



ASSOCIATION OF SALARIED MEDICAL SPECIALISTS
TOI MATA HAUORA

Submission to The Treasury on the Discussion Document: Embedding wellbeing in the Public Finance Act 1989

12 October 2018

Introduction

This submission reflects one of the key policy roles of the Association of Salaried Medical Specialists (ASMS) of promoting policies which support the development and maintenance of a high quality public health service and a healthy population. It is presented in three sections, each beginning with the set of questions asked in the Discussion Document.

Background

The Association of Salaried Medical Specialists is the union and professional association of salaried senior doctors and dentists employed throughout New Zealand. We were formed in April 1989 to advocate and promote the common industrial and professional interests of our members and we now represent over 4,600 members, most of whom are employed by District Health Boards (DHBs) as medical and dental specialists, including physicians, surgeons, anaesthetists, psychiatrists, oncologists, radiologists, pathologists and paediatricians.

Over 90% of all DHB permanently employed senior doctors and dentists eligible to join the ASMS are in fact members. Although most of our members work in secondary and tertiary care (either as specialists or as non-vocationally registered doctors or dentists) in the public sector, a small but significant and growing number work in primary care and outside DHBs. These members, many of whom are general practitioners, are employed by the New Zealand Family Planning Association, ACC, hospices, community trusts, Iwi health authorities, union health centres and the New Zealand Blood Service.

The ASMS promotes improved health care for all New Zealanders and recognition of the professional skills and training of our members, and their important role in health care provision. We are committed to the establishment and maintenance of a high quality, professionally-led public health system throughout New Zealand.

The ASMS is an affiliate of the New Zealand Council of Trade Unions.

Proposal to create enduring wellbeing requirements:

To report on wellbeing objectives

- *Do you agree with the proposal to require the Government to set out how its wellbeing objectives, along with its fiscal objectives, will guide its Budget decisions? Why or why not?*
- *What do you think are the main impacts of implementing this proposal?*
- *What else does the Government need to consider when making the proposed changes, eg, to retain sufficient flexibility for future Governments to adapt their approach to wellbeing in response to changing circumstances or new information?*

We agree with the proposal to require the Government to set out its wellbeing objectives to help guide Budget decisions. As the Discussion Document says, the purpose of growing our economy is to improve the wellbeing and living standards of New Zealanders and the natural resources that sustain us. Consideration of wellbeing objectives alongside fiscal objectives enables a better balance towards such an approach.

The impact of the proposal would depend on *how* fiscal and wellbeing objectives are balanced and the extent to which each Government is committed to ensuring a reasonable balance is maintained, bearing in mind that many of the important objectives are likely to require long-term commitment.

Just as Members of Parliament are collaborating across party lines in response to climate change, consideration could be given to obtaining support for this wellbeing proposal from the parliamentary Opposition. Again as the Discussion Document points out, there is no guarantee that future Governments would continue to consider wellbeing objectives in Budget decisions. The legislative “flexibility to articulate how [each Government] thinks about wellbeing”, could have the effect of putting the brakes on long-term programmes to improve wellbeing – for example, addressing the range of well documented determinants of ill health. Nor is there any guarantee that a future Government would not rescind the proposed changes to legislation. The Opposition’s support for this policy approach would clearly help to ensure it is firmly embedded in the years ahead and would help to ensure greater confidence in committing to longer-term programmes that may not necessarily produce significant gains in the short term. Rejection by the Opposition of this proposed approach would at least provide some clear policy distinction for the New Zealand public to consider at election time.

Further, we believe poor standards of wellbeing among sections of the population, due in part to unmet health need (including delays in treatment), are a substantial but unacknowledged ‘debt’, socially and economically. Conversely, the compelling evidence that greater investment in the health system, when used wisely, will lead to a healthier economy as well as a healthier population.

Given the current taxation approaches are under review, there is an opportunity to introduce a new taxation policy to increase government revenue to enable greater investment in health care and to contribute to cross-sector illness prevention and health promotion strategies, such as reducing

poverty and encouraging healthy eating. In short, a taxation policy that enables greater investment in health care and addresses the key determinants of ill health, would make a positive contribution to GDP and New Zealanders' wellbeing.

