

**POST-CABINET PRESS CONFERENCE: MONDAY, 19 JUNE 2023
HANSARD TRANSCRIPT**

PM: Good afternoon. Today, I'm providing an update on two cost of living measures that will help working families. The first is an increase in support for paid parental leave. From next week, on 1 July, we're putting an additional \$51 a week into the pockets of new parents. Eligible parents will see an increase in the paid parental leave payment, from \$661 a week to \$712 a week before tax. That adds up to an extra \$1,327 for those taking the full 26 weeks of paid parental leave. The minimum rate for self-employed parents increases to \$227 per week, equal to 10 hours of the minimum wage for an adult worker.

As announced in the Budget, from mid next year, new parents will also receive a 3 percent Government contribution to their KiwiSaver whilst they're on paid parental leave as long as they continue to make their contributions to KiwiSaver. That recognises that parents can see their nest egg worsen while they take time off work to look after a new child.

The second update is to confirm that we are tweaking the 20 hours' free early childhood education policy to recognise some of the feedback that we have received from early childhood education providers. The intention of the 20 hours' free early childhood education initiative was to lower the cost to parents, not to have an impact on the service's financial position. While it was always our intention to work with the sector to bed the policy in ahead of the 2024 start date, we have heard some of the concerns that have been raised loud and clear, and we've been moving quickly to remove any uncertainty that the sector might face. We've agreed, and the Ministers have written to sector leaders today to confirm that we've removed the specific funding condition that would require services to take enrolments for 20 hours a week only when they were requested by parents to do so. That update fulfils our promise of extending 20 hours' free ECE to two-year-olds and increasing 20 hours' ECE funding rated by 4.6 percent, but it also removes a complication that was going to make it too difficult for services to do that in a financially viable way.

The requirement for early childhood education services to provide transparency to parents around the fees that they are charging and the Government subsidies that they are receiving will remain. Services will still need to provide clarity to parents about what they are being charged for and provide the Ministry of Education with their fee schedule data, and they will still be required to charge these hourly.

So now looking ahead to the week ahead. I'm here Tuesday, Wednesday. On Thursday, I will be out in my home town in the Hutt Valley to celebrate the official opening of the New Zealand Campus of Innovation and Sport, which the Government was proud to support with a \$30 million shovel-ready project funding. I will be marking a significant milestone in terms of Government housing on Thursday as well. On Friday, I'll be in Queenstown to open the town centre upgrade, speak to the local chamber of commerce, officially open the Coronet Peak ski season for 2023, and in the evening I'll be speaking at the prestigious Hi-Tech Awards in Christchurch. Then on Sunday, as I indicated last week, I will be leading a 29-strong trade delegation, plus a few media, to China where we'll be visiting Beijing, Tianjin, and Shanghai. I'll be meeting with the President, the Premiere, and chairman of the Standing Committee of the National People's Congress. Happy to take questions.

Media: Why did you not consult with the ECE sector before making that massive change in the Budget?

PM: There's been ongoing consultation with the ECE sector.

Media: So why are you now having to do a back-down on this one part of it?

PM: We didn't consult with it specifically about the extension to the hours free to two-year-olds because obviously it wouldn't be much of a Budget secret if we were telling everybody about it before the Budget.

Media: Is that a good enough reason to not involve the sector in a conversation which is fundamentally going to change the way they operate—because you want to keep the Budget secret?

PM: No, ultimately this is a process that we do through almost every year across a range of different Government decisions where Budget funding is allocated and then we work through with the relevant sector, whether it's education or whether it's health or whether it's any other sector, the details around implementation, and that's what's been happening.

Media: What was the message you were getting from ECE centres? What were you hoping to achieve with offering parents the ability to do 20 hours free. What did they say in response to that?

PM: So a number of early childhood education centres have been charging a daily fee rather than an hourly fee. And so it hasn't been transparent to parents about how their 20 hours' free is being applied. So the policy work that was done before the Budget was about giving parents more information about that, so they could see where their 20 hours was going; they could see what exactly it is that they are paying for. And as part of that, the Ministry of Education were proposing—in addition to requiring centres to charge by the hour—to allow parents to choose to only use the 20 hours' free. What a number of centres have said, and particularly the case for smaller centres, they've said that that would impact their financial viability because the extra hour or two that they might be also charging parents for is the difference between it being viable and not viable. So we've heard that feedback. They'll still need to charge by the hour, but they will still be able to bundle the 20 hours with paid hours.

