

**POST-CABINET PRESS CONFERENCE: MONDAY, 22 JULY 2024**  
**HANSARD TRANSCRIPT**

**PM:** Well, kia ora koutou; good afternoon, everyone. It's great to see you all back at Parliament and ready for what will be another busy sitting period. We'll get straight into today's announcement.

You'll see that I'm joined by health Minister Dr Shane Reti. And, as you well know, delivering better public services, and particularly healthcare, is one of our top priorities in Government, because every New Zealander, frankly, deserves to have confidence that, if they or their loved ones are going to get sick or injured, they will receive timely healthcare. Yet, too many Kiwis have been waiting too long at the emergency department, too long for surgery, and too long to get cancer treatment. So we have set targets to turn this around, focused on faster cancer treatment, improved immunisation rates, shorter stays at emergency departments, shorter wait times for specialist assessments, and shorter wait times for elective treatment. These are ambitious targets and outcomes, but it is the least that Kiwis deserve from their healthcare system. But robust governance and management disciplines are also absolutely critical to delivering on these targets and improving the overall quality of front-line health services and outcomes. Sadly, the current Health New Zealand board is facing major challenges stemming from the previous Government's botched merger of the 20 DHBs, and so we are announcing today that the board will be replaced by a commissioner at Health New Zealand, appointed for 12 months.

The problems at Health New Zealand, while complex, are obvious. The previous Government simply took the old DHBs and sought to smash them into one organisation by adding massive layers of management over the top. Frankly, it was appalling implementation from a Government with a pattern of mismanagement and non-delivery that we've also seen at Te Pūkenga, Kāinga Ora, and Whaikaha Ministry of Disabled People. The results have also been obvious to all of those working in the healthcare system: firstly, a lack of performance monitoring framework, meaning that the board and the management could not monitor risks or progress against priorities—it is unacceptable that Health New Zealand does not have adequate oversight of how the system is working or not working for patients in its care; secondly, an overly centralised system, resulting in a massive increase in health bureaucracy and management, and disconnection from the front-line workers—between the CEO and the senior leaders at the top and patients, there can be up to 14 layers of management; and then, thirdly, limited oversight of financial and non-financial performance, despite a multibillion-dollar budget, including a record \$16.7 billion investment in Health New Zealand by our Government.

Now, this is not an issue of there not being enough funding; no level of funding would remedy the serious failures of governance and organisational and financial management that have plagued Health New Zealand since the botched merger. But those failures do now require an urgent and a significant intervention, and I quite rightly want to know and to be assured that our \$16.7 billion investment of taxpayers' money is going to be expertly deployed to deliver improved front-line services and better health outcomes for Kiwis. So, in response to serious concerns around oversight and overspending, we are putting a commissioner in place at Health New Zealand to deliver a rapid turnaround plan that will, one, reduce the distance between the front line and the decision-making; two, streamline unnecessary back-office management and administration; and, three, commission a single point of accountability with a laser focus on patient outcomes for New Zealanders. And, with that, I'll now hand over to Dr Shane Reti to talk you through today's announcement in more detail.

**Hon Dr Shane Reti:** Thank you, Prime Minister. Today, I am announcing the appointment for Professor Lester Levy as commissioner at Health New Zealand for a 12-month term. As the Prime Minister has indicated, appointing a commissioner to replace the board of Health New Zealand is a significant intervention; in fact, it is the strongest ministerial intervention available under the Pae Ora Act. It is not a decision I have taken lightly, but nothing matters

more to me as Minister than the system delivering better outcomes for the health of all New Zealanders.

When we first came to Government, we acknowledged a number of challenges with the governance of Health New Zealand stemming from the previous Government's botched health restructure and appalling implementation, which was delivered against the advice they were provided with and put in place in the middle of a global pandemic. Over the past two years, the previous Government only increased the distance between front-line health workers and its bureaucracy. Staff on the front line haven't felt listened to, and despite two years of hard work, they're still struggling to be heard. As a consequence, Health New Zealand hasn't been able to deliver on the important services New Zealanders tell us they expect.

Against this background, I took action almost immediately, appointing a Crown observer in December to work with the board of Health New Zealand to ensure it could deliver the outcomes that our Government and New Zealanders expect. In the months since, it has become apparent that core parts of the health reforms had led to governance issues at Health New Zealand far worse than we first thought. The Office of the Auditor-General identified the lack of an operating model and lack of an internal performance monitoring framework.

What this means is that in that absence, no one has been adequately watching and no one has been adequately monitoring the Government's single-biggest Crown entity. As the Prime Minister has said, Health New Zealand first started reporting a deteriorating financial position to me in March this year.

On March 29, I was concerned enough to appoint a financial and accounting expert to the board of Health New Zealand. Despite that intervention and his insights, the agency's finances have continued to worsen. Health New Zealand is now currently overspending against budget at the rate of approximately \$130 million a month. This is clearly unsustainable and, if carried forward to the next financial year, would lead to an estimated deficit of \$1.4 billion, consuming the majority of the agency's resources.

As a Government, we need to take decisive action now. In making this appointment, I have taken on board independent advice from the independent Ministerial Advisory Committee on health reform, which said Health New Zealand needed to take urgent action around its internal performance monitoring—the Office of the Auditor-General's recent report on issues including financial information systems and the Crown observer's noting of a lack of focus on the current financial situation given that the deterioration had been under way for some time. It is in this context that we are taking this very significant step. As the recently appointed chair of Health New Zealand, appointing Professor Levy to the role of commissioner will ensure continuity in the governance arrangements.

