

BUDGET 2020

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Budget 2020 has been termed a 'once in a generation' Budget to help the country cope with the crisis brought about by the Covid-19 pandemic.

With it comes some significant spending in the health sector. Vote Health rises to \$20.269 billion for 2020/21, up by about 3% per cent from the latest estimate for the current financial year.

In a pre-Budget statement, it was announced that DHBs would receive an extra \$980 million in 2020/21, and a total of \$3.92 billion over the next four years.

Below is a table showing the main areas of expenditure over the next year and the corresponding rises or falls in funding levels.

Health Vote 2020 – Main operational items

Service areas	19/20 \$m	20/21 \$m	% increase
Ministry of Health	221	250	13.1
DHBs	13,980	15,274	9.3
National services	3,221	3,760	16.7
Disability support	1,345	1,707	26.9
Public Health	440	469	6.6
Planned care	396	425	7.3
Primary H/C Strategy	331	367	10.9
Maternity services	189	205	8.5
Emergency services	150	148	-1.3
Mental Health	141	208	47.5
Child Health	113	112	0.9
Personal health	67	67	0.0
Other	49	52	6.1
Misc			
Training & development	212	219	3.3
Monitoring/protection	32	26	-18.8
Other	32	34	6.3
Provider development & 'other'	46	55	4.7

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Our Budget takeaways

There is no doubt the extra \$3.92 billion in operational funding for DHBs over the next four years which is the largest injection into health in a decade. ASMS has called it a '[Big Step in the Right Direction](#)' after years of chronic underinvestment in our hospitals and health services.

An injection of money to support post-Covid catch-ups is also welcome.

But ...

- We already have a massive tail of unmet need and we know that catch-ups take a very, very long time.
- There will be ongoing acute demand which was causing bed block and 100% bed occupancy levels in many hospitals well before the Covid crisis.
- We need to be alert to pressure on staff as hospitals balance ongoing acute demand with the backlog of planned care, first specialist appointments, and follow-ups.
- We still have significant workforce shortages and even with more funding these cannot be addressed immediately. Bringing senior doctors and dentists into New Zealand will be as difficult as ever, and it still takes the same amount of time to train junior doctors.
- We do not yet know what impact post-Covid border and travel restrictions will have on medical training and recruitment, but it is a fair bet that this has become more difficult, not less.



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- It is not immediately clear how much of the new money for DHBs would go into dealing with their deficits.
- Capital investment in health falls well short of Treasury's 2018 estimated capital investment needs over 10 years.

As Richard Hamblin and Carl Shuker noted in their excellent [Spinoff article](#), “our system is not a linear production line where treatments are applied to relatively predictable demand.” Our system is messy and overloaded, and workload for senior doctors and dentists is an ongoing cause for concern.

While money is part of the picture, so is wellbeing. Safe, sustainable work with access to appropriate admin support, non-clinical time, leave, and decent workspaces are even more important. Fatigue and burnout are the enemies of catch up, and hospital occupancy needs to be managed with an eye on staff safety as well as for patients.



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