

The Treasury

Budget 2022 Information Release

August 2022

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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
- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [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
- [40] Out of Scope
- [41] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment
- [42] 18(d) - information is already publicly available or will be publicly available soon

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2022 Budget Package: Vote Health (Technical Initiatives)

Appropriation Administrator: Ministry of Health

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

- 1 **note** that Cabinet has approved the Budget initiative(s) for the above Vote for inclusion in the 2022 Budget package, as detailed in the summary table(s) below:

Summary of technical initiative(s) agreed by Cabinet:

Operating Initiative(s) (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
14427	Influenza Immunisation Programme for 2022 – Transfer of Funding into the New Vote Health Appropriation Structure	-	-	-	-	-
14431	Pou Oranga Whaiora – Transfer of Funding into the New Vote Health Appropriation Structure	-	-	-	-	-
14426	Software as a Service Arrangements – Appropriation Implications from the Change in Accounting Policy	18.113	-	-	-	-
Total Operating		18.113	-	-	-	-

Capital Initiative(s) (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
14427	Influenza Immunisation Programme for 2022 – Transfer of Funding into the New Vote Health Appropriation Structure	-	-	-	-	-
14431	Pou Oranga Whaiora – Transfer of Funding into the New Vote Health Appropriation Structure	-	-	-	-	-
14426	Software as a Service Arrangements – Appropriation Implications from the Change in Accounting Policy	(18.113)	-	-	-	-
Total Capital		(18.113)	-	-	-	-

- 2 **note** that Cabinet has:

- i. **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 2022 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 2021/22 approved by Joint Ministers as authorised above be included in the 2021/22 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 2022/23 Estimates and being sought in the Appropriation (2022/23 Estimates) Bill may be met from Imprest Supply until that Bill is enacted and comes into force;
 - iv. **authorised** Joint Ministers to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2021/22 Supplementary Estimates, the 2022/23 Estimates and the fiscal forecasts;
 - v. **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;
 - vi. **noted** that all communications relating to the 2022 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 2021/22 detailed in the attached initiative document(s) be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase(s) be met from Imprest Supply;

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Influenza Immunisation Programme for 2022 – Transfer of Funding into the New Vote Health Appropriation Structure

Description: This initiative is a technical change to transfer the 2022/23 funding approved for the influenza immunisation programme for 2022 into the new Vote Health appropriation structure established as part of the Health and Disability System Reforms from 1 July 2022. This funding was incorrectly appropriated into the Vote Health appropriations [HR20220324 refers] which will cease to exist from this date and a fiscally neutral transfer is being sought through the Budget 2022 Technical Initiatives process to rectify this error.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	-	-	-	-

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

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Departmental Output Expenses:					
Managing the Purchase of Services (funded by revenue Crown)	-	(1.250)	-	-	-
Non-Departmental Output Expenses:					
Delivering Primary, Community, Public and Population Health Services	-	4.830	-	-	-
Public Health Service Purchasing	-	(3.580)	-	-	-
Total Operating	-	-	-	-	-
Total Capital	-	-	-	-	-

Additional Recommendations

7 **note** both the Vote Health Departmental Output Expense appropriation 'Managing the Purchase of Services' and Non-Departmental Output Expense appropriation 'Public Health Service Purchasing' will cease to exist from 1 July 2022 as part of the Vote Health

appropriation restructure under the Health and Disability System Reforms;

- 8 **note** the 2022/23 funding received for the influenza immunisation programme for 2022 falls into the scope of the new Non-Departmental Output Expense appropriation 'Delivering Primary, Community, Public and Population Health Services' that has been established as part of the Health and Disability System Reforms from 1 July 2022;

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Pou Oranga Whaiora – Transfer of Funding into the New Vote Health Appropriation Structure

Description: This initiative is a technical change to transfer the 2022/23 funding approved for “Proceeds of Crime Fund - Pou Oranga Whaiora” into the new Vote Health appropriation structure established as part of the Health and Disability System Reforms from 1 July 2022. Due to timing issues, this funding was appropriated into the Vote Health appropriations which will cease to exist from this date and a fiscally neutral transfer is being sought through the Budget 2022 Technical Initiatives process to rectify this oversight.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	-	-	-	-

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

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Non-Departmental Output Expenses:					
Delivering Hospital and Specialist Services	-	1.930	-	-	-
National Mental Health Services	-	(1.930)	-	-	-
Total Operating	-	-	-	-	-
Total Capital	-	-	-	-	-

Additional Recommendations

- 9 **note** the Non-Departmental Output Expense appropriation ‘National Mental Health Services’ will cease to exist from 1 July 2022 as part of the Vote Health appropriation restructure under the Health and Disability System Reforms;
- 10 **note** the 2022/23 funding approved for “Proceeds of Crime Fund - Pou Oranga Whaiora” is within the scope of the new Non-Departmental Output Expense appropriation ‘Delivering Hospital and Specialist Services’ that has been established as part of the Health and Disability System Reforms from 1 July 2022;

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Software as a Service Arrangements – Appropriation Implications from the Change in Accounting Policy

Description: A change in the accounting treatment means certain implementation costs associated with Software as a Service arrangements that have been capitalised or planned to be capitalised and reported as an intangible asset now need to be written-off the balance sheet as an operating expense. The change in accounting policy was not finalised until after the 2022 March Baseline Update and needs to be adopted for the 2021/22 fiscal year. Therefore, that appropriation implication from the change in accounting policy is being sought through the Budget 2022 Technical Initiatives process.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	18.113	-	-	-	-
Net Core Crown Debt Impact Only	(18.113)	-	-	-	-
No Impact	29.000	-	-	-	-
Total	29.000	-	-	-	-

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

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Departmental Output Expenses:					
Health Sector Information Systems (funded by revenue Crown)	18.113	-	-	-	-
Health Sector Information Systems	29.000	-	-	-	-
Capital Injections:					
Ministry of Health - Capital Injection	(18.113)	-	-	-	-
Total Operating	47.113	-	-	-	-
Total Capital	(18.113)	-	-	-	-

Additional Recommendations

11 **note** that there has been a recent change in the accounting treatment for Software as a Service (SaaS) arrangements which will be applicable for financial reporting in the 2021/22 fiscal year;

- 12 **note** that the change in the accounting treatment for SaaS arrangements will require a retrospective adjustment of \$29.000 million to address prior year financial information;
- 13 **note** that to adopt the accounting policy change is a current year decision and that an appropriation is required for a retrospective adjustment that results in the write-off of an intangible asset estimated up to \$29.000 million from a department's balance sheet as at 30 June 2021;
- 14 **note** that the retrospective adjustment is a non-cash expense and does not impact on funding; and
- 15 **note** that a capital to operating swap of \$18.113 million is required in the 2021/22 year to address the current year impact from the change in accounting treatment from SaaS arrangements.