



New Zealand House of Representatives
Te Whare Māngai o Aotearoa

Health Committee

Komiti Whiriwhiri Take Hauora

54th Parliament

August 2024

2024/25 Estimates for Vote Health

2024/25 Appropriation within Vote Labour Market related to border support services

2024/25 Appropriation within Vote Business, Science and Innovation: *Research, Science and Innovation: Health Research Fund*

Contents

Recommendation	3
About Vote Health	3
Responsible Ministers	3
Trends in the Vote	3
Cost pressure funding	4
New multi-year funding approach	4
Hearing with the Minister of Health	4
Cancer treatments	4
Health targets	5
Immunisations	6
Breast cancer screening	6
Hospitals	7
Developing the health workforce	7
Delivering hauora Māori services	8
Emergency departments	8
Other matters considered	9
Hearing with the Minister for Mental Health	10
Workforce	10
Gumboot Friday	11
Economic and social determinants of mental health	11
Mental Health and Addiction Community Sector Innovation Fund	11
Other matters considered	12
Hearing with the Associate Minister of Health (Pharmac)	13
Pharmac's independence in funding decisions	13
Hearing with the Minister for Seniors and Associate Minister of Health	16
Health services for seniors	16
Increasing rates of dementia	16
Repeal of the Therapeutic Products Act 2023	17
Smoking and vaping prevention and reduction	17
Women's health	18
Appropriation within Vote Business, Science and Innovation: Research, Science and Innovation: Health Research Fund	19
Appendix	20

Vote Health, and appropriations related to border support services and the Health Research Fund

Recommendation

The Health Committee recommends that the following appropriations for the year ending 30 June 2025 be accepted:

- appropriations for Vote Health, as set out in Parliamentary Paper B.5 Vol.5
- appropriation within Vote Labour Market related to border support services, as set out in Parliamentary Paper B.5 Vol. 2
- appropriation within Vote Business, Science and Innovation: *Research, Science and Innovation: Health Research Fund*, as set out in Parliamentary Paper B.5 Vol.1.

About Vote Health

In 2024/25, the appropriations sought for Vote Health total \$29.6 billion. This is 6.2 percent (\$1.739 billion) more than estimated actual spending in 2023/24.

Two appropriations account for 80 percent of funding in the Vote. The proposed allocations for 2024/25 are *Delivering Hospital and Specialist Services*, with funding of \$14.6 billion, and *Delivering Primary, Community, Public and Population Health Services*, with funding of \$9.1 billion.

Other significant appropriations include:

- *Remediation and resolution of Holidays Act 2003 historical claims* (\$1.663 billion)
- *National Pharmaceuticals Purchasing* (\$1.582 billion) to fund Pharmac
- *Health Capital Envelope* (\$1.09 billion, within a five-year total of \$5.993 billion)
- *Delivering hauora Māori services* (\$749 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 appropriation *Aged Care Commissioner*, which contains funding of \$2.104 million.

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

Trends in the Vote

For comparison, the table below shows the amount sought in Budget 2024 against spending over the previous three years.

	2021/22 Actual \$billion		2022/23 Actual \$billion		2023/24 Estimated Actual \$billion		2024/25 Estimates sought \$billion
	24.598		26.628		27.898		29.637
% increase or (decrease)		8.1		4.8		6.1	

Cost pressure funding

The Estimates signal new funding of more than \$14 billion over the next four years for Budget 2024 initiatives. More than \$12.5 billion of that is funding for cost pressures faced by Health New Zealand—Te Whatu Ora (HNZ).

Some members expressed concern that “cost pressure uplifts” do not keep up with inflation, and that, in real terms, funding for the health system has decreased. We heard that measures have been taken to make the health system more financially sustainable, including investigating new models of care. The Minister noted that a new chair and new board members have been appointed to HNZ. However, he accepted that the current situation is “financially challenging”.

We asked whether it is financially sustainable to fund new initiatives and cost pressures by making savings in other areas of the health system. The Minister told us that he is “absolutely adamant” about addressing the financial sustainability of the health system. He acknowledged that cuts were made to funding for the Ministry of Health and said that the Government will be continuing to seek efficiencies to achieve improved clinical outcomes.

New multi-year funding approach

The Estimates explain that the Government has taken a multi-year funding approach to Vote Health over three years, with funding for 2025/26 and 2026/27 pre-committed against the respective Budget operating allowances. We note that the three-year New Zealand Health Plan (for the period 1 July 2024 to 30 June 2027) is still in development. Once the Health Plan is available, we will be interested in examining the costings in detail.

