

Office of the Minister of Health

Chair, COVID-19 Ministerial Group

## COVID-19 Public Health Response – Additional Funding

## Proposal

- 1 This paper seeks:
- 1.1 agreement to draw down funding from the COVID-19 Public Health Response tagged contingency to support the implementation of our elimination strategy; and

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

## Relation to government priorities

- 2 The proposals in this paper will support the Government's strategy to eliminate the spread of COVID-19 in New Zealand and support health system preparedness to respond to the outbreak.

## Executive Summary

- 3 New Zealand is pursuing an elimination strategy for COVID-19. In the short-term the health and disability system needs to build and maintain the appropriate capacity and capability to implement this strategy.

- 4 I continue to receive a high volume of requests for additional support from  
across the health and disability sector. s 9(2)(f)(iv), s 9(2)(g)(i)

s 9(2)(f)(iv), s 9(2)(g)(i)

## Background

- 6 On 16 March 2020, Cabinet established a \$500.0 million tagged contingency to provide for the immediate costs required for the COVID-19 public health response [CAB-20-MIN-0110 refers]. Cabinet also noted the significant

uncertainty about what would be required for the public health response, and that additional funding may be needed.

- 7 To date, \$275.2 million has been drawn down from this contingency, leaving \$224.8 million remaining:
  - 7.1 \$238.2 million was drawn down immediately to provide for number of immediate public health response measures across three focus areas: scaling up public communications and support, ensuring continuity of care in the community, and testing and tracing cases [CAB-20-MIN-0110 refers];
  - 7.2 \$23.0 million was drawn down for the COVID-19 Māori Response Package [Joint Ministers agreement, 21 March refers];
  - 7.3 \$14.0 million was drawn down for the COVID-19 Pacific Response Package [CAB-20-MIN-0141 refers].
- 8 A significant amount of this funding has now been committed with work underway. Details on commitments or spend as at 9 April 2020 is included in **Appendix One**.

#### **Health and disability system response to COVID-19**

- 9 New Zealand is pursuing an elimination strategy that seeks to eradicate or minimise cases of COVID-19 from New Zealand to a level that is manageable by the health system, until a vaccine becomes available to achieve population-level immunity. The rationale for this strategy is:
  - 9.1 This strategy affords the greatest protection to vulnerable groups and the lowest loss of life by minimising infection and keeping case numbers low;
  - 9.2 Once the spread of infection has abated, it allows for opening up of domestic movement and markets (whilst maintaining strict border measures and distancing in higher risk areas);
  - 9.3 New Zealand's particular characteristics (geographical, economic, societal) compared to many other countries and epidemiological forecasting suggest a strong chance of eliminating or severely reducing the spread of COVID-19.
- 10 The public health response for COVID-19 requires concerted effort over the short, medium and long term:
  - 10.1 In the **short-term** we need to build and maintain the health and disability system's capability and capacity to implement our elimination strategy. This requires buying additional resources to support the interventions necessary within the strategy and allocating funding to meet the real costs of COVID-19 and for preparedness in the wider system;

- 10.2 In the **medium-term** we need to understand the ongoing needs for the public health response and retain capacity and capability to scale our response up or down depending on the progression of the disease in New Zealand;

§ 9(2)(f)(iv), § 9(2)(g)(i)

- 11 Critical to our elimination strategy is the successful implementation of the public health measures outlined in the COVID-19 Alert Level System. Officials are working with public health experts to monitor the key factors that will determine the forward trajectory and our ability to safely and confidently reduce and eventually remove these measures.

### Further funding requests for the COVID-19 public health response

- 12 We have already purchased a number of the critical components for our elimination strategy in previous allocations from the COVID-19 Public Health Response tagged contingency [CAB-20-MIN-0110]. A significant amount of this funding has been committed with work underway in key areas including:

- 12.1 contact tracing;
- 12.2 personal protective equipment (PPE);
- 12.3 laboratory testing (including supplies);
- 12.4 public health communications.

