

POST-CABINET PRESS CONFERENCE: MONDAY, 28 AUGUST 2023
HANSARD TRANSCRIPT

PM: Good afternoon, everybody. Today, I'm joined by the Minister of Finance, Grant Robertson, who will shortly run through a package of actions that the Government's going to take to fight inflation and ensure that the Government's books return to surplus as soon as possible. A lot's changed in the global outlook since the Budget. In the months since then, global economic growth has slowed as demand from China has softened and global milk prices have fallen. At the same time, world crude oil prices have jumped, adding to inflationary pressures here at home, resulting in the Reserve Bank indicating inflation could stay stickier for longer. While the fundamentals remain sound and it's clear the economic cycle that we're in will at some point come to an end, what's important now is that the Government maintains our balanced and responsible fiscal approach to set our economy up for success.

As a result, we're acting now to find additional savings on top of the \$4 billion in savings that were identified in May's Budget. While those actions in May were characterised by the Reserve Bank as more friend than foe when it comes to inflation, the recent forecasts are keeping pressure on the cost of living, so we're taking action now to take the heat out of the system and to support Kiwi households. The Government's provided families and households with cost of living relief through a range of policies, such as the winter energy payment, removing \$5 prescription charges, making early childhood education cheaper, and making public transport either free or half-price for young people. That's on one side of the coin. On the other side of the coin, we're making sure that the State does all that it can to fight inflation and to help keep interest rates down. We can do that by balancing the books and setting New Zealand up well for when the economy does bounce back.

Today, we're setting out further measures to do that with a programme of inflation-easing savings and efficiencies that the Government's requiring the public sector to make. This'll trim a further \$4 billion from Government spending and have the books back into surplus as soon as possible. These changes are sensible and timely, and, while significant, I want to underscore the fact that they deliberately do not affect front-line public services. In fact, we've carved out front-line public services from any reductions in spending.

This is a responsible course of action to take. All political parties across the Parliament will have seen the warning signs from the global economy and forecasts that have been worsening over the last three months. It's why I've been saying for some time now that this should not be a big-spending election campaign. Uncosted, untargeted tax cuts for millionaires like those promised by the Opposition are simply not affordable. Likewise, broad, sweeping statements about slashing the number of public servants and abolishing entire Government departments is destabilising and it also isn't upfront with New Zealanders. In making these decisions, the Government is striking a careful balance. We're supporting New Zealanders in the here and now and investing in strong public services and a resilient infrastructure network, providing cost of living relief while carefully managing our resources to ensure the long-term sustainability of our economy. I'll now hand over to Grant before we open up for questions.

Hon Grant Robertson: Thank you, Prime Minister. At the Budget in May, we launched a fiscal sustainability and effectiveness programme. This included identifying \$4 billion of savings across the forecast period that we could shift to deliver higher priorities and stronger public services. As the necessary and significant support required to get New Zealand through the COVID pandemic has been withdrawn, we know that we need to return to a more sustainable fiscal position. This position is shaped by the fiscal goals that we have set of keeping debt under 30 percent of GDP and achieving an OBEGAL surplus in the forecast period. In doing this, Government expenditure as a percentage of GDP is forecast to go down to 31.5 percent, close to the long-run average.

Achieving these goals was always going to be a challenge. Even at Budget 2023, a surplus was not forecast to be possible in the next two years. A period of high inflation while adding

to Government revenue has also increased the cost of delivering the high-quality public services that New Zealand deserves. At the same time, deteriorating global economic conditions and the hangover of COVID impacts is putting pressure on Government revenues. Since the forecasts for the Budget were finalised by the Treasury in April, we have seen further evidence of a global economic slowdown. Tax revenue in the published Government accounts for the 11 months to the end of May was \$2.2 billion below where it was forecast to be.

Since then, the Chinese economy in particular has shown signs of strain and overall global trade is expected to slow in the coming year. This, of course, affects New Zealand. Global dairy prices have continued to slide, and Fonterra has dropped its farm-gate milk price forecasts twice in a short period of time. All the while, the war in Ukraine and geopolitical tension between the US and China has continued.

It is worth noting that, in those same Government accounts to the end of May, the Government's spending is in line with the forecast; it is the drop in revenue that is the issue. The deterioration of the economic picture has meant that we need to move swiftly to ensure that our fiscal goals are met and that we return to the sustainable economic position we need in a timely manner. The fiscal sustainability and effectiveness programme will ensure that we do this in a balanced and responsible way.

Some parts of this programme are ongoing and somewhat technical. There will be ongoing funding reviews for agencies to understand the drivers of baseline expenditure and look for efficiencies. We've also changed the processes around what is called "out-of-cycle expenditure"—i.e., calls for spending outside of the normal Budget cycle—where there will now be a higher bar for agreement. This type of work will keep a stronger, ongoing control on expenditure.

Today, I'm announcing a further set of actions that Cabinet has agreed to as part of the programme. Firstly, immediate savings: I asked all Ministers to look again at their agencies' work programmes to identify savings that could be made immediately. This is focused on programmes that do not require all of the funding that had been allocated or where programmes have not commenced or could be phased, sequenced, or delayed. This exercise has netted more than \$1 billion operating and \$450 million capital savings across the four-year forecast period.

