Tertiary Education Commission
Te Amorangi Mātauranga Matua

Tertiary Education Report: Meeting with the Minister of Health and representatives of the University of Auckland and University of Otago medical schools

Date:	28 March 2017	**TEC priority:**	Medium
Security level:	In Confidence	**Report no:**	B/17/00220
		Minister's office No:	

ACTION SOUGHT		
	Action sought	**Deadline**
Hon Paul Goldsmith Minister for Tertiary Education, Skills and Employment	**note** the information provided prior to your meeting with the Minister of Health and representatives of the University of Auckland and University of Otago medical schools.	30 March 2017
Enclosure:	**Round Robin:** No	

CONTACT FOR TELEPHONE DISCUSSION (IF REQUIRED)				
Name	**Position**	**Telephone**		**1st contact**
Mike Blanchard	Deputy Chief Executive, Operations Directorate	s9(2)(a)		
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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☐ See Minister's Notes ☐ Withdrawn

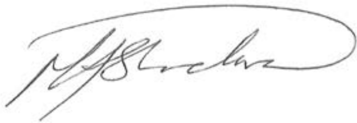
Comments:

Recommendations

Hon Paul Goldsmith, Minister for Tertiary Education, Skills and Employment

It is recommended that you:

1. **note** the information provided prior to your meeting with the Minister of Health and representatives of the University of Auckland and University of Otago medical schools.



Mike Blanchard

Deputy Chief Executive, Operations

Tertiary Education Commission

28 March 2017

Hon Paul Goldsmith

Minister for Tertiary Education, Skills and Employment

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Purpose

1. We understand that you will be meeting with representatives of the University of Auckland (Auckland) and University of Otago (Otago) Medical Schools on 6 April 2017 to discuss the Auckland/Otago joint Rural Health Education proposal.

2. You will be meeting with Professors John Fraser and Warwick Bagg from the University of Auckland and Professor Peter Crampton from the University of Otago. Biographies for these are provided in Appendix 1. It is understood that the Minister of Health, Hon Jonathan Coleman, will also attend the meeting.

3. It is possible that the discussions will also refer to the University of Waikato/Waikato DHB (the Waikato) proposal to establish a third medical school. We have previously provided information to you summarising the Waikato proposal and our advice to Ministers (AM/17/00011 refers).

4. 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.

5. We are also aware that the Prime Minister has asked the Department of Prime Minister and Cabinet to compile some advice on the proposal for his consideration.

The Auckland/Otago joint Rural Health Education concept

A bespoke rural health faculty would be jointly established between communities and the universities

6. Auckland and Otago have submitted a joint concept document (the Auckland/Otago concept) outlining their proposal to create a new national School of Rural Health (SRH), in association with the Royal New Zealand College of General Practitioners (RNZCGP) and the New Zealand Rural General Practice Network (NZRGPN).

7. The proposal would involve building a dispersed inter-professional faculty based at up to 20 sites located in rural communities across New Zealand. These sites would be co-developed and co-governed by iwi and local communities, and be clinician-led.

Students from a variety of health-related programmes would have enhanced exposure to rural communities

8. The SRH would allow students to access a rural component as part of their studies and improve the integration of undergraduate teaching, early post-graduate medical and vocational practice, and rural hospital medicine. In addition, students would be able to undertake rural immersion clerkships and there would be opportunities for inter-professional education for all health professionals as well as research development in the rural context.

9. Auckland and Otago consider that their Rural Immersion Programme and Northland Pūkawakawa initiatives show that focused investment can achieve positive results for rural and regional communities. The SRH would extend current coverage and deliver significantly improved results for rural communities.

The amount of funding required from government is unknown

10. Auckland and Otago indicate that the SRH could be established at marginal extra cost given the existing administrative, academic and curriculum infrastructure of the two universities, and the support of the RNZCGP and NZRGPN.

