

The Treasury

Budget 2015 Information Release

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

Treasury Report: District Health Boards: Additional Funding

Date:	22 April 2015	Report No:	T2015/827
		File Number:	SH-1-6-9

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Bill English)	Agree to the financial recommendations	Immediate
Minister of Health (Hon Dr Jonathan Coleman)	Agree to the financial recommendations	Immediate

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
[9]			
Ben McBride	Manager, Health	04 917 6184 (wk)	021-869-450 (work)

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.

Enclosure: No

Treasury Report: District Health Boards: Additional Funding

Purpose

1. The Minister of Finance and the Minister of Health (Joint Ministers) have agreed to provide District Health Boards with \$25 million per annum of additional funding, which will be allocated using the Population Based Funding Formula (Treasury Report, T2015/811). This report seeks your approval to the financial recommendations that will authorise the provision of this funding. It also clarifies the recommended treatment of \$9.8 million of reprioritised funding within Vote Health.

Additional Funding

2. \$25 million per annum of additional funding will be provided according to each DHB's share under the PBFF.
3. The provision of additional funding will lead to a \$25 million per annum reduction in the forecast consolidated DHB deficit.
4. The provision of additional funding and all changes to DHB appropriations will be reflected in the Estimates of Appropriations as part of Budget 2015.

Reprioritised Funding

5. The Budget 2015 Cabinet paper (16th of April) incorrectly signalled that \$9.8 million of PHARMAC savings will be transferred from DHB appropriations back to the centre. Instead, the intention was that the Ministry of Health should retain the funding and allocate it to manage cost pressures.
6. Cabinet delegated the decision on whether to retain this funding within Vote Health to the Minister of Finance and the Minister of Health.
7. Officials recommend that Joint Ministers agree to these funds being retained within Vote Health, with a fiscally neutral transfer from DHB appropriations to the National Disability Support Services appropriation.

Recommended Action

We recommend that you:

DHB additional funding

- a **agree** to the following financial recommendation to provide \$25 million per annum to DHBs based on their individual shares under the Population Based Funding Formula:

Agree/disagree
Minister of Finance

Agree/disagree
Minister of Health

Vote: Health

Title: District Health Board Additional \$25 million Funding For Pressures

Description: District Health Board additional \$25 million funding for demographic changes and a contribution to cost pressures

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	-	25.000	25.000	25.000	25.000
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	25.000	25.000	25.000	25.000

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Non-Departmental Output Expenses:					
Health and Disability Support Services - Auckland DHB	-	2.330	2.330	2.330	2.330
Health and Disability Support Services - Bay of Plenty DHB	-	1.388	1.388	1.388	1.388
Health and Disability Support Services - Canterbury DHB	-	2.734	2.734	2.734	2.734
Health and Disability Support Services - Capital and Coast DHB	-	1.440	1.440	1.440	1.440
Health and Disability Support Services - Counties-Manukau DHB	-	2.702	2.702	2.702	2.702
Health and Disability Support Services - Hawkes Bay DHB	-	0.990	0.990	0.990	0.990
Health and Disability Support Services - Hutt DHB	-	0.773	0.773	0.773	0.773
Health and Disability Support Services - Lakes DHB	-	0.619	0.619	0.619	0.619
Health and Disability Support Services - MidCentral DHB	-	1.012	1.012	1.012	1.012
Health and Disability Support Services - Nelson-Marlborough DHB	-	0.856	0.856	0.856	0.856

Health and Disability Support Services - Northland DHB	-	1.124	1.124	1.124	1.124
Health and Disability Support Services - South Canterbury DHB	-	0.364	0.364	0.364	0.364
Health and Disability Support Services - Southern DHB	-	1.695	1.695	1.695	1.695
Health and Disability Support Services - Tairāwhiti DHB	-	0.316	0.316	0.316	0.316
Health and Disability Support Services - Taranaki DHB	-	0.697	0.697	0.697	0.697
Health and Disability Support Services - Waikato DHB	-	2.226	2.226	2.226	2.226
Health and Disability Support Services - Wairarapa DHB	-	0.279	0.279	0.279	0.279
Health and Disability Support Services - Waitemata DHB	-	2.811	2.811	2.811	2.811
Health and Disability Support Services - West Coast DHB	-	0.222	0.222	0.222	0.222
Health and Disability Support Services - Whanganui DHB	-	0.422	0.422	0.422	0.422
Total Operating	-	25.000	25.000	25.000	25.000
Total Capital	-	-	-	-	-