Secondly: limits on expenditure on consultants and contractors. The second component is a focus on the reduction of this expenditure. We are directing public agencies to cut back on spending on consultants and contractors to pre-COVID levels. This will equate to about an 18 percent reduction in spending on these services. The Public Service Commission's main contractor and consultant measure is operating expenditure as a proportion of workforce spend. After inheriting a spend of 13.4 percent in 2017-18, we reduced that to 10.4 percent in 2021, before it spiked, largely due to COVID-19 - related expenditure, in 2021-22 at 14.6 percent. The Government is committed to getting contractor and consultant spending to below 11 percent of public workforce spending, saving approximately \$165 million per year.

The third element is baseline savings and driven in part by the reduction on spending on consultants and contractors. We have asked agencies to identify 1 or 2 percent of permanent savings that they can make in their budgets from Budget 2024 onwards. We have set clear parameters for this exercise: front-line services and support payments are to be protected and excluded from the savings. Larger agencies are expected to find greater savings. This means that the exercise will apply to around 19 percent of the Government's total spend, and this exercise will save approximately \$1.4 billion over the four-year forecast period.

We recognise that this will be challenging for some agencies, but just as households and businesses need to cut their cloth to meet the circumstances they face, so does the Government. I have asked Ministers and chief executives to consult with the PSA and other relevant unions in this process. We often find that those who work in programmes have the best idea of where efficiencies can be made.

Looking ahead to future Budgets, we're focused on having the resources we need to provide the critical public services that New Zealanders rely on, while balancing that against meeting our fiscal goals. In this context, we have reduced our Budget allowances for Budgets '25 and '26 by \$250 million and \$500 million respectively, to be \$3.25 billion and \$3 billion. It is our judgment that as inflation reduces and economic growth increases, these levels of new spending will meet the cost pressures that exist and leave a small amount of room for new commitments. It will be tight, but it is important that we get the balance right.

I want to be very clear that the level of savings that we have identified here go as far as we can do in good conscience to meet the balance and protect front-line services. Going further would start to undermine the investments in public services that have been made and those that are needed to support New Zealanders.

Those who would propose deeper cuts to pay for tax cuts skewed towards higher earners will be placing in jeopardy the public services that New Zealanders rely upon. To make that clear: the National Party would need around \$11 billion across the forecast period to pay for their tax cuts proposals above and beyond these savings.

New Zealand was able to get through the pandemic with our economy and society in relatively good shape because we invested in our people and supported our businesses. We will keep doing that while striking the balance required to ensure that as a country, as a whole, we have the strongest financial position possible to build on for future generations.

PM: Well, we'll open up for questions, and we'll take questions around this announcement first—and then the Minister of Finance can leave us and we'll deal with other issues of the day.

Media: You found \$4 billion in savings. Does that show how much fat is in the system?

Hon Grant Robertson: No. What that shows is that we are committed to meeting our fiscal rules; that we're committed to protecting front-line services but that we have set agencies a very clear task that, within that 19 percent of expenditure, they need to find either 1 or 2 percent of savings. In the immediate savings exercise that we're doing now, we've gone back to Ministers and we've said, "Are there funds that you haven't used all of or you haven't got going yet?", and we've put that together. So what that means is there's a balance across a number of different elements. This will be a challenge for people, but it's the right thing to do to get our books back into surplus.

Media: It looks a bit cynical, though, the week that the House rises, before you head out on an election campaign, you've magically found some savings in the Government's books.

Hon Grant Robertson: Well, no. What we do is we deal with the circumstances that are in front of us. Bear in mind, we began this savings process at the Budget. We announced that there would be an ongoing programme of work and so we have continued that programme of work. We've also had to—*[Interruption]*. I'll just finish this point, Jenna. We've also had to face up to the fact that the forecasts that the Treasury gave us that we put the Budget together on the basis of, already, when we got the first set of accounts after that, were just over \$2 billion short in terms of revenue. The world is getting harder on top of that. It's the responsible thing to do to now say, "We've got fiscal rules. I've committed myself—I've got a job to do, to meet those. This is how we're going to do it."

Media: So why, for instance, is the DHB baseline funding in here, \$71 million? The DHBs have been defunct for over a year now. Why have you magically found \$71 million from them?

Hon Grant Robertson: So in that particular instance, that money of course got transferred through to Te Whatu Ora when it was created. We've been working with them on what exactly they need to be able to deliver the services and programmes that they deliver—

Media: And they don't need the \$71 million?

Hon Grant Robertson: —and the \$71 million is because they have other ways of achieving the goals that that money was put aside for.

Media: So the health system is fine and it doesn't need that 71?

Hon Grant Robertson: Well, the front-line services in the health system are protected.

Media: Your remark in the press release about the surplus that went in the forecast period—obviously the forecast period changes depending on what year you're in. So is it still forecast to surplus in 2026? That was the last one.

Hon Grant Robertson: So obviously that gets updated at PREFU. PREFU does not add a new year into the forecast period; that would happen in HYEPU—this is really thrilling for those who aren't as focused on these matters as Thomas and I are—and so that, for the purposes of what we're talking about, is the existing forecast period. I do want to stress: we're doing this before the Treasury has finalised their forecasts, but it's pretty clear to me, looking at what happened with the May accounts and the deterioration in the global economy since then, that the responsible path is for us to act.

