

Briefing

Memorandum of understanding to establish a third medical school

Date due to MO:	1 December 2023	Action required by:	N/A
Security level:	IN CONFIDENCE	Health Report number:	H2023033203
To:	Hon Dr Shane Reti, Minister of Health		
Consulted:	Health New Zealand: <input checked="" type="checkbox"/> Māori Health Authority: <input checked="" type="checkbox"/>		

Contact for telephone discussion

Name	Position	Telephone
Dr Diana Sarfati	Director-General of Health	s 9(2)(a)
Maree Roberts	Deputy Director-General, Strategy, Policy and Legislation	s 9(2)(a)

Minister's office to complete:

- | | | |
|---|------------------------------------|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Decline | <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 Withdrawn | |

Comment:

Memorandum of understanding to establish a third medical school

Security level: IN CONFIDENCE

Date: 1 December 2023

To: Hon Dr Shane Reti, Minister of Health

Purpose of report

1. This report provides advice on developing a Memorandum of Understanding (MoU) with the University of Waikato.

Summary

2. The Ministry of Health | Manatū Hauora (the Ministry) is well placed to develop an MoU with the University of Waikato that sets the direction and expectations of the work required to progress a third medical school.
3. We recommend that the MoU set out expectations and direct the Ministry and the University of Waikato, to develop a programme of work that will outline the pathway to establishing a third medical school. This would include your expectations that a full cost-benefit analysis on the feasibility of a medical school at the University of Waikato will be completed before any final decisions are taken. Officials will provide further advice on the approach and who will be involved in development of the cost-benefit analysis.
4. Taking this approach will allow signing of an MoU while:
 - a. progressing with engagement across various stakeholders
 - b. managing the numerous different decision-making processes and stakeholder accountabilities, including agreement from Cabinet
 - c. allowing us to manage legal and commercial risks, including expectations around funding, government contracting and procurement rules, alignment to budget and business case processes
 - d. establishing a clear pathway for regulatory and accreditation requirements.
5. The Ministry will work with the University of Waikato, Health New Zealand | Te Whatu Ora (HNZ), the Ministry of Education, the Tertiary Education Commission (TEC), and other key agencies to develop the programme of work, including ensuring alignment with your other priorities.
6. We recommend that you seek Cabinet agreement to the programme of work once it has been developed with key stakeholders.

Recommendations

We recommend you:

- a) **Direct** officials to draft a Memorandum of Understanding between the Ministry of Health | Manatū Hauora and the University of Waikato **Yes/No**
- b) **Note** that the Memorandum of Understanding would set your expectation that a programme of work is developed that will outline the pathway to establishing a third medical school
- c) **Note** as part of the programme of work there would be full cost-benefit analysis on the feasibility of a medical school at the University of Waikato
- d) **Note** officials will provide further advice on the approach and who will be involved in development of the cost-benefit analysis
- e) **Agree** that the programme of work be provided for consideration by Cabinet in quarter one of 2024 **Yes/No**
- f) **Agree** that to provide the necessary programme information for Cabinet, the Ministry of Health | Manatū Hauora and the University of Waikato will work together to: **Yes/No**
 - i. determine which parties should be involved in the programme of work, resourcing requirements, and how it will be governed
 - ii. set out the programme milestones and outcomes for development and implementation
 - iii. identify health and education sector dependencies such as supervisory and training capability and capacity, safety, and accreditation
 - iv. provide assurance and visibility of the approach and timing for when fiscal information will be provided, including the initial, interim, and full cost-benefit analysis that would be required as work is progressed.



Dr Diana Sarfati
Director-General of Health
Te Tumu Whakarae mō te Hauora

Date: 1/12/2023

Hon Dr Shane Reti
Minister of Health

Date:

Memorandum of understanding to establish a third medical school

Context

1. You have signalled your immediate priorities for developing skills and capabilities in the health system, focused on:
 - a. establishing a third medical school for graduate entry from 2027, with initial capacity for 120 students; and
 - b. s 9(2)(f)(iv) [REDACTED].
2. Officials will provide advice at a later stage on your priorities for the medical trainee cap.

