

The Treasury

Budget 2024 Information Release

September 2024

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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
- [31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility
- [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] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

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Cabinet

Minute of Decision

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Budget 2024 Package: Vote Health

On 29 April 2024, Cabinet:

Appropriation Administrator: Ministry of Health

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2024 Budget package, as listed in the summary tables below and detailed in the attached initiative documents:

Summary of initiatives:

Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
15804	Breast Screening Extension of Eligibility to Include 70–74 year olds as part of the Free National Programme	-	6.000	6.000	6.000	6.000^
15796	Return of Funding – Māori Health Authority Disestablishment	(31.500)	(1.000)	(1.000)	(1.000)	(1.000)
15800	Emergency Department Security - Service Expansion	-	6.170	8.226	8.226	8.226
15801	Gumboot Friday – Delivering Free Youth Mental Health Counselling Services	-	6.000	6.000	6.000	6.000
15803	Mental Health and Addiction Community Sector Innovation Fund	(9.720)	5.000	4.720	-	-
15808	Waikato New Medical School – Independent Cost Benefit Analysis and Business Case Development	(2.575)	2.575	-	-	-
15813	Training 25 More Doctors	-	0.300	0.300	0.300	0.300^
15816	Health Cost Pressure Funding for Health New Zealand Te Whatu Ora (Budget 2024)	-	1,430.000	1,430.000	1,430.000	1,430.000
15816	Health Cost Pressure Funding for Health New Zealand Te Whatu Ora (Budget 2025 Precommitment)	-	-	1,370.000	1,370.000	1,370.000

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
15816	Health Cost Pressure Funding for Health New Zealand Te Whatu Ora (Budget 2026 Precommitment)	-	-	-	1,370.000	1,370.000
15812	Reduction in Back-office Functions - Ministry of Health	-	(12.600)	(12.600)	(12.600)	(12.600)
15792	Prescription Co-Payment - Reinstating the \$5 Prescription Co-Payment with Targeted Exemptions	23.780	(39.745)	(32.571)	(33.386)	(34.221)
15797	COVID-19 and Pandemic Preparedness: Maintaining Essential Health Services and Critical Surveillance Infrastructure	-	65.995	60.118	53.020	53.019
Total Operating		(20.015)	1,468.695	2,839.193	4,196.560	4,195.724

^ Denotes irregular outyears funding profile.

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
15804	Breast Screening Extension of Eligibility to Include 70–74 year olds as part of the Free National Programme	-	7.190	-	-	-
15823	National Cost Pressure Contingency for the Health Capital Portfolio	-	103.139	-	-	-
Total Capital		-	110.329	-	-	-

Summary of contingency initiatives:

Operating Contingency

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
16138	Accelerating Health Infrastructure Unit Work Programme Tagged Contingency - Return of Funding	-	(2.110)	(2.110)	(2.110)	(2.110)
16140	Data and Digital Foundations and Innovation Tagged Contingency - Return of Funding	(30.000)	(55.751)	(55.751)	(22.667)	(22.667)
16139	Data and Digital Infrastructure and Capability – Enabling Health System Transformation Tagged Contingency - Return of Funding	-	(20.100)	(24.100)	(50.000)	(50.000)
16085	Proposals to Change Excise Treatment of Heated Tobacco Products	-	11.295	44.715	75.999	84.085
Total Operating		(30.000)	(66.666)	(37.246)	1.222	9.308

Capital Contingency

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
16140	Data and Digital Foundations and Innovation Tagged Contingency - Return of Funding	-	(37.500)	(12.500)	-	-
16141	District Health Boards Equity Support Capital Contingency - Return of Funding	(73.561)	-	-	-	-
Total Capital		(73.561)	(37.500)	(12.500)	-	-

Note: Throughout the document, “total operating” refers to funding over five years (2023/24 to 2027/28) and “total capital” refers to funding over 10 years (2023/24 to 2032/33).

