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Te Whare Māngai o Aotearoa

Health Committee

Komiti Whiriwhiri Take Hauora

54th Parliament

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2026/27 Estimates for Vote Health

Presented to the House of Representatives
by Sam Uffindell, Chairperson

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Vote Health

Recommendation

The Health Committee recommends that the appropriations for the year ending 30 June 2027 for Vote Health, as set out in Parliamentary Paper B5 Vol.5, be accepted.

About Vote Health

Funding sought in 2026/27

In 2026/27, the appropriations sought for Vote Health total \$33 billion. This is 4.8 percent (\$1.5 billion) more than the estimated actual spending in 2025/26. Vote Health comprises 16.5 percent of the total budget. Funding for 2026/27 is covered by a three-year funding approach that started in 2024/25, under which funding is pre-committed against the respective Budget operating allowances.

The significant appropriations in this Vote are:

- *Delivering Hospital and Specialist Services* (\$15.9 billion)
- *Delivering Primary, Community, Public and Population Health Services* (\$10.35 billion)
- *National Pharmaceuticals Purchasing* (\$1.81 billion)
- *Health Capital Envelope* (\$1.97 billion)
- *New Dunedin Hospital 2026-2030* (Multi-year appropriation; \$401.58 million)
- *Delivering hauora Māori services* (\$811 million).

Responsible Ministers

The Minister of Health is responsible for all but one appropriation in the Vote. The Minister for Seniors is responsible for the \$2 million appropriation *Aged Care Commissioner*.

We heard from the Minister of Health, Hon Simeon Brown, and the Minister for Seniors and Associate Minister of Health, Hon Casey Costello, to discuss the appropriations they are responsible for. We also heard from the Minister for Mental Health and Associate Minister of Health, Hon Matt Doocey, and the Associate Minister of Health (Pharmac), Hon David Seymour, as Ministers responsible for activities funded by the Vote.

Trends in the Vote

For comparison, the table below shows the amount sought in Budget 2026 against spending over the previous three years.

	2023/24 Actual \$billion	2024/25 Actual \$billion	2025/26 Estimated Actual \$billion	2026/27 Estimates sought \$billion
	27.135	28.369	31.511	33.031
% Change		4.5	11.1	4.8

Hearing with the Minister of Health

Three-day postnatal care

We discussed funding for the Government's three-day postnatal stay policy with the Minister. The policy would be given effect to via the Pae Ora (Healthy Futures) (3 Day Postnatal Stay) Amendment Bill. The bill would allow women who have given birth access to post-natal care for a minimum of 72 hours, if they wish.¹ At the time of our hearing, the bill awaited its third reading in the House.

The Minister told us that the policy would be implemented in stages over three years, allowing time to expand workforce and bed capacity, and ensure the care can be provided safely. First-time mothers in areas where capacity already exists would be prioritised before the entitlement becomes available to all mothers within three years of the legislation being passed. Health New Zealand—Te Whatu Ora (Health NZ) would prepare annual implementation plans and monitor uptake. It would also work closely with maternity providers to meet local community needs.

Some of us queried whether the funding provided would be sufficient to deliver the entitlement. We noted that \$1.6 million had been allocated for each of the first two years of implementation. However, some of us are concerned that funding in the final year of the forecast period appeared to be lower than earlier estimates provided during our consideration of the bill. We therefore asked whether the entitlement would be sufficiently funded, and how many mothers would be able to access it during the first two years of its operation.

The Minister pointed out that the three-day stay policy would be phased in over time. He said that the funding reflected modelling which assumed that not all mothers would choose to use the entitlement. Health NZ would use existing capacity where available while expanding the workforce and the capacity of community providers. The Minister said that all mothers would be entitled to the three-day stay once the phased implementation was complete.

