# Briefing for information

## Update on the Budget 2024 funding allocations for COVID-19 and Pandemic Preparedness

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|---|---|---|---|
| **Date due to MO:** | 26 February 2026 | **Action required by:** | N/A |
| **Security level:** | IN CONFIDENCE | **Reference:** | H2026078858 |
| **To:** | Hon Simeon Brown, Minister of Health | | |
| **Consulted:** | Health New Zealand: ☒ | | |
| **Proactive release:** | This **title** is proposed by the Ministry of Health for proactive release: ☒ | | |

## Contact for telephone discussion

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|---|---|---|
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## Minister's office to complete:

| | | |
|---|---|---|
| ☐ Approved | ☐ Decline | ☐ Overtaken by events |
| ☐ Needs change | ☐ Seen | |
| ☐ See Minister's Notes | ☐ Withdrawn | |

Comment:

# Briefing for information

## Update on the Budget 2024 funding allocations for COVID-19 and Pandemic Preparedness

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| **Security level:** | IN CONFIDENCE | **Date:** | 26 February 2026 |
| **To:** | Hon Simeon Brown, Minister of Health | | |

## Purpose of report

1. This briefing provides further information relating to the update on the Budget 2024 allocation COVID-19 and Pandemic Preparedness, discussed at your meeting with Ministry of Health officials on 9 February 2026. Specifically, you requested:

   a. "a breakdown in funding allocated from Budget 2024 for the delivery of COVID-19 vaccines, Polymerase Chain Reaction (PCR) testing and processing services, and maintaining surveillance infrastructure,

   b. case numbers for flu and COVID-19 variants by year, including total number of deceased, and

   c. options to speed up the funding to become part of baseline."

## Summary

2. COVID-19 arrived in New Zealand as a novel pathogen in 2020, and has since established itself as a permanent part of our infectious disease landscape, with real and ongoing costs to the system through maintaining surveillance, vaccination, and testing and treating illness.

3. Overall, hospitalisations and deaths due to COVID-19 continue to decline compared to years prior, but continue to represent a significant burden with 919 cases, 181 admissions and 43 deaths reported in the past few weeks[1].

4. Following the emergency phase of the COVID-19 pandemic there is a global shift towards COVID-19 surveillance and management being integrated with influenza and other respiratory pathogens.

5. Budget 2024 provided new funding to Vote Health to mitigate the ongoing impact of COVID-19 and to strengthen public health surveillance systems to be better prepared for future disease outbreaks and public health emergencies. This funding was ongoing in recognition of the permanent nature of the services required.

6. The combination of vaccines, antivirals[2], testing and surveillance provided through Budget 2024 remain important for protecting New Zealanders against COVID-19, and providing core infrastructure and systems required for outbreak and pandemic

[1] **Cases and Deaths 30 days 3/1/26 to 1/2/26; Admissions 30 days 21/12/25 to 19/1/26. Source: Health New Zealand.**

[2] **Funding for vaccines and antivirals was provided to Pharmac in Budget 24, separate to this package.**

preparedness more broadly. Ensuring that New Zealand is prepared and protected reduces costs and strain across the system as a whole, particularly through winter.

7. As a 'Major Spend' decision, the B24 COVID-19 funding is constrained to the agreed scope of activity at the time of approval. The financial and non-financial performance reporting regime introduced for 'Major Spend' budget initiatives in 2024 helps ensure that oversight and rigor around new spending is maintained.

8. Any proposal to reallocate funding to other initiatives within Vote Health would need to be discussed with the Minister of Finance and approved by Cabinet.