Media: Back to Jenna's point, this is you conceding that you've overspent on consultants and contractors, though, isn't it?

Hon Grant Robertson: No, it's not. In fact, as I said when I spoke earlier, we had actually began the path of bringing the expenditure on consultants and contractors down until we hit the COVID period. What this does tell us is that we have to work very hard now, as that expenditure goes out of the Government's books, to make sure that we bring that contractor expenditure back down.

Media: You let Omicron rip through this country 18 months ago. Why are we still spending on COVID consultants?

Hon Grant Robertson: We're not. What we're saying is that it's reducing and that our policies here—our commitment here—is to reduce that further. Obviously, I completely reject the first part of your question.

Media: How long has it been going down, then?

Hon Grant Robertson: So it's been going down—it went down, it went back up again, and it's beginning to track down from there. But look, the point here—

Media: So it was back up again because of COVID?

Hon Grant Robertson: —the point here, Jenna, is that we're acknowledging that we do need to get agencies to focus on bringing that expenditure down. Our track record going into COVID was that we were bringing it down.

Media: Minister, do you regret having such a large Budget in this year? You say that you started that process of slimming things down, but the finances are still expansionary in the current year, so that's not entirely correct, is it?

Hon Grant Robertson: Well, it is. Because what we did was base the Budget on the forecasts that Treasury gave us, and that did see us moving into surplus in the period of time that we set then—in May. So we cut our cloth on the basis of the forecast we were given. It is clear to me, on the basis of the Government accounts to the end of May, that the revenue side of those forecasts is short—over \$2 billion short. Nobody watching the world would think that things are getting better since those Government accounts were forecast, so we deal with what's in front of us. We have a set of fiscal rules; my job is to make sure that we meet those.

Media: Sure, but at the Budget, you committed to increasing the Government's borrowing programme by, I think it was \$20 billion—just off the top of my head—more than what the economists thought, so it was actually a massive Budget. Do you regret that?

Hon Grant Robertson: No, I don't. Because among other things in that Budget, we were dealing with the impacts of Cyclone Gabrielle and the Auckland Anniversary Weekend floods. We did need to spend to make sure we dealt with that. We also targeted the cost of living measures that the Prime Minister put forward. But I just want to reiterate: we did that

on the basis of a set of forecasts. It's quite clear to me that the revenue side of those forecasts is not going to be met.

Media: Sure. OK. But the shortfall is about \$2 billion, right? And you've expanded the debt issuance programme by about \$20 billion more than everyone expected, so you've still increased the spending by a large amount.

Hon Grant Robertson: Yeah, I don't think it correlates quite that way. The debt programme obviously did have to expand in order to be able to meet what we do—Governments always issue bonds. That's how we fund ourselves in terms of debt—every Government does that. Yes, it did have to go up a little bit to meet some of those costs, but as I say, a lot of that was unavoidable around the cyclone.

Media: A lot of New Zealanders, I imagine, when they hear the word "savings", might think that the overall amount that the Government's spending's reducing. But it's actually the case, right, that you are trying to crimp the increase. Because in nominal terms, the Budget's still going to go up and you're trying to, essentially, reduce that a bit in order to help the revenue pressures. Is that right? Can you put that into—

Hon Grant Robertson: Well, yeah. I mean, obviously, in any given year, what the Government needs to spend is what we need to spend and that will increase. But clearly, what we're saying here is in order to achieve those fiscal rules—keep debt under 30 percent of GDP and get a surplus in the forecast period—my judgment is we need to make these savings. These are things that we've committed to or that were built into the baseline of a budget of an agency. We need to bring that down a bit, nudge inflation down at the same time, because any additional spending above and beyond, like the tax cuts that are being proposed, potentially runs the risk of increasing inflation. So we have to calibrate all of those things together. So they are savings on what was proposed.

Media: If you want to fight inflation, the time to do that was last Budget or even the Budget before that. You're cutting spending from Budgets in the future where, hopefully, inflation won't be such a problem, but kind of the window to fight inflation from a Government Budget perspective has passed, do you not think?

Hon Grant Robertson: Well, no. Because the Budget we put together in Budget 2023 was, in fact, targeted to help bring inflation down, and that's precisely what Treasury's forecast said it would do.

Media: What is the likely impact on the Public Service head count?

Hon Grant Robertson: Yeah, look, that's to be decided. Each agency now works its way through how to meet—and you've got a very specific table of the amounts of funding and savings that we're looking for. Clearly, the consultant and contractor piece will be part of that. There's also a lot of vacancies in the Public Service at the moment and we're certainly asking agencies to work out whether or not they need to fill those. As I mentioned before, we've asked chief executives to work with the PSA and other relevant unions to find efficiencies. The experience of many New Zealanders will be that when you actually ask the people who work on specific projects and programmes, they more often than not are the ones who can identify to you where their efficiencies are. So there isn't a specific head count target here. There is a dollar target, and the chief executives and Ministers will now work on that.

Media: Is it fair to say that thousands of public servants are about to lose their jobs?

Hon Grant Robertson: No, it's not fair to say that at all.

