

## POST-CABINET PRESS CONFERENCE: MONDAY, 7 DECEMBER 2015

**PM:** Okey-dokey, lucky last for the year, so good afternoon and welcome to the final press conference for 2015. As you will have seen, I've made some changes to Cabinet. Tim Groser has been appointed New Zealand's ambassador to Washington and will take up the post early in 2016. Tim will resign from Cabinet on 14 December. He'll be replaced in Parliament by Maureen Pugh from the West Coast. I'd like to take this opportunity to congratulate Tim on his appointment. His experience in the trade portfolio, including successful conclusions of the TPP negotiations, make him an ideal person to represent our country's interests in Washington. On a personal note, Tim will be missed. He's been a valued colleague since arriving in Parliament in 2005 and has made a significant contribution to New Zealand's interests.

Judith Collins will rejoin Cabinet, taking up the police and corrections portfolios. Judith's been a competent Minister and will quickly be able to pick up the police and corrections portfolios that she has successfully held before.

In other changes, Paula Bennett picks up the climate change issues portfolio from Tim Groser; Todd McClay becomes Minister of Trade, he retains his responsibilities for State-owned enterprises, while handing over the revenue portfolio to Michael Woodhouse. Having picked up the Revenue portfolio, Michael Woodhouse hands police to Judith Collins. Sam Lotu-liga picks up the local government portfolio from Paula Bennett, while handing corrections to Judith Collins. These changes will take effect on 14 December.

I offered ACT leader, David Seymour, the positions of Minister for Regulatory Reform and Associate Minister of Education, but he declined my offer as he wants to see through his member's bill on end-of-life choice. He's also focused on continuing to rebuild the ACT Party and working hard as the new MP for Epsom. I respect his decision and look forward to continuing the close working relationship that we have with him in the current roles.

On another note, you'll recall that at the start of the year I announced we want to improve the supply of social housing for New Zealanders in need. As part of this, we would offer around about 300 income-related rent subsidies to community housing providers in Auckland. You will have seen today that Paula Bennett has announced that the Ministry of Social Development will work with five registered community housing providers to deliver over 500 new social housing places over the next 3 years. This reflects stronger than expected interest and an eagerness to innovate from community providers. The Salvation Army has agreed to provide 87 extra places, Accessible Properties will provide 358 places, and the Chinese New Settlers Trust will provide 36 places. It's good to have them all on board. Another two community providers are expected to sign up in the next few weeks, taking the number of new social housing places to over 500. This is more progress in our efforts to house more vulnerable New Zealanders.

Just in terms of a wrap-up for what's been a pretty busy year for the Government, our careful management of the books has seen us return to surplus and meant that we've been able to introduce new policies to support New Zealand families. These have included extending free doctors visits and prescriptions to children aged under 13, extending paid parental leave, reducing ACC levies, and increasing benefit payments. We've also helped thousands of New Zealanders into their first homes, and we've continued to invest heavily in health and education. We've surpassed 3 million tourists in a year for the first time, and we've announced one of the world's largest ocean sanctuaries around the Kermadec Islands. Kiwi families are benefitting from an economy which continues to grow, creating tens of thousands of new jobs and boosting incomes. I look forward to another successful year in 2016.

In the House this week the Government will focus on sending first readings to select committee before the House rises for Christmas. This includes the Residential Tenancies

Amendment Bill and the New Zealand public health and disability elections bill. The House will rise, as you're aware, on Wednesday. In terms of my activities, I'm in Wellington tomorrow and Wednesday, I'm in Christchurch on Thursday, and Dunedin on Friday, which just leaves me to wish you all a very merry Christmas and a happy New Year. I'm sure you're looking forward to a break. I know that I am, and we'll see you all in 2016. Questions.

**Media:** Can I just ask you on a different subject—what's your level of concern at the moment about a home-grown - style lone wolf terrorist attack?

**PM:** I can't rule that out, simply because I don't think any country can. We live in a world now where ISIL has a very decentralised way of communicating with people, and actually a very effective way. And we know that some of the people who are on that watch-list of 40 people potentially could do, undertake, a domestic terror action. Now, as I've said in the past, and I stand by this view, while we're not immune from risk, I still genuinely believe we're a lower threat, risk, than a lot of other places in the world.

**Media:** And how confident are you in the abilities of the SIS and the GCSB to thwart such an attack?

**PM:** Where they can see information that they can legally access through the warranting process, then I think they can be highly effective. The concerns always are about dark communication—those that the agencies can't get access to, or people that we just simply don't pick up on the radar screen, either through their actions or the monitoring activities of, say, our international partners that might pick something up in the international cyberspace.

