

Briefing

Draft Cabinet paper: Programme of work for establishing a new medical school

Date due to MO:	5 April 2024	Action required by:	12 April 2024
Security level:	IN CONFIDENCE	Health Report number:	H2024038904
To:	Hon Dr Shane Reti, Minister of Health		
Copy to:	Hon Nicola Willis, Minister of Finance Hon Penny Simmonds, Minister for Tertiary Education and Skills		
Consulted:	Health New Zealand: <input type="checkbox"/> Māori Health Authority: <input type="checkbox"/>		

Contact for telephone discussion

Name	Position	Telephone
Maree Roberts	Deputy Director-General, Strategy, Policy and Legislation	s 9(2)(a)
Allison Bennett	Group Manager, Health System Settings, Strategy, Policy and Legislation	s 9(2)(a)

Minister's office to complete:

<input type="checkbox"/> Approved	<input type="checkbox"/> Decline	<input type="checkbox"/> Noted
<input type="checkbox"/> Needs change	<input type="checkbox"/> Seen	<input type="checkbox"/> Overtaken by events
<input type="checkbox"/> See Minister's Notes	<input type="checkbox"/> Withdrawn	

Comment:

Draft Cabinet paper: Programme of work for establishing a new medical school

Security level: IN CONFIDENCE **Date:** 5 April 2024

To: Hon Dr Shane Reti, Minister of Health

Copy to: Hon Nicola Willis, Minister of Finance
Hon Penny Simmonds, Minister for Tertiary Education and Skills

Purpose of report

1. This briefing attaches a draft Cabinet paper for your feedback (Appendix One) and provides advice on the following outlined in the Cabinet paper:
 - a. strategic case for change and investment objectives
 - b. approach to the cost benefit analysis (CBA)
 - c. governance arrangements
 - d. indicative fiscal implications.

Key points

2. The draft Cabinet paper presents the key components of the programme of work agreed to under the Memorandum of Understanding with the University of Waikato, and reflects advice provided by the Treasury, the Ministry of Education and the Tertiary Education Commission.
3. The Cabinet paper proposes a decision-making process that follows Treasury's *Better Business Case* guidelines. The decision milestones align with Budget 2025 processes and include Cabinet approving the following:
 - a programme of work to progress a new medical school;
 - the Indicative / Programme Business Case including indicative economic case;
 - the Detailed Business Case(s) including the Cost-Benefit Analysis (CBA); and
 - the Implementation Business Case(s).
4. The draft Cabinet paper outlines a strategic case for change and investment objectives. The investment objectives will set parameters and guide the design of the new medical school proposal.
5. There are two phases to the CBA – the indicative economic case provided through the Programme Business Case in July 2024 and the final CBA as part of the Detailed Business Cases in December 2024.

6. The Programme Business Case will build on the information provided in the 2017 Business Case and consider a full range of options that could achieve your investment objectives, with the final CBA to evaluate a narrowed set of options that meet the investment objectives.
7. This work programme sits across multiple agencies and multiple Votes and will require strong oversight and governance at a Ministerial level.
8. s 9(2)(f)(iv) [REDACTED]
9. The Detailed Business Case/s will provide certainty that those costs are accurate and that we have confidence that the funding sought through Budgets 2025 and 2027 will support the successful delivery of a new medical school.

Recommendations

We recommend you:

- a) **Provide feedback** on the draft Cabinet paper (Appendix One) by 12 April 2024 **Yes / No**
- b) **Agree** to the strategic case for change and investment objectives in the attached Cabinet paper **Yes / No**
- c) **Agree** to the proposed approach for the cost benefit analysis outlined in the Cabinet paper **Yes / No**
- d) **Note** that the Ministry of Health will be responsible for submission of the Programme Business Case in July 2024, with input from the University of Waikato and other key stakeholders
- e) **Note** that we are recommending that joint Ministers (The Minister of Finance, the Minister of Health and the Minister for Tertiary Education and Skills) have oversight of the programme of work



Dr Diana Sarfati
Director-General of Health
Te Tumu Whakarae mō te Hauora
Date: 05 April 2024



