

The Treasury

Budget 2022 Information Release

August 2022

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Key to sections of the Act under which information has been withheld:

- [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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Treasury Report: Budget 2022 Health package: Sharing indicative funding decision with Pharmac

Date:	23 March 2022	Report No:	T2022/647
		File Number:	SH-1-8

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Agree to share expected Budget 2022 decisions about Pharmac funding with named Pharmac officials	25 March 2022

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Helen Anderson	Senior Analyst, Health [39]	[35]	✓
Jess Hewat	Manager, Health		

Minister's Office actions (if required)

<p>Refer this report to the Minister of Health.</p> <p>Return the signed report to Treasury.</p> <p>Sign and send the attached letter to the Chair and Chief Executive of Pharmac.</p>

Note any feedback on the quality of the report

Enclosure: Yes (attached)

Treasury Report: Budget 2022 Health package: Sharing indicative funding decision with Pharmac

Recommended Action

We recommend that you:

- a **note** that the current Budget 2022 new initiatives package for Health includes \$191 million over two years for the Combined Pharmaceutical Budget to increase access to new medicines
- b **note** that if Ministers wish to make announcements on Budget Day about the expected use of this funding, Pharmac will need early advice of this indicative funding increase so that it can negotiate with suppliers to buy new medicines
- c **agree** to sign the attached letter communicating to named Pharmac officials the indicative Budget 2022 funding increase for the Combined Pharmaceutical Budget
Agree/disagree.
- d **note** that information would be provided to Pharmac officials in strict confidence and that recipients would be required to sign a confidentiality undertaking
- e [34]
- f
- g **agree** to refer this report to the Minister of Health, and
- h **request** that the Minister of Health agree to sign the attached letter.

pp.

Jess Hewat
Manager, Health and ACC

Hon Grant Robertson
Minister of Finance

Purpose of Report

1. This report seeks your approval to advise Pharmac, by 25 March 2022, of the expected funding increase for the Combined Pharmaceutical Budget (CPB) at Budget 2022.
2. Sharing this information now will enable Pharmac to start planning and negotiating to buy new medicines, so that by Budget Day some information is likely to be available about what the funding will achieve. This will support Budget Day announcements.

Sharing the indicative Budget 2022 funding decision with Pharmac

3. The current Budget 2022 package for Health includes \$191 million over two years for the CPB (the medicines budget managed by Pharmac), in line with your steer to officials.
4. Cabinet is expected to agree the Budget 2022 package on 11 April 2022. As part of agreeing the Budget package, Cabinet normally authorises the chief executives of relevant departments to advise their Crown entities of Budget decisions that directly affect them, on a Budget-in-confidence-until-Budget-day basis. In the normal course of events, if Cabinet decides on 11 April to increase funding for the CPB at Budget 2022, this would enable Pharmac to be advised of that decision as soon as it is made.
5. You have advised officials that you want to be able to make specific announcements on Budget Day (19 May) about what the CPB funding increase will achieve. Pharmac will need early advice of this indicative funding increase to enable this to happen. We understand that negotiations with suppliers to buy new medicines are likely to take about six to seven weeks. This enables Ministers the likelihood, but not certainty, of being able to make medicine-specific announcements on Budget Day.
6. A letter communicating the indicative Budget 2022 decision for the CPB to the Chair and Chief Executive of Pharmac is attached.

Risks of communicating the indicative Budget decision early

7. Communicating the expected Budget 2022 CPB increase to Pharmac now, before final Budget decisions have been made, effectively locks that decision into the Budget 2022 package. It means that Ministers would need to look elsewhere in the Health sub-package or Budget package should they wish to reduce spending commitments at Budget 2022. However, we understand that the proposed CPB funding increase is a priority initiative for Ministers and that there is a high level of commitment to including it in the final Budget package.
8. Sharing any Budget information before Budget Day carries some risk that it will be disclosed inadvertently to people who were not meant to receive it. We assess the risk in this case as low. Pharmac is a Crown agent that is well used to receiving and handling sensitive information and to working with government funding processes. All officials receiving the information would be required to hold it in strictest confidence and to sign a confidentiality undertaking. Further information on mitigating risks around the early release of Budget information was provided in our advice on sharing Budget planning parameters with the new interim health entities [T2022/47 refers].

We expect that time-limited funding will be reflected as a Specific Fiscal Risk

9. Table One below shows the current CPB baseline and the effects of expected Budget 2022 decisions. The expected \$191 million increase is over two years, after which funding levels would return to the current baseline.
10. [25], [33]

Table One: CPB baseline plus impact of proposed funding increase

\$ million	2022/23	2023/24	2024/25	2025/26
CPB baseline (excluding COVID-19 funding)	1,090	1,100	1,105	1,105
Indicative Budget 2022 funding	71	120	0	0
Total	1,161	1,220	1,105	1,105
<i>Expected cost of new medicines funded from Budget 2022</i>	71	120	[33]	

11. [34]

- 12.

Next Steps

13. If you agree to share this information with Pharmac, we recommend that you sign and send the attached letter to Pharmac by 25 March 2022.

