



Hon Andrew Little

Minister of Health

PRESS RELEASE

19 May 2022

A Secure Future for New Zealanders' health

- Landmark reform: new multi-year budgets for better planning and more consistent health services
- Record ongoing annual funding boost for Health NZ to meet cost pressures and start with a clean slate as it replaces fragmented DHB system (\$1.8 billion year one, as well as additional \$1.3 billion in year two)
- Funding boost for GPs and local health services for earlier interventions, taking pressure off hospitals
- Getting rid of the post-code lottery – for consistent standards of care
- Investing in workforce development: \$76 million for training and primary care specialists
- Strengthening existing hospital network
- Joined-up IT platforms to streamline admin and care, and better direct resources

Budget 2022 provides secure funding for the future of New Zealand's health system so every New Zealander can have access to the healthcare they need, no matter where they live.

“New Zealanders value the amazing work our medical professionals do in this country, but we know we can make a better health system for patients and healthcare workers - that's why we're changing it,” Health Minister Andrew Little said.

“The record \$1.8 billion funding boost in this budget clears the financial deck so Health New Zealand and the Māori Health Authority can have a clean start. A system that supports our medical staff to deliver better care for patients will be a system that supports all New Zealanders and our economy.

“That requires getting ahead of a need to go to hospital through better care at GPs and local health centres, replacing the 20 DHB systems with a single health service, and learning from what has worked previously here and in other countries.

“New Zealand’s world-leading health response to COVID-19 shows what we can achieve when our health system works together. Health New Zealand and the Māori Health Authority will together form a nationwide public health system.

“Together they will tackle the post-code lottery that for decades has meant different patients with the same conditions have had different access to care - in areas like cancer care and orthopaedics.”

Protecting and taking pressure off our hospitals

“A shift to focussing on better, earlier care at GPs and local health centres will ensure New Zealand’s health system can provide quality care, at the right time, and in the right place, while taking pressure off our hospitals,” Andrew Little said.

“Budget 2022 provides a \$102 million boost for community healthcare to identify and treat issues earlier to prevent small issues becoming big problems that could require hospital stays.

“This investment will grow primary healthcare teams around the country and allow GPs to work more seamlessly with services like physiotherapists, pharmacists and social workers to offer greater care, earlier, and closer to home.”

GPs in high-needs areas are also being backed with \$86 million of new funding over four years so they can offer more care through improved opening hours and more appointments.

Putting the healthcare system on a strong financial footing

The Health reforms are about making sure these needs are met and resources are allocated to where they are needed most by New Zealanders.

“The 20 DHBs have collectively run annual deficits in 12 of the 13 years since 2008, meaning their annual spending was more than their Government funding, leading them to eat into other finances like money set aside for hospital maintenance. Deficits since 2009 have totalled more than \$3.5 billion, but the benefit of that spending has not been equally shared by communities across the country.

“Ongoing deficits have also created significant uncertainty for patients, health system planners and the workforce, particularly around whether there will be money in the next year’s budget to cover the previous year’s deficit,” Andrew Little said.

“As Health NZ takes over the books from the 20 DHBs on 1 July, a funding boost is being provided so the national system can start with a clean slate.”

The \$1.8 billion will be available to cover:

- the final deficits left behind at the end of the 2021/22 financial year
- demographic changes for a growing and aging population
- improvements to health services as the shift is made to nationwide planning

The investment sets up Health NZ and the Māori Health Authority to succeed, with a single system that gives them greater oversight and ability to plan than could ever be achieved with 20 separate DHB systems.

“In a landmark reform, the Labour Government has answered the call of generations of clinicians to provide multi-year funding for the health system.

“The old way health services were funded just does not work for patients anymore,” Andrew Little said.

“For the first time there will be funding certainty for two years with a \$1.8 billion ongoing operational funding increase in year one, and another \$1.3 billion ongoing operational funding increase locked-in for next year already. Budget 2022 transforms the way we fund our public health service in New Zealand.

“Having the certainty of two years of budgets, as part of a total \$11.1 billion across the forecast period, will allow Health NZ and the Māori Health Authority to get on with the job of delivering the sort of health system that provides the care New Zealanders need and deserve.

“From 2024 onwards future health budgets will move to a three-year funding cycle. This is in line with the first three-year New Zealand Health Plan, due in 2024.

“Ending the old cycle of deficits, and setting the system up to avoid a return to deficits, means money that is intended for hospital maintenance will be used for that purpose,” Andrew Little said.

Budget 2022 invests \$1.3 billion of capital funding for a range of new and existing projects to improve hospital infrastructure and catch up on the long period of neglect and deterioration.

“At the top of this list is much needed investment for the redevelopments of Nelson, Whangarei and Hillmorton Hospitals. This brings the Government’s total investment in health infrastructure to more than \$6.9 billion in the five years since 2017.”

A digitally enabled health system

Budget 2022 supports a shift towards a national system backed by modern technology and more secure IT platforms.

“During COVID-19, many Kiwis adapted to using modern health technology, to book their vaccinations and report test results online. The transformation of health IT will allow for better, more accessible digital supports for patients, doctors and nurses.

“It’s also important that wherever you are in the country, medical staff can access your records to make the best decisions for the care you need. That isn’t always possible at the moment, with the 20 DHBs each running different IT systems.

“Joined-up IT platforms will make care delivery and administration easier. This means being able to identify issues earlier and plan accordingly.”

Access to specialist care will be opened up regardless of where you live. Our plan is for Health New Zealand to develop centres of excellence for specialist care. These centres will be funded out of the overall Health NZ budget and will also link in with our health research system so we can develop better care and technology for the future.

National health workforce

“Our workforce is a critical part of ensuring the new nationwide health system can deliver better care and reduce wait times,” Andrew Little said.

The Government has already made a start on this with more than 3,000 FTE nursing positions funded over recent Budgets.

Medical professionals like nurses and doctors will be on the new immigration Green List to grow the workforce alongside local graduates.

In addition to cost pressure funding, Budget 2022 invests \$76 million over four years to develop the health workforce, with a focus on primary care.

This includes \$37 million over four years to cover about:

- 1,500 more training places for primary care work, including nursing, physiotherapy, pharmacists and optical services
- 1,000 places over four years for additional workforce

And \$39 million over four years for Hauora Māori workforce development, covering approximately:

- 1,000 workforce training places
- 800 workforce places, targeted to increase Maori working in prioritised areas of most need.

“Combined, this is a significant investment in growing and retaining the medical workforce to help make these health reforms a success,” Andrew Little said.

Media contact: Adelia Hallett 021 802 905 or Talisa Kupenga 027 405 7231