BusinessNZ
THE VOICE OF BUSINESS

Election Health Priorities 2026

Building Tomorrow's Economy: A Business vision for a more prosperous New Zealand

Foreword 2026

Good health is good for business, good for the economy and, most importantly, good for New Zealanders.

That is why BusinessNZ takes such a strong interest in the performance of our health system. A healthier population means more people able to work, participate, care for their families and contribute to their communities. It means fewer days lost to illness and injury, greater productivity and more New Zealanders able to remain independent and economically active for longer.

Health spending is therefore not simply a cost on the Government's books. Done well, it is an investment in New Zealand's people and in our productive capacity. The important question is not only how much we spend, but where we spend it, how well we spend it, and what we get in return.

The BusinessNZ Health Forum gives us an unusually broad view of that question. Our membership reaches across the health system including medicines and vaccines, medical technology and devices, testing and diagnostics, private surgical hospitals, rehabilitation, aged care and community services. These businesses and organisations see every day what works, where the roadblocks are and where relatively practical changes could make a real difference.

They also bring something important to the health debate: a business perspective.

Businesses understand investment, productivity, innovation, workforce planning, procurement and the importance of measuring outcomes. They know that sometimes spending earlier saves considerably more later. A medicine that keeps someone well and out of hospital, surgery that gets someone back to work sooner, effective rehabilitation after an injury, or technology that allows a person to remain independent can deliver benefits far beyond the immediate health intervention.

As we head towards the election, this manifesto sets out some practical priorities from the BusinessNZ Health Forum for the next Government.

We want to see greater emphasis on prevention and early intervention, and better access to modern medicines and vaccines. We want smarter use of the capacity that already exists across our public and private hospital systems, and better procurement and adoption of medical technology. We want rehabilitation that gets injured New Zealanders back to health and work sooner, much better workforce planning, and a health system that recognises the contribution made by charitable and community providers.

We also want New Zealand to be more ambitious about innovation. We should be an attractive place to undertake clinical trials, test new technologies and bring the best international medical advances to patients. Regulation should protect New Zealanders without unnecessarily making us the last in line for innovation.

None of this suggests that there are easy answers. Demand for healthcare will grow and there will always be difficult choices about priorities. But simply accepting ever-higher expenditure without asking whether we are getting the best possible outcomes is not a strategy.

Our central message to policymakers is a straightforward one: we need to spend smarter as well as spend more.

That means looking beyond traditional silos and asking what will keep New Zealanders healthier for longer, reduce avoidable pressure on hospitals, help people return to work more quickly, make the best use of public and private capacity, and ultimately deliver the greatest health and economic return for every dollar invested.

The members of the BusinessNZ Health Forum have considerable expertise and experience to contribute to that discussion. We look forward to working with whichever parties form the next Government to build a healthier, more productive New Zealand.

Katherine Rich
Chief Executive, BusinessNZ

The challenge ahead for NZ's health system

BusinessNZ has members drawn from across the health sector, including businesses and other organisations working in pharmaceuticals, medical technology and devices, testing and diagnostics, surgical hospitals, and care facilities.

This manifesto has been prepared on the basis of ongoing dialogue with those members, and reflects the concerns they have raised. It is clear from the dialogue that a high-functioning health sector is key to ensuring the economy grows stronger, while maintaining the general well-being of the population. However, it is also clear that much needs to be done to ensure that New Zealanders can enjoy these outcomes.

The challenges ahead for our health system

New Zealand has a rapidly ageing population, and it will be several decades before the peak in the number of people aged 65 years, or more, is reached. At the same time, the number of people older than 65 who will need to remain fit enough to work will increase because the age of entitlement to New Zealand Superannuation (Super) is likely to increase.

These things mean that the requirement for expenditure on health services will need to grow more rapidly than the size of the overall population. Older people's use of health services is many times more than that of someone of median age (roughly 38 years old).

Sense Partners research for BusinessNZ[1] indicated that, in the absence of significant overall population growth—driven mainly by immigration—New Zealand could face a labour shortage of around 250,000 workers by 2050. Keeping people in the workforce for longer could help to mitigate the shortage, but health services will need to make this possible.

The same research also indicated that Government expenditure on health and superannuation combined could account for 100% of revenues from taxes on employment by the same year. Such a fiscal outcome is a worrying prospect, given the need for Government expenditure on other things, such as Education, Law and Order, Transport, and Defence and Foreign Affairs. New ways to ensure that health services are delivered more efficiently must be found.

New Zealand's health system remains heavily focused on treating illness after it occurs rather than preventing it, as evidenced by the disproportionate amount of Vote Health being spent on health-related infrastructure and hospitals. Medicines and vaccines are often the most efficient use of health investment, helping keep people well by preventing hospitalisations, reducing complications and delaying disease progression.