Media: Is 20 hours' free really 20 hours' free?

PM: Well, this is the intent of the policy: to make sure that's transparent; to make sure that parents can see how the 20 hours is being applied versus anything additional that they're paying for.

Media: The Government's previously called that condition a “workaround” to allow those centres to charge for fees that they shouldn't. Was that wrong?

PM: I think we have to accept the reality that for bigger centres, there are more options; but for smaller centres who have an operating model that's based on an all-day model of care, if someone's only taking the six—because the 20 hours' free is capped at six hours a day—if one child takes the six hours' free, often it would be very difficult for the centre to find another child to take up the remaining hours in the day. And so, therefore, they would end up carrying unfunded spaces and un-taken-up spaces that, for small centres, can be very difficult.

Media: And have the sector told you that this addresses their concerns? Are they back on board?

PM: Yeah, so there's been a lot of conversations with them. I think they're not wild about the idea of transparency, but I think they can live with that. This was the stumbling block for them.

Media: So will centres be able to require charges from parents? They'll still obviously get the 20 hours' free, but will they be able to say to a parent that wants to get their child into childcare that “You have to pay a certain amount to be able to sign up and receive this childcare.”?

PM: They won't be able to charge for the 20 hours. But they may have a minimum number of hours per day, for example, which might be more than the six hours cap on free in any given day.

Media: So based on Jenna's question, would you then accept that the confidential nature of the Budget process has led to, what was it, about four weeks of probably stress and concern for parents and for ECE providers, when, really, if you'd been able to engage before then or in the development of the policy, you could have avoided all of this in the first place?

PM: Well, there's been a lot of engagement with the early childhood education sector over the last five years across all of the areas that the Government is working on, so I don't think that the sector has had no engagement.

Media: Who is the Race Relations Commissioner right now?

PM: Um, I don't have an answer for you on that. It's not Meng Foon.

Media: How can you say that, given he says he hasn't officially resigned yet?

PM: I can read you the email that he sent me if you like; I have it in front of me. I received it at 12:30 p.m. on Friday. It says, "I am resigning as the Race Relations Commissioner as I didn't declare the amount of money M Y gold investments was receiving from MSD. I will resign Sunday."

Media: He said he thought for his resignation to take effect, he had to write to the associate justice Minister, Deborah Russell.

PM: Well, when he writes and says, "I am resigning", I take that as a resignation.

Media: Is that an official process, though? Is that all it takes, is an email to the PM to say, "I'm resigning", and then obviously something has happened in the interim, and then it's still—

PM: The advice that I have received is that it was a resignation letter and that the Government was correct to accept it as a resignation letter.

Media: He's saying that he did declare the emergency housing funding that he was getting. Do you have enough evidence to suggest that he never declared that properly?

PM: So the Associate Minister of Justice has looked carefully at the matter; has received advice from both the Chief Human Rights Commissioner and the Ministry of Justice that the relevant processes were not followed, the conflict was not appropriately managed in accordance with the rules; and on that basis, the Government has accepted his resignation.

Media: We've seen documentation that does show that on a conflict of interest register that he filed before a board meeting—it's on the agenda for the board meeting—that it's in black and white there that he has declared the funding that he got. So what's wrong?

PM: As I've indicated, both the Ministry of Justice and the Chief Human Rights Commissioner have made the case, and the Minister has reviewed all of the material and has agreed with the case that the conflict was not appropriately managed.

Media: Will you just release the report then, so that we can see for ourselves?

PM: I'm sure that that will be a subject of discussion with him.

Media: Meng Foon believes he's been treated a lot more harshly than Michael Wood or Kiri Allan have over not disclosing conflicts of interest. I mean, does he have a point?

PM: In the case of Michael Wood, it wasn't not disclosing the interest that was the problem; it was not managing the interest and that matter's still ongoing. As I've indicated, I'm withholding further judgment until the relevant investigation by the parliamentary registrar of pecuniary interests has completed his investigation.

Media: What about Kiri Allan, though?

PM: What was that?

Media: What about with Kiri Allan, though?

PM: Well, Kiri Allan did declare the donation she received from him.

