

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

Submission to: Finance and Expenditure Committee  
Subject: [Budget Policy Statement 2023 \(BPS\)](#)  
From: New Zealanders for Health Research (NZHR)<sup>1</sup>  
Date: 27<sup>th</sup> January 2023

## Recommendations

New Zealanders for Health Research (NZHR) recommends that BPS 2023:

1. Be amended so that the health section of the New Zealand’s Wellbeing Outlook (p.5) includes premature mortality as a fundamental of indicator of wellbeing
2. Includes investment in R&D as one of the components of its fiscal strategy (p.27), including the government’s commitment to achieving its 2% of GDP target by 2030
3. Be amended so that the overarching goal of laying the foundations for the future includes improved health outcomes as a key issue which needs to be addressed (p.18)
4. Includes “increasing levels of amenable and non-amenable premature mortality” as one of the issues that should be addressed in pursuit of wellbeing objective 2: supporting improved health outcomes for all New Zealanders
5. Recognises that sustained increased investment in health research is essential for the achievement of improved health outcomes including reducing the incidence of premature mortality, thereby providing a policy framework which will enable the 2023 budget to:
  - a. Commit to a ten-year 2.4% of government healthcare costs health research investment trajectory, representing increases of at least 15.24% per year
  - b. Allocate an additional \$27m of specific and exclusive new health research investment in the 2023/24 budget, with an emphasis on mental health and cancer research, comprising a total government investment allocation of \$202m
  - c. Commit to a further three year investment trajectory comprising further year on year increases in specific and exclusive new health research funding of an additional \$31m in 2024/25, a further additional \$35.5m in 2025/26, and a further \$41m again in 2026/27

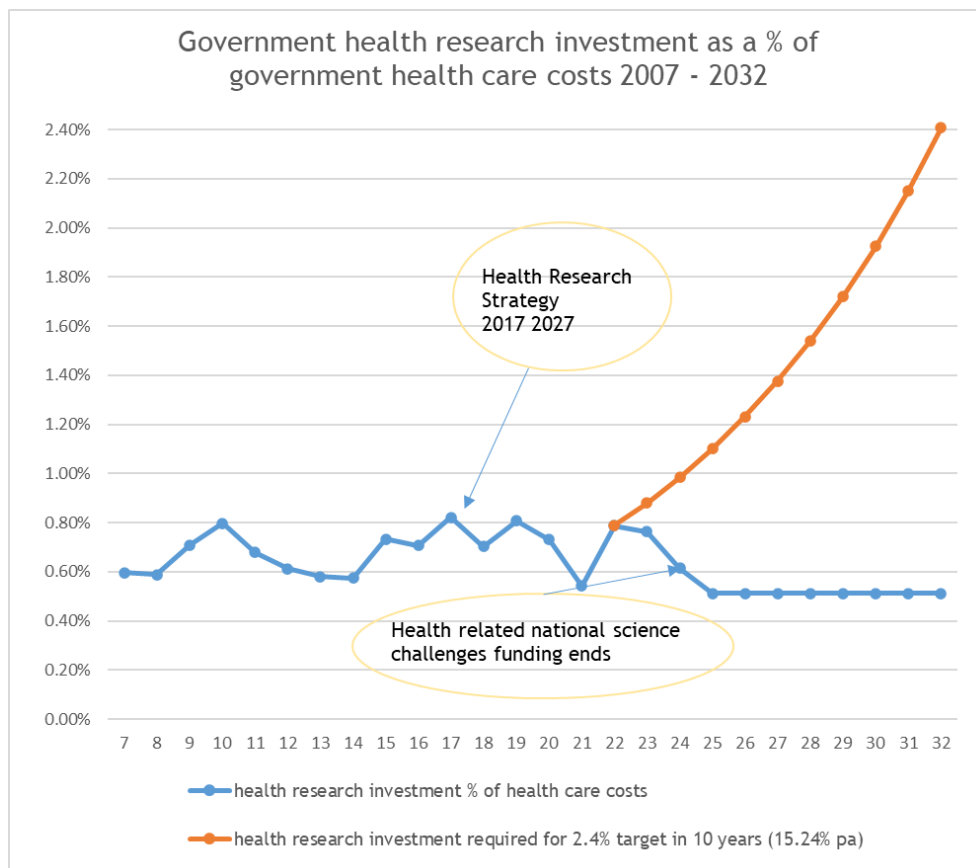
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<sup>1</sup> <https://www.nz4healthresearch.org.nz/>

## Introduction

NZHR has over several years repeatedly called for investment in health research to be substantially increased. However, as illustrated in the chart below, government investment in health research has historically stagnated somewhere between about 0.6% and 0.8% of government health care costs and in the absence of any indications to the contrary is forecast to fall to 0.51% after 2025/26 when funding for the health related national science challenges and other initiatives is due to end.