Professor Levy is tasked with developing and delivering to me a clear turn-around plan to improve connections with the front line, address financial performance, and set a path towards financial sustainability. This plan will: (1) review the entity's governance, leadership, and operating model, including the role of regions and appropriate risk identification and management controls at all levels of the organisation; (2) ensure there is no interruption to the delivery of services during this period of recovery and that Government targets and objectives are prioritised; (3) confirm spending will be kept within budget once it is agreed through a statement of performance expectations for 2024-25; and (4) make sure that patients and their families remain the central consideration of healthcare.

As a Government, we have made it clear that our first and foremost priority is delivering better public services for New Zealanders, particularly in health. We have already invested very significantly in health, including \$16.7 billion across three Budgets as part of our plan for front-line services. As Minister, I'm not confident I would have had adequate oversight of that spend if the existing board structure at Health New Zealand were to remain in place.

Professor Levy will have operational responsibility for the turn-around plan. However, I have made it clear that it should focus on improving connection to the front line. Cost efficiencies

need to come in areas like back-office bureaucracy, particularly middle-management layers, which were imposed as a result of the previous Government's reforms. As one example, between March 2018 and March 2024, back-office administrative staff numbers, which formerly sat at district health board level, grew by around 2,500. Hearing from and protecting the front line and delivery of services to Kiwis in need is and always will be my top priority.

Today's announcement is in no way a reflection on the work of front-line staff in our hospitals, in primary care, in rural health, and in healthcare facilities all over the country. They did not ask for the implementation mess that the previous Government has brought down upon them, and nor did their patients. As always, on behalf of the Government, I thank them for their professionalism and want to reassure them that we are taking these steps to secure a better future for health.

Today, then, I am appointing a commissioner to reduce the distance between the front line and decision making, streamline unnecessary back-office management and administration, commission a single point of accountability with a laser focus on patient outcomes for New Zealanders.

I now hand back to the Prime Minister.

**PM:** Well, thank you, Shane. And before we get into any questions on Health New Zealand, I just have one more announcement to make, and that is that three weeks ago the Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-based Institutions delivered its final report to the Governor-General. This marks the end of the largest and most complex public inquiry ever held in New Zealand, and I do want to personally acknowledge the courage of nearly 3,000 survivors, who shared their experiences of abuse and neglect with the commission and contributed to this important work.

There are two significant milestones I want to talk to today. Firstly, the report and its recommendations will be made public when the report is presented to Parliament this Wednesday, 24 July. And this will be a significant milestone for survivors of abuse in care and their families.

And, secondly, it is important the Crown addresses and acknowledges the experiences of abuse in care at a national level. And today I'm announcing that I will make the public apology here at Parliament on 12 November. The Government, of course, will invite cross-party representation at the event, and more information will be made available in the coming months.

And, with that, Shane and I are happy to take any questions you may have.

**Media:** Prime Minister, just going back to the health stuff very quickly, what happens after 12 months when his term as commissioner—does it expire, does it continue, do you bring somebody else in?

**PM:** I'll let Shane talk to that.

**Hon Dr Shane Reti:** Thank you. It does expire, and then it'll be reviewed by Cabinet at that time.

**Media:** So that Cabinet will look at the situation then and say if you want another Commissioner—or is reappointing the board actually on the agenda at all?

**PM:** Yes, it could well be. At that point, we'll make an assessment as to whether the commissioner role continues for longer or whether in fact, at that point, we go back and reappoint a chair and a new board.

**Media:** And you've said \$130 million dollars a month is being lost; what do you see as something that's a little bit more realistic, or what's your goal in terms of a monthly loss?

**PM:** Well, I'll let Shane talk to that, but we want to make sure that that deficit doesn't eventuate.

**Hon Dr Shane Reti:** So how Professor Levy is intending to address that is through a number of mechanisms. First of all, to optimise the workforce, particularly the back-office work force. You've heard us say that from 2018, we've added 2,500 additional roles into the back office. Secondly, regionalisation: we will regionalise Health New Zealand back towards four regions. That will have clear benefits as we pass decision making, budget holding and commissioning back to local people. It'll ensure that there is quicker decision making, better decision making, at a regional level. Thirdly, standardisation or what's also known as unwanted variation: removing unwanted variation from unplanned admissions, unplanned readmissions, and variations in length of stay. The previous Government modelled billions of dollars of savings to be made through reducing unwarranted variation. That will also help towards the monthly cost.

**Media:** I'm just looking for a number, Minister; what's an acceptable loss per month if \$130 million dollars is unacceptable?

**PM:** No, no, we expect our Government agencies to deliver and manage and deliver those outcomes that we've targeted within the budgets that we give them.

**Media:** So, zero?

**PM:** That's what we're expecting. That's what we're tasking the commissioner to do.

**Media:** What is the explanation that you've been given for that \$130 million loss—deficit?

**Hon Dr Shane Reti:** The explanation we've been given is that disconnecting from the front line meant that we were unable to, or the board was unable to, better align resources with what the front line's needs were. There was no visibility on what was happening at the front line. So that's a significant part of what we're doing here—is reconnecting with the front line. They know best what resources they need. They know best what workforce they need. They know best how to flex up and flex down to meet their acute need. This has been a significant contribution.