Hearing with the Minister of Health

Cancer treatments

We heard from the Minister on 18 June 2024. We discuss below what we heard from the Minister on that date, as well as announcements made about funding for cancer treatments after the hearing.

At our hearing, the Minister acknowledged that Budget 2024 did not include funding for 13 cancer treatments which had previously been announced. He told us that the Government remained committed to funding more cancer treatments as a top priority. The Minister said that during the Budget process he had encountered challenges relating to implementation and, in particular, time-limited funding for the Pharmaceutical Management Agency (Pharmac) as previous funding for medicines was due to stop. The Minister told us that a

further announcement would be made in due course, with funding to be implemented by the end of the year. The Minister acknowledged that the announcements for funding cancer drugs could have been communicated better. He noted that the absence of funding was not because the Government was backing away from the commitment, but rather was “a sign of our commitment to getting it right”.

Some of us expressed concern about how decisions to fund specific cancer medicines were being made. We discussed the sequencing of policy work and announcements. The Minister told us that with the “tools of Government”, he is now “able to progress the policy”.

We queried whether haematology patients and those with conditions like leukemia and lymphoma will be able to access support through the funding package proposed for later in the year. The Minister noted that Pharmac has already funded a treatment for acute myeloid leukemia this year and is undertaking a Request for Proposals process for a medicine for myeloma.¹

On 24 June 2024, the Minister announced a \$604 million “funding boost” for Pharmac. This is to allow Pharmac to fund “up to 26 cancer treatments and 28 other treatments”. The Minister announced that “up to seven” of the 13 treatments announced in 2023 would be funded. He said that the remaining treatments would be replaced by alternatives “just as good or better”.²

Health targets

In March 2024, the Government announced five health targets:

- **Faster cancer treatment:** 90 percent of patients to receive cancer management within 31 days of the decision to treat.
- **Improved immunisation for children:** 95 percent of children to be fully immunised at 24 months of age.
- **Shorter stays in emergency departments:** 95 percent of patients to be admitted, discharged, or transferred from an emergency department (ED) within six hours.
- **Shorter wait times for first specialist assessment:** 95 percent of patients to wait less than four months for a first specialist assessment.
- **Shorter wait times for treatment:** 95 percent of patients to wait less than four months for elective treatment.

The Minister told us that he agrees with entities like the Australian College of Emergency Medicine, who, according to the Minister, say “health targets save lives”. He emphasised that targets focus attention, accountability, and responsibility. The Minister discussed health metrics. He suggested that “taking a focus off targets” could have contributed to some of these metrics “falling away”.

¹ Pharmac uses a “Request for Proposals” procurement process to invite suppliers to submit commercial proposals for the supply of a product.

² <https://www.beehive.govt.nz/release/transformation-investment-cancer-treatments-and-more-new-medicines>.

We heard that the baseline date for measurement of health targets would be 1 July 2024, and that the first report back would be after eight to ten weeks. Each quarter's data will be gathered, validated, and cross-checked.

Some of us expressed concern that the hospital-related targets for the coming financial year only relate to improving from baseline measurements, and meeting the targets might involve making very small improvements. The Minister told us that the upcoming Government Policy Statement (GPS) will specify exactly how much of an improvement from the baseline measurements the targets will be. He maintained that the targets will be "ambitious". We hope to see alignment between measures set out in the GPS and the Estimates going forward.

We asked if there will be a target specifically aimed at closing the life expectancy gap between Māori and non-Māori. The Minister said that the biggest contributors to this gap are differences in cardiovascular health, lung cancer, and diabetes. He indicated that the Government would be focusing on these areas, because while the gap is reducing, it is not reducing fast enough.

Immunisations

We asked what is being done to improve rates of immunisation for Māori and Pacific children. The Minister cited a \$50 million immunisation programme that will use the expertise and mana that Māori health providers have, to reach areas that are otherwise difficult to reach. Work is also underway to increase the vaccinator workforce. The Minister referenced a recent change to allow some childhood vaccinations to be given in pharmacies, and added that he was "encouraged by Plunket coming on board" to boost vaccinator numbers. The Minister gave immunisation as an example of a measure which had been declining since before the COVID-19 pandemic.