Media: But she didn't declare her conflict to Cabinet, though, until it was reported, though, right?

PM: Sorry?

Media: She didn't declare her conflict of interest with Meng Foon being a donor to Cabinet, until that was made public, though, right?

PM: My understanding is that there were no decisions relevant to him in which you would need to declare an interest. So declaring an interest and putting it on the register somewhere does not manage a conflict, and this is the same with Ministers. You have something on the register; it's still incumbent on the Minister who has the conflict to make sure that where any decision relevant to that conflict is being made that they're declaring it and, where necessary, exempting themselves from that or whatever. You know, putting it on a register somewhere is not the only way you manage a conflict. In fact, it's just one step in a process. Management of a conflict is an ongoing process. It doesn't just happen once by you putting it on a register somewhere.

Media: What are your reflections on Meng Foon's conduct as commissioner?

PM: I want to acknowledge Meng Foon's significant life of service to the New Zealand public. I've had plenty of interactions with him in his current and former roles and I've always found him to be a thoroughly decent person who speaks freely and I respected that. In this case, he's failed to manage a conflict of interest.

Media: Meng Foon's expectation now is that he will be written to by Minister Russell with a more detailed explanation of why she took the view that she did regarding his removal in his role. Do you know whether that will happen or not?

PM: I certainly—now that she has written to him accepting his resignation. In terms of what happens next, that's, I guess, a conversation between the two of them.

Media: Just to clarify, when did you get that email from Meng Foon?

PM: 12.30 on Friday.

Media: Meng Foon's email says it was sent to you at 10.27 on Friday.

PM: Oh well, the printout that I've got here—let me just check whether I've misread the time stamp on it. Sorry, it was forwarded to me at 12.30. It was received by my office at 10.27. You're quite correct.

Media: He alleges that the Prime Minister's office leaked details of his resignation or planned resignation to the media. What do you say to that?

PM: No, I disagree. I mean, he'd emailed in his resignation. We were receiving media queries about his resignation and answered those.

Media: Prime Minister, why is ethnicity being used as one of five factors when it comes to the surgical wait list for Te Whatu Ora?

PM: So I have three kind of main points here. One is that clinical need will always be the first and foremost factor in decisions around clinical care and that is always the case; it will always be the case. Clinical need will be the number one factor. The second point is that we do know that there is evidence that some of our population have been discriminated against in terms of access to clinical care. So Māori, Pacific, rural, and low-income communities have had to wait longer for clinical care than other New Zealanders. The third point is that Te Whatu Ora have been working to address that to make sure that there isn't that inequity in the system, that everyone is being treated equally in the system. At the moment, there is clear evidence Māori, Pacific, rural, and low-income communities have been discriminated against by the health system, and they are working to address that. Now, I've seen the concerns that are being raised about the mechanism that they are using to do that and I've asked the Minister of Health to look at that to make sure that there is a reassurance that we're not replacing one form of discrimination with another. Actually, this is about making sure that everybody is treated equally and a recognition that at the moment they haven't been.

Media: Should this have ever been in place in the first place? Is this something that maybe should have been kicked up to your office? Did you know about it before today?

PM: Ultimately, clinical decisions about who gets priority are best made by clinicians. I think as a Government, though, we want to be sure that that is being done equitably. It hasn't been done equitably. Māori, Pacific, rural, and low-income communities have had to wait longer for their health care. I think it's good that Te Whatu Ora are making sure that they are now given equal access to clinical care. That's what it should be.

Media: We've been inundated with calls from people that say that they've been specifically moved down the waiting list because of their ethnicity. What is your response to them?

PM: As I've said, I've asked the Minister of Health to look at it to make sure that the way it's been presented to me is actually the way it's being implemented, which is this is about making sure there isn't discrimination in the system where there has been in the past.

Media: So I think you've referred this to your Minister of Health to check that you're not replacing one form of discrimination with another. Are you, then, saying that you do have concerns that that is discrimination with the equity adjuster tool, as it stands?

PM: I've just asked her to make sure that there isn't—that, you know, we haven't swung the pendulum from one extreme to the other. But, look, let's just be really upfront about this: Māori, Pacific, low-income, and rural communities—people who fit into those categories—should not have to wait longer for their healthcare, which is what they have been—they have been waiting longer. I think the health system does need to take that seriously.