## Recommendations

We recommend you:

| | | |
|---|---|---|
| a) | **Note** that COVID-19 is now a permanent part of our infectious disease landscape, with ongoing costs related to surveillance, vaccination, testing and treatment. | **Noted** |
| b) | **Note** the annual allocations for the Budget 2024 COVID-19 and Pandemic Preparedness initiative, which continue into outyears beyond 2027/28. | **Noted** |
| c) | **Note** that the expectation for specific budget initiatives, such as 'Major Spend' decisions, is that the funding is constrained to the agreed scope of activity at the time of approval. | **Noted** |
| d) | **Note** that any proposal to reallocate funding to other initiatives within Vote Health would need to be discussed with the Minister of Finance and approved by Cabinet. | **Noted** |
| e) | **Note** the Budget 2024 funding supports the importance of the combination of vaccinations, testing and surveillance to mitigate the impacts of winter illnesses on the hospital and health care system. | **Noted** |

Dr Andrew Old
**Deputy Director-General**
Public Health Agency
Date: 26 February 2026

Hon Simeon Brown
**Minister of Health**
Date:

# Update on the Budget 2024 funding allocations for COVID-19 and Pandemic Preparedness

## Background

9. In 2020, COVID-19 arrived in New Zealand as the first significant novel pathogen since H1N1 ('swine flu') in 2009. Unlike H1N1, which is an influenza variant, COVID-19 represented a new disease threat requiring investment in new vaccinations, therapies and protection measures, including surveillance.

10. Since the end of COVID-19 as a 'public health event of international concern' (PHEIC) on 5 May 2023, it has continued to cause significant impact on both people and the system and is now a permanent part of our infectious disease landscape.

11. Recognising the ongoing impact of COVID-19 on population health, the burden on the health system, and the need to maintain critical public health surveillance, the Government agreed, through Budget 2024, to allocate new funding in Vote Health to:

- support the ongoing delivery of COVID-19 vaccinations (via Health New Zealand),
- contribute towards polymerase chain reaction (PCR) testing and processing services (via Health New Zealand), and
- maintain essential public health surveillance infrastructure (via the Ministry of Health).

12. The table below outlines the agreed allocation.

| **Initiative title** | **Allocation** | **$m increase** | | | |
|---|---|---|---|---|---|
| | | **2024/25** | **2025/26** | **2026/27** | **2027/28 & Outyears** |
| COVID-19 and Pandemic Preparedness: Maintaining Essential Health Services and Critical Surveillance Infrastructure | COVID-19 vaccine delivery | 48.935 | 43.058 | 35.960 | 35.959 |
| | Laboratory Services contribution to PCR testing | 7.500 | 7.500 | 7.500 | 7.500 |
| | Critical public health surveillance infrastructure | 9.560 | 9.560 | 9.560 | 9.560 |
| **Total** | | 65.995 | 60.118 | 53.020 | 53.019 |

13. Funding for these services continues in outyears beyond 2027/28 at a total of $53.019 million per year.

14. The Ministry of Health regularly monitors the financial and non-financial performance of this initiative and reports these results according to requirements set by the Minister of Finance for 'Major Spend' decisions.

15. All components of the Budget 2024 initiative are important for protecting New Zealanders against COVID-19 and other respiratory illnesses and provide core

infrastructure and systems required for outbreak and pandemic preparedness. Ensuring that New Zealand is prepared and protected reduces cost across the system.

16. The PCR testing and critical surveillance infrastructure components of Budget 2024 are interdependent, as PCR samples are required for genomic testing to provide insights on virus characteristics and variants, aiding population surveillance and ensuring pandemic preparedness.

17. Ongoing surveillance testing is a fundamental component of pandemic preparedness as it both detects novel variants early and maintains a baseline of PCR testing competency. This ensures laboratory systems have regular test throughput and retain capability that can be scaled up in the event of a future significant outbreak.

18. Funding and maintaining critical surveillance infrastructure enables effective public health surveillance and is key to informing science and evidence-led public health responses, including early detection and case investigation. These systems ensure that health system responses are proportional to the risk.

## COVID-19 vaccine delivery

*Supporting the delivery of COVID-19 vaccinations*

19. The majority of Budget 2024 investment is for COVID-19 vaccination and forms part of the approximately $230 million invested in immunisation each year.

20. Funding of $43.058 million is allocated against a forecast spend of $31.621 million resulting in a forecasted underspend of $11.437 million for 2025/26.

21. The initiative is primarily costed on a pay-per-dose model, but also covers essential supporting costs, such as cold-chain maintenance, storage, and consumables (e.g., syringes).