Media: You talk about, you know, one of the things you're considering is the path to surplus. Obviously, you haven't seen the Treasury forecasts for the PREFU. What does your gut tell you on how the revenue is going to stack up compared to those surplus goals? Because, I mean, it could look pretty brutal come a couple of weeks.

Hon Grant Robertson: Yeah, look: \$2.2 billion short in the May accounts. As I've said, anyone looking at the world will be able to tell you that things have not been getting better.

So we'll see where that lands. It's my judgment that what we're doing here today will enable us to meet those fiscal rules. Obviously whether that judgment's correct or not, we find out at PREFU.

Media: When that \$20 billion allegation was made by Winston Peters et al., the other thing that was released at that time was that you had been driving Public Service bosses to lower savings by 2 percent—that was correct? Nicola Willis had that correct, didn't she?

Grant Robertson: No, Winston Peters said 10 percent.

Media: Nicola Willis said 2.

Grant Robertson: So be it.

Media: So she was correct?

Grant Robertson: Well, you can see today that it is between 1 and 2 percent. We have been continuing to—

Media: Is the Public Service—

Grant Robertson: What's that?

Media: Is the Public Service leaking against you?

Grant Robertson: I don't think so. The Public Service is doing its job. Individuals might choose at different times to do things, but that's not particularly relevant to me.

Media: Is that not concerning?

Grant Robertson: Well it's just not relevant to the exercise we're doing. We've given the Public Service a job to do here, and I know they'll get on and do it.

Media: Just back on inflation, a council trade union report highlighted rising company profits as relevant for over half of the pressures of inflation. Are companies making too much, and is that a factor?

Grant Robertson: Well, I think companies have got a duty to explain themselves to consumers and to make sure that they are only doing what they need to do, in order to be able to meet their costs, pay their staff, do the things they need to do to deliver to their shareholders. So, you know, clearly we will keep an eye on that, or New Zealanders will. We can't do much to actually stop that, per se. What I would say, though, is that inflation has been a global issue, so this is something that has happened right around the world. It's not specific to New Zealand, and it clearly has been driven in large part by supply chain issues through COVID, the absence of inward immigration. Those sorts of issues are the big factors, but where companies are doing that they will have to explain themselves to their consumers.

Media: You've increased your operating allowances in each Budget this term. How do we know that the announcement you're making today—you will stick to it if you win another term of Government?

Grant Robertson: Well, this is the judgment that we've got today around what is needed to meet the cost pressures we've got, and, as I said in my opening statement, a small number of new commitments. Budget '25 and Budget '26 will be delivered in a lower, much lower, inflation environment than the Budgets that we've recently delivered, and we believe it will be sufficient.

Media: I guess, you know, absent a massive a shock—COVID or some other horrible thing happening—how committed are you to seeing that surplus through and adjusting your operating allowances to make sure that you hit it?

Grant Roberson: I'm committed to the fiscal rules that we've got. We've always tried to strike a balance here between making sure we're careful with the finances for the sake of future generations, but also delivering the public services that New Zealanders need. And I'll always take a responsible and balanced approach. That's why this is not an environment

where we should be seeing people promise big unfunded tax cuts that cost more than \$10 billion across this period. So I'm committed to that balanced approach.

Media: In the immediate savings list, \$236 million is from the Climate Emergency Response Fund. It should be ring fenced for climate spending, that's how it normally is treated, but it's being sent back to the general coffers. Is that appropriate?

Grant Robertson: You'll recall, Mark, that in Budget 2023 we topped up the Climate Emergency Response Fund from general taxation in order to be able to continue to deliver. So, in this particular instance, I think it's appropriate that that comes back to the centre, but we will continue to use that money in the future, in the Climate Emergency Response Fund, for emissions reduction and adaptation.

Media: There wasn't any indication at the time, though, that that money was a temporary loan, that you've have to cut policies later in order to pay it back to the general coffers.

Grant Robertson: Look, we're still investing significant amounts of resources in emissions reductions through the Climate Emergency Response Fund, but in this particular instance, given that we did top the fund up, we think it's appropriate that this comes back to the centre.

Media: The fund is now a billion dollars lower than where you thought it would be at the HYEUFU—you took \$800 million off the Budget and now \$200 million off today. You know, maybe you're spending money on climate but you're reducing the amount of money you're planning to spend on it.

Grant Robertson: Well we've used what we had in the ETS revenues, and we topped that up, and now a small amount of it is returning to the centre. Where that now goes in the future will be the subject of PREFU.

Media: When you say that the National Party needs \$11 billion on top of this to fund their tax cuts, what tax cuts are you including in that? How have you done that calculation?

Grant Robertson: Bracket creep and the interest deductibility.

Media: Prime Minister, in your introductory remarks you said that this would help bite inflation, but like Dan says, many of these actions don't come online for a few years. So for Kiwis watching this now, wanting to see what help they're going to get in the near future, or the short term, what's your answer?

PM: I've said one of the best things we can do as a Government is to make sure that we're bringing inflation back down again and that we are focused on supporting New Zealanders with targeted cost of living measures. The targeted cost of living measures I'm talking about were announced in the Budget, and then, of course, as we go into the election campaign, the Labour Party's setting out a 10-step plan to support New Zealanders through the cost of living, and we've got a few more steps to set out yet.