Media: If I could just ask, who did the discrimination against them? Was it clinicians or hospital administrators, or who?

PM: Well, if you just look at the—that's based on the raw data, in terms of waiting times. So people who fit the descriptors of Māori, Pacific, rural, or low-income, based on wait lists data, they tend to have fallen right to the bottom of the wait lists and they've stayed there for longer relative to other New Zealanders, even if their clinical needs have been the same as those who have been getting treatment faster than them. That suggests a systemic bias in the system. I think it's important that the system deals with that but doesn't do that in a way that it replaces one systemic bias with another.

Media: I was talking to a surgeon who was concerned that this answer is too simplistic and there are in fact other tools perhaps further down the ladder which could address inequities earlier and this is essentially a band-aid put over what they would describe as an open wound, and this can't be communicated to the public. Are you sure that this is actually the right solution to the health inequities in the system?

PM: Well, like I said, that's why I've asked the Minister of Health to look at it.

Media: How concerned are you, Prime Minister, that race has become the centre point of this, when you've clearly outlined it's needs-based, but now, as we're getting closer to the election, more race is being used as an issue?

PM: Well, I would note that there are four groups of people that I have spoken about, Māori, Pacific, rural, and low-income. Those who are raising concerns only tend to talk about Māori and Pacific people, rather than the fact that there are also rural and low-income people who have been proactively targeted to make sure that the disparities here, that have been evident for some time, are actually being addressed.

Media: But my question was: how concerned are you that it's being used as a race issue rather than needs-based across the sectors of community that you've highlighted? But what we're discussing now is about ethnicity.

PM: Well, healthcare should absolutely be delivered on a needs basis. The fact that Māori, Pacific, rural, and low-income people are waiting longer, with the same clinical need for healthcare compared to others, suggests that that is an issue that needs to be addressed.

Media: A question about the politics of this all, because National has announced they'll strip out that ethnicity criteria. It, effectively, leaves them with a position where they don't support the Māori Health Authority but they don't support the clinician-led initiative to include ethnicity. So what is Labour's challenge to National when it comes to communicating this issue as, what was said, it can get quite heated?

PM: Well, those who are arguing that we should do absolutely nothing need to explain to New Zealanders why they think that Māori, Pacific, rural, and low-income people should have to wait longer, with the same clinical need for healthcare as other New Zealanders. I don't think that form of discrimination has a place in our health system. I think it's right that Te Whatu Ora are grappling with how best to address the fact that that has been the case up until now. I want to make clear, though, that that doesn't mean replacing one form of discrimination with another.

Media: During COVID-19, the prioritisation was very much Māori and Pasifika who had been on the waiting list the longest. That was the only tool that was being used because medical professionals saw it as an opportunity to completely reset during COVID-19. Were you aware that that was the very blunt tool that was being used during COVID-19?

PM: No, I wasn't really involved in any of those decisions at that time. In my brief tenure as Minister of Health, I don't recall looking at that at all, and, as Minister for COVID-19 Response, obviously I wasn't dealing with surgical wait lists.

Media: There was feedback from medical professionals that it was too blunt, which is how we've now ended up with this new algorithm, which obviously takes in a much broader set of criteria. Would you argue on the basis of that information I just gave you that, actually, this is a watering down of the system, in terms of the new algorithm?

PM: I wouldn't give you, you know, an informed opinion on that. I'd want to have a look at that before I did so. *[Interruption]* Hang on, hang on. Let everybody have a fair go. Jo?

Media: Given that you have said that you're going to pass it to the Minister, the people who have come up with this algorithm are medical professionals working in the sector and they have discussed with the next tier down, who are medical professionals who are the ones who are actually having to make the decisions? Is it a dangerous game to be playing that you're going to now have the Minister of Health—I appreciate that she is a medical doctor, but you're basically getting the Government, bureaucrats, officials, to weigh in on decisions that medical professionals of the system have already made and determined to be the best idea?

PM: As I've said, very clearly, I think, in my first answer: I don't intend to get involved in clinical prioritisation decisions. I think what we do need to be clear about, though, is what the criteria are that are used for that. I think it is acceptable for the Minister of Health to ask questions of the people making those decisions what criteria they're working to.