This submission makes the case for increasing government health research investment to 2.4% of health care costs, and, acknowledging that this will require time for health research workforce and facilities and equipment development to occur, argues that there should be a cast iron commitment to achieving the target over the course of the next decade. This would require an investment growth trajectory of 15.24% per annum.



Doing nothing is projected to result in investment of 0.51% of health care costs by 2025/26, which will prevail through to 2032/33<sup>2</sup>.

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 (BPS) consultation

<sup>2</sup> 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 2024/25 in the case of the new health research investment allocated to the Ministry of Health in 2022/23 and from 2025/26 in the case of other specific health research allocations. It also assumes that investment in both the health-related national science challenges and the infectious diseases research platform will not extend beyond 2024/25.

processes both in writing and orally<sup>3</sup> <sup>4</sup>. However, in its April 2021 report<sup>5</sup> to Parliament the FEC stated “we heard oral evidence from 21 submitters [including NZHR]<sup>6</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 regrettably contributed to our belief that the timing of the BPS consultation process is too late for external agencies such as ourselves to have any real prospects of influencing budget allocation outcomes.

For the 2022/23 Budget therefore we attempted a more timely approach with MBIE directly<sup>7</sup>, and following MBIE’s inconclusive responses wrote to Finance Minister Robertson arguing our case once again<sup>8</sup>. Having not received a response from the Finance Minister we returned again to the FEC’s annual BPS consultation process with both written<sup>9</sup> and oral submissions.

We were once again underwhelmed with the eventual outcome as presented in the 2022 Budget, noting in our media release<sup>10</sup> at the time that the additional \$10m per year allocated for RNA research, and new Ministry of Health funding of \$23m for “health science research, leadership, analysis and publishing quality evidence, data and insights”, were both very welcome developments....but “we must invest a lot more to discover effective treatments and cures for the 7000 per year New Zealanders who are dying early from non-preventable causes, thus being denied the opportunity to experience the Budget’s promised “secure future” and live well to a “ripe old age”.

NZHR therefore concluded that continuing to attempt to influence the outcome of the budget through engaging with the Finance and Expenditure Committee’s BPS process, or indeed through early engagement with MBIE, is unlikely to be effective. We believed that our best chance of gaining traction would be through seeking to influence the content of BPS 2023 before it was released for public submissions, and we therefore attempted by way of an unsolicited November 2022 submission<sup>11</sup> to engage directly with Treasury and the Finance Minister, who we understand are its principal architects, together with the Health and Research, Science and Innovation Ministers, whose portfolios stand to benefit from NZHR’s advocacy.

The Finance Minister responded by saying he had referred our submission to the Research, Science and Innovation (RSI) Minister; the Health Minister referred our submission to Ministry officials who merely acknowledged its content; neither the RSI Minister nor Treasury responded at all, and it is clear that NZHR’s submission is not at all reflected in the contents of BPS 2023. We return again therefore to the Finance and Expenditure Committee.

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<sup>3</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>4</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>5</sup> Finance and Expenditure Committee. April 2021. Budget Policy Statement 2021 and Half Year Economic and Fiscal Update December 2020 [fb4ec6ce2ec448228a81f7c2d8a7202f6b213759](https://www.parliament.nz/b4ec6ce2ec448228a81f7c2d8a7202f6b213759) ([www.parliament.nz](http://www.parliament.nz))

<sup>6</sup> Text in parentheses inserted by NZHR

<sup>7</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>8</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>9</sup> NZHR. January 2022. Submission to Finance & Expenditure Committee on Budget Policy Statement (BPS) 2022. <https://nz4healthresearch.org.nz/wp-content/uploads/2022/01/NZHR-Budget-Policy-Statement-submission-280122.pdf>

<sup>10</sup> NZHR. May 2022. Media release. Budget 2022: Health Research Funding Fails New Zealanders and the Health System. <https://nz4healthresearch.org.nz/budget-2022-health-research-funding-fails-new-zealanders-and-the-health-system/>