Media: How much of this \$4 billion are you going to splash about on the election campaign?

Robertson: None of it. It's all going back to the centre.

PM: You found \$4 billion in savings, but, just go back a few months, you were telling nurses and teachers that there simply wasn't enough money, or more money, to find to improve their offers. Was that a disingenuous comment to make, now that they see \$4 billion of savings?

Robertson: No, not at all. In fact, if you look at what we did for the teachers, we went back to the education budget and found savings in order to be able to deliver those pay rises. I'm very proud, actually, of the work we've done over the last few years to lift the pay of nurses, teachers, other public servants, but what we face now is a situation where the Treasury's forecasts do not appear as if they're going to be able to be met. I've got a job to do to get the balance right. You still get strong public services through this. You still get lifts

in budget allowances. But, you know, we have to be balanced, we have to be practical here, and we can't afford to be promising things that will cost billions of dollars more.

Media: On top of the senior doctors, you've also got junior doctors going into bargaining next month as well. Are you confident that there is actually enough money to meet, you know, the demands of these doctors who, obviously, I'm sure you will agree, have been carrying the load big time over the last few years and are now quite far behind in terms of pay? Junior doctors, for example, year by year, level with nurses, are now earning less than nurses.

Robertson: Yeah, look, I mean, we're obviously in a negotiation and I'm not going to do the negotiation here on this stage. We certainly respect the work that junior doctors do, and Te Whatu Ora are leading those negotiations, and they, obviously, understand the financial parameters that they've got, and, as ever, I'm optimistic that we will come to a conclusion.

Media: So there have been restraints put on those negotiations to—

Robertson: Well, as I say, I'm optimistic we'll come to a conclusion.

Media: Minister, has this episode affected your trust in Treasury and its forecasts, because they have provided you with numbers to create a Budget that was off by \$10 billion, \$14 billion?

Robertson: Look, I mean, forecasting's more of an art than a science at the best of times, and I think everybody who's been doing forecasting through the COVID period has struggled with it. I have to deal with what's put in front of me. I don't get to create a Budget based on anyone else's forecast; I only get to create a Budget based on Treasury's forecast. They haven't finalised those yet for PREFU, but, clearly, what we saw in the May accounts has given me pause for thought, and then the deterioration of the global economy has added to that. So it's just not something I get a choice over.

Media: Is \$100 million here returned from a couple of shovel-ready projects—were they not so shovel-ready after all?

Robertson: Oh, look, you know, the vast bulk of the 230-odd projects that were funded through the infrastructure reference group are fine, they've been developed, they've been delivered. There were one or two where some of the commitments from other partners didn't materialise or where, when further work was done, it was realised that they weren't able to be delivered. But that would be a couple of projects out of 230-odd.

Media: So Whangārei's not getting a conference centre any more?

Robertson: No, it's not.

Media: Just back on inflation, one of the—apologies, the Government's previously spoken about the social licences that applies to banks in these sort of scenarios. Should that also apply for private companies?

Robertson: Well, that's the point I was making before. Private companies need to answer to their consumers about whether they're treating them fairly. But this is in the context of a global inflation spike, where the hangover from COVID, the supply chain constraints, the lack of people coming in to work has put a lot of pressure on businesses as well. But, absolutely, businesses are answerable to their customers.

PM: Any other questions to the Minister of Finance, and then we can move on to others—yeah, go on then Jenna, and then Thomas.

Media: A quick follow-up to Luke's from earlier: how bad are your books going to look, come September?

Robertson: Well, that is something that will be put out there in September. What I've done today is, by my best judgment, put us in a position to meet our fiscal rules—that is to have a surplus in the forecast period and have debt under 30 percent of GDP. The underlying fundamentals of the New Zealand economy remain strong. Clearly, all countries

in the world are now needing to deal with the global environment deteriorating. New Zealand will continue to have a resilient economy; I'm just completing my job here to make sure we get into surplus.

Media: To put that a slightly different way, how worried are you about how bad the books are going to look?

Robertson: As I say, we can see from the May accounts where the deterioration in revenue has come from. This is my best judgment today about how I can make sure that we meet our fiscal goals.

Media: Shouldn't the Government be sort of counter-cyclical to the rest of the economy, so if everybody's tightening their belts, the Government should be spending more?

Hon Grant Robertson: Well, clearly, within the 81 percent of Government expenditure that's not affected by what we're talking about today, there are a number of counter-cyclical measures; in fact, they're built into the Budget in terms of things like benefits and so on, but also the work we're doing in building hospitals, building schools, and so on. And the capital side of our Budget remains robust. Housing is another area where I do agree with you that we can be counter-cyclical and we'll continue to do that. This is about 19 percent of expenditure where we think we can make some savings while not affecting those front-line services.

Media: And what do New Zealanders miss out on from not having this \$4 billion spend?

Hon Grant Robertson: Well, look, you can read the things that are in the immediate savings area. New Zealanders will still have good strong public services delivered by this Government, but there are some things where we believe either they don't need the money that's currently been put in there or there are savings and efficiencies that can be made. New Zealanders can rely on us to deliver public services. If you had to cut further than this, then you'd be in trouble.