Media: Do you not think, though, that that suggests that you don't trust the medical professionals in charge of coming up with these? I mean, they're the ones that are dealing with the issues. If you're going to say that they'll come up with an algorithm that they think that is addressing inequities in the system and you're going to say we're going to get someone to do a check of that, you're effectively saying that you don't trust them to do their job?

PM: No, what I'm saying is I'm acknowledging that the health system has been discriminating. Māori, Pacific, low-income, and rural people have had to wait longer for their healthcare with the same clinical need, and I don't think that that's acceptable.

Media: Tomorrow, the creditors of the Ruapehu Alpine Lifts are meeting. The Government has, obviously, a partial—you know, put a joint bid in. Why does the Government want to buy a stake into ski fields, and how much is it going to cost?

PM: We have to recognise that Ruapehu is a very significant part of the economy in the central North Island. A lot of people's jobs depend on it—not just the people that work on the

ski field, but actually, all of the people that work around that area: the hospitality, the tourism, the service sector. It is a very significant part of that community.

So if there is a way forward that allows the ski fields to continue to operate, then, yes, Government should be involved in those discussions, bearing in mind the Government stands, potentially, to end up being the party picking up the tab in the event the ski fields fall over, because there's a whole lot of assets up on the mountain that something will have to happen to, and if the company has disappeared that was previously running them, it's going to fall back to Government, potentially DOC, to remedy that. So I think it is important that we are involved in these conversations.

Media: *Newshub* have been told that there's been a High Court injunction filed to stop the liquidation of Ruapehu Alpine Lifts. Do you know about that?

PM: It's not something that I was briefed on before coming here.

Media: Will Aucklanders and Wellingtonians get the public transport concessions that were promised to them in Budget 2023 on 1 July?

PM: So there are ongoing conversations at the moment between transport officials and the relevant local authorities about how best to and how quickly it's possible to operationalise that. So we haven't got anything to announce on that today.

Media: Just on that, why did you promise that in Budget 2023 when it's not possible to implement in Wellington and Auckland?

PM: Well, the subsidies will be available from the time that we've indicated that they will be available from. If the providers are unable to operationalise that, then we'll have conversations with them about how best to meet the objectives in the mean time.

Media: So you started this press conference by talking about the ECE that you've had to make a bit of a back track there. Now you're saying that we can't get the people under-25 fees free in Wellington. I mean, these are key parts of your Budget—like not even talking about the prescription free. Was it all—is it just a big mess? How did you mess this up?

PM: It's the nature of a Budget process that you have to actually announce the Budget before you can talk to people about it.

Media: Yeah, but this doesn't happen every Budget. This one seems unique in the fact that, afterwards, a lot of people are coming out and you're having to back track on a number of things.

PM: No, but I disagree. In terms of the work around early childhood education, we always, after every Budget—I did five of them as Minister of Education. After every Budget, with the changes that we've made around early childhood education funding, we've then subsequently had discussions with the sector around the implementation details of that. It is an iterative process that happens every single year.

Media: In terms of Māori and funding ECE, in organisations like Te Kōpae Piripono, example, are still confused as to whether or not the 20 free hours is going to extend to them. They haven't got any clarity around that. Can you provide surety that it will also positively impact the likes of Te Kōpae Piripono?

PM: So all those services that currently access the 20 hours' free for 3- and 4-year-olds will be able to access the 20 hours' free for 2-year-olds. So in terms of in the Māori ECE space, there is some differences and some variants there, so it will be the status quo but extended to 2-year-olds.

Media: On the public transport concessions, it's incompetence, isn't it, that you announce something that regional bodies cannot implement—that Aucklanders, Wellingtonians can't get those concessions in the way that you promised on Budget day, come 1 July?

PM: No.

Media: Well, it deserves a better answer than that, doesn't it, than just to flip it no. You said—

PM: I think I've already given you one.

Media: Well, these are key parts of your Budget that are falling apart, and you're just giving flip-it answers.

PM: I disagree that they're falling apart.

Media: You've been granted a meeting with Chinese President Xi Jinping. What will you use it for?

PM: I think we'll have a fairly broad-ranging conversation—I mean, first of all, it's an opportunity for me to underscore the importance of the New Zealand - China relationship. It will be an opportunity for us to discuss a range of issues that you would expect that we would be discussing. Trade, of course, will be right up there. We'll, I'm sure, also talk about all of the issues that get canvassed.

