

29 September 2020

Antony Andrews

By email: fyi-request-13715-748ac87c@requests.fyi.org.nz

Dear Antony

Re Official Information Request – Outsource Service Expenses

I refer to your official information request dated 8 September 2020 requesting the following information:

I am looking that total Outsourced service expenses incurred by ADHB in the period ending 2011 and 2012. As per the SCHEDULE 3: DHB Provider Arm Financial Performance for the period ending 2011, the 'Total outsourced service expenses' for ADHB was \$ 53,803.28 (\$'000), while this amount increased to \$ 88,313.49(\$'000). This represents a 64% increase in this particular area of expenditure.

I have two questions about this figure:

- 1. Is the reported figure correct in 2011 and 2012,**
- 2. If it is, then what was the reason of such a significant hike in the outsourced expenditure in 2012. Was there a backlog of patients needing procedures?**

RESPONSE

1. With respect to whether the figures provided above are correct, I note that based on our audited financial report for 2012, the reported Outsourced Services cost for the year was \$94.196M, compared to the reported Outsourced Services cost for the 2011 year of \$58.082M, thus an increase of \$36.114M.
2. The increase in outsourced services costs from 2011 to 2012 reflects a change in the business model whereby Auckland DHB transferred back-office finance functions and Information Technology and Systems assets to healthAlliance, a regional shared services agency that is a joint venture with other northern region DHBs. Costs previously incurred by the DHB are now reflected in the outsourced services costs. Therefore, this significant change is not related to any backlog in patients needing procedures.

You are entitled to seek a review of the response by the Ombudsman under section 28(3) of the Official Information Act. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

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

Yours faithfully



Ailsa Claire, OBE
Chief Executive