

*“New Zealand’s peak body representing the entire health and medical research pipeline”*

Submission to: Finance and Expenditure Committee  
Subject: [Budget Policy Statement 2022 \(BPS\)](#)  
From: New Zealanders for Health Research (NZHR)<sup>1</sup>  
Date: 28<sup>th</sup> January 2022

## Recommendations

New Zealanders for Health Research (NZHR) recommends that the BPS:

1. Be amended so that the health section of the living standard framework (p.4):
  - a. affirms that the extent to which New Zealanders live to “a ripe old age” is the most fundamental of indicators of wellbeing, and
  - b. extends its focus on Covid 19 related mortality to premature mortality from all other causes
2. Includes investment in R&D as one of the components of its fiscal strategy (p. 32), including the government’s commitment to achieving its 2% of GDP target by 2027
3. Includes “increasing levels of amenable and non-amenable premature mortality” as one of the issues that should be addressed by the overarching goal of “laying the foundations for the future” (p. 23)
4. Recognises that increased investment in health research is essential for both meeting wellbeing objective 2 “supporting improved health outcomes for all New Zealanders” (p. 20) and embedding the health reforms (p. 24) and to this end signals:
  - a. an allocation of an additional \$26m of specific and exclusive new health research investment in the 2022/23 budget, with an emphasis on mental health research
  - b. a commitment in the 2022/23 budget to a three year investment trajectory comprising further year on year increases in specific and exclusive new health research funding of an additional \$30.4m in 2023/24, a further additional \$35.6m in 2024/25, and a further \$41.7 again in 2025/26.
  - c. formal adoption of a ten-year 2.4% of government healthcare costs health research investment trajectory, representing increases of 17.1% per year

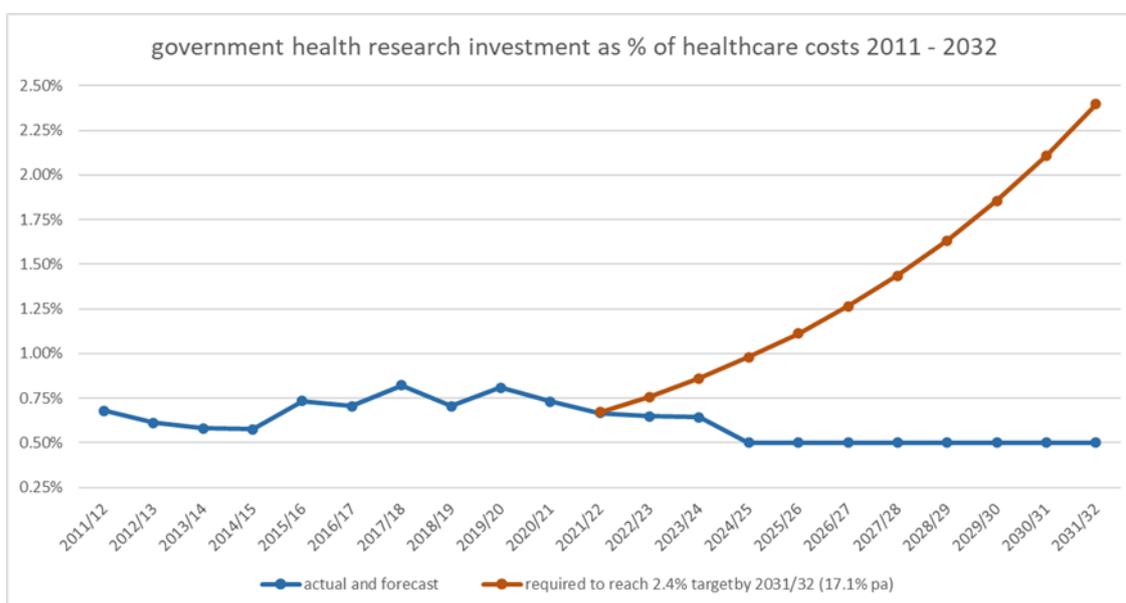
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<sup>1</sup> <https://www.nz4healthresearch.org.nz/>

## Introduction

NZHR has over several years repeatedly called for government investment in health research to be substantially increased. However, as illustrated in the chart below, investment in health research as a percentage of health care costs has been falling over the last five years from 0.82% in 2017/18 to 0.67% in the current year 2021/22.

This submission makes the case for increasing government investment to 2.4% of health care costs, and, acknowledging that this will require time for health research workforce and facilities development to occur, argues that there should be a commitment to achieving the target over the course of the next decade. This would require an investment growth trajectory of 17.1% per annum.