<sup>11</sup> NZHR. November 2022. Position Statement re 2023 Budget. <https://nz4healthresearch.org.nz/wp-content/uploads/2022/11/NZHR-position-statement-re-2023-budget-101122.pdf>

## Living standards framework (LSF): amenable and non-amenable premature mortality

NZHR believes that the 2023 BPS LSF health section's focus on self-reported health as the sole measure of wellbeing is superficial and masks or causes to be ignored fundamentally important health outcomes data which should be considered when deciding on Budget allocations for both health and health research. We note that 2019 BPS<sup>12</sup> included life expectancy as a measure of wellbeing and although this could be criticised as being too blunt it was better than nothing. It is disappointing that it was dropped from subsequent BPSs without being replaced with other better measures based on hard health outcomes data.

NZHR agrees with Finance Minister Grant Robertson's statement that "knowing that we have done everything we can to keep New Zealanders alive...is the basic duty of Government"<sup>13</sup>. Unfortunately, however, successive New Zealand governments, including the current one, have not been doing everything they "can to keep New Zealanders alive" and can presumably therefore be said to have been neglecting their basic duty.

This is illustrated in the non-amenable and amenable<sup>14</sup> premature mortality charts<sup>15 16</sup> presented on the following page which indicate that over the past eight years premature mortality numbers have on average been increasing by about 3% per year since 2014, with the estimated 2022 figure standing at 13,000+. Of these NZHR estimates that 6000+ New Zealanders per year are dying early and unnecessarily from preventable causes and 7000+ are dying early because we have not yet done or embraced 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.

In summary, NZHR believes that because that most fundamental of wellbeing outcomes - the right of all New Zealanders to live well to a "ripe old age" of at least 75 years - has not been featured or measured or quantified in successive BPS's it is not surprising that successive Budgets have failed to allocate sufficient resources to the specific measures that would directly address the underlying issues that contribute to New Zealand's currently poor health outcomes.<sup>17</sup>

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>18</sup>, and that our estimated up-ticking trend lines post-2017 are based on only a few years' data. However, the accuracy of the non-amenable premature mortality figure for 2017 has been independently verified<sup>19</sup> as being understated, leading us to believe that our figures are most likely conservative.

<sup>12</sup> 2019 BPS. <https://www.treasury.govt.nz/sites/default/files/2018-12/bps-2019.pdf>

<sup>13</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>14</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>15</sup> [amenablemortality\\_2016\\_dhb\\_ethnicity\\_years\\_rates\\_summary\\_202106.xlsx \(live.com\)](https://www.health.govt.nz/publication/mortality-2017-data-tables)

<sup>16</sup> <https://www.health.govt.nz/publication/mortality-2017-data-tables> and earlier tables

<sup>17</sup> NZHR will reserve judgment about responses to this statement which point to increased allocations to Vote Health to address amenable premature mortality, given that this is not a specific focus of either the Pae Ora health reforms legislation, the health system measures, the government policy statement on health nor Te Pae Tata Interim Health Plan 2022