We were advised that the modelling had been updated to reflect the phased implementation. In addition, Health NZ reported that modelling was based on the current trends. These include that first-time mothers already stay in hospital for around two-and-a-half days on average, and that mothers giving birth for the second or third time are not as likely to use this provision. Subsequent to the hearing, we received updated information from the Ministry of Health noting that first-time mothers, on average, stay in hospital for roughly 2.1 days after giving birth, although this figure excludes complex births.² Health NZ will monitor uptake against these assumptions. Some of us remain concerned about potential risks to providing the entitlement and consider it has not been funded appropriately in the Budget.

We asked whether implementing this policy could impact other women's health services. We heard that this policy would be supported by existing Health NZ and community provider resources, rather than resources from other women's health services.

¹ Our report on this bill, published in June 2025, is [available on the Parliament website](#).

² This information from the Ministry of Health is [available on the Parliament website](#).

Primary care

Primary care is funded from the appropriations *Delivering Primary, Community, Public and Population Health Services* (\$10.35 billion, equating to 31 percent of the total Vote) and *Delivering hauora Māori services* (\$811 million). For the former appropriation, a funding increase of \$613.54 million is sought, compared to the estimated actual spending in 2025/26. The increase is mainly to cover cost pressures.

We discussed the Government's intention to balance investment more towards primary care over hospital and specialist services. The Minister said that focussing on primary care would reduce pressure on hospitals by improving access to community-based services. He also noted that increased funding for aged residential care would support weekend discharges from hospital. This would help free up hospital beds, improve patient flow, and reduce pressures on elective surgery and emergency departments.

General practice

Roughly 1,000 GPs (general practitioners) are funded through the appropriation *Delivering Primary, Community, Public and Population Services*. The Minister told us that improving timely access to GPs remains the Government's focus. The increase in funding would be directed to primary and community care services alongside hospital specialist services. We heard that the number of general practices with closed books has reduced over the past year. Access to urgent and after-hours care has also improved through the opening of new clinics, including 24/7 clinics in South Auckland and Dunedin, and a daytime urgent care clinic in Lower Hutt. We heard that the online GP service is another option for patients who cannot get a timely appointment with their usual GP.

In 2025, the Minister announced changes to the capitation formula, which from 1 July 2026 is expected to include multimorbidity, rurality, and socio-economic deprivation as variables. We discussed general changes to the model with the Minister. He told us that Health NZ is negotiating changes to the capitation formula and that, alongside age and sex, including other factors will mean that funding better reflects patients' needs. The Minister said the sector had sought changes for many years to better align funding with the populations served by general practices.

We asked whether the Minister could guarantee that no practices would be worse off or forced to reduce services as a result of the proposed changes. The Minister said that negotiations between Health NZ and primary care providers were ongoing, and that Health NZ was considering feedback from primary care clinics. He said that discussions included both the capitation funding model and a separate rural funding stream, and that his expectation was that the negotiations would improve access to primary care, particularly in rural communities.

The Minister said that one objective of the negotiations was to keep patient fees stable over the coming financial year. Some of us questioned whether maintaining stable fees would improve access to general practice during the current cost of living pressures. The Minister said that the Government's focus was on improving access to timely GP appointments by targeting support to those most in need. He referred to existing support available through schemes for lower-income patients and lower costs for GP visits for children.

Workforce

We heard that the Government is investing in growing the primary care workforce. The Minister said this includes supporting New Zealand-trained doctors to begin their careers in primary care, and increasing opportunities for nurses to become nurse practitioners and nurse prescribers. It also includes establishing the Waikato Medical School to provide a long-term pipeline of doctors, particularly for regional and rural communities.

Māori health

We were interested in how the Government is giving effect to the Treaty of Waitangi in the health system following the disestablishment of Te Aka Whai Ora | the Māori Health Authority and changes to the role of Iwi Māori Partnership Boards. The Minister said that the Government's focus is on ensuring that all New Zealanders have timely access to quality healthcare, regardless of ethnicity. The reinstated health targets are intended to improve access for all New Zealanders.

