

Aide-Mémoire

Overview of the mental health and addiction funding landscape

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To:	Hon Matt Dooney, Minister for Mental Health		
Consulted:	Health New Zealand: <input type="checkbox"/> Māori Health Authority: <input type="checkbox"/>		

Contact for telephone discussion

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Date due: 8 December 2023

To: Hon Matt Doocey, Minister for Mental Health

Security level: IN CONFIDENCE **Health Report number:** 2023033583

Purpose: This aide-mémoire responds to your request for further information about mental health and addiction funding and provides an overview of the current financial landscape.

Comment: **Overview of the mental health and addiction funding landscape**

- The following pages provide an overview of the mental health and addiction funding landscape, while the attached A3 provides a summary view of this landscape.
- This aide-mémoire discloses all relevant information.



Robyn Shearer

Deputy Director-General

Clinical, Community and Mental Health |

Te Pou Whakakaha

Date: 8 December 2023

Overview of the mental health and addiction funding landscape

Context

- There is currently no specific funding appropriation for mental health and addiction. The mental health and addiction funding landscape consists of several different funding sources, for a range of different mental health and addiction activities.
- Crown funding for mental health and addiction activities is split across a number of Votes and appropriations and includes funding from both agency baselines and funding allocated through recent Budget process.

Current funding structures

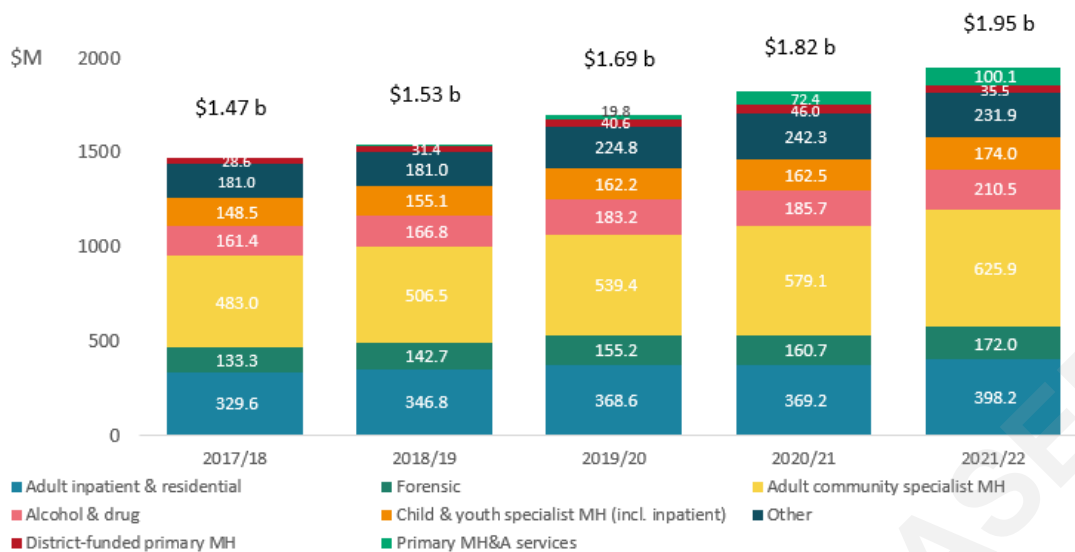
- This section briefly introduces the current funding structures, with further information captured in subsequent sections. The majority of specific Crown funding for mental health and addiction activities sits within Vote Health. Overall responsibility for Vote Health sits with the Minister of Health.
- Vote Health mental health and addiction funding sits across the following appropriations:
 - Delivering hauora Māori services – this appropriation is used for services commissioned by the Māori Health Authority | Te Aka Whai Ora (the Māori Health Authority)
 - Delivering Hospital and Specialist Services – this appropriation is used by Health New Zealand | Te Whatu Ora (Health New Zealand) for hospital and specialist services, including mental health and addiction services
 - Delivering Primary, Community, Public and Population Health Services – this appropriation is used by Health New Zealand for primary, community, public and population health services, including mental health and addiction services
 - Problem Gambling Services – this appropriation is used by the Ministry of Health | Manatū Hauora (the Ministry), Health New Zealand and the Māori Health Authority for services and activities (for example, research) that minimise the harm from gambling, in accordance with the Gambling Act 2003
 - Monitoring and Protecting Health and Disability Consumer Interests – this appropriation includes funding for the Mental Health and Wellbeing Commission
 - Health Capital Envelope – this appropriation provides capital funding to provide or purchase health sector assets such as building mental health and addiction facilities.
- The majority of Vote Health mental health and addiction funding is captured by the mental health and addiction ringfence.
 - The mental health and addiction ringfence is a key accountability mechanism setting out the minimum amount of funding that Health New Zealand and the Māori Health Authority are expected to spend on mental health and addiction services. The objective of the ringfence is to ensure that the amount spent on mental health and addiction services increases each year at least in line with demographic and cost pressures, and to ensure mental health and addiction expenditure is not reallocated to other service areas.

