

NURSES SOCIETY RESPONSE TO BUDGET 2025

- The latest budget allocates NZ\$32.7 billion to Vote Health operating funding, which at first glance looks like a reasonable amount, given current economic challenges.
- **However, at best, this funding represents a 4.8% increase. Some health economists have calculated that an increase of less than 5% is essentially a zero increase.**
- Moreover, this funding and increase must be seen in light of the following:
 - decades of sustained, historical underfunding
 - unmet current needs
 - demographic changes, for example, people are living longer
 - increased health needs and use significantly increase with ageing
 - more treatment options
 - population growth
 - ongoing staffing challenges and the need to provide for salary growth.
- Notably, around two thirds of health expenditure is for staffing. Health workforce shortages are a worldwide problem. Funding also needs to provide for ongoing wage increases.
- The most significant budget increase in recent years was in 2022 under the previous government. Most of the extra funding at that time was for long-overdue pay increases for health professionals, primarily nurses.
- Clearly, the health system is currently subject to significant cost pressures. Furthermore, health costs are increasing faster than general inflation.
- A recent [health economics analysis](#) calculated that, to maintain the same level of service in the United Kingdom, public spending on health would need to increase by 2.8% in real terms (above inflation) each year.
- Moreover, Aotearoa New Zealand's total expenditure on health as a proportion of GDP is lower than comparable countries. Most similar countries spend around 10–12% of GDP on health. Australia and Canada spend around 8%. Aotearoa New Zealand currently spends 7%.
- Clearly, there are challenging global economic issues that invariably impact on health funding. However many of the budget challenges impacting Aotearoa New Zealand are a result of self-imposed constraints by the current government policies.
- While the current Health Vote operational funding of NZ\$32.7 billion is a record amount, it only represents a 4.8% increase in overall funding for the sector. Realistically, a 4.8% increase in Vote Health amounts to 'merely standing still'.
- Further, at a time when there are obvious infrastructure needs across Te Whatu Ora, only NZ\$1 billion is allocated for new capital expenditure. That will not go far.

- Primary care has received a welcome extra NZ\$447 million. This was expected. However, this barely compensates for historic, inadequate, primary care capitation funding, as well as an imperfect system of primary care funding and delivery.
- Predictably, the government is claiming health is a 'winner' in Budget 2025. However, in reality, an overall 4.8% funding increase is not even the status quo. Likewise, a 4.4% increase for Te Whatu Ora is effectively a zero increase.
- Based on our calculations – using government statistics on patient numbers and procedures – the extra funding is, at best, likely to deliver the following:
 - a 2.3% increase in the number of people receiving inpatient care
 - 6.5% additional planned care treatments
 - a 3.6% increase in ED presentations
 - 1% additional primary care encounters
 - 1.2% additional bed nights in residential aged care.