Media: Was there a climate assessment added to this Cabinet paper that made this decision, and, if so, what did it say?

Hon Grant Robertson: Oh, look, I'd have to go back, Thomas, and have a look at that. Clearly we bear in mind our climate goals, and we continue to invest to make sure that we do reduce emissions and that we do get on with adaptation. That's always part of our thinking.

Media: Is this quite an unfortunate announcement to be making for you as you stand here at what could be the last post-cab for this Government? You know, after years of standing up and announcing new spending commitments to be announcing these sorts of cuts?

Hon Grant Robertson: This is a balanced approach, and that's what I've tried to do over the last six years as Minister of Finance—deal with pandemics and economic challenges while making sure we deliver good quality public services. And we're doing that and we'll continue to do that. But these are the savings that I believe we can make and achieve that balance.

Media: You didn't deny that this might be your last post-cab.

PM: Well, I was about to do that, but—

Hon Grant Robertson: For this Government, it will be my last post-cab. I'll look forward to joining you Jenna straight after the election.

PM: All right, thank you to the Minister of Finance. And we now move on to other issues of the day, if there are any.

Media: Winston Peters has said it's a sign of desperation that you'd announced you wouldn't work with him after the election. What's your reaction?

PM: I said, when I took on the job as Prime Minister that closer to the election I would set out the parties whose values and ideas were compatible with my own and with those of

the Labour Party. That's exactly what I've done. I've done exactly what I said I was going to do when I took on this job.

Media: Should Christopher Luxon be upfront about it?

PM: I think all New Zealanders are entitled to know what parties' values are, what their ideas are, what they stand for, who they can work with and who they can't work with, and which policy ideas they're willing to entertain and which ones they're not. That's what I'm trying to do.

Media: His press conference was interrupted by the same guy that followed you around the Ōtara markets, a week or so back. Are you worried about how much disruption there is going to be in the campaign from the Freedoms' candidates?

PM: It's clear that Brian Tamaki and his mob are very determined to disrupt the election campaign. Ultimately that's anti-democratic. They are denying all of New Zealanders the right to hear from all political parties. Christopher Luxon is absolutely entitled to hold a press conference. He's entitled to share his views with the New Zealand public, and the New Zealand public are entitled to hear those views as well. Same with me; same with every other political party leader. I'm not going to go around disrupting other party leaders or other parties' press conferences. I think a party that thought it had any shot of getting into Parliament wouldn't be doing that. This is just Brian Tamaki and his team trying to make a lot of noise and disrupt everybody else.

Media: When does it tip over into a security issue?

PM: I'm not going to stop campaigning because Brian Tamaki and his crew are trying to disrupt the election campaign. I'm still going to get out there and I'm still going to campaign. Ultimately the main thing they're doing is actually robbing all of New Zealanders of their opportunity to interact with politicians and to hear what politicians of all different colours and stripes are proposing. I don't think that's good for democracy. But, ultimately, those are really questions for Brian Tamaki and his people.

Media: That's your general political discourse from your point of view?

PM: Well, we have a country where free speech is valued and cherished and encouraged, but I don't think people should use that deliberately to drown out the voices of others.

Media: One more question on that, are you worried about the election security? Are you doing anything differently this time, in terms of the election security? It feels much more niggly out there and, like, a different environment than we had before.

PM: Well, obviously this will be the first campaign that I'm entering as a leader of a major political party, but I intend to get out there and press the flesh and meet people and share the views and the values of the Labour Party, set out the positive plan that I think we've got for the future. People can engage with that; they can not engage with that—that's up to them. That's the nature of election campaigns.

Media: Are you looking as a wider party at whether your other candidates need more security?

PM: As will the Leader of the Opposition, if not now, then certainly within the next few days. The Parliamentary Service Commission has been working across the Parliament to identify whether there's additional support that can be supplied, particularly to incumbent members of Parliament, who, I think, are more likely to be targeted by these kind of protesters than people who aren't currently members of Parliament. So there is additional support that can be drawn on if MPs feel that they are going into a situation that's more risky.

Media: Like cops or parliamentary security guards?

PM: There'll be coordination between the Parliamentary Service and the New Zealand Police as well to make sure that everybody's democratic rights are upheld.

Media: Is campaigning going to look different, though, than maybe previous elections, given the climate and, you know, what we have seen over the past three or so years?

PM: I think we just have to feel our way through that. I mean, look, you all saw the video footage of me at the markets in Ōtara a couple of weekends ago. I decided to persist with that visit for a period of time; it then became clear that that was just counter-productive. No one was actually really getting the opportunity to interact with me because Brian Tamaki and his team were so intent on disrupting that, so there wasn't a lot of point in continuing with that. But that doesn't mean I'm not going to continue to try, but, obviously, we'll adapt as we go along.

Media: But are there going to be scenarios or some events that you're not going to do this in—you know, maybe big walkabouts in big, crowded places. Is that the sort of thing that you will continue to do, or will it be pulling back a little bit in terms of—

PM: I think where there is a credible security threat, then I would not proceed with that, because I'm—not just for my own safety but, actually, for the safety of everybody around me, and I think all political leaders should, you know, apply that lens to their campaigning activities.

