



Cabinet Social Wellbeing Committee

Minute of Decision

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Peke Waihanga Artificial Limb Service: Contribution to Address Cost Pressures

Portfolio **Social Development and Employment**

On 26 October 2022, the Cabinet Social Wellbeing Committee:

- 1 **noted** that in the normal course of business, Peke Waihanga Artificial Limb Service (Peke Waihanga) delivers an effective and financially sustainable service on commercial terms, with no need of ongoing Crown funding;
- 2 **noted** that Peke Waihanga currently faces short-term critical cost pressures, including:
 - 2.1 capital cost pressures, specifically a \$2.995 million increase in the cost of refurbishing the Christchurch and Auckland Limb Centres;
 - 2.2 operating cost pressures of \$2.100 million, due to increased inventory costs arising from service expansion, advanced technology, and the impact of COVID-19 on global supply chains;
- 3 **noted** that the above cost pressures are unable to be:
 - 3.1 funded from cash reserves, due to the compounding effect of other cost pressures;
 - 3.2 funded through reprioritisation of lower-value activities from within existing baselines;
 - 3.3 funded through increasing fees for service in the short term;
 - 3.4 deferred until the next Budget;

4 s 9(2)(b)(ii)

- 5 **agreed** to increase spending by \$5.095 million in total to address the critical cost pressures experienced by Peke Waihanga, with the following impacts on the operating balance and net debt:

Impacts	Increase / (decrease) per financial year (\$m)				
	2022/23	2023/24	2024/25	2025/26	2026/27
Operating Balance and Net Debt	2.100	-	-	-	-
Operating Balance only	-	-	-	-	-
Net Debt Impact only	2.995	-	-	-	-
No impact	-	-	-	-	-
Total impact	5.095	-	-	-	-

- 6 **agreed** to establish the following new appropriations within Vote Social Development, for which the Appropriation Minister will be the Minister for Social Development and Employment, and the Appropriation Administrator will be the Ministry of Social Development:

Ref #	Title	Type	Scope
6.1	Peke Waihanga – New Zealand Artificial Limb Service	Non-Departmental Output Expenses	This appropriation is limited to supporting Peke Waihanga – New Zealand Artificial Limb Service to deliver services under the Artificial Limb Service Act 2018.
6.2	Peke Waihanga – New Zealand Artificial Limb Service Capital Injections	Non-Departmental Capital Expenditure	This appropriation is limited to capital injections to Peke Waihanga – New Zealand Artificial Limb Service for their capital programme.

- 7 **approved** the following changes to Vote Social Development appropriations to give effect to the decision at paragraph 5 above;

Appropriation type and title	Increase / (decrease) per financial year (\$m)				
	2022/23	2023/24	2024/25	2025/26	2026/27
Non-Departmental Output Expenses: <i>Peke Waihanga –New Zealand Artificial Limb Service</i>	2.100	-	-	-	-
Non-Departmental Capital Expenditure: <i>Peke Waihanga –New Zealand Artificial Limb Service Capital Injections</i>	2.995	-	-	-	-
Total Operating	2.100	-	-	-	-
Total Capital	2.995	-	-	-	-

- 8 **agreed** that the change to appropriations for 2022/23 in paragraph 7 above be included in the 2022/23 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

9 **agreed** that:

- 9.1 the operating expenses incurred under paragraph 5 above be charged against the between-Budget contingency established as part of Budget 2022;
- 9.2 the capital expenditure incurred under paragraph 5 above be charged against the multi-year capital allowance.

Rachel Clarke
Committee Secretary

Present:

Hon Grant Robertson
Hon Kelvin Davis (Chair)
Hon David Parker
Hon Peeni Henare
Hon Hon Jan Tinetti
Hon Kiri Allan
Hon Dr Ayesha Verrall
Hon Priyanca Radhakrishnan

Officials present from:

Office of the Prime Minister
Office of the Chair
Officials Committee for SWC