

### Directive

#### Budget Instruction for Quarter 1 FY22/23

1. The Government has set a 2-year funding pathway for Te Whatu Ora on the expectation that deficits in this period are unacceptable.
2. To ensure that Te Whatu Ora meets these expectations, a conservative budget approach has been adopted, reflecting the risks in confirming the financial baselines of the operating environment.
3. To ensure that appropriate accountabilities are in place and Government expectations are delivered through a nationally consistent approach, Budget 22 approved funding will be managed directly from the centre, before being transferred into national portfolios (e.g. commissioning) or regions.
4. All revenue will be processed nationally, and cash will be distributed based on cash profiles. Deficit funding and contingency funding will be held centrally and full revenue allocation for hospital and specialist services will be based on agreed production plans with consistent efficient prices for activity. Commissioning budgets committed locally and nationally funded will continue as per commitments.
5. Additional initiatives related to implementation of the Government's budget priorities will be agreed separately. This includes funding for planned care above baseline, COVID-19 related expenditure and risk and any extraordinary demand for localities or regions.
6. Funding to cover risk is held centrally and spending on risks must be nationally consistent.
7. Each business unit of Te Whatu Ora must operate within its budget. You must keep me up to date with your forecast financial result through month end reporting, escalate any concerns about over-spend early, and identify mitigation plans in the unlikely event that you expect to over-spend.
8. The approval and recruitment of clinical facing roles which are directly involved with delivery will continue, with priority given to filling essential front line clinical vacancies.
9. There is to be no cost growth in administration or in any enabling functions (including Office of the Chief Executive). These are to be delivered using existing system resources. Existing system

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2022

#### Addresses

##### For Action:

National Director  
Hospital and Specialist  
Services  
National Director  
Commissioning  
National Director  
National Public Health  
Service  
National Director  
Pacific Health  
Regional Directors  
District Directors  
Chief Infrastructure and  
Investment Officer  
Chief Finance Officer  
Chief People and  
Culture Officer  
Chief Data and Digital  
Chief Corporate  
Services National and  
Regional  
Office of the Chief  
Executive

##### For Information:

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##### Enquiries to:

Rosalie.percival@health.govt.nz

resources will also absorb the cost of establishing regional roles and functions.

10. Enabling functions are ICT/IT including Data & Digital functions, Finance, People & Culture (except recruitment and payroll), Planning & Funding (commissioning related), and Communications & Engagement. This includes shared services and subsidiary companies. Exceptions are to be agreed with the Regional and/or National Director.
11. I have communicated my expectation to the Finance and People & Culture teams that they support you with as much data as possible to manage your business unit effectively.
12. Progress will be monitored at a national level monthly through Health Workforce Information Programme (HWIP data), with a particular focus on highlighting changes in the 'management/admin' category of FTEs and headcount.

### **Action**

1. All National, Regional and District Directors must operate within their allocated budget.
2. All National, Regional and District Directors must provide forecast financial results through month end reporting.
3. All Regional and District Directors must give priority to the approval and recruitment of clinical facing roles which are directly involved with delivery, with priority given to essential front line clinical roles.
4. National, Regional and District Directors must ensure there is no growth in management and administration positions and all enabling functions.
5. All National, Regional and District Directors must escalate any concerns about over-spend early and include a mitigation plan with any such communication. Regional Directors are to be the point of escalation through which a case for exceptions can be made and discussed nationally.

Signed:



**Fepulea'i Margie Apa**  
Chief Executive