

The Treasury

Budget 2023 Information Release

July 2023

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- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
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- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
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- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

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2023 Budget Package: Vote Health

Appropriation Administrator: Ministry of Health

It is recommended that the relevant Appropriation Minister and the Minister of Finance jointly:

- note** that Cabinet has approved the Budget initiative(s) for the above Vote for inclusion in the 2023 Budget package, as detailed in the summary table(s) below:

Summary of Funded Initiative(s) agreed by Cabinet:

Operating Initiative(s) (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
15381	Removing Prescription Co-payments for all New Zealanders	-	170.197	174.452	178.813	183.284
Total Operating		-	170.197	174.452	178.813	183.284

Summary of Contingency Initiative(s) agreed by Cabinet:

Operating Contingency

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
15338	Savings from Contingency – COVID-19 Response Operating Contingency	(385.782)	-	-	-	-
15265	Savings from Contingency – Implementing the Revised COVID-19 Testing Strategy Tagged Operating Contingency	(150.000)	-	-	-	-
15386	Savings from Contingency – Smokefree Aotearoa 2025 Action Plan – Remaining Implementation Funding	(0.367)	-	-	-	-
15264	Savings from Contingency – Strengthening the Ministry in its Role as Chief Steward of the Health and Disability System	(14.519)	-	-	-	-
Total Operating		(550.668)	-	-	-	-

- note** that Cabinet has:

- authorised** the relevant Appropriation Minister and the Minister of Finance (Joint Ministers) jointly to agree to the changes to appropriations (including establishment of new appropriations if necessary) and/or capital injections and related recommendations necessary to give effect to the initiative(s) included in the 2023 Budget package for the above Vote, as detailed in the summary table(s) above;

- ii. **authorised** Joint Ministers jointly to agree that the proposed changes to appropriations and/or capital injections for 2022/23 approved by Joint Ministers as authorised above be included in the 2022/23 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
 - iii. **agreed** that expenses or capital expenditure against appropriations and capital injection authorisations set out in the 2023/24 Estimates and being sought in the Appropriation (2023/24 Estimates) Bill may be met from Imprest Supply until that Bill is enacted and comes into force;
 - iv. **authorised** Joint Ministers, for each contingency initiative, jointly to agree:
 - a. the work that needs to be completed or other conditions that need to be satisfied before the contingency is drawn down into appropriations;
 - b. whether the draw down into appropriations requires Cabinet approval or the approval of Joint Ministers;
 - c. the expiry date of contingency funding;
 - d. any related recommendations necessary to give effect to the contingency initiative;
 - v. **authorised** Joint Ministers to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2022/23 Supplementary Estimates, the 2023/24 Estimates and the fiscal forecasts;
 - vi. **authorised** the chief executives of departments that monitor Crown entities directly affected by Budget decisions taken by Cabinet or taken by Joint Ministers as authorised by Cabinet to inform the chair and/or chief executive of a Crown entity, on a Budget-in-confidence-until-Budget-day basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent and/or Statement of Performance Expectations;
 - vii. **noted** that all communications relating to the 2023 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office;
- 3 **agree** to establish new appropriations where required to implement the initiative(s) included in the summary table(s) above, as detailed in the attached initiative document(s);
 - 4 **approve** changes to appropriations and/or the capital injections to the administering department (where applicable) to implement the initiative(s) included in the summary table(s) above, as set out in the attached initiative document(s);
 - 5 **approve** the additional recommendation(s) to give effect to the initiative(s), as set out in the attached initiative document(s);
 - 6 **agree** that the proposed change(s) to appropriations and/or capital injections for 2022/23 detailed in the attached initiative document(s) be included in the 2022/23 Supplementary Estimates and that, in the interim, the increase(s) be met from Imprest Supply;

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Removing Prescription Co-payments for all New Zealanders

Description: This initiative provides funding to remove the cost of prescription co-payments for all New Zealanders.

Appropriation Changes

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Operating Balance Impact*	-	170.197	174.452	178.813	183.284
Net Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	170.197	174.452	178.813	183.284

* Unless non-cash, will also impact net debt.

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Non-Departmental Output Expenses:					
Delivering Primary, Community, Public and Population Health Services	-	170.197	174.452	178.813	183.284
Total Operating	-	170.197	174.452	178.813	183.284
Total Capital	-	-	-	-	-

Additional Recommendation

- 7 **note** there is a corresponding savings initiative (15388) in Vote Social Development reflecting the reduced need for Disability Assistance and Hardship Assistance resulting from this funding;

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Savings from Contingency – COVID-19 Response Operating Contingency

Description: This initiative returns partial funding held in the 'COVID-19 Response Operating Contingency' for reallocation in Budget 2023 due to changes in COVID-19 related public health measures and settings.

