



Tertiary Education Report: Proposed new medical school in the Waikato region

Date:	31 October 2016	TEC priority:	Medium
Security level:	In Confidence	Report no:	B/16/01202
		Minister's office No:	

ACTION SOUGHT		
	Action sought	Deadline
Rt Hon John Key Prime Minister	Note the information in this briefing for your meeting with representatives of the University of Waikato and Waikato District Health Board on 3 November 2016 to discuss their proposed new medical school.	
Enclosure: No	Round Robin: No	

CONTACT FOR TELEPHONE DISCUSSION (IF REQUIRED)				
Name	Position	Telephone		1st contact
Tim Fowler	Chief Executive	s9(2)(a)	s9(2)(a)	
s9(2)(a)	s9(2)(a)	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

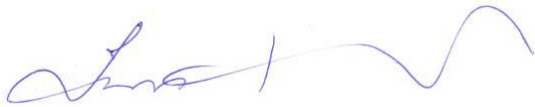
Minister's Office to Complete:	<input type="checkbox"/> Approved	<input type="checkbox"/> Declined
	<input type="checkbox"/> Noted	<input type="checkbox"/> Needs change
	<input type="checkbox"/> Seen	<input type="checkbox"/> Overtaken by Events
	<input type="checkbox"/> See Minister's Notes	<input type="checkbox"/> Withdrawn

Recommendations

Rt Hon John Key, Prime Minister

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 3 November 2016 to discuss their proposed new medical school in the Waikato region.



Tim Fowler

Chief Executive, Tertiary Education Commission

31 October 2016

Rt Hon John Key

Prime Minister

___ / ___ / ___

Purpose

1. This briefing provides you with background information for your meeting with Professor Neil Quigley, Vice-Chancellor of the University of Waikato and Dr Nigel Murray, Chief Executive of the Waikato District Health Board, on Thursday 3 November 2016 to discuss their proposed new medical school.
2. You may also meet Professor Alan St Clair Gibson who is Inaugural Dean of the newly created Faculty of Health, Sport and Human Performance at the University of Waikato.
3. Biographies for Professor Quigley, Dr Murray and Professor St Claire are included in Appendix 1.
4. Potential questions for you to ask at this meeting are attached as Appendix 2.
5. Detailed information about the University of Waikato can be found in Appendix 3.

Summary of the proposed new medical training programme

The proposed new medical school will focus on training general practitioners for the rural Waikato region...

6. The University of Waikato (Waikato) and the Waikato District Health Board (DHB), 'the parties', are proposing to establish a new medical school based in Hamilton with clinical education and training centres located throughout the central North Island.
7. The proposed programme is a four-year graduate entry programme specifically targeting individuals who already have a degree in any field and who, from the outset, are more likely to choose rural general practice. Waikato and the DHB indicate there are currently shortages in rural general practice and associated specialities.
8. Commencing in 2020, the proposed programme intends to enrol up to 60 students a year, many of whom will be Māori to reflect the demographics of the Waikato region.
9. Over a 10-year period, the capital expenditure is estimated to be between \$58m and \$70m and operating expenditure between \$142m and \$240m. At this point they are hoping to secure capital funding from the Crown, although we intend suggesting they look at a range of ways to finance developments (e.g. borrowings, Public-Private Partnerships etc). Operating revenue would come through the usual TEC funding source, however the quantum of funding that would be required is unlikely to be able to be fully accommodated within the current funding envelope.

Background

There are two existing medical training programmes at the Universities of Auckland and Otago...

10. Both Universities of Auckland and Otago offer medical training. The six-year programme is primarily focussed on enrolling school-leavers. At both universities, prospective medical students undertake their first year in health sciences along with other students seeking admission to other programmes such as pharmacy and physiotherapy in their second year.

11. Following their first year in health sciences, successful students continue on for a further five years to complete the Bachelor of Medicine and Bachelor of Surgery (MB ChB). The final year is an apprenticeship-style year known as the Trainee Intern year.
12. There is a graduate entry pathway at both universities for those who already have an undergraduate degree. Successful applicants enter the second year of the training programme to complete the five years MB ChB programme.
13. The Deans of Medicine of the existing medical schools and their Vice-Chancellors have written to Minister Joyce to express their concern about the establishment of a third medical school in New Zealand. They are primarily concerned about the potential increased pressure on the number of clinical training placements available to their students, particularly those at Waikato Hospital in Hamilton. They have also highlighted that they are already addressing the current workforce needs (as identified by Waikato) that drive the medical training pipeline.