**Media:** In reaction to your direction to all Government agencies, Health New Zealand looked at itself, and I know you've just disputed this, but there have been hiring freezes going on, on the front line; how can you ensure that your direction, now, is not going to have an impact on the front line?

**Hon Dr Shane Reti:** We've made it very clear in our letter of expectation to Professor Levy that he is to work to ensure there's no interruption to delivery of services during the period of recovery, and that Government targets and objectives are prioritised. We've made this very clear. This is an expectation that we have, and we'll monitor that.

**Media:** Have you made the direction that there will be no hiring freezes going on because of this direction?

**Hon Dr Shane Reti:** No, and we never did, and in fact, there hasn't been a hiring freeze. Hundreds of nurses and, I think, doctors as well have been employed or have taken up offers of employment in the past few months.

**Media:** How many roles are you expecting to go as a result of this new direction?

**Hon Dr Shane Reti:** Uncertain at this point. There is some modelling suggesting that back office may be around 2,500 to 3,000 back-office roles.

**Media:** And do you have faith in Margie Apa?

**Hon Dr Shane Reti:** I have faith in the board—the replaced board with the commissioner, so I have faith in the commissioner, and the letter of expectation makes it very clear what he's expected to deliver.

**Media:** Do you have faith in the chief executive?

**Hon Dr Shane Reti:** It's not for me to have faith in the chief executive. That's appointed by the board, and in this instance, by the commissioner. It's for him or her to have faith in the chief executive.

**Media:** Are you having conversations with the commissioner about the executive team at Health NZ?

**PM:** Our focus has been to say—and Shane has written a very clear letter of expectations. But in our conversations, we've been saying we need this organisation to deliver the clinical outcomes that we've talked about, the five big healthcare targets. We need this organisation to be able to manage its financial performance from the budget that it's been given.

I just want to remind you, this is a budget that has almost \$30 billion a year associated with it. And we've spent another \$16.7 billion in the recent Budget round of new money coming in over the next four years. So we want to make sure there's good financial management, and we also need to make sure there's good organisational control and a good organisational model, because having 14 layers between the CEO and the patient, if you're a front-line doctor or nurse, what you're hearing is lots of management mush, but you're not getting real clarity about what's being expected of you, you know—getting yes or no answers to the things that you want to get answered.

And the second thing is a massive build up—as Shane's talked to—of 2,500 extra back-office staff at a time when there's been more money, more staff, and worse outcomes delivered. So it's what you do with the money that matters, not just the amount of money. And we've put a lot of money into it, so it's not financial funding problem; this is a management problem, and we expect it to be sorted.

**Media:** The question was: are you having conversations with the commissioner you're appointing about the executive team? Do you have any expectations around that?

**PM:** As Shane said, our responsibility as Ministers and as a Cabinet is to actually appoint chairs and boards, or in this case commissioners, and make sure we have the governance of the organisation, and we have influence over that. The governors then appoint the management team—the CEO and their executive team.

**Media:** Shane, in your view, is it feasible for the senior leadership team that has been overseeing what you have just described—is it feasible for them to stay, given what you have just laid out?

**Hon Dr Shane Reti:** Look, I'll come back to what the Prime Minister just said. Our role is to appoint the governance, and so we have by appointing a commissioner. It's for the commissioner—and before that, it was for the board—to appoint their executive team.

**Media:** But has the commissioner expressed any concerns with you about that executive team?

**Hon Dr Shane Reti:** We've been focused on what this reconfiguration looks like and focused on how we can deliver better patient outcomes. That's a decision for him to make.

**Media:** So, as far as you know, that executive team—chief executive and the senior leadership team—they're safe as houses?

**Hon Dr Shane Reti:** No, that's not a decision I can make.

**PM:** What we've briefed the commissioner around, very clearly, is three things. One is we expect that organisation to deliver and manage from the budget that it's given, given there's a huge amount of money going in. Secondly, we expect the organisation to have a very clear operating model so that we don't have layers of bureaucracy and management that aren't adding value to the delivery of those front-line targets. And we actually expect, you know, financial performance, we expect operational performance, and we expect, you know, clinical performance, which is the targets that we've got.

**Media:** In 2021, when the reforms were announced, Lester Levy wrote, "In my view, these health reforms are well conceived, soundly constructed, genuinely necessary, and, with disciplined and outstanding implementation that will make the difference everyone would like to see." What changed?

**PM:** Yeah, and that's a shame isn't it; we got abysmal implementation and execution from the previous administration, because it couldn't run anything.

**Media:** What exactly has he told you was wrong with the implementation?

**PM:** That there are layers of—well we can see it. We're not getting the health outcomes against the five targets that we've got. We're not managing the budget within the monthly deficit that's been run up, and we certainly aren't getting a clear organisational model when you've got 14 layers of management between the CEO and patient, and 2,500 extra back-office staff. So those are the three things that we're focused on fixing.

**Media:** Your Government's done away with the Māori Health Authority; will there be a requirement for at least one of the deputies to be Māori?

**PM:** I'll let Shane talk to that.

**Hon Dr Shane Reti:** Thank you. What I have done in the letter of expectation is made it clear to the commissioner that he's to have a close working relationship with the Hauora Māori Advisory Committee and that that's to be advisory to him around Māori health outcomes. So they will sit right at that front table, collaborative with the commissioner.

