

Reference: 20150063

30 April 2015



Thank you for your Official Information Act request, received on 2 March 2015. You requested the following:

“copies of any reports, briefings, aides memoire or any other advice Treasury has provided since 1 January 2012 regarding the fiscal impact of increased pay rates in the Aged Care Sector.

I ask that these are accompanied by a list of such documents by date and title.”

On 30 March I extended the time limit for deciding on your request by an additional 20 working days.

Information Being Released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	18 March 2014	Treasury Report: Briefing for Cabinet Social Policy Committee Wednesday, 19 March 2014	Release in part
2.	8 September 2014	Pre-Cab Briefing – 8 September 2014	Release in part

I have decided to release the relevant parts of the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- personal contact details of officials, under section 9(2)(a) – to protect the privacy of natural persons, including deceased people,
- confidential information, under section 9(2)(ba)(i) – to protect information that is subject to an obligation of confidence, or that was or could be provided under legal compulsion, and where releasing the information would be likely to

prejudice the supply of similar information in the future - and it is in the public interest that such information should continue to be supplied,

- advice still under consideration, under section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials,
- names and contact details of junior officials and certain sensitive advice, under section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions, and
- confidential information, under section 9(2)(j) – to enable the Crown to negotiate without disadvantage or prejudice.

Information to be Withheld

There are additional documents covered by your request that I have decided to withhold in full, including their titles, under:

- section 9(2)(a) – to protect the privacy of natural persons, including deceased people,
- section 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials,
- section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions, and
- section 9(2)(h) - to maintain legal professional privilege.

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

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

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

Yours sincerely

Ben McBride
Manager, Health

Information Being Released

OIA 20150063

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IN-CONFIDENCE



Treasury Report: Briefing for Cabinet Social Policy Committee
Wednesday, 19 March 2014

Date:	18 March 2014	Report No:	T2014/466
		File Number:	MS-5-2-SOC

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Bill English)	Read prior to SOC meeting	9.30am, Wednesday, 19 March 2014
Associate Minister of Finance (Hon Steven Joyce)	Read prior to SOC meeting	9.30am, Wednesday, 19 March 2014
Associate Minister of Finance (Hon Dr Jonathan Coleman)	Read prior to SOC meeting	9.30am, Wednesday, 19 March 2014

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Ruth Isaac	Manager, Housing	04 917 6174 (wk) <small>Withheld under s9(2)(a)</small>	✓

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

None

Enclosure: No

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Treasury Report: Briefing for Cabinet Social Policy Committee
Wednesday, 19 March 2014

Executive Summary

We are currently aware of eleven items on the Cabinet Social Policy Committee agenda for Wednesday 19 March 2014. The table below identifies any relevant fiscal impacts and / or provides Treasury's comments / recommendations

Not relevant to request

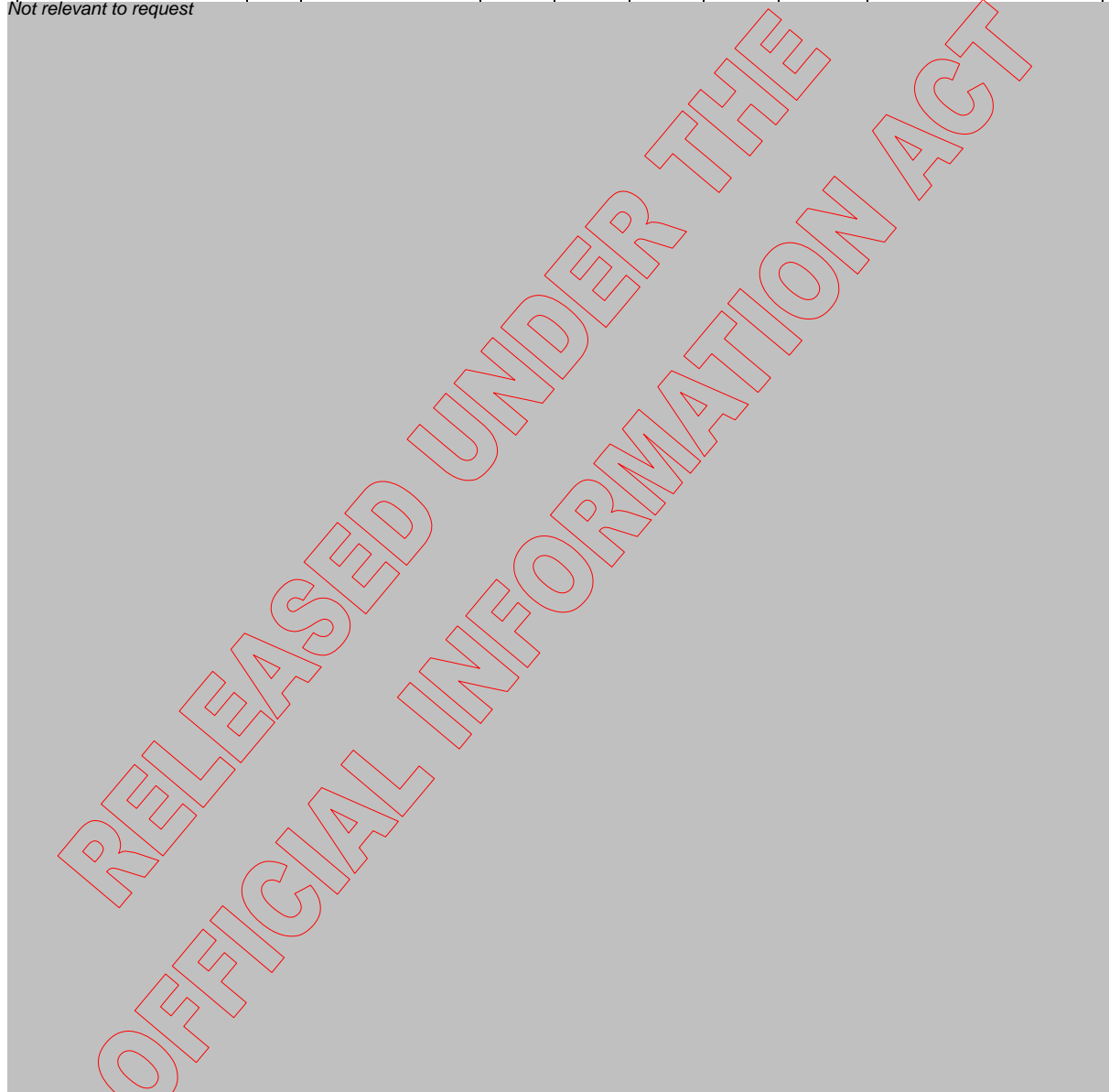
Title	Pg	Recommend	Fiscal Implications (\$m GST excl.)					Treasury Comment
			13/14	14/15	15/16	16/17	Out years	

