

POST-CABINET PRESS CONFERENCE: MONDAY, 18 APRIL 2017

PM: Good afternoon, ladies and gentlemen. I'm pleased to announce, along with my colleague the Hon Jonathan Coleman, that the Government has today agreed in principle to settle the care and support workers' pay equity settlement, a case more commonly known as Terranova. Minister Coleman and I will outline the details to you and then take questions, and then I'll move on to other issues that you may be interested in.

Today's settlement follows the pay equity claim brought by E tū, previously the Service and Food Workers Union, through the courts on behalf of care worker Kristine Bartlett. Rather than going through a prolonged court process, the Government decided 2 years ago to try and reach a negotiated settlement. As a result, Cabinet today agreed to a \$2 billion pay equity package, to be delivered over the next 5 years to 55,000 care and support workers employed across the aged and residential care sector. The agreement is the result of a complex and detailed negotiation over the past 20 months and it will deliver a significant pay boost to some of the country's most dedicated and hard-working but lowest paid workers.

I want to acknowledge E tū, the Public Service Association, New Zealand Nurses Organisation, and the Council of Trade Unions for their constructive and positive approach through some tough negotiations. I'd also like to acknowledge the New Zealand Aged Care Association, the Home and Community Health Association, and the New Zealand Disability Support Network, for the vital role that they also have played in reaching this agreement over the past 20 months. I also recognise the employers who will implement this new wage structure, and pass the new rates on to their staff.

Alongside this settlement, the Government is implementing a framework for settling future pay equity claims. We established the joint working group, bringing together employers, unions, and the Government, to establish the principle and processes for dealing with future pay equity claims, including the criteria for considering whether a claim has merit, and guidance on how pay equity rates are established. The Government is in the final stages of drafting the legislation to implement these recommendations, and plans to release an exposure draft soon. The principles were published late in 2016.

This National-led Government has worked hard to get back into surplus, and this now means we're in a strong position to be able to help support more New Zealand families, and we have the ability now to settle these kinds of negotiations and improve the lives of New Zealanders through these sorts of decisions. Our own actions, along with legal cases and negotiation, mean we have provided significant new funding for the care and support workforce over recent years. This includes in 2011, the Government introduced a minimum wage for sleepover shifts for night-time support and residential care services, at a cost of around \$58 million a year. In 2015 the Government began phasing in a new policy that meant care and support workers are now paid for travel time and mileage between client visits. This costs around \$38 million a year and the settlement also included regularisation of the workforce.

We've increased the minimum wage by \$3.75 per hour since we came into office, affecting thousands of these same workers, and, last year, we increased Working for Families payments by \$12.50 per week. Today's settlement builds on these accumulated gains. It will help to reduce the high turnover of our care and support workers, and ensure we have a higher paid, more skilled and engaged workforce, that looks after around 110,000 of our most vulnerable New Zealanders.

I'll now hand over to health Minister Jonathan Coleman to take you through some of the details. Then we'll take your questions on Terranova, and then we'll move on to other issues. Jonathan?

Hon Dr Jonathan Coleman: Thanks very much, Prime Minister. Kia ora and good afternoon. As the PM has said, today we are announcing an historic \$2 billion pay equity settlement, which will benefit some of New Zealand's lowest-paid workers. There are around 55,000 care and support workers in New Zealand across the aged care, home care and support, and community residential sectors. The vast majority of care and support work is funded by the Crown via contracts with private service providers.

The workforce is made up of mostly female employees, with more than half of them working part time. The average wage rate is between \$16 and \$18 per hour. As you'll be aware, in 2012 a pay equity claim was filed in the Employment Court, and that case is known as *Terranova*. The plaintiff's claim was that because the work is predominantly performed by women, care and support workers are paid less than would be paid to a man performing work involving similar skills, responsibility, conditions, and degrees of effort. The Employment Court and, subsequently, the Court of Appeal determined that the Equal Pay Act 1972 did allow for such pay equity claims to be pursued.