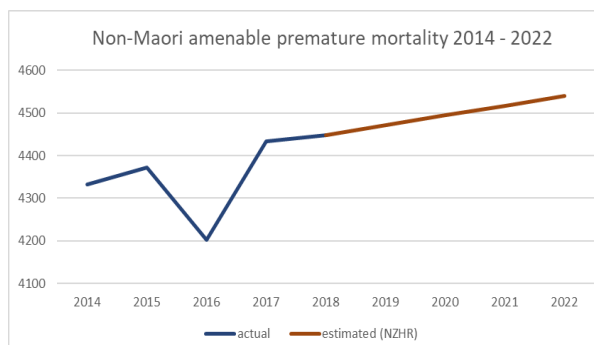
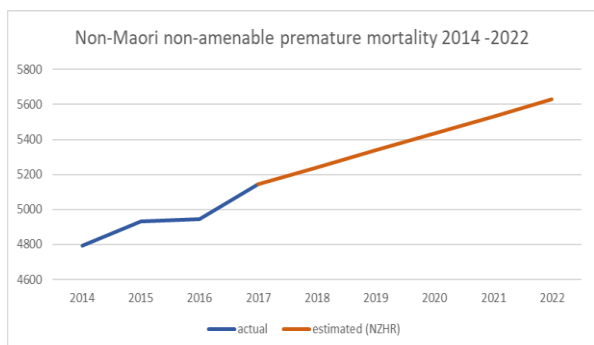
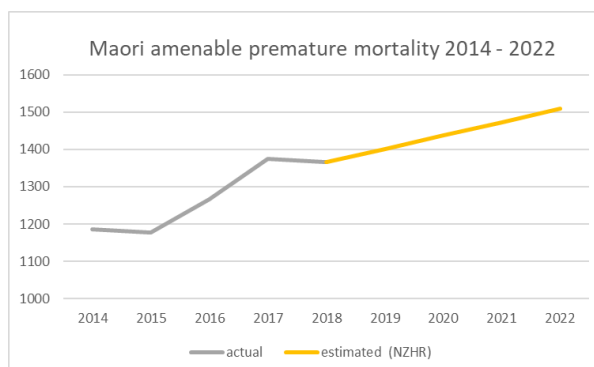
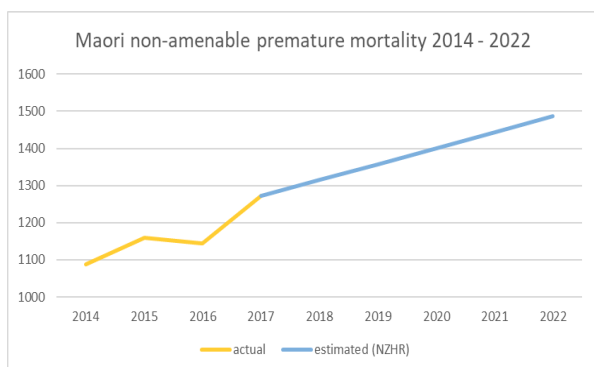
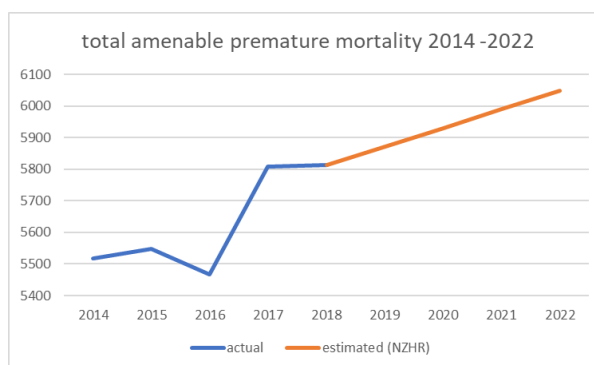
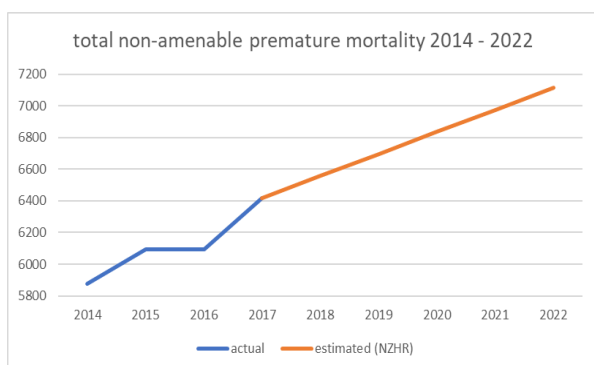
<sup>18</sup> Ministry of Health. 2020. Longer, Healthier Lives: New Zealand's Health 1990-2017. A report on the health loss estimates of the 2017 Global Burden of Disease Study <https://www.health.govt.nz/system/files/documents/publications/longer-healthier-lives-new-zealands-health-1990-2017.pdf>

<sup>19</sup> NZIER. 2022. Valuing health research in New Zealand: Feasibility study. A report for New Zealanders for Health Research

There should, therefore, be no complacency as the figures presented in the graphs are 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. Furthermore in 2018/19 about 885,000 New Zealanders under the age of 75 were hospitalised.<sup>20</sup>

NZHR cannot conceive of a more fundamental indicator of wellbeing than living well to a ripe old age. We therefore recommend that BPS 2023 includes this in the health section of the living standard framework, and that this section’s 2022 focus on Covid 19 related mortality be extended to premature mortality from all other causes. We further recommend that “increasing levels of amenable and non-amenable premature mortality” be included as one of the issues that should be addressed by retention of an overarching goal of “laying the foundations for the future”



<sup>20</sup> Estimated from the number of hospital discharges (<https://www.health.govt.nz/publication/publicly-funded-hospital-discharges-1-july-2018-30-june-2019>) minus readmissions (<https://nsfl.health.govt.nz/accountability/performance-and-monitoring/data-quarterly-reports-and-reporting/reducing-acute>)

## Investment in R&D

New Zealand's current rate of R&D investment stands at 1.4% of GDP<sup>21</sup>, comparable small modern economies report R&D investment rates of around 3%<sup>22</sup>, the OECD average rate of R&D investment is 2.7%<sup>23</sup> and New Zealand has a ten year aspirational R&D target of 2.0%.

