



## Tertiary Education Report: Meeting to discuss the University of Waikato's business case for a new Medical School

<b>Date:</b>	14 October 2016	<b>TEC priority:</b>	Medium
<b>Security level:</b>	In Confidence	<b>Report no:</b>	B/16/01142
		<b>Minister's office No:</b>	TR16.7098

ACTION SOUGHT		
	Action sought	Deadline
<b>Hon Steven Joyce</b> Minister for Tertiary Education, Skills and Employment	<b>note</b> the information in this briefing for your meeting with representatives of the University of Waikato and Waikato DHB on 17 October 2016 to discuss their proposal for a new medical school.	
<b>Enclosure: No</b>	<b>Round Robin: No</b>	

CONTACT FOR TELEPHONE DISCUSSION (IF REQUIRED)				
Name	Position	Telephone		1st contact
s9(2)(a)	Acting Manager, University Investment	s9(2)(a)	s9(2)(a)	✓
Deirdre Marshall	Acting Deputy Chief Executive, Operations	s9(2)(a)	s9(2)(a)	

THE FOLLOWING DEPARTMENTS/AGENCIES HAVE SEEN THIS REPORT						
<input type="checkbox"/> CERA	<input type="checkbox"/> DPMC	<input type="checkbox"/> ENZ	<input type="checkbox"/> ERO	<input type="checkbox"/> MBIE	<input type="checkbox"/> MoE	<input type="checkbox"/> MFAT
<input type="checkbox"/> MPIA	<input type="checkbox"/> MSD	<input type="checkbox"/> NZQA	<input type="checkbox"/> NZTE	<input type="checkbox"/> TEC	<input type="checkbox"/> TPK	<input type="checkbox"/> Treasury

<b>Minister's Office to Complete:</b>	<input type="checkbox"/> Approved	<input type="checkbox"/> Declined
	<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 Withdrawn

## Recommendations

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

*It is recommended that you:*

1. **note** the information in this briefing for your meeting with representatives of the University of Waikato and Waikato District Health Board (DHB) on 17 October 2016 to discuss their proposal for a new medical school.



**Deirdre Marshall**

Acting Deputy Chief Executive, Operations  
Tertiary Education Commission

14 October 2016



**Hon Steven Joyce**

Minister for Tertiary Education, Skills and Employment

*Hon Joyce comment:*

*Noted for the meeting on Monday*

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## **Purpose**

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1. You will be meeting with Professor Neil Quigley, Vice-Chancellor of the University of Waikato (Waikato); Waikato DHB Chief Executive, Dr Nigel Murray; and Minister of Health Dr Jonathan Coleman on Monday 17 October 2016 to discuss the University of Waikato's (Waikato) business case for establishing a new medical school. This briefing provides you with background information for that meeting and includes some questions that you may wish to ask about Waikato's proposal (Appendix 1).
2. This initial assessment is based on a brief review of the document. If you are supportive of the proposal, a deeper analysis of the business case and supporting information will be required.
3. Biographies for Neil Quigley and Nigel Murray are included in Appendix 2.

## **The rationale for a new medical school**

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### **Waikato is proposing a new model of delivery of medical training**

4. The proposed new medical programme differs to current provision in that it is a four-year graduate entry programme with entry criteria based on recruiting students who from the outset are more likely to choose rural practice, as well as academic excellence. In addition, the school is intended to reflect the demographics of the region with a high percentage of Māori enrolled.
5. The design of the programme is largely complementary to the existing programmes at the Universities of Otago and Auckland. It is likely that the Waikato programme will attract a different cohort of students (i.e. those already with qualification, or those that have chosen to pursue a medical career later in life and already hold a degree).
6. There is strong emphasis on rural practice and specialities in which there are currently shortages. The new programme will be primarily delivered in Hamilton, but have clinical education and training centres throughout the central North Island to enable students to undertake a high proportion of clinical placements in community settings outside the main centres.
7. Graduates would be eligible to enter from any prior degree programme as long as they have a GEMSAT of at least 50, and will be required to have also achieved a minimum score of 50 in the Reasoning in Biological and Physical Sciences paper.
8. The proposed model is based on community-engaged graduate entry medical education (CEGEM), which has successfully encouraged more students in Australia, Canada and the USA to enter rural GP practice.