In June 2015 a Crown negotiator was appointed by Cabinet to facilitate a negotiated settlement. The overarching objective of the negotiations was to achieve a timely, fair, and affordable resolution to the pay equity concerns related to care and support workers. Those negotiations have been complex, involving a number of parties, and have only just reached a real conclusion in recent days. As the PM said, today Cabinet has agreed a \$2.048 billion pay equity settlement, which will be delivered over the next 5 years.

From the 1st of July this workforce will receive a pay rise of between around 15 and 49 percent, depending on their qualifications and/or their experience. That means that on July 1 the 20,000 care and support workers currently on the minimum wage of \$15.75 per hour will move to at least \$19 per hour—a 21 percent pay raise. For a full-time worker, that means they'll be taking home approximately an extra \$106 a week, which is \$5,511 a year in the hand.

Under the agreement, a new pay matrix will be put in place, and that will standardise the pay offered by around 1,000 providers under 4,000 separate contracts. Existing workers will be transitioned to positions on the new pay scale, which reflects their skills and experience. For those new workers employed after the 1st of July, wages will be based on an individual's level of qualifications.

The \$2.048 billion settlement over 5 years will be funded through an increase of \$1.85 billion to Vote Health and \$192 million for ACC. For this year the cost to Vote Health will be \$303 million, and to ACC will be \$31 million. ACC levies are already set for the coming years but may possibly increase over the next decade to support this. However, that's not definite. There may be an increase in costs for people in aged residential care facilities whose assets keep them above the subsidy threshold. However, that will be determined through the annual aged residential care contract negotiations between district health boards and providers.

To ensure that the pay rises occur in the agreed manner, I will be introducing legislation to Parliament shortly. The unions will also be meeting with their members to ratify the settlement over the coming weeks.

I'd like to take this opportunity to thank the unions and associations involved in reaching the agreement. Home and community support and aged residential care workers are rightly seen as an extremely deserving group. And from my days as a doctor, I saw their dedication and hard work first-hand. It is absolutely fitting that these workers are being recognised with this historic pay equity settlement. I know this boost to the incomes of hard-working care and support staff will make a big difference to them and to their families. I'd also like to acknowledge Kristine Bartlett for the role that she has played in making this all happen.

Looking ahead, there remains a great deal to be done in terms of implementing the agreement. But, for today, this is a great moment for New Zealand's care and support workers. Thank you—very happy to take questions.

Media: Mr English, does this open the way for other sectors that might be in need of higher pay—social workers, education support staff—in which the Government might want to increase?

PM: Well, if there are other claims, and there's a number of groups talking about it at the moment, then they will be dealt with according to the principles of the pay equity legislation rather than by direct negotiation in this case. But we would expect there may be other groups. The hurdles will be pretty high. You know, this is a fairly unique set of circumstances. It's not readily or easily applicable outside of Government, for instance. So the new pay equity legislation is pretty important because people will then be able to see the process to go through.

Media: Are you worried at all that—or would you like to see this encouraging the private sector to increase wages as well as similar professions and industries?

PM: Well, look, that'll be up to them. Our job has been to settle this claim and all the court action, potential court action, related to it and to put in place a set of principles. Bear in mind that the discussion about the principles has been tripartite. So we've had business, unions, and Government involved in that through most of last year. We've published them late in 2016, and the legislation that puts it into legal form will be published in draft before too long.

Media: Would you like it to influence other industries where there are low pay rates? Would you like to influence them to pay more?

PM: Well, look, it's up to them. We're providing a framework where they can—people can take claims if they want to. But, look, in general, though, it shows the benefits of a strong economy and well-managed Government books. So we're able to afford this settlement, and, you know, if things weren't going so well, you simply wouldn't be able to entertain it. There'll be businesses who, in the normal course of events, are always in discussion about wage rates, and sometimes they can afford it and sometimes they can't. In this case, we can.

Media: To accommodate this, do you have to increase the spending allowance in the Budget?

PM: Well, that'll be outlined through the Budget, but, yeah, it does affect the level of spending quite directly.

Media: Does it restrict your ability to do other things? You've talked about a family package.