One of the Government's targets is to improve childhood immunisation. We discussed the Government's programme, Immunising Our Tamariki. The Minister said that childhood immunisation rates continue to increase for two-year-olds, with the largest increases in Māori and Pacific communities. However, Māori immunisation rates remain lower than those of non-Māori, so the programme works with hauora Māori providers to improve rates in their communities.

We also asked about the reduction in funding for the *Delivering hauora Māori services* appropriation, from \$822 million estimated spending in 2025/26 to \$811 million in Budget 2026. We sought clarification of how the appropriation would be used, including which services would be affected. Health NZ said that the apparent reduction would be mitigated by the carrying forward of underspent funding from the previous year. It therefore expects that there will be no decrease in the overall spending on this appropriation.

Funding for health infrastructure

The multi-year appropriation *Capital Health Envelope* funds Health NZ's investment in hospitals and other health facilities. For 2026/27, funding of \$1.98 billion has been allocated, of a total of \$6.32 billion over five years. We commented that official advice had estimated that implementing the Health Infrastructure Plan, published in April 2025, would require around \$20 billion over 10 years.³ The New Zealand Infrastructure Commission's National Infrastructure Plan suggests that long-term spending on health infrastructure should be 0.4 percent of the GDP, compared to the average of 0.2 percent (over 2010–2022).⁴ We asked how the Health Infrastructure Plan will be funded.

The Minister said that the Budget included funding for the Whangārei hospital's new ward towers, and planned work for the redevelopment of Tauranga, Palmerston North, and Hawke's Bay hospitals. The latter will require "large sums of investment" in the next term of Parliament. He said that Health NZ also has its own capital budget to support infrastructure investment, and that planning and business case development were necessary before major

³ The [Health Infrastructure Plan](#) is available on the Health NZ website.

⁴ The New Zealand Infrastructure Commission's [National Infrastructure Plan](#) is available on its website.

capital funding decisions could be made. The Minister said that around \$7.5 billion of capital investment was currently included in the health capital investment plan.

Some of us asked why information had not been released identifying which projects within the Health Infrastructure Plan could not proceed under current funding settings, and referenced advice that funding needed for the Health Infrastructure Plan exceeds previous appropriations. The Minister said that the plan's projects were at different stages of development, and the Government was continuing to progress it by funding planning and early works so that projects would be ready for future investment decisions. We remain concerned that this information has not been made available to Parliament.

The Minister said that greater use of standardised designs across government would help build infrastructure more efficiently and make it cost-effective to operate and maintain. He said that standardisation would also provide greater certainty for the construction industry and support better long-term asset management across the health system.

Other matters considered

- **Cancer medication**—We discussed the Government's approach to improving access to cancer treatment. The Minister said that recent investments had increased access to funded cancer medicines and expanded infusion services across New Zealand.
(*Transcript pp 27–28.*)
- **Cancer screening programmes**—We discussed progress in expanding eligibility for cancer screening programmes. The Minister said that the rollout of the breast screening age extension is under way. We heard that funding has been provided to lower the bowel screening eligibility age to 56 as a step towards alignment with Australia, and that the “FIT for symptomatic test” (faecal immunochemical test) is being implemented nationally to improve access to bowel cancer testing and free up colonoscopy capacity.
(*Transcript pp 29–30.*)

Hearing with the Minister for Mental Health

We heard from the Minister for Mental Health, Hon Matt Doocey. Funding for mental health and addiction services (MHA) is covered by the following appropriations:

- *Delivering Hospital and Specialist Services (HSS)*
- *Delivering Primary, Community, Public and Population Health Services*
- *Delivering hauora Māori services.*

No new mental health and addiction initiatives are identified under these appropriations. However, recent announcements have mentioned funding an upgrade of the Auckland Mason Clinic, a forensic psychiatric facility.

Young people and mental health

We discussed youth mental health and youth-specific mental health services with the Minister.