Breast cancer screening

Vote Health contains funding of an additional \$6 million in 2024/25 for the initiative *Breast Screening Extension of Eligibility to include 70–74 year olds as part of the Free National Programme*. The Minister explained that increasing breast cancer screening coverage from age 70 to 74 was the most effective measure it could take against breast cancer, and would bring New Zealand into line with comparator countries. The Minister added that this initiative, with full uptake, would detect more cases and make a difference to "around another 60 or more lives, and that would be certainly significant".

We heard that there will be a phased rollout beginning this year. The rollout would begin in Nelson, as the area has existing capacity for increased screening. We asked whether areas with larger populations of seniors would be next to receive the extended screening. We learned that this was a consideration, but the ability to grow a new workforce and infrastructure will also factor into decisions about how the phased rollout of this initiative will take place.

Hospitals

Dunedin hospital

Funding for the new Dunedin hospital is part of a multi-year appropriation (\$1.45 billion for 2021–2026). The estimated spending for 2024/25 is \$292.3 million. The Minister commented that there are “substantial learnings to be had from Dunedin Hospital”. He said that “when you change, amongst other things, the external footprint”, costs escalate and the building schedule is pushed out. Costs could also increase if time is taken to “settle on a design”. The Minister brought to our attention that the out-patient facilities continue to move along on schedule, and the focus is now on in-patient facilities.

We heard that it is difficult to budget for health facilities. Some aspects, like the design of buildings, require a lot of detailed planning before costs can be confirmed. Other challenges include cost inflation for supplies and materials. One example of a lesson from the Dunedin Hospital build is that breaking down projects into smaller “bite-sized chunks” can help organise the workforce and supply chains. It gives certainty to HNZ about when it can expect additional resources, which in turn allows it to give more certainty to patients and communities. It also means that facilities can open as they are ready, rather than having a community wait 10 years for a full hospital to be built.

We sought clarification about whether Dunedin Hospital will include 23 in-patient beds, two operating theatres, and a PET scanner. The Minister informed us that these decisions would be part of the “fit-out stage”, and that the build will need to be completed first.

Nelson hospital

Nelson Hospital was allocated \$73 million in 2023 for design and enabling works, including seismic remediation and a larger ED. We asked about future funding for further work on the Nelson Hospital development. The Minister informed us that additional funding will be determined by the Infrastructure Investment Plan, which will take a long-term view of different infrastructure projects and sequencing of funding. The committee is looking forward to seeing details of funding for specific projects in the plan.

Developing the health workforce

Training new doctors

The Minister told us that workforce is the “single biggest hurdle we have in health”. Vote Health includes funding of \$300,000 each year for training an additional 25 doctors. Some of us are concerned that this number of new doctors may not be sufficient to meet current health workforce needs. We asked whether funding training for only 25 new doctors would pose problems in the future. The Minister indicated that there will still be a pool of new doctors, particularly from recruitment of international medical graduates. However, he said that while he is grateful for internationally qualified doctors and nurses, he is eager to develop a domestic workforce. He noted that it takes between seven and ten years to fully train a doctor once they start medical school.

The Minister told us that he is committed to funding a further 25 places for medical students in the future.

Growing the Māori health workforce

We asked about funding targeted at developing the Māori health workforce. HNZ told us that to address the financial pressures that often come with being in full-time study, it offers scholarship programmes for Māori. We also learned about a workforce plan, aimed at ensuring the supply of additional trainees and mentorship programmes to help with postgraduate support.

Delivering hauora Māori services

About \$749 million is sought for the appropriation *Delivering hauora Māori services* in 2024/25. This is an increase from the estimated actual spending in 2023/24 of \$704 million. Responsibility for this appropriation transferred from Te Aka Whai Ora—the Māori Health Authority to HNZ on 1 April 2024. We sought more information about this funding. We were told that the appropriation is being managed by the Hauora Services group within HNZ, and that funding for Māori health also comes from other sources beyond this appropriation. HNZ gave the example of contracts it holds with Māori providers who provide services as part of mainstream delivery.

We sought information around specific priorities the Government has for hauora Māori in the Māori health plan and the Government Policy Statement. We learned that the plan is currently in draft form. The Minister indicated that the plan will respond to the strategic direction set out in the Government Policy Statement. The advice and oversight of the Hauora Māori Advisory Committee and *Whakamaua: the Māori Health Action Plan 2020–2025* will also help to guide the Government’s priorities. Whakamaua included a range of priority areas and associated outcomes, which the Minister said would be a “distinct focus” for the Government. The Minister added that general priorities relating to immunisation and faster treatment will also benefit Māori.

