

POST-CABINET PRESS CONFERENCE: MONDAY, 25 MARCH 2024
HANSARD TRANSCRIPT

PM: Kia ora koutou. Good afternoon, everybody. Good to see you all. I am joined today by finance Minister Nicola Willis because we are announcing our Family Boost package that will provide up to an extra \$75 a week to families with children in early childhood education. I'll hand over to Nicola shortly to give you the details of the package, but before I do so, I'll set out the coalition Government's thinking about the reasons for increasing support to parents with young children.

One of our top priorities is to put extra money into the pockets of families affected by the rising cost of living, and families have been hit by rising rents and rising mortgage rates, increasing grocery bills, and rising childcare costs. Childcare is actually one of the biggest costs for families, and according to the OECD childcare costs here in New Zealand are amongst the highest in the world. Full-time care for a child under the age of three can cost a family \$300 or more a week, and that is really tough for young parents, many of whom are trying at the same time to get themselves established financially and within their careers. And this Government wants to make life easier for those families, and we want to have them see a future here for themselves and their families in New Zealand.

In the normal course of events, this package would have been announced as part of the Budget, but we are announcing it now so that our officials have time to work with the early childhood education sector before the scheme is introduced in July, because there are some administrative complexities that need to be worked through. I'll now hand over to Nicola to talk a little bit more about the detail of what we're proposing.

Hon Nicola Willis: Thank you, Prime Minister. I'm delighted that we are providing extra assistance to New Zealand families. From 1 July, low to middle income families with early childhood education costs will be supported by Family Boost. They will be reimbursed for 25 percent of their early childhood education costs, up to a maximum of \$75 a week. The reimbursements will be on top of any other assistance that families might already receive for childcare, such as the 20 hours free policy and the childcare subsidy. To ensure support goes to families who need it most, the maximum rebate will gradually reduce for families earning more than \$140,000 a year, up to the limit of \$180,000. Household income will be calculated by Inland Revenue using the past three months' worth of actual reported income to determine eligibility. For some families, the extra support will enable a parent who wants to return to the workforce to do so. For others, it will mean an occasional family outing. And, for many, it will mean less stress when the rent or the next mortgage payment falls due.

As you'll be aware, Family Boost was a National Party election policy. There have been some changes to the policy that we announced last year. The change that we have opted for—the main change—is for a basic refund model for delivering Family Boost. In our campaign, we wished to directly reimburse parents every fortnight for 25 percent of their early childhood education costs. However, on entering office, officials advised us that their systems simply aren't sophisticated enough to deliver it that way. We have released the regulatory impact statement today so you can see their advice. Our first preference was to improve their systems to make this possible. The advice we received was that it would take two to three years to deliver. Our view is that that's simply too long to wait. Families need relief this year. So, using a simple refund model, we will ensure households are reimbursed every three months for up to \$75 a week of the early childhood fees they pay. This will require families to submit early childhood invoices to Inland Revenue. Over time, we are determined to reduce the administrative burden for parents. We've asked officials to provide us with advice by the end of the year on options to reduce compliance, including working with the early childhood sector to streamline invoicing and application processes. That is a critical reason why we are making this announcement today, so we have time to work with early childhood providers ahead of the Budget to make this as simple as possible for parents.

I want to conclude by saying that, as a result of this package, Family Boost will make a difference to more than 100,000 Kiwi families. That's 140,000 New Zealand children. Families who qualify for the maximum reimbursement will receive \$975 in their bank accounts in October, and another \$975 every three months thereafter. This will provide real relief for families struggling with the cost of living. It's cash for families with young children, straight into their bank accounts so they can choose how to use it. Prime Minister, back to you.

PM: Well, thank you, Nicola. Before we take any questions, just to give you a sense of in terms of this week in the House, we're going to be completing the final stages of the taxation bill, which will restore interest deductibility to landlords. We'll also have the final stages of the road user charges amendment bill, which will mean that electric vehicles are brought into the road user charges scheme. And, finally, on Wednesday, we have the Budget Policy Statement, where the finance Minister will set out the Government's Budget priorities. And, with that, we're happy to take your questions.

Media: Are you confident you've reached—sorry, are you confident that you have reached the right amount that you're able to offer parents to help them at this time?