- The ringfence expectation captures expenditure across the following 3 appropriations: Delivering hauora Māori services; Delivering Hospital and Specialist Services; and Delivering Primary, Community, Public and Population Health Services.
- The quantum is set by the Ministry as part of annual planning processes using a standard formula. The formula uses the previous years' ringfence expectation, adds in any underspends from the previous year, and applies cost, demographic or other adjustments to ensure appropriate minimum growth.
- The remainder of Crown funding for mental health and addiction activities sits in other Votes across government. Overall responsibility for this funding sits with the responsible Ministers for the relevant portfolios. Some of the funded activities are specifically for mental health and addiction services, however others support or contribute to improving people's mental wellbeing more indirectly.
- There is also non-Crown funding that supports mental health and addiction activities. This includes activities funded through philanthropic or private sources (for example, people paying for services directly or employers paying for employee assistance programmes).

Vote Health mental health and addiction funding

- Figure 1 illustrates mental health and addiction expenditure over the period from 2017/18 to 2021/22, and how much funding was spent on different types of services. It highlights specific services, with the 'other' category capturing a range of additional services such as problem gambling services, eating disorders services, maternal mental health services, suicide prevention, workforce development, and telehealth services.
- For many services the most recent spend information available is for 2021/22.
 - Information for 2022/23 is not yet confirmed. While Health New Zealand has reported an actual spend of approximately \$2.1 billion against their mental health output class, and the Māori Health Authority has informally reported mental health and addiction spend of approximately \$150 million, we do not yet have a verified breakdown of this spend by service type.
 - Information for 2023/24 is not available as the financial year is still in progress. Spend figures will not be able to be confirmed until the end of year results are audited. This typically occurs around October each year for the prior financial year.
- We are actively working with Health New Zealand and the Māori Health Authority to get a better understanding of expenditure against the 2022/23 ringfence, including through the enhanced Crown entity monitoring programme underway with Health New Zealand [H2023033447 refers]. This will inform the quantum of the 2023/24 ringfence, which is still being confirmed with Health New Zealand and the Māori Health Authority but is anticipated to be approximately \$2.3–\$2.5 billion. We will provide further advice to you as this work progresses.

Figure 1. Vote Health mental health and addiction expenditure, 2017/18 to 2021/22



Mental health and addiction ringfence funding

- In 2022/23 the mental health and addiction ringfence expectation was approximately \$2.2 billion. This includes¹:
 - mental health and addiction funding devolved to the former district health boards which is primarily used for specialist mental health and addiction services, such as inpatient and residential services, community specialist services, and forensic services: approximately \$1.86 billion or 83% of the ringfence, and a large proportion of the expenditure displayed in Figure 1
 - previously nationally-held funding including funding for relevant Vote Health Budget initiatives such as the national rollout of primary mental health and addiction services (discussed further below): approximately \$270 million or 12% of the ringfence
 - funding appropriated as part of Budget 2022 for Vote Health mental wellbeing initiatives including specialist services and the Mana Ake and Piki programmes: approximately \$33.7 million or 1.5% of the ringfence
 - previously nationally-held departmental funding which is now primarily used for Health New Zealand national staff, evaluations and IT: approximately \$16 million or 0.7% of the ringfence
 - funding specifically earmarked for mental health and addiction workforce development: approximately \$50.6 million or 2.3% of the ringfence
 - funding appropriated as part of the Budget 2022 Support Workers (Pay Equity) Settlements Act 2017 to support an increase to wages: approximately \$3.5 million or 0.2% of the ringfence.