The proposed new medical school in the Waikato region differs from the existing programmes...

14. The proposed new medical programme differs to the existing programmes in that it is a four-year graduate entry programme. This is one year shorter than a graduate-entry pathway into existing programmes.
15. Unlike the existing programmes, the proposed programme is focussed primarily on recruiting students who, from the outset, are more likely to choose rural general practice. Furthermore, being graduate entry only, the new programme will focus on attracting a different cohort of students – those who already have a qualification and have chosen to pursue a medical career later in life, rather than school-leavers.
16. The new programme will be primarily delivered in Hamilton, but, unlike existing programmes, it will 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.

There have been previous proposals to establish a third medical school which have not gone ahead ...

17. In the mid-1990s, the University of Canterbury and the University of Otago proposed establishing a joint graduate entry medical school in Christchurch. However, the University of Otago subsequently decided to consolidate its medical training within its own existing facilities and programmes. Therefore, this proposal was not formally submitted to the government for consideration.
18. In 2013, Victoria University of Wellington presented Minister Joyce with a business case for a new graduate entry medical school. At the time, there was no compelling rationale to justify the creation of a third medical school in New Zealand so the school was never established.

Next steps

Last week, the parties presented an early stage business case to Ministers Joyce and Coleman...

19. Minister Joyce and Minister Coleman met with Professor Quigley and Dr Murray on Monday 17 October 2016 to discuss an early stage business case for the new programme. The Ministers indicated they were interested in the idea but would have to give it further consideration.

The concept is innovative and addresses the current shortage of general practitioners in a novel way but requires further development...

20. Overall, the TEC thinks the early-stage business case has some merit in that it provides a different and innovative approach to medical education, focussing on general practitioner training and rural health. It seeks to address a much discussed issue - the ability to attract and retain doctors in rural and provincial areas.
21. However, in the TEC's view, the business case requires a more work before it will comply with Treasury's Better Business Case guidelines, and to answer all the questions that Ministers' might have before making any decisions to proceed or otherwise. Therefore, we have recommended to Minister Joyce that he asks the parties for a revised business case (an Indicative Business Case, IBC) addressing the shortfalls and gaps in the current business case.
22. It is possible that by the time you meet with the parties on 3 November 2016, that they have received a letter from Minister Joyce outlining the suggested revisions to the business case. A draft version of this letter provided to Minister Joyce can be found in Appendix 4.

The parties will be encouraged to engage more deeply with stakeholders, in the first instance...

23. The TEC will encourage Waikato and the DHB to meet with the relevant government departments in the first instance, to deepen their engagement and ultimately reach a common understanding of the medical workforce problem in New Zealand and the likely solutions.
24. Once the IBC is produced, the TEC will take the lead to work with the Ministry of Health, Treasury, MoE and Department of Prime Minister and Cabinet to assess both the IBC and an independent quality assurance report in order to provide further advice to relevant Ministers accordingly.

Appendix 1: Biographies

Professor Neil Quigley – Vice-Chancellor, University of Waikato



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. In 2013, he received an honorary doctorate from the University of Economics in Ho Chi Minh City, Vietnam.

Earlier this year, 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.

Dr Nigel Murray – Chief Executive, Waikato District Health Board



Dr Nigel Murray has been Chief Executive of Waikato District Health Board 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.

Professor Alan St Clair Gibson – Dean of the newly created Faculty of Health, Sport and Human Performance, University of Waikato



Professor Alan (Zig) St Clair Gibson joined the University of Waikato in July 2016 as the Inaugural Dean of the Faculty of Health, Sport and Human Performance. Prior to this, he was Head of the School of Medicine at the University of Free State in South Africa from 2014-2016. Before this he was first Director of Research and Chair of Integrative Neuroscience, and then Head of Department of the Department of Sport, Health and Rehabilitation at Northumbria University, in the United Kingdom, from 2006-2014.

He graduated from the University of Cape Town with an MBChB in 1990, a PhD in 1997 and a MD in 2002. After starting his career as a Medical Doctor in rural hospitals in South Africa, he went on to hold positions as an Associate Professor at the University of Cape Town, and a Research Fellow at the National Institutes of Health, in Washington DC in the USA.