PM: Well, look, a significant-sized settlement like this does affect, you know, your range of choices. There is no doubt about that. It's one of the reasons why you negotiate to settle it, but within reasonable parameters.

Media: But can I ask you again: will you increase the new spending allowance in the Budget to accommodate this, or will you try to do it within the baseline you've set?

PM: Well, look, the Minister of Finance will deal directly with that issue, but, you know, this is quite a large commitment to, you know, a group of low-paid workers, and so it has been a priority.

Media: Will this have flow-on effects to—not in the pay equity sense but in the relativity sense for, say, nurses, because these more unskilled workers are earning close to what the nurses are earning?

PM: Well, look, I think we need to keep in mind here that the whole point of pay equity is to change relativities, not to continue them. I mean, the legal basis of this case is that

these are a group of people who, primarily because they are employed by Government and overwhelmingly female—that's the case that's been made—have been, that they're not being paid what they should be paid. So this settlement does shift their rates up. They'll be closer to rates of, you know, other groups, and I'm sure those other groups will accept that the point of such a negotiation is to change the relativities.

Media: Would you expect that the other Government workers that aren't covered by this agreement, that their wages would also increase 15 to 49 percent over time over time under the new pay equity legislation?

PM: Not necessarily.

Media: Have you got any forecast or modelling or advice on what the other costs might be, apart from this spend?

PM: Look, I couldn't give you detailed, you know, numbers about that. But, look we'd expect there'll be others who want to make claims, but, as we said, the framework—the hurdles are reasonably high.

Media: What does the settlement tell us about the way these people have been treated in the past?

PM: Well, they've been—you know, it's been part of the way the health sector works. There'll be any number of arguments about how and why they've been paid, how they've been paid. What we've come to here is a fair settlement, and the test of fairness has been agreement from the workers' representatives and Government about what the rates should be.

Media: Do you think those workers were being paid unfairly?

PM: Well, we—if we thought they were being paid fairly we wouldn't have gone into the negotiation.

Media: So the 49 percent—in some cases they were under 49 percent—does that show the extent of the injustice there?

PM: Well, it just shows the—I mean, 49 percent's not a widespread—I mean, the Minister can deal with that in detail, but it's not a widespread increase. There'll be some who, under some circumstances, reach that level. But, again, it is a product of negotiation.

Media: You're saying this is able to be done because the Government's books are in good shape. If you weren't looking at a surplus, would you not have entered the negotiations?

PM: Well, it would have been pretty difficult to do so, that's right.

Media: So you would have let it go to the courts, or you would have legislated for it to not be able to happen?

PM: Well, it's—you know, it's hypothetical now, isn't it. What it does mean—I'm just simply making the point that the Government's got—because its books are in good order and the economy is growing, it's possible to afford this kind of impact for a low-paid group.

Media: The Minister said there could be some increase to aged-care costs for some people. Can you tell us how much increase there might be and who might have to pay that?

Hon Dr Jonathan Coleman: Yep, so that is possible. So we have got 33,000 people in aged residential care. 11,000 of those are unsubsidised. The modelling for this was done on the basis of the hours allocated to those who are subsidised. So, look, every worker will get the wage rise through this. There's no question about that. But, obviously, there may be some other costs, which have to be defrayed somehow. So the modelling says that, possibly—as you know, we've got to go through negotiations, as I said, between the DHBs and aged residential care providers—but possibly there could be a rise of between 6 and 10 percent of the cost from year one through to year five. So that might be \$60 to \$100 per week, but that is all subject to further negotiations.

Media: So that's the increased cost for people who are unsubsidised?

Hon Dr Jonathan Coleman: Unsubsidised, yep. That's correct.

Media: And could the Government end up picking up some of that? Is that on the cards?

Coleman: Well, there's no intention to do that at this point. I mean, the average stay in aged residential care is 18 months, and the average age of people when they go in is 85. What it just means is that people move across the threshold more quickly. But there isn't an intention that the Government would pick that up.

Media: Is it fair to pass that cost on to those families?

