



10 October 2024

Margie Apa
Chief Executive
Te Whatu Ora
By email: margie.apa@health.govt.nz

Dear Margie,

Restructuring, Redundancies and Change in Te Whatu Ora

Thank you for your letter dated 9 October 2024.

You have provided a significant volume of information within that response, which we are currently in the process of analyzing. This will take us some time; we have allocated urgency to the process and the unions are sharing resources to assist, however until we have at least had the opportunity to assess, understand and digest the information, we are at a significant disadvantage with respect to engaging further. We will ensure this is completed by 25 October however and if earlier will be in touch accordingly.

It is appropriate to share with you that at this point in time, and notably without the benefit of fully understanding the information sent yesterday, the unions have formed the preliminary view (on what information we do have) that the cause of the alleged financial position Te Whatu Ora claims as the basis of a proposed change management process is not as a result of mismanagement or “over spend”, but rather in part at least the failure of government to pay monies to Te Whatu Ora that are legitimately owed. It naturally flows that restructuring rather than “debt recovery” may be a conversation we have to have. This may be further clarified by the end-of-year accounts which we await with some interest. Can you give us an ETA on these?

The above having been said, the financial disclosure as we find ourselves party to at this time does not paint a sufficiently clear and unambiguous financial position, which is the predicate to any change management processes Te Whatu Ora may contemplate. We consider it appropriate to engage in dialogue around this earlier rather than after time and resources have been spent on a change process that could be avoided or streamlined. The process must therefore be paused until the financial statements have been assessed and the unions have had a reasonable opportunity to examine them. Any engagement before that point is premature.

Finally, Te Whatu Ora is referring to a “socialisation phase”. The unions have never heard that expression before in this kind of context and are uncertain what it means. Given well-settled legal obligations around consultation and change management, the introduction of a new word without discussion makes the process less transparent and is concerning us. Are we to take it this is a term Te Whatu Ora has coined to mean “early consultation”? If so, then how we undertake this should be discussed and agreed in advance. We do not, for instance, consider back-to-back presentations and then 15 minutes for questions at the end of 3 hours an appropriate process.

As always we are happy to discuss this matter further at your convenience. In the interim and whilst awaiting the end of year accounts, we shall focus our attention on the information received thus far, and be back in touch once we have had the opportunity to assimilate it.

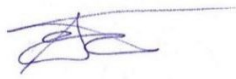
Kind regards,



Dr Deborah Powell
**National Secretary, APEX &
NZRDA**



Sarah Dalton
Executive Director, ASMS



Sam Jones
Co-leader Industrial, MERAS



Ashok Shankar
**Health National Sector Lead,
PSA**



Paul Goulter
National Secretary, NZNO



Kate Clapperton-Rees
Executive Director, STONZ



Glenda Alexander
Co-chair, Kahui Kōkiri



**Mat Danaher
Director
Etu**

9 October 2024

Dr Deborah Powell, National Secretary, APEX & NZRDA
Sarah Dalton, Executive Director, ASMS
Sam Jones, Co-leader Industrial, MERAS
Ashok Shankar, Health National Sector Lead, PSA
Paul Goulter, National Secretary, NZNO
Kate Clapperton-Rees, Executive Director, STONZ
Glenda Alexander Co-chair, Kahui Kōkiri

By Email: omar@cns.org.nz

Tēnā koutou

Letter dated 7 October 2024

Thank you for your joint letter of 7 October 2024 in which you seek detailed financial information from Health New Zealand | Te Whatu Ora.

Health NZ acknowledges the right to relevant information pursuant to section 4(1A)(c) of the Employment Relations Act 2000 and that the detailed financial information falls within the scope of that right. It has always been our intention to share this information with the unions as part of our upcoming change management process.

Yesterday, we released a significant amount of detailed financial information as follows:

1. An update on the New Zealand Health Plan and financial performance dated 25 September 2024 which was provided to the Health Select Committee. This can be accessed here: [f745c56555343eee746fad7bfa2e4ab73731c452 \(www.parliament.nz\)](https://www.parliament.nz/f745c56555343eee746fad7bfa2e4ab73731c452)
2. A detailed response to an OIA request which contains 450 pages of briefings and financial reports. This can be accessed here: [Health NZ Financial Reporting from FY 2023/24 – Health New Zealand | Te Whatu Ora](#)

We are also in the process of finalising our audited year-end accounts and once these are available we will ensure they are shared.