- 13 I am now seeking to draw down additional funding for additional components of our elimination strategy.

- 14 The additional immediate funding of § 9(2)(f) million needed comprises:

- 14.1 **\$200.0 million for personal protective equipment (PPE)**<sup>1</sup>: To date approximately \$86 million of stock has been ordered or purchased, including protective masks, face shields, glove and other protective clothing for front line health staff. Health Partnerships Limited and DHBs are assisting the Ministry in the procurement of these goods to ensure that the best possible prices can be secured. The demand for stock is likely to increase and officials will continue to monitor calls on this funding. Further funding may need to be sought in the future;

- 14.2 **\$35.0 million for purchasing essential medicines**: COVID-19 has slowed or halted activities in manufacturing plants and impacted the

<sup>1</sup> This amount is gross and excludes any potential recoveries i.e. non-health essential services will need to pay for PPE and a small portion of the cost that will be recovered from DHB operational budgets. These recoveries are yet to be quantified and will depend on demand.

importation of medicines globally. As a result, the price of medicines procured by PHARMAC is increasing, as is the cost of freight, and there is increasingly significant disruption to supply. PHARMAC is also widening access to a number of medicines under a Special Authority to reduce demand for DHB and GP services (e.g. PHARMAC recently widened access to nine cancer medicines) – this also contributes to increased medicine costs;

PHARMAC requires this additional funding in the 2019/20 financial year to ensure continuity of supply of medicines that it has responsibility for. This funding (to be appropriated through DHBs) will be sufficient through to 30 June 2020. s 9(2)(f)(iv), s 9(2)(g)(i)

- 14.3 **\$15.0 million for costs related to the “Unite against COVID-19” campaign.** Whilst \$10.0 million was initially sought for a public health campaign within the \$500.0 million tagged contingency, this money has largely been forecast to be spent on the initial public health messaging including the recently agreed funding for the Māori Health package. It excluded any costs associated with the broader All of Government communications programme associated with the “Unite against COVID-19” campaign. I therefore propose to include an additional amount of \$15.0 million for costs related to a high-impact, far-reaching public information campaign with multiple channels requested by Ministers (e.g. television ads, dedicated website. This would enable funding for the campaign and associated staffing until October 2020.

14.4 s 9(2)(f)(iv)

- 14.5 **\$26 million for aged residential care providers** to provide one month’s immediate support to providers maintaining their facilities free of COVID-19 (e.g., by isolating new residents, servicing retirement village residents, extra care in facilities with COVID-19) and take in more residents than usual to free up hospital beds if required.

14.6 s 9(2)(f)(iv)

[REDACTED]

14.7 s 9(2)(f)(iv) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

14.8 s 9(2)(f)(iv) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

14.9 s 9(2)(f)(iv) [REDACTED]  
[REDACTED]  
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s 9(2)(f)(iv), s 9(2)(g)(i) [REDACTED]

