Pool

You requested more information on the Ministry of Health's Capital Investment Pool bid for Budget 17. This aide memoire updates previous advice (T2017/246 refers).

Where DHBs have investments requiring injections of new Crown capital, this funding is provided via the "Health Capital Envelope", which is made up of non-departmental appropriations within Vote Health from which Crown funding for DHB investments can be approved by the Joint Ministers of Health and Finance.

All business cases seeking new capital are reviewed by the Health Capital Investment Committee (CIC) and have close oversight from Ministry of Health and Treasury officials. Additional funding for DHB capital investments has not been sought since Budget 14, and due to delays in significant business cases, the envelope established at that time was sufficient to meet DHB capital investment needs over the past three years. The Ministry has confirmed that \$121 million remains in the capital envelope.

With a number of significant investment proposals expected in 2017/18, a new allocation of funding will be required if the current pipeline of DHB facility investments are to advance. The Minister of Health is seeking ^[33] for 2017/18. Out-year funding is not required, but substantial pressures are signalled in future budgets.

The business cases for each investment will be reviewed and considered on its merits, but the investments identified represent the Ministry's prioritisation of current investment needs in the sector. There are, however, questions about the feasibility of DHBs delivering investment ready business cases for all of these initiatives within the 2017/18 fiscal year given prior experience with the speed of business case development. The VA recommendation is for a partial allocation of ^[33] for 2017/18, based on an assessment of investment readiness of underlying investments (see Table 1). Further top-down pressure on the allocation can be applied, but would require deferral of investment decisions (which can arise in any event due to business case processes) or further reprioritization of projects in the pipeline. However, unanticipated risks may also arise (e.g., urgent facility repairs that individual DHBs do not have the capacity to fund) that may lead to further calls on the capital envelope.

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