Rachel Hayward
Secretary of the Cabinet

Initiative No: 15804

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Breast Screening Extension of Eligibility to Include 70-74 year-olds as part of the Free National Programme

Description: This initiative will extend the BreastScreen Aotearoa programme to include free mammograms for women up to 74 years. The current screening age for the programme is women aged 45-69. This expansion will be implemented through a phased roll-out from 2025.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28
Operating Balance Impact*	-	6.000	6.000	6.000	6.000
Net Core Crown Debt Impact Only	-	7.190	-	-	-
No Impact	-	-	-	-	-
Total	-	13.190	6.000	6.000	6.000
	2028/29	2029/30	2030/31	2031/32	2032/33 & Outyears
Operating Balance Impact*	11.880	17.500	19.330	19.660	19.510
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	11.880	17.500	19.330	19.660	19.510

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

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28
Non-Departmental Output Expenses:					
Delivering Primary, Community, Public and Population Health Services	-	6.000	6.000	6.000	6.000
Non-Departmental Capital Expenditure:					
Health Capital Envelope (MYA)	-	7.190	-	-	-
Total Operating	-	6.000	6.000	6.000	6.000
Total Capital	-	7.190	-	-	-

	\$m - increase/(decrease)				
	2028/29	2029/30	2030/31	2031/32	2032/33 & Outyears
Non-Departmental Output Expenses: Delivering Primary, Community, Public and Population Health Services	11.880	17.500	19.330	19.660	19.510
Non-Departmental Capital Expenditure: Health Capital Envelope (MYA)	-	-	-	-	-
Total Operating	11.880	17.500	19.330	19.660	19.510
Total Capital	-	-	-	-	-

Additional Recommendations

- 2 **agreed** that the Multi Year Appropriation: "Health Capital Envelope" be adjusted by \$7.190 million;
- 3 **noted** that the amounts shown in the Appropriation Changes table for the Multi Year Appropriation "Health Capital Envelope" reflect the change to the indicative annual spending profile;

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Return of Funding – Māori Health Authority Disestablishment

Description: This initiative will deliver savings from the disestablishment of Te Aka Whai Ora | Māori Health Authority. Functions and frontline services of the Māori Health Authority have transferred to Health New Zealand | Te Whatu Ora and the Ministry of Health | Manatū Hauora. Savings reflect underspends from entity establishment and the reduced need for governance functions. This is not a reduction in funding for service delivery or frontline roles.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	(31.500)	(1.000)	(1.000)	(1.000)	(1.000)
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(31.500)	(1.000)	(1.000)	(1.000)	(1.000)

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

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Non-Departmental Output Expenses:					
Delivering hauora Māori services	(31.500)	(1.000)	(1.000)	(1.000)	(1.000)
Total Operating	(31.500)	(1.000)	(1.000)	(1.000)	(1.000)

Additional Recommendations

- 4 **noted** that there is existing funding in the Delivering hauora Māori services appropriation and that Health New Zealand is now responsible for delivering the outputs relating to this funding;
- 5 **noted** that this initiative follows the passing of the Pae Ora (Disestablishment of Māori Health Authority) Amendment Act 2024, which received Royal assent on 5 March 2024;
- 6 **noted** that further savings may be realisable once the transfer of functions is complete and the Māori Health Authority is officially disestablished by 30 June 2024, subject to transition costs including redundancies;

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Emergency Department Security – Service Expansion

Description: This initiative provides for new 24/7 security guards across the highest-risk Health New Zealand | Te Whatu Ora emergency departments. It intends to support safer care and psychological safety for Health New Zealand staff and people visiting our hospitals and facilities.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	6.170	8.226	8.226	8.226
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	6.170	8.226	8.226	8.226

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

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Non-Departmental Output Expenses:					
Delivering Hospital and Specialist Services	-	6.170	8.226	8.226	8.226
Total Operating	-	6.170	8.226	8.226	8.226

Vote:	Health
Appropriation Administrator:	Ministry of Health
Title:	Gumboot Friday - Delivering Free Youth Mental Health Counselling Services
Description:	This initiative provides funding to contract I Am Hope Charitable Trust/Gumboot Friday (Gumboot Friday) to deliver free mental health counselling services for youth between the ages of 5-25 years.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	6.000	6.000	6.000	6.000
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	6.000	6.000	6.000	6.000

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

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Non-Departmental Output Expenses:					
Delivering Primary, Community, Public and Population Health Services	-	6.000	6.000	6.000	6.000
Total Operating	-	6.000	6.000	6.000	6.000

Additional Recommendations

- 7 **noted** that the health services opt-out procurement (clause k of rule 12.3 of the Government Procurement Rules) will be used to enter into the contract with the I Am Hope Foundation to deliver free youth mental health counselling services through Gumboot Friday;
- 8 **noted** that the contract for the I Am Hope Foundation to deliver free mental health counselling services to youth will include monitoring and performance requirements, as well as standard termination clauses, consistent with other government health services contracts;