Doing nothing is projected to result in investment of 0.5% of health care costs by 2024/25, which will prevail through to 2031/32. This projection assumes government healthcare cost increases of 3.044% per annum and (perhaps optimistically) increases in health research investment at a similar rate from 2025/26. It also assumes that investment in both the health-related national science challenges and the recently announced infectious diseases research platform will not be extended beyond 2023/24.

NZHR has for two years running sought to address these concerns by engaging with the government's Finance and Expenditure Committee (FEC) annual Budget Policy Statement consultation processes both in writing and orally<sup>2 3</sup>. However, in its April 2021 report<sup>4</sup> to Parliament the FEC stated "we heard oral evidence from 21 submitters [including NZHR]<sup>5</sup> at a hearing held on 31 March 2021 in Wellington. Given the time constraints we have not reported on the individual submissions we received".

This response and the resulting 2021/22 Budget has, regrettably, contributed to our belief that the timing of the BPS consultation process is too late for external agencies such as ourselves to have

<sup>2</sup> NZHR. March 2021. Submission to Finance & Expenditure Committee on Budget Policy Statement (BPS) 2021.

<https://www.nz4healthresearch.org.nz/wp-content/uploads/2021/03/NZHR-submission-re-2021-budget-policy-statement-oral-written-310321.pdf>

<sup>3</sup> NZHR. January 2020. Submission to Finance & Expenditure Committee on Budget Policy Statement (BPS) 2020

<https://www.nz4healthresearch.org.nz/wp-content/uploads/2020/01/NZHR-submission-re-budget-policy-statement-240120.pdf>

<sup>4</sup> Finance and Expenditure Committee. April 2021. Budget Policy Statement 2021 and Half Year Economic and Fiscal Update December 2020 [fb44ec6ce2ec448228a81f7c2d8a7202f6b213759](https://www.parliament.nz/b44ec6ce2ec448228a81f7c2d8a7202f6b213759) ([www.parliament.nz](http://www.parliament.nz))

<sup>5</sup> Text in parentheses inserted by NZHR

any real prospects of influencing budget allocation outcomes. We attempted a more timely approach with MBIE directly<sup>6</sup>, and following MBIE's inconclusive responses wrote to Finance Minister Robertson arguing our case once again<sup>7</sup>. Having not yet received the Minister's response we return, again, to the FEC's annual BPS consultation process.

## Living standards framework: amenable and non-amenable premature mortality

Late last year Finance Minister Grant Robertson made a statement to the effect that “knowing that we have done everything we can to keep New Zealanders alive...is the basic duty of Government”<sup>8</sup>.

We fully agree, and the starting point of our submission is that historically New Zealand has not been doing everything possible to keep people alive. We have fallen short for Māori and non-Māori alike when it comes to realisation of that most fundamental of wellbeing outcomes - the right of all New Zealanders to live well to a “ripe old age”.

This “falling short” is illustrated in the non-amenable and amenable<sup>9</sup> premature mortality charts<sup>10</sup> presented on the following page which indicate that approximately 13,000+ New Zealanders are dying prematurely. Of these 6000+ are dying early and unnecessarily from preventable causes and 7000+ are dying early because we haven't done the research to know how to effectively treat them.

Moreover, despite the apparent similarity of the Māori and non-Māori trend lines, the source documents cited below indicate that age standardised Māori premature mortality rates per 100,000 population are running at about twice the rate for non-Māori for both non-amenable and amenable mortality.

NZHR acknowledges that our figures represent the tail end of what up until 2016 had been a notable 26 year downward trend in age-standardised rate of years of life lost per 100,000 population<sup>12</sup>, and that our estimated up-ticking trend line post-2017 is based on only a few years' data. Nevertheless, there should be no complacency as the figures presented in the above graphs are still high in absolute terms, and New Zealand's rate of years lost is higher than nine out of thirteen selected socio-demographically comparable countries cited in the MoH (2020) report.

Furthermore, NZHR's premature mortality figures represent the tip of a much bigger iceberg of morbidity. It is difficult to quantify the extent of this from the MoH (2020) report for the under 75-year-olds specifically, but for all ages the report notes that the number of years people are living with poor health has shown little change since 1990.