PM: Yeah, look, what we're doing is we're delivering on the promise and the commitment that we made pre-election, and it's the same quantum, the same amount. It's delivered in a slightly different way due to some of the administrative complexities that Nicola talked about, but we are determined to make sure that we get relief to low and middle income working families across New Zealand, and this is the first part of that conversation.

Media: And, Minister, why have you decided to base that on a per-household rather than a per-child system?

Hon Nicola Willis: Because this is about refunding the costs that families face, and childcare costs are shared across parents in a household. And the advice we've received is that the mean income for families with young children—if you judge it on the families receiving the Best Start tax credit—is expected to be \$114,000 in the 2025 income tax year. So, by setting the threshold at \$180,000, that gives us confidence that the vast majority of households will be able to access this policy.

PM: And, Maiki, our policy was always based off households before the election, as you'd remember, rather than children.

Media: I was just asking why parents can't claim for multiple children.

Hon Nicola Willis: Well, what we've decided, in the first instance, is to make this up to \$75 a week. In some families, that will mean that they are submitting invoices for more than one child. But this is simply about the quantum of support that we want to deliver through this policy at this time. I want to point out that in addition to this policy, we will be providing personal income tax reduction at the Budget, which means many of the families who are eligible for this policy will also benefit from tax reduction.

PM: Can we go to Amelia and then Jason and then Bridie.

Media: On the election campaign, you were forced to admit that only 3,000 households will get the full benefit of this policy. Do you have an idea of how many households will get this full policy?

Hon Nicola Willis: Thank you for asking that question. I can confirm that based on official modelling, around 21,000 families would be entitled to the full payment.

Media: Just 21,000?

Hon Nicola Willis: And that is also 100,000 families will benefit from the policy. It is 21,000 who would qualify for the full \$975 every three months. And the reason for that is that there are families who don't pay \$300 a week in fees and so wouldn't be eligible to make the full claim.

Media: And do you have a cost for this full policy?

Hon Nicola Willis: Yes, \$723 million over the forecast, which is over the four years of the Budget period.

Media: So that's more than three times what you estimated?

Hon Nicola Willis: No, it's not. In the campaign, we actually estimated the policy at costing \$967 million over the four-year forecast, and we've been advised that the reason that the numbers are slightly different is that IRD's data allows them to look more carefully at which children already receive significant childcare subsidies and, therefore, their parents don't, effectively, pay fees.

PM: OK, can we go to Jason and then Bridie and then Sean.

Media: Sorry, just to finish. So, yet again, your costings were well out of what you campaigned on. How are you getting this so wrong?

Hon Nicola Willis: Amelia, this policy means that families who are watching *Newshub* tonight can know that, come October, they are eligible for up to \$975 in their bank account. We are delivering exactly the amount of support to an individual family that they were promised. And I think what matters to individual families is, are we delivering on the Family Boost promise we made to them? We are.

PM: Absolutely. OK, sorry, we are going to move to Jason.

Media: You went out and you promised to Kiwis that your numbers were rock solid, quote un-quote: "I know numbers. Nicola knows numbers." You said that they were "rock solid", and, yet again, we have numbers which are nowhere near what you campaigned on. They must be pumice solid at best.

Hon Nicola Willis: What we said was that, overall, we were very confident that our tax plan was fundable and responsible. And I've always said that there would be overs and unders, because, of course, we don't have access to all of the data that IRD and MSD have. What I can continue to say confidently is we can fund our tax plan responsibly. And while you may be interested in that debate, I think today is about mums and dads who are struggling with the cost of living, who see their childcare bill every fortnight and feel pain, and who now know relief is coming.

Media: 21,000 families.

Hon Nicola Willis: \$975 every three months—that is meaningful relief for the families who need it most.

Media: Just in terms of—it might be a bit of a basic one, but which Budget line does this come out of? Is this out of the upcoming Budget? So this is a pre-Budget announcement, is it?

Hon Nicola Willis: Yes, this is a pre-Budget announcement and comes out of the Budget 2024.

Media: Why was this the first cab off the rank in terms of the pre-Budget announcements?

PM: Because of the need to clarify the administration piece and to give parents early warning in advance of how the refunding process will work.

Media: Why put the administrative burden on parents to get their money back?