We note that of the 10 (mostly northern European) countries rated most highly for converting economic growth into wellbeing, reported by the World Economic Forum, all bar one in 2016 had tax revenues above 36% of GDP, with six countries topping 40% of GDP, (while New Zealand's was 32%). There is a similar gap between these countries' level of government expenditure and that of New Zealand's. The Government's fiscal policy priority of capping government spending at 30% of GDP in order to reduce government debt appears to seriously undermine the potential for the Government's vision of wellbeing. It is also inconsistent with the proposed policy intent of creating a better financial-wellbeing balance.ⁱ

To report on wellbeing indicators

- *Do you agree with the proposal to require the Treasury to report on wellbeing indicators, alongside macroeconomic and fiscal indicators? Why or why not?*
- *Which of the options do you think best meets the objective to create consistent, meaningful, and enduring reporting on wellbeing indicators? Why?*
- *What do you think are the main impacts of implementing this proposal?*

We support the proposal for wellbeing indicators to be reported alongside macroeconomic and fiscal indicators but we do not agree it should be left to Treasury officials "to identify appropriate wellbeing measures, using their best professional judgment". Too often we have observed how the promotion of evidence-based policy becomes in practice 'policy-based evidence', which occurs in part when the forming of evidence is distorted by existing policy preoccupations.

We appreciate that some wellbeing indicators will evolve over time as the evidence and data availability improve and they may need adapting as greater knowledge and experience is gained about wellbeing reporting to ensure it becomes as useful as possible.

We believe strongly that these processes around developing and deciding on wellbeing indicators must be transparent and free of any influence from Ministers. The research and evidence for establishing wellbeing indicators must have not only have legitimacy among those who set policy but also be open to public scrutiny and have the support and acceptance of the public.

A better place for such wellbeing research, evaluation and advice on data development would be an agency such as the proposed 'Independent Fiscal Institution'ⁱⁱ (which is subject to a separate submission process), which we believe should be accountable to Parliament rather than the Executive. Indeed, establishing an 'Independent Fiscal *and Wellbeing* Institute' would be more in keeping with this proposal to place wellbeing objectives alongside fiscal objectives. Its functions could include commissioning independent research to inform wellbeing policy and data development.

The purpose of the institute would then become, to:

“Enhance fiscal and wellbeing policy responsibility, accountability and transparency, support public debate, and strengthen Parliamentary scrutiny.”

This could be achieved by:

“Providing Parliament and the public with independent and non-partisan analysis and assessment on fiscal and wellbeing policy, economic and fiscal forecasts, trends in wellbeing indicators, and the financial and wellbeing implications of political party policy proposals.”

Requiring consideration of wellbeing in other documents required under Part 2 of the Public Finance Act

- *Do you agree that the Statement on the Long-term Fiscal Position and/or the Investment Statement should be required to have a focus on wellbeing in future? Why or why not?*
- *What do you think are the main impacts of implementing this proposal?*

We agree the above documents should be required to include a strong focus on wellbeing, in keeping with the policy intent to set out how the Government’s wellbeing objectives, along with its fiscal objectives, will guide its Budget decisions.

This would reinforce the importance of ensuring wellbeing development is a prominent part of fiscal and economic planning. As with the above proposals, the impacts of implementing this proposal will depend on the extent of ongoing political commitment to it. This could range from having a barely discernible effect on improving wellbeing to a world-leading game-changer on how standards wellbeing can be systematically improved when they are an integral part of fiscal and economic policies.

ⁱ ASMS. Submission to the Tax Working Group, 30 April 2018. Available: https://www.asms.org.nz/wp-content/uploads/2018/05/Submission-to-the-Tax-Working-Group_169851.3.pdf

ⁱⁱ NZ Government: New Zealand’s Fiscal Policy Framework: Establishing and Independent Fiscal Institution. Available: <https://treasury.govt.nz/publications/consultation/establishing-independent-fiscal-institution>