Hon Dr Jonathan Coleman: Well, the reality of it is you can't have such a massive wage rise across such a huge group of workers without there being some uplift in costs right across the board. But the key point is, look, this is a massive, historic \$2 billion settlement, which is going to make a massive difference to 55,000 of the lowest-paid workers in New Zealand.

Media: You're going so far as to give these workers \$2 billion. Couldn't the Government stump up a little bit extra to make sure that those unsubsidised people don't have the increases that you're thinking might happen?

Hon Dr Jonathan Coleman: Well, you've got to remember this is a negotiation between the unions and the Government. You know, we both have positions that we took in there, and this is what's called an agreed position, which the Government can live with and the unions are happy. And it is, I just can't emphasise enough, a huge uplift in the pay for, you know, 55,000 workers, most of them women.

Media: You mentioned negotiations with DHBs are required. Could these sort of unhinge the whole policy?

Hon Dr Jonathan Coleman: No, they won't. I mean, that is an annual negotiation around the price of aged care. So there's four levels across the country, ranging from about \$870 to \$970 a week. That's a standard negotiation each year, at which, you know, the DHBs make their case for a raise, and historically that has been about 1 percent.

Media: How soon do you think the new pay equity legislation might be here?

Hon Dr Jonathan Coleman: Look, it's going to happen very, very quickly. I mean, these rates will come in from 1 July. So this will be, you know around the time of the Budget.

Media: But you said you'd got an exposure draft going out—

Hon Dr Jonathan Coleman: So that is—that is not of the Terranova legislation. That is of the legislation that enshrines the joint working group principles in legislation, so two separate but linked issues.

Media: But the longer-term one—how long before that might be legislated?

Hon Dr Jonathan Coleman: Oh, well, we want to get that done, you know, shortly, because there are other groups, obviously, who are looking at this.

Media: So before the election?

Hon Dr Jonathan Coleman: Well, look, that would be the plan, yep.

Media: It would be introduced or passed before the election?

PM: Well, you know, we have got to work through the pressures on the legislative timetable, but the plan would be to get that done as soon as possible.

Media: Was back-pay ever on the table?

Hon Dr Jonathan Coleman: Oh, as I said, you know, both sides come to a negotiation with a position, and in the end we've reached a position that, you know, both we and the unions can live with. So, obviously, the unions would always have wanted more,

but that's what a negotiation is about. You know, everyone walks away thinking, or feeling, that they've got something constructive out of it, and that is very much the case with this fantastic \$2 billion settlement.

Media: What was the attitude of the women members of Cabinet?

Hon Dr Jonathan Coleman: Oh, look, everyone in Cabinet's been very supportive around this, and we're very pleased as a Cabinet to be able to deliver it. You know, it's a major milestone.

Media: Just on funding, is the Government just going to cop this out of their surpluses or are you going to try and recoup this somewhere else down the track?

Hon Dr Jonathan Coleman: Well, you need surpluses to be able to afford \$2 billion of Crown funding, and, as the Prime Minister said, that's what we've got.

Media: So is there going to be more—are you going to try and take more tax revenue from somewhere else, or...?

Hon Dr Jonathan Coleman: Well, we've got a growing economy with fantastic forecast in the out years and, as the PM said, you know, it's because of the strong order we've got the books in and the great fiscal outlook that we're able to afford this.

Media: And the potential for increases around ACC levies—what can you tell us about that?

Hon Dr Jonathan Coleman: So the levies have been set for the next 2 years. There is potential that there may be levy increases in the future, but, actually, there may not be. I mean, if you look at the history of levies, they've actually decreased over time under this Government. But there is a possibility, because, you know, ACC has clients who are serviced by care and support workers. But, yeah, we won't know for some time.

Media: You don't have a ballpark figure about how much it could rise?

Hon Dr Jonathan Coleman: Well, ACC are putting in \$30 million to this in the first year, but, you know, it would only be modelling at this point. So, look, levies may well not go up; they may even continue to go down.

Media: But they'd have to get that out of their existing funding for at least the next 2 years?