Hon Nicola Willis: Well, look, what I wanted was for the IRD to simply put this money into people's bank accounts, but they advised us they could not do that without building a new system that would take two to three years. So this system means that by providing their invoice for the three months to IRD—they can either take a photo with their phone or upload it on the app, they'll be able to get the cash straight into their bank accounts. The really important thing we're doing now, by announcing this today, is giving everyone time to work with the early childhood centres, because my experience of early childhood managers and teachers is they really want to do what they can to make life easier for the families they look

after. And I think if we work with them, they will find ways to make it both easier to do the invoicing and easier to do the refunds.

Media: So you didn't rule out to Tova a couple of weeks ago means testing the first year of Best Start. Can you rule that out today?

Hon Nicola Willis: Yes.

Media: What assurances do you have from the industry itself that it won't simply up its fees to soak up all this money?

PM: Well, the first thing I'd say is, look, there is a really, you know, pretty competitive market in ECE. It'd be really—I think a lot of ECEs actually are on the side of parents and they actually want parents to be able to use their services and actually access these funds and, therefore, they want to be able to support them doing this. But we know that we've got a very competitive market and, frankly, if they did that, parents will vote and walk.

Media: So you have no assurances—you haven't got any agreement with the industry as a whole—that they won't.

Hon Nicola Willis: Can I just make a comment there, which is, one of the challenges in implementing this policy has been that the Government does not collect fees data about early childhood providers. One of the advantages of this policy is that we will now be able to collect that data every quarter when parents submit their invoices. We will be monitoring that. We will be tracking that. I think it's going to be a really important source of information for Government. And what I'd also say is this: I know that early childhood providers worry about the financial pressure the families they look after are under. And my expectation is they want to do what they can to make it easier for those families and I would just strongly encourage them to ensure that they do. The great thing about this policy is parents don't have to worry about a middleman. This cash goes straight into your bank account.

Media: Just a couple of questions. First one: are you worried that this will be inflationary at all?

Hon Nicola Willis: No.

Media: Why?

Hon Nicola Willis: Because it will be fully funded through reprioritisation and new revenue measures as set out in our tax plan.

Media: And just on what you've talked about with the systems—IRD systems and needing to do a lot of work with that. That's been a problem for a long time. The last Government talked about not being able to do any assessing and stuff as a result of the archaic systems. How, I guess—how much money are you going to need to put in to ensure that systems get up to scratch to make it easier for the Government to actually do its job in this area?

Hon Nicola Willis: Well, there has been considerable investment in the IRD computer system. What this is more an issue about is that issue I talked about earlier, which is simply not having a way of collecting fees data from early childhood centres. So it's more an issue of systems not talking to each other. IRD actually have pretty good computer systems. So I think the issue here is just about how well their systems talk to education systems.

Media: Yeah, just further on the point about—I mean, there's part of it that the ECE sector is quite complex with lots of different providers and unlike other education systems, a lot of them aren't Government ones; like, you know, they're small businesses. Is that part of the complexity around it all?

Hon Nicola Willis: It's about matching the data about a family's income with the data about their early childhood fees with the data about their household makeup. It's detailed in the regulatory impact statement, and we've released that early today ahead of introducing legislation so that you can digest that for yourselves and see the challenges we were presented by officials.

Media: And did you get any advice on whether there'll be any hit to the uptake by the fact that you have to get a receipt and send it and all that sort of stuff?

Hon Nicola Willis: Well, we've costed the policy on 100 percent uptake. The reason for that is I want every single family who is eligible for the support to get it. So I've said to the IRD, my expectation is that everyone who has a child in a licensed early childhood service knows their entitlement and gets it. So we've asked them to think about a really robust communications plan to ensure that there is more communication at the time that the refunds are due and that we get ECE centres on board the mission of making sure everyone who can benefit from this policy is aware of it and benefits from it.

PM: And that's why we're coming out early.

Media: Have they given any suggestion about what they think the uptake rate might be?

Hon Nicola Willis: They have suggested that there could be some families who don't take it up because of the admin required, but they haven't given us an estimate of that number.

Media: Sorry, Nicola, I just wanted to ask what kind of consultation you had with the sector. I remember the last Government in the last May Budget, when they were extending fees-free, didn't consult with the sector—there were unintended consequences there. Can you detail what—

Hon Nicola Willis: Well, that's exactly why we're doing it this way—because the choice we had was to do what the last Government did and just announce the legislation on Budget night and say “Good luck” to the ECE services. We saw that didn't work well, so the approach we're taking is to engage now with early childhood services, get their input on what that legislation and regulation should look like, so it best supports parents. And that consultation period means we'll have time to get a piece of legislation that reflects their views.

