

23 January 2020

Committee Secretariat
Finance and Expenditure Committee
Parliament Buildings
Wellington
By email: fe@parliament.govt.nz

Budget Policy Statement 2020

Dear Sir/Madam

The New Zealand Medical Association (NZMA) wishes to provide feedback on the Budget Policy Statement 2020.¹ The NZMA is New Zealand's largest medical organisation, with more than 5,000 members from all areas of medicine. The NZMA aims to provide leadership of the medical profession, and to promote professional unity and values, and the health of all New Zealanders. We recognise the principles of te Tiriti o Waitangi and the special obligations to Māori, particularly to ensure equity and active protection. Current disparities in health outcomes between Māori and non-Māori are unacceptable. The NZMA is committed to advocating for policies in health and the social and wider determinants of health that urgently address these disparities and contribute to equity of health outcomes.

1. We note that the Budget Policy Statement sets out the Government's priorities for the 2020 wellbeing budget. As with Budget 2019, we understand that the wellbeing outlook that is proposed is based on the different types of capitals in Treasury's Living Standards Framework: human (our people and skills), social (our connections), natural (our environment), and financial and physical (our built and financial assets).
2. We note that Budget 2020 will have a focus on the following five priorities:
 - i) Just Transition—Supporting New Zealanders in the transition to a climate-resilient, sustainable and low-emissions economy;
 - ii) Future of Work—Enabling all New Zealanders to benefit from new technologies and lift productivity through innovation;
 - iii) Māori and Pacific—Lifting Māori and Pacific incomes, skills and opportunities;
 - iv) Child Wellbeing—Reducing child poverty and improving child wellbeing;
 - v) Physical and Mental Wellbeing—Supporting improved health outcomes for all New Zealanders.

¹ <https://treasury.govt.nz/publications/budget-policy-statement/budget-policy-statement-2020>

3. The NZMA strongly supports the continuation of a wellbeing approach in the budget process. We welcome the appointment of a coordinating Minister for each of the five Budget priorities. We continue to believe that wellbeing indicators should be incorporated into the Public Finance Act 1989 and the State Sector Act 1998.

4. The priority areas for Budget 2020 are clearly interconnected. However, given the enormity of the challenge of transitioning to a truly sustainable and low emissions economy, as well as the co-benefits to health and wellness, we suggest that transitioning to a zero-carbon economy could be explicitly identified as an overarching goal that frames the context for all other wellbeing priorities.

5. The NZMA has a longstanding interest in health and wellbeing, health equity, and the determinants of health and health equity. We believe that a wellbeing approach to Budget 2020 and to policy making aligns well with our advocacy on health equity and the determinants of health. In our 2011 position statement on health equity (attached),² we recognised that “economic growth should not be viewed as the sole measure of a country’s success and that the fair distribution of health, well-being and environmental and social sustainability are equally important goals.” We direct officials to this key position statement and its recommendations—particularly those in paragraphs 21–28.

6. Health is a key determinant of wellbeing. However, this relationship is bidirectional—wellbeing also impacts on health. Furthermore, many of the social determinants of health³ are also determinants of wellbeing. As most of the social determinants of health lie outside the health sector, inter-sectoral and whole-of-government approaches to addressing the social determinants of health are required. We contend that it would be useful for the document to acknowledge the complexity and interconnectedness of social, economic and environmental factors, and their impacts on health and wellbeing, as was done in the Budget Policy Statement 2019. In addition, this year’s Budget Policy Statement could reiterate the importance of co-ordination across different public service agencies to achieve wellbeing goals.

7. We believe that it would be useful for the Government and the Budget Policy Statement to explicitly recognise Te whare tapa whā, a model of the four dimensions of wellbeing developed by Sir Mason Durie to provide a Māori perspective on health. In this approach, the inclusion of the wairua (the spiritual dimension), the role of the whānau (family) and the balance of the hinengaro (mind) are as important as tinana (the capacity for physical health).⁴

8. The NZMA believes that spending on health and the determinants of health should be viewed as an investment in the health, wellbeing and productivity of New Zealanders, and cost-saving to other sectors, not as simply a drain on the economy. This investment approach to health appears to align well with the wellbeing approach that is being proposed in the Budget Policy Statement. Nevertheless, we refer officials to an article in the New Zealand Medical Journal on an investment approach to health⁵ as well as our 2017 position statement on health as an investment⁶ for further details about this approach.

² http://www.nzma.org.nz/_data/assets/pdf_file/0016/1456/Health-equity-2011.pdf

³ The conditions in which people are born, grow, live, work and age, including factors such as indigenous status, early life conditions, disability status, education, employment/unemployment and working conditions, food security, gender, health care services, housing, income, ethnic differences, social position and social exclusion.