Tagged Contingency

	Sm - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Operating Contingency	(385.782)	-	-	-	-
Capital Contingency	-	-	-	-	-
Total	(385.782)	-	-	-	-

Additional Recommendations

- 8 **note** that in April 2022, Cabinet agreed to establish a tagged 'COVID-19 Response operating contingency' of \$1,202 million in 2022/23 focused on urgent public health costs that could not be met within baselines before Budget 2023 [CAB-22-MIN-0129];
- 9 **note** that following this funding return, the balance of the 'COVID 19 Response operating contingency' is a total of \$500 million and that the balance of the contingency will expire on 30 October 2024;

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Savings from Contingency – Implementing the Revised COVID-19 Testing Strategy Tagged Operating Contingency

Description: This initiative returns the remaining funding held in the ‘Implementing the Revised COVID-19 Testing Strategy - Tagged Operating Contingency’ for reallocation in Budget 2023. This funding is no longer required due to changes in COVID-19 related public health measures and settings.

Tagged Contingency

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Operating Contingency	(150.000)	-	-	-	-
Capital Contingency	-	-	-	-	-
Total	(150.000)	-	-	-	-

Additional Recommendations

- 10 **note** that on 7 December 2022, the Cabinet Social Wellbeing Committee agreed that the ‘Implementing the Revised COVID-19 Testing Strategy – Tagged Operating Contingency’ be closed, and further consideration of whether to return or reprioritise the \$150 million remaining in the tagged contingency be considered by the Minister of Finance and Minister for COVID-19 Response, and managed through the Budget 2023 process [SWC-22-MIN-0239];
- 11 **note** that the Minister of Finance and Minister for COVID-19 Response (function subsumed by Minister of Health) agreed to return the contingency for reallocation in Budget 2023 and that the above tagged contingency is now closed;

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Savings from Contingency – Smokefree Aotearoa 2025 Action Plan – Remaining Implementation Funding

Description: This initiative returns partial funding for the 2022/23 year only that was previously held in the ‘Smokefree Aotearoa 2025 Action Plan – Remaining Implementation Funding – Contingency’ for reallocation in Budget 2023. This funding is no longer required due to timing changes.

Tagged Contingency

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Operating Contingency	(0.367)	-	-	-	-
Capital Contingency	-	-	-	-	-
Total	(0.367)	-	-	-	-

Additional Recommendations

- 12 **note** that in April 2023, the Minister of Health and Minister of Finance approved a drawdown of the ‘Smokefree Aotearoa 2025 Action Plan – Remaining Implementation Funding – Contingency’, leaving \$0.376 million in 2022/23 funding to be used as a Budget 2023 savings initiative [H2023021554 refers];
- 13 **note** that this savings initiative will fully exhaust and thereby close the ‘Smokefree Aotearoa 2025 Action Plan – Remaining Implementation Funding’ contingency;

Vote:	Health
Appropriation Administrator:	Ministry of Health
Title:	Savings from Contingency – Strengthening the Ministry in its Role as Chief Steward of the Health and Disability System
Description:	This initiative returns the funding for the 2022/23 year only that was previously held in the ‘Strengthening the Ministry of Health in its role as Chief Steward of the Health and Disability System – Contingency’ for reallocation in Budget 2023. The contingency was established to provide funding to ensure that the Ministry has the capability needed for its enhanced stewardship and monitoring role in the new health system, including meeting departmental cost pressures. Funds from the contingency have yet to be drawn down while work is undertaken to firm up the Ministry's future capability needs to support in its priority areas and stewardship role. This work is in its final stages and funding is expected to be required from 2023/24.

Tagged Contingency

	\$m - increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Operating Contingency	(14.519)	-	-	-	-
Capital Contingency	-	-	-	-	-
Total	(14.519)	-	-	-	-

Additional Recommendations

- 14 **note** that following the changes detailed in the table above, the balance of the ‘Strengthening the Ministry of Health in its Role as Chief Steward of the Health and Disability System – Contingency’ is \$25.788 million per annum in 2023/24 and outyears; and
- 15 **note** that the contingency described above will expire on 1 February 2024.