Analysis by the NZIER for Medicines New Zealand[2] indicated that New Zealand is an outlier in allocating a very high proportion of health expenditure to service delivery and a very low proportion to medicines. As demand continues to rise, the solution cannot simply be more hospital beds, buildings and staffing. A sustainable health system requires greater investment in prevention, timely treatment and medicines that reduce demand on the rest of the system.

1 We're all in this together—A call for a bipartisan approach to address key challenges out to 2050, Sense Partners, March 2024.

2 Health priorities?—A comparison of New Zealand's public health and disability expenditure against selected OECD countries, NZIER, October 2025.

What the numbers reveal

Population ageing is one of the most significant economic and fiscal challenges facing New Zealand.

Statistics New Zealand projects that the country's population will grow by around 25% during the next quarter of a century. On the face of it, this should not be too much of a problem for New Zealand's health sector. The population increased by nearly 40% during the past 25 years and the sector coped, even if it was under considerable strain at times.

However, the projected growth in the population in the next 25 years is likely to be spread unevenly across different age groups. The number of people aged 65 years and over is projected to grow by around 55%, and the number aged 75 years and over is projected to grow by around 75%.

In terms of absolute numbers, the projections imply that there will be an additional 500,000 people aged 65 and over, including an additional 300,000 aged 75 and over. By contrast, the number of people aged 0–64 years old is projected to grow by only 250,000.

The need for a multi-faceted policy response

The average older person needs many more health service interventions than the average person of median age. It is quite likely that the number of clinical presentations could more than double during the next 25 years, even with total population growth of only a quarter. Major advances in medical technology could moderate the increase in need, but they cannot be guaranteed. It will, therefore, be important to implement a range of policy initiatives to make service delivery more efficient and affordable.

From an economic perspective, the overall aim of health policy should be to assist the population to be more productive without an explosion in expenditure. This is likely to necessitate action on a number of fronts, as follows.

Improved access to medicines, especially where they reduce the need for hospital inpatient or outpatient care

New Zealand's current level of investment in medicines is no longer sufficient to meet the health and economic challenges ahead. NZIER's Health Priorities analysis, referred to above, found New Zealand allocates just 4.9% of public health expenditure to pharmaceuticals, compared with 13.3% across comparable OECD countries. The implied multi-billion-dollar shortfall means that New Zealand patients are missing out on modern medicines and vaccines that are considered standard of care.

This highlights that New Zealand's medicines investment challenge is structural: small annual increases will not deliver the step-change required to improve access to medicines and vaccines, support an ageing population, reduce pressure on health services and improve productivity. BusinessNZ believes the Government should commit to a substantial multi-year increase in Pharmac funding and a long-term plan to progressively rebalance health spending towards medicines, prevention and early treatment.

Optimised use of elective surgery capacity across the combined public and private hospital sectors

Several conditions that are common features of ageing could be more efficiently dealt with in dedicated elective surgery facilities than in general hospitals. The demand for things like cataract surgeries, and knee and hip replacements, is likely to increase significantly and foreseeably over the next three decades or so, and this will necessitate decisions on how best to use and develop surgical capacity in the public and private health system as a whole.

We believe that the decisions should be made on the basis of what is most cost-effective and patient-focused, rather than being guided by political doctrine. Around 20% of patients on the public elective surgery waiting lists are currently outsourced to private hospitals for treatment. These private hospitals have recently been offered multi-year service agreements. This is a good start, but the actual patient volumes offered still vary month by month, and Health NZ has traditionally seen private hospitals as an 'overflow service', rather than an essential long-term partner.

The private sector has access to capital, but private hospitals still require more certainty to support investment in greater capacity. There are also unrealised opportunities for greater cooperation in these investments, for example, where a private provider could build additional operating theatres and make them available in a lease arrangement to the local public hospital.

Given that there is a high degree of certainty about the ageing of the population, the broad quantum and nature of clinical presentations in future years is reasonably predictable. We believe that there should be a stronger partnership between the public and private health sectors with a view to incentivising the private sector to take more of the load of routine elective surgeries. This would free the public sector to deal better with acute surgeries and less common elective surgeries.

Better use of medical technology to complement access to medicines

Medical technology includes a wide range of equipment that supports treatment and healing, as well as helping to improve the quality of life for chronically sick or disabled individuals. Good access to, and appropriate use of, different technologies can help to minimise the need for inpatient and outpatient care. The technologies span a range of equipment, including scanners and imaging machinery, respiratory devices, monitoring systems for use in hospitals and remotely, and therapeutic devices used in surgery and after discharge.

Budgetary constraints have limited the availability of leading-edge medical technologies, but we are aware from our membership that poor procurement rules and practices can also deny patients the care and support they need, as well as reducing the efficiency of the health system.