The 2023 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", which draws significant attention to New Zealand's very low levels of R&D compared to other small advanced economies<sup>24</sup>.

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 contribution of New Zealand's frontier firms, and noting that productivity growth is persistently weak and a significant drag on living standards and wellbeing. Given that New Zealand's low levels of R&D are one significant factor associated with this drag, and that the government has a 2% R&D target, we are mystified as to why this would be excluded from successive BPS's.

NZHR recommends therefore that the 2023 BPS includes investment in R&D as one of the components of its fiscal strategy, including the government's commitment to achieving by 2030 its R&D 2% of GDP target.

## Health research and innovation and outcomes

### Financial returns on investing in health research

NZHR has in past submissions cited various overseas studies to support our contention that there are financial returns to be gained from investing in health R&D specifically. We have subsequently engaged NZIER to more directly assess the economic value of investing in health research in New Zealand<sup>25</sup>, and they conclude that:

*"Considering the body of evidence from countries with similar health issues, health systems and economies, reflecting a wide range of health research similar to New Zealand's research portfolio, an expected value can be estimated. Our ballpark estimate is that based on approximately \$493.444 million of investment in health research annually, the total benefits to New Zealand are likely to be between \$1.1 billion and \$1.9 billion, or annual flows of between \$64 million and \$148 million. These estimates require further research to be confirmed."*

The NZIER report also states that:

*"One simple way of illustrating the potential value of future health research is to estimate the value of lost production due to premature deaths from what are currently considered to be non-amenable causes of mortality. Based on deaths in 2017 (the most recent complete year for which complete mortality data is available), our estimate of this potential is \$3 billion to \$4 billion."*

<sup>21</sup> <https://figure.nz/chart/4oQ0kEfbVjuSTvNp>

<sup>22</sup> <https://www.mbie.govt.nz/dmsdocument/6935-new-zealands-research-science-and-innovation-strategy-draft-for-consultation>

<sup>23</sup> OECD. March 2022. OECD Main Science and Technology Indicators. <https://www.oecd.org/sti/msti-highlights-march-2022.pdf>

<sup>24</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>. See F2.2 "New Zealand's lower rankings and performance in R&D [and] broader innovation ... both contribute to and reflect its weak productivity performance and relative absence of successful frontier firms"

<sup>25</sup> NZIER. 2022. Valuing health research in New Zealand: Feasibility study. A report for New Zealanders for Health Research

## Health outcomes from investing in health research

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 practices and policies 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".

The Pae Ora (Healthy Futures) Act includes requirements for Te Whata Ora and Te Aka Whai Ora to "undertake and support research relating to health", for both agencies to "evaluate the delivery and performance of services provided or funded", and for the New Zealand Health Plan to take into account the role of the Health Research Council, among other entities. These are new and significant steps towards the embedding of health research as an essential component of New Zealand's health system which did not feature in either the now obsolete previous legislation nor its earlier iterations.

These new provisions will result in additional pressure being put on already very limited health research resources, and give weight to our contention that the 2023 BPS should clearly signal increased investment in health research to enable the newly created health entities to carry out their statutory functions.

NZHR therefore recommends that the 2023 BPS affirms that increased investment in health research is essential for "supporting improved health outcomes for all New Zealanders" with sufficiently strong signalling to result in the following outcomes in the 2023/24 Budget itself:

### Allocation of \$27m of new health research investment in the 2023/24 budget

NZHR recommends that the 2023/24 Budget includes provision for an additional \$26.7m of specific and exclusive new health research investment.

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 \$27m could be allocated mostly or entirely to mental health and cancer 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>26</sup>, and that there's apparently little indication that this situation has changed significantly over the subsequent fifteen months,<sup>27</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>28</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>29</sup>,

<sup>26</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>27</sup> <https://www.scoop.co.nz/stories/HL2203/S00070/dunne-speaks-19-billion-spend-on-mental-health-produces-no-results.htm>

<sup>28</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>29</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)

Māori suicide rates are typically about twice those of non-Māori<sup>30</sup>, and the Office of the Director of Mental Health and Addiction Services reports<sup>31</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
  - 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>32</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>33</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>34</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 recent evidence of increased levels of stress, anxiety and worry associated with the last lockdown period compared with when NZ was in Alert Level 1<sup>35</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>36</sup>.
  - He Ara Oranga<sup>37</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 \$27m per year of would lift this to something approaching 2.4%, at least in the first year.