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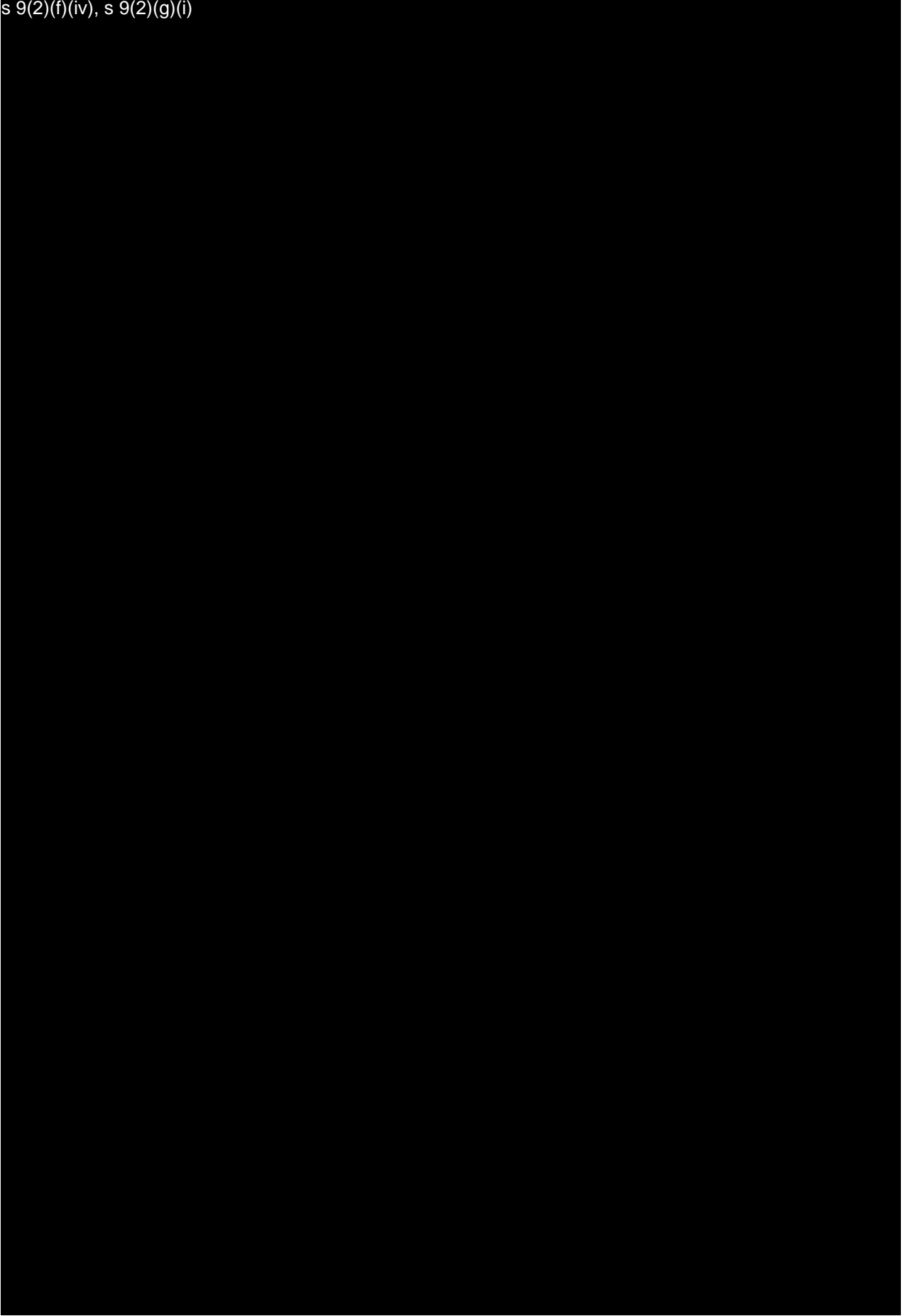
■ s 9(2)(f)(iv), s 9(2)(g)(i) [REDACTED]  
[REDACTED]  
[REDACTED]

s 9(2)(f)(iv), s 9(2)(g)(i) [REDACTED]  
[REDACTED]

■ [REDACTED]  
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[REDACTED]  
[REDACTED]  
[REDACTED]

■ [REDACTED]

s 9(2)(f)(iv), s 9(2)(g)(i)



BUDGET SENSITIVE

24.1 s 9(2)(f)(iv)

24.2

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24.7

BUDGET SENSITIVE

	s 9(2)(f)(iv)
24.8	
24.9	
24.10	
25	s 9(2)(f)(iv)
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s 9(2)(f)(iv), s 9(2)(g)(i)

### Reprioritisation within Vote Health and impacts of current baselines

- 30 The psychosocial impacts of COVID-19 will be felt over the long-term. Cabinet previously agreed to additional funding of \$15.0 million for the psychosocial response. To help mitigate both the immediate and longer-term impacts, it is expected that an additional investment for the psychosocial response to COVID-19 will be required.