**Media:** You didn't think that it was a good idea to have a requirement that one of the deputy commissioners be Māori?

**Hon Dr Shane Reti:** No, I think it's important that we deliver better patient outcomes.

**Media:** Could one of those findings see us unwind the amalgamation of Health NZ? Could there ever be an option where we put on the reverse and, you know, undo that?

**Hon Dr Shane Reti:** Yeah, look, I think it's so fragile at the moment that we actually just need stability in as much as that we're going to have some changes here, a move towards the regions, but we don't want to toss it all up in the air. And let's be fair, there are some parts of the reforms that I would actually keep. For example, the ability to see infrastructure across the whole enterprise—that is actually useful, rather than having 20 DHBs each doing their own thing. That is useful. Having one terminology across the whole enterprise, that is useful. But what's happened here is the acuteness of their work, the day-to-day stuff, the visibility has been lost from that, from decision makers in Wellington to those actually rolling their sleeves up.

**Media:** And given that disconnect, is there a culture issue? What's the culture like within those health organisations at the moment between the front line and the back office?

**Hon Dr Shane Reti:** Yeah, look, all I can comment there is that, you know, some of the emails I receive and some of the comments we get when I visit hospitals—they are doing their very best. Every single health worker turns up every single day, and I absolutely believe they turn up to the job they love trying to do their best, but they're hamstrung when their decision making is passed to some amorphous something, into Wellington. When good ideas and decisions they have—they pass somewhere, somehow, and never get actually enabled. But that's all frustrating, and, you know, it can have an effect on morale, of course. So, yes, I think there is a significant amount of work to be done. In fact, Professor Levy has said to me that one of the key things he'll want to work on is boosting morale and compassion in the health system.

**Media:** You've said that Health New Zealand is overspending its budget. Can you say what specifically it's overspending on? Is that new nurses or is it back-office staff, noting that this overspend has just appeared since you came into Government?

**Hon Dr Shane Reti:** It's a combination of things. It is back-office staff, as we've mentioned, but it's also outsourced personnel. We have had an increase in full-time staff, and it eludes me why, in some areas, outsourced personnel have also gone up, because you'd expect if you increase your baseline establishment, that you'd have less need to go to outsourced personnel. So it's a combination of all of those things.

**Media:** So the number of back-office staff and the number of outsourced personnel has increased since you came into Government? Because this deficit has only shown up since you came into Government.

**Hon Dr Shane Reti:** Yes, indeed. That's what it looks like. It's happened certainly in this recent past. Correct.

**Media:** One of the main reasons given for amalgamating all of the DHBs was to end the post-code lottery. So if you are returning to a system we're regionalising, how can you guarantee to people in the South Island, for instance, that they're not going to be forgotten about, and contend with that post-code lottery again?

**Hon Dr Shane Reti:** The existing letter of expectation that I placed with the Health New Zealand board stands, and the second letter follows to the commissioner, and both of them set a clear expectation of equity across the health system, so that will help address the post-code lottery. That's a significant piece of work. I can't say to you that it's going to be addressed tomorrow or the day after, but it is set in the letter of expectations.

**PM:** I think the only thing I'd add, Jenna, is that we're not talking about going back to 20 DHBs. What we're talking about is four regional organisations that can be closer to the patient and the needs of those communities, and I think that's a much better way to organise than what we saw, which was hopelessly local, with 20 DHBs, mindlessly central, with the one organisation that, actually, just whacked in huge layers of management over the top of the existing structures, and I think actually getting a very simple, clean organisation model quickly in place—that's why we want the commissioner in there, so they can move with great speed and actually get this organisational model set up so it can actually deliver outcomes that we're expecting out of healthcare.

**Media:** Health New Zealand's most recent annual report was forecasting a surplus in the current year—sorry, no deficit in the current year and no deficit in the next year. What has happened since that annual report, which was reported to Parliament, went to the select committee earlier this year—what has happened since that was reported back to create this enormous deficit, and why is it the previous Government's fault when it appears to have happened under your watch?

**Hon Dr Shane Reti:** No, that's not correct. If you look at the annual report 2023, Health New Zealand reported a \$1 billion deficit, and it was a qualified audit, actually.

**Media:** Yeah, but that's—2023 was last year.

**Hon Dr Shane Reti:** Correct. So let's then go to 2023-24. Because there was delayed revenue to actually come into the 2023-24 year from pay equity and COVID, the expectation that Health New Zealand had was that they would generate a surplus of roughly \$500 million. In fact, it turns out that's going to be \$54 million.

**Media:** Why is it the prior Government's fault if that forecast surplus, the savings they claimed to generate, half a billion dollars of savings, has now turned into a deficit of \$1.4 billion? That's a net change in the fiscal position of nearly \$2 billion.

**Hon Dr Shane Reti:** The best way to address that is with the Office of the Auditor-General, who, when he speaks to the financial performance, says that the lack of an operating model and the lack of an internal performance monitoring framework is putting the organisation at risk, and he expressed concerns with the financial position.

**Media:** Should this be seen as a bit of a shot across the bow to other organisations, ministries, State-owned enterprises across Government that if you don't get your act together, central government will come in and install a commissioner?

**PM:** Well, I want to be really clear—from day one, we've said we're interested in outcomes, targets, results. You've heard me bang on about it day in, day out. That's what I care about. Why do I care about it? Because it's what the New Zealand people care about. We put a lot of money in, and I expect that money to be well managed. It's not just the dollars

you put in; it's actually how you deploy that money to get a different or better outcome that really matters. So when you have a Budget of \$30 billion in health, \$16.7 billion going in, plus another \$604 million for cancer drugs and new medicines, we've put all the money in. We've stumped up and put money forward. I expect to put good money into a good organisation that's going to deliver those outcomes for New Zealanders.