Media: I meant what will compromise—sorry. What would be a successful trip for you—what do you actually want to gain from China from going there?

PM: So, I mean, I'm taking a trade delegation with me to recognise that the trading relationship between New Zealand and China is incredibly important for the New Zealand economy. Amongst the delegation that I'm taking includes some new and emerging markets where we think there's opportunity for us to grow the economic exchange between New Zealand and China. So digital tech, for example—we see there's real potential there. So, I mean, I think a successful outcome is opening doors for our business community, our exporters, but continuing to have a good, robust Government-to-Government relationship, which is very important for our business community, who rely on Government-to-Government relations being strong and open in order for them to have good business-to-business relationships.

Media: Can I also just ask one on another issue? Just how bad politically is it for Labour that New Zealand has slipped into recession?

PM: I think if you read the commentary provided by economists around the most recent quarter, a 0.1 percent fall in GDP is sort of margin of error, so it puts us into a technical recession. If you look at the things that contributed to that, one of the drivers of that, of course, was the cyclone. So a lot of the negative downswing from the cyclone was recorded in the latest quarter. Some of the recovery and clean-up work, including the money that we put into that, will be recorded in the next quarter, which we're currently in at the moment. So I don't think it's necessarily painting a complete picture of the effects of the cyclone, but I think a lot of the economic commentators, including the banks' commentators, have said that without the cyclone we probably wouldn't have been in recession.

Media: But I did ask about the politics, rather than the economic context.

PM: Oh, right. Politics is politics and it's election year—I'm sure our opponents will make much of it. The reality is we're managing the economy through a pretty difficult period. Governments don't get to determine the weather, but we do have to respond to the events dictated by the weather.

Media: When will the candidate for Te Tairāwhiti be announced, Prime Minister—the candidate for Te Tairāwhiti. When do you expect an announcement to be made there?

PM: That's a matter for the Labour Party.

Media: Can you say how long you expect the health Minister to take to do her assertion of whether or not it's a suitable system?

PM: I'm sure it will be an ongoing process.

Media: Just on the ECEs, providers have been calling for a full, independent review of the funding structure for the sector for years. That was noted in a letter from your associate

education Minister that that request has been made again. Have you made any commitments on that, and what are your thoughts on perhaps doing a review like that?

PM: We've been discussing with the sector how we could change the early childhood education funding system to address some of the concerns that they've raised. So, for example, if you're a small early childhood education centre and you're employing a bunch of new teachers who are at the bottom end of the salary scale, the funding system will work quite well for you. If you're a small centre serving the same population, but you've got a bunch of teachers who have been doing it for 20 years and are at the top of the salary scale, the funding system is not so good for you. The Ministry of Education has been exploring with the sector a range of different models. You know, what that might look like, might it be that we fund salaries separately from funding operating costs—there are a wide range of views within the sector about the desirability or otherwise of that. I think it reflects the fact that in the early childhood education sector, all of the centres operate quite differently. You've got a mix of for-profit, not-for-profit, big services, big chains versus small, community-based services—it's one of the most complex areas of education policy, one that I'm very familiar with. I don't think we're ever going to have a funding model that everybody is over the moon about.

Media: So are you saying that it would be more prudent to do tweaks here and there rather than doing a full review because of how diverse the sector is?

PM: The conversations the Ministry of Education was having with them in the latter half of last year when I was still the Minister of Education were quite fundamental. They were looking at the fundamentals of how the system is funded.

Media: Just on the consultation that you've done post this Budget announcement, ECE providers got a letter on Thursday, I think it was, from Minister Luxton about hearing their concerns and wanting to come back to them later this week. But it appears, I mean that's from Thursday to Monday a decision has been made, she's had meetings with a range of providers earlier in the last—well in the few weeks before that. What consultation has been done there? I mean I've just heard from a provider that said that they don't feel there's been genuine dialogue and there's been a lack of detail.

PM: There's been plenty of consultation which informed the Cabinet paper that went to Cabinet today, which is why I'm announcing it today.

Media: One of the other concerns of ECE was their child-to-teacher ratio seeing as it was funded to the highest level. Was there any talk about making tweaks to that?

