



AUSTRALASIAN COLLEGE  
FOR EMERGENCY MEDICINE

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## 2018-19 NEW ZEALAND BUDGET

### HEALTH PORTFOLIO

The 2018-19 Budget (the Budget) includes a range of initiatives that have been presented as part of the Coalition Government's first steps to transform New Zealand's economy and its services. There has been a strong narrative from government of the need to address underfunding of the health sector under the previous government.

The health portfolio has received a cash injection, with additional funding for District Health Boards, primary health and mental health. It is not clear yet whether the range of issues emergency departments face will be addressed through funding in this budget, however there are potential benefits to be realised through the increase of funding to District Health Boards (approx. \$110 million more than last financial year). The detail of how the funding commitments will be spent is still to emerge and will require ongoing monitoring and engagement by ACEM. Budget papers for Vote Health are here: <https://treasury.govt.nz/publications/budgets/budget-2018> and <https://treasury.govt.nz/sites/default/files/2018-05/est18-v6-health.pdf>  
Read ACEM's media statement [here](#).

The Finance Minister has outlined funding for planning works to commence on the new Dunedin hospital. ACEM considers it essential that Members' clinical expertise is included in the design, development and build of any new hospital and emergency department.

The Budget does provide opportunities for improved air ambulance services to meet increasing demand pressures and rising costs of providing the service. Initiatives to address workforce maldistribution is a priority for the College and is unclear in this Budget. John Bonning, Chair of the New Zealand Faculty and the President raised this issue with the Health Minister at their meeting in March. The College will continue to engage with government, the Ministry and stakeholders, such as Health Workforce New Zealand, to ensure our perspective is informing and influencing the work to be undertaken across the country.

The Finance Minister also stated in his Budget speech that specific mental health initiatives will be funded following the priorities identified from the Government Inquiry into Mental Health and Addiction headed by Professor Ron Paterson. ACEM is currently preparing a submission for this inquiry.

Of note is the government's intent to frame Budget 2019 around 'Wellbeing' using the Treasury's '[Living Standards Framework](#)' to inform its investment priorities and funding decisions. The Framework revolves around the '[Four Capitals](#)' approach of Natural Capital, Social Capital, Human Capital and Financial/Physical Capital.

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## Media coverage

While the media coverage was generally positive, the mood of the coverage could be summed up as one of cautious optimism.

Measures reducing the cost of visiting a doctor and improving access to primary care was probably the big news of the health Budget, as well as extending cancer screening and easing access to mental health services.

Mike Houlihan of the Otago Daily Times reported<sup>1</sup> that, “while health spending is yet to reach the dizzy heights Labour promised during the election campaign, the Budget extended free GP visits for under-14s, set aside \$750 million of new capital expenditure on hospitals, and granted district health boards an additional \$2 billion in operational expenditure”.

On the operating expenditure, Associate professor Grant Duncan, who teaches political studies at Massey University Albany, Auckland, opined<sup>2</sup>: “Once population growth, ageing and inflation are taken into account, economists from the Council of Trade Unions estimate the 20 District Health Boards will get, ‘very close to what they required to stand still’.”

The Association of Salaried Medical Specialists (ASMS) said while the budget provided relief for public health, “much more will be required”<sup>3</sup>.

“The Government’s health budget revealed today offers some relief to the cash-strapped public health system but clearly much more will be required to reverse years of under-resourcing,” said Lyndon Keene, Director of Policy and Research at the ASMS.

“It’s a positive first step, however, and senior doctors and dentists will particularly welcome the Government’s acknowledgement of the burden they and other health professionals have been carrying during years of under-funding, workforce shortages, and increased workloads.”

In an opinion piece for The Conversation<sup>4</sup>, several academics at Massey University said the planned spending on health and social care “appears morally responsible, with the exception of Whānau Ora, an interagency programme focused on the health and wellbeing of families/whānau. Whānau Ora did not receive new funding, undermining the enduring commitment to improving Māori health by Māori health providers and whanau,” they said.

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<sup>1</sup> *Focus on hospitals*, DHB funding, Otago Daily Times; <https://www.odt.co.nz/news/national/focus-hospitals-dhb-funding>

<sup>2</sup> *New Zealand PM Jacinda Ardern delivers a first budget that busts the hype*, [www.abc.net.au; http://www.abc.net.au/news/2018-05-21/jacinda-ardern-new-zealand-budget-nz-health-education/9782148](http://www.abc.net.au/news/2018-05-21/jacinda-ardern-new-zealand-budget-nz-health-education/9782148)

<sup>3</sup> *Some Budget relief for public health in sight but a lot more needed*, [www.asms.org.nz; https://www.asms.org.nz/news/asms-news/2018/05/17/some-budget-relief-for-public-health-in-sight-but-a-lot-more-needed/](https://www.asms.org.nz/news/asms-news/2018/05/17/some-budget-relief-for-public-health-in-sight-but-a-lot-more-needed/)

<sup>4</sup> *NZ budget 2018: gains for health, housing and education in fiscally conservative budget*, The Conversation; <https://theconversation.com/nz-budget-2018-gains-for-health-housing-and-education-in-fiscally-conservative-budget-96794>

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## BACKGROUND

### ➤ **Health – summary of expenses**

The Coalition Government has outlined an additional \$3.2 billion (operating costs) and \$850 million (capital funding) in the 2018-19 Budget. This brings the total expenditure across the health portfolio to \$18.225 billion.

The \$850 million capital funding expenditure is forecast over ten years with \$100 million earmarked for District Health Board deficit support, and \$750 million earmarked for District Health Board capital investment. The Finance Minister noted in his [Budget speech](#) funding for the planning works of the new hospital in Dunedin.

### ➤ **Public Hospital Funding – District Health Boards**

The government has committed an additional \$549 million each financial year from 2018-19 to 2021-22 under the District Health Boards – Additional Support. The total commitment over four years is \$2.196 billion and forms the largest portion of allocated and forecast funding.

This reflects a further \$110 million each financial year compared to the \$439 million each financial year (from 2017-18 to 2020-12) forecast by the previous government.

### ➤ **Mental health**

The government has committed \$2.5 million in 2018-19 for the continued work to be completed through the Inquiry into Mental Health and Addiction, chaired by Professor Ron Paterson, which matches the \$2.5 million already committed over 2017-18. The Finance Minister has indicated in his Budget speech that specific investment in mental health will be made on the basis of priorities identified through the Inquiry.

There is a \$10.4 million commitment over three years to establish a pilot program for the 'Integrated Therapies Mental Health Pilot for 18-25 year olds'.

### ➤ **Disability Support Services**

The government has committed \$210.6 million over four years to address increasing demand pressures for services.

### ➤ **Reduction in costs of visiting GP**

\$364.67 million over four years has been committed by the government to reduce GP fees for low-income New Zealanders. Key changes include applying the 'Very Low Cost Access practices charge' to all Community Services Card holders, and by extending the Card to all Housing New Zealand tenants and those who receive accommodation supplement/income related-subsidy.

### ➤ **Air Ambulance Service**

The government has outlined its commitment to increase funding for the national Air Ambulance Service. Funding for 2018-19 is set at \$18.7 million and increases to \$20.5 million in 2019-20, \$21.5 million in 2020-21 and \$22.2 million in 2021-21.

### ➤ **Māori health**

No specific health initiatives announced or committed by the government.

➤ **Workforce**

The government did not announce specific health workforce initiatives in this Budget.

➤ **Aged care**

The government did not announce specific aged care initiatives in this Budget.

➤ **Research**

The government did not announce health specific initiatives in this Budget.