11. Informal indicative information from Auckland and Otago indicates the SRH will require operational expenditure of roughly $5 million in year one, rising to $25 million when fully established (years 5-8). The parties have not given us any information on the nature of this funding e.g. Student Achievement Component Level 3 and above (SAC 3+), or funding to support clinical placements through Health Workforce NZ.

12. Capital expenditure is informally estimated at roughly $32 million over eight years. It is uncertain from the information provided whether Auckland and Otago would seek government funding to cover all, or part of the capital costs, or whether funding will come from existing cash reserves, borrowing consents or other sources. Both Universities are in a good financial position and can probably support this from their own balance sheets.

Comparison to the Waikato proposal

The Waikato proposal would still train graduate doctors over a shorter period of time

13. We have previously provided you with a summary of the Waikato proposal and how it differs from current medical provision (AM/17/00011 refers).

14. Waikato's proposed medical programme 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 (in any subject) and have chosen to pursue a medical career later, rather than school-leavers.

15. The SRH proposes no changes to the duration of current medical qualifications. Auckland and Otago both primarily offer six-year medical programmes that focus on enrolling school-leavers. However, both universities operate a graduate entry scheme that allows those who already have an undergraduate 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.

Both proposals acknowledge that more needs to be done to ensure rural communities have adequate healthcare

16. Prospective students at Waikato would be selected based on academic criteria and how likely the student is to pursue a rural career path. The school would also leverage Waikato's high level of Māori participation and the regional demographic to attract more Māori students into medical training.

17. 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% and both universities report similar success for Pasifika.

18. The current Rural and Regional Admissions Schemes (RRAS) aim to attract students from a rural background. Both Auckland and Otago have established training options in rural and regional settings and report a significant number of students undertaking these options. Around 50% of students admitted under the RRAS move into rural practice but there is little information on how long they remain there.

19. Auckland and Otago consider they are training sufficient medical students to meet future health workforce needs, but agree that there is a need to deliver more graduates who aspire to work in rural communities to meet the health needs of rural communities and address inequity.

The Waikato proposal and Auckland/Otago concept propose a dispersed rurally-based model

20. The Waikato proposal also includes a dispersed model for clinical education and training centres, enabling students to undertake clinical placements in rural communities. The Auckland/Otago concept takes this further as it aims to integrate medical, allied health and nursing workforces, rather than focussing on medical programmes.

The Waikato proposal seeks greater investment

21. The Waikato proposal indicates that capital funding of between $58 million and $70 million is required to establish the school and that operating expenditure will be between $142 million and $240 million over a ten-year period. There will be some offset associated with shortening training for graduate entry places.

22. Preliminary rough costs for the Auckland/Otago concept indicates capital funding of approximately $32 million over eight years with operational expenditure of roughly $5 million rising to $25 million once fully established.

The Waikato proposal focusses on recruiting students who are more likely to choose rural practice

23. The proposed Waikato programme is a four-year graduate entry programme with students able to enter from any prior degree programme providing they meet academic and dispositional criteria.

24. It is noted that the Waikato proposal notes student selection criteria will be used to select students who from the outset are more likely to select a career in rural practice. These criteria based on those used in international medical schools with successful rural training outcomes e.g. the Northern Ontario School of Medicine. The Auckland/Otago concept does not address this.

The Auckland/Otago concept is multidisciplinary

25. The Auckland/Otago concept makes provision for inter-professional education by bringing other students and practitioners into the SRH. This has the potential to help address rural shortages in other professions eg nursing, nurse-practitioner, physiotherapy, pharmacy, and dietetics as well as medicine. The Waikato proposal does not include bringing other professions into its medical school.

Preliminary reviews on the Auckland/Otago concept

Additional work is required to turn the concept document into a full business case

26. The concept document provided will need extensive work to develop it into a business case that Ministers can use to make a decision. The current concept document lacks detail and significant work will be required to develop it into a business case that meets the Treasury's Better Business Case guidelines. This is particularly disappointing given Auckland and Otago have indicated they have worked on the concept for a number of years.