Obviously, the health and productivity of the nation would be enhanced through increased funding for medical technologies, but improved procurement is also necessary. The Government's September 2025 decision to clarify procurement responsibilities between Health NZ and Pharmac was an important step toward reducing duplication and uncertainty, but there is still significant implementation work to do.

Hospitals could be used as test beds for medical technology innovation, creating life-enhancing technologies that could be exported to the world. To enable this to happen, there would need to be a dedicated focus from Health NZ and sufficient capacity embedded in hospitals. It may be that one hospital is chosen as the champion of innovation, with relevant lessons later shared through the wider network. The test bed could be not just medical devices, but also continuous improvement in hospital service productivity.

In terms of policy, we support the intention of the Cabinet to continue progress on the Medical Products Bill, which is intended to replace the Medicines Act 1981 and the Therapeutic Products Act 2023. The Bill promises to introduce risk-proportionate regulation, recognise that medical devices differ fundamentally from medicines, harmonise NZ regulation with trusted jurisdictions, provide stronger post-market surveillance, and enable efficient pathways for innovative software-based and AI technologies. Harmonisation with trusted international regulators would allow New Zealand to draw on global real-world evidence, respond faster to safety concerns, and avoid unnecessary duplication. A modern, internationally aligned regulatory system would also improve patient safety while ensuring New Zealand remains attractive to global companies bringing innovative, life-saving technologies to our market.

We are concerned, however, that a change of Government could lead to reopening of policy discussions, which would risk returning the system to fragmentation and stalled adoption. We would like to see a bipartisan position on this issue, like the one that has been reached in the area of transport infrastructure.

Better rehabilitation services, post-surgery and post-accident

BusinessNZ's own research in 2025[3] showed that ACC's mismanagement and under-funding of rehabilitation services (rehab) had led to a dramatic increase, both in the length of time before injured workers are able to get underway with their rehab, and in the length of time they spend receiving services. This had contributed to a blow-out in ACC's spending on Weekly Compensation but, more importantly, it had

3 A broken workers' rehabilitation system and its wider negative impacts—Briefing paper to Hon Scott Simpson, Minister for the Accident Compensation Corporation, Business New Zealand, March 2025.

increased the length of time that injured workers had to endure pain and suffering. Furthermore, it had led to an avoidable loss of productive capacity in the economy.

As part of its turnaround plan, ACC has started to improve its case management by reverting to a one-to-one case management model, but BusinessNZ believes there is still considerable scope for it to improve the performance of rehab services, including by improving funding of its contractors.

It is not clear whether rehab services beyond the scope of ACC's activities are equally poorly supported, but BusinessNZ believes that a review of rehab service provision across the wider health sector could uncover scope for improvements in the quality of life of patients and in the productivity of the economy. While cutting costs is the current imperative for ACC, it must not lose sight of its requirement to deliver the most appropriate treatment for injured New Zealanders.

Maintaining the role of charitable and voluntary services in the health system

There is a range of organisations in New Zealand whose activities have the effect of lightening the burden on hospitals and general practices but struggle constantly to stay afloat financially.

An example is Hato Hone St John. The organisation is best known for paramedic and ambulance services, but it undertakes a number of other activities that help to keep people safe and well. It helps disabled and elderly people to live independently, by operating a medical alarm system. In terms of first aid, it provides services at public events, supplies first aid equipment including defibrillators (AEDs), and provides first aid training. In addition, it provides well-being education for children and young people.

Hato Hone St John's ambulance services are largely funded by Health New Zealand and ACC and are supplemented by user charges for some patients. However, the organisation also relies on public donations and earned revenues from training, event services and equipment sales.

The organisation is under constant financial pressure as it attempts to maintain its activities. The pressure can become acute when the economy is in recession. Health New Zealand recognises the importance of the organisation's contribution by contracting with it, but the contracts are relatively short-term. A long-term relationship should be developed.

BusinessNZ would like to hear from the Government how it wants to see the wider charitable and voluntary health sector contribute long term, and how it intends to support the sector's contribution.

Workforce development

The current and looming health workforce shortage is concerning, especially when the age profiles of different sections of the workforce and therefore their likely exit rates are known. Many of the future health service needs of the population are reasonably well understood. It is questionable whether sufficient attention has been paid to workforce planning and capacity development.

A case in point is the nursing workforce, where Health New Zealand was highlighting ongoing shortages and, simultaneously, many new graduate nurses were struggling to find jobs.

Inflows into, and outflows from, various parts of the workforce cannot be controlled precisely because of fluctuations in immigration and emigration rates, but it should be possible to better align workforce training and development with probable system skill requirements.

Public funding of workforce development should take into account the impact on services purchased on contract from private providers by Health NZ. If Health NZ is budgeting for wage and salary increases to the employed workforce, it should allow for an equal uplift to the service providers. Failure to do so leaves contracted providers unable to maintain their staffing and shifts the burden back into hospitals and other public sector providers that are already stretched.

