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**The Royal Australasian College of
Physicians' submission to the
Finance and Expenditure Select
Committee**

Budget Policy Statement 2022
Kohitātea 2022

Introduction

The Royal Australasian College of Physicians (RACP) welcomes the opportunity to submit feedback on the Budget Policy Statement 2022.

The RACP works across more than 40 medical specialties to educate, innovate and advocate for excellence in health and medical care. Working with our senior members, the RACP trains the next generation of specialists, while playing a lead role in developing world best practice models of care. We also draw on the skills of our members, to develop policies that promote a healthier society. By working together, our members advance the interest of our profession, our patients and the broader community.

Overall Position and Response to the Budget Policy Statement

The RACP supports the three overarching goals the Government has adopted:

- Continuing to keep Aotearoa New Zealand safe from COVID-19
- Accelerating the recovery and rebuild from the impacts of COVID-19
- Laying the foundations for the future, including addressing key issues such as our climate change response, housing affordability and child poverty.

The RACP also strongly supports the two policy areas of focus that the Government has identified within the Budget Policy Statement (BPS) 2022- embedding health reforms and addressing climate change. The RACP recognises that as we enter a period of health reform, significant resource is required to deliver the health system shifts envisaged through reform, including investment in a skilled, sustainable health workforce¹. We also strongly support efforts to address climate change, the greatest global threats facing the world in the 21st century, but also the greatest opportunity to redefine the social and environmental determinants of health^{2,3}.

The RACP sees the Government's outlined priorities as interwoven and interdependent – meaning that actions taken in one area will have direct and indirect effects on others. We call for the Government to navigate towards achieving its goals by the principles of Te Tiriti o Waitangi: Tino Rangatiratanga, Active Protection, Partnership, Equity and Options.

Our members have observed the unprecedented speed and intensity of government action in its COVID-19 response, showing that much can be achieved when political will and the wellbeing of the population demands it. We have observed rapid temporary solutions to solvable public policy issues such homelessness (albeit temporarily, during the national 2020 lockdown) and the state meeting the needs of many people who had never previously required Government financial assistance through the Wage Subsidy and Resurgence Payment schemes.

¹ Royal Australasian College of Physicians. Submission to the Pae Ora Legislation Committee. [Internet] 9 December 2021. Available from https://www.racp.edu.au/docs/default-source/advocacy-library/racp-submission-on-the-pae-ora-healthy-futures-bill.pdf?sfvrsn=c830c61a_6. Accessed 11 January 2022.

² Romanello M, McGushin A, Di Napoli C. The 2021 report of the Lancet Countdown on health and climate change: code red for a healthy future. [Internet] Lancet. 2021;398(10311): 1619-1662. Available from: [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(21\)01787-6/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(21)01787-6/fulltext). Accessed 11 January 2022.

³ The Royal Australasian College of Physicians. Climate Change and Health position statement. Sydney: The Royal Australasian College of Physicians; 2015. Available from <https://www.racp.edu.au/advocacy/policy-and-advocacy-priorities/climate-change-and-health>. Accessed 11 January 2020.

At the time of writing, Aotearoa New Zealand is entering a new phase of the pandemic with an outbreak of the Omicron variant of SARS-CoV-2. The shift away from the elimination strategy to a gradual adaptation to “living with the virus” and the high transmissibility of Omicron has the potential to overwhelm the health system, increase inequities, and disrupt essential services and supply chains, as is being seen elsewhere⁴.

We call for a greater emphasis on equity in the ongoing response, recovery and rebuild from the impacts of COVID-19. The evidence of a ‘K-shaped’ recovery – where the gap between the top and bottom income percentiles increases sharply – has been building since 2020, and is most visible in the growth in house prices, which have increased 29 per cent in 2021^{5 6}.

Health Reforms

Treasury must recognise that significant investment is required to address the social determinants of health, and workforce and training issues if the health reforms are to create a health system that will generate equitable health outcomes.

Funding to address the social determinants of health

Our members have observed a collective failure in Aotearoa New Zealand to break the cycle of treating a person’s illness before sending them back to the environments that initially made them ill, a situation that has been highlighted with the advent of Covid-19. The bold reforms for the health system will not be realised without comprehensive action to address the social determinants of health.

