

# The Treasury

## Budget 2018 Information Release

### Release Document August 2018

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[1]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[2]	to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government	6(b)(i)
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[36]	to maintain legal professional privilege	9(2)(h)
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[38]	to enable the Crown to negotiate without disadvantage or prejudice	9(2)(j)
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[40]	not in scope	
[41]	that the making available of the information requested would be contrary to the provisions of a specified enactment	18(c)(i)
[42]	information is already publicly available or will be publicly available soon	18(d)

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

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**From:** Bevan Searancke [TSY]  
**Sent:** Friday, 1 December 2017 9:51 AM  
**To:** 'Sebastian Doelle'  
**Cc:** Carolyn Palmer [TSY]; Ashleigh Brown [TSY]; Davin Hall [TSY]; Andrew Blazey [TSY]  
**Subject:** Summary of Meeting with Ministry of Health

Morning Sebastian,

We met with the Ministry of Health late yesterday to discuss the cost pressure initiatives they had included in their proposed Budget advice to Minister Clark. We asked for this meeting as we had concerns about the treatment of some of the items which on the face of it didn't look like they met the definition of a cost pressure. We also wanted to discuss the treatment of bowel screening which didn't match with our understanding of the funding and phasing profile.

Here is a summary of the key points:

- New substance addiction (SACAT): the Ministry informed us that the costs relating to service change will now be treated as a new initiative (originally treated as a cost pressure) – we agree with this being treated as a new initiative
- [33]
- Electives: it is still not clear to us why this is a cost pressure and the amount sought is significantly higher than previous years. We asked the Ministry to provide us with further detail.
- [33] there was significant new funding in Budget 17 after a lengthy review and we were not expecting a cost pressure bid this year. We are going to review what was agreed last year and discuss this again with the Ministry
- Air ambulance: we asked the Ministry to confirm that this is for just cost pressures and does not include any service transformation component which the Ministry has done.
- Bowel screening – the Ministry's numbers included funding for 10 DHBs. We informed the Ministry that our view is that funding is to be for 5 DHBs which are scheduled to be rolled out in FY18/19. The Ministry is going to confirm that is what has been agreed and if that is the case will need to update their numbers.

We think the Ministry's top down cost pressure number of \$581 million for DHBs is reasonable. We've compared it with our own top down estimate and the numbers are very similar. As previously advised though, the Minister has choices about whether to fund total DHB cost pressures. We understand the Ministry will be including scenarios for the Minister to consider in advice they are putting up today.

On a related matter, we have been working with the Ministry on a joint report to the Ministers of Finance and Health regarding options for whether to send an early funding signal to DHBs or not. This advice is likely to be sent to Ministers later today/Monday.

Happy to have a chat about any of this if that's helpful.

Please note that the Health and ACC team is out of the office this afternoon but Carolyn is contactable on her mobile [23]

Regards, Bevan

**Bevan Searancke** | Senior Analyst | **The Treasury**  
[39]

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