

COSTS OF INJURY STRATEGY (PAPER 1):

VISION, PURPOSE, SCOPE, & CRITERIA

Introduction

This is the first of two papers outlining a Strategy to improve the standard of information on the costs of injury in New Zealand.

This paper (“Paper 1”) outlines the Vision, Purpose Statement, Scope, and Criteria for the Costs of Injury Strategy (refer boxed text throughout paper).

A second paper (“Paper 2”), outlines the Costs of Injury Framework.

Background: Costs of Injury Symposium

The Costs of Injury Symposium, hosted by the Department of Labour in October 2002, provided a useful forum for government analysts and non-government researchers and experts to begin discussing the merits and ways of moving forward in this area. The government requires cost information for a wide range of decisions regarding the allocation of resources to manage the incidence and severity of injury in New Zealand.

Some of the key messages that emerged from the Symposium were:

- we need good information on ‘human’ costs of injury—that is, the intangible costs such as pain and suffering and years of potential life lost, as well as ‘resource’ costs of injury—that is, the direct and indirect costs of injury such as prevention, medical expenses and loss of earnings
- we need unit record data where possible (unit to be decided) to address a wide range of policy questions, to accommodate a diverse range of information needs and information users, and to facilitate intersectoral and international comparisons
- we need to build on or supplement existing administrative information, analytical models, and institutional structures such as the Injury Information Manager
- we need to protect and consider enhancing information that already exists (e.g. data integration) and ensure that existing and enhanced information can be utilised by stakeholders through improving communication between agencies and accessibility
- we need to be aware of the limitations of improving information given existing administrative systems, and the diminishing returns from improving information
- we need to explore a range of measurement approaches and recognise that different approaches serve different purposes.

A Working and Steering Group were set up after the Symposium to develop a Strategy to develop and organise these ideas as a basis for improving information on the costs of injury over the next 5 – 10 years.

Officials from the Department of Labour, ACC, the Ministry of Health, the Ministry of Transport, Statistics New Zealand, and the Land Transport Safety Authority are represented on these Groups.

Early on, the Groups agreed that it is important to achieve consistency in the measurement of injury costs information, but not necessarily in decision-making. Cost information is only an input into decision-making—cost information is not an end in itself and does not dictate a specific allocation of resources either by the government or non-government. An efficient allocation of resources, for instance, will have to consider other factors—the costs of mitigation, including any welfare effects, for example.

Vision

Information on the costs of injury is scattered and inadequate. Much of the information available is generated for administrative purposes only, so it meets the needs of specific agencies rather than the wider needs of government. The information is also inconsistent in that agencies use different tools to measure, broadly, the same types of costs, and they base their cost estimates on different data.

The vision is effectively a long-term goal or outcome for the strategy to provide direction for various sub-projects and agencies.

The vision should be high-level and enabling, rather than prescriptive. The vision also needs to be straightforward, achievable, realistic, and measurable—not something that could mean different things to different people.

The vision agreed for the Strategy is:

**To develop and maintain
the most comprehensive and integrated injury costs information**

“Comprehensive” means complete costs information. Where a cost estimate is generated, it should include all cost components that emanate from the injury (i.e. all resource and human costs).

“Integrated” means common or standardised estimates for common purposes, but still allows for differences across agencies and injury sectors.

“Information” refers to both actual data and synthetic data that need to be estimated, which is either quantitative or qualitative.

Purpose

The purpose statement is intended to illuminate the vision statement: to what end do we want “better injury costs information”?

The purpose statement agreed for the Strategy is:

To improve estimates of the impact of injuries in NZ to assist decision-makers to:

- determine and evaluate investment in managing the incidence and/or impact of injuries
- set and evaluate priorities and outcomes across injury prevention, rehabilitation & compensation initiatives (e.g. NZIPS)
- determine and evaluate who bears the costs of injuries

The purpose statement reflects the desire to enhance the capacity for decision-making in respect of injuries across government agencies, within government agencies and between government agencies and non-government representatives, and protect information that already exists. While cost information does not assist decision-making per se, it provides a valuable input into evaluation tools like cost-benefit analysis that do assist decision-making. Broadly speaking, decision-making involves the allocation of resources. The three bullet points in the purpose statement are therefore intended to illustrate a range of levels and types of resource allocation that better cost information could contribute to.

The Groups were mindful that cost information, and the decision-making or evaluation tools it assists, is only an aide to decision-making. It is not the only basis on which decisions are made; other factors such as social values, equity, and competing demands on scarce resources are equally important. The strategy is not intended to imply outcomes of decisions that cost information will contribute to.

The whole of government approach being implied by the strategy is one in which agencies and non-government agencies have access to the same type and quality of information to make or influence decisions on similar issues, not one in which the information dictates a specific or ‘optimal’ allocation of resources.

Scope

The scope defines what will and will not be covered by the strategy. At this stage, the scope is intentionally broad:

The costs of injury strategy will cover:

- preventive and consequential costs of injury
- injuries as defined by the Injury Information Manager¹
- 'resource' and 'human' costs of injury to individuals, family, whanau, community, government, employers, & society
- injuries incurred in New Zealand, including anywhere within New Zealand's Exclusive Economic Zone
- historic and future costs

Different types of injuries, severity of injury, where injuries occurred, NZIPS priorities, and demographics are all bases upon which the scope can be further refined.

It should be noted that preventive costs of injury are widely regarded as difficult to measure because it is difficult to allocate these costs to specific injuries. The continued inclusion of preventive costs of injury in the Strategy is still open for discussion.

Some further thought will also need to be given to whether injuries sustained on board aircraft travelling to or from New Zealand, or in New Zealand territories overseas will be included. Extending the scope to cover all injuries sustained by New Zealanders will raise practicality and administrative issues in terms of accessing information, particularly where New Zealanders are residing overseas.

Criteria

The criteria will provide useful selection criteria for contracting out or simply evaluating the merits of sub-projects – each of the criteria will need to be clearly demonstrated. For example, we would expect contractors to demonstrate “better injury costs information”—that is, what can we do now that we could not do before?

The criteria reflect the existing institutional structures and programmes in place, competing demands for information, and the core features of the type of information we want.

¹ At this stage, this refers to the following definition agreed for the New Zealand Injury Data Review, published by the Department of Labour and Statistics New Zealand in October 2002 (p.10):

Unintentional and/or intentional damage to the body resulting from:

- *acute and/or cumulative exposure to, mechanical, thermal, electrical, or chemical energy, and/or*
- *the application of a force or resistance (including gravity) on the human body, and/or*
- *acute or cumulative exposure to psychologically damaging events, and/or*
- *the absence of essentials such as heat or oxygen.*

It should be noted that occupational disease is excluded from this definition of injury.

The criteria agreed for the Strategy is:

Improved information on costs of injury should:

- Be relevant (refer Purpose Statement)
- Be flexible and dynamic
 - updateable and be updated on an ongoing basis
 - capable of being merged and segregated for easy data retrievals and data update
 - expandable (capable of being added to in the future in multiple directions)
- Be efficient and affordable
- Be accessible (easy to use and attain)
- Be transparent (easy to understand - users should be aware of any qualifications attached to cost estimates)
- Cater for a wide range of stakeholders
- Supplement rather than duplicate the Injury Information Manager's database
- Not impose unnecessary compliance costs
- Meet the requirements of the Privacy and Human Rights Acts