The RACP recognises that 80 per cent of the drivers of health are factors that lie outside healthcare services, such as housing, transport, food and work conditions – evidence detailed in the Health and Disability System Review Report⁷. Our campaign for equity, Make it the Norm recognises the roles inadequate incomes, substandard housing and insecure work play in poor health outcomes for New Zealanders. We advocate for solutions that address these issues at the structural and systems level⁸.

The RACP commends Treasury on the overarching policy goals of the BPS which reflect the importance of a strong public health response to maintaining economic wellbeing and acknowledges that addressing some key determinants of health (climate change, housing affordability and child poverty) will lay foundations for the future. However, we call for the BPS to provide more detail on how it will strategically invest across multiple budgets to address the societal factors that affect population health.

⁴ Baker M, Summers J, Kvalsvig A, Harwood M, Wilson N. Preparing for Omicron: A proactive government response is urgently needed to minimise harms. [Internet] Public Health Expert Blog 17 January 2022. Available from <https://blogs.otago.ac.nz/pubhealthexpert/preparing-for-omicron-a-proactive-government-response-is-urgently-needed-to-minimise-harms/>. Accessed 27 January 2022.

⁵ Treasury. Half yearly economic and fiscal update. [Internet] 15 December 2021. Available from <https://www.treasury.govt.nz/system/files/2021-12/hyefu21.pdf>. Accessed 27 January 2021.

⁶ Morris T. The Side-Eye’s Two New Zealands: The K Shape. [Internet] 24 March 2021. Available from <https://thespinoff.co.nz/society/29-12-2021/the-side-eyes-two-new-zealands-the-k-shape-2>.

⁷ Health and Disability System Review. Final report. [Internet] Wellington: Health and Disability System Review; 2020. Available from <https://systemreview.health.govt.nz/>. Accessed 26 January 2022.

⁸ Royal Australasian College of Physicians. Make It The Norm: Equity through the Social Determinants of Health. [Internet]. Royal Australasian College of Physicians; 2020. Available from <https://www.racp.edu.au/advocacy/make-it-the-norm>. Accessed 26 January 2022

- Specific investment needs to be directed towards social sector agencies to ensure accountability and collaboration with the health sector; this work cannot be left to the health sector alone.

We also recognise the impact of colonisation of Aotearoa New Zealand and acknowledge the social structures that impact on poor health outcomes for Māori have always contravened Te Tiriti o Waitangi. Colonisation has created an environment designed to ensure Pākehā dominance at the expense of Māori rights and good health⁹.

- The RACP asks that Budget 2022 refers explicitly to how each funded initiative will honour Te Tiriti obligations, particularly in relation to health and social services.

Hauora Māori

- The RACP acknowledges that the BPS refers to the establishment of the new Māori Health Authority to drive hauora Māori and commission health services directly.
- We call for further detail of commitment to significant investment to establish this new entity on a sustainable footing.

Funding to address workforce and training

The RACP also notes that the BPS needs to acknowledge the importance of funding a capable, culturally safe health workforce as essential to achieving the aspirations of the health reforms. Increased funding certainty to support longer-term planning for health service delivery is urgently required.

- The College calls for Treasury to better recognise the need for workforce planning, especially given the strains on the health workforce under the COVID-19 pandemic and anticipated exit of health professionals from the workforce.
- We also call for Treasury to acknowledge the importance of funding to strengthen Māori and Pasifika capacity, and to funding to ensure investment into a competent and culturally safe non-Māori, non-Pasifika workforce.

Wellbeing Objectives

Physical and Mental Wellbeing

Child Wellbeing

Māori and Pacific Wellbeing

The RACP urges collaborative, multidisciplinary and creative thinking from Government, its agencies and policymakers to enact real change to improve wellbeing.

The RACP sees all the Wellbeing Objectives identified in the BPS as being intrinsically linked: for example, Child Wellbeing and its priorities of reducing child poverty through improved access to housing are intertwined with Physical and Mental Wellbeing and the Future of Work, as these latter

⁹ Curtis E. I love my culture, but it's not the answer to Māori health inequities. [Internet] e-Tangata. 8 March 2020. Available from <https://e-tangata.co.nz/comment-and-analysis/i-love-my-culture-but-its-not-the-answer-to-maori-health-inequities/>. Accessed 12 January 2022.

objectives are deeply connected to the wellbeing outcomes of parents and caregivers. The RACP conceptualises Child, Physical and Mental Wellbeing as “Whānau Wellbeing” – we do not separate children or adults from the immediate social contexts of their whānau. Equally, climate change is a determinant of wellbeing with profound physical and mental wellbeing outcomes, which will be inequitably distributed across social gradients, disproportionately impacting tangata whenua, Pasifika and people living in coastal areas.