b **note** that the provision of additional funding will reduce the forecast consolidated DHB deficit by \$25 million per annum

c **note** that additional funding will be reflected in the Estimates of Appropriations as part of Budget 2015

Reprioritised funding

d **note** that the Budget 2015 Cabinet paper incorrectly indicated that \$9.8 million of reprioritised funding will be returned to the centre from Vote Health

e **note** that Cabinet agreed to delegate the decision on whether to retain reprioritised funding within Vote Health to the Minister of Finance and the Minister of Health, and

f **agree** to the following fiscally neutral adjustment from DHB appropriations to National Disability Support Services appropriation.

Agree/disagree
Minister of Finance

Agree/disagree
Minister of Health

Vote: Health

Title: Disability Support: Community Residential Services - Pressures funded from the reprioritisation of District Health Board (DHB) PHARMAC Drug Savings

Description: Funding for cost and volume pressures in disability support community residential services caused by increased complexity and higher needs for clients.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	-	-	-	-

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Non-Departmental Output Expenses:					
National Disability Support Services		9.800	9.800	9.800	9.800
Health and Disability Support Services - Auckland DHB	-	(1.217)	(1.217)	(1.217)	(1.217)
Health and Disability Support Services - Bay of Plenty DHB	-	(0.631)	(0.631)	(0.631)	(0.631)
Health and Disability Support Services - Canterbury DHB	-	(0.670)	(0.670)	(0.670)	(0.670)
Health and Disability Support Services - Capital and Coast DHB	-	(0.360)	(0.360)	(0.360)	(0.360)
Health and Disability Support Services - Counties-Manukau DHB	-	(0.669)	(0.669)	(0.669)	(0.669)
Health and Disability Support Services - Hawkes Bay DHB	-	(0.572)	(0.572)	(0.572)	(0.572)
Health and Disability Support Services - Hutt DHB	-	(0.191)	(0.191)	(0.191)	(0.191)
Health and Disability Support Services - Lakes DHB	-	(0.162)	(0.162)	(0.162)	(0.162)

Health and Disability Support Services - MidCentral DHB	-	(0.245)	(0.245)	(0.245)	(0.245)
Health and Disability Support Services - Nelson-Marlborough DHB	-	(0.515)	(0.515)	(0.515)	(0.515)
Health and Disability Support Services - Northland DHB	-	(0.734)	(0.734)	(0.734)	(0.734)
Health and Disability Support Services - South Canterbury DHB	-	(0.088)	(0.088)	(0.088)	(0.088)
Health and Disability Support Services - Southern DHB	-	(0.415)	(0.415)	(0.415)	(0.415)
Health and Disability Support Services - Tairāwhiti DHB	-	(0.077)	(0.077)	(0.077)	(0.077)
Health and Disability Support Services - Taranaki DHB	-	(0.460)	(0.460)	(0.460)	(0.460)
Health and Disability Support Services - Waikato DHB	-	(1.474)	(1.474)	(1.474)	(1.474)
Health and Disability Support Services - Wairarapa DHB	-	(0.185)	(0.185)	(0.185)	(0.185)
Health and Disability Support Services - Waitemata DHB	-	(0.965)	(0.965)	(0.965)	(0.965)
Health and Disability Support Services - West Coast DHB	-	(0.064)	(0.064)	(0.064)	(0.064)
Health and Disability Support Services - Whanganui DHB	-	(0.106)	(0.106)	(0.106)	(0.106)
Total Operating	-	-	-	-	-
Total Capital	-	-	-	-	-

Ben McBride
Manager, Health

Hon Bill English
Minister of Finance

Hon Dr Jonathan Coleman
Minister of Health