Tertiary Education Commission
Te Amorangi Mātauranga Matua

Tertiary Education Report: Meeting with the Deans of the University of Auckland and University of Otago Medical Schools

Date:	2 December 2016	**TEC priority:**	Medium
Security level:	In Confidence	**Report no:**	B/16/01276
		Minister's office No:	

ACTION SOUGHT

	Action sought	Deadline
Hon Steven Joyce Minister for Tertiary Education, Skills and Employment	**note** the information in this briefing prior to your meeting with the Deans of the University of Auckland and University of Otago Medical Schools.	2 December 2016
Enclosure: No	**Round Robin:** No	

CONTACT FOR TELEPHONE DISCUSSION (IF REQUIRED)

Name	Position	Telephone		1st contact
s9(2)(a)	Manager, University Investment	s9(2)(a)	s9(2)(a)	✓
Deirdre Marshall	Acting Deputy Chief Executive	s9(2)(a)	s9(2)(a)	

THE FOLLOWING DEPARTMENTS/AGENCIES HAVE SEEN THIS REPORT

☐ CERA ☐ DPMC ☐ ENZ ☐ ERO ☐ MBIE ☐ MoE ☐ MFAT

☐ MPIA ☐ MSD ☐ NZQA ☐ NZTE ☒ TEC ☐ TPK ☐ Treasury

Minister's Office to Complete:

☐ Approved ☐ Declined

☐ Noted ☐ Needs change

☐ Seen ☐ Overtaken by Events

☐ See Minister's Notes ☐ Withdrawn

Comments:

Recommendations

Hon Steven Joyce, Minister for Tertiary Education, Skills and Employment

It is recommended that you:

1. **Note** the information in this briefing prior to your meeting with the Deans of the University of Auckland and University of Otago Medical Schools.

p.p. **Deirdre Marshall**

Acting Deputy Chief Executive, Tertiary Education Commission

2 December 2016

Hon Steven Joyce

Minister for Tertiary Education, Skills and Employment

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Purpose

1. We understand that you will be meeting with the Deans of the University of Auckland (Auckland) and University of Otago (Otago) Medical Schools on 6 December 2016 to discuss the joint University of Waikato and Waikato DHB proposal (the Waikato proposal) to establish a third medical school.

2. This briefing provides background information for your meeting. Appendix 1 includes some questions that you may wish to ask. Biographies of the Medical School Deans are provided in Appendix 2.

3. We have previously provided advice to you regarding the Waikato proposal (B/16/01142 refers). Our advice was that the proposal has merit and warrants further consideration, but that Waikato's business case requires revision to comply with Treasury's Better Business Case guidelines. A letter was drafted to be sent by yourself and Minister Coleman requesting a revised business case, which meets the requirements of an Indicative Business Case (IBC). The letter also encourages Waikato and the DHB to engage with relevant stakeholders in developing its proposal.

4. Health Workforce New Zealand is undertaking its own detailed review of the draft business case. It is the TECs intent to work closely with several government departments once the IBC is received, and also consult with other interested parties including the Auckland and Otago Medical Schools. This will enable us to provide you with further advice on the issues raised by the Waikato proposal.

Prior correspondence with the Deans of the Medical Schools

5. The Deans of the Auckland and Otago Medical Schools have written to you on two occasions regarding this proposal. The first letter (August 2016) requested a meeting to express their concern about the Waikato proposal (M/16/00944 refers). The letter indicated that a third school will bring increased pressure on the number of clinical training placements available to students, and highlighted that they are already addressing issues with the medical training pipeline that have been identified in the proposal.

6. The second letter (October 2016) reiterated Auckland and Otago's commitment to educating New Zealand's medical workforce and included a letter from the Waikato DHB indicating that, if the Waikato proposal is successful, the DHB will be looking to reduce the number of Auckland students undertaking clinical placements in its hospitals.

The impact of the Waikato proposal on Auckland and Otago

If the cap is increased it is unlikely to affect demand at Auckland and Otago, but may affect the availability of clinical placements in public hospitals

7. Medical provision is considered high-cost and the amount of delivery is therefore capped on the first-year EFTS intake. The cap currently sits at 565 SAC 3+ funded EFTS. Auckland and Otago work together to agree the distribution of the cap, which is currently split 275 EFTS at Auckland and 290 at Otago. Demand for places exceeds availability at both Auckland and Otago.

8. The Waikato proposal indicates enrolment of up to 60 students a year from 2020. If this is in addition to the existing EFTS cap, it is unlikely to affect demand at Auckland and Otago, but it may affect the availability of clinical placements in public hospitals since Auckland and Otago have provided anecdotal evidence that these are already stretched.

9. There is a risk that if additional EFTS are added to the cap, students at Auckland and Otago may be unable to complete their qualification due to a lack of clinical placements. Waikato DHB has already informed the Auckland Medical School that if the Waikato proposal is successful, it will look to reduce the number of Auckland students placed in the DHB. In addition, both Auckland and Otago have reported issues securing enough clinical placements for their students.

Distributing the cap is an alternative, but will affect revenue and possibly viability for the schools

10. If the Waikato provision forms part of the existing cap, the number of clinical placements will likely be sufficient, but Auckland and Otago will need to reduce their first-year intake. This will result in reduced revenue for both institutions. To offset this, the Universities may increase the number of students admitted to uncapped aligned degrees eg pharmacy and physiotherapy.

11. As medical provision is 'high-cost' it may be argued that reducing the cap at Auckland and Otago will affect their viability. Although this is unlikely to directly affect these established medial schools, or the institutions overall, there may be an indirect effect on other provision that is subsidised by the excess revenue the Medical Schools attract.