Initiative No: 15803

Vote:	Health
Appropriation Administrator:	Ministry of Health
Title:	Mental Health and Addiction Community Sector Innovation Fund
Description:	This initiative provides time-limited funding for a national Mental Health and Addiction Community Sector Innovation Fund by reprioritising within baselines. This will enable community organisations to submit proposals for innovative new approaches to address the mental health and wellbeing needs of New Zealanders.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	(9.720)	5.000	4.720	-	-
Total	(9.720)	5.000	4.720	-	-

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

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Non-Departmental Output Expenses:					
Delivering Hospital and Specialist Services	(3.900)	-	-	-	-
Delivering Primary, Community, Public and Population Health Services	(5.820)	5.000	4.720	-	-
Total Operating	(9.720)	5.000	4.720	-	-
Total Capital	-	-	-	-	-

Additional Recommendations

- 9 **noted** that this initiative provides interim funding for innovative approaches to mental health and wellbeing needs in the community;
- 10 **noted** that Health New Zealand is forecasting an underspend of \$9.720 million in 2023/24 across a number of Budget 2019 and Budget 2022 initiatives within the mental health and addiction ringfenced funding;
- 11 **noted** that Health New Zealand has identified \$0.280 million in uncommitted funding associated with Budget 2019 and Budget 2022 mental health and addiction initiatives;
- 12 **agreed** that for the 2025/26 year, \$4.720 million will be funded as detailed in the Appropriation Changes table above and the remaining \$0.280 million will be funded through reprioritisation of uncommitted funding referred to in paragraph 11 above;

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Waikato New Medical School – Independent Cost Benefit Analysis and Business Case Development

Description: This initiative provides funding for the Ministry of Health to commission an independent cost benefit analysis and business case development of the proposal for a new medical school at the University of Waikato.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	(2.575)	2.575	-	-	-
Total	(2.575)	2.575	-	-	-

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

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Stewardship of the New Zealand health system (MCA)					
<i>Departmental Output Expenses:</i>					
Policy Advice and Related Services (funded by revenue Crown)	-	2.575	-	-	-
Public health and population health leadership (funded by revenue Crown)	(2.575)	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Stewardship of the New Zealand health system (MCA)	(2.575)	2.575	-	-	-
Total Operating	(2.575)	2.575	-	-	-

Additional Recommendation

- 13 **noted** that the total estimated cost of the independent cost benefit analysis and business case development is \$0.500 million in 2023/24 and \$2.575 million in 2024/25, and is funded from the Ministry of Health’s baselines;

Initiative No: 15813

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Training 25 More Doctors

Description: This initiative increases the medical school enrolment funding cap to provide 25 additional places per year, starting from 2025. This will enable the Universities of Auckland and Otago to increase their combined medical school first-year intake from 589 in 2024 to 614 from 2025, which will see more doctors graduating and entering the health workforce. This investment targets health workforce pressures.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28
Operating Balance Impact*	-	0.300	0.300	0.300	0.300
Net core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.300	0.300	0.300	0.300
	2028/29	2029/30	2030/31	2031/32	2032/33 & Outyears
Operating Balance Impact*	7.874	15.448	15.148	15.148	15.148
Net core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	7.874	15.448	15.148	15.148	15.148

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

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28
Non-Departmental Output Expenses:					
Delivering Hospital and Specialist Services	-	0.300	0.300	0.300	0.300
Total Operating	-	0.300	0.300	0.300	0.300
Total Capital	-	-	-	-	-
	2028/29	2029/30	2030/31	2031/32	2032/33 & Outyears
Non-Departmental Output Expenses:	7.874	15.448	15.148	15.148	15.148
Delivering Hospital and Specialist Services					
Total Operating	7.874	15.448	15.148	15.148	15.148

Additional Recommendations

- 14 **noted** that there are related initiatives in Vote Tertiary Education (Initiative 16205), Vote Revenue (IRD-Crown) (Initiative 16206) and Vote Social Development (Initiative 16207);
- 15 **noted** that government funding of medical school enrolments is limited by a funding cap, and that past increases to the cap have been Cabinet decisions due to the fiscal implications;

- 16 **noted** that any changes to the funding cap for Medicine also require consultation with the tertiary sector;
- 17 **agreed** to increase the funding cap to support an additional 25 medical school students per annum;