Appendix 2: Potential questions regarding the business case

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

- 1. What are the likely socio-economic benefits of the proposed new medical school for the Waikato region?*
- 2. In their view, why is there a shortage of rural general practitioners? Is this area of practice not considered a desirable career path or are there just not enough doctors in New Zealand?*
- 3. How will they ensure graduates will enter in to general practice in rural regions in New Zealand?*
- 4. In time, do they intend to expand the supply of graduates to the rest of rural New Zealand?*
- 5. What do other key stakeholders, such as Iwi and neighbouring District Health Boards, think of the proposal?*
- 6. How does the new model of education delivery (graduate entry only, a high proportion of clinical placements in community settings) compare with other similar international models? What has been the success of these programmes?*

Appendix 3: General information about the University of Waikato

- Waikato was founded in 1964 and is the second smallest university in New Zealand, delivering approximately 10,000 equivalent full-time students (EFTS) each year.
- It has the highest proportion of Māori EFTS of all universities.
- Waikato recently revised its areas of distinction to include civil and environmental engineering, freshwater, health and sports science.
- In 2015, Waikato did not meet some of its Investment Plan targets for its educational performance indicators (EPIs). Compared to Waikato's performance in 2014, results for most metrics decreased with the exception of Māori and Pasifika qualification completions.
- Waikato is in the process of establishing a new campus in Tauranga. The University of Waikato-led campus will be shared with other parties in the Bay of Plenty Tertiary Education Partnership, Te Wānanga o Awanuiārangī and Toi Ohomai Polytechnic. The proposed design concept for the tertiary campus development was approved in October 2016, and construction is set to commence next year. It's expected to open by 2020. This project is in part funded the Bay of Plenty Regional Council and the Tauranga Energy Consumer Trust (\$15m each) with the balance being funded by Waikato. Tauranga City Council is providing the land.

Appendix 4: Draft letter to University of Waikato and Waikato DHB

NOTE: The parties may have received a revised version of this letter by the time you meet with them on 3 November 2016.

[Date]

Professor Neil Quigley
Vice Chancellor
University of Waikato
Private Bag 3105
Hamilton 3240

DRAFT

Dr Nigel Murray
CE Waikato District Health Board
Private bag 3200
Hamilton 3240

Dear Prof Quigley and Dr Murray,

Business case for the proposed third medical school in the Waikato region

Thank you providing us with your business case for a proposed new medical school and for discussing it with myself and the Hon Minister Coleman. I was encouraged by the innovative solution to training more General Practitioners to address to the needs of rural communities in the Waikato region.

I would like to give your idea further consideration. For this, I expect the business case to be developed further. In particular:

1. Make it into an Indicative Business Case, following the Treasury's Better Business Case guidelines. This requires that the proposal would be further developed in a number of specific areas.
2. Given that several organisations will have a strong interest in your business case, I would like you to engage deeply with the relevant government, regulatory, and health organisations (e.g. the Ministry of Health, Health Workforce New Zealand, the Royal College of General Practitioners, the Medical Council, and neighbouring District Health Boards). The purpose of the engagement would be to try to reach a common understanding of the workforce problem in New Zealand. This may require some modification of your long listed options and subsequent analysis. This should be reflected in the Indicative Business Case.
3. The revised financial case should provide much greater detail on the quantum of funding being sought, and the nature of that funding. It should also identify all potential sources of financing such as leveraging the balance sheets of the University and Waikato DHB, borrowings, public-private partnerships, etc.
4. Long term affordability also needs to be addressed for both the University and the DHB. This analysis should look at recent financial performance, current assets (cash, buildings etc), and

a 10 year financial model. This should be used to assess the affordability and sustainability of the proposed model.

5. A stronger management case should be included that outlines a high-level project plan describing the critical pathway from conception to implementation, and the risks associated with the project.

The TEC will be in contact to discuss the next steps with you, and will be able to help facilitate engagement with the other government agencies with an interest in the proposal.

The revised business case should then undergo an independent quality assurance (IQA) review and the subsequent IQA report made available to government. I expect you to discuss the terms of reference for the review and the selection of a suitable IQA provider with TEC officials.

I wish you all the best with these next steps and look forward to hearing from you again in due course.

Sincerely,

Hon Steven Joyce

Minister for Tertiary Education, Skills and Employment

Cc: Rt Hon Jim Bolger, Chancellor, the University of Waikato

Cc: Mr Robert Simcock, Chair, Waikato District Health Board