Hon Dr Jonathan Coleman: Yep, and they are well aware of that. You know, what it changes is their long-term contingent liability around several of the accounts, but they have the money to fund this.

Media: Have you had any advice from Treasury on what this might do to economic growth, or longer-term—

Hon Dr Jonathan Coleman: Well, actually, what it's going to do is, firstly, in this particular sector—this is a workforce that turns over every 3 years. There's going to be incentives for people to stay on, so you're going to get a better-trained sector because there's an incentive there for them to get greater qualifications. That's going to mean a more stable workforce, better for the providers, but also, actually, much better for patient care as a whole. So you'll get better health outcomes out of it for all those reasons.

Media: What does the modelling say about how much ACC premiums could rise to, potentially?

Hon Dr Jonathan Coleman: Well, ACC potentially could have to fund \$424 million over 5 years, but I want to emphasise that that doesn't necessarily mean an increase in levies, and there will be no increase in levies, definitely, for 2 years. And, you know, at that point, depending on how the fund performs—I mean, if it performs really strongly, you know, you may even see, as I said, levies continue to go down, so that's, you know, a very uncertain area, and you can't say that levies will definitely increase.

Media: For the Prime Minister: does this reduce the chances of tax cuts in this Budget or other changes to the likes of Working for Families or accommodation supplements?

PM: Look, we—of course it reduces the potential if you've got debt targets, but you take any Budget in the round, we wouldn't say there's a trade-off between this and any other particular item of spending.

Media: Just for clarity, does this settlement impose any additional costs on the sector's private aged-care providers?

Hon Dr Jonathan Coleman: Look, it may mean that there has to be some contribution to funding this uplift in wages. As I've said, every worker gets those, but, you know, it's modelled on 74 million hours, 8 million of which are provided to unsubsidised clients. So, you know, that expense has to be defrayed somehow. So, you know, that could be changed models of care. So the Government, you know, we're investing a lot in this workforce, they're going to be more highly skilled. We're interested in potentially different ways of doing things in the future, so it's all subject to negotiations with the aged-care providers.

Media: What's been your view of the gender pay gap, particularly in the health sector that you run, up until this point?

Hon Dr Jonathan Coleman: Yep, so, look, you know, I've worked extensively in health for a long time. I've visited many, many rest homes as a doctor, and I can tell you that it's really good to see these low-paid workers who are doing, you know, some of the most difficult jobs in New Zealand society, which we're all ultimately, you know, going to come into contact with these people.

Hon Dr Jonathan Coleman They do fantastic work, and I think it's good that they are getting the recognition that they deserve for that work. So, yeah, it's a good thing what's happening.

Media Should the Government had led the charge on that though, instead of the [Inaudible] and Kristine Bartlett?

Hon Dr Jonathan Coleman Well you've got to remember we're now in very different financial times and it goes back to the healthy state of the Government's books as the PM was saying, that we're actually in a position to do something about it. But the Government's had to absorb some massive shocks over the last 8½ years and there's been an order of priority, but it's good that we are now able to deliver, you know, this massive settlement. I mean, there has never been a pay increase like this in the history of New Zealand, and, so, this is a pretty historic day. So, you know, all you can say is, this is a very good thing that these women are being rewarded for the very, very hard work that they do.

Media But even when it comes to the private sector, the messaging from the Prime Minister sounds like it's up to them—there's no sort of real influence or push from the Government's part on the private sector.

Hon Dr Jonathan Coleman Well the Government's participated, and been central, in driving the joint working group principles and we're bringing in legislation, so there will be that framework there for people to take pay equity cases. This is a step along the way.

Media Prime Minister, how much of a stimulus is it going to provide to the overall economy, because presumably these are both low-waged workers who are going to spend most of this extra money. Do you have any sort of modelling on the overall impact?

PM No, we haven't seen specific estimates about that, probably because it'd be relatively small in the larger economy. Any further questions on that? I'll just move on to some of the other stuff.

Media Yeah, on the issue of Korea, what is New Zealand's position here? Are we advocating toward a negotiated, you know—some sort of negotiations here, and what are you saying to both the Chinese and the US?