Emergency departments

As noted above, the Minister has announced a target for shorter stays in EDs of 95 percent of patients to be admitted, discharged, or transferred from an ED within six hours.

We expressed concern that wait times in EDs have deteriorated over recent years. The Minister acknowledged that wait times in EDs are a challenge. He attributed them partly to issues around the health workforce, and to “bed-block” (the inability to move patients out of EDs because of a shortage of in-patient facilities). HNZ added that population growth is another factor contributing to increasing wait times, with the number of people visiting EDs in a month increasing from 100,000 to 120,000 over the past two years.

The Minister told us that efficiencies can be gained from ensuring that staff in EDs feel safe and protected. Budget 2024 allocates \$6.170 million to providing for round-the-clock security guards across the highest-risk EDs. These “hotspot” EDs were identified based on factors like their volume of patients, history, whether they had in-patient facilities, and whether they had a mental health unit.

The Minister observed that support for ED trainers is also important to improving ED safety, as they can provide education on de-escalation policies.

Other matters considered

We also discussed the following matters with the Minister of Health. For more detail, refer to the pages noted below in the Hansard transcript of our hearing, available on the Parliament website.

- **Dental Health:** We heard that mobile services in rural and provincial communities will continue, and that costs of dental care and access to it are challenges. (*See transcript for Vote Health, pp 18-19.*)
- **Kahu Taurima and hapū mama clinics:** HNZ affirmed that core delivery objectives of the Kahu Taurima | Maternity and Early Years approach will be retained. We also heard that HNZ is intent on bringing primary care, clinical general practice, and vaccinations to work with hapū mama clinics to deliver comprehensive support. (*See transcript for Vote Health, pp 26-27.*)
- **Whangārei Hospital:** The Minister of Health confirmed that funding for phase one (the acute services block) for Whangārei Hospital is already in place. Phase two (the tower block) is progressing towards business case completion. Funding for that will be detailed later in the year. (*See transcript for Vote Health, p 24.*)
- **Prostate cancer:** The Minister of Health noted that, while there is no designated work stream for prostate cancer prevention and detection, the Government is monitoring international best practice and taking advice from the Cancer Control Agency. (*See transcript for Vote Health, pp 31–32.*)
- **Fetal Alcohol Spectrum Disorder:** The Minister of Health said that a formal diagnosis of Fetal Alcohol Spectrum Disorder has now been published. He told us that attention is now being turned to upskilling health professions and caregivers so that “it is on their radar”. (*See transcript for Vote Health, pp 29–31.*)

Hearing with the Minister for Mental Health

We heard from the Minister for Mental Health, Hon Matt Doocey. The Minister told us that there is “ring-fenced funding” of \$2.6 billion for mental health in Budget 2024, an “uplift” from around \$2.4 billion the previous year. In responses to post-hearing questions, the Minister told us that the ring-fenced funding for mental health represents approximately 9 percent of Vote Health.

We could not make a detailed comparison against previous funding, as the current structure of the Estimates makes it difficult to monitor the funding levels for mental health and addiction services. Funding is split between different appropriations and is not visible in the Estimates. Performance measures also do not provide a comprehensive view for accountability purposes. We understand that this is a new portfolio, and that the Minister is the first Minister for Mental Health. We hope that the Minister will work on reporting for this portfolio for future Budgets.

Workforce

We are aware that, as at 30 September 2023, vacancy rates for five relevant professional groups (psychologists, psychiatrists, psychotherapists, specialist nurses, and drug and alcohol counsellors) ranged from 12 to 19 percent, with a total of more 800 full-time-equivalent roles unfilled.

We asked whether there will be reductions to front-line staff in mental health roles, and whether recruitment has been paused for mental health workers. The Minister acknowledged that the mental health and addiction “workforce crisis” is the biggest barrier to timely care in New Zealand, and noted that some services have a 50 percent workforce vacancy rate. His expectation is that recruitment will continue. We also heard from HNZ that it will be recruiting internationally for roles such as clinical psychologists, for which there is a 20 percent vacancy rate. Locally, nurses will be encouraged to consider mental health as a specialist career. HNZ added that, rather than vacancy decisions being made at a national level, clinical leaders will meet regionally to address local shortages.