¹ Note: Percentages do not total to 100% due to rounding.

Recent Budget funding for Vote Health mental health and addiction initiatives

- As signalled above, the mental health and addiction ringfence includes funding for Vote Health mental health and addiction initiatives that was appropriated through recent Budgets. **Appendix One** provides an overview of the included initiatives and associated funding amounts, which span areas such as primary mental health, addiction services, forensic services, suicide prevention, and some school-based supports.
- Together, these recent Budget initiatives account for approximately \$329.7 million (approximately 15%) of the mental health and addiction ringfence funding in 2022/23.

Other Vote Health mental health and addiction funding

- Vote Health funding not included in the mental health and addiction ringfence which supports or is related to mental health and addiction includes:
 - the Problem Gambling Services appropriation with approximately \$26 million of funding in 2023/24 for services and activities that minimise the harm from gambling which is captured
 - the Monitoring and Protecting Health and Disability Consumer Interests appropriation with approximately \$5.1 million of funding in 2022/23 for the Mental Health and Wellbeing Commission
 - approximately \$811.5 million of Health Capital Envelope funding set aside for the Mental Health Infrastructure Programme which captures 16 capital projects for mental health facilities (that is, replacement and remediation). This includes 5 projects that were allocated a combined \$235 million as part of the Budget 2019 cross-government mental wellbeing package
 - the alcohol levy of approximately \$11.5 million per year. The levy's purpose is to recover costs incurred by the health system in addressing alcohol-related harm. The Ministers of Health and Finance agree an aggregate expenditure figure for this purpose annually
 - broader funding for health workforce development (beyond the mental health and addiction specific workforce development funding included as part of the ringfence) which contributes to developing the mental health and addiction workforce, such as investment in return to nursing. The amount is unknown as it is not possible to separate out the mental health and addiction specific components of this funding
 - funding for programmes and initiatives that support mental wellbeing, such as school-based health services which take a holistic approach to supporting young people (baseline funding plus approximately \$7.9 million from Budgets 2019 and Budget 2022 in 2022/23) and the Well Child Tamariki Ora Enhanced Support Pilots which provide support to young parents and their whānau, including with health, housing, employment, and mental wellbeing (approximately \$3.250 million in 2022/23) as well as wider pregnancy and early childhood wellbeing supports
 - funding associated with other health sector interactions related to mental health and addiction such as emergency department presentations and general practice consultations for mental health reasons. The amount is unknown; however, we know that in 2021/22 there were approximately 33,500 emergency department presentations for mental health reasons, and it is estimated that approximately 30% of general practice consultations relate to mental health and addiction.

Cross-government mental health and addiction funding

- Responsibility for mental health and addiction funding outside of Vote Health sits with other Ministers who have portfolio responsibility for those Votes and is overseen by relevant Ministries and Departments. The Ministry has however taken a leadership role for cross-government mental wellbeing activity, for instance through leading quarterly reporting to the Cabinet Priorities Committee on implementation of the Budget 2019 cross-government mental wellbeing package.
- This means we do not have comprehensive information about mental health and addiction funding outside of Vote Health, beyond key cross-government Budget 2019 initiatives. The following paragraphs outline initial information about funding outside of Vote Health. Please note that we have not engaged with other agencies in preparing this advice, so this assessment has not been validated with the relevant agencies.
- Several other agencies fund mental health and addiction services for specific settings or populations within their care, as well as funding a range of other activities that contribute to preventing mental health and addiction issues. This includes agencies' core business which impacts on determinants of mental health and addiction. Examples of cross-government mental health and addiction activities and associated funding (where known) follows below.
 - ACC – as part of its core business, ACC funds support for people who have experienced a 'mental injury' (a mental illness or mental needs that is linked to or directly caused by a specific accident or event covered by ACC such as a physical injury, criminal act, or traumatic event at work). This support can include one-on-one talk therapy, body-based therapy, group therapy, traditional rongoā Māori healing, and social work.
 - *Corrections* – provides mental health and addiction services to people in prison with mild and moderate needs, including through dedicated mental health and addiction units and drug treatment programmes. Corrections also has its own Suicide Prevention and Postvention Action Plan 2022–2025 and Alcohol and Other Drug Strategy 2021–2026. Much of Corrections' activities are funded through baselines. Specific programmes of note include:
 - the Increasing Access to Mental Health and Addiction Support initiative funded through Budget 2019. This initiative includes \$41.387 million in 2022/23 for Vote Corrections to provide mental health and addiction services, including alcohol and other drug treatment programmes, to people in the justice system
 - the Hikitia mental health and addiction service that will be established as part of the Waikeria prison development, which is still under construction. This service will operate out of a 96-bed facility within the new prison development.
 - *Education* – the Ministry of Education funds a range of initiatives and programmes and provides resources aimed at supporting children and young people's mental wellbeing and creating safe learning environments. For example, the Counselling in Schools initiative is implementing counselling support in schools in selected regions. Funding of \$44 million over four years was allocated to Vote Education for this initiative which started in 2021. The Ministry of Education also invests in Social Emotional Learning Pilots and Positive Behaviour for Learning school-wide anti-bullying initiatives, as well as supporting mental wellbeing in curricula.