PM Our preference is that the provocative actions of North Korea are brought to a halt by a combination of the pressure of sanctions and diplomatic pressure, and the good news there is that the US and China appear to be talking about this quite directly and taking action, and that's the direction we hope they go in to avoid conflict.

Media How worried are you about the level of rhetoric at the current point?

PM Look, I think we're all concerned, but, equally, we're seeing China and the US use their influence in different ways to achieve an outcome without conflict.

Media Are you worried that—I guess the Trump factor has changed things a bit here—that there's an unpredictability about the US President?

PM The US position, I think, as Mr Pence has outlined, is not to test his resolve. The Chinese are taking action on sanctions, and that's bringing pressure to bear on North Korea. I think the most unpredictable part of it is what the North Korean leadership would do.

Media At the moment, McCully's heading out to speak with Pacific commanders of the US Navy. Do you expect him to deliver a similar sort of message that you want to see that negotiation?

PM Yes I do.

Media Would New Zealand condone a pre-emptive strike by the United States against North Korea?

PM That hasn't been suggested and we wouldn't be taking a position on it.

Media You wouldn't be taking a position on it when it happens or—

PM No, it hasn't been suggested, so we're not going to hypothesise about strategies that they might follow.

Media Both China and North Korea have been very upset about the deployment of a new missile system by the US in South Korea. Would you regard it advisable that the US should take away that, or that the provocation might be seen to be not helpful in the situation?

PM No, we won't be giving them advice to that effect. Just bear in mind here the provocation comes from the leadership of North Korea, who are conducting unlawful nuclear tests. They're defying UN resolutions and that's creating a sense of instability and threat across the region.

Media: In Australia, the Australian Prime Minister, Malcolm Turnbull, has just banned 457 visas—that's their temporary work visa. He's just announced this in the last few minutes, saying that'll be replaced with a visa where there's better work testing, where it's more focused on areas where there are job shortages, and with higher English language requirements. Is this a move that New Zealand needs to follow, that your Government needs to follow—basically, just tightening up on temporary work visas?

PM: Well, we've made some moves in the last year. Late last year announcements were made that adjusted the migration settings, and the Minister's making a speech tomorrow about further adjustments.

Media: Will there be further, you know, for want of a better word, further tightening? Will it be sort of focusing those areas where there are shortages and tightening ones where there isn't?

PM: I think pretty similar to what you've just mentioned there, with the Australian objectives, we want to be able to control the flows and to get a good match between the skills we need, because we certainly have skills shortages and need to fill the gap and make sure we just get the right mix of people coming in. And we've got a system now where we can tweak it in order to achieve those things.

Media: Did Cabinet sign off on those changes today?

PM: Oh, they've been dealt with some time ago.

Media: So, on that, I mean, one of the moves from Australia has been to increase the English language requirements. Is that something we're looking at, or is the tweaking done in other areas?

PM: Well, that's—I mean, these things are always on the table. We've got, you know, a range of changes last year, the Minister'll be outlining some more tomorrow, and we need to bear in mind changes that have been made. For instance, there's now significant weighting for migrants—on the points system—who move to areas outside of Auckland, for instance, changes in the access of parents, and so tomorrow he'll be announcing more changes designed to get better control and to get better matching.

Media: Would you expect it to reduce the number of temporary work visas—the changes tomorrow?

PM: Well, you'll just have to—the Minister'll be outlining that plan tomorrow.

Media: Will it include changes to the English language requirements, or is that—

PM: Well, again, he'll be outlining those things tomorrow.

Media: So it could—you know, that is one area that you haven't touched. So could it include that?

PM: You'll just have to listen to the speech tomorrow, because it will outline the decisions the Government's made.

Media: One of the other—just before the Australian Government made this latest move on its 457 visas, it had blocked fast-food visas for people working in the fast-food industry. Do you think we've got a problem like that, where we—you know, maybe fast food is an issue with migrants coming in and working there?