**Media:** So that's your message to other agencies—

**PM:** I've been pretty clear from day one with all CEOs of all Government agencies. We want results and outcomes. We're here to turn the country around. We are being very clear—rebuild the economy, restore law and order, deliver better public services.

**Media:** And if you don't do it, we will install a commissioner—is that your message?

**PM:** We're going to make it work. We have control over the governance of these organisations, and when we think they're failing and they're not delivering performance and they're not high-performing organisations, we will make changes. You've seen us do that. We'll continue to do that.

**Media:** When you say "make changes", are you talking about what you've done here with Health New Zealand?

**PM:** Well, just go back and look at Kāinga Ora, an organisation that was failing, and what we've done there, and look at what we're doing and about to do in Te Pūkenga, around the polytechnics; look at what we're doing here in Health New Zealand. So we need to get results and outcomes, and it's not good enough to put a whole bunch of money in, and it's not fair on the taxpayer sitting outside this building, going to work, paying their taxes, that every dollar is not working harder than it did the year before. It is a mentality that we are trying to drive a cultural shift in the delivery of public services in New Zealand so that we actually get better results for the money that we're putting in.

**Media:** Is it a realistic mentality, because even the Government's books to date haven't been in the best shape? So are you being unrealistic with expectations that you're giving these different organisations, given the climate that they are operating in?

**PM:** Well, I just say to you, look at our last Budget, right? I think we generated something like \$21 billion worth of savings over the next four years. We did what we said we would do—get rid of wasteful spending, get rid of waste and back-office functions and bureaucracy, and there's been a hell of a lot of bureaucracy added into New Zealand over the last six years, and we want to make sure that money, then, is forward deployed into the front-line services so we can deliver it. That's how we funded \$16.7 billion more into healthcare. That's how we put, you know, I think, \$3 billion plus into education, into law and order functions as well. So I'm just saying we're asking people to do what people in small businesses up and down this country do, what families do each and every day, which is to make sure that everyone that comes into this office and Health New Zealand—I want them, every single one of them, knowing that they are here to improve the health outcomes of New Zealanders

**Media:** A lot of the leadership, though, in these organisations, they don't agree with you. At Kāinga Ora, for example, the former board didn't agree with the approach or, you know, your assessment of the situation there. A number of board members in terms of Health NZ, have also stepped down or not sought re-election in terms of their positions, even before you implemented the commissioner. So why are the leadership teams of these organisations saying you're not entirely right on this?

**PM:** Well, what I care about is actually what New Zealanders are saying, and what they're saying very clearly is, you can't spend more money—as I said in Opposition—hire more public servants, and deliver worse outcomes. That is a unique and special skill that stops under our Government. That is why we are making sure that when we actually put a dollar in, it's well managed; we've got a very efficient, very good organisation that is focused on the customer and it's focused on New Zealanders who actually need those public services.

**Media:** Are you planning on dialling back your media appearances?



**PM:** Sorry?

**Media:** Are you planning on dialling back your media appearances?

**PM:** I think team have communicated that we're going to drop one of the media rounds on a Tuesday. Essentially in a 24-window period, you get me today at a post-Cab for 40 minutes or so, you get me on media tomorrow morning doing my media round, you get me on a caucus run at, I think, 10 or 11 o'clock and then on the tiles again at 2. So within less than 24 hours, you've got four appointments. It's probably—

**Media:** As we have with every Prime Minister, so why are you different?

**PM:** Yeah, sure, but it's just we're going to give it a go, just try it, because—

**Media:** Prime Minister, do you not see it as an opportunity to speak to the public?

**PM:** Oh, I do, but I think there's heaps of opportunities to do that, as you well know.

**Media:** Why have you made that decision?

**PM:** Because, you know, I want to keep moving and getting work done and working on what I need to work on, and I'm available to the media, as you see, today; I'm available to the media tomorrow morning on all the media outlets; I do more media on Wednesdays from memory as well; and we also do a caucus run.

**Media:** So are you saying you're just too busy?

**PM:** I want to make sure I'm focused on running this country and getting it turned around and sorted—

**Media:** Can you not handle the workload?

**PM:** —and I'm making sure I'm available to you fine folk as much as I possibly can be.

**Media:** But again, a number of previous Prime Ministers held the same schedule of interviews with media. You're dialling it back. Why are you doing that?

**PM:** All you're losing is my tile run, which is five minutes on the way into the House, from memory.

**Media:** A lot can change from the morning to the afternoon.

**PM:** And if it does, I'll happily show up on the tiles. Yep.

**Media:** Prime Minister, can I just ask—

**PM:** I'll just say to you, four appearances in 24 hours is pretty good, from any political round the world that I've observed.

**Media:** Yeah, it's your opportunity to communicate [*Inaudible*].

**PM:** It is, and I take it, and I really appreciate it.

**Media:** Can I ask about US politics, if we're ready to shift from health itself?

**PM:** Yeah, is there any more health questions before we move?

**Media:** So is Mr Levy going to be responsible for karakia and Treaty issues and name changes? Is he going to be overseeing those kinds of things as well too?

