

Regional expenditure plans and regional efficiency targets

The budget is the budget and it does not change. Efficiency targets are about making that budget go further for patients in their respective regions.

To help regions deliver more frontline care within their budgets, Health New Zealand has set efficiency targets to reduce waste in back-office and procurement functions. These targets are not required to meet the 2025/26 deficit but could free up an estimated \$510 million that can be reinvested straight back into patient care and our Government's health targets without reducing clinical staff.

Region	Efficiency targets by region*
Northern	3.7%
Midland	2.0%
Central	4.1%
South Island	4.9%

* These efficiency targets applied by Health New Zealand are for non-staffing costs in regional budgets. There are no efficiency targets for front-line clinical roles. The efficiency targets above have been displayed to one decimal point.

Non-staffing budgets and efficiency targets by region

The following table sets out the 'Other Operating Cost' budgets to which Health NZ has applied the efficiency targets set out above.

Region	2025/26 Other Operating Costs (\$m)	2025/26 Regional Efficiency Targets* (\$m)	2025/26 Regional Efficiency Targets* (\$m)
Northern	4,607	3.7%	170
Midland	2,819	2.0%	55
Central	3,009	4.1%	124
South Island	3,299	4.9%	161

* Regional Efficiency Targets are applied to Other Operating Costs. For example, with the Northern Region, the efficiency target is \$170m, which is 3.7% of Other Operating Costs of \$4,607m. Regional Efficiency Targets are not applied to staffing budgets. The percentages in the above table are rounded to 1 decimal place. The Other Operating Costs and Regional Efficiency target amounts are rounded to the nearest million dollars.

How Health New Zealand is reducing waste to boost patient care

Health New Zealand is implementing efficiency targets in back-office procurement functions to free up millions of dollars for frontline care. As the budget remains the budget, these efficiencies mean more resources can be directed to where they matter most – patients and frontline staff. Efficiencies are not being delivered through any reductions to clinical staff.

Examples of efficiencies delivering savings this year alone (2025/26) include:

- Renegotiating annual insurance premiums, saving around \$6 million this year.
- Moving to a more efficient model for ostomy consumables, saving \$3.3 million this year without impacting patient supply.
- Reducing unused office space and making smarter use of the property Health New Zealand already has, saving around \$1.7 million this year.
- Signing a national Zoom contract, saving around \$300,000 this year.
- Improved purchasing of medical supplies, for example Cuff First Gloves, which will save around \$1 million this year.

Regional expenditure for 2022/23-2024/25 (\$m)*

The below table shows how Health New Zealand's regional budgets compare to actual expenditure in previous years.

Region	2022/23 actual (\$m)	2023/24 Actual (\$m)	2024/25 Actual (\$m)	2025/26 Budget as per the SPE (\$m)
Northern	7,301	8,526	This is currently being audited. It would not be in the public interest to pre-empt financial auditing.	8,803
Midland	3,942	4,738		4,838
Central	4,153	4,867		5,038
South Island	4,680	5,532		5,745

* The 2025/26 budget numbers in this comparison include both staffing and non-staffing costs. Health New Zealand's applied efficiency targets exclude staffing budgets contained within the regional budgets, which are not subject to efficiency initiatives.