We note that no change programme has been implemented at this stage as we are currently at the socialisation phase. Therefore, at this stage, there is nothing to pause. The unions now have the opportunity to comment on the information we have provided before any change management programme is implemented. We ask that you provide any such comments by Friday, 25 October 2024.

We further note that as usual, any consultation documents would include meaningful information on that specific proposal so that the unions and potentially affected employees can provide targeted feedback at that stage. That could, of course, include further feedback in relation to the financial situation.

Nga mihi nui



Fepulea'i Margie Apa
Chief Executive | Tumu Whakarae
Health New Zealand | Te Whatu Ora



7 October 2024

Margie Apa
Chief Executive
Te Whatu Ora
By email: margie.apa@health.govt.nz

Dear Margie,

Restructuring, Redundancies and Change in Te Whatu Ora

1. On 19 September, unions received a briefing from Professor Levy and yourself that Te Whatu Ora was running over budget by \$147 million per month. We were also told that because of this overspend, the organisation intended to undertake a programme of cuts and savings, including defunding programmes and projects and making positions redundant.
2. We have not received any detailed financial information from the organisation to understand how or why there is a budget overspend. We are concerned the overspend may be a result of an accounting error, or be the effect of Holidays Act or Pay Equity payments moving through the system.
3. Can you please provide us, as required by s 4 (1A)(c) of the Employment Relations Act 2000, the financial information available to your finance and service leadership team to enable us to provide comment to you on the nature of the overspend, before you make a decision on this overspend.
4. This must be the first step in any process of change within Te Whatu Ora. We would expect that if any overspend is established, that employees and unions are invited to give suggestions on how voluntary cost savings could be achieved within the organisation. We believe that a significant spending on locum doctors, especially at the RMO level, can only be alleviated by an urgent and focused recruitment campaign for British and Irish doctors. We also believe a significant reduction on spending in radiology and hospital maintenance can be achieved through insourcing.
5. Secondly, we need an opportunity to comment on any distribution of cuts/savings targets. On 2 October, unions at Kahui Kokiri received a briefing on six elements of a savings programme which is in the process of being implemented across Te Whatu Ora:
 - Incentivised resignations (with severance pay), including 111 approved EOIs for administration and clerical resignations in hospital and specialist services;
 - Public health, including a \$29 million savings target;
 - Data and Digital, including a \$100 million savings target;
 - Service improvement and innovation, including a targeted 15% reduction on spending;
 - Pacific Health,
 - Maori Health, including a headcount reduction from 368 to 250 employees.
6. It was unclear how the decision to allocate cost savings between directorates has been made. However, any decision to allocate cost savings including what will be significant redundancies in

some directorates has been made. Once we have had an opportunity to comment on the information concerning the total overspend we will need an opportunity to comment on the distribution of savings targets.

7. In other words, the proposed distribution of savings within the organisation is another decision which must be consulted on with affected employees and unions. Confirming the expected savings targets, without allowing us to comment on these is a significant breach of good faith.
8. As a third matter, we were informed that within each directorate, leadership teams are drawing up lists of projects, programmes and positions which will be disestablished. The disestablishment of any one of these projects, programmes or positions may well have significant risks or costs elsewhere in the organisation. For example, the data and digital team cannot assure us the scale of cuts being asked for, will not increase the risk of another cyber-security attack similar to Waikato Hospital. As another example, people and culture are unable to confirm whether the incentivised resignations of booking clerks will impact on the delivery of patient services or the workload of their clinician colleagues.
9. As a requirement of consultation, we must be provided an opportunity to provide informed comment on the lists of projects, positions and programmes each directorate is proposing to terminate, before the decision is made.
10. A change management process, which involves potential termination of employment, must be undertaken in good faith. This requires at each major decision step, employees and unions in the public health sector are provided access to the information relevant to the decisions, and the opportunity to make comment on that information.
11. Until such time as we have been provided the information on the \$147 million overspend, and the opportunity to make comment on this information, any subsequent decisions about the allocations of redundancies, cuts and cost savings should be paused. Can you please confirm to us by 5pm on Wednesday 9 October that any implementation of a change programme is paused until such time as we are able to comment on the matters referred to above.

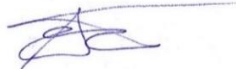
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