### **Establishing the school will encourage more Māori into medicine and address shortages of rural GPs and other specialist areas**

9. The business case gives consideration to trends in New Zealand's health workforce that have been identified as problems, including
  - a. an ageing GP workforce,
  - b. increasing demand for GPs given the ageing population demographics;
  - c. a lack of Māori medical graduates;

- d. a lack of medical graduates willing to enter rural practice and other areas of need such as general practice, psychiatry, obstetrics, geriatrics, rehabilitation and palliative care; and
  - e. reliance on recruitment of a high number of internationally trained doctors.
10. Whilst it clear that there are workforce issues that need to be addressed, Health Workforce New Zealand's view of the extent and nature of these workforce issues should be obtained given recent reports that the issues may represent a mal-distribution of doctors across areas of speciality and general practice rather than a shortage of doctors.

## **The business case supporting Waikato's proposal**

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11. TEC's preliminary view of the business case is that it is comprehensive and evidence-based. The business case appears to have considered the key risks and the impacts, and presented potential mitigation actions and there is consideration for research-led teaching and post-graduate research pathways (e.g. PhDs)
12. Consultation seems to have been wide but not deep which is appropriate at this stage of the development of the business case.

### **Several options for educational delivery are presented**

13. The business case includes economic and financial cases for investment and presents eight options (later shortlisted to four) that were considered.
14. The list of options includes many that are not related to Waikato, but reference delivery by other providers and it is not clear how Waikato is able to evaluate these options, or the capability of other providers. Waikato could present options that it is able to deliver, including partnership with existing providers.

### **Strategic considerations**

15. Investment objectives are dealt with lightly and it is not clear how the proposal fits in with other government, or DHB delivery models, strategies and programmes. In addition the Critical Success Factors should be reduced in number and focussed on measuring the success the project.
16. The business case seems to assume that the medical EFTS cap (current 539 EFTS first-year intake) will be increased to accommodate increased medical education provision at Waikato, But there is no consideration of how Waikato, or the Universities of Auckland and Otago will be affected if the cap is not increased. Nor is there an indication of the minimum EFTS required for the Waikato proposal to be viable.

### **Financial considerations**

17. The business case hasn't factored in the costs to the government for additional medical interns which is a separate fund to the SAC-funding for non-intern years.
18. There are costs for Waikato DHB in the proposal, but there is no evidence that these funds are available. Factoring in the Capital and operating costs being paid by Waikato DHB indicates the cost to the Crown may exceed that stated by Waikato.

## **Government and management**

19. The composition of governance and management structures should be revisited once the full design of the programme is complete to ensure all key stakeholders are represented. For example, the Midland Regional DHBs are not represented on the governance group and only have a representative at the project group level.

### **The Deans of the Otago and Auckland Medical Schools have expressed concerns about Waikato's proposal**

20. On August 2016, the Deans of the Auckland and Otago Medical Schools wrote to you expressing their concerns with the establishment of another medical school (M/16/00944 refers). These concerns have been re-iterated by the Vice-Chancellors of the Universities of Auckland and Otago.
21. Otago and Auckland Universities are concerned that a third medical programme will put pressure on an already short supply of clinical placements. The Deans of these universities have noted that the current medical training pipeline is driven by workforce need and that the issues with the current system identified by Waikato are already being addressed.
22. Waikato has considered the impact of its programme on the existing medical schools and indicates there will be no effect on training. While this may be true for hospital placements, graduate access to primary care (GP) training in the midland region will be reduced and if the EFTS cap is not increased, reduced EFTS at Auckland and Otago may have a knock-on effect on the number of graduates entering specialist training.
23. It is also possible that Auckland and Otago will restructure their training to compete with Waikato. Given the existing schools already have established infrastructure and reputation, this could impact on Waikato's viability.

