



Media release

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Amanda Malu: Deliberate underfunding of not-for-profit health services has to stop

OPINION

As I reflect on my six-year tenure as Chief Executive of Whānau Āwhina Plunket, I am heartened by how much has changed yet saddened by how much has stayed the same.

I've seen incredible changes within our organisation, most of it developed and implemented by our passionate, professional and committed staff – determined to create an integrated and equitable service for the future. A team of registered nurses, Kaiāwhina, Community Karitāne workers, community and corporate staff go the extra mile every day in their dedication to making a difference in the lives of the whānau we serve.

Sadly, what has not changed, is the way successive governments take for granted the goodwill and services that not-for-profits like Whānau Āwhina Plunket provide in supporting our communities, underfunding us in the expectation that the goodwill will ensure we make up the difference. That goodwill, and our ability to make up for system failures, is wearing perilously thin.

Before we start every financial year, we are already \$3 million in deficit because our health funding does not include the depreciation costs on our technology and equipment – a fundamental cost of operating a service in today's world.

To cover this, we have sold off the family silver – in the form of our properties – to remain afloat and to continue delivering our services. I can't imagine any business accepting a contract under these kinds of conditions. And of course it is not sustainable.

Our organisation is constantly facing criticism from the community about reducing our services, even when the root cause of that reduction is underfunding. Earlier this year we were forced to shut down our popular PEPE parenting courses because they were costing us \$400,000 each year to run, which was not covered by a government contract or funding. We needed that \$400,000 to ensure we could maintain our core Plunket nursing service: it was impossible for us to do both.

This is the kind of heart-breaking decision we are forced to make in order to balance our books. We do it knowing it means whānau are missing out on valued additional services that previous generations loved so much.

But we also do it to ensure that the service we do deliver is safe, fit-for-purpose, modern, and delivered where the need is greatest. To this end, over the past seven years, Plunket has done a huge amount of work to introduce new electronic processes, to increase our bi-cultural capability, and to ensure our processes protect the health and safety of our incredible workforce.

We have knocked on almost every door in the country, asking for more money to make up the difference. But many people question why their charitable dollar should go to an organisation providing a service that is so essential it should surely be funded by the government.

We have done this every year in the background and with respect for a fair process, and in the hope that a positive resolution will be achieved. But as I prepare to leave this role, I cannot see that fair resolution ahead. We and other not-for-profit social services like us continue to be knowingly underfunded and expected to keep delivering the same services: even as we face increasing pressures on our workforce and in our communities. The NGO sector cannot carry government services anymore, without proper recognition of the true cost of doing so.

For Plunket, we have reached the point where we need a financial circuit breaker to survive. However we crunch the numbers, the difference between our funding and the cost to serve remains the same: if we were to offer our nurses pay parity with the DHBs, the shortfall this year alone would be over \$9m.

That's a drop in the bucket compared with the half-a-billion dollars of DHB debt the government has completely written off in the new health reforms.

We have welcomed the creation of Te Whatu Ora and Te Aka Whai Ora. And like others in the NGO sector we have done our best to prepare ourselves for the new health system. Across the system, not-for-profit health providers like Whānau Āwhina Plunket have driven costs down, and in our case we have sold assets and reduced our community services. We have fronted up, and generated the evidence, and answered every question asked of us, to demonstrate the true cost of delivering our services, only to still be funded significantly less than the true costs.

And we are hostage to the system. We prefer to work in partnership with government agencies and we acknowledge that raising our voice is a risk – to our relationships and potentially to the funding we desperately need. This in turn endangers our ability to do our crucial work in the community. Insufficient funding is still funding, and so we keep our heads down and keep working behind the scenes in the hope that someone will see sense.

This can't go on. If the government doesn't begin to fund community health services to match the cost of delivery, Aotearoa New Zealand will lose crucial, and in some cases beloved, services.

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