A combination approach is also possible

12. In the event that the Waikato proposal is supported, consideration should also be given to partially raising the cap and partially redistributing current allocations. This combination approach would reduce the effect of educed medical EFTS at Auckland and Otago and relieve pressure on clinical placements.

13. It is expected that any further development of the Waikato proposal will include full consultation with all stakeholders including Auckland and Otago and show that students will not be compromised.

The Waikato proposal is different to existing provision

Waikato proposes a 4-year graduate entry programme aimed at increasing the number of GPs in rural practice and the cultural diversity in the medical workforce

14. Waikato's proposed medical programme differs to the Auckland and Otago programmes in that it is a four-year graduate entry only programme. Waikato has indicated that the new programme will focus on attracting students who already have a qualification and have chosen to pursue a medical career later, rather than school-leavers.

15. The new programme will be primarily delivered in Hamilton, but, will have clinical education and training centres throughout the central North Island. This will enable students to undertake a high proportion of clinical placements in community settings outside the main centres.

16. The Waikato proposal indicates that capital funding of between $58 million and $70 million is required, and operating expenditure between $142 million and $240 million over a ten-year period. We have suggested in our earlier advice that the proposal looks at other sources of funding – in particular for the capital expenditure, rather than relying on the Crown.

Auckland and Otago offer six-year programmes with a five-year graduate entry pathway

17. Auckland and Otago both offer six-year programmes primarily focussed on enrolling school-leavers. At both universities, prospective medical students enrol in a Bachelor's qualification in their first year, along with students seeking admission to other aligned programmes such as pharmacy, dentistry and physiotherapy.

18. In 2015, Auckland delivered over $44.5 million SAC3+ funded provision to just over 1100 EFTS at level 7 (and above) in years 2-6 its Bachelor of Medicine/Bachelor of Surgery qualification. In 2015, Otago delivered over $52 million to just over 1300 EFTS at level 7 (and above) in years 2-6 it's Bachelor of Medicine/Bachelor of Surgery qualification.

19. The first-year acts as a 'weeding-out' process to ensure students progressing to the medical programme are academically equipped. Following this, successful students continue for a further five years to complete their medical qualification. Students undertake clinical placements throughout the programme. The final year of study is the Medical Intern year in which students complete a preparation year of clinical attachments – learning the skills to become a house surgeon.

20. There is a graduate entry pathway at both universities for those who already have an undergraduate degree. This pathway allows those with a prior degree to progress straight into the second year. About 30% of students commencing the second year of the medical training programme enter as graduates from another degree programme. It is noted that it would be cheaper for both government and these students to gain a medical qualification via the Waikato route.

The shortage of rural practitioners and Māori in the medical workforce

21. The Waikato proposal has highlighted issues with New Zealand's health workforce including increasing demand for GPs (together with an aging GP workforce), a lack of Māori graduates, and a lack of graduates willing to enter and remain in rural GP practice.

22. The Waikato proposal attempts to address these issues by focussing recruitment on students who are more likely to choose a career in rural general practice. The School would also leverage Waikato's high level of Māori participation and the regional demographic to attract more Māori students into medical training.

Auckland, Otago and Heath Workforce New Zealand have implemented initiatives to address these issues

23. Auckland and Otago operate three preferential admission schemes – Māori, Pacific and rural. Both Auckland and Otago are now preferentially enrolling Māori at demographic equity with a completion rate of over 90%. Both Universities report similar success for Pasifika.

24. The Rural and Regional Admissions Scheme aims to attract students from a rural background. These students are more likely to seek a rural career path and the universities report that 50% of students admitted under the scheme (103 students in 2016) move into rural practice but there is little information on how long they remain there. Both universities have established training options in rural and regional settings and report a significant number of students undertaking these options.

25. The Deans of the Medical Schools have also highlighted that Health Workforce New Zealand has increased funding for GP training and indicate that there are approximately 40% more students undertaking GP training in 2015/16 compared to 2012/13.

Appendix 1: Questions you may wish to ask regarding current medical provision at Auckland and Otago

- Are Auckland and Otago planning to implement any additional initiatives to ensure there is an adequate supply of GPs in New Zealand rural practice?

- In light of Waikato's proposal, do Auckland and Otago plan to review their graduate entry schemes, for example to reduce their graduate entry programme from five years to four years?

- Were there any measures or initiatives put in place to mitigate the impact on the Otago programme when the Auckland medical school was established? What effect did the establishment of a second programme at Auckland have on Otago and how have the two schools worked to develop complementary provision?

Appendix 2: Biographies

Professor John Fraser – Dean, University of Auckland Medical School

John Fraser gained a BSc with Honours at Victoria University of Wellington followed by a PhD at the University of Auckland, both in biochemistry.

His ground-breaking research in molecular aspects of the immune response began at Harvard University, where his work led to the investigation of the structure, function and role in disease of super-antigenic toxins. Professor Fraser's research resulted in the now widely accepted model of how super-antigens work.

Professor Fraser is a former deputy director of the Maurice Wilkins Centre for Molecular Biodiscovery and is a Fellow of the Royal Society of New Zealand.

Professor Peter Crampton – Pro-Vice-Chancellor, Health Sciences (and Dean, Otago Medical School)

Peter Crampton graduated from the University of Otago Medical School and then worked as a general practitioner before training in Public Health Medicine. His PhD thesis was on aspects of the delivery of primary health care.

In 2002–2003, Peter went to John Hopkins University in the United States on a Harkness Fellowship in Health Policy.