NZHR cannot conceive of a more fundamental indicator of wellbeing than living well to a ripe old age. We therefore recommend that the BPS be amended so that this is affirmed in the health section of the living standard framework, and that this section's focus on Covid 19 related mortality be extended to premature mortality from all other causes. We further recommend that “increasing

<sup>6</sup> NZHR. October 2021. Case for increasing health research investment in the government's 2022/23 budget. <https://nz4healthresearch.org.nz/wp-content/uploads/2021/11/NZHR-case-for-increasing-health-research-investment-in-the-2022-23-budget-291021.pdf>

<sup>7</sup> NZHR. December 2021. Lifting health research investment in the 2022 Budget. <https://nz4healthresearch.org.nz/wp-content/uploads/2021/12/NZHR-Hon-Grant-Robertson-131221.pdf>

<sup>8</sup> NZ Herald. December 2021. Covid 19 Delta outbreak: Deputy PM Grant Robertson responds to Sir Ian Taylor. <https://www.nzherald.co.nz/covid-19-delta-outbreak-deputy-pm-grant-robertson-responds-to-sir-ian-taylor/5AUHRJAPDJPKSXYLNB2GOSSIVA/>

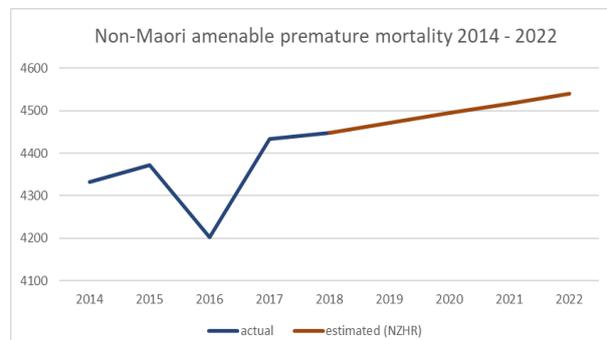
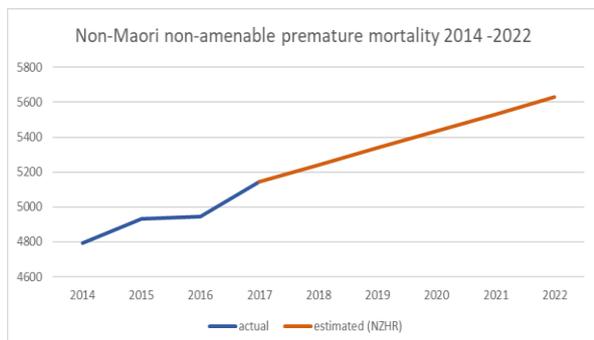
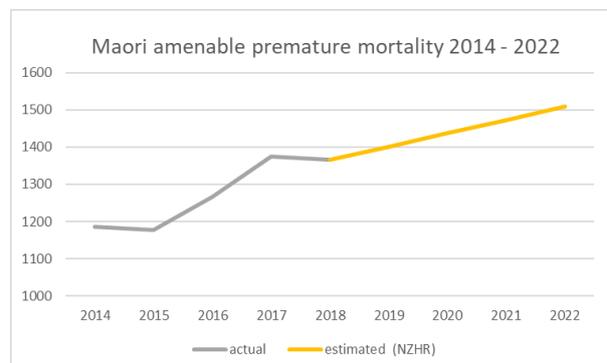
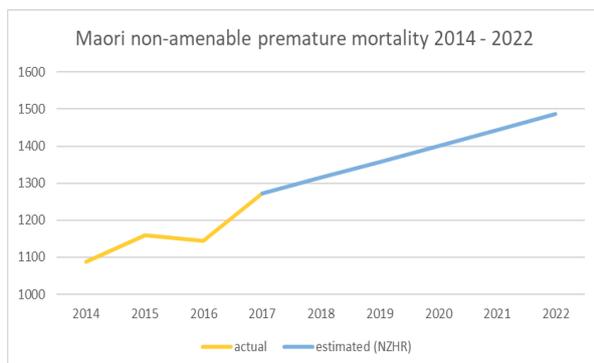
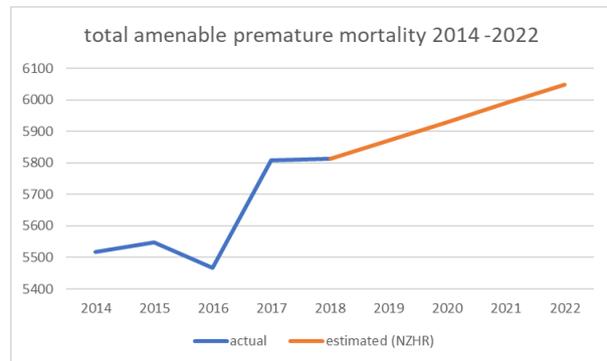
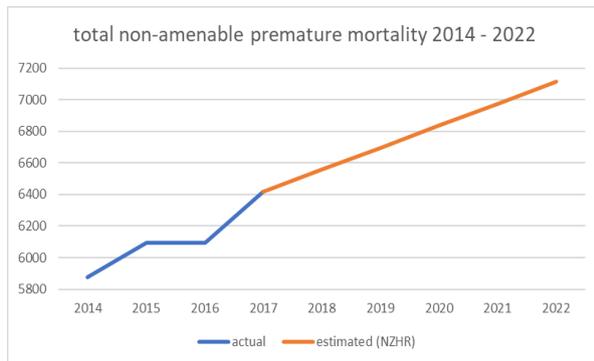
<sup>9</sup> Amenable mortality is defined as premature deaths (deaths under age 75) that could potentially be avoided, given effective and timely health care. That is, early deaths from causes (diseases or injuries) for which effective health care interventions exist and are accessible to New Zealanders in need. Non-amenable premature mortality is total deaths under age 75 minus amenable premature deaths.

