



“New Zealand’s peak body representing the entire health and medical research pipeline”

Submission on Budget Policy Statement (BPS) 2020¹

Introduction

New Zealanders for Health Research (NZHR) was established in November 2015 to bring about increased investment in health research from government, industry and philanthropy. We believe that health research has the potential to both save and improve peoples’ lives. We are therefore committed to ensuring that the results of health research are translated into policy, practice and individual decision making, and for there to be a level of investment in health research to enable this to happen as optimally as possible.

Submission summary

NZHR’s submission is that the BPS should be amended to:

- increase the \$1.9b four year allocation to improve mental health outcomes by \$140m to \$2.04b, to ensure that there is sufficient provision to carry out much needed, life-saving, mental health research
- recognise that improvements in health outcomes should be supported by greater investment in, and better application of the results of, health research
- send a strong signal that that the 2020 budget will provide for significant increases in health research investment following the now overdue HRC Act required triennial review of HRC funding

Health research investment

In NZHR’s latest opinion poll² improving hospitals and the health care system, and improving national infrastructure, were rated as important priorities for the government by 92% and 81% of respondents respectively. These results suggest that the BPS proposals are likely to be viewed favourably by the New Zealand public.

However, 78% also rated more funding for health research as an important priority for the government, 84% agreed that that the government should invest more funding in health research, and 74% rated the then \$125m allocated to health research as too low.

Moreover, NZHR itself has consistently advocated for government ringfenced investment in health research to be increased from the current 0.78% of health care costs to 2.4%³ within the ten year time frame of New Zealand’s Health Research Strategy. Furthermore MBIE, MoH and the HRC collectively acknowledge that New Zealand is underinvesting in health research⁴.

In the context of increased spending on infrastructure the BPS states that “we are focusing our attention on priority areas, where the greatest opportunities exist to make real differences to the lives of New Zealanders”⁵.

¹ <https://treasury.govt.nz/system/files/2019-12/bps2020.pdf>

² <https://www.nz4healthresearch.org.nz/wp-content/uploads/2019/09/NZHR-Report-2019-GENERAL-EDITION.pdf>

³ <https://www.nz4healthresearch.org.nz/wp-content/uploads/2019/06/government-health-research-investment-trajectories-090619.pdf>

⁴ https://www.hrc.govt.nz/sites/default/files/2020-01/NZ%20Prioritisation-Framework-FA-web_0.pdf p 19

⁵ BPS 2020 p 15



As elaborated upon below NZHR is not convinced that infrastructure per se addresses this criterion, and we maintain that for health the greatest opportunities to make real differences to the lives of New Zealanders lie in:

- translating the results of health research into policy, practice and individual decision making so that: people maintain high levels of health and wellbeing thus obviating the need for treatment; and, if they do become ill, they receive the best possible services to enable their health to be restored as effectively and efficiently as possible, and
- further investment in health research so that the health system can improve its capacity and ability to both prevent and effectively treat ill health

To support the above statements we draw attention to measures of amenable and non-amenable mortality. NZHR estimates that the amenable mortality figure in 2019 was approximately 5000⁶, which represents the number of New Zealanders under the age of 75 who died prematurely and unnecessarily because they and/or their clinicians did not make and implement decisions which would have enable them to live to an age consistent with other New Zealanders' life expectancy. Furthermore, New Zealand has been even less successful in preventing or ameliorating ill health and disability⁷ than it has been in preventing premature mortality, and we also estimate that in 2019 there were a further 7000 New Zealanders under the age of 75 where the circumstances of their deaths were not considered to be amenable⁸.

These are significant statistics. NZHR contends that investing in the acquisition of knowledge of how to better support individuals and clinicians to translate the results of health research into clinical and personal practice and behaviour would significantly improve our ability to save the lives of the 5000 “amenable” New Zealanders per year who are dying prematurely.