All whānau must be supported to enjoy the highest possible standard of health and wellbeing. One of the most stark and egregious examples of health inequity is in life expectancy: Māori will, on average, die seven years earlier than non-Māori, non-Pasifika populations¹⁰.

Future of Work

Work is key determinant of wellbeing, providing access to income, social connections, and education opportunities. Definitions of work should not be limited to paid employment, and the RACP believes that the Government's definition of work in the Future of Work wellbeing objective must incorporate unpaid work, volunteering, and care work – all contributing significant social good.

The Productivity Commission has identified technology adoption as an important source of future productivity and a means of driving sustainable economic growth, and the RACP acknowledges that the future of work will require technological adaption as a lever to increase innovation and productivity¹¹. We recognise the potential of technology to improve access to health services and achieve equity in health care, we recommend considerations around the future of work should also involve making Good Work the Norm while adapting to rapid technological change¹².

The College has issued a consensus statement on the Health Benefits of Good Work and recognises work as an important determinant of health and wellbeing. Good work – work that is meaningful, flexible, productive and does not cause harm – is good for people's health and wellbeing¹³.

The RACP has identified that the costs of technological adaption fall unevenly on employers, workers and whānau, making driving economic growth through technological change challenging¹⁴. The advent of Covid-19 has sped up the pace of this change but also highlighted and accentuated systemic inequities in the workforce¹⁵.

¹⁰ Walsh M, Grey C. The contribution of avoidable mortality to the life expectancy gap in Māori and Pacific population in New Zealand-a decomposition analysis. [Internet] NZMJ;132(1492): 46-60. Available from: <https://journal.nzma.org.nz/journal-articles/the-contribution-of-avoidable-mortality-to-the-life-expectancy-gap-in-maori-and-pacific-populations-in-new-zealand-a-decomposition-analysis>. Accessed 26 January 2022.

¹¹ Productivity Commission. Technological changes and the future of work. [Internet] [Technological change and the future of work \(productivity.govt.nz\)](https://www.productivity.govt.nz/technological-change-and-the-future-of-work). Accessed 12 January 2022.

¹² Royal Australasian College of Physicians. Make It The Norm: Good Work. [Internet]. Available from: <https://www.racp.edu.au/advocacy/make-it-the-norm/good-work>. Accessed 25 January 2022.

¹³ Royal Australasian College of Physicians. Realising the Health Benefits of Good Work consensus statement. Available from: [afoem-realising-the-health-benefits-of-work-consensus-statement.pdf \(racp.edu.au\)](https://www.racp.edu.au/advocacy/realising-the-health-benefits-of-good-work-consensus-statement). Accessed 12 January 2022.

¹⁴ Royal Australasian College of Physicians. Submission on the Budget Policy Statement 2020. Available from: https://www.racp.edu.au/docs/default-source/advocacy-library/racp-submission-on-the-budget-policy-statement-2020-21.pdf?sfvrsn=1b6ae41a_4. Accessed 26 January 2022.

¹⁵ The Spinoff Group Think. The future of work: Insights from across Aotearoa. [Internet] The Spinoff. 17 February 2021. Available from: <https://thespinoff.co.nz/partner/trade-me/jobs/17-02-2021/the-future-of-work-insights-from-across-aotearoa>. Accessed 26 January 2022.

Climate Change and a Just Transition

The College welcomes the inclusion of climate change as policy area of focus in the BPS. We have been disappointed at the lack of momentum on addressing this issue with the importance and urgency it deserves.

We endorse the objective for Budget 2022 to support the transition to a climate-resilient, equitable, sustainable and low-emissions economy. Co-benefits to health of Just Transitions include improved quality of life and living conditions, reduced exposure to health harming indoor and outdoor air pollution, less exposure to hazardous chemicals and a slowing of climate change¹⁶. The RACP notes that climate related investment was a small portion of Budget 2021, with only \$14 million allocated for supporting communities facing transitions¹⁷. This is far from the investment that is required for transformational change.