Confirming your expectations for a third medical school

3. Setting clear expectations on the objectives of the third medical school will help inform the development of the MoU and guide a significant programme of work.
4. We understand your priority is to increase the supply of primary and community care doctors committed to serving provincial, rural, and high-needs communities by establishing a graduate-entry medical school with the University of Waikato. This will result in the following outputs:
 - a. increased domestic training capacity; and
 - b. greater emphasis on a training-in-place education model for medical practitioners.
5. The outcomes that can be achieved with a third medical school are dependent on how it is designed and delivered. To achieve your desired outcomes for the health workforce, including the availability and accessibility of medical practitioners, progressing a third medical school could also:
 - a. align training and education with health system needs
 - b. increase the local and national supply of medical graduates
 - c. strengthen interprofessional training
 - d. leverage off and build on Waikato University's existing offerings and health faculty
 - e. increase the diversity of the workforce to reflect the community it is serving
 - f. support entry into hard-to-fill areas.
6. To understand your objectives for a third medical school, officials wish to meet with you to discuss this further.

Development of an MoU

The MoU should be used to set expectations on the initial phase of an extensive work programme

7. To begin the process of establishing a third medical school at pace, you have committed to an MoU with the University of Waikato in your first 100 days. An MoU in this initial phase can be used to indicate your commitment to progressing this initiative in collaboration with the University of Waikato, including:
 - a. clearly signalling your strategic priorities; and
 - b. setting your expectations for the partnership and input into the broad programme of work.
8. We recommend that you direct health officials to draft an MoU between the Ministry of Health | Manatū Hauora (the Ministry) and the University of Waikato for your agreement.
9. We recommend that the MoU would set out your expectation that a programme of work is developed that will outline the pathway to establishing a third medical school. This would include your expectations that a full cost-benefit analysis on the feasibility of a medical school at the University of Waikato will be completed before any final decisions are taken. We will provide further advice on the approach and who would be involved in development of the cost-benefit analysis.
10. The programme of work could be provided to Cabinet for approval in the first quarter of 2024.
11. Taking this approach (to progress with an MoU focused on developing a programme of work) will help manage risks before a feasible proposal is developed, that meets your objectives and provides visibility of the full extent of the costs.
12. To provide the necessary programme information for Cabinet, the Ministry and the University of Waikato would work together to:
 - a. determine which parties should be involved in the programme of work, resourcing requirements, and how it will be governed
 - b. set out the programme milestones and outcomes for development and implementation
 - c. identify health and education sector dependencies, such as supervisory and training capability and capacity, safety, and accreditation
 - d. provide assurance and visibility of the approach and timing for when fiscal information will be provided, including the initial, interim, and full cost-benefit analysis that would be required as work is progressed.
13. An MoU between the Ministry and the University of Waikato that focuses on development of a broad programme of work will enable us to move quickly, while:
 - a. progressing with engagement across various stakeholders
 - b. managing the numerous different decision-making processes and stakeholder accountabilities, including agreement from Cabinet
 - c. allowing us to manage legal and commercial risks, including expectations around funding, government contracting and procurement rules, alignment to budget and business case processes

- d. establishing a clear pathway for regulatory and accreditation requirements.
14. If your intent is to provide the University of Waikato with certainty (through the MoU) that funding will be made available, a full cost-benefit analysis and Cabinet decision should be sought before progressing and we can provide more advice on this approach if required.
15. Setting expectations in the MoU will be critical to the success of the programme and achieving your priority for a third medical school by 2027, given the need to manage breadth and complexity of the considerations noted in the following section.

Considerations for establishing a third medical school

16. To establish a third medical school, there are significant dependencies that will need to be considered as part of the work programme. The key considerations are:
- a. development and design of a new qualification and training model
 - b. workforce needs
 - c. fiscal implications and current health and education system constraints
 - d. involvement of key stakeholders.
17. You should expect to see further information on the above dependencies forming the basis for the work programme to be provided, subject to your agreement, to Cabinet.

Development and design of a new qualification and training model

18. The Education and Training Act 2020 provides Universities with academic freedom and institutional autonomy which (amongst other things) means government agencies are not usually involved in the design of education programmes. However, the MoU provides the opportunity for the health system to be more strongly involved in the development of the training model.
19. To achieve your intended objectives, particularly to grow the supply of primary and community care doctors committed to serving provincial, rural, and high-needs communities, aspects of the education pathway that will require consideration include:
- a. programme design and delivery (including the design and best practice for training within health settings)
 - b. health training capability development, needed both in the education and health systems
 - c. admission pathways
 - d. student support and pastoral care.
20. Health system involvement is also critical to ensure health system capacity and accreditation requirements are factored into the timeframes, particularly if the model of training and approach is to differ significantly from existing approaches.

Health workforce needs

21. Beyond increasing the number of tertiary education providers who offer medical training, introducing a new qualification, and changing the approach to training, you

may wish to consider the broader opportunities for building the training capacity of the health workforce.