## Appendix 1: Potential questions regarding the business case

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Below are some possible questions you may wish to ask at the meeting:

### *Capability and staffing*

- Please explain how Waikato will ensure there is sufficient teaching and training resource for the new Medical School? Where will staff come from and how will the initial need for training equipment and consumables be funded?
- If Waikato requires capital support will this affect any already planned capital projects (e.g. the new campus in the Bay of Plenty) and what will the effect be on its current provision?
- What would happen if the programme is not a success or needs to be scaled back? Can surplus assets be re-used?

### *Loans and allowances*

- How does the EFTS-based student loan limit affect graduates undertaking this programme? Does Waikato intend to subsidise students that require loans above the maximum lifetime EFTS limit?

### *Students*

- How will Waikato ensure students have access to sufficient clinical placements?

### *Public perception*

- How will Waikato address any perceptions that a shorter medical programme will produce less competent medical practitioners, or that graduates who have undertaken non-science bachelor's degrees are adequately trained medical professionals?

### *Stakeholder engagement*

- The University of Auckland has a clinical school at Hamilton's Waikato Hospital and is heavily involved in the Bay of Plenty DHB Clinical School. How will the proposed arrangement with Waikato University affect these relationships/working arrangements?
- Has Waikato sought feedback from Health Workforce New Zealand or the Medical Council on the need for a third medical school? Has Waikato canvassed their opinion on the proposed training programme duration and content?
- What will be the impact on Waikato's programme if Auckland and Otago start to allow direct entry into medicine for school leavers (remove the prerequisite general health science first year) and a shorter curriculum for those who already have qualifications?
- What has Iwi engagement thus far revealed? Note that the success of the Northern Ontario model was heavily influenced by the degree of engagement with communities. What will Iwi engagement look like once the school is established to ensure community needs continue to be met?
- What is the potential market size and student demand for such training by graduates in the Waikato?
- Will the overarching Governance structure be expanded to include other regional players (DHB/PHO)? Have the other regional DHBs and PHOs bought into this proposal?

### *Sustainability*

- How will Waikato ensure its programme is sustainable and therefore a relatively low risk investment to the government?

## **Appendix 2: Biographies**

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### **Neil Quigley – Vice-Chancellor**

Professor Quigley became Vice-Chancellor of the University of Waikato in early 2015. Before taking up his position as Vice-Chancellor, he was employed at Victoria University of Wellington for 19 years, originally as Professor of Economics, and more recently as Deputy Vice-Chancellor (Research) and Provost. Prior to that, he was Assistant Professor of Economics at the University of Western Ontario in Canada. Earlier this month, Professor Quigley was made Chair of the Reserve Bank of New Zealand's Board of Directors, and also a Director of the New Zealand Qualifications Authority (NZQA). In 2013, he received an honorary doctorate from the University of Economics in Ho Chi Minh City, Vietnam.

### **Nigel Murray – Chief Executive, Waikato District Health Board**

Dr Nigel Murray has been Chief Executive of Waikato DHB since July 2014. Prior to taking up his role at the DHB, Dr Murray was President and CEO at Fraser Health Authority in Canada. He has previously held roles as CEO of Southland DHB and held management positions at Auckland DHB.

He has worked with the United Nations Special Commission in Iraq where he was responsible for establishing and maintaining health and safety systems towards the end of the first Gulf War. His work involved ensuring the safety of diplomats and health officials who decommissioned Iraq's weapons of mass destruction. He also worked in Bosnia on rebuilding its health system following the Civil War.

He completed his medical training at the University of Otago and whilst in the New Zealand Army he gained a Masters of Occupational Medicine from Harvard University's School of Public Health. He was awarded an MBE in the 1995 Queens Birthday Honours for services to health in the New Zealand Defence Force.