22. Historical and planned COVID-19 vaccinations spend is subject to demand-driven fluctuations for this service. It is expected that demand will continue to fluctuate throughout a year and also between years.

23. The vaccines themselves are funded by Pharmac, which received a separate budget adjustment through Budget 2024 to cover the cost of COVID-19 vaccines as part of the broader efforts to manage COVID-19.[3]

*COVID-19 vaccines are cost-effective in reducing healthcare pressures and illness from COVID-19*

24. Maintaining high vaccination coverage remains a key mechanism for mitigating the ongoing impact of COVID-19 on communities and the health system.

25. Recent data shows that COVID-19 vaccines reduce the risk of hospitalisation by over 80% in the first month, and by 50–70% after 4–6 months, compared to not being vaccinated. Vaccination also reduces the risk of death by approximately 75%. Evidence suggests that vaccination reduces the risk of developing long COVID.

26. This effectiveness translates into considerable cost reduction for the health system and can substantially reduce hospital burden during the winter season or summer waves of

[3] **Pharmac manages the purchase of COVID-19 vaccines using the same process it does for other medicines and vaccines.**

COVID-19. The cost of one night in hospital is about $1,200, with the average stay lasting 3–4 days. In contrast, a booster dose costs around $30-40.

## Laboratory services contribution to PCR testing

*PCR testing allocation is a contribution to laboratory service budgets held by Health New Zealand*

27. Budget 2024 allocated $7.5 million annually for four years to Health New Zealand as a 'Laboratory Services Contribution to PCR'.

28. This allocation to Health New Zealand is intended to subsidise PCR testing of multiple pathogens to support public health functions. PCR testing beyond this allocation is driven by clinical need and managed by Hospital and Specialist Services in Health New Zealand, drawing on its Laboratory Testing Services budget.

*PCR testing is an important diagnostic surveillance tool for respiratory pathogens*

29. Testing for respiratory illnesses remains an important tool to mitigate the impacts within hospitals and healthcare settings. It allows healthcare workers to manage respiratory pathogens and promptly identify effective treatment options.

30. PCR testing of patients with respiratory illness symptoms has a range of benefits:

    a. the ability to detect people earlier and later in their infection compared to a rapid antigen test (RAT)

    b. the ability to diagnose a range of respiratory illnesses such as RSV, COVID-19, and influenza when a PCR multiplex is used

    c. surveillance – as PCR is essential for genomic sequencing. A proportion of PCR samples are referred to the New Zealand Institute of Public Health and Forensic Science (PHF Science) for further testing as part of the respiratory disease surveillance system for New Zealand.

31. PCR testing of respiratory illnesses, including COVID-19, is critical for public health surveillance of potential pandemic pathogens and monitoring the severity of winter illness periods. Inadequate PCR testing will substantially impair our ability to monitor the impacts of respiratory illness on the health system.

## Critical public health surveillance infrastructure

*Investment in critical surveillance infrastructure has allowed modernisation of surveillance systems*

32. The COVID-19 pandemic exposed significant vulnerabilities in New Zealand's public health surveillance infrastructure. To address this, substantial investment was made in the uplift of core laboratory infrastructure, capability, and capacity for surveillance, in particular the development of wastewater testing and genomic sequencing capability. This investment continues to deliver a more comprehensive and modern surveillance system to inform and protect public health.

33. Budget 2024 allocated $9.56 million per annum ongoing to strengthen critical public health surveillance infrastructure. This funding is managed by the Ministry of Health and is delivered through a contract with PHF Science.

34. Current service levels and system infrastructure provide the minimum product required to maintain critical surveillance systems for business-as-usual activity and enable early detection of a disease outbreak.

35. This allows PHF Science to maintain baseline laboratory services, enabling the laboratories to process and sample six wastewater sites and to sequence up to 96 clinical samples per week. These services can be used for a range of pathogens, in addition to the COVID-19 virus.