<sup>10</sup> [amenablemortality\\_2016\\_dhb\\_ethnicity\\_years\\_rates\\_summary\\_202106.xlsx](https://www.health.govt.nz/system/files/documents/publications/amenablemortality_2016_dhb_ethnicity_years_rates_summary_202106.xlsx) (live.com)

<sup>11</sup> <https://www.health.govt.nz/publication/mortality-2017-data-tables> and earlier tables

<sup>12</sup> Ministry of Health. 2020. Longer, Healthier Lives: New Zealand's Health 1990-2017. A report on the health loss estimates of the 2017 Global Burden of Disease Study <https://www.health.govt.nz/system/files/documents/publications/longer-healthier-lives-new-zealands-health-1990-2017.pdf>

levels of amenable and non-amenable premature mortality” be included as one of the issues that should be addressed by the overarching goal of “laying the foundations for the future”



## Investment in R&D

New Zealand’s current rate of R&D stands at 1.3% of GDP, comparable small modern economies report R&D investment rates of around 3%, the OECD average rate of R&D investment is 2.4% and New Zealand has a ten year aspirational R&D target of 2.0%<sup>13</sup>.

The 2022 BPS fails to include the role of R&D investment as a key contributor to future economic growth. Nor does it identify R&D investment as a key component of its fiscal strategy. This is in contrast to the New Zealand Productivity Commission/ Te Kōmihana Whai Hua o Aotearoa Report “New Zealand firms: Reaching for the frontier”<sup>14</sup>, which draws significant attention to New Zealand’s very low levels of R&D compared to other small advanced economies.

The Productivity Commission report was commissioned by the Ministers of Finance, of Economic Development and of Trade and Export Growth requesting an inquiry into maximising the economic

<sup>13</sup> <https://www.mbie.govt.nz/dmsdocument/6935-new-zealands-research-science-and-innovation-strategy-draft-for-consultation>

<sup>14</sup> New Zealand Productivity Commission (2021). New Zealand firms: Reaching for the Frontier. <https://www.productivity.govt.nz/assets/Documents/Final-report-Frontier-firms.pdf>

contribution of New Zealand's frontier firms, and noting that productivity growth is persistently weak and a significant drag on living standards and wellbeing.

NZHR is mystified as to why the Minister of Finance would be party to expressing dissatisfaction with New Zealand's productivity on the one hand, and then on the other hand be endorsing a 2022 BPS which is silent on the issues raised by the Productivity Commission.

NZHR recommends therefore that the 2022 BPS includes investment in R&D as one of the components of its fiscal strategy, including the government's commitment to achieving its R&D 2% of GDP target by 2027.

### Financial returns on investing in health research

As a corollary NZHR believes that there are financial returns to be gained from investing in health R&D specifically. Although we have been unable to identify research which demonstrate the financial returns from investing in health research in New Zealand, there are several studies which have done this for overseas jurisdictions, and which are indicative of the potential returns for New Zealand investment.

A 2008 Australian Access Economics paper<sup>15</sup> demonstrated that each dollar invested in Australian health research and development returned \$2.17 in health benefits on average, a US study<sup>16</sup> found that a \$25b investment contributed \$500b in estimated health improvement, and a 2018 Australian KPMG paper<sup>17</sup> states that medical research from 1990 to 2004 has delivered net present gains of \$78 billion from a net present cost of \$20 billion, returning a benefit cost ratio of 3.9.

Furthermore, it has been recently reported that clinical trials involving Irish patients have saved the health service thirteen million euros over two years, according to Clinical Research Development Ireland (CRDI). According to the report, each patient participating in a clinical trial, on average, will generate a benefit of €13,500 to the economy as well as health service benefits from medicines worth an average of €5,899 per patient for those participating in trials.<sup>18</sup>

The value of clinical research to the NHS, the UK economy and jobs market has been valued at £383.6 million in a report<sup>19</sup>, produced by KPMG UK, which provides an assessment of the economic impact of the National Institute for Health Research Clinical Research Network's activities to support clinical research in England.

### Health research and innovation and health outcomes

Health research and innovation is the single most important way in which we improve our health and healthcare - by identifying and implementing the best means to prevent, diagnose and treat conditions.