Making New Zealand more attractive for clinical trials

There is potential to promote New Zealand as a location for trials of new medicines and medical technologies. This could have multiple benefits, including better patient outcomes, increased health system efficiency, and business development opportunities.

Trials already happen, but they are on a modest scale. Work is needed on the conditions needed to make New Zealand a health-service test bed, and a strategy to make it happen.

Conclusions

Ensuring that New Zealand has a healthy and productive population, supported by a high-functioning health system, is one of the greatest challenges the nation faces. As this document indicates, successfully addressing the challenge will require concerted and persistent action on a number of fronts. Our recommendations will yield more benefits than costs and produce a better return on investment for the dollar spent, with a sharp focus on prevention and productivity. We look forward to the incoming Government developing and implementing the requisite strategic response.

New Zealanders deserve access to the right health treatments, and scarce health dollars need to go where they have the biggest impact on giving Kiwis healthier lives. With an ageing population, health expenditure will need to increase significantly. However, the increase in expenditure can be contained if we spend smarter.

Health
Summary of Policy Asks

Topic	Issue	Policy Asks
New Zealand's health system remains heavily focused on treating illness after it occurs rather than preventing it	New Zealand's current level of investment in medicines is no longer sufficient to meet the health and economic challenges ahead. New Zealand allocates just 4.9% of public health expenditure to pharmaceuticals, compared with 13.3% across comparable OECD countries.	↗ Improved access to medicines, especially where they reduce the need for hospital inpatient or outpatient care. ↗ A sustainable health system requires greater investment in prevention, timely treatment and medicines that reduce demand on the rest of the system. ↗ Economic analysis by BERL, shows greater investment in the latest medicines would be net positive for Crown finances, due to people staying in the workplace and paying taxes.
New Zealand has a rapidly ageing population. Several conditions that are common features of ageing could be more efficiently dealt with in dedicated elective surgery facilities than in general hospitals	With an ageing population, the number of clinical presentations could more than double during the next 25 years.	↗ Optimised use of elective surgery capacity (longer PPP contracts), across the combined public and private hospital sectors, to more efficiently deal with likely increased demand for things like cataract surgeries, and knee and hip replacements over the next three decades or so.
Budgetary constraints and poor procurement rules and practices have limited the availability of leading-edge medical technologies	Good access to, and appropriate use of, different technologies can help to minimise the need for inpatient and outpatient care and support treatment and healing, as well as improve the quality of life for chronically sick or disabled individuals.	↗ Better use of medical technology to complement access to medicines. ↗ Hospitals could be used as test beds for medical technology innovation, creating life-enhancing technologies that could be exported to the world. ↗ Procurement supplier panels should be refreshed more regularly to ensure new suppliers are not locked out and that pricing remains competitive.

Topic	Issue	Policy Asks
Continue progress on the Medical Products Bill	The Bill promises to introduce risk-proportionate regulation, recognise that medical devices differ fundamentally from medicines, harmonise NZ regulation with trusted jurisdictions, provide stronger post-market surveillance, and enable efficient pathways for innovative and software-based and AI technologies.	↗ Harmonisation with trusted international regulators would allow New Zealand to draw on global real-world evidence, respond faster to safety concerns, and avoid unnecessary duplication. A modern, internationally aligned regulatory system would also improve patient safety while ensuring New Zealand remains attractive to global companies bringing innovative, life-saving technologies to our market.
Better rehabilitation services, post-surgery and post-accident	ACC's past decade of mismanagement and under-funding of rehabilitation services (rehab) has led to a dramatic increase in the length of time before injured workers are able to get underway with their rehab.	↗ A review of rehab service provision across the wider health sector could uncover scope for improvements in the quality of life of patients, and also boost productivity. Faster referrals to rehab are critical to faster recovery and less time on benefits. Public health services and contracted health services staff should be paid the same for the same jobs.
Maintaining the role of charitable and voluntary services in the health system	There are a range of organisations in New Zealand whose activities have the effect of lightening the burden on hospitals and general practices, but struggle constantly to stay afloat financially.	↗ The Government should examine how the wider charitable and voluntary health sector contributes in the longer term, and how the Government can support the sector's ongoing contribution.
Workforce development	The current and looming health workforce shortages bring into question whether sufficient attention has been paid to workforce planning and capacity development.	↗ Workforce training and development should be better aligned with probable and known system skill requirements, including increased capacity to train (more medical placements in the system), better recognition of overseas qualifications and work experience.
Making New Zealand more attractive for clinical trials	There is potential to promote New Zealand as a location for trials of new medicines and medical technologies which would have multiple benefits, including better patient outcomes, increased health system efficiency, and business development opportunities.	↗ The Government should examine the conditions needed to make New Zealand a health service test bed, and develop a strategy to create or enhance the conditions.

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