31 s 9(2)(f)(iv), s 9(2)(g)(i)

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### Financial Implications

- 35 This paper seeks immediate agreement to appropriate s 9(2)(f)(iv) million to Vote Health in 2019/20 for the COVID-19 public health response as follows:

	Total \$million
Personal Protection Equipment – appropriate contingency funding	200.0
Increase in Combine Pharmaceutical Budget due to increased costs of drugs due to COVID 19 (funded through DHB baselines)	35.0
Immediate support for one month to aged residential care providers to maintain their facilities free of COVID-19 and take in more residents than usual to free up beds in DHB hospitals	26.0

## BUDGET SENSITIVE

s 9(2)(f)(iv)	
Extend COVID-19 funding focusing on the Unite communications campaign	15.0
Total	s 9(2)(f)(iv)

- 36 This paper seeks agreement to charge this against the COVID-19 Response  
and Recovery fund established in the Budget 2020 Cabinet paper on 6 April.
- 37 Given uncertainty about the phasing of some expected costs this paper also  
seeks authority to transfer any unspent funding into 2020/21, with no impact  
on the operating balance or net debt across the forecast period.

## Risks

- | Case No. | Section(s)                  | Count |
|----------|-----------------------------|-------|
| 38       | § 9(2)(f)(iv), § 9(2)(g)(i) | 7     |
| 39       | § 9(2)(g)(i), § 9(2)(f)(iv) | 5     |
| 40       | § 9(2)(f)(iv), § 9(2)(g)(i) | 3     |

## Communications

- 41 Officials recommend that when the decisions in this paper are announced,  
that all health and disability providers are reminded that they can access the  
COVID-19 economic package including wage subsidies and essential workers  
leave scheme.
- 42 This would provide messaging from the highest level. This could be supported  
by guidance on the Ministry of Health website.

## Legislative Implications

- 43 There are no legislative implications associated with this paper.

## Impact Analysis

44 The Impact Analysis requirements do not apply to this paper.

## Population Implications

45 It is recognised that the impact of COVID-19 on populations with existing high health needs will be greater, including; Māori, Pacific, other ethnicities living in areas of high deprivation, and people aged 65 years and older. Further work is now being done to feed this into the broader COVID-19 Strategic Response Plan strategy.

46 As noted elsewhere in this paper, in total \$33.0 million has been directed from the tagged contingency for the COVID-19 Māori Response Package and existing baselines; and \$14.0 million was drawn down for the COVID-19 Pacific Response Package.

## Human Rights

47 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

## Consultation

48 The Treasury was consulted in the development of this paper. The Department of the Prime Minister and Cabinet were informed.

### Treasury comment

- 49 s 9(2)(f)(iv), s 9(2)(g)(i)
- 50 s 9(2)(f)(iv), s 9(2)(g)(i)
- 51 s 9(2)(f)(iv), s 9(2)(g)(i)

**s 9(2)(f)(iv), s 9(2)(g)(i)**

## Proactive Release

54 This Cabinet paper will not be proactively released as the proposal is Budget-related.

## Recommendations

The Minister of Health recommends that the COVID-19 Ministerial Group:

- 1 **note** that on 16 March 2020, Cabinet established a \$500 million tagged contingency to provide for the immediate costs required for the COVID-19 public health response [CAB-20-MIN-0110 refers] and that to date \$275.2 million has been drawn down from this contingency leaving \$224.8 million remaining;
- 2 **note** that Cabinet noted the significant uncertainty about what would be required for the public health response, and that additional funding may be needed [CAB-20-MIN-0110 refers];
- 3 **note** that in pursuing an elimination strategy the health and disability system needs to build and maintain the appropriate capacity and capability by purchasing essential equipment and supplies required for the strategy;

# BUDGET SENSITIVE

- 4 **agree** to immediately progress the following initiatives to support the fight against the onset of community transmission of COVID-19:

	Total \$million
Personal Protection Equipment – appropriate contingency funding	200.0
Increase in Combine Pharmaceutical Budget due to increased costs of drugs due to COVID 19 (funded through DHB baselines)	35.0
Immediate support for one month to aged residential care providers to maintain their facilities free of COVID-19 and take in more residents than usual to free up beds in DHB hospitals	26.0
§ 9(2)(f)(iv)	
Extend COVID-19 funding focusing on the Unite communications campaign	15.0
<b>Total</b>	§ 9(2)

- 5 **approve** the following changes to appropriations to provide for the decision in recommendation 4 above, with a corresponding impact on the operating balance and net core Crown debt:

	\$m – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
<b>Vote Health</b>					
<b>Minister of Health</b>					
Non- Departmental Output Expense:					
§ 9(2)(f)(iv), s 18(d)					
National Personal Health Services	26.000	-	-	-	-

**BUDGET SENSITIVE**

<b>s 9(2)(f)(iv), s 18(d)</b>		-	-	-	-
Health and Disability Support Services - Auckland DHB	3.328	-	-	-	-
Health and Disability Support Services - Bay of Plenty DHB	1.964	-	-	-	-
Health and Disability Support Services - Canterbury DHB	3.793	-	-	-	-
Health and Disability Support Services - Capital and Coast DHB	1.994	-	-	-	-
Health and Disability Support Services - Counties-Manukau DHB	3.851	-	-	-	-
Health and Disability Support Services - Hawkes Bay DHB	1.344	-	-	-	-
Health and Disability Support Services - Hutt DHB	1.039	-	-	-	-
Health and Disability Support Services - Lakes DHB	0.876	-	-	-	-
Health and Disability Support Services - MidCentral DHB	1.402	-	-	-	-
Health and Disability Support Services - Nelson-Marlborough DHB	1.188	-	-	-	-
Health and Disability Support Services - Northland DHB	1.624	-	-	-	-
Health and Disability Support Services - South Canterbury DHB	0.491	-	-	-	-
Health and Disability Support Services - Southern DHB	2.363	-	-	-	-
Health and Disability Support Services - Tairāwhiti DHB	0.444	-	-	-	-
Health and Disability Support Services - Taranaki DHB	0.912	-	-	-	-
Health and Disability Support Services - Waikato DHB	3.143	-	-	-	-
Health and Disability Support Services - Wairarapa DHB	0.384	-	-	-	-

# BUDGET SENSITIVE

Health and Disability Support Services - Waitemata DHB	3.988	-	-	-	-
Health and Disability Support Services - West Coast DHB	0.302	-	-	-	-
Health and Disability Support Services - Whanganui DHB	0.570	-	-	-	-
<b>Total Operating</b>	<b>s 9(2)(f)(iv), s 18(d)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- 6 **agree** that the proposed changes to appropriations for 2019/20 above be included in the 2019/20 Additional Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 7 **agree** that \$224.8 million of the funding agreed this package in recommendation 5 above will be charged against the COVID-19 Public Health Response contingency, exhausting that contingency, and that the remaining s 9(2)(f)(iv), s 18(d) will be charged against the COVID-19 Response and Recovery Fund with a corresponding impact on the operating balance and net core Crown debt;
- 8 s 9(2)(f)(iv)
- 9 s 9(2)(f)(iv), s 18(d)
- 10 s 9(2)(f)(iv)
- 11 s 9(2)(f)(iv)

Authorised for lodgement

Hon Dr David Clark

Minister of Health

**BUDGET SENSITIVE**

s 9(2)(f)(iv), s 9(2)(g)(i), s 9(2)(b)(ii)

[REDACTED]	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED] [REDACTED]
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[REDACTED] [REDACTED] [REDACTED] [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED] [REDACTED] [REDACTED]		-	[REDACTED] [REDACTED]
[REDACTED]	[REDACTED]	-	[REDACTED]



**BUDGET SENSITIVE**

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**BUDGET SENSITIVE**

[illegible]

BUDGET SENSITIVE

s 9(2)(b)(ii), s 9(2)(g)(i), s 9(2)(f)(iv) [REDACTED] [REDACTED]			[REDACTED] [REDACTED]
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Proactively Released