*Pandemic risks continue to be present and reductions in service will impair New Zealand's surveillance system*

36. Following the emergency phase of the COVID-19 pandemic, there is a global shift towards ongoing COVID-19 surveillance and management being integrated with influenza and other respiratory pathogens. Globally, there continues to be emergence of potential pandemic pathogens such as Nipah virus in January 2026 and an ongoing avian influenza threat since 2023.

37. It is important that New Zealand retains a baseline level of surveillance services despite the impact of COVID-19 decreasing, to ensure the health system can detect and respond in a timely and proportionate manner to future outbreaks and pandemic threats.

## COVID-19 and Influenza hospitalisation and death data

### COVID-19 hospital admissions and deaths have steadily declined over time

38. As of 2026, nearly all COVID-19 case reporting comes from hospital healthcare or aged residential care via PCR testing, with reporting from other settings, including general practice and self-reporting, much reduced.

39. As a result, wastewater testing conducted by PHF Science is the only reliable indicator for COVID-19 prevalence in the community and is a cost-effective form of surveillance for monitoring community infections and detecting increases in cases before they start having an impact on hospitalisations.

40. Wastewater levels of the COVID-19 virus suggests that community infection rates have stayed relatively stable over the past 18 months, with only small fluctuations in infections, although rates have increased in recent weeks and are at their highest levels since July 2025.

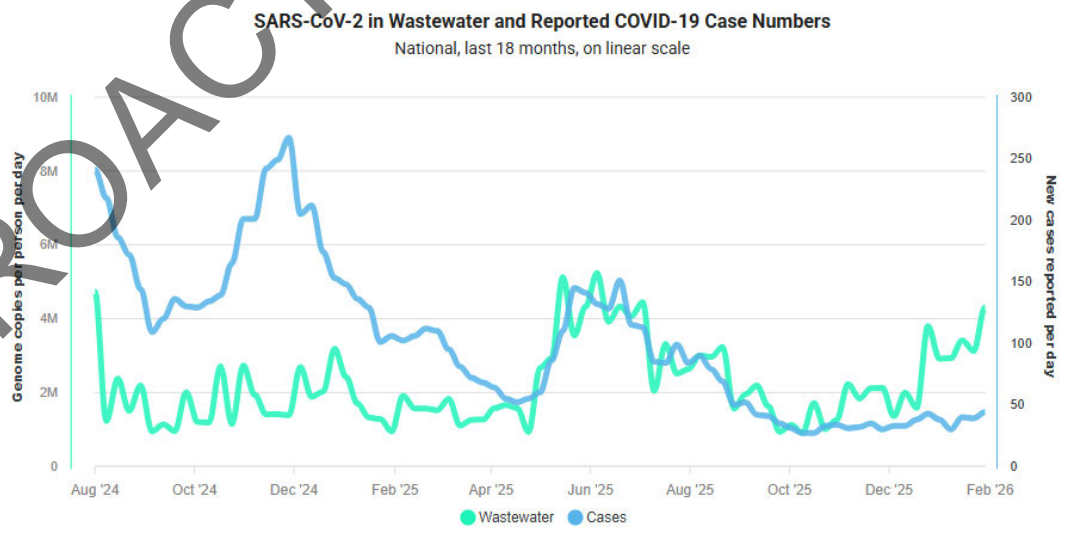


*Figure 1: The average SARS-CoV-2 genome copies detected per person per day in wastewater for New Zealand, along with the reported case numbers.*

41. New COVID-19 variants continue to emerge. Whilst new variants to date have not been more severe or more infectious, their immune evasion properties allow the virus to continue circulating in the community, leading to ongoing waves of infection.

42. There is no guarantee that future variants will not be more infectious or severe which is why it is important that New Zealand continues to monitor the viral characteristics and impacts of COVID-19 variants, to identify any emerging strains that may present an increased public health risk.

43. COVID-19 hospital admissions and deaths have steadily declined in the last two years.

44. In May and June 2024, the national 7-day rolling average was typically between 40-55 admissions per day. Since September 2025, these have been around 2-5 admissions per day.