Media: What's the security advice that you've been given about the threat level compared to, say, 2020 or 2017?

PM: I think if you look around the world, we're seeing more heightened activity at the fringes of the political debate, and I don't think New Zealand will be immune from that. Having said that, I'm still determined to get out there and campaign, and to be accessible to the public, because I think that's what election campaigns should be about.

Media: If Winston Peters hadn't have already ruled you out a good year or so ago, would you have made that announcement that you made yesterday?

PM: I made the announcement based on Labour's values and our ideas and who else's ideas are compatible with that. I don't think that New Zealand First's approach is compatible with our own. Unlike what they're saying, I don't think that that's a personal attack; I think that's actually just a principled statement of our position.

Media: Prime Minister, do you need to be more mindful of your language, then? Given that kind of incendiary campaign that we're heading into, do you need to need more mindful of your language? The Opposition's accused you of stoking fear and division.

PM: I would encourage anybody who is looking at the Opposition's response to my statements yesterday—I would encourage them to go and have a look at what the Opposition have been saying about me since the day that I took on the job as Prime Minister. Much of it has been very personal, most of it has been negative, and, you know, that is the nature of the campaign that they have been running. I believe that the statements that I made yesterday were statements of principle and values. I don't believe I personally attacked anybody.

Media: Just on those statements of principles and values, particularly relating to queer and trans people, is it Labour's record on that to just ignore the hate speech reforms which you took to the election—that was too hard—and you also let Posie Parker into the country, which created a complete shitshow?

PM: Well, if I take those two things, because I—that's not a technical term, but if I take those two things in the order in which you raised them, the hate speech legislation is a complex area because it does interact with areas around free speech, and I think free speech is important. One of the reasons that we have asked the Law Commission to take over that piece of work is that we do want to try and find a basis on which parties in Parliament can come together and grapple with the very real issues that are being raised.

And in terms of issues around Posie Parker, we believe in free speech. Posie Parker is entitled to share her views; other people are just as entitled to strongly state that they disagree with that. Now, where people are expressing their views in an inflammatory way and other

people are expressing their views back in an inflammatory way, that's—you know, that's the nature of democratic protest. I think the difference was what we saw yesterday, or was it today—I can't remember; I'm not sure exactly when it happened—with the Leader of the Opposition was that he was actually just trying to conduct a peaceful media stand-up press conference. There was no justification for disrupting that whatsoever and I don't think he should have been subjected to that, and I actually think it's not in keeping with the democratic tradition that we have in New Zealand.

Media: So what is your record on delivering for queer and trans people—what have you done this term?

PM: I think if you look at the stuff that we've done around conversion therapy, if you look at the work that we're doing around HIV and AIDS, I think we have got a proud track record there, including the changes that we've made to the births, deaths, and marriages Act. So I think we've got a proud record there. Is there more to be done? Yes, of course there is more to be done.

Media: Just a quick one on Gloriavale. Can you give us an update on the multi-agency response by the Government—what is happening down there right now?

PM: It's a tricky area because, obviously, there are some court proceedings ongoing and I don't want to interfere in that, but where the courts have made decisions we've got a multi-agency team which is being supervised by a group of Ministers who are making sure that the findings of the court are actually being implemented by Gloriavale.

Media: So are children being exploited with child labour down there now?

PM: Well, the various ministries who are working with Gloriavale will be working to ensure that the rulings of the court are actually implemented. It is not acceptable for children to be exploited in the way that the court has found that they have been, and so we need to make sure that the court's rulings are actually being enforced.

Media: So [*Inaudible*] from that court's ruling, why can't you stand up there and tell us that children are not being exploited for child labour?

PM: Like I said, the agencies that we've got going in there—I haven't got the most recent update from them, but the agencies that we've got working on that issue have been making sure that the court's rulings are being implemented.

Media: But you can't—you know, can you tell me that children are not being exploited right now?

PM: Well, I personally haven't gone to check, but certainly the agencies responsible are tasked with that job.

Media: Prime Minister, how does Posie Parker's return next month sort of play out, or how do you see that playing out in this sort of combustible environment and what will your strategy be?

PM: As I've indicated, people have a right to free speech and that includes Posie Parker as well. I don't agree with her views. I think she conveys them in a way that's deliberately inflammatory, and I don't think that's positive. I don't think that adds to the debate in any way that's useful or constructive, and I fully support the people who have indicated that will oppose her views and express a contrary view.

Media: Prime Minister, what's your reaction to the internal police report on the management of people on EM bail, and do you think it warrants a further review of how that works?

PM: There are a number of reviews, obviously, that have been taking place following the tragic events in Auckland a few weeks ago, including police, including Corrections, including a variety of other different investigations. Not all of those have yet been completed, but in terms of electronic bail—I'm sorry, monitoring, I do think it is something that we need

to monitor carefully. It has expanded—the use of electronic monitoring has expanded. The previous National Government actually indicated that they wanted to see the use of electronic monitoring expand, and it has. That means that I think we should continue to keep it under review. We should continue to make sure that public safety's not being compromised by that, and I'll continue to do that.

Media: So is it your view that it's expanded too far?