PM: There's always a discussion going on about what represents, you know, skilled work and the classifications that get used. You get a lot of pressure from businesses. Just a few weeks ago I was talking to a freighting operator up north who had 28 out of his 180 trucks parked up because he couldn't get truck drivers for love or money. So he will have a particular view, the same as a lot of the hospitality industry has particular views about what amounts to skilled work and what they think they can recruit, as does the horticulture industry, the dairy industry, the steel fabrication industry, and the IT industry. And so the policy is—you always have to keep sort of tweaking the policy to adjust to the economic reality, on the one hand, but, on the other hand, to make sure that you're getting the right mix for the good of the country, not just for that industry.

Media: Do you expect the tweaks that you are making to reduce that net figure of migration—you know, the 70,000 net that we're getting, do you expect these changes to, you know, trend that down a little bit?

PM: Look, I wouldn't want to make forecasts about numbers, because the forecasts that've been made over the last couple of years have generally turned out to be wrong. That is, the attractiveness of New Zealand as a destination has meant that the numbers have held up longer than, I think, most of the forecasters expected. So that's a bit risky.

Media: So the changes aren't about numbers?

PM: What's that?

Media: The changes aren't about a number?

PM: Oh, well, the changes are about controlling the flows. I'm just not going to forecast exactly what impact they may or may not have, because the forecasts have proven to be wrong so often in the last couple of years.

Media: Over the weekend, Japan seemed to shift its position on the TPP, and now seems more enthusiastic about a TPP 11, minus the US. What's your take on it? What advice are you getting on that?

PM: Well, New Zealand's taken something of a lead on this, and our Minister, Todd McClay, has been very busy over the last 3 months all around the TPP partners, and I think we're seeing a consolidating view that, in the long run, the TPP 11 still could make gains by signing up to the agreement and that the US might eventually agree with that. But, you know, these are complex processes around domestic politics and arguments over what concessions they made to the US, and does it matter now that the US isn't there—would they make different concessions? But, by and large, we are seeing more interest in progressing, rather than less, and I wouldn't overstate that.

Media: So do you see it very positively? Because the other reading of it was that it was some sort of negotiating chip in bilateral discussions between Japan and the US. But do you see it a positive move at the weekend?

PM: Well, as I said, I wouldn't overstate this, but we're seeing a more positive attitude from the remaining TPP countries in general. Japan's a pretty critical part of making any progress.

Media: How far advanced are the talks which spring from this? There's some sort of talk about changing the ratification process in the TPP so that it no longer needs the US. Obviously you'd have to do that if the US wasn't there to make it—at the moment you can't ratify it because the US is such a large proportion of the GDP of the countries that's required. Have talks advanced on that as well?

PM: Well, look, I wouldn't comment on that in detail, but there is a series of trade Ministers' meetings where these issues are being put on the table, and it's good to see that countries are making suggestions about how to make progress rather than about how to stop it. Whether ideas like that can be implemented, of course, is another quite big step, but, generally, it's headed in a positive direction.

Media: PM, just back on Paddy's question about 457s in Australia, do you think, across the Tasman, if that Government cracked down on temporary migration, you will have an increase in people coming here or it will put upwards pressure on migration to New Zealand?

PM: Look, we'll have to see what decisions they've actually made and how that plays out. What we know is that New Zealand is, relatively speaking, a pretty attractive destination these days. That's one of the reasons Kiwis have stopped leaving. More of them are coming home and more overseas visitors and workers are turning up.

Just a couple of other issues I thought I'd mention: one is that today we announced further support measures for Edgecumbe. The detail of that is in Mrs Tolley's press release. As you'll be aware, Ministers Parata and McCully are stepping down from Cabinet shortly. Their last Cabinet meeting is on 1 May. We will have the opportunity to thank them for their very significant contributions to this Government. Next Monday I'll be announcing the resulting portfolio reshuffle, and the swearing-in of any new Ministers by the Governor-General will take place on Tuesday, 2 May. And the week in between will help facilitate the orderly handover of ministerial responsibilities. That'll be a pretty narrowly focused reshuffle, not a broad reshuffle.