Hon Dr Shane Reti
Minister of Health
Date: 14/4/2024

Draft Cabinet paper: Programme of work for establishing a new medical school

Context

10. On 12 February 2024, you presented an oral item at Cabinet [CAB-24-MIN-0028] where it was agreed that the Ministry of Health (the Ministry) and the University of Waikato would sign a Memorandum of Understanding (MoU) to develop a programme of work to progress a new medical school with the first intake of students by 2027 as part of the Government's 100-day plan.
11. The MoU required parties to outline:
 - a. the desired outcomes and alignment with the health system and existing education and training programmes;
 - b. the approach and timing for when financial and other relevant information about costs, benefits and risks will be provided;
 - c. the programme milestones and outcomes for the development and implementation of a new medical school;
 - d. health and education sector dependencies; and
 - e. stakeholder involvement, resourcing requirements, and how the programme of work will be governed.
12. On 28 February 2024, you met with officials on the approach to establish a new medical school. On 26 March 2024, you met jointly with officials and the University of Waikato to discuss the key decision points and timeframes for establishing the medical school.
13. On 28 March 2024, we provided you with a briefing with the Ministry of Health and the University of Waikato's advice for the work programme to establish a new medical school [H2024036932 refers].
14. The Ministry has now drafted a Cabinet paper and will be seeking input from the University of Waikato, following your confirmation with the University of Waikato on your desired approach for decision making.
15. We have been engaging with Treasury, the Ministry of Education, the Tertiary Education Commission and Health New Zealand on the programme of work and draft Cabinet paper.
16. Subject to your agreement and following any feedback on the draft paper from yourself and the agencies, we will provide an updated paper for Ministerial and formal agency consultation.

The draft Cabinet paper sets out the decision timeframe for a commitment from Government to a new medical school

17. We recommend that Cabinet is made aware of the process, timelines and the robust process being adhered to to ensure successful delivery of the programme of work, subject to Cabinet's approval to proceed.
18. The draft Cabinet paper outlines a strategic case for change and investment objectives to ensure the programme will meet the objectives of the health sector and addresses our current medical workforce challenges.
19. The case for change sets out the current challenges, our desired workforce aspirations, the outcomes that we are seeking to achieve and the investment objectives that the proposal for a new medical school would need to demonstrate it can achieve.

Timeframes and processes

20. The draft Cabinet paper sets out the proposed timeframes for decisions in alignment with Budget 2025 process and with the Better Business Case process, as follows:
 - a. Programme Business Case: July 2024
 - b. Detailed Business Case/s: December 2024
 - c. Budget 2025 for establishment costs
 - d. Implementation business case/s: May 2025
 - e. Budget 2027 for ongoing capital and operating costs.
21. These steps work towards ensuring funds can be secured through Budget 2025 and will give the University of Waikato ongoing confirmation of the government's commitment to the work. This approach also provides the independent quality assurance processes to ensure successful delivery of the programme.
22. The timeframes are ambitious and will be dependent on:
 - a. the requirements of the business case being met,
 - b. input from the University of Waikato and other key stakeholders with the relevant information needed to support decision makers and
 - c. response from external review and assurance processes.
23. To mitigate the risks around timeframes for delivery, the Ministry is working to ensure sufficient resource is given to the programme including risk management and programme governance.

Investment objectives

24. The programme of work acknowledges that increasing the availability of doctors alone is just one component of addressing wide-ranging health workforce issues. As such, it also needs to look at improving the capability and capacity of health settings so that we can train more doctors in different ways.
25. To manage the current challenges and meet your commitment of providing greater access to timely and quality health services, the Ministry has worked with the University

of Waikato, clinical expertise within the Ministry of Health and international reviews of best evidence to develop investment objectives. These will set the parameters and guide the design of the new medical school proposal.

26. The investment objectives are presented in Table 1 below.

Table 1. Investment Objectives

1. More doctors are trained in New Zealand.
2. A medical graduate cohort with: <ul style="list-style-type: none">2.1. diverse skills and experience; and2.2. demographics that reflect the local population.
3. A medical curriculum that is aligned to health system needs, providing the skills and capabilities to: <ul style="list-style-type: none">3.1. meet needs of people in rural, provincial and high-needs communities;3.2. be culturally safe;3.3. work effectively within interdisciplinary teams.
4. Clinical placements that provide greater exposure to rural areas and in primary care settings.
5. Students' academic, cultural, and broader wellbeing needs are considered and managed.
6. Increased training and placement capacity and capability in health settings with: <ul style="list-style-type: none">6.1. clear expectations, resources, infrastructure, training and time for health workforce to provide clinical supervision and mentorship; and6.2. more health providers across the full breadth of health settings providing clinical placements.