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Health Cost Pressure Funding for Health New Zealand | Te Whatu Ora (Budget 2024)

Description: This initiative provides funding for core demographic, volume and price pressures for frontline health services delivered by Health New Zealand | Te Whatu Ora to maintain current health policy settings. It includes cost pressure funding for frontline services previously delivered by Te Aka Whai Ora | Māori Health Authority.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	1,430.000	1,430.000	1,430.000	1,430.000
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1,430.000	1,430.000	1,430.000	1,430.000

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

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Non-Departmental Output Expenses:					
Delivering hauora Māori services	-	39.000	39.000	39.000	39.000
Delivering Hospital and Specialist Services	-	860.000	860.000	860.000	860.000
Delivering Primary, Community, Public and Population Health Services	-	531.000	531.000	531.000	531.000
Total Operating	-	1,430.000	1,430.000	1,430.000	1,430.000

Additional Recommendations

18 **noted** that this initiative is for the first year of a combined three-year funding uplift to Health New Zealand | Te Whatu Ora and should be read in conjunction with the Budget 2025 (Year 2) and Budget 2026 (Year 3) precommitments;

19 **noted** that this initiative will be charged to the Budget 2024 operating allowance;

20 **noted** that in January 2024, the Minister of Finance and Minister of Health (joint Ministers) jointly agreed to progress with Multi Year funding settings for Vote Health operating cost pressures at Budget 2024 (H2024034979 refers);

- 21 **directed** Health New Zealand to provide final budgeting and service planning information for 2024/25 to the Ministry of Health and the Treasury on or before 12 July 2024 for the 2024/25 year, including:
- 21.1 updates to the information provided through the Budget 2024 process to reflect all decisions made through Health New Zealand's internal budgeting process and costing of the New Zealand Health Plan 2024-2027, noting that this would demonstrate incremental improvements in Health New Zealand's budgeting and planning since the submission of the Budget 2024 financial annexes in February 2024;
 - 21.2 measures, milestones, and governance arrangements through which to track delivery of the 2024/25 budget and service plan, including:
 - 21.2.1 key operational, delivery, and financial metrics and phased forecasts which will be used to monitor in year variance and performance against the budgeted plan;
 - 21.2.2 an approach to tracking progress of planned savings and / or efficiencies;
- 22 **directed** Health New Zealand to develop an improvement roadmap on or before 12 July 2024, in consultation with the Ministry of Health and the Treasury, for the years 2024/25 to 2026/27 covering:
- 22.1 plans, including milestones, to improve the depth or quality of information to inform and support budgeting and service planning;
 - 22.2 plans, including milestones, to identify, prioritise, and deliver on opportunities for longer term performance improvement;
- 23 **directed** the Ministry of Health, in consultation with Health New Zealand and the Treasury, to report back to joint Ministers on the extent to which Health New Zealand has met the above requirements by 31 July 2024;

Initiative No: 15816 (B25)

Vote:	Health
Appropriation Administrator:	Ministry of Health
Title:	Health Cost Pressure Funding for Health New Zealand Te Whatu Ora (Budget 2025 Precommitment)
Description:	This initiative provides funding for core demographic, volume and price pressures for frontline health services delivered by Health New Zealand Te Whatu Ora to maintain current health policy settings. It includes cost pressure funding for frontline services previously delivered by Te Aka Whai Ora Māori Health Authority.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	-	1,370.000	1,370.000	1,370.000
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	-	1,370.000	1,370.000	1,370.000

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

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Non-Departmental Output Expenses:					
Delivering hauora Māori services	-	-	38.000	38.000	38.000
Delivering Hospital and Specialist Services	-	-	825.000	825.000	825.000
Delivering Primary, Community, Public and Population Health Services	-	-	507.000	507.000	507.000
Total Operating	-	-	1,370.000	1,370.000	1,370.000
Total Capital	-	-	-	-	-

Additional Recommendations

- 24 **noted** that this initiative is for the second year of a combined three-year funding uplift to Health New Zealand | Te Whatu Ora and should be read in conjunction with Initiative 15816 (Year 1) and the Budget 2026 precommitment (Year 3);
- 25 **agreed** that this initiative will be pre-committed against the Budget 2025 operating allowance with a total impact of \$5,480.000 million over the Budget 2025 forecast period from 2025/26 to 2028/29;