**Hon Dr Shane Reti:** He'll be responsible for delivering better patient outcomes.

**Media:** So when we're talking about cultural aspects, he's not going to be responsible for ensuring that Māori are OK with seeing the stripping away of te reo, karakia from the organisation?

**Hon Dr Shane Reti:** He'll take advice from the Hauora Māori Advisory Committee, which is their purpose. But, again, we want him to deliver better patient outcomes.

**Media:** Do you agree with David Seymour that there is an issue around expectation on Te Tiriti that is heavily weighted towards Māori?

**Hon Dr Shane Reti:** What I agree with is that New Zealanders expect us to deliver better patient outcomes, and that's what we've come here today to do.

**Media:** Or do you agree with rangatira Māori, Māori iwi leaders, that what's happening particularly with the health sector—that the ACT Party is actually drumming up racial unrest?

**Hon Dr Shane Reti:** Look, again, I'm focused on patient outcomes, and I'm very proud of our collaboration that we're having with Iwi-Māori Partnership Boards and that the Hauora Māori Advisory Committee will be able to directly speak with the commissioner.

**Media:** Giving there's little room to move in the next two Budgets, as set out by the finance Minister in May, how concerned are you about having the funds to be able to tidy up this situation and if any other problems arise as a result of putting the commissioner in— have the funds to do that, whilst also, as you've mentioned, the likes of Te Pūkenga, Kāinga Ora, there's other areas there as well that may still need quite a lot of money in order to fix the situations there. So are you going to be a little bit hamstrung by those operating allowances you have going forward over the next two years?

**PM:** Well, we know the operating allowances are tight, but we're going to work towards them. It's important that we do so we get the fiscal repair that needs to happen in our financial books happening, But I'll just remind you in health, you know, we spend \$30 billion a year. We will then add new money in, in each Budget—in this case, we've just added \$16.7 billion over four years in our Budget allowances, right? So it's actually—yes, it's about new money coming into the system; that we should be really clear about, and that's about managing the operating allowance. But it's also about making sure the \$30 billion that's already spent annually is being spent smartly. And that's what we mean by reprioritisations and savings. We expect that \$30 billion to be tilled over, turned over, made sure, asked questions, is it working, is it not working, and that's what we're doing here—and that's why I say, you know, we expect to get different results. You know, we'll add more money in through the operating allowance, but we expect the existing spend to be working harder than it currently is.

**Media:** So you're not—

**PM:** It's not right to assume that every dollar today in the Public Service is being spent perfectly, and we know that—you know, we've got to keep working hard at making sure that's a reality.

**Media:** So, based on what you've seen, though, Shane, you're not worried about any other sort of fiscal cliffs or situations within health that are going to require a massive cash injection that you're going to be constrained and not be able to do because of those allowances going forward?

**Hon Dr Shane Reti:** Look, you can never tell when the next measles outbreak might be round the corner or when we get a really severe strain of COVID, or if avian flu should present itself—that is health, unknown—but at this point in time, with the tools that we have, the knowledge that we have, and the budget that we have, we're ready to move forward.

**Media:** Dr Reti, obviously you're a Minister, you're a creature of the system, what are the 14 layers in between the patient and the CEO?

**Hon Dr Shane Reti:** Ah, well, look, there's an org chart which I've seen which is just mind boggling. I could not name the different layers of way finders, pathfinders, boundary spanners—Lord knows what else—from A to B. I could not name them for you, Luke.

**Media:** Would you be able to send that org chart around?

**Hon Dr Shane Reti:** I can certainly approach the commissioner to send around the chart and the information we have on that.

**Media:** How many layers should there be?

**Hon Dr Shane Reti:** Six.

**Media:** That's very specific. Why six?

**Hon Dr Shane Reti:** Because that's the advice we've been getting from experts who are helping us with the change management. An organisation of this size should have roughly six layers between the chief executive and the patient.

**Media:** Just a huge issue that, obviously, clinicians have been talking about for a very long time is short staffing—huge. We're 500 nurses short in just mental health. How does this help that? And how do you expect this to boost morale?

**Hon Dr Shane Reti:** So not just mental health; I'd put maternity and critical care, actually, I think are our—

**PM:** —regions—

**Hon Dr Shane Reti:** Yeah, indeed. Regionalisation will help that significantly, because if you know what your local needs are without having to go through endless layers of approval all the way up to a Health New Zealand board, Health New Zealand executive, then you're going to be much more able to flex your recruitment needs locally. So that will substantially improve things. That talks about the existing. Behind that, of course, we need more people in the health workforce. We need to be looking at different models of care. We need to understand what telehealth might do, what artificial intelligence might do, what changing scopes of practice, pharmacy, etc., etc., might do. All of that comes together towards ameliorating the workforce issues that we've got.

**PM:** And, Bridie, sorry, the only thing I'd say is that also in the last six months, and particularly in the last 12 months, there has been a massive increase in, for example, nurses. You know, we were 4,600 short, I remember, a year and a half ago, two years ago. I think we've had 2,900 more nurses recruited in the last 12 months. So we're making progress on the workforce. There's still a lot to do, but Shane is right; now it's got to get precise in terms of actually going into the regions it's needed, into the areas within the healthcare system where it's needed as well.

**Media:** Te Whatu Ora say they're already doing that, though—that it's already at that local level. They've got local groups that are signing off on hires as needed.

**Hon Dr Shane Reti:** No, that's not been effective, clearly, and so what we'll do is place a deputy chief executive in the four regions with budget holding and commissioning authority.