- *Housing and Urban Development* – as part of its core business, the Ministry of Housing and Urban Development funds a range of housing supports and works with Health New Zealand to provide wraparound housing, mental health and addiction support. This includes investment in the Housing First Programme to improve the social and housing outcomes of chronically homeless people. The Housing First programme received funding of \$197 million over four years across Vote Housing and Urban Development and Vote Social Development through the Budget 2019 mental wellbeing package to strengthen the programme.
- *Oranga Tamariki | Ministry for Children* – funds a range of mental health and addiction services, including through employing mental health and addiction workers, and funds wellbeing supports to support the needs of children and young people in state care.
- *Police* – Police responds to calls related to mental distress and suicide, as well as supporting initiatives to minimise drug harm, such as working with district level health services to support the Te Ara Oranga methamphetamine harm reduction programme in Northland and the eastern Bay of Plenty.
- *Primary Industries* – the Ministry for Primary Industries and other agencies fund mental wellbeing initiatives targeted to rural communities, such as the national Farmstrong mental wellbeing promotion programme, initiatives delivered through Rural Support Trusts and 'FirstMate', a service to support the health and wellbeing of people across the commercial seafood sector.
- *Social Development* – funds economic and employment support, including for people with mental health addiction needs. For instance, it invests in the Oranga Mahi programme, which supports disabled people and people with health conditions, including those with mental health needs, to find and stay in meaningful employment, increase their knowledge and skills, and improve their health and wider wellbeing. Budget 2019 provided \$3.063 million in 2022/23 to continue this initiative.
- *Youth Development* – encourages and supports the use of a positive youth development approach to help support all young people to increase their overall wellbeing. The Ministry of Youth Development spends around \$12.062 million per year (excluding the Ākonga Youth Development Community Fund) on a wide range of youth development initiatives and supporting initiatives across the youth sector.
- *Business, Innovation and Employment and WorkSafe* – supports businesses and organisations to support mental wellbeing in the workplace and mentally healthy work environments.
- *Te Puni Kōkiri* – supports a range of initiatives aimed at or contributing to supporting kaupapa Māori and whānau-centred mental wellbeing initiatives. For example, Te Puni Kōkiri delivers the Rangatahi Manawaroa suicide prevention fund, an approximately \$2 million per annum fund which supports community initiatives delivered in a Te Ao Māori setting to rangatahi Māori.

Philanthropic and private mental health and addiction funding

- We do not have oversight of mental health and addiction activities that are funded through philanthropic or private sources (for example, people paying for private services). Philanthropic and private funding sources may also contribute funding to non-governmental providers that also receive Crown sources of funding. Given the wide range of potential organisations and businesses receiving funding, it is not possible to quantify the amount of funding. It is however expected the amount of funding is not insignificant.

