



Cabinet

Minute of Decision

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New Medical School: Detailed Business Case

Portfolios **Health / Universities**

On 21 July 2025, Cabinet:

- 1 **noted** that in September 2024, Cabinet, following consideration of the Programme Business Case for a new medical school at the University of Waikato:
 - 1.1 invited the Ministry of Health to submit a Detailed Business Case for Option 3, new medical school, in Quarter 1 of 2025 for Cabinet consideration; and
 - 1.2 noted that the full cost-benefit analysis of the new medical school proposal, as included in the National Party – ACT Party Coalition Agreement, will be fulfilled as part of the Detailed Business Case;

[CAB-24-MIN-0358.01]
- 2 **noted** that the Detailed Business Case and full cost-benefit analysis, included with the submission under CAB-25-SUB-0182, includes assessment of the following options:
 - 2.1 Option 1: increase existing medical school intake with a proportional increase in rural immersion programmes;
 - 2.2 Option 2: specialised rural medical training programme jointly delivered by the existing medical schools; and
 - 2.3 Option 3: a new medical school at the University of Waikato focused on primary and rural health;
- 3 **noted** that Option 3 is the preferred option, which demonstrates the highest positive benefit-cost ratio of the assessed options based on the outcomes of the full cost-benefit analysis and the Detailed Business Case;
- 4 **noted** that an assessment of a number of other considerations, such as workforce retention and productivity, might have led to a different outcome, however significant cost savings have resulted from this process;
- 5 **approved** in principle the preferred option (Option 3) of establishing a new medical school at the University of Waikato, with an estimated total cost of ^{s 9(2)(f)(iv)}, subject to Cabinet decisions on funding, including funding for the establishment phase of \$234.709 million, and for ongoing operating and capital costs of ^{s 9(2)(f)(iv)}

Establishment phase

- 6 **noted** that the total estimated cost for the establishment phase is \$234.709 million, including up to \$2 million in operating cost for Implementation Business Cases development and establishment activities for the clinical placements programme, and \$232.709 million in capital cost for the establishment costs of the new medical school at the University of Waikato, with:
- 6.1 a total \$82.850 million Crown investment required, including \$2.000 million in operating and \$80.850 million in capital;
- 6.2 \$151.859 million contribution in capital costs being provided by the University of Waikato;
- 7 **noted** that the Ministry of Health will fund programme coordination and Business Case development and Health NZ will fund establishment activities related to the clinical placements programme;
- 8 **agreed** to fund the cost of the establishment phase of the new medical school at the University of Waikato referred to in paragraph 6;
- 9 **agreed** that the operating costs referred to in paragraph 6 will be met by reprioritising funding from the Ministry of Health and Health NZ baselines based on each agency's roles and responsibilities noted in paragraph 7 above, and therefore has no appropriation impact;
- 10 **agreed** to establish a tagged capital contingency under Vote Health of \$80.850 million to provide for the establishment capital costs referred to in paragraph 6.1:

	\$m - increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Establishment Costs for the Waikato Medical School – Tagged Capital Contingency	20.561	30.435	21.676	8.178	-
Total	20.561	30.435	21.676	8.178	-

- 11 **authorised** the Minister of Finance, Minister of Health, and the Minister for Universities (joint Ministers) jointly to draw down the tagged capital contingency funding in paragraph 10 above (establishing any new appropriations as necessary), subject to their approval of the Implementation Business Cases, as per paragraph 15 below;
- 12 **agreed** that the tagged capital contingency in paragraph 10 above be charged as a pre-commitment against the Budget 2026 capital allowance;
- 13 **agreed** that the expiry date of the tagged capital contingency in paragraph 10 will be 1 July 2027;

Implementation Business Cases

- 14 **invited** the Ministry of Health to develop:
- 14.1 by end of 2025, an Implementation Business Case for establishment activities (first Implementation Business Case), which will seek:
 - 14.1.1 approval to commence construction of on-campus infrastructure and other establishment phase activities related to on-campus delivery;
 - 14.1.2 confirmation of the updated benefit realisation plan;
 - 14.1.3 confirmation of locations to support clinical placements;
 - 14.1.4 approval to commence procurement activities in each of the locations to support clinical placements;
 - 14.2 by July 2026, an Implementation Business Case for clinical placements (second Implementation Business Case), seeking approval to commence construction of off-campus and Health NZ infrastructure, and other establishment activities for clinical placements;
- 15 **authorised** the Minister of Finance, Minister of Health, and Minister for Universities to jointly approve the Implementation Business Cases;

Ongoing operating and capital costs

- 16 **noted** that the ongoing operating and capital costs for the Waikato Medical School, including costs to increase the medical training cap and provide prevocational training, are currently estimated at s 9(2)(f)(iv) and will be refined through the development of the Implementation Business Cases;

17 s 9(2)(f)(iv)

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Rachel Hayward
Secretary of the Cabinet