- 26 **directed** Health New Zealand to develop:
- 26.1 a draft overall internal budget and service plan covering at least the 2025/26 year which aligns to the expectations in Health New Zealand's July 2024 roadmap, on or before 13 December 2024, in consultation with the Ministry of Health and the Treasury;
 - 26.2 final budgeting and service planning information covering at least the 2025/26 year which aligns to the expectations in Health New Zealand's July 2024 roadmap, on or before 30 June 2025, in consultation with the Ministry of Health and the Treasury;
 - 26.3 measures, milestones, and governance arrangements through which to track delivery of the budget and service plan, to be included with the draft and final information described above, including:
 - 26.3.1 key operational, delivery, and financial metrics and phased forecasts which will be used to monitor in year variance and performance against the budgeted plan;
 - 26.3.2 an approach to tracking progress of planned savings and / or efficiencies;
- 27 **directed** the Ministry of Health, in consultation with Health New Zealand and the Treasury, to report back to Joint Ministers on the extent to which Health New Zealand has met the above requirements by 18 July 2025;

Initiative No: 15816 (B26)

Vote:	Health
Appropriation Administrator:	Ministry of Health
Title:	Health Cost Pressure Funding for Health New Zealand Te Whatu Ora (Budget 2026 Precommitment)
Description:	This initiative provides funding for core demographic, volume and price pressures for frontline health services delivered by Health New Zealand Te Whatu Ora to maintain current health policy settings. It includes cost pressure funding for frontline services previously delivered by Te Aka Whai Ora Māori Health Authority.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	-	-	1,370.000	1,370.000
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	-	-	1,370.000	1,370.000

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

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Non-Departmental Output Expenses:					
Delivering hauora Māori services	-	-	-	37.000	37.000
Delivering Hospital and Specialist Services	-	-	-	826.000	826.000
Delivering Primary, Community, Public and Population Health Services	-	-	-	507.000	507.000
Total Operating	-	-	-	1,370.000	1,370.000

Additional Recommendations

- 28 **noted** that this initiative is for the third year of a combined three-year funding uplift to Health New Zealand | Te Whatu Ora and should be read in conjunction with Initiative 15816 (Year 1) and the Budget 2025 precommitment (Year 2);
- 29 **noted** that this initiative will be pre-committed against the Budget 2026 operating allowance, with a total impact of \$5,480.000 million over the Budget 2026 forecast period from 2026/27 to 2029/30;

- 30 **directed** Health New Zealand to develop:
- 30.1 a draft overall internal budget and service plan covering at least the 2026/27 year which aligns to the expectations in Health New Zealand's July 2024 roadmap, on or before 12 December 2025, in consultation with the Ministry of Health and the Treasury;
 - 30.2 final budgeting and service planning information covering at least the 2026/27 year which aligns to the expectations in Health New Zealand's July 2024 roadmap, on or before 30 June 2026, in consultation with the Ministry of Health and the Treasury;
 - 30.3 measures, milestones, and governance arrangements through which to track delivery of the budget and service plan, to be included with the draft and final information described above, including:
 - 30.3.1 key operational, delivery, and financial metrics and phased forecasts which will be used to monitor in year variance and performance against the budgeted plan;
 - 30.3.2 an approach to tracking progress of planned savings and / or efficiencies;
- 31 **directed** the Ministry of Health, in consultation with Health New Zealand and the Treasury, to report back to Joint Ministers on the extent to which Health New Zealand has met the above requirements by 17 July 2026;

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Reduction in Back-Office Functions - Ministry of Health

Description: This savings initiative returns \$50.400 million total operating funding from back-office functions at the Ministry of Health. The cost reductions will be achieved through a number of targeted programmes, which include reducing back-office staff and other non-personnel related costs, and reducing spend on contractors and consultants.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	(12.600)	(12.600)	(12.600)	(12.600)
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(12.600)	(12.600)	(12.600)	(12.600)

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

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Stewardship of the New Zealand health system (MCA)					
<i>Departmental Output Expenses:</i>					
Equity, Evidence and Outcomes (funded by revenue Crown)	-	(1.934)	(1.970)	(1.934)	(2.015)
Policy Advice and Related Services (funded by revenue Crown)	-	(2.197)	(2.194)	(2.197)	(2.265)
Public health and population health leadership (funded by revenue Crown)	-	(4.492)	(4.431)	(4.492)	(4.333)
Regulatory and Enforcement Services (funded by revenue Crown)	-	(3.069)	(3.097)	(3.069)	(3.049)
Sector Performance and Monitoring (funded by revenue Crown)	-	(0.908)	(0.908)	(0.908)	(0.938)
Total Multi-Category Expenses and Capital Expenditure: Stewardship of the New Zealand health system (MCA)	-	(12.600)	(12.600)	(12.600)	(12.600)
Total Operating	-	(12.600)	(12.600)	(12.600)	(12.600)