Media: And just following on that, this is focused on families and parents, but how much will this data that you're going to be capturing now help with the funding review, because we know that the sector itself is in a pretty dire situation—it's quite broken?

Hon Nicola Willis: Well, I think it'll give officials better insight into the costs that parents are facing and what contribution that's making to the overall funding of the sector. Look, there's a number that strikes me as a real problem for our country, and that is that if you look across the developed world, across the OECD, the average cost for parents with kids in childcare is 17 percent of their income. Here in New Zealand, that number is 37 percent. That is a major cost of living pressure for families at a time in life that is hard enough—they're not getting enough sleep, some of them can barely pay the rent in the bigger house they've had to take on for the extra bedroom. You've got parents returning to work on shorter hours, and they are facing, sometimes, extremely prohibitively high childcare costs, so this policy relieves that immediately, but it also provides us a basis for more information so we can continue to assess this into the future.

PM: And an opportunity also to look at the regulation within the sector as well, in terms of whether that's driving cost and compliance into the system that's driving that huge cost to parents are well.

Media: Prime Minister, have you had a chance to have a look at Mike Bush's independent report into the initial response to Cyclone Gabrielle?

PM: I haven't personally. I know it's arrived today. I know the Minister's also looking at it and there'll also be the Government inquiry report arriving to him tomorrow as well. We are very open to taking both those reports and understanding what's worked well, what hasn't worked well. We have to be in a mindset of continuous improvement around emergency management response, and I know the Minister will look at both those reports and actions afterwards.

Media: At first blush, it looks quite bad—you know, in the report, Mike Bush found that good people were set up to fail and that the system needs a complete overhaul. Are you

interested in doing any work in this area? People remember one of the things that came out of the cyclone was that residents didn't get the civil defence warning until it was too late and had to climb on to their roofs. So what are you going to do about that?

PM: Well, I can tell you the Minister and myself are actually really focused and very fixated on making sure we get maximum learning out of the events. That's why once we digest these two reports, we're up for actioning recommendations that are there. We need to have a mindset of every time we have one of these events, unfortunately, that we continually improve and upgrade our systems. So I think there'll be a series of really good feedback that'll come out of both reports and actually will be very useful for us to actually change the way we operate going forward.

Media: And just on that, is NEMA subject to the 6.5 percent spending cuts?

PM: Again, what we've asked is, actually, for all agencies to go through and look at their back-office functions, their inefficiencies, can they do things more effectively, and that is part of the Budget process; that'll be revealed on Budget day.

Media: Can I just ask about these overs and unders that you were talking about. I mean, in the past year you said swings in roundabouts today, you said overs and unders, and I'm just kind of curious as to where that leaves you on Wednesday, Nicola Willis, with the Budget Policy Statement—your second favourite day of the year. How much of these overs and unders, of these swings in roundabouts, are actually going to be considered in your operating allowance? And what you've been talking about today in response to Amelia's question and other ones, there seems to be a difference between National's policy on the campaign trail and then what happens with the coalition agreement and then what happens in Government now. I guess my first part of the question—sorry, it's long-winded.

Hon Nicola Willis: There's a few questions. I don't have a pen, so I can't write them all down. One at a time, maybe.

Media: If you could characterise where your fiscal headspace is at ahead of the Budget Policy Statement on Wednesday, and also the operating allowance as it stands in National's campaign, is it still—what is it?—3.2, 2.8, 2.7, and 2.7 respectively?

Hon Nicola Willis: Well, taking the second question first. We've been clear that the coalition agreements we've made with coalition partners have changed the shape of the policies that National campaigned on. What you will see in the Budget Policy Statement, however—and I don't want to give you your Christmas presents before Christmas—but that we remain committed to fiscally neutral tax reduction, and we remain confident that that will be delivered in the Budget.

Media: Where does that leave the operating allowances you had already promised?

Hon Nicola Willis: You will have to wait till Wednesday.

Media: But is that part of this? As you said before, there's swings and there's roundabouts? Is that something that you can expect to be impacted by what you've talked about in the past in terms of the fiscal space that you find yourself in, Prime Minister?

