

Escalating funding crisis in New Zealand public health system

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In the New Zealand city of Dunedin about 35,000 people protested on September 28 against funding cuts to the new hospital. The march attracted a quarter of the city's population, mobilised in response to an announcement by the National Party-led government that the rebuild would be scaled back amid budget "blowouts."

A new hospital had been promised by the previous Labour government and its "delivery" featured in National's 2023 election campaign. The aging hospital, which serves 300,000 people and provides a teaching facility for the Otago Medical School, leaks and is infested with asbestos.

Health Minister Shane Reti and Infrastructure Minister Chris Bishop said the rebuild could not be delivered within the \$1.88 billion budget and would cost up to \$3 billion, which was "simply unaffordable." The main inpatient building will be reduced, or dumped altogether, in favour of retrofitting.

Within a week Vital Healthcare Property Trust, a private company that builds and leases hospitals, including in Australia, was "putting its hand up" to anchor the Dunedin project. Fund manager Aaron Hockly told Radio NZ (RNZ) they would look at breaking up the build, acquiring part of it and leasing it back to the government. "There'd be a whole range of contractual projections for the state, and essentially they would pay us rent," he declared.

The privatisation "offer" emerges as the public health system faces a rapidly worsening crisis including long-term underfunding, lack of staffing and unmet need. In July, the government replaced the board of Health New Zealand Te Whatu Ora (HNZ) with a commissioner, former private hospital chief executive Lester Levy, who was tasked with making \$1.4 billion in "savings," to be achieved largely through 1,600 job cuts.

A briefing to parliament released early this month raised

the forecast deficit to \$1.76 billion. Despite "interventions" by HNZ focused on "short-term restructuring," it was losing \$147 million every month. Spending on doctors however dropped almost \$90 million in August compared to June when it had peaked at \$360 million. The spend on nurses dropped by \$40 million.

HNZ's total funding for the latest financial year was up \$1.5 billion to \$27.2 billion—but still below inflation. The senior doctors' union, the Association of Salaried Medical Specialists, released a report in May revealing that the health spend as a percentage of GDP had "flatlined" since 2010, with one in three New Zealanders now missing out on healthcare of some kind.

Cuts to pay and conditions for nurses and clinicians now underway include a reduction in pay rates for temporary locums by as much as 40 percent. HNZ has also called for some staff to take three weeks' mandatory leave—without pay if workers do not have sufficient leave accrued—over Christmas to "keep the lights on." Doctors at Hutt Hospital near Wellington have recently been instructed to make beds and clean medical equipment, on top of their busy patient workloads.

Frontline hospital services are in a state of near collapse. Dargaville Hospital, which services the Northland region, was without a doctor most nights over the week of October 11, according to RNZ. A leaked management memo warned there would be no doctor or nurse practitioner on duty overnight for the period as well as "a number of gaps" in the roster for the remainder of the month.

Contingency plans included the use of telehealth—a service provided by a private business, allowing nurses to talk to an off-site doctor by phone or video call—and a lowered threshold for transferring patients to Whangarei Hospital. Reti's office was forced to quash rumours that Dargaville Hospital could be closed down.

Northland, a region with some of the worst rural

poverty, is facing an outbreak of whooping cough—a highly contagious disease which can hospitalise and even kill babies and infants. Numbers have been rising sharply since August, including 14 cases in one week. While the disease is vaccine preventable, only 65 percent of the region’s children are fully vaccinated at 24 months. HNZ is now warning of a “high risk” of the outbreak spreading nationwide.

Across the hospital system, wait times for medical assessment, surgery and other treatments are a nightmare for thousands of patients. By May, patients waiting more than 4 months for a first specialist assessment had jumped to more than 65,000. Those waiting longer than 4 months for treatment reached 33,000, including thousands waiting for more than a year.

Emergency departments are overflowing. During the winter flu season people often wait up to 12 hours in A&E departments at Wellington’s two main hospitals. In August leaked data for the year to April 2024 showed more than 400 patients nationwide had waited at least 48 hours in an emergency department—an “indictment on the health system that is risking lives,” one senior emergency doctor told *Stuff*.

According to Otago University epidemiologist Michael Baker, cost cutting means the country is ill prepared for an outbreak of a new COVID variant. The highly transmissible COVID-19 sub-variant XEC, already in about 30 other countries and spreading rapidly, has arrived in New Zealand.

Baker said that COVID-19 is already the number one infectious disease killer, causing 1,000 deaths annually and hospitalising about 10,000. People under 30 years of age, including health workers and teachers, are unable to get booster shots and the vaccines that are available are not up to date. Free RAT tests are no longer provided, meaning low-income people are “missing out.” By not investing in prevention, Baker warned, “you see the consequences at the hospital door” and in increasing mortality rates.

A process of privatisation is underway as more people are signing up for expensive private insurance, even in a cost-of-living crisis. *Newsroom* reported in September that Southern Cross, the country’s largest private health insurer, added a net 15,196 new members in the year to the end of June, taking its total membership to 955,301—almost one in five New Zealanders. The company’s CEO Nick Astwick told RNZ that private insurance will be part of the solution to the “massive demand” for health as the country ages.

A Kantar survey for Southern Cross showed 84 percent of people were concerned about not having access to quality affordable healthcare. Two-thirds said they had experienced a long-term impact to their physical and mental health from COVID-19. Half of Southern Cross members had made a claim on their health insurance in the last year, up from a third prior to the pandemic in 2019. The cost of claims ballooned in 2023, due to rising prices, higher volumes and more claims for expensive procedures.

Sections of the ruling elite and media are agitating over “affordability” of public health. Broadcaster Ryan Bridge last week openly asked: if a doctor has two patients equally ill, one aged 40 and the other 90, “who should get treated first? “The obvious answer,” he declared, “is one person has had 90 years on this planet... We have to [discriminate] on who’s sickest, who’s closest to death, all that sort of stuff.”

The rationing of services is a deliberate policy accelerating under the far-right National Party-led government’s austerity agenda. This includes the sacking of thousands of public sector workers, cuts to social welfare benefits, and a policy to reintroduce privately-operated Charter schools.

The opposition Labour Party, however, offers no alternative. The last Labour government slashed healthcare funding and sacked hundreds of workers as it dismantled all public health measures to stop the spread of COVID. Despite its posturing, Labour agrees that the working class must bear the cost of the worsening economic disaster. The entire parliamentary establishment also agrees that billions of dollars must be diverted from public services to expand the military in preparation for war.

The working class must respond to this onslaught with its own socialist strategy, in opposition to all the established parties. Workers should reject the lie that there is “no money” for health and other vital services. The fortunes of the super-rich, and the money being squandered on war, must be reappropriated to meet the urgent needs of the population, including high-quality, free and accessible public healthcare and the elimination of COVID-19.



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