We asked how funding for prevention and early intervention would support young people. The Minister told us that the Government funds youth-specific mental health services, such as Gumboot Friday, to ensure that youth have mental health support. In saying that, he noted that the Mental Health and Wellbeing Commission had recently reported ongoing pressures on access to youth mental health services. He also referred to findings from the Ministry of Youth Development, which found that only 3.7 percent of young people reported being unable to access support because appointments were unavailable, while more than one-third reported that they did not know where to seek help or were too embarrassed to ask for support. The Minister said this highlighted the need to reduce stigma and provide youth-specific services that are more accessible and engaging for young people.

We are concerned about New Zealand's low ranking in a recent UNICEF report on youth mental wellbeing.⁵ We therefore asked what additional support would be provided for Youth One Stop Shops.⁶ We also raised concerns that some Youth One Stop Shops have sufficient funding to provide work-readiness programmes but insufficient funding to provide counselling services. The Minister acknowledged that further work is needed to improve youth mental health outcomes and said that the Government is evaluating the Youth One Stop Shop model to inform future funding decisions. He also discussed recent investment in youth crisis support through the Hauora Māori appropriation, including new kaimahi roles in Northland.

The Minister said that there is capacity for youth counselling within the Gumboot Friday contract, which supports around 15,000 young people each year, and within the Access and Choice programme too. He said that better coordination between youth mental health services would help ensure young people could be referred to available support when demand exceeds what individual providers can handle.

⁵ Further details on this report are [available on the UNICEF NZ website](#) and on the [Mental Health and Wellbeing Commission](#) website.

⁶ Youth One Stop Shops are social service providers targeted at young people, often supported by Oranga Tamariki and the Ministry of Health. Further information is [available here](#).

Workforce development

Introduction of the Psychology Assistant role

The Minister said that Budget 2026 includes \$28 million to establish the new registered psychology assistant workforce, with funding for more than 150 full-time equivalent positions. He said this was one of the first new health professional registrations established in more than a decade and forms part of the Government's mental health and addiction workforce plan.

The Minister said the role was developed after data showed that many psychology graduates were leaving the profession because they were unable to secure clinical psychology internships. A new one-year postgraduate qualification, starting in July 2026, would commence at Auckland University of Technology and the University of Canterbury, with fully funded psychology assistant positions available for graduates. The Minister also said that the funding for psychology assistants would be in addition to existing funding for clinical psychology roles.

Crisis recovery cafes

We discussed the Government's expansion of the peer support workforce and crisis recovery cafes.⁷ The Minister said that peer support workers with lived experience are an important part of the Government's mental health plan because they can be rapidly deployed and provide support informed by their own experience of mental health challenges. Peer support workers are being introduced in emergency departments, eating disorder services, maternal mental health services, and crisis recovery cafés. The Minister said crisis recovery cafes provide a non-clinical alternative to emergency departments for people experiencing a mental health crisis and are intended to provide more appropriate support in a less clinical environment. He said the first cafe had recently opened in Christchurch, that Dunedin would be next, and that the Government intends to continue rolling crisis recovery cafes out across the country.

Other matters considered

- **Forensic mental health services**—We discussed funding for forensic mental health services. The Minister said that Budget 2026 continues to invest in forensic mental health through additional inpatient beds, prison in-reach and court liaison services, and longer-term planning for forensic and intellectual disability forensic services. (*Transcript pp 2–3.*)
- **Rural health**—We discussed mental health support for rural communities. The Minister said the Government has committed funding to Rural Support Trusts and that new mental health targets would enable performance to be monitored separately for rural and urban communities. (*Transcript pp 8–9.*)

⁷ Crisis recovery cafes are peer-led spaces which operate on a drop-in basis. They act as both an early intervention service and an alternative to inpatient care. Further information on such cafes is available on the [Mental Health and Wellbeing Commission's website](#).

Hearing with the Associate Minister of Health (Pharmac)

We heard from the Associate Minister of Health, Hon David Seymour, and Pharmac. While the Associate Minister has delegated authority for Pharmac, the Minister of Health is responsible for the appropriations relevant to Pharmac.