PM: Yeah, look, I mean, I just want to say, look, we're in a pretty dynamic situation. We've got an economy that's dynamic; it evolves and changes every quarter. We've also gone through the formation of a coalition Government. But, as you're seeing today, we're launching the policy that we talked about before the election. We're doing it in advance. We're giving lots of people lots of advanced notice. So, yes, look, it's a dynamic world; you know what I mean? That's the reality of it. But we're very committed to the things that we've agreed to in our coalition agreements, making sure that we find the balance, actually. As I keep saying to our team, we won't fix everything in one Budget after six years of mismanagement. But what we are going to do is make sure that there is a culture of fiscal discipline so we can continue to support our front-line services. We are going to make sure we give tax relief to low and middle income working New Zealanders because we know that they're doing it tough and they deserve it after 14 years. And the third thing that we're very focused on and we've

really got to put real focus on is actually how we grow the country after four of our last five quarters of being in recession. So that's really the balance, as we put the Budget together, that we're considering, doing it, obviously, in a dynamic environment. But I just would say to you that we're interested in the outcomes of what we've got to do and deliver out the back of this Budget. And the means may shift slightly, in light of the economic circumstances but also in light of coalition agreements, but the commitments that we're making in terms of moving the country forward around front-line services being protected, making sure we give tax relief, making sure we grow, those are the thematics that we're very focused on.

Media: Thank you. Just a couple of issues. Can I have an update on a process that has been on your plans? I know we've had the 100-day plan—

PM: Sorry?

Media: Just on the Government's plans and approach, because we were promised rolling quarterly plans and KPIs for Ministers and public sectors—

PM: I'm so excited you've asked that question, because I love talking about that, because that's actually how we're operationalising our Government. So watch this space. Just a few more days and you will actually see a fantastic quarter two plan and some targets that we're going to try and strive for as well.

Media: OK. Well, I'll move on to my second issue, and that is, can I ask what your initial reaction to hearing that the SailGP was cancelled on Saturday due to a dolphin, and whether the SailGP needs to have a good, hard look in the mirror as to why it would run a sailing competition in a known breeding location of an endangered dolphin?

PM: Yeah, look, I'd just say to you that we've got to get the balance right. We've got a world-class event there. We want to be able to attract world-class events to New Zealand; it's important for our economy to be able to do so. We've got to find the balance and get the balance right between running world-class events that have got TV viewership and lots of spectators involved as well as, obviously, protecting our environment and doing it sensitively. My personal view is way too much red tape, obstruction economy, everything's slowed up, and, as a result, that doesn't make us a great place if you want to run a global event, and I want this to be a great place to run a global event at. So we've got more work to do around making sure we don't put barriers and obstacles in the way of us being able to attract world-class events to New Zealand.

Media: Would you look to reduce the protections around the Hector's dolphin?

PM: Well, again, I mean, these are protocols that SailGP agree with local authorities. And so, as you know, there is a number of parties that are involved in Lyttleton and agree with SailGP to protocols for under certain circumstances—what they will do and how they will manage that environment. All I'm saying to you is I think that there's an awful lot of red tape, and we've actually got to make it really attractive to be able to run these events here. So, again, that's up to SailGP and those local authorities, which comprises of a range of groups and interests, to actually work out how they make it work. Clearly, in this case, when you've got I think it was 50 million people on TV and 20,000 at the event, being delayed a day isn't a great thing.

Media: So, Prime Minister, do you think we make it too hard to hold sporting events in New Zealand?

PM: Yeah, I think we have turned ourselves into a red tape and an obstruction economy, as I keep saying, and I just think if you're sitting overseas and you're thinking about properties and major events, we want to build a strong pipeline of future major events for this country. It has huge advantages to us economically. I think it's fantastic when they happen socially, as you've seen, across our communities. So we want to encourage more of that. We want to build out a proper pipeline, but for that to happen, you've also got to be sitting in the shoes of the people that are bringing those events to New Zealand. They don't just choose to come

here. There's 195 countries who actually try and make it work for them and be very welcoming and very proactive about it, and I think we can do a better job of that.

Media: Just another one on the cyclone review, if I may. One of the quotes from the review was that it believes that New Zealand needs to invest additional resources and a more fit-for-future emergency management system. Is your Government willing to make the financial investment needed to make the country better prepared for the next disaster?"

PM: Yeah, look, the starting point is to digest those two reports, the national inquiry—that will come in; I think there's a report to the Minister tomorrow, which he'll then digest and determine when he releases, as well as the Mike Bush report that's come through from the local response. Again, we need to understand those learnings, internalise those recommendations, understand how it will improve our operating going forward, and if we need to put more investment behind it, that's something we're up for.