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Prescription Co-Payment - Reinstating the \$5 Prescription Co-Payment with Targeted Exemptions

Description: This initiative reintroduces the \$5 prescription co-payment charge for those 14 years and over. It exempts people with a Community Services Card (CSC) and people aged 65 and over and retains the current Prescription Subsidy Card (PSC) settings.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	23.780	(39.745)	(32.571)	(33.386)	(34.221)
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	23.780	(39.745)	(32.571)	(33.386)	(34.221)

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

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Non-Departmental Output Expenses:					
Delivering Primary, Community, Public and Population Health Services	-	(70.979)	(64.586)	(66.201)	(67.856)
National Pharmaceuticals Purchasing	23.780	31.234	32.015	32.815	33.635
Total Operating	23.780	(39.745)	(32.571)	(33.386)	(34.221)

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Accelerating Health Infrastructure Unit Work Programme
Tagged Contingency – Return of Funding

Description: This savings initiative returns \$8.440 million total operating funding remaining in the Accelerating Health Infrastructure Unit Work Programme tagged contingency, established at Budget 2021. The work programme has been transitioned to the Infrastructure and Investment Group in Health New Zealand | Te Whatu Ora following health reforms. This remaining contingency funding is returned to the centre to enable other investment.

Tagged Contingency

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Contingency	-	(2.110)	(2.110)	(2.110)	(2.110)
Capital Contingency	-	-	-	-	-
Total	-	(2.110)	(2.110)	(2.110)	(2.110)

Additional Recommendation

32 **noted** that the above tagged contingency is now closed;

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Data and Digital Foundations and Innovation Tagged Contingency - Return of Funding

Description: This savings initiative returns the remaining funding in the Data and Digital Foundations and Innovation tagged contingency. This contingency was established in Budget 2022 to provide further funding to improve health system performance and achieve the aims of health system reform. This contingency funding is returned pending work to prepare investment-ready business cases for future investment.

Tagged Contingency

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Contingency	(30.000)	(55.751)	(55.751)	(22.667)	(22.667)
Capital Contingency	-	(37.500)	(12.500)	-	-
Total	(30.000)	(93.251)	(68.251)	(22.667)	(22.667)

Additional Recommendation

33 **noted** that the above tagged contingency is now closed;

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Data and Digital Infrastructure and Capability - Enabling Health System Transformation Tagged Contingency - Return of Funding

Description: This initiative returns funding in the Data and Digital Infrastructure and Capability - Enabling Health System Transformation tagged contingency. The contingency was established in Budget 2021 to enable investment in data and digital infrastructure and capability needed to implement health system reforms and improve health system performance. This contingency funding is returned pending work to prepare investment-ready business cases for future investment.

Tagged Contingency

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Contingency	-	(20.100)	(24.100)	(50.000)	(50.000)
Capital Contingency	-	-	-	-	-
Total	-	(20.100)	(24.100)	(50.000)	(50.000)

Additional Recommendations

34 **noted** that following this funding return, the balance of the ‘Data and Digital Infrastructure and Capability - Enabling Health System Transformation’ contingency is \$15.100 million total operating and \$10.100 million total capital funding;

35 **agreed** that the expiry date for the above tagged contingency be 1 February 2025;

Vote:	Health
Appropriation Administrator:	Ministry of Health
Title:	District Health Boards Equity Support Capital Contingency – Return of Funding
Description:	This savings initiative returns the \$73.561 million capital funding remaining in the District Health Board Equity Support Capital Contingency. This contingency was established in Budget 2020 to provide equity support to District Health Boards (now Health New Zealand Te Whatu Ora). Given funding is provided to meet Health New Zealand’s cost pressures over the next three years, the requirement for this contingency is reduced.