Yet, as set out in the charts above, New Zealand's health system falls short for Māori and non-Māori alike when it comes to both discovering new interventions and translating the results of health research into practice and policy, which will result in realisation of that most fundamental of health outcomes - the right of all New Zealanders to live well to a "ripe old age".

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<sup>15</sup> Access Economics. Exceptional returns: The value of investing in health R&D in Australia II. Canberra (Australia): Australian Society for Medical Research; 2008.

<sup>16</sup> Funding First. *Exceptional returns: the economic value of America's investment in medical research*. New York (NY): The Lasker Foundation; 2000.

<sup>17</sup> KPMG. Economic Impact of Medical Research in Australia: A report prepared for the Association of Australian Medical research Institutes. October 2018.

<sup>18</sup> <https://www.thejournal.ie/clinical-trials-4643965-May2019/?amp=1>

<sup>19</sup> KPMG UK. July 2019. Impact and value of the NIHR Clinical Research Network. [https://www.nihr.ac.uk/documents/partners-and-industry/NIHR\\_Impact\\_and\\_Value\\_report\\_ACCESSIBLE\\_VERSION.pdf](https://www.nihr.ac.uk/documents/partners-and-industry/NIHR_Impact_and_Value_report_ACCESSIBLE_VERSION.pdf)

The Pae Ora (Healthy Futures) Bill defines the health system as comprising, among other agencies, the Health Research Council, including the activities it funds. The Bill also states that the required New Zealand Health Plan (to provide a 3-year costed plan for the delivery of publicly-funded services) must take into account the role of the Health Research Council within the health system. These provisions are unique to the Pae Ora legislation, and are not, for example featured in the current New Zealand Public Health and Disability Act which the new legislation is intended to replace.

NZHR predicts that this alone will result in additional pressure being put on already very limited health research resources. This will likely be further exacerbated in the final version of the legislation which we are confident will reflect the substance of our submission<sup>20</sup> to the Pae Ora Legislation Committee recommending further embedding of health research within the health system.

Given that embedding the health reforms is a policy area of focus in the 2022 BPS there is an ideal opportunity to signal increased investment in health research to assist with this imperative. NZHR therefore recommends that the BPS affirms that increased investment in health research is essential for both meeting wellbeing objective 2 “supporting improved health outcomes for all New Zealanders” and embedding the health reforms, with sufficiently strong signalling to result in the following outcomes in the 2022/23 Budget itself.

### Allocation of \$26m of new health research investment in the 2022/23 budget

NZHR recommends that the 2022/23 Budget includes provision for an additional \$26m of specific and exclusive new health research investment in the 2022/23 budget, with an emphasis on mental health research

In the first instance, this represents the amount of the first instalment of the ten-year investment trajectory required to reach a 2.4% of government health care costs target.

NZHR proposes that this could be allocated mostly or entirely to mental health research. Given that as at 29<sup>th</sup> June 2021 only \$24.9 million of the \$438.2 million in Budgets 2018 and 2019 allocated to mental health service improvements had actually been spent<sup>21</sup>, there would appear to be an opportunity to reallocate some of this money to mental health research. This is justified on the following grounds:

- Mental health disorders comprise the third leading cause of healthy life lost to diseases<sup>22</sup>
- There are significant mental health inequities for Māori. The Mental Health and Wellbeing Commission acknowledges that the roll out of Kaupapa Māori services is behind expectations<sup>23</sup>, Māori suicide rates are typically about twice those of non-Māori<sup>24</sup>, and the Office of the Director of Mental Health and Addiction Services reports<sup>25</sup> that in 2019:
  - Māori made up approximately 17 percent of New Zealand’s population, yet they accounted for 29 percent of all mental health service users

<sup>20</sup> NZHR. December 2021. Submission to the Pae Ora legislation Committee. <https://nz4healthresearch.org.nz/wp-content/uploads/2021/12/NZHR-Pae-Ora-Healthy-Futures-Bill-submission-version-final-091221.pdf>

<sup>21</sup> Hansard. 29<sup>th</sup> June 2021. [https://www.parliament.nz/en/pb/hansard-debates/rhr/document/HansS\\_20210629\\_051600000/12-question-no-12-health](https://www.parliament.nz/en/pb/hansard-debates/rhr/document/HansS_20210629_051600000/12-question-no-12-health)

<sup>22</sup> Health Loss in New Zealand - A report from the New Zealand Burden of Diseases, Injuries and Risk Factors Study, 2006–2016 (moh.govt.nz). Cited in AIA. October 2021. 5590+. The new health insight helping New Zealanders lead Healthier, Longer, Better Lives. [5590-report-2021.pdf \(aia.co.nz\)](https://www.aia.co.nz/5590-report-2021.pdf)