**Media:** Is there any chance the savings you're going to make here are actually going to be put into the front line, or is it just a cost-cutting exercise?

**Hon Dr Shane Reti:** No, it's exactly to go into the front line, to improve better patient outcomes.

**PM:** —outcomes. Hey, listen, guys, is there any more—we're going to end the healthcare questions, if we can, and move on to the new topics.

**Media:** The stuff that has arisen under your watch—unlike, say, the Kāinga Ora issue. This happened after you came into Government. Did you take your eye off the ball? Do you have any responsibility for the situation?

**Hon Dr Shane Reti:** I think the fact that we appointed—or I appointed—a Crown observer within three to four weeks of coming into the role expressed the concern I had, and also the fact that, as the Auditor-General says, there was no internal performance-monitoring framework. No one was looking. There was no structure to look, watch, and see, until suddenly, miraculously, the deficits started appearing, and that's what we're addressing here today.

**Media:** I'm just keen to know—you're obviously back from the US—big US happenings. You once lived in the US. And I understand you don't want to get into domestic politics, in terms of backing horses and all the rest of it, but not much is known about your potential ties

to some of the keys players in future administrations. I'm just keen to know if you've ever met with Kamala Harris or Donald Trump.

**PM:** No, I haven't met with them, but, as you know, in the last week while I was in the US, I used it as an opportunity to reach out to people on both sides of that aisle. As I've said before, the political system in America is very large and layered, and it's important that New Zealand has deep relationships across the political aisle but also at different layers within Government as well.

**Media:** Can I just ask your relationship with a couple Kiwis that could be influential: Peter Thiel and Chris Liddell?

**PM:** I don't know Peter Thiel; I know Chris Liddell.

**Media:** How do you know—what's your dealings with Chris?

**PM:** From my former life.

**Media:** Did you seek a meeting with Kamala Harris while you were in the United States?

**PM:** No, I didn't—no, I didn't. As you know, I was pretty busy seeing a lot of other people.

**Media:** Prime Minister, two questions: firstly, is this you in your element, with a corporate restructure? The second question is on a different topic, which is Food Standards Australia New Zealand are meeting, and they could apply white labels to powder dairy products out of New Zealand—

**PM:** Yes.

**Media:** —that could potentially remove the “Made in New Zealand” labelling on that, which would be a huge disadvantage to the New Zealand dairy market—those two questions.

**PM:** Yeah, the first one: you know, I came to politics 3½ years ago because I think we've got a fantastic country. I honestly think we've got the best country on planet Earth. I think it has so much potential. I want us to deliver outcomes and results for the New Zealand people. That's actually what improves their lives out there outside of the bubble of Wellington, and that's what I'm very focused on delivering, and that's why I'm doing this job. And I choose to do this job because I want to be able to do this job and I want New Zealand to realise all the potential that it has.

On the second issue, yes, we will be opposing that and asking for a review of that legislation. That is a regulation—that is regulation about food standards across Australia and New Zealand, and there's a small element of it that we're unhappy with, and when Minister Hoggard is in Adelaide this week, I think he'll be raising that with the Ministers from the Australian state and federal system as well.

**Media:** How much luck do you expect to have with that? You've had absolutely zero luck, as far as I can tell, with getting Canada to reverse their dairy ban on New Zealand imports despite the CPTPP. Are we just too small of a player for them to actually take us seriously in these—

**PM:** Well, slightly different issues. What we're talking about here is, you know, milk powder for New Zealand, which is probably close to \$2 billion worth of revenue; I think for Australia, from memory, it's like \$300 million. We've got a common trans-Tasman food standards regulatory body. It's been 11 years in the making, I think, this new piece of regulation, from memory, and we've got issues with a small part of it. The Minister will raise that with his counterparts in Australia, and if we need further escalation, we'll escalate it further.

**Media:** Prime Minister, did you do a COVID test when you were in the United States?

**PM:** No, I didn't.

**Media:** Because you're a bit cough-ey and splutter-ey and—

**PM:** No, that's just an absence of sleep while I was travelling. Thank you for caring, though, Tova. I really appreciate it. It's very nice of you to ask about my health.

**Media:** I'm just worried that the President might have given it to you or vice versa.

**PM:** No, no, no.

**Media:** Could we just get your reflection on Joe Biden's—

**PM:** Yeah, look, I think, irrespective of your politics, the reality is this is a leader that's given 50 years of service and public service in America. And that's something that's a pretty significant achievement. You know, so we wish him well. And, from my point of view, my job as Prime Minister of New Zealand is to make sure that I can work with whoever the American people select as their leader and their Government. So, you know, that's partly—while I was there at NATO last week, that's why I was working hard to build and deepen those relationships across the American political system.

**Media:** Was it right for him to bail out of the race?

**PM:** Oh, I'm not going to comment on US domestic politics.

**Media:** On the royal commission of inquiry, you said it was the largest, most complex—

**PM:** Yeah.

**Media:** —inquiry in New Zealand. So what does it mean for you to be delivering that formal apology, and are you confident that Government's actions will not ring hollow following that?

**PM:** Absolutely. This is really, really important to get right. And, you know, as I said, the first phase is to table the report in Parliament. The report itself is almost 3,000 pages long. It's 14 kilograms, and there are 3,000 survivors that have actually contributed and had the bravery, courage, to actually make their contributions to that. I want them to be heard, and I want them to know on Wednesday that they are being heard, and that's why that's an important milestone. And then we will work with the different survivor groups and work with them on the apology for 12 November. And, let's be clear, there will be a range of opinions around that, but what is important is we do the right thing here. This is a shameful part of our history.