Looking back over the sweep of medical and health history people would have died from all manner of illnesses that at one time would not have been considered amenable to treatment or prevention. Advances in knowledge, resulting from health research, have changed this. It follows that by investing more in health research now we improve our ability to help a further 7000 New Zealanders per year and their whanau/families, and thereby make tangible gains in kiwis' health outcomes and health status.

Given this, NZHR is gravely concerned that the interim report of the health and disability system review panel has completely disregarded the importance of health research as a key enabler of the effectiveness of the current and any future redesigned system. Although we have conveyed our concerns to the review panel itself, as well as to the Ministers and Ministry of Health, we have received no assurance that this will be remedied in the review panel's final report. NZHR therefore recommends that the final version of the BPS sends a strong signal that investment in health research is an essential component of the health and disability system (irrespective of the extent to which it may or may not be redesigned).

NZHR is also concerned that the BPS has kept the operating allowances as presented in Budget 2019. The problem with this is that the 2019 budget has specifically forecast no further increases

⁶ <https://nsfl.health.govt.nz/dhb-planning-package/system-level-measures-framework/data-support-system-level-measures/amenable>. The 2019 estimate was arrived at by applying the average annual rate of improvement in amenable mortality rates from 2012 to 2016 to the number of amenable deaths recorded in 2016. See draft amenable DHB Mortality Summary Table 2016, sheets SUMM 3 and SUMM 4.

⁷ <https://www.health.govt.nz/publication/health-loss-new-zealand-1990-2013>

⁸ <https://www.health.govt.nz/publication/mortality-2017-data-tables>. See Chart 01. Total no. of deaths < 75 = 12225. No of amenable deaths = approx. 5000. No of non-amenable deaths = approx. 7000.



in health research investment for the subsequent four years, despite the fact that the HRC Act mandated triennial funding review was due to occur in the same year⁹. NZHR will be particularly dismayed if the BPS results in 2020 health research budget allocations which are merely at the same levels as the 2019 budget allocations, and therefore recommends selective relaxation of the self imposed requirement to keep operating allowances at Budget 2019 levels.

The BPS includes a specific focus on mental wellbeing, noting that “in any year one in five New Zealanders will have a diagnosable mental illness, with most cases beginning before the age of 25. Tackling issues surrounding mental health early in life can help prevent poor outcomes later”. The BPS signals an allocation of \$1.9b over four years to improve mental health “including investment in new universal frontline mental health services, new and existing mental health and addiction facilities and commencing the roll out of the Nurses in Schools programme to decile 5 secondary schools”.

These initiatives are in response to the recommendations of He Ara Oranga: Report of the Government Inquiry into Mental Health and Addiction. As NZHR has pointed out in its submission¹⁰ on the Mental Health and Wellbeing Commission Bill most of the He Ara Oranga recommendations lack a clearly researched evidential base which demonstrate that they will result in better mental health outcomes. We also submitted that the expenditure of \$7m annually on mental health research is about 20% of what it should be, and we therefore recommend that the BPS’s \$1.9b allocation be increased by \$140m to \$2.04b to ensure that there is sufficient provision to carry out much needed, life-saving, mental health research.

Health expenditure and health outcomes

NZHR welcomes and fully supports the inclusion of “Physical and Mental Wellbeing - Supporting improved health outcomes for all New Zealanders” in the BPS’s set of priorities for 2020, together with the affirmation that “major investments will continue to be made in health...[et al]...to address New Zealand’s long-term challenges”

We note the intention for the 2020 budget to continue with the “wellbeing” approach adopted in 2019, supported by the Treasury’s Living Standards Framework (LSF) and Dashboard¹¹, and observe that the key Dashboard indicators for health include the “number of years that a person under 1 year old can expect to live in good health, taking into account mortality and disability” and “percentage of adults reporting good or very good health”.

We note the intention to invest an additional \$12.0 billion in capital, some of which will be directed to health. While acknowledging the need to address the health sector’s “bricks and mortar” issues, we believe that the link between improved physical facilities and improved LSF health outcomes is tenuous, and that the BPS should also include an explicit focus on investing in those areas where there is good evidence of the resulting improvements in physical and mental wellbeing.