Next steps

- The establishment of the new mental health Ministerial portfolio provides an opportunity to consider whether the existing funding and/or oversight arrangements for mental health and addiction need amending to provide clearer oversight of Crown spending on mental health and addiction.
- We do not have a complete picture of all mental health and addiction funding in New Zealand. Subject to your agreement, we can work with other government agencies to get a better understanding of mental health and addiction spend across government.
- We will also provide advice with options for enhancing monitoring and reporting related to cross-government mental health and addiction spend in early 2024.

Appendix One: Overview of recent Budget initiatives and funding included in the 2022/23 mental health and addiction ringfence

- The table below provides an overview of funding appropriated to Vote Health through recent Budgets for mental health and addiction initiatives, that is part of the 2022/23 mental health and addiction ringfence.
- The 2022/23 amounts for Budget 2019 and Budget 2020 initiatives include cost and demographic increases to the originally appropriated amounts for these initiatives. Funding for these cost and demographic increases was appropriated to Vote Health as part of Budget 2022.
- We will provide you with a detailed update on the status of recent mental health and addiction Budget initiatives by the end of December 2023.

Initiative	Description	2022/23 (\$m)
Budget 2019		
Expanding access and choice of primary mental health and addiction (MH&A) support	Funding for service delivery in a range of settings including general practices (GP) and kaupapa Māori, Pacific, and youth-specific settings, as well as workforce development and enablers	187.359
Expanding telehealth and digital supports for mental wellbeing	Increasing people's access to MH&A support over the phone and online through an expansion of telehealth and digital supports	5.533
Promoting wellbeing in primary and intermediate schools	Making resilience-building resources available to primary and intermediate schools and teachers across the country	0.426
District health board (DHB) MH&A ringfence	Uplift to former DHB funding ringfenced for specialist MH&A services	56.681
Forensic mental health services for adults	Enhancing forensic services for adults, including additional FTE and training courses and wrap-around support for staff	5.735
Forensic mental health services for young people	Enhancing forensic services for young people, including additional FTE and training courses and wrap-around support for staff	7.608
Improving support for people experiencing a mental health crisis	Enhancing crisis response services across all districts with a focus on emergency departments (ED) and community alternatives	2.128
Enhancing primary addiction responses	Expanding the range of primary support available to people with mild to moderate alcohol and other drug (AOD) issues	5.320
Enhancing the quality and capacity of specialist AOD services	Improving the sustainability of AOD services, with a focus on residential care, managed withdrawal (detox) and continuing care	11.172
Te Ara Oranga – continuing the methamphetamine harm reduction programme in Northland	Continuing the successful joint initiative between the Te Tai Tokerau District and Police to reduce harm from methamphetamine	1.064

Initiative	Description	2022/23 (\$m)
Intensive parenting support – Expanding the Pregnancy and Parenting Service (PPS)	Expanding PPS, an intensive outreach service for parents experiencing problems with AOD, to 2 additional sites	2.128
Preventing suicide and supporting people bereaved by suicide	Expanding and improving suicide prevention efforts and improving responses to the needs of people bereaved by suicide	10.587
Budget 2020		
Increasing Wellbeing and Mental Health Support to Learners and Education Workforce (also referred to as Wellbeing supports for tertiary students)	Rollout of primary mental health and addiction supports for tertiary students	8.512
Budget 2022		
Increasing availability of specialist MH&A Services	This includes funding for crisis responses; maternal and infant MH services; child and adolescent MH&A services; eating disorders services; kaupapa Māori services; drug checking services; Te Ara Oranga, Eastern Bay of Plenty expansion; workforce development and enablers	9.400
Mana Ake – Expansion of Mental Wellbeing Support for Primary and Intermediate School Students	Enabling ongoing delivery of Mana Ake in Canterbury and Kaikōura and the commencement of Mana Ake for primary and intermediate school-aged students in Northland, Counties Manukau, Bay of Plenty, Lakes and West Coast areas	14.333
Piki – Continuation of Integrated Primary Mental Health and Addiction Support for Young People in Greater Wellington	Continuing the Integrated Psychological Therapies Pilot, now known as Piki which provides free integrated primary mental health and addiction support for young people aged 18–25 years in the Greater Wellington area	1.750
Total: recent Budget initiatives included in the 2022/23 ringfence		329.736