Media: Minister Willis, are the kōhanga [*Inaudible*] whānau.

Hon Nicola Willis: Yes, they are. All licensed early childhood services, which includes kōhanga reo—

PM: As per the policy.

Hon Nicola Willis: —and Pasifika language nests.

Media: Animal welfare matter, unrelated to dolphins. Three greyhounds have died this month in races. During the election you effectively said you supported a ban on the industry. What's your position now?

PM: Position's unchanged. That's something for the racing Minister to consider, and I'm sure he'll review it shortly.

Media: The racing Minister's indicated he's going to take Cabinet advice and bring it to Cabinet. He's an old supporter of the racing industry. Do you expect there to be a bit of a battle there?

PM: We haven't had the discussion or the debate or any decisions been made about it. My position remains unchanged, as it has been articulated before. Very much aligned with where the previous Government was heading, and, ultimately, it's a decision for the racing Minister to bring to Cabinet and we'll have a conversation there.

Media: So are you advocating for a ban at the Cabinet table?

PM: Again, we'll have that conversation in Cabinet; we won't do that through the media.

Media: But what's the position, sorry—what's your position?

PM: I've got a lot of sympathy about actually where the future of greyhound racing goes, as per the previous Government. They had undertaken a review. There was a discussion about should it actually go ahead or not. I've got some—

Media: Should the industry go ahead?

PM: Well, I've got some—as I said at the time, I'm supportive of the previous Government's position, which was, actually, there are serious concerns around the future of that industry.

Media: Your comments during the campaign were interpreted as supporting a ban of the industry. Does that remain your position?

PM: That's my position, but until we have a Cabinet conversation about it fully, which we haven't had—it hasn't been a priority in our first 100 days—we'll get there and we'll have that conversation there.

Media: Just back on the tax plan, the Council of Trade Unions has worked out that because there are more people earning more, there's a \$500 million shortfall in the indexation plans,

and he says that with the unders and overs, you could be facing up to, potentially, a \$3.9 billion shortfall.

Hon Nicola Willis: Do you know what the Council of Trade Unions should focus on? The fact that it took a National Government to deliver tax relief to working people. They should remember who their members are. Their members are low and middle income New Zealanders who will benefit greatly from tax relief. We're going to deliver it. We're going to deliver it responsibly, and I don't need Craig Renney reckons on how much it will cost, cos I've got the Treasury and he can wait until the Budget.

Media: And on the other side, from the right, you're facing criticisms that you're prioritising tax cuts over the surplus. What do you say to those?

Hon Nicola Willis: I say that we made a commitment to New Zealanders that they would get to keep more of what they earn, and we are keeping that commitment. What we also made a commitment to New Zealanders about was that we would manage this economy more sustainably. We are doing that.

PM: And responsibly.

Media: Are you making the Reserve Bank's job harder? Because instead of the cutting programme, instead of putting that towards the surplus, you're giving it back to families, so that means interest rates will have to stay higher for longer.

Hon Nicola Willis: No, because we are delivering our tax relief in a way that's fiscally neutral. If we weren't giving that money back to parents, into their bank accounts, that money would be being spent by Government elsewhere. The judgment we're making is that money can do more good in the bank accounts of working families than it can in a Government agency at this time. That is the priority.

Media: Lastly, how certain are you that Kiwis still want tax cuts?

Hon Nicola Willis: I believe that when New Zealanders see the tax relief that we deliver at the Budget and the responsible way in which we deliver it, they will be grateful for it.

Media: Do you agree with the IMF that we're running a structural fiscal deficit?

Hon Nicola Willis: Yes.

Media: And are you comfortable with that?

Hon Nicola Willis: No. That is why immediately on assuming office, we launched a fiscal sustainability programme to deal with that deficit left to us by the last Government.

Media: Sure, I mean, the economists reckon that we won't reach surplus by 2027, which seems like a reasonable conclusion to draw—you know, it seems like this could just keep getting pushed out, which does make me think that it's pretty tough to get out of this structural deficit.

Hon Nicola Willis: Well, we came into office saying that the level of spending the previous Government had committed to—

PM: Was too high.

