

22 May 2019

OIA:[ 2019/074]

Anthony Andrews

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Official information Request: OIA: 2019-074

Dear Anthony

Thank you for your request for official information, received on 24 April 2019 requesting the following information under the Official Information Act (1982):

***Based on the financial information CCDHB provided to MoH, I see that for period ending June 2017 the year to date capital charge paid to the crown was \$5662 (\$'000) whereas for period ending June 2018 it jumped to \$24,373 (\$'000).***

***This is quite a big jump compared to past few years. Are you able to substantiate what was the reason for such a big rise in capital charge paid to crown for period ending June 2018 when compared with period ending June 2017.***

***Was the reason any one of the following?***

- 1. Significant purchase of new capital assets in 2018 which required CCDHB to pay such a high capital charge in 2018.***
- 2. Was there capital charge arrears from previous years which got paid in the year 2018.***
- 3. Was there an increase in funding in 2018, which then allowed CCDHB to pay previous arrears of capital charge.***
- 4. Was there a special fund set up in 2018 dedicated to paying the capital charge.***

***I am not sure of all the reasons.***

***Could you please provide a detailed explanation of the reasoning behind this significant jump in capital charge payment to crown between 2017 and 2018?***

CCDHB pays capital charge on a 6-monthly basis at 6% of the Crown equity balance at the end of each June and December.

In September 2016 Cabinet agreed that the DHB sector should no longer access Crown debt and agreed to convert all existing DHB Crown debt into Crown equity. This conversion took place on 15 February 2017, when existing CCDHB Crown loans totalling \$339m were converted into Crown equity. This by itself had a \$20m (\$339m x 6%) effect on capital charge in the following 2017/18 financial year, which

accounted for most of the capital charge movement between 2016/17 and 2017/18.

Thank you for your enquiry. We trust it meets your requirement/s, however should you require any further information please feel free to contact me.

You have the right, under section 28 of the Act, to seek a review or to ask the Ombudsman to review the information that has been provided to you.

Regards,



Michael McCarthy  
Chief Financial Officer

Released under the Official Information Act