Not relevant to request

IN-CONFIDENCE

In-between travel - negotiation strategy and funding options	10	Support the recommendations.	<i>Operating</i>					Key judgement now is whether to enter negotiations.
			-	-	-	-	-	
			<i>Capital</i>					Costs to be managed within Vote Health (baseline plus allocation).
			-	-	-	-	-	

Not relevant to request



Pages 4-9 not relevant to request

IN-CONFIDENCE

In-between travel - negotiation strategy and funding options

Responsible Person: Ben McBride, Manager, Health 917 6184

First Contact Person: John Marney, Principal Advisor, Health, 917 6151

Purpose

- This paper seeks approval for the Ministry of Health to enter into negotiations (with providers, unions and DHBs) for an out-of-court settlement on in-between travel for home-care workers.
- It is anticipated that negotiations will be completed by the end of April, with new funding available from the start of 2014-15. Cabinet will be asked to approve the negotiated agreement in due course.
- Costs will be managed within Vote Health (baseline plus allocation).

Comment

Key judgement for this paper

- **Whether the Crown should enter into negotiations.** There is little reason to think that settlement now on the terms set out in the Cabinet paper will lead to a lower on-going annual fiscal cost than if the matter is left to the Courts.

Fiscal impact

- The **estimated total annual cost of paying for in-between travel is \$35.7 million** (\$26.7m for travel time, plus \$9.0m for mileage). This excludes back-pay.
- Negotiations will address how this cost is split between providers, DHBs and the Crown.
Withheld under s9(2)(g)(i) and s9(2)(j) Providers were required to develop "fair travel policies" in 2005 as a condition of extra funding, but fewer than 10% currently pay for travel time. *Withheld under s9(2)(g)(i) and s9(2)(j)*
- **Costs to managed within Vote Health** (baseline plus Budget allocation). Vote Health has provisioned \$24 million in Budget 2014 to fund a negotiated settlement, with any additional costs to be managed through reprioritisation within the Vote.

Other issues

- Successful litigation in the past (Sleepovers) led to awards of back-pay. The estimated cost of back-pay in this case is up to *Withheld under s9(2)(ba)(i)*
- The Ministry hopes that an agreed settlement will involve a commitment by the unions not to pursue claims for back-pay. There is no guarantee of this, and it would in any case remain open to individuals to litigate on their own behalf. Legislation is an option to manage this risk.
- The outcome of the negotiation and advice on potential legislative options will be reported to Cabinet by 31 May 2014.

Treasury Recommendation

We recommend that you **support** the recommendations in the paper.

Page 11 not relevant to request

Pre-Cab Briefing – 8 September 2014

Not relevant to request

Papers for Cabinet Consideration

Item	Title		
Description and analysis		Fiscal implications	Treasury Recommendation

Not relevant to request

IN-CONFIDENCE

Not relevant to request

5	In-Between Travel Times		
The paper proposes a settlement for litigation on travel time for home-care workers, which includes workforce reforms.		Full-year fiscal cost is \$38.6 million: \$24 million was funded in Budget 2014; Withheld under s9(2)(f)(iv) Withheld under s9(2)(f)(iv) Withheld under s9(2)(g)(i) and s9(2)(j)	Support: Withheld under s9(2)(g)(i) and s9(2)(j)

Not relevant to request