⁴ <https://www.health.govt.nz/our-work/populations/maori-health/maori-health-models/maori-health-models-te-whare-tapa-wha>

⁵ Metcalfe S, et al. Time for healthy investment. N Z Med J. 2017 Oct 27;130(1464):7-10. Available from <http://www.nzma.org.nz/journal/read-the-journal/all-issues/2010-2019/2017/vol-130-no-1464-27-october-2017/7390>

⁶ http://www.nzma.org.nz/_data/assets/pdf_file/0003/77277/Health-as-an-investment_FINAL.pdf

9. We are supportive of the five major priority areas for Budget 2020 that have been identified. We particularly welcome the focus on supporting improved health outcomes for all New Zealanders, reducing child poverty and improving child wellbeing, supporting Māori and Pacific peoples' aspirations, and supporting the transition to a climate-resilient, sustainable and low-emissions economy. The NZMA has made a number of recent submissions that are relevant to these areas—for example:

- Health and Disability System Review⁷
- Climate Change Response (Zero Carbon) Amendment Bill⁸
- Smoke-free Environments (Prohibiting Smoking in Motor Vehicles Carrying Children) Amendment Bill⁹
- Inquiry into Health Inequities for Māori¹⁰
- New Zealand Cancer Action Plan 2019-2029¹¹
- Mental Health and Wellbeing Commission Bill¹²

10. It is our strong belief that sustainable primary healthcare services including specialist General Practice are critical to achieving many of the outcomes under the wellbeing agenda. General Practice is the cornerstone of successful primary healthcare, which underpins population health and wellbeing outcomes and is key to ensuring we have a high-quality, equitable, and sustainable health system. We note the document's commitment to ensuring primary care is affordable for all New Zealanders. To ensure that General Practice is equipped to meet the challenges of providing care to an ageing population and the growing burden of complex and chronic disease, we believe there needs to be increased resourcing to frontline GP services. We hope that Budget 2020 delivers the urgent measures that are necessary to ensure sustainable General Practice services.

11. We contend that the Budget Responsibility Rules, including reducing the level of net debt to a prudent range of 15 to 25% of GDP, should not be a rigid constraint but rather a principle to be balanced against other considerations and goals. There should be room left to make justifiable trade-offs. It is our view that increasing (or maintaining) debt or forgoing a surplus may be the prudent and responsible action to take under some circumstances, particularly if taking a longer-term view. For example, borrowing to invest in critical infrastructure and health may be the judicious decision if we are taking a longer-term investment view. Investing in these areas will improve wellbeing as well as productivity and thus our ability to generate income and attract investment. Concerns about intergenerational equity regarding government debt need to be balanced against intergenerational equity regarding preparedness for climate change and the health / wellbeing benefits of transitioning to net carbon zero earlier rather than later. Rigid pre-specified rules in the document make little sense unless they are considered in conjunction with the trade-offs and benefits of investment in terms of health, wellbeing and productivity—both over the shorter and longer terms.

⁷ http://www.nzma.org.nz/_data/assets/pdf_file/0016/90403/NZMA-Submission-on-Health-System-Review-Phase-1.pdf

⁸ http://www.nzma.org.nz/_data/assets/pdf_file/0017/92051/NZMA-Submission-on-Climate-Change-Response-Zero-Carbon-Amendment-Bill.pdf

⁹ http://www.nzma.org.nz/_data/assets/pdf_file/0004/92272/NZMA-Submission-on-Smoke-free-Environments-Prohibiting-Smoking-in-Motor-Vehicles-Carrying-Children-Amendment-Bill.pdf

¹⁰ http://www.nzma.org.nz/_data/assets/pdf_file/0020/93017/NZMA-Submission-on-Inquiry-into-Health-Inequities-for-Maori.pdf

¹¹ http://www.nzma.org.nz/_data/assets/pdf_file/0006/93498/NZMA-Submission-on-Cancer-Action-Plan-2019-2029.pdf

¹² http://www.nzma.org.nz/_data/assets/pdf_file/0005/94757/NZMA-Submission-on-the-Mental-Health-and-Wellbeing-Commission-Bill.pdf

12. Finally, while we welcome a wellbeing approach to the budget process, wellbeing is ultimately an enabler and a means to take us closer to where we want to be as a nation. Accordingly, we believe that it would be useful for the Government to articulate more broadly what the overall aspiration for the country is, as well as to better define the overall purpose of policies that aspire to promote wellbeing. In this regard, it is helpful to draw on definitions by other jurisdictions including some first nations that identify the purpose of health and wellbeing as being to enable individuals, families and communities to reach their potential—for themselves, their community and the nation.

We hope our feedback is helpful.

Yours sincerely

A handwritten signature in blue ink that reads "K. Baddock". The signature is written in a cursive style with a large initial "K" and a decorative flourish at the end.

Dr Kate Baddock
NZMA Chair