<sup>23</sup> New Zealand Mental Health and Wellbeing Commission (2021). Access and Choice Programme: Report on the first two years – Te Hōtaka mō Ngā Whai Wāhitanga me Ngā Kōwhiringa: He purongo mo ngā rua tau tuatahi. [MHWC-Access-and-Choice-report-Final.pdf](https://www.mhwc.govt.nz/assets/Access-and-Choice-report-Final.pdf)

<sup>24</sup> Office of the Chief Coroner and Ministry of Health. September 2021. Suicide Web Tool. <https://minhealthnz.shinyapps.io/suicide-web-tool/>

<sup>25</sup> Ministry of Health. 2021. Office of the Director of Mental Health and Addiction Services Annual Report 2018 and 2019. Wellington: Ministry of Health. <https://www.health.govt.nz/publication/office-director-mental-health-and-addiction-services-annual-report-2018-and-2019>

- 6.6 percent of Māori accessed mental health and addiction services, compared with 3.2 percent of non-Māori
- Māori were 3.8 times more likely than non-Māori to be subject to a community treatment order, 2.9 times more likely to be subject to an indefinite community treatment order; 3.6 times more likely to be subject to an inpatient treatment order; and 2.7 times more likely to be subject to an indefinite inpatient treatment order
- The number of adult Māori patients secluded increased by 35 percent from 2017 to 2019, compared to a 20 percent increase for the total number of patients over the same period; Māori were five times more likely to be secluded in adult inpatient services than people from other ethnic groups and had more seclusion events and longer periods of seclusion on average than non-Māori.
- Outputs from more mental health research will assist in addressing these inequities and will enable the Mental Health and Wellbeing Commission to do its job effectively. The Mental Health and Wellbeing Commission Act (2020)<sup>26</sup> requires the Commission to have regard to “available evidence” when performing its functions (clause 11 (3)(a)). Yet most of the recommendations of He Ara Oranga: Report of the Government Inquiry into Mental Health and Addiction<sup>27</sup>, although representing a credible response to the identified issues, actually lack a clearly researched evidential base to demonstrate that they will in fact result in better mental health outcomes. Given that the Commission has embarked on a work programme<sup>28</sup> to give effect to He Ara Oranga’s recommendations, determining their validity could be usefully included in the programme of work for new mental health research
- There is very recent evidence of increased levels of stress, anxiety and worry associated with the current lockdown period compared with a year ago when NZ was in Alert Level 1<sup>29</sup>, but the impact of Covid 19 on New Zealanders’ mental health now and in the future, and effective mitigation interventions, are yet to be adequately understood and identified. Internationally, first global estimates of the impact of the COVID-19 pandemic on mental health suggest an additional 53 million (28%) cases of major depressive disorder and 76 million (26%) cases of anxiety disorders were due to the pandemic<sup>30</sup>.
- He Ara Oranga<sup>31</sup> states that public spending on mental health and addiction services in the (then) last year amounted to \$1.4b. The report also indicates that the Health Research Council had allocated an average of \$7m per year to mental health and addiction research over the past twelve years, or about 0.5% of mental health care costs. Additional investment \$26m per year of would lift this to something approaching 2.4%, at least in the first year.
- The annual cost of the burden of serious mental illness, including addiction, in New Zealand is an estimated \$12 billion or 5% of gross domestic product<sup>32</sup>.
- The precedent for this approach has already been established with the recent reallocation of \$36m of Covid recovery funds to an infectious disease research platform<sup>33</sup>.

<sup>26</sup> Mental Health and Wellbeing Commission Act (2020). <https://www.legislation.govt.nz/act/public/2020/0032/latest/whole.html>

<sup>27</sup> November 2018. Government Inquiry into Mental Health and Addiction. He Ara Oranga. <https://mentalhealth.inquiry.govt.nz/assets/Summary-reports/He-Ara-Oranga.pdf>

<sup>28</sup> New Zealand Mental Health and Wellbeing Commission (2021). Access and Choice Programme: Report on the first two years – Te Hōtaka mō Ngā Whai Wāhitanga me Ngā Kōwhiringa: He purongo mo ngā rua tau tuatahi. [MHWC-Access-and-Choice-report-Final.pdf](https://www.mhwc.govt.nz/assets/Access-and-Choice-report-Final.pdf)

<sup>29</sup> Ministry of Health. October 2021. COVID-19 Health and Wellbeing Survey. <https://www.health.govt.nz/our-work/diseases-and-conditions/covid-19-novel-coronavirus/covid-19-resources-and-tools/covid-19-health-and-wellbeing-survey>