27. It is also noted that whilst some preliminary rough costs have been provided, there is no information where capital funding will come from. Providing full financial information should be prioritised as no decision can be made unless the quantum of funding involved is known.

There is no indication of how the scheme will aid rural medical staff retention

28. The Auckland/Otago concept recognises that there are issues with the rural health workforce and appears to acknowledge that medical training needs to change if it is to meet the future needs of rural communities. The concept aims to integrate medial and allied-health professions and acknowledges rural communities as a great source of research and education.

29. However, the concept lacks information on how it will address sustainability issues with the rural workforce nor does it address how it will ensure students participating in SRH programmes will transition into rural practice and remain in practice there.

Despite this, there is good stakeholder buy-in and the concept addresses 'status' issues within general practice

30. In addition, the concept notes that generalist scopes of practice that are so important in rural health care lack the emphasis and status they need within health professional education and academia, making them less attractive career paths.

31. It is noted that the concept seems to have robust support from stakeholders, which is important in developing a successful intervention that requires buy-in from the community, the medical and allied-health workforce and government.

32. Questions you may wish to put to Professors Fraser, Bagg and Crampton are provided in Appendix 2.

Background information about current medical provision

33. Medical provision is considered high-cost and the amount of delivery is therefore capped on the first-year equivalent full-time students (EFTS) intake, currently capped at 539 EFTS. The level of the cap between 2008 and 2017 is illustrated in Table 1 below. There is a commitment to raise the cap to 565 EFTS, but this has been paused due to concerns about the capacity to provide clinical placements for final year students and changes in the Australian medical system resulting in more New Zealand doctors repatriating.

Table 1 – Medical EFTS cap (first year intake)

	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
First year EFTS cap (Auckland)	155	155	191	191	219	219	233	257	257	257
First year EFTS cap (Otago)	210	210	234	254	266	266	272	282	282	282
Total Cap	365	365	425	445	485	485	505	539	539	539

34. Auckland and Otago work together to agree the distribution of the cap. Auckland and Otago utilise their full allocation of EFTS and demand for places at both medical schools exceeds availability.

35. In 2015, Auckland delivered over $44.5 million SAC 3+ funded provision to just over 1,100 EFTS at level 7 (and above) in years 2-6 of its Bachelor of Medicine/Bachelor of Surgery qualification. In 2015, Otago delivered over $52 million to just over 1,300 EFTS at level 7 (and above) in years 2-6 of its Bachelor of Medicine/Bachelor of Surgery qualification. The current SAC 3+ funding rate for undergraduate medicine in years 2-6 of study is $42,622 per EFTS.

Appendix 1 – Biographies

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.

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 Warwick Bagg – Head of the Medical Programme, University of Auckland

Professor Bagg gained his medical qualifications Johannesburg, and subsequently moved to New Zealand where he completed his post-graduate medical training.

He is Head of the Medical Programme at the University of Auckland and also works as an endocrinologist and diabetologist at Green Lane Hospital and in private practice at the Mercy Specialist Centre. He is also a reporting doctor for Auckland Bone Density.

Appendix 2 – Questions you may wish to put to Professors Fraser, Bagg and Crampton regarding the Auckland/Otago concept

Funding requirements

- Will a Business Case be provided that meets Treasury's Better Business Case requirements? Please provide more information around when a full business case will be provided.

- When will full financial information regarding the proposal be made available? Do the Universities of Auckland and Otago propose to cover some of the costs from their own cash reserves?

Workforce sustainability

- How will the universities encourage students to seek employment (and remain employed) in rural practice

- Does the university have any plans to address the long-term sustainability of the rural workforce i.e. encouraging new practitioners to maintain positions in rural practice?

Scope

- What geographical coverage do you envisage the SRH having? Where are you planning to locate the rural sites that the SRH will occupy?

Involvement with other tertiary education providers

- Have you considered working on with the University of Waikato and Waikato DHB to deliver a joint initiative? Would you work with other providers (e.g. institutes of technology and polytechnics) that provide training for allied-health professionals eg midwifery, nursing and paramedicine?