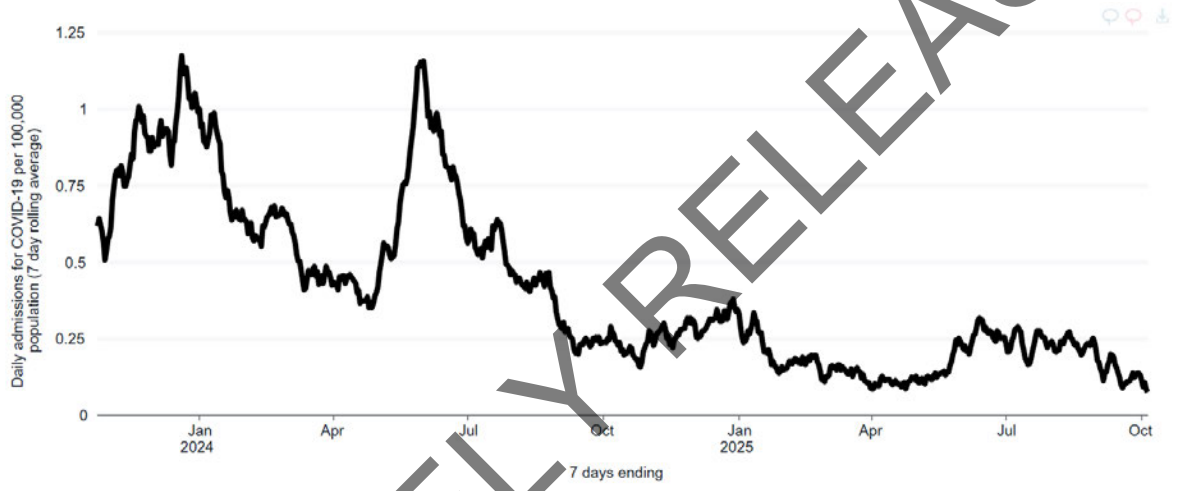


*Figure 2: Daily hospital admissions for COVID-19 (7-day rolling average)*

45. For deaths attributed to COVID-19 from January 2024 through August 2024, the national 7-day rolling average of COVID-19 deaths was regularly between 2-4 deaths per day. From September 2024 through July 2025, COVID-19 deaths have consistently been less than one per day.

46. Deaths attributable to COVID-19 are unavailable beyond 17 July 2025, due to transitioning COVID-19 reporting to how we report other infectious diseases. This means that COVID-19 mortality data is still be reported into the National Mortality Collection, however this has a substantial lag time.

47. Overall, while hospitalisations and deaths due to COVID-19 have declined, COVID-19 continues to represent a consequential burden on the system, particularly when compounded with other winter illnesses

## Influenza data are limited but trends followed typical seasonal patterns for 2024/2025

48. The impacts of influenza infections on hospitalisations and deaths fluctuate depending on the dominant strains of the virus that circulate that year and the effectiveness (and uptake) of vaccination.

49. Influenza is not a notifiable disease and therefore data is not routinely reported nationally. However, an ad hoc analysis of influenza coded hospitalisations yields the estimate of 9,742 cases in 2024 and 11,163 in 2025.

50. Deaths due to influenza are routinely reported at between 500 and 700 per year.

51. Seasonal patterns for 2024 and 2025 were typical, with Healthline influenza-like illness calls and Severe-Acute Respiratory illness (SARI) hospitalisations peaking in winter.

## Budget 24 Funding

### Cabinet approval is required to change any focus in the funding regime

52. The expectation for specific budget initiatives, such as 'Major Spend' decisions such as for COVID-19 and Pandemic Preparedness, is that the funding is constrained to the agreed scope of activity at the time of approval.

53. The financial and non-financial performance reporting regime introduced for 'Major Spend' budget initiatives in 2024 helps ensure that oversight and rigor around new spending is maintained.

54. Any proposal to reallocate funding to other initiatives within Vote Health would need to be discussed with the Minister of Finance and approved by Cabinet.

## Next steps

55. The Ministry of Health will continue to monitor the spend and outputs from this Budget 2024 initiative, ensuring it provides good value for public money.

## End