The Minister told us that he believes the reason vacancy rates are increasing is that there is no mental health and addiction workforce plan in New Zealand. He said that the first mental health and addiction plan will be issued this year. We heard that it will be a “bold” plan that will address mental health workforce issues and look at how the system can respond.

Peer support lived experience workers

The Minister told us that people with lived experiences are an “untapped workforce” who could deliver peer support in EDs. The Minister explained that some people experiencing mental distress have to wait alone for long periods in EDs. A peer support lived-experience worker could help them feel “seen”, and could help connect them with appropriate community services. We sought clarification as to whether interactions with peer support lived-experience workers would count towards the Government’s target to reduce ED wait times. The Minister assured us that peer support workers would not discharge patients. We heard that five EDs will roll out this scheme in September 2024.

Specialist care

We are interested in the workforce planning for specialist care. The Minister said that the constraint on the provision of specialist care is a shortage of relevant workers. He told us he is committed to increasing the specialist workforce, and said the mental health and addiction workforce plan will not only address growing the traditional training pipeline, but will also “do things differently”.

Gumboot Friday

Vote Health includes \$6 million a year for the next four years for the initiative *Gumboot Friday – Delivering Free Youth Mental Health Counselling Services*. Gumboot Friday delivers rapid, free counselling to young people below the age of 25 years. We heard that the Government’s intention is to fund a continuation of Gumboot Friday’s current work, which involves a brief intervention for those who need help quickly but may not choose to go to a registered practitioner or psychiatrist. The Minister added that Gumboot Friday is already a known “brand” that young people access for rapid support. He clarified that he would expect all counsellors accessed via the government funding to be qualified and registered, and that clinical standards would be applied to the services offered. The Minister said that Gumboot Friday will be treated like other NGO services commissioned by the Ministry of Health, and that their contract will clearly set out the clinical standards expected.

We asked how services like Gumboot Friday can ensure that queer people are treated with respect and dignity. The Minister affirmed that it is vital to provide services that are inclusive. We heard that Gumboot Friday has rainbow counsellors available in its network.

Economic and social determinants of mental health

In response to questions, the Minister observed that there is a link between mental health and having a parent or carer in employment. He informed us that an increasing number of people accessing benefits report mental health and addiction as their primary barrier to employment. He cited the Individual Placement and Support approach, which has “an over 70 percent conversion rate” in helping people experiencing addiction and poor mental health get back into work. He emphasised that the Government wants to grow the number of jobs so that people can become independent, and that would be their pathway out of poverty.

Mental Health and Addiction Community Sector Innovation Fund

Vote Health allocates \$5 million in 2024/25 for the Mental Health and Addiction Community Sector Innovation Fund. This is a “reprioritisation initiative” from the 2023/24 output expense *Delivering Primary, Community, Public and Population Health Services*. The Minister shared with us his experience visiting NGOs and community groups who are delivering innovative services. Some of these groups have indicated that they could, through a procurement process like the Innovation Fund, be able to scale up quickly. The Minister commented that this would help them respond to the growing level of unmet need, reduce demand for the publicly funded mental health system, and develop access to mental health response services.

Other matters considered

- **Mental health and wellbeing support for primary and intermediate students:** Vote Health allocates \$24.45 million for this initiative. The Minister for Mental Health noted that there is high demand from schools for more support, not only in engaging in services, but also prevention and early intervention. He said it is important to address the increased wait times young people encounter when accessing specialist services. *(See transcript for Vote Health—Minister for Mental Health, pp 10–11.)*
- **Programmes for rural mental health and the primary sector:** The Minister for Mental Health pointed to “local solutions for local needs”, and offered examples of sectors like the primary industry and the racing industry, that have developed sector-specific programmes for mental health. He noted that the Government encouraged these services to check in with people before and after to measure people’s satisfaction with the service. *(See transcript for Vote Health—Minister for Mental Health, pp 17–20.)*
- **Resourcing for the Southern region:** We discussed the timing for filling vacancies for mental health nursing roles in the Southern region. The Minister told us in responses to post-hearing questions that he has shared with HNZ his “strong interest” in effectively resourcing mental health and addiction services, including through timely recruitment. *(See transcript for Vote Health—Minister for Mental Health, pp 2–3.)*
- **Drug and alcohol harm minimisation.** *(See transcript for Vote Health—Minister for Mental Health, pp 13–15.)*

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 the responsible Minister for the appropriations relevant to Pharmac.