PM: I think that early childhood education's strategic plan that we have, which sets out a 10-year vision for ECE, does identify ratios as a priority area for further funding. Any change to ratios will also throw up a whole lot of issues the same way as the extension of 20 hours' free has as well, and it will also be expensive. So it remains on the 10-year plan because it is an area where we think more progress can be made.

Media: The Stuart Nash report also noted that there were gaps in his phone records because he was deleting texts. Is that concerning to you, and have you asked your Ministers to not delete their correspondence?

PM: I expect all Ministers to comply with the Public Records Act, and those are—obviously Stuart is not now a Minister so those are questions for him, but I expect all Ministers to comply with the Public Records Act.

Media: Have any Ministers come forward since this has happened and told you of any conflicts of interests post having to declare them?

PM: So just to sort of elaborate a little bit on the conversation that I had a moment ago, once a year the Cabinet Office gets a declaration of conflicts from Ministers. That will include things that are on the register of pecuniary interests—so property they hold, shares they hold, trusts that they have an interest in etc., etc., but it will also include other things that aren't publicly declared. So it will include if there's a potential conflict around a family member, for

example; they aren't always publicly declared for privacy reasons. We have to protect the privacy of other parties involved here, but that is recorded by the Cabinet Office.

It is still incumbent on Ministers where decisions are being made where they have a conflict to identify that they have a potential conflict, to declare that and to take appropriate steps to manage it. Ministers can do that in a range of ways, if it's a decision that they're making, so they're appointing somebody, for example, to a body and the person is someone who they know well—maybe it's a family member, maybe it's a long-time friend, maybe it's a political donor. The appropriate thing there to do is to remove themselves from that decision. In that case, we appoint another Minister to act on their behalf; that's all documented and it's all officially recorded by the Cabinet Office. That is an appropriate way to manage the conflict. In the case of Stuart Nash, in the most recent report that came out last week, it was identified that he had done that in the case of an appointment, but then he involved himself in the announcement which somewhat blurred the lines. So—what was that?

Media: And he didn't tell the Cabinet Office?

PM: That's right. So he'd done part of it, he'd substantively managed the conflict, but there were other bits around the margins that he hadn't done that would have made it a lot tidier. So, you know, I agree with what the Cabinet Office has released there. There are other ways to manage a conflict, including completely removing yourself from a decision. So other decisions a Government might take—RMA fast-tracking, for example, which we've done quite a lot of. If a Minister had an interest in a project then they could just completely remove themselves from the decision making on that project if they felt they had a conflict. So there are a range of ways of managing a conflict, but the Ministers themselves need to identify them, and they need to take the steps to manage them.

Media: Would you consider a Minister deleting text messages to donors a breach of the Public Records Act?

PM: I'm not a lawyer.

Media: Well it makes it—it kind of makes the findings of that report—puts them in question, does it not? Because we don't know what those text messages said.

PM: That's ultimately—like I said, that's a question for Stuart.

Media: Just two questions on the ECE decision: are you reflecting on your Budget process and whether or not it needs to be kept so secret that you're having to do clean-up jobs with sectors?

PM: As I've indicated, every year after the Budget is released, there are a range of sectors who will engage with the Government about implementation details for the policies that have been announced in the Budget. This is not something new. There's probably a little bit more noise around it. It's election year; sometimes you'll get a bit more noise from some sectors in an election year where they want to try and strive towards a particular outcome.

Media: So ECE teachers are politicising education?

PM: Not the teachers.

Media: So who is?

PM: Well, there are some early childhood centres who are not particularly supportive of the Government's direction in early childhood education.

Media: You said this happens every year; what was the issue last year?

PM: I could go back and get it for you, if you like. I typically would meet with the early childhood education advisory committee. After every Budget, we would go through what's in the Budget and we would agree the issues that we had to work through in terms of implementation details.

Media: No, I'm talking more broadly. You were talking about every Budget, people come back—different sector groups—and have complaints about things; this is the one for this Budget. What about last year?

PM: I'd have to go back and check my notes for what it was, but there have almost always been some. Pay parity, actually, was the issue last year. So we had quite a significant conversation with them around pay parity. We put significant extra money in to pay the early childhood education teachers more. They had some concerns around where we had drawn the line in terms of pay expectations, and we worked with them to resolve that issue.