PM: Like I said, I think we need to keep that under review. I think in terms of violent offenders, I think that's something that we do need to look closely at, and I certainly will do that.

Media: And on that report, obviously it was an internal report not for external publication, but were you concerned or are you worried by the concerns that were raised in that report?

PM: As I've indicated, I think where there's been a significant expansion of electronic monitoring, which there has been, and where concerns are raised about that, any responsible Government would take those concerns seriously and make sure that they're looked at thoroughly, and we will absolutely do that.

Media: What is the likely last day at the podium for you in this parliamentary term? Has the last eight months been everything you wanted it to be and more?

PM: Every day is different in this job, and certainly what I set out to do in the eight months leading up to the election has been disrupted a few times along the way. Some of those events have been within the control of our team, and some of them have not been—certainly weather events and so on. I got sworn in as Prime Minister on 25th January and we had the flooding on the 27th, so there wasn't a lot of time to kind of adjust to the role. We just had to get straight into doing it. It's been an enormous privilege. I'd really like to continue to do that. I'd really like to have a full term standing here at the podium and leading the country, and I'll certainly be campaigning vigorously to do that.

Media: Can I ask you—are you thinking that some of this might be the last time of this and the last time of that?

PM: No, course not.

Media: What regrets do you have, if any, pushing so much legislation through under urgency at the last minute?

PM: All of the legislation is well signalled, so it is wrapping up legislation that's been working its way through the Parliament for some time. So if you look at things like resource management reform, water infrastructure reform, these are not exactly things that we're dropping into the Parliament at the last minute. This is legislation that's been working its way through quite a significant and considered process.

Media: But there was urgency on things like the water reforms, wasn't there?

PM: Yeah, largely that's to get additional parliamentary sitting hours so that we can get that through.

Media: Do you think this increases the risk of electoral flip-flop, which is something that the public quite often complain about?

PM: In what respect?

Media: Well you pass it one day, and then the next Government repeals it, which is what National has said they will do. So if it were done in a more considered way over six years, there might be less of that.

PM: That is a risk with democracy: that sometimes new Governments change the policies of previous Governments. That's one of the reasons why I'll be campaigning for a stable Government and the continuation of this one.

Media: Are you going to be campaigning on any changes to fees-free tertiary education this election?

PM: I'm not setting out our tertiary education policies today.

Media: Should students expect a policy around fees-free?

PM: As I've said, I'm not setting that out today.

Media: Just to Jo's point, have you not, in even a quiet moment today, considered that this might be your last time standing up at the podium?

PM: As I've indicated to you all the way along, I don't have a plan B; I'm very much focused on plan A.

Media: Prime Minister, you've set quite a different tone from you in your speech. Has kindness gone on the policy bonfire?

PM: I think that the speech that I set out yesterday was a principled one. I've set out who we could and couldn't work with, based on their values and the policies that they're putting before the electorate. I don't think there's anything personal about that; I think that that's principled, actually, and I think it's open and transparent.

Media: Just to follow up, sorry—just back to the Posie Parker question. When someone as divisive as that comes to New Zealand, what do you see your role as being, especially in a campaign period?

PM: I think it's important that New Zealand maintains free speech, and that does include hearing from people who we strongly disagree with and whose views we may find abhorrent. I think it's important that we create an environment where people can strongly contest that and can strongly disagree with that and can be respected in the process of doing that, and that is certainly my goal as Prime Minister.

Media: So is Immigration New Zealand looking at her visa status again on the way in? Is she being considered as an excluded person again? Are they doing that assessment?

PM: I would not expect so.

Media: Acknowledging that you've only been responsible for the last eight months of the Government, are you satisfied with the pace of the hate speech reform? The review was initiated on March 15 2019. We're going to hit the five-year anniversary with no legislation in Parliament; we're probably going to hit the six- and seven-year anniversary of no legislation in Parliament. Is that fast enough for you?

PM: I think with issues around hate speech where different rights come into conflict, I think it's important that the Parliament proceed with caution. It was very clear that that was going to become a very hot and contentious issue in which the people that the law change was designed to support could actually find themselves on the receiving end of some pretty intense debate. And I didn't think that that was necessarily going to be good for those communities. So I think just stepping back a little and taking some more time is the responsible thing to do. Would I like to progress faster? Of course, but I'm not going to progress faster if that means alienating a whole lot of people and making other people subject to a whole lot of abuse, which they don't deserve.

Media: Just on the Warriors—just a slight change of subject. Would you support giving them a parade if they won the grand final?

PM: Well, let's just wait and see.

Media: Right, and so—

Media: Wait!

Media: —if you can settle a debate for us, what should be the official support line for the Warriors? Is it "Up the Wahs" or is it "Let's Gone Warriors"?

PM: I'm quite comfortable with either.

Media: Well, which one do you prefer? Surely you must have a preference.

PM: Well, it's a bit of a controversial topic. You're asking me to pick sides here, but I'd probably go with "Up the Wahs".

Media: Right, and so Mr Luxon said today he's firmly in the "Up the Wahs" camp. So if they make the grand final, would you be open to participating in a video of you two, side by side, saying "Up the Wahs"?

PM: Why not.

Media: Very good.

PM: Thanks very much, everybody.

conclusion of press conference