

The Treasury

Budget 2011 Information Release

Release Document

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- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [3] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
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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.

Implications of Vote Health's Four-Year Budget Plan

Responsible Person: Chris Bunny [3]

First Contact Person: John MacCormick

Purpose

1. This paper outlines policy choices, new spending priorities, key risks and pressures to be managed within Health's baselines and Budget 2011 operating allocation of \$420m. You asked for this paper after receiving Health's 4-year budget plan last December.
2. [2]
3. Our aide memoire of 14 February noted our assessment of this paper. Our advice remains unchanged and is reflected in the Treasury comment in this paper.
4. Budget Ministers could consider the Minister of Health's request at their meeting following the CBC meeting on 28 February.

Comment

5. The paper provides a good analysis of Health's cost pressures and risks, including industrial relations, DHB performance and progress on productivity/efficiency initiatives. The description of new initiatives the Minister is proposing for Budget 2011 is relatively brief.
6. [2]
- 7.
8.
 - Since Health's \$420m allocation was agreed in October, the Budget 2011 operating allowance has been reduced from \$1.122 billion to \$800m-\$900m. Health's current allocation is 46.7% to 52.5% of new spending for budget 2011.
 - Increases to fully cover demographics and inflation aren't necessary to maintain and improve current services if the productivity/efficiency gains described in this paper are delivered. No amount of productivity improvement or reprioritisation within baselines can help to meet expectations if these expectations focus on how much *new* money is added each year, rather than on service delivery and performance.

[2]

9. [2]

10.

Treasury Recommendation

11. We recommend that you
support the noting recommendations *a-i* in this paper;
[2]

The following table goes into the Executive Summary of the paper

Title	Pg	Recommend	Fiscal Implications (\$m GST excl.)					Treasury Comment
			10/11	11/12	12/13	13/14	Out years	
Implications of Vote Health's Four-Year Budget Plan		[2]	<i>Operating</i>					[2]
			-	-	-	-	-	
			<i>Capital</i>					