The appropriations for 2024/25 are:

- *National Pharmaceuticals Purchasing* (\$1.582 billion for 2024/25) funds the Combined Pharmaceutical Budget, which Pharmac uses to purchase medicines for the health system. This is 12 percent less than the estimated actual spending of \$1.806 billion in 2023/24.
- *National Management of Pharmaceuticals* (\$29.5 million) funds Pharmac's operations.

A new policy initiative in Budget 2024, *Investment to Continue Access to Medicines*, proposes new funding of \$1.774 billion over four years, including \$420.4 million for 2024/25.³ The Minister explained that the additional funding would meet a fiscal shortfall that Pharmac would otherwise have faced. Pharmac's four-year budget will total \$6.294 billion.⁴

Pharmac's independence in funding decisions

The Minister said he had found Pharmac to be a highly capable organisation, but its tough job of making the budget go as far as possible had forced it into adversarial and negative positions. His hope was that it could become "a bit more collaborative with patient groups, with pharmaceutical companies, with clinicians", while continuing to do its core role very well. He wants it to seek "to find ways to increase the pharmaceutical budget by showing that spending on pharmaceutical and pharmaceutical treatments can actually improve outcomes for the Government right across the board".

We agreed with the Minister that funding certain medical initiatives today could save costs in the long run, but asked how this could work, given the way government budgets and finances work. The Minister noted that he was "a strong believer in Pharmac remaining at arm's length from the decision-making process around drugs". He believes that there are ways for Pharmac to demonstrate the value of funding additional pharmaceuticals to the Government without revealing which ones.

We asked the Minister to elaborate on an idea he had aired publicly, that Pharmac could partly fund drugs that are currently privately available. He suggested it should look to greater collaboration with the pharmaceutical industry, "while remaining hardnosed about getting value for money for the taxpayer". He observed that there are examples around the world of shared agreements where a pharmaceutical company might receive partial funding initially, and then more payment if the pharmaceutical product is proven to work. The Minister added that this course of action would only be suitable if it was adding to the total amount of treatment available to New Zealand patients.

³ The Estimates of Appropriations 2024/25 - Health Sector B.5 Vol.5, page 42.

⁴ Hon David Seymour, media release 29 April 2024.

Funding specific cancer medicines

We asked the Minister for his views on how the Government could bear out its commitment to fund specific cancer medicines, given his emphasis on Pharmac's independence in funding decisions. The Minister noted that the Government is working to "fulfil a coalition commitment", and that he believes it is possible to "solve the problem". Some members queried whether the value Pharmac can obtain is compromised when a politician names the drugs they seek to purchase. The Minister said that he, as the Minister responsible, is wholly committed to the neutrality of Pharmac's decision making.

Access to medication

We expressed concern that there are numerous medicines that Pharmac is unable to fund. The Minister explained that no country would find it possible to keep up with the demand for the "absolute tsunami" of new drugs. "The right thing to do", he said, is to help Pharmac make more effective budget bids, which demonstrate that funding certain pharmaceuticals can save money for the taxpayer elsewhere. Pharmac assured us that while it is "very focused" on funding cancer medications, which make up a large portion of the "options for investment" list, it also considers a wide variety of other medicines for funding.

We asked the Minister about equitable health outcomes, observing that Māori are twice as likely to die of cancer. The Minister commented that the Government seeks to find the best possible use of taxpayer money to increase people's life expectancy generally. He also wants to develop budgeting models to save more money by making people less likely to rely on a benefit and on other forms of healthcare. He concluded that making limited resources go further will help disadvantaged people the most.

COVID-19 vaccines and other therapeutics

In 2023/24, \$165.2 million was budgeted for *Purchasing Potential and Proven COVID-19 Vaccines and Other Therapeutics*. Pharmac told us that funding for COVID-19 treatment and vaccines has now been "rolled into" the Combined Pharmaceutical Budget. We heard that there are new vaccines and treatments stemming from the rise of new variants of COVID-19, and that Pharmac will attempt to target them to patients who will get the most benefit. The effectiveness of these vaccines and treatments will be compared to that of other medicines as part of an assessment Pharmac will conduct in the future.

Patient consultation

We asked whether the Budget will help to ensure that patients' voices feed into Pharmac's decision-making. The Minister suggested that this rests on Pharmac's operational processes, rather than on an increase in funding. He cited the involvement of Diabetes New Zealand in the procurement process for continuous glucose monitors as an example.