<sup>30</sup> The Lancet. October 2021. [Global prevalence and burden of depressive and anxiety disorders in 204 countries and territories in 2020 due to the COVID-19 pandemic - The Lancet](https://www.thelancet.com/publications/2021-10-01)

<sup>31</sup> November 2018. Government Inquiry into Mental Health and Addiction. He Ara Oranga. <https://mentalhealth.inquiry.govt.nz/assets/Summary-reports/He-Ara-Oranga.pdf>

<sup>32</sup> November 2018. Government Inquiry into Mental Health and Addiction. He Ara Oranga. <https://mentalhealth.inquiry.govt.nz/assets/Summary-reports/He-Ara-Oranga.pdf>

<sup>33</sup> NZ Government. September 2021. [Government funding to fight infectious diseases | Beehive.govt.nz](https://www.beehive.govt.nz/government-funding-to-fight-infectious-diseases)

## Commitment to a three year 2023/24 - 2025/26 investment trajectory

NZHR recommends a commitment in the 2022/23 budget to a three year investment trajectory comprising further year on year increases in specific and exclusive new health research funding of an additional \$30.4m in 2023/24, a further additional \$35.6m in 2024/25, and a further \$41.7 again in 2025/26.

These figures represent the amount of three further instalments required for a ten-year investment trajectory aimed at reaching a 2.4% of government health care costs target.

This recommendation is justified on the basis that New Zealand performs poorly when it comes to saving lives and improving health outcomes, including equity of outcomes, as illustrated in the charts above.

Specifically, the five leading causes of healthy life lost to diseases comprise: cancer (17.5%); cardiovascular and blood disorders (17.5%); mental ill health disorders (11%); musculoskeletal disorders (9%); and injuries (8%)<sup>34</sup>. Furthermore, New Zealand's leading causes of mortality (both amenable and non-amenable) comprise respiratory disease, heart disease, diabetes, cancer, and mental unwellness<sup>35</sup>.

Health research is the single most important way in which we improve our health and healthcare - by identifying the best means to prevent, diagnose and treat conditions. Yet New Zealand's investment in health research is significantly less than what it should be, and our health system falls short when it comes to translating the results of health research into practice, policy and better health outcomes.

NZHR believes that New Zealand should be investing in and actively applying the results of health research to ameliorate its poor health outcomes statistics, with an initial focus on gaining a better understanding of, and how to address, the barriers to applying the knowledge we have already acquired from past health research. Although we know what we *should* be doing to improve premature amenable mortality we have insufficient understanding of what's stopping us from putting that knowledge into effective action.

We also know that these conditions disproportionately affect Māori and Pacific people, and achieving equity of outcomes for them would have a significant positive impact on New Zealand's overall premature mortality figures. NZHR believes that a targeted approach to a better understanding of how to ameliorate these conditions, including through a Te Ao Māori lens, would be a good, life saving, use of the additional research investment we recommend for 2024 - 2026 (and also for 2022/23).

We believe that it is entirely possible to downwardly bend the premature mortality curves presented above, and that additional health research investment is the principal means for achieving this.

NZHR understands that the legally required triennial review of Health Research Council (HRC) funding was last undertaken in 2016 and is now at least two years overdue. Although we are not necessarily advocating for our recommended investment increases to be specifically allocated to the HRC we believe that if the next triennial review were to occur as part of the 2022/23 budget setting process this would provide the ideal pretext for incorporating NZHR's recommendations, both for 2022/23 and beyond.

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<sup>34</sup> Health Loss in New Zealand - A report from the New Zealand Burden of Diseases, Injuries and Risk Factors Study, 2006–2016 (moh.govt.nz). Cited in AIA. October 2021. 5590+. The new health insight helping New Zealanders lead Healthier, Longer, Better Lives. [5590-report-2021.pdf \(aia.co.nz\)](#)

<sup>35</sup>AIA. October 2021. 5590+. The new health insight helping New Zealanders lead Healthier, Longer, Better Lives. [5590-report-2021.pdf \(aia.co.nz\)](#)

However the investment allocation occurs it is imperative that both discovery and translational health research are appropriately funded and that currently competing disciplines are not missing out solely because overall investment levels are too low.

### Adoption of a ten-year health research investment trajectory

NZHR recommends formal adoption of a ten-year 2.4% of government healthcare costs health research investment trajectory, representing increases of 17.1% per year

This recommendation also represents a contribution to the intent of the government's research, science and innovation Green Paper<sup>36</sup> for New Zealand's research system to be optimally positioned for the future. In the context of the government's overall aspirational R&D target of 2.0% of GDP by 2027, we note that NZHR's proposed ten year 17.1% p.a. trajectory would result in direct government investment in health R&D being a comparatively modest 1.4% of government health care costs by 2027.

