

Corporate: Finance/ Capital Expenditure
Proactive Release: 25 February 2020

20 February 2020

9(2)(a)

Email: 9(2)(a)

Dear 9(2)(a)

Official Information Act (1982) Request

I write in response to your Official Information Act request, received by us on 30 January 2020. You requested the following information:

1. **What was your DHBs capital expenditures of the last ten years.**
2. **What capital has your DHB spent on infrastructure over the last ten years?**
3. **What was the source of the funding spent on capital expenditure during this time period.**

As context for this response, Counties Manukau Health (CM Health) provides health and support services to people living in the Counties Manukau region (approx. 569,400 people), as well as regional and supra-regional specialist services (Burns, Plastics and Orthopaedics). Our services are delivered via hospital, outpatient/ ambulatory and community-based models of care. We employ more than 7,500 staff, and see more than 118,000 presentations at the Middlemore Hospital Emergency Department each year.

Responses for CM Health are below.

1. What was your DHBs capital expenditure of the last ten years?

A. Total DHB capital spend per cash flow, (per Annual Report)

FY year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
\$(000)	29,314	48,152	45,455	33,025	26,572	43,687	81,928	67,715	58,182	45,770

Financial year ended 30 June ('000)

B. Capital assets purchased under an operating lease arrangement

FY year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
\$(000)	5,914	290	10,178		2,502	570				

Financial year ended 30 June ('000)

2. What capital has your DHB spent on infrastructure over the last ten years?

Buildings, plant and infrastructure, capitalised during the year

FY year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
\$(000)	54,305	2,085	20,758	14,244	11,541	138,420	15,071	28,144	14,849	28,076

Financial year ended 30 June ('000)

Note: We are unable to separately extract infrastructure spend, and therefore the numbers presented are the costs capitalised to buildings, plant and infrastructure during the year - as per Annual Report.

3. What was the source of the funding spent on capital expenditure during this time period.

Source of funding (\$'000)

Funding	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Depreciation Funding	27,540	40,306	35,477	33,025	1,672	13,687	41,928	17,967	55,112	24,180
Crown Equity Injection	1,774	7,846						2,148	3,070	2,590
Crown Loans (net cash drawdown during the year)					24,900	30,000	40,000	47,000		19,000
Sale and Leaseback Transaction			9,978							
Operating Lease Expenditure	<i>Operating leases are paid over periods that vary from 5-8 years. Costs are expense over the year.</i>									

Financial year ended 30 June (\$'000)

- **Note:** From 15 February 2017, all Crown Loans were converted to equity, and all crown capital contributions would be made via Crown Equity injections.
- **Note:** Crown Loans that were granted from 2015 and before were largely approved to fund capital projects. We therefore assume that the balance of the capital spend was funded from depreciation funds.

I trust this information satisfactorily answers your query. If you are not satisfied with this response you are entitled to seek a review of the response by the Ombudsman under section 28(3) of the Official Information Act.

Please note that this response or an edited version of this may be published on the Counties Manukau DHB website.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'F. Apa', with a stylized circular flourish above the first name.

Fepulea'i Margie Apa
Chief Executive Officer
Counties Manukau Health