Hon Nicola Willis: —was well beyond what the country could afford. We had a Government that was living beyond its means. We campaigned on correcting that—we're correcting it. We won't do it all in one Budget; it will take several Budgets, but it is an absolute focus of our Government to deliver fiscal sustainability and to ensure that we're getting better value for the Government's spending we do.

Media: Is the IMF and the likes of the Treasury, are they wrong when they suggest we need to broaden the tax space because we're really nailing a group of people with taxes and then providing the tax cuts—you know, they all think we need to broaden the base, which seems to be logic.

Hon Nicola Willis: Well, the Treasury have held that view for some time, as have the IMF. We campaigned on delivering personal income tax relief, and we're delivering on our campaign commitments.

PM: Sorry, going to go to Adam—Adam can I, firstly, can I just congratulate you, mate, on outstanding cricket performance on the weekend where the media team beat the parliamentary cricket team. So well done you.

Hon Nicola Willis: But you broke the Bishop's toe and he keeps on moaning about it.

PM: Yep, he spent a good part of our Cabinet meeting discussing it.

Media: Just on the on the ECE stuff, so you talk about wanting to make the industry affordable for people. I mean, ECE providers have talked about how the ratio, the funding that they get for their teacher to, or carer to, kid ratio is well out and is threatening their sustainability; they also talk about the need for a complete funding review—is that an issue that you were looking to tackle in this consultation or any future consultation?

Hon Nicola Willis: That's not the focus of this consultation—this consultation needs to stay targeted on how we make sure this money gets to parents as easily as possible. But the issues you raise around the regulation of the early childhood sector—issues that are on our radar. We've got the Minister for Regulation, who also happens to be the Minister for early childhood education, and I know that David Seymour has this sector in his sights, because what we hear from early childhood providers is that a lot of what drives cost out for them is the regulatory environment. And so we're keen to see what of that we can dismantle to make it easier for them to deliver affordable childcare.

Media: So are you going to review the funding that providers get as far as the ratio goes?

Hon Nicola Willis: Well, our first step is to look at the regulations that they face and you can expect that it will be high on David Seymour's agenda for regulatory review.

Media: Prime Minister, just on the situation in Gisborne, can you provide what the latest update you've received there is, and also whether you're confident that there is enough police presence there currently and what that might be?

PM: Yeah, look, I mean, firstly, tragic event, and my heart really does go out to those families that have been impacted by—you know, the two that have lost their lives. Ongoing police investigation, so I'm a little bit limited as to what I can comment on. But, you know, we've had the Minister fly in yesterday and is there today, and that's partly to make sure he's supporting the Mayor, the local community, and also the front-line police. You know, we'll make sure the police have what they need as they go forward from here.

Media: Do they have what they need now?

PM: As I understand it, from my conversation with the Minister last night, there was good support coming from other regions into the region as well. Sorry, last question and then we need to wrap it up.

Media: Reporting in the UK, in *The Times*, suggesting that Chinese hackers have targeted politicians and their electoral system over there. Have you been briefed on similar efforts occurring against New Zealand politicians?

PM: Oh, look, I've got no point to make at this point on that.

Media: Prime Minister—Jobs for Nature: will the Government be continuing funding for that project?

PM: Again, you know, as we've said before, programmes from the previous administration, we want to make—if they work, we'll continue to support them; if they don't, we won't. And so that'll be part of our Budget considerations.

Media: And, so, what are your considerations? What are the feedback you've had on Jobs for Nature?

PM: Again, you know, I won't go into it specifically, but I'll just say to you, we are evaluating all programmes, all spending that's taking place. We're making sure that spending is getting a return. Some of what I've heard, frankly, on Jobs for Nature is suggesting that it isn't a very good return on investment.

Media: Chris Hipkins is seemingly gearing up for another crack at tax—he's talking about a wealth tax; he's talking about capital gains. I'd ask for your reflections on his speech and what you think of the Labour gearing up the tax machine?

PM: Well, I didn't see his speech and, frankly, I don't think any of us should be listening to Chris Hipkins on economic management given the mess that he created in the last six years. I'd just say to you: whether it's a bad economic time, it's more tax. Whether it's a good economic time, it's more tax. Whether it's necessary for him to maintain his leadership of the Labour Party, it's more tax. It just seems to be the standard response from Labour: tax more, spend more, borrow more, deliver worse. And that's very much been the history of what they've been doing. OK, thanks so much, team, appreciate it. Have a good day.

conclusion of press conference