Diabetes New Zealand is the main representative of patients with diabetes in New Zealand. While the organisation is not privy to commercially sensitive information, it has been "absolutely close" to the procurement process. Pharmac heard from Diabetes New Zealand, as well as 9,000 submitters. The Minister said that this feedback will be evaluated by the Pharmaceutical Technical Advisory Group (PTAC), which is made up of doctors and clinicians. The Minister emphasised that Pharmac is increasingly bringing together patients'

voices, clinicians, and taxpayer representatives to arrive at the “best possible decisions for New Zealand patients”.

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 in Vote Health for *Aged Care Commissioner* (\$2.104 million for 2024/25). The Aged Care Commissioner has oversight of the aged care services sector, monitors its performance and emerging issues, and engages in advocacy on behalf of older people.

The Minister also has delegated responsibility for other matters in the health portfolio, including aged care, dementia management, aspects of women's health, the Therapeutic Products Act 2023, the Smokefree Environments and Regulated Products Act 1990, and vaping.

Health services for seniors

We noted that funding for seniors forms part of the general allocation for primary care, and asked the Minister what health services specifically would be funded for seniors. The Minister told us that she is currently working on a major aged care review, which is “progressing at pace”. The review will be an opportunity to revisit the provision of health services like home residential care support and aged residential care.

The Minister said she is focused on improving accessibility to primary care for elderly New Zealanders. This could include enhanced access to medicine and alternate care models. The Minister commented that there are community-based solutions that have “really good” engagement. She indicated that she wants the review to find ways to protect these front-line services.

We asked whether the Minister had put forward a budget bid to fund 2,000 new standard residential care beds, as was discussed prior to the 2023 election. The Minister observed that the sector has seen an increase in “non-premium” beds to offset the cost pressures it faces. She said it will be essential for the review to look at where additional capacity needs to be built. She wants to make sure that any budget bids are informed and logical, and she intends to work through what funding is needed over the next two years.

Increasing rates of dementia

We are interested in the long-term strategies targeting the predicted increase in dementia cases. The Minister canvassed “proactive initiatives”, such as reducing isolation, and providing hearing aids and support services, which could offset the effects of dementia.

The Minister discussed a review of aged care funding and service models. The review will consider whether there are suitable facilities and capacity to address the projected increase in dementia. The Minister clarified that the review is focused on services rather than the illness itself. It will cover critical needs in home care, residential care, aged-care facilities, and dementia care. The review will consider how efficiencies can be achieved, what future

needs might be, how future needs can be addressed, and how the delivery of services can be improved.

Some of us are concerned that the review could result in asset thresholds for residential care subsidies being lowered. The Minister said that the review must “run its course”—she could not comment on the potential findings. However, she noted that she did not want to “see more financial burden on those who are already struggling”.

Repeal of the Therapeutic Products Act 2023

We asked about the process for repealing and replacing the Therapeutic Products Act. The Minister indicated that a structured process is important to ensure there is clarity for the sector. We heard that the first stage will be the repeal of the existing legislation, which includes a select committee process. The Medicines Act 1981 will also be reviewed and upgraded so that it is fit for purpose. The Minister stressed that there were “a lot of learnings” from the consultation and legislative processes involved with passing the existing Act, and that she was not “starting from scratch” on the new legislation that will be developed. The final stage will address natural health products.

We sought clarification on what differences there would be between the new legislation and the existing Act. The Minister said there was concern from the sector about over-regulation, and the new legislation would be more “risk-proportionate”. Some of us noted that the current Act has a risk-proportionate framework, and queried what specific concerns had arisen about over-regulation. Noting that some devices—such as surgical mesh—can be incredibly harmful, we asked whether more stringent requirements around registering products could be helpful. The Minister accepted that there are some devices that have high levels of risk associated with them.

Smoking and vaping prevention and reduction

In April 2024, the Government repealed amendments to the Smokefree Environments and Regulated Products Act 1990, removing requirements for nicotine limits in smoked tobacco products, the planned reduction in retail outlets, and the smokefree generation ban. We are interested in plans around tobacco control, and specific new initiatives to support vaping cessation. The Minister indicated that her primary focus is helping people to stop smoking.