The recommendation is based on evidence that the 2.4% target is far more consistent with international norms than is New Zealand's current investment levels of 0.6% - 0.8%.

An analysis of data presented by Reid et al (2014)<sup>37</sup> indicates that a four-fold increase in per capita government expenditure on health research in 2012 would have been required to bring New Zealand up to parity with Australia and the UK. This would have equated to 2.7% of health costs for that year.

NZHR has also taken note of OECD statistics which indicate that global average gross domestic spending on R&D as a percentage of GDP is just under 2.4%<sup>38</sup>. We believe that New Zealand should be aspiring to achieve at least this figure for the economy generally as well as for the health sector.

As a footnote MBIE, the Ministry of Health and the Health Research Council collectively acknowledge that New Zealand underinvests in health research<sup>39</sup>, and 57% of the 2020 Kantar NZHR opinion poll respondents said that the 2020/21 budgeted allocation of \$140m was too low<sup>40</sup>.

These are important considerations not only for ensuring that New Zealand invests enough to significantly bend its premature mortality curves, but also for developing a reputation as a country which pulls its weight in the global health research community. This in turn enhances opportunities for global collaboration, and assists in health research (and indeed health service) workforce development as New Zealand becomes an attractive career choice internationally for reputable top flight health and medical researchers.

NZHR acknowledges that its approach to establishing the 2.4% government investment target could be viewed as being overly narrow. Costs of ill health are born by government agencies other than the Ministry of Health, by non-government entities, and also by society at large. Furthermore, government investment in health research is not confined to allocations to the Health Research Council and the health related national science challenges, and both the commercial and philanthropic sectors also invest in health research.

<sup>36</sup> Ministry of Business, Innovation and Employment. October 2021. Research Science and Innovation. Te Ara Paerangi Future Pathways Green Paper. [Future Pathways Green Paper \(mbie.govt.nz\)](https://www.mbie.govt.nz/future-pathways-green-paper)

<sup>37</sup> Reid I et al. Government funding of health research in New Zealand. NZMJ. Vol 127 No 1389: 14 Feb 2014. <https://www.nzma.org.nz/journal/read-the-journal/all-issues/2010-2019/2014/vol-127-no-1389/5992>

<sup>38</sup> <https://data.oecd.org/rd/gross-domestic-spending-on-r-d.htm>

<sup>39</sup> The New Zealand Health Research Prioritisation Framework. Dec 2019. p 19. [https://www.hrc.govt.nz/sites/default/files/2020-01/NZ%20Prioritisation-Framework-FA-web\\_0.pdf](https://www.hrc.govt.nz/sites/default/files/2020-01/NZ%20Prioritisation-Framework-FA-web_0.pdf)

<sup>40</sup> NZHR. 2020. New Zealand Speaks! 2020 Kantar NZHR Opinion Poll. [https://www.nz4healthresearch.org.nz/wp-content/uploads/2020/08/NZHR-Report-2020-GENERAL-EDITION-PRINT\\_newlogos-final.pdf](https://www.nz4healthresearch.org.nz/wp-content/uploads/2020/08/NZHR-Report-2020-GENERAL-EDITION-PRINT_newlogos-final.pdf)

To test the continuing appropriateness of the 2.4% investment target NZHR has undertaken an additional “snapshot” analysis of all government and non-government sources of health research investment and all government and non-government costs associated with preventing and responding to ill health. This analysis, which was presented in our 2020 briefing<sup>41</sup> to incoming ministers of Health and Research Science and Innovation, supports the imperative to increase direct ringfenced government investment in health research to 2.4% of government health care costs.

## NZHR constituency

New Zealanders for Health Research (NZHR) - New Zealand’s peak body representing the entire health and medical research pipeline - was established in November 2015 to bring about increased investment in health research from government, industry and philanthropy.

We are committed to bringing about best possible health for all New Zealanders, and we’re on a mission to increase investment in health research as an essential and embedded component of all parts of New Zealand’s health system, responsive to New Zealanders’ unique health imperatives. We believe that health research has the potential to both save and improve peoples’ lives. We are therefore committed to ensuring that the results of health research are translated into policy, practice and individual decision making, and for there to be a level of investment in health research to enable this to happen as optimally as possible.

Previous iterations of this submission’s content were developed in consultation with our Platinum to Bronze partners and members as set out below (and from whom we derive 100% of our funding).



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28<sup>th</sup> January 2022

## NZHR partners and members



<sup>41</sup> NZHR. November 2020. Briefing Paper for the incoming Ministers of Health and Science, Research and Innovation.  
<https://www.nz4healthresearch.org.nz/nzhr-briefing-paper-for-incoming-ministers-november-2020/>