Media: My other question was: if you have been having discussions with the early childhood sector for five years about how to reform them, how were you not aware that requiring them to do 20 hours only enrolments was going to be a problem? That is a very widely known problem among parents, among teachers, among centre owners. How did you not know?

PM: The goal here is to make sure that there is greater transparency and greater choice for parents, and to make sure that the money that we are putting in is actually flowing through into making parents financially better off. Centres will have a range of views about how best to achieve that. We've taken some of their feedback on board.

Media: Sorry, that doesn't answer my question at all. How did you not know that introducing 20-hour only enrolments was going to be a problem?

PM: We acknowledged from the beginning that it would be challenging for some services. What became apparent in further conversations we've had with them—I guess they've provided more information to demonstrate just how challenging it would be for them.

Media: What information have they provided now that you hadn't seen in your five years as education Minister?

PM: You'll need to talk to the Minister who's making those decisions about that.

Media: On the secondary teachers strike, what's your message to the union as it considers whether to go into arbitration?

PM: I would strongly encourage them to go into arbitration. It means that they will get a fair, objective, and impartial view on their claims and on a fair way forward.

Media: Given ethnicity is a criteria—pretty much anything seems to set people off in all sorts of ways—do you think that there's merit in addressing what are obviously overwhelming negative statistics for Māori and Pasifika by using other terms, I guess, in other ways of expressing that criteria? For example, with the current system that's being discussed, you could talk about things like life expectancy. You could talk about things like whether you've had good, easy access to treatment in early onset symptoms, for example. And that would actually address some of the issues in the same way without making it an issue about ethnicity and race. Do you think there's merit in going down that track to try and steer clear of what could consistently become a political race debate?

PM: Look, I think it's really unfortunate that what appears from my reading of it to have been a programme designed to remove discrimination, in terms of race, in terms of socio-economics, in terms of living in a rural community—it seems to me that the health system has been designing to remove the discrimination against people in those categories and that that now has become a bit of a political football. I've asked the Minister of Health to look at it because I do want to make sure that the discrimination that has previously been evident in the health system is being addressed, but we need to do that in a way that continues to hold the confidence of the public that they are not going to become discriminated against as a result.

Media: But do you see merit in the fact that as soon as you use ethnicity, that just sets people off in all sorts of ways? I guess what I'm getting at is: do you think that you could deal with this issue in a way and use criteria and use words that aren't as blunt to actually get the

same result but not end up in the same tedious track that we always do where it ends up becoming about Māori and Pasifika?

PM: Where the health data indicates that there has been discrimination against a group of people, identifying that, being transparent about that and seeking to remedy that is fair and something that Governments should do. Māori people, Pacific people, rural people, low-income people have been waiting longer for healthcare compared to somebody else who has exactly the same needs who doesn't fit into that category.

Media: And I don't disagree with any of that, but inevitably you will get push back when it is an issue about ethnicity? So if you want to actually be progressive and make change and have transformation, which presumably is what the Government is trying to do with the Māori Health Authority, and sort out some of these inequities—is there not a way to go about it where you don't have these trigger words and trigger points that seem to set people off? And you can still achieve it by actually talking about issues like life expectancy, which it is pretty clear that for Māori and Pasifika that is a serious, serious issue compared to non-Māori and Pasifika.

PM: I don't want to dress up a problem in a way that disguises the problem and therefore it doesn't get addressed.

Media: You'd rather no progress—

PM: Well, no. There has been discrimination in the system against Māori people, Pacific people, rural people, and low-income people. I don't think we try and hide that by talking around in circles about it. I think being up front that there is a problem and dealing to address the discrimination is something that the system should do.

Media: Do you accept that opposition to it means that you may not get change and you would rather accept that and try and deal with the issue by using mechanisms, tools, words, language—whatever you want to call it—to achieve the same result?

PM: Well, no, because we are focused on making sure that the health system is not discriminatory. That's why we're having this conversation.

Media: Did you read the ECE Cabinet paper that came to Cabinet today?

PM: I did.

Media: So what was different in there that wasn't—you didn't—

PM: I think we've covered this territory already. Thanks very much, everybody.

Media: No, no. Well, you're saying "Talk to the Minister.", but did you read the Cabinet paper as to what was different in the Cabinet paper than what you knew over the past five years?

PM: As I've indicated, there's been some further feedback from the sector. Thanks, everyone.

conclusion of press conference