The BPS forecasts health spending increasing to between \$19b and \$20b in 2020, up from just over \$18b in 2019¹². The associated commentary justifies this on the basis of increased service delivery

⁹ MBIE and Ministry of Health. Strategic Refresh of the Health Research Council. Circa 2015.

http://www.hrc.govt.nz/sites/default/files/HRC%20refresh%20report_1_0.pdf

¹⁰ <https://www.nz4healthresearch.org.nz/wp-content/uploads/2019/12/NZHR-submission-re-mental-health-and-well-being-commission-bill-111219.pdf>

¹¹ <https://treasury.govt.nz/sites/default/files/2019-12/lstf-dashboard-update-dec19.pdf>

¹² BPS 2020 p 8



and workforce investment, and further points out, in celebratory fashion, that “since this Government came into office there are now 1,699 more nurses, 677 more doctors....and 594 more allied health workers. According to Ministry of Health information this is the largest recorded health workforce.”

NZHR’s issue with this is that the need to increase health operating expenditure indicates that New Zealanders’ overall health status is declining rather than improving, and while we do not disagree with the imperative to respond to increasing need for health services, we disagree with the BPS’s implication that this is an adequate way of responding to either the aspirations of the Living Standards Framework or the more general imperative to promote wellbeing.

NZHR recommends that the BPS includes a more credible response to the requirement to improve health outcomes and health status which focuses on effective, properly researched, evidence based strategies relating to health promotion, health education, and providing support for making and acting upon healthier lifestyle decisions.

Infrastructure vs R&D investment

The BPS states that the proposed increase in Government investment in infrastructure “will provide further support for the New Zealand economy in the face of slowing international growth and stronger global headwinds. The capital investment will provide a combination of shorter-term spending to support economic activity over the next two years, as well as medium- and long-term investments that will provide business with a pipeline of Government demand into the future”.

Although NZHR does not disagree that investment in infrastructure is necessary and important, we do not think that it is the only, or even the best way, to grow the economy, especially if that investment is to be supported by borrowing. If New Zealand is going to take advantage of the current favourable conditions for borrowing to fund investment, our view is that it makes best sense to ensure that such investments are made with a view to yielding the best possible economic and wellbeing outcomes. For this reason we favour an approach which invests in New Zealand’s future through increasing R&D expenditure. This will grow rather than merely “support” the economy, while at the same time improving peoples’ wellbeing through improved knowledge and education, reducing unemployment and poverty, and increasing overall living standards.

NZHR finds it surprising that apart from the reference to a “\$300 million fund to foster innovation and encourage start-ups to expand” the BPS completely fails to address R&D investment, especially given that:

- New Zealand’s current rate of R&D stands at 1.3%
- Comparable small modern economies report R&D investment rates of around 3%
- The OECD average rate of R&D investment is 2.4% and
- New Zealand has a ten year aspirational R&D target of 2.0%¹³

NZHR therefore recommends that the BPS be amended to include a significant commitment to increased R&D investment.

We further recommend that the “grow and share NZ’s prosperity” section of the Economic Plan diagram¹⁴ provides for a commitment to increasing R&D investment as a key component of moving

¹³ <https://www.mbie.govt.nz/dmsdocument/6935-new-zealands-research-science-and-innovation-strategy-draft-for-consultation>

¹⁴ BPS 2020 pp 22 and 23



the NZ economy from “volume to value” and ensuring that “people are skilled, adaptable, and have access to lifelong learning”

We believe that adoption of these two recommendations will provide context justifying the BPS’s responding positively to our earlier recommendations relating to increased investment in health research.

NZHR constituency

In developing this submission we have consulted with our partners and members as set out below (and from whom we derive 100% of our funding).

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23rd January 2020

NZHR partners and members

Platinum



Gold



Silver



Bronze



Chrome





Foundation

