



# Cabinet

## Minute of Decision

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### Investment to Increase Access to Medicines

**Portfolio**                      **Health**

On 26 August 2019, Cabinet:

1        **noted** that on 29 July 2019, Cabinet:

1.1        noted that the Minister of Health is proposing to seek an increase in the Combined Pharmaceuticals Budget of \$20 million in 2019/20 and a further \$40 million in 2020/21;

1.2        invited the Minister of Health to report to Cabinet in August to seek final decisions on increasing the Combined Pharmaceutical Budget, including the source of funding for the increase in 2019/20 and 2020/21, any necessary changes to DHB appropriations, and timing of a public announcement;

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2        **noted** that an additional \$60 million increase in the level of the Combined Pharmaceutical Budget over two years would give PHARMAC additional scope to invest in more new [REDACTED] [REDACTED] s 9(2)(b)(ii);

3        **noted** s 9(2)(b)(ii) [REDACTED];

4        **agreed** to increase the level of the Combined Pharmaceutical Budget by \$60 million over two years with an increase of \$20 million in the 2019/20 financial year and \$40 million in the 2020/21 financial year from the following funding sources:

\$ million	Total
2018/19 Vote Health underspends (usually reflected in year-end financial results)	8.500
Existing IPETs in Vote Health (unaudited)	14.800
s 9(2)(f)(iv) <span style="background-color: black; color: black;">[REDACTED]</span>	s 9(2)(f)(iv) <span style="background-color: black; color: black;">[REDACTED]</span>
s 9(2)(f)(iv) <span style="background-color: black; color: black;">[REDACTED]</span>	s 9(2)(f)(iv) <span style="background-color: black; color: black;">[REDACTED]</span>
<b>Total</b>	<b>60.000</b>

5        **noted** that PHARMAC needs time to negotiate and put in place necessary commercial arrangements before any Ministerial announcements can be made;

- 6 **noted** that in the 2019/20 and 2020/21 financial years, funding to increase the level of the Combined Pharmaceutical Budget will be appropriated to DHBs, and funding will be allocated across DHBs in line with the population based funding formula;
- 7 **noted** that \$14.800 million of the \$60 million required for PHARMAC will come from existing in-principle expense transfers that have already been approved by Joint Ministers;
- 8 **approved** early confirmation of the in principle expense transfers detailed in paragraph 7 to allow funding to be reprioritised to PHARMAC in 2019/20;
- 9 **noted** that the amount sought for early confirmation in paragraph 8 above is based on unaudited year-end financial results however there is sufficient certainty for these to be reprioritised;
- 10 **approved** the following changes to appropriations to give effect to the decision in paragraph 4 above, with a corresponding impact on the operating balance and net core Crown debt:

Vote Health Minister of Health	2019/20	2020/21	2021/22 and outyears
Non-Departmental Output Expense:			
Health and Disability Support Services - Auckland DHB	1.902	3.804	-
Health and Disability Support Services - Bay of Plenty DHB	1.122	2.244	-
Health and Disability Support Services - Canterbury DHB	2.168	4.336	-
Health and Disability Support Services - Capital & Coast DHB	1.140	2.280	-
Health and Disability Support Services - Counties-Manukau DHB	2.200	4.400	-
Health and Disability Support Services – Hawke’s Bay DHB	0.768	1.536	-
Health and Disability Support Services - Hutt DHB	0.594	1.188	-
Health and Disability Support Services - Lakes DHB	0.500	1.000	-
Health and Disability Support Services - MidCentral DHB	0.800	1.600	-
Health and Disability Support Services - Nelson-Marlborough DHB	0.680	1.360	-
Health and Disability Support Services - Northland DHB	0.928	1.856	-
Health and Disability Support Services - South Canterbury DHB	0.280	0.560	-
Health and Disability Support Services - Southern DHB	1.350	2.700	-

**BUDGET : SENSITIVE**

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Health and Disability Support Services –Tairāwhiti DHB	0.254	0.508	-
Health and Disability Support Services - Taranaki DHB	0.522	1.044	-
Health and Disability Support Services - Waikato DHB	1.796	3.592	-
Health and Disability Support Services - Wairarapa DHB	0.220	0.440	-
Health and Disability Support Services - Waitemata DHB	2.278	4.556	-
Health and Disability Support Services - West Coast DHB	0.172	0.344	-
Health and Disability Support Services - Whanganui DHB	0.326	0.652	-
<b>s 9(2)(j)</b>			
Public Health Service Purchasing	(6.700)		
<b>Total operating</b>	<b>(1.500)</b>	<b>40.000</b>	<b>-</b>

11 **agreed** that the changes to the appropriations for 2019/20 in paragraphs 8 and 10 above be included in the 2019/20 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

12 **s 9(2)(f)(iv)**

13 **noted that** **s 9(2)(f)(iv)** \$8.5 million will be sourced from underspends in 2018/19;

14 **noted** that the contribution towards this initiative from Vote Health reprioritisation will reduce the ability to respond to fiscal risks within Vote Health and will result in these risks being returned to the centre;

15 **noted** that ongoing funding requirements from 2021/22, **s 9(2)(f)(iv)**, will be considered through future Budget processes.

Michael Webster  
Secretary of the Cabinet

**Hard-copy distribution:**  
Prime Minister  
Deputy Prime Minister  
Minister of Health