The RACP strongly supports the inclusion of health perspectives in the transition shift the economy towards an equitable, climate-neutral and health-promoting future. We also recognise that Mātauranga Māori and Te Ao Māori have critical knowledge and expertise which will provide the solutions to our climate crisis. Sustainability will give priority to decarbonising infrastructure and operations, procurement, and ensuring that new developments centre climate change action and just transition principles, including alignment with Te Tiriti.

The RACP calls for Budget 2022 to deliver significant investment to secure a healthy just transition to a low-emissions economy for all New Zealanders. We recommend:

- Funding Health Impact Assessments for all Just Transition decisions to assess for the potential effects, damages and benefits to the health of a population. These should consider how public health protection and the well-being of populations will be included in each Just Transition plan. We encourage the development of a tool similar to that of the Health and Environment Alliance, contextualised for Aotearoa NZ in partnership with hapū, iwi and hapori Māori, Pasifika, working people and employers, and impacted communities¹⁸.

Action on food systems as part of a Just Transition

Almost half of Aotearoa New Zealand's GHGs come from agriculture, and the dairy sector contributes 46 per cent of these emissions^{19 20}. Insights by the Intergovernmental Panel on Climate Change (IPCC) show that transitioning toward a low-carbon production is just as imperative in agriculture as decarbonisation of the energy sector²¹. This is not only about reducing GHGs while ensuring food producers have living incomes, but a prerequisite for addressing one of the most

¹⁶ Matkovic V. Just transition for health protection Why disease prevention and zero pollution need to be at the heart of energy investments. [Internet] HEAL Health and Environment Alliance: Brussels; 2020. Available from <https://www.env-health.org/wp-content/uploads/2020/12/HEAL-Just-transition.pdf> Accessed 11 January 2022.

¹⁷ Riley H. Did the Budget Secure a Just Transition? Economic Insights May 26, 2021. Available from <https://berl.co.nz/economic-insights/community-development-environment-and-sustainability-government-and-fiscal-policy> Accessed 11 January 2022.

¹⁸ Health and Environment Alliance. (HEAL). A Territorial Just Transition Plan for Health Protection. [Internet] Available from: https://www.env-health.org/wp-content/uploads/2021/09/HEAL-Just-transition_scorecard.pdf Accessed 11 January 2022.

¹⁹ Ministry for the Environment. Agriculture emissions and climate change. [Internet] 13 April 2021. Available from: <https://environment.govt.nz/guides/agriculture-emissions-climate-change/> Accessed 11 January 2022.

²⁰ New Zealand Agricultural Greenhouse Gas Research Centre. Farm Types/Dairy. [Internet] Available from <https://www.agmatters.nz/farm-types/dairy/> Accessed 11 January 2022.

²¹ Blattner C. Just Transition for Agriculture? A Critical Step in Tackling Climate Change. J Agriculture Food Systems and Community Development. [Internet] 2020; 9(3):1-6. Available from https://www.researchgate.net/publication/340179204_Just_Transition_for_Agriculture_A_Critical_Step_in_Tackling_Climate_Change Accessed 11 January 2022.

pressing global challenges - providing nutritious, affordable food for a growing population while protecting the vital natural systems that sustain life.

Health reform opportunities for a Just Transition

The health sector contributes to between 3 and 8 per cent of Aotearoa NZ's carbon emissions, with hospitals producing about twice the carbon of traditional office spaces²². The health reforms present an unprecedented opportunity for Aotearoa to radically decarbonise health care, particularly through the upgrading and centralisation of infrastructure and systems, shifts to different models of care, care closer to home.

Conclusion

The RACP thanks the Finance and Expenditure Committee for the opportunity to provide feedback on this consultation. To discuss this submission further, please contact the NZ Policy and Advocacy Unit at policy@racp.org.nz.

Nāku noa, nā



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²² New Zealand Government. Healthcare sector committed to reducing carbon footprint [Internet]. New Zealand Government, 9 February 2018. Available from: <https://www.beehive.govt.nz/release/healthcare-sector-committed-reducing-carbon-footprint>