**Media:** On ministry performances, are you confident that Oranga Tamariki has been carrying out its duties properly? Providers have been instructed not to take on new clients. Four contracts expired almost a month ago, they've been changing contracts which are half-way through. Are you happy with that sort of performance?

**PM:** All I can say is, look, I talk to Minister Chhour regularly. I'm really impressed by how passionate she is about it and how on top of her brief she is. She's doing an excellent job of making sure that those Mike Bush findings are being implemented, and I'm very comfortable and pleased with the progress that she's making. We have a huge duty of care to make sure that we look after those children incredibly well and we actually get the chance for them to turn their lives around. And so I'm very supportive of the work that she's been doing. I know how passionate she is about it and how hard she's working on it.

**Media:** Concerns have been raised by St John around resource and funding, and people have been called in off leave in order to cover shifts. You obviously have, in your coalition agreement with New Zealand First, to renegotiate the Crown-funding agreement with St John. I'm just wondering where you are at with that. Is there any announcement coming soon that St John would be pleased to hear about—funding?

**PM:** There was a multiyear funding agreement put in place by the previous Government, and that obviously needs to run its course. I mean, when that expires, that will be a chance for us to renegotiate and have a further conversation about that.

**Media:** So that conversation will take place when, sorry?

**PM:** Sorry?

**Media:** That conversation will take place with St John when?

**PM:** I can't remember what the period is. I can't remember whether it's a three-year period or a four-year period, but that funding round was negotiated by the previous administration, and when that expires, we'll have a further conversation with St John.

**Media:** A question for a colleague: a new report suggests that the Interislander ferries could run until 2029 with extra maintenance and upgrades—quite a few more years than originally expected. Will this change the Government's plan to replace them, and do you have any update on that plan?

**PM:** No, we've always had good awareness that the assets will end their useful life in 2029. Therefore, that's why it's important that KiwiRail has a really fantastic and very good and strong maintenance programme to make sure they are maintained in tip-top condition. That's their responsibility to do that. We are working incredibly hard to make sure that we get a right sized approach or—you know, the right answer that we need on the Strait, with respect to getting the right ferries in place.

**Media:** On the royal commission, have you read that report?

**PM:** Yes, I've started—yes, I've started. I took, I think, 7kgs, or 4kgs, with me over the last three weeks. It literally arrived when I sort of left to go overseas, and I've been working my way through it. And I just say to you: it's really horrific and harrowing reading. And I have huge admiration for the survivors who have made their contributions. But I have to say I also have huge admiration for those that have been working with those survivors and supporting the work of the royal commission of inquiry.

**Media:** Will the Government change anything after reading that? For instance, are the bootcamps the right way to go, given concerns from survivors?

**PM:** Well, I'll just say to you, you know, as I've tried to say from day one, the military-style academies actually have community organisations in there from day one. I think some of you actually got to see the facility for the pilot over the course of the weekend. We have, I think, from memory, a senior psychologist and two social workers working with 10 young men in this case, for the pilot. We have other community organisations involved. We have the families involved. We have, I think, you know, good safeguards, good protection in place. So I appreciate, you know, we're talking about something from decades ago, but our job is to make sure that there is protection, safeguards in place for the most vulnerable kids that we're looking after.

**Media:** Any lessons you've taken from the royal commission report?

**PM:** Well, there's been lessons, as we've said, from the get-go, and I know some in the media want to simplify it to a really simplistic expression of what it's about. But I have said from day one, we have community organisations in place, because it's partly about our social investment approach that we are going to make powerful, targeted interventions in young people's lives. Yes, we're making an intervention to make sure we keep our streets safe. But, most importantly, we're doing it because we want them to turn around, because we know what the consequences are if we don't do that. And so, for our most serious young offenders, this, I think, will be a powerful option. We've got the pilot in place with the 10 young people involved at the moment. We'll learn from that, and I think we've put a lot of care and a lot of thought and a lot of, you know, support into that organisation.

**Media:** What are your options if Australian food Ministers don't agree to changes on new infant formulas? I mean, they have different standards between Australia and New Zealand. What's the course?

**PM:** Oh, look, I think there's a range of escalations that we can put in place at that point in time, but let's, first and foremost, let Minister Hoggard talk to his counterparts in Australia. We want to seek a review of that particular text in those regulations, and then if we need to further escalate it in the Australian system, we'll do that as well.

**Media:** What's your message to the 440 people that have been told that their jobs may be at risk?

**PM:** With respect to?

**Media:** With respect to the potential closure of [*Inaudible*] operations in New Zealand?

**PM:** Well, I'd say, look, we've got a document that's been prepared after 11 years. We oppose a small piece of it, which is around the labelling of milk powder. As I said, Minister Hoggard's meeting with his counterparts in Australia, I think, towards the end of the week. We will raise our objection and ask for a review of that text. Obviously, it's implementable in five years' time, from memory. There's plenty of options for us to raise our concerns and to take an alternative course.

**Media:** What is your time frame for moving from 14 layers to six layers? When will that be completed?

**Hon Dr Shane Reti:** The process will start on 1 August.

**PM:** OK, thanks, team. Have a good week.

**conclusion of press conference**