In terms of my activities this week, I'll be in Christchurch on Thursday, Tauranga on Friday, and Auckland on Friday evening to launch the World Masters Games. Any other questions?

Media: Just on the \$2 billion settlement, are kin carers included in that—you know, parents or family members who provide 24/7 care for their kids or loved ones?

PM: Well, there's been arrangements made about family carers in the past. This settlement is limited to a pretty well-defined group of workers. The settlement does not overlap into family carers.

Media: Is there any plans to pay family carers properly?

PM: Well, there's been, as I said, negotiations in the past and arrangements put in place there. No doubt there'll be a range of opinions about those.

Media: What would you say, finally, to those people who would say "Well, the Government's now doing the heavy lifting in this sector but, goodness, the private sector providers who have robust profits year on year—shouldn't they have done more of the heavy lifting in the sector of paying their workers a decent wage?". What do you say to that?

PM: Well, I think a couple of things.

PM: In the first place, you've yet to see just how the costs do play out and how they fall across the whole sector. I think the second thing is to keep in mind there's a—you know, the structure of the health sector is such that the money—some of it goes directly from the Ministry of Health to home-care providers. Some of it goes through DHBs, who, essentially, have the opportunity to deal with their own pay issues and then deal with the community sector. So there's an argument that part of this has arisen out of the structure of the health sector, not just out of the profits of the private providers. Bear in mind, also, that the profitability of those providers is often related to services that are not Government-funded services, like the way they run retirement villages, and so on. They would argue, of course, that they're cross-subsidising the public service. We don't necessarily agree with that.

Media: Just back on the immigration thing, so just in general terms are you saying that the tweaks you're going to make will mean the—are around, you know, New Zealand perhaps taking fewer labourers, or whatever, we're talking about skills changes here—that it's not some cap change or anything?

PM: Well, as I said, it's intended to control the flows and to get the mix right. You know, you've got political parties talking about having big cuts in immigration. When you get into the detail it's quite difficult to do that without having a big impact on the availability of skills in the economy and work that's getting done. I mean, we're one of the few economies that's got an outlook of 3 percent growth for a number of years. We've already had it for a couple of years; we've got it for a few more years ahead. Got an awful lot to do—a lot of houses to build, thriving sectors like horticulture, forestry, and so on, IT, where the demand for skills is strong. And for core infrastructure-related businesses—like the freighting company I talked about, who've got a whole lot of trucks parked up because they can't get people to—cannot get people to drive them. And skills—you know, I visited a business in Whangarei, a major metal fabricator, steel fabricator, and they were—they had, you know, welders there from the Philippines because they simply couldn't get welders in New Zealand for the scale of infrastructure work that they are servicing in Auckland. So we don't—you know, we've got to keep the balance right here. OK, thanks very much.

Media: Just one more question: do you think that recruits into the police force should be banned if they take antidepressants?

PM: Oh, that's been discussed last week, and it's up to the police commissioner. I mean, he is the actual employer, but also he's a statutory employer, and the Government doesn't have any role taking a view about who he employs.

Media: I mean, Coleman last week said—Minister Coleman last week said—that the commissioner should rethink it. He said people can function perfectly on antidepressants, and he needs to rethink that policy.

PM: Yeah, but it's up to the commissioner as to whether he does or not. It really isn't our job, legally, to advise him on who he's meant to recruit and not recruit.

Media: What message does that send, as Prime Minister, to people who are on mental health medication, that they can't become police officers?

PM: Well, it's a matter for the police commissioner. I mean, it's—of course there are people who, in various states of, you know, taking medication, can function quite well. It's—a pretty major focus for the Government is to deal with the large pool of people with mild mental illness on welfare, who have sat there for years without much being done proactively about getting them into work, because it is a bit of a challenge. So we're focusing on the people for whom we have responsibility and for whom Government has not done a good job in the past. You know, the police commissioner will be doing his job, and he gets to decide on who he recruits. He's got follow the law, of course. OK, thanks very much.

conclusion of press conference