

The Treasury

Budget 2011 Information Release

Release Document

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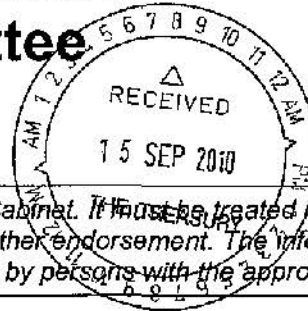
Cabinet Expenditure Control Committee

ECC Min (10) 15/1

Minute of Decision

Copy No:

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Drivers of Vote Health Expenditure and Possible Options for Controlling Expenditure Growth over the Next Five Years

Portfolio: Health

On 14 September 2010, the Cabinet Expenditure Control Committee (ECC):

- 1 **noted** that the health system faces considerable fiscal challenges over the coming years which will require ongoing performance and value for money improvements to control expenditure growth;
- 2 **noted** that, assuming that the Crown Operating Allowance is set according to the Budget 2010 Fiscal Strategy, and Health receives the same share (42 per cent) as it did in Budget 2010, in addition to meeting the savings expectations of recent government reforms and that industrial relations negotiations are settled within affordability constraints, the Ministry of Health's (MoH) advice is that the following options should be sufficient to successfully manage within slower new funding growth and baselines over the next five years:
 - 2.1 tight cost containment;
 - 2.2 purchasing and productivity performance improvements;
 - 2.3 service reconfiguration;
- 3 **noted** the future work and possible policy options for controlling health expenditure growth, as outlined in the paper under ECC (10) 38;
- 4 **noted** that, as agreed with the Chair of ECC, the issues outlined below will be addressed as follows:
 - 4.1 a request for information on financial risks to the sector, and strategies for managing these over the next three years, will be addressed through existing processes such as the Joint Ministers' sign off of the 2010 District Annual Plans;
 - 4.2 an overview of MoH's financial management capability will be included in a report to ECC by 31 October 2010;

- 4.3 a high-level assessment of Ministerial Review Group reform progress and expected results will be included in a report to ECC by 30 November 2010.

Committee Secretary

Reference: ECC (10) 38

Present:

Hon Bill English (Chair)
Hon Tony Ryall
Hon David Carter (part of item)
Hon Steven Joyce (part of item)

Officials present from:

Officials Committee for ECC
Treasury
Office of the Minister of Health
Ministry of Health