

# The Treasury

## Budget 2011 Information Release

### Release Document

June 2011

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- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
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- [6] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [7] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
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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.

## Joshua Petyt

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**From:** Chris Bunny  
**Sent:** Wednesday, 19 January 2011 11:17 a.m.  
**To:** ^MOF: [1]  
**Cc:** John MacCormick; [1]  
**Subject:** Vote Health IR/ER risk

[1]

The Ministry of Health's Four Year Budget Plan identifies IR as a area of cost pressure. Relevant excerpts as follows:

36. DHBs are required under the New Zealand Public Health and Disability Act 2000 to consult with the Ministry prior to entering into employment relations negotiations. As per Government expectations, the Ministry has advised DHBs that they need to ensure they can afford the full cost of any settlement offer, along with the cost of their existing commitments within their funding package and without recourse to extraordinary government funding. Under the same arrangements in Budget 2009 and 2010, DHBs settled employment relations negotiations within agreed parameters.
37. DHBs were provided with the same level of funding increase in Budget 2010 as is signalled for Budget 2011. Monitoring of DHB financial performance at this stage of the 2010/11 financial year suggests that DHBs will meet agreed financial parameters including their agreed productivity improvement initiatives while delivering on Government Health Targets, as they did in 2009/10.
38. Any unexpected calls on DHB funds may place pressure on DHB forecast deficits and, unmanaged, lead to variance from the agreed deficit improvement track. DHBs will be held to account for meeting their accepted DAP financial performance targets. The NHB will monitor this performance, including active intervention when targets are not being met.
47. The health and disability system faces fiscal and policy risks over and above those already discussed for DHB and Ministry-managed NDE services [6]

These risks will need to be monitored and managed in 2011/12.

48. [6]

49. The strategy for managing known Health fiscal risks during the 2011/12 year is:
  - Addressing as many pressures as far as possible in the Budget 2011 package to manage down possible fiscal risks during the 2011/12 year
  - Reprioritisation of lower value spending, or
  - Use of risk reserve funding.
50. Health is committed to living within its available funding. [6]

[6]

Collective agreements to be renegotiated in 2011/12 include the nurses MECA and the major CTU-affiliated MECAs. In addition, negotiations are still in process with both junior doctors [6]

and with senior doctors [6]

[6]

John [1] are better placed to comment on this but neither are here until next week .

Happy to discuss.

**Chris Bunny | Manager | The Treasury**

[1]

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