22. Factors that contribute to challenges with supply of primary and community care medical practitioners committed to serving provincial, rural, and high-needs communities, are also similar for other health and hauora professionals. Therefore, the benefits to building the training capacity for medical practitioners could have a wider impact on primary care services if this initiative included other health professions. Given that the University of Auckland places large numbers of students in Waikato Hospital and the wider region, further work will be necessary to understand capacity implications.

Fiscal implications

23. Establishing a third medical school is a significant programme of work requiring resource from the Ministry, Health New Zealand | Te Whatu Ora (HNZ), the Ministry of Education, the Tertiary Education Commission (TEC), and other health and education stakeholders.
24. Further work is required, including cost-benefit analysis, to understand the significant investment required in both the tertiary and health systems, and broader impacts on the health system (eg, placement and supervisory capacity).
25. Separate advice will be provided that outlines the indicative costs of increasing the medical trainee cap.

Tertiary fiscal system considerations

26. Universities are also responsible for managing infrastructure investments, including the financing of them. Where infrastructure investments involve borrowing, the Education and Training Act 2020 requires universities to attain the consent of the Secretary of Education, with this process largely managed by the TEC.
27. s 9(2)(j) [Redacted]
28. s 9(2)(j) [Redacted]
29. Alongside the indicative costings for the University of Waikato¹ there will be ongoing operating costs for increasing the number of medical students we train, which are incurred across Votes Health, Tertiary Education, Social Development, and Revenue in outyears. These costs include the student loans, additional supervisor roles in health settings, and education programme funding.

¹ s 9(2)(j) [Redacted]

Health system fiscal implications

30. Noting your manifesto commitment for a new model of training that has an emphasis on training within regional health settings, integration with the health sector on the design of this proposal will be crucial. Managing health system constraints could be significant, but we will not understand the extent or complexity of these dependencies until the work programme is underway.
31. To fully understand the fiscal implications for the health system and where they are incurred, we will need to confirm details on the:
 - a. proposed new model of training and reliance on health system infrastructure, including how we commission and invest in primary and community settings and infrastructure
 - b. health service capacity, especially workforce capacity to provide training and supervision
 - c. potential flow-on effects to other workforces (eg, programme intake from other at-risk health workforces).
32. It will be necessary for the Ministry to work closely with key stakeholders to provide detailed resourcing requirements and fiscal implications.

Involvement of key stakeholders

33. It will be a key aspect of the future programme of work to ensure that we are effectively engaging and have appropriate input from a number of key stakeholders. Their influence is dependent on the intent and key design factors, including health setting utilisation and how different the new model is from existing pathways.
34. The University of Waikato will deliver the new training model and are responsible for building and providing the facilities. However, as owners of the land Waikato-Tainui will first need to agree to lease the land for any new infrastructure and may want further input into how the land is used.
35. To set the parameters of training that can safely occur in health settings, input from HNZ is fundamental to the design and development of a new medical training pathway. Health entities can also engage local health providers who may be needed for in-place training and placements.
36. The Health Practitioners Competence Assurance Act 2003 (HPCA Act) requires responsible authorities to accredit all training programmes for regulated health professions, including medical practitioners. Neither you or the Ministry have levers to influence or provide input into the accreditation process.
37. The HPCA Act is currently under review which provides an opportunity to update the roles of the Ministry, the Minister, and responsible authorities (such as the Medical Council) in setting standards and strategic direction for the health workforce.
38. To understand timeframes and requirements needed for accrediting a new medical training programme, the Medical Council will need to provide input to the development of this proposal. The Medical Colleges have an informal role in accreditation, often supporting the Medical Council to perform their functions so their involvement may also be needed.

39. Support from other universities with existing medical schools across New Zealand and Australia would also bring capability and expertise, strengthen the design of the programme, and may ease the accreditation and regulatory processes. It would also be valuable to seek input from the New Zealand Medical Student Association on how the current model is working and provide input into any new training pathways.
40. The Ministry of Education and the TEC will lead advice on the investment for infrastructure, programme development, and tertiary education settings. To receive funding from the TEC, once designed, the University of Waikato will need to follow the standard process for this medical programme to seek approval from the Committee on University Academic Programmes (CUAP), a sub-committee of Universities New Zealand.

Next steps

41. Subject to your agreement, officials will work with your office to arrange a time to meet to further discuss your intent for a third medical school and the workforce outcomes you want to achieve.
42. Once we have confirmed the key outcomes you want to achieve, we will prepare a draft MoU for your feedback and engage with the University of Waikato on the approach and potential outputs for the MoU.

ENDS.

Minister's Notes

PROACTIVELY RELEASED