27. We recommend that you seek Cabinet's agreement to the investment objectives. These objectives will set the parameters for any consideration of options in the Programme Business Case and subsequent Cost Benefit Analysis of those options, including the proposal provided by the University of Waikato.

The approach to the CBA in the Cabinet paper supports you to deliver on your Coalition Agreement

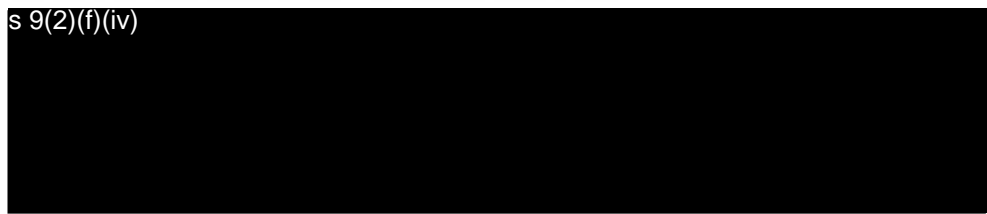
28. There are two phases to the CBA – the indicative economic case provided through the Programme Business Case and the final CBA as part of the Detailed Business Cases.

29. The Programme Business Case will consider a full range of options that could achieve your investment objectives. Some options will be ruled out through this process, narrowing what will be analysed in the detailed CBA. Additional factors that may guide the scope of the CBA include time constraints and engagement from other entities.

30. The Detailed Business Case includes a final CBA which will evaluate the benefits against the associated costs required to meet the investment objectives, of a few specific options.

31. The scope of the CBA cannot be confirmed until after the Programme Business Case is agreed. To manage delivery risks and ensure robust economic analysis can take place, the scope of the overall CBA will need to be quite narrow. Officials expect the approach to the CBA will include the following comparators:

s 9(2)(f)(iv)



32. Further options ruled out as they would not meet investment objectives include; retention initiatives, changes to scopes of practice, investing in technology, or increasing international recruitment.
33. We recommend that you discuss this approach to the CBA with your colleagues at Cabinet, noting that you will return to Cabinet in July to confirm.

This work programme sits across multiple agencies and multiple Votes, and will require strong oversight and governance

34. The programme of work will require oversight by multiple agencies. Governance arrangements are in place to enable progress through the Better Business Case process.
35. We recommend you note with Cabinet the need for cross ministerial oversight of the programme, to ensure the success of the programme and we suggest that you discuss this approach with the Minister of Finance and the Minister for Tertiary Education and Skills to ensure the programme is delivered successfully.
36. It is proposed that agencies would provide progress updates and seek decisions on delivery of the programme milestones from joint ministers, prior to cabinet decisions.

Fiscal implications

37. The business case that was developed in 2017 on a new medical school at the University of Waikato was based on an intake of 60 students. This outlined that the total estimated costs to establish a new medical school were approximately \$370 million over 10 years.
38. The 2023 election manifesto commitments outline a total of \$380 million for set up costs (including \$100 million contribution from the University of Waikato). The ongoing operating costs in the manifesto commitments are based on a four-year forecast.

39. s 9(2)(f)(iv)



40.

41.

s 9(2)(f)(iv)

42.

Table 2. Indicative Fiscal Implications

s 9(2)(f)(iv)

43. It is important to note with your colleagues that the tertiary and health system training costs (for the funding cap on medicine) are incurred regardless of whether a new medical school is established, or training capacity is increased within existing providers. Any proposal would need to demonstrate that this significant and ongoing investment provides best value for money. There is already significant investment being sought through Budget 2024 to adjust the funding cap for Medicine.

Programme development costs

44. There are costs associated with programme development, the Ministry will seek Cabinet agreement to utilise underspends of \$3 million from 2023/24 departmental funding. This is being progressed through advice going to Cabinet in April 2024.
45. Programme development costs include support for business case development, independent quality assurance (audit of the final business cases before submission to Cabinet) and procurement of the Cost Benefit Analysis.

Next steps

46. We seek your feedback on the draft Cabinet paper by 12 April 2024. We will make any changes you request and send the paper back to your office for you to begin Ministerial and coalition party consultation from 12 April 2024.
47. We are consulting agencies on the draft Cabinet paper. We will inform you of any changes we have made when we provide the updated paper.
48. We will work with your office to confirm timeframes for lodgement and Cabinet dates.

ENDS.