The Minister brought to our attention 24 in-person smoking cessation services that she said have been allocated \$15.7 million. She also told us that she has had advice on ways to “tighten up on the vaping”, which could include increasing penalties and regulating how specialist vaping stores are able to display their products. Non-legislative actions like targeting services to those most in need, and producing persuasive marketing programmes, will also continue. The Minister indicated that there has been engagement with quit smoking teams around the country, to learn about what works in their communities. She commented that an advantage to services like these is that they offer “a great gateway” into other health service programmes.

Educational materials

We heard that educational material about vaping continues to be developed. The Minister added that the goal is not only reducing supply of vapes, but also reducing demand. There

are specific campaigns that address vaping prevention, which will support schools and parents.

Enforcement

Some of us consider that there are a disproportionate number of vape stores around the country, compared with the number of enforcement officers. We expressed concern over the results of research conducted by Otago University, which suggested that retailers sometimes sell products to those who are underage, and sell banned products at discounted rates.

The Minister acknowledged that enforcement has not been sufficient over the past two years. She said that 16 new enforcement officers will be coming on board. She intends to introduce new legislation that would not only increase penalties significantly—she cited \$100,000 fines—but would also put more responsibility for enforcement on business owners. The Minister added that she is considering including limits on a vape shop’s proximity to certain places, such as early childhood centres, which would expand the number of places where vape shops cannot operate. Ensuring that these restrictions are a part of the main legislation, rather than regulations, will also make them “much more enforceable”. Consultation with enforcement officers who detect infringement activities by vape businesses will inform the new legislation. The goal would be to understand what the barriers to prosecution are.

We asked about whether local government bodies could assist with enforcement. We were told that local government is eager to be part of enforcement, but cannot carry the cost of enforcement activities. The Minister said there was a “broader conversation” to be had about allocating funding for this type of activity.

Women’s health

We heard that new funding initiatives in Budget 2024 for women’s health include the breast cancer screening age extension, expanding the choice of whānau-centred and holistic maternity and early year services, and increased HPV screening tests. The Minister confirmed her support for Kahu Taurima, which is an approach to maternity care and the first 2,000 days of a child’s life.

Appropriation within Vote Business, Science and Innovation: Research, Science and Innovation: Health Research Fund

The Minister of Science, Innovation and Technology is responsible for the appropriation. We heard from the Minister, Hon Judith Collins KC.

Vote Business, Science and Innovation allocates just under \$125 million for the Health Research Fund to achieve an improvement in the health and wellbeing of New Zealanders through research.

We discussed the following matters with the Minister:

- Infectious disease research, which is partly funded through the Strategic Science Investment Fund and the Health Research Fund.
- Artificial intelligence applications for breast-screening activities.
- Investing in blue-skies research versus applied research which can help to manage current problems in the health system. The Minister observed that a balance is needed, offering the example of gene technology as blue-skies research that could have “enormous capability”.

Appendix

Committee procedure

We met between 18 June and 7 August 2024 to consider Vote Health, the appropriation within Vote Labour Market related to border support services, and the appropriation within Vote Business, Science and Innovation: *Research, Science and Innovation: Health Research Fund*. We received advice from the Office of the Auditor-General. We heard evidence from the Ministry of Health, Health New Zealand, and the following Ministers for a total of 245 minutes:

- Minister of Health, Hon Dr Shane Reti
- Minister for Mental Health and Associate Minister of Health, Hon Matt Doocey
- Minister for Seniors and Associate Minister of Health, Hon Casey Costello
- Associate Minister of Health (Pharmac), Hon David Seymour
- Minister of Science, Innovation and Technology, Hon Judith Collins KC.

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

Chlöe Swarbrick, Ricardo Menéndez March, and Dr Tracey McLellan participated in some of our consideration of these items of business.

Related resources

In addition to the standard Estimates documents, we considered the following documents as evidence and advice. They are available on the [Parliament website](#), along with transcripts of our hearings and [recordings of our meetings on 18 and 19 June](#).

- Standard Estimates Questionnaire responses (Vote Health).
- Standard Estimates Questionnaire responses (Vote Business, Science and Innovation).
- Standard Estimates Questionnaire (Vote Labour Market).
- Minister of Science, Innovation and Technology (Responses to additional questions).
- Office of the Auditor-General (Briefing on Vote Health).
- Minister of Health (Responses to additional questions).
- Associate Minister of Health (Pharmac) (Responses to additional questions).

- Associate Minister of Health and Minister for Seniors (Responses to additional questions).
- Minister for Mental Health (Responses to additional questions).