Tagged Contingency

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Contingency	-	-	-	-	-
Capital Contingency	(73.561)	-	-	-	-
Total	(73.561)	-	-	-	-

Additional Recommendations

- 36 **noted** that the above tagged contingency is now closed;
- 37 **noted** that in the fiscal forecasts published in the 2023 Half Year Economic and Fiscal Update, the contingency was assumed to not be required, therefore this return will not have an impact on net core Crown debt;

Vote: Health

Appropriation Administrator: Ministry of Health

Title: COVID-19 and Pandemic Preparedness: Maintaining Essential Health Services and Critical Surveillance Infrastructure

Description: This initiative provides funding for operational delivery costs to support timely access to COVID-19 vaccines and therapeutics. It also retains critical public health surveillance infrastructure, supporting system preparedness to identify, and respond to future disease outbreaks.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	65.995	60.118	53.020	53.019
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	65.995	60.118	53.020	53.019

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

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Non-Departmental Output Expenses:					
Delivering Primary, Community, Public and Population Health Services	-	56.435	50.558	43.460	43.459
Multi-Category Expenses and Capital Expenditure:					
Stewardship of the New Zealand health system (MCA)					
<i>Departmental Output Expenses:</i>					
Public health and population health leadership (funded by revenue Crown)	-	9.560	9.560	9.560	9.560
Total Multi-Category Expenses and Capital Expenditure: Stewardship of the New Zealand health system (MCA)	-	9.560	9.560	9.560	9.560
Total Operating	-	65.995	60.118	53.020	53.019

Additional Recommendation

38 **directed** the Ministry of Health and Health New Zealand to report back to the Minister of Health and the Minister of Finance by July 2024 on the proposed 2024/25 COVID-19 public health funding and service provision split;

Vote: Health

Appropriation Administrator: Ministry of Health

Title: National Cost Pressure Contingency for the Health Capital Portfolio

Description: This initiative will provide a centralised risk contingency pool for Health New Zealand | Te Whatu Ora to manage new cost pressures that arise in the existing portfolio. The contingency will cover pressures related to projects approved in Budget 2022 or earlier.

Appropriation Changes

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	-	-	-	-
Net Core Crown Debt Impact Only	-	103.139	-	-	-
No Impact	-	-	-	-	-
Total	-	103.139	-	-	-

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

	\$m - increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Non-Departmental Capital Expenditure:					
Health Capital Envelope (MYA)	-	103.139	-	-	-
Total Operating	-	-	-	-	-
Total Capital	-	103.139	-	-	-

Additional Recommendations

- 39 **noted** that the amounts shown in the Appropriation Changes table for the Multi Year Appropriation: "Health Capital Envelope" reflect the change to the indicative annual spending profile;
- 40 **noted** that Health New Zealand will need to seek approval for funding in the Health Capital Envelope as per existing delegations;
- 41 **noted that** Health New Zealand submitted a Capital pipeline review in its budget submission, where a number of the assumptions have since changed;
- 42 **directed** Health New Zealand to report back to joint Ministers to provide an update on the planned budget for the Health Capital Envelope;

Vote: Health

Appropriation Administrator: Ministry of Health

Title: Proposals to Change Excise Treatment of Heated Tobacco Products

Description: This initiative provides funding to be held in contingency to enable further decisions to be taken on options to change the tobacco excise applied to heated tobacco products. These decisions will form part of the wider package of measures to achieve Smokefree 2025 and give effect to the Coalition Agreement to tax smoked tobacco products only. It is expected that reductions in excise on heated tobacco products will reduce the relative price of these products and reduce consumption of combusted tobacco.

Tagged Contingency

	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Contingency	-	11.295	44.715	75.999	84.085
Capital Contingency	-	-	-	-	-
Total	-	11.295	44.715	75.999	84.085

Additional Recommendations

- 43 **noted** that in March 2024, Cabinet agreed to consider, as part of Budget 2024, removing excise duties on heated tobacco products under Customs codes 99.67 and 24.04 in Parts A and B of the Excise and Excise-equivalent Duties Table [CAB-24-MIN-0084];
- 44 [33]
- 45 **noted** that policy decisions are still to be made on the proposal to change excise treatment of heated tobacco products;
- 46 **agreed** that the draw down of the tagged operating contingency above is subject to policy decisions by Cabinet on the proposal to change excise treatment of heated tobacco products;
- 47 **noted** that, depending on the policy decisions made by Cabinet, the tagged contingency above may be insufficient to meet the costs of the policy and a decision will therefore need to be made on how to appropriately manage any additional costs;
- 48 **agreed** that the expiry date for the tagged operating contingency above will be 1 February 2025.