<sup>30</sup> Office of the Chief Coroner and Ministry of Health. September 2021. Suicide Web Tool. <https://minhealthnz.shinyapps.io/suicide-web-tool/>

<sup>31</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>

<sup>32</sup> Mental Health and Wellbeing Commission Act (2020). <https://www.legislation.govt.nz/act/public/2020/0032/latest/whole.html>

<sup>33</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>34</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.health.govt.nz/our-work/diseases-and-conditions/covid-19-novel-coronavirus/covid-19-resources-and-tools/covid-19-health-and-wellbeing-survey)

<sup>35</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>36</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/article/S0140-6736(21)00446-1)

<sup>37</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>



- 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>38</sup>.

Our assertion that cancer research warrants further investment is based on NZIER's finding that by far the biggest contributor to non-amenable life years lost prematurely is neoplasms (cancers), "indicating significant potential for economic impacts from health research in this area".<sup>39</sup> (In 2017 there were 19,000 life years lost prematurely to non-amenable neoplasms compared with 6000 lost to diseases of the respiratory system, the next highest category of diseases)

### Commitment to a three year 2024/25 - 2026/27 investment trajectory

NZHR recommends a commitment in the 2023/24 budget to a three year investment trajectory comprising further year on year increases in specific and exclusive new health research funding of an additional \$31m in 2024/25, a further additional \$35.5m in 2025/26, and a further \$41m again in 2026/27.

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>40</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>41</sup>. Somewhat similarly the leading causes of premature non-amenable years of life loss were neoplasms, respiratory diseases, circulatory system diseases, digestive system diseases, skin conditions and mental health conditions (NZIER 2022).

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, including a 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

<sup>38</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>39</sup> NZIER. 2022. Valuing health research in New Zealand: Feasibility study. A report for New Zealanders for Health Research

<sup>40</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://aia.co.nz/5590-report-2021.pdf)

<sup>41</sup> AIA. October 2021. 5590+. The new health insight helping New Zealanders lead Healthier, Longer, Better Lives. [5590-report-2021.pdf \(aia.co.nz\)](https://aia.co.nz/5590-report-2021.pdf)

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 2025 - 2027 (and beyond).

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 initial 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 well overdue. Although we are not advocating for our recommended investment increases to be allocated only to the HRC we believe that if the next triennial review were to occur as part of the 2023/24 budget setting process this would provide the ideal opportunity for incorporating NZHR's recommendations, both for 2023/24 and beyond.

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 15.24% per year

This recommendation also represents a contribution to the intent of the government's research, science and innovation Green Paper<sup>42</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 15.24% 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>43</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 2.7%<sup>44</sup>. Although NZHR believes that New Zealand should be aspiring to achieve at least this figure for the economy generally as well as for the health sector in particular we have chosen for now to continue to advocate for a relatively modest 2.4% target.

Increased investment in health research is important 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.

<sup>42</sup> Ministry of Business, Innovation and Employment. December 2022. Te Ara Paerangi Future Pathways White Paper. <https://www.mbie.govt.nz/assets/te-ara-paerangi-future-pathways-white-paper-2022.pdf>

<sup>43</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>44</sup> <https://data.oecd.org/rd/gross-domestic-spending-on-r-d.htm>



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 Te Whata Ora and Te Aka Whai Ora, 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, the Ministry of Health and the health related national science challenges, and both the commercial and philanthropic sectors also invest in health research.

To test the 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>45</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.

As a footnote MBIE, the Ministry of Health and the Health Research Council collectively acknowledge that New Zealand underinvests in health research<sup>46</sup>. Furthermore, 66% of the 2022 Kantar NZHR opinion poll respondents said that the 2022/23 budgeted allocation of \$173m was too low, only 9% said that an allocation of less than 1% of health care costs was an appropriate level of health research investment, and 39% said it should be more than 2%.<sup>47</sup>

## 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 operational funding).

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27<sup>th</sup> January 2023

<sup>45</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/>

<sup>46</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>47</sup> NZHR. 2022. Kantar NZHR Opinion Poll. New Zealand Speaks!



## NZHR partners and members

Platinum



Gold



Silver



Bronze



Foundation