The main appropriations for 2026/27 are:

- *National Pharmaceuticals Purchasing* (\$1.807 billion), which Pharmac uses to purchase medicines for the health system
- *National Management of Pharmaceuticals* (\$32.5 million), which funds Pharmac's operations.

Procurement of medical devices

We discussed Pharmac's procurement of medical devices. We asked about the use of evergreen contracts—contracts that renew automatically after they expire—for medical devices. We were interested in whether these were consistent with our understanding that the Government's expectation for procurement pipelines to be regularly refreshed. We heard that both evergreen and fixed-term contracts are used, with renewal checkpoints in place to help maintain price stability, and that competitive procurement processes continue to be used where appropriate.

We also raised concerns that smaller medical device suppliers face barriers to participating in procurement processes and referred to reports that some suppliers had identified potential savings that were not pursued. Pharmac said it was working with Health NZ to clarify procurement responsibilities and jointly prioritise procurement activity.

Funding new medicines

We discussed the Options for Investment (OFI) list and the funding of new medicines. The Minister said that the increased funding in Budget 2026 is expected to improve access to medicines for about 50,000 people, although the final number will depend on medicine prices and wider market conditions. We heard that, in addition to new funding, savings generated through price negotiations, procurement, and contract management enable further investment in medicines on the OFI list. Pharmac noted that emerging technologies, including gene therapies and CAR-T therapies, present growing funding challenges because of their high cost.⁸

We also asked about the consultation that Pharmac undertook about removing medicines from the OFI list. Pharmac said the consultation was prompted by feedback that patients and suppliers wanted greater certainty about medicines that were unlikely to be funded. However, the respondents preferred medicines to remain on the list, even if the likelihood of funding was low, so Pharmac decided not to proceed with removing lower-ranked medicines. The Minister commented that, despite long wait times for some medicines on the list, more medicines had been funded in recent years than previously.

⁸ CAR-T therapy stands for Chimeric Antigen Receptor T-cell therapy, a one-time treatment for cancer. Further information on how this therapy works is available on the [Malaghan Institute of Medical Research website](#).

Other matters considered

- **Medicine supply and pricing**—We heard that geopolitical developments had not materially affected New Zealand's access to medicines, although global freight, manufacturing, and supply chain pressures could increase costs. The Minister said Budget 2026 includes funding to help manage these pressures while supporting investment in additional medicines and improvements to Pharmac's processing systems. (*Transcript pp 11-12.*)
- **Procurement of medicines for ambulance services**—The Minister and Pharmac said responsibility for procuring medicines for ambulance services would transfer from Health NZ and ACC to Pharmac. This change would enable medicines to be purchased more efficiently through Pharmac's procurement processes, and could lead to reduced costs, streamlined supply arrangements, and expanded access to medicines that can be administered in ambulances. (*Transcript pp 15-16.*)

Hearing with the Minister for Seniors and Associate Minister of Health

We heard from the Minister for Seniors and Associate Minister of Health, Hon Casey Costello. The Minister is responsible for the appropriation *Aged Care Commissioner within Vote Health* (\$2.1 million for 2026/27). The Aged Care Commissioner oversees the aged care services sector, monitors its performance and emerging issues, and engages in advocacy on behalf of older people.

Smoking cessation and vaping

We asked about access to vaping cessation services in instances where vaping is not being used as a pathway to smoking cessation, and whether support should be expanded beyond face-to-face programmes. The Minister said Health NZ is open to working with smoking cessation providers to develop dedicated support for people who want to stop vaping, while ensuring vaping products are provided only as part of structured cessation programmes. She said providers of smoking cessation services are expected to offer vaping as one of the cessation options available, and that provider performance would continue to be monitored against quit rates and service outcomes.

We asked about the efficacy of vape kits in helping people to stop smoking, particularly in relation to the number of people quitting smoking without them.⁹ The Minister said that, between January and July 2025, 2,150 people received vape kits. Out of those who received kits, 79 percent achieved a carbon monoxide-validated quit, representing 37 percent of total validated quits.¹⁰ We heard that this was slightly higher than the validated quit rates typically achieved through smoking cessation services outside of vaping.

We also discussed the evidence on vaping harms. While evidence of long-term harms is continuing to emerge, Health NZ and the ministry's advice remains that people who smoke should switch to vaping because it is less harmful than smoking, while maintaining that nicotine is an addictive substance.

We asked whether the workforce responsible for monitoring compliance regarding the sale of vapes had been expanded. The Minister said the compliance team had grown since the beginning of 2024 and was now fully staffed. She said enforcement activity had increased, including infringement and compliance action, while overall compliance among retailers remained high, at roughly 90 percent. The Minister also said the compliance team works alongside Customs and Police to target the illicit tobacco market.

Aged residential care

We discussed investment in aged residential care. The Minister said the Budget 2026 investment is intended to strengthen the sustainability of the aged residential care sector, including supporting providers to accept admissions on weekends so that older people can

⁹ Vape kits are offered by Stop Smoking Service providers as an additional support option to quit smoking. More information is on the [Health New Zealand—Te Whatu Ora website](#).

¹⁰ A carbon monoxide (CO)-validated quit is a confirmed smoking cessation verified through a breath test that measures carbon monoxide levels. Low carbon monoxide levels indicate that a person has not recently smoked.

be discharged from hospital more quickly. She said the funding includes support for the additional staffing required for weekend admissions and forms part of wider contract negotiations with the sector. The Minister also said the forthcoming Ministerial Advisory Group report on aged care would consider the long-term sustainability of the sector, including investment settings and protecting the supply of standard care beds.

We were interested in the future capacity of the aged residential care sector, and how this may be funded. The Minister acknowledged that the current investment is primarily intended to sustain existing bed capacity rather than create new capacity, following recent closures of aged care facilities. She said the Government recognises that significant additional investment will be required to expand capacity over time and is also considering the role of in-home care, primary care, and community-based support in creating a more sustainable aged care system.

Other matter considered

- **Funding for St John's ambulance**—The Minister clarified that previous references to 90 percent of the funding for St John's ambulance coming from the Government included Health NZ funding, ACC funding, and ambulance co-payments. (*Transcript pp 3–5.*)

Appendix

Committee procedure

We met on 17 June 2026 to hear evidence on Vote Health. We heard evidence from the Ministry of Health, Health New Zealand, and the following Ministers for a total of 2 hours and 34 minutes:

- Minister of Health, Hon Simeon Brown, for 1 hour
- Minister for Mental Health and Associate Minister of Health, Hon Matt Doocey, for 31 minutes
- Minister for Seniors and Associate Minister of Health, Hon Casey Costello, for 31 minutes
- Associate Minister of Health (Pharmac), Hon David Seymour, for 32 minutes.

We received advice from the Audit Office. We sent written questions to the Minister for response. We met again on 5 August 2026 to finalise this report.

Committee members

Sam Uffindell (Chairperson)
Dr Hamish Campbell
Dr Carlos Cheung
Ingrid Leary
Cameron Luxton
Hūhana Lyndon
Jenny Marcroft
Debbie Ngarewa-Packer
Hon Dr Ayesha Verrall

Dr Tracey McLellan, Kahurangi Carter, and Chlöe Swarbrick participated in some of our consideration.

Related resources

In addition to the standard Estimates documents, we considered the following documents as evidence and advice.

- Standard Estimates Questionnaire responses (Vote Health).
- Minister of Health (Responses to additional questions).
- Audit Office (Briefing on Vote Health).

They are available on the [Parliament website](#) along with Hansard transcripts and recordings of our meetings on 17 June 2026:

- [Minister of Health, Hon Simeon Brown](#)
- [Minister for Mental Health and Associate Minister of Health, Hon Matt Doocey](#)

- Minister for Seniors and Associate Minister of Health, Hon Casey Costello, and Associate Minister of Health (Pharmac), Hon David Seymour.