**Media:** Do you think that the risk has increased because of New Zealand's involvement in ISIL?

**PM:** I don't. I think, generally speaking, you've seen public comments in the past from ISIL that they've seen New Zealand as sort of a coalition of the west, if you like, anyway. So I don't think that's dramatically changed. Once we made the announcements to send the training troops to Iraq, you didn't see any particular noises out of ISIL that reflected that. I think that risk, in so much that it's there, has been there, you know, as long as ISIL's had a sort of view that they have that westernised countries present a different world view from them, and not one they can share.

**Media:** Judith Collins' return—you feel, obviously, that she's served her time on the backbench, she's paid for whatever price she's had to pay for past things. Is that your view?

**PM:** Yeah, look, I think if you look at the issues around Judith, she stood down as a Minister just prior to the 2014 election on the basis of an email which characterised some behaviour, which, if she had undertaken it, would have been very, very concerning indeed. In fact, actually, she was completely cleared of that through an independent inquiry. This has really been the first opportunity that I've had, actually, to potentially bring her back to Cabinet, because with the movement of Tim Groser to Washington, an opportunity presented itself. I think in that 12 months that she's been, effectively, on the backbench, she's had some time to reflect.

I think she would say, like any politician, actually, that in life sometimes you do some things not as well as others. The particular instance that she stood down for I think she's been completely cleared of. But, you know, there are well-documented other issues where she's probably had some time to reflect on those and learn from those experiences. And now, you know, I think as a Minister she'll do a good job. She did a good job as a Minister prior to that, but as you're aware with one or two of the other issues, she's probably learnt a few experiences from them.

**Media:** Do you think she'll be a better Minister?

**PM:** I always thought she was a very good Minister and I continue to think that. She has my absolute confidence. If she didn't have that, I wouldn't have brought her back. Certainly in police and corrections she was very well-equipped to handle those portfolios

and did a good job of them in the past. We know that there are plenty of challenges in front of those portfolios in the next couple of years. So, yes, I think she'll do a very good job as a Minister.

**Media:** Will you have another reshuffle next year?

**PM:** I'm not planning that at this time. I don't think it's impossible that I would do something, more likely in early 2017. I mean, as we get into that election cycle, you know, it's possible that you might see, for instance, some people announcing retirements. I'm not aware of any at the moment, but, you know, I'm not silly. I can see that one or two people might consider that as an option, and if they did, then we may well want to have a slight refresh going into the 2017 election.

**Media:** Was there any thought about keeping Groser on so he could sign the TPP in February?

**PM:** Well, what we did was we wanted to make sure he was here right through the process of getting TPP over the line. Now that's effectively happened. From a New Zealand ratification perspective, it's going to go through a process here, but I don't think it's required that Tim would be here. In essence, actually, his best work can really probably happen in Washington, where he'll work, you know, with congressmen and very much advocate for why TPP is a good thing, you know, both for New Zealand and the United States.

**Media:** And why have you given climate change to Paula Bennett and not Simon Bridges—the associate?

**PM:** Yeah, so I obviously considered that, and the advice I got from the Cabinet Office was that it was possible to have Simon Bridges as the climate change Minister, but there were quite a number of conflicts, which would need to be managed. I personally thought, in principle, having him as Minister of energy and as Minister of climate change was at least challenging as a conflict. And, as you'll be aware, we've got a review that's going to be undertaken of the ETS. It is a portfolio that needs someone with good political nous and some dexterity, and, actually, I thought Paula would bring that to the job. Simon could have done it, if it wouldn't have been for the challenges, but I would have had to move energy and resources.

**Media:** Did you lose confidence in Sam Lotu-liga in corrections?

**PM:** No. To be blunt, I know that that might be the way people will interpret it, but, actually, my bigger issue was I wanted to make sure that the portfolios that Judith was picking up were the ones that I thought suited her natural areas, and it was a—I wanted to put police and corrections back together again, so that was a more natural fit.

**Media:** Why did you want them together again?

**PM:** I was convinced of the view when I separated them that that would work, but as a general rule I had them together in the '08 to '11 period, and I actually think that worked pretty well, and I think actually in '11 to '14, as well, I had them together. I mean, they are very much a natural fit within that wider justice portfolio, and I just think it makes sense to have them sitting alongside each other.

**Media:** So there will be some disappointed backbenchers, though?

**PM:** Yeah, well, I mean—I think as I said on TV this morning, you know, if you're not in Cabinet, then you want to be there, and if you don't, you know, there's something wrong with you. I mean, most people want to be in Cabinet, so, yes, there will be. But I think most people will respect the fact that Judith was a senior Minister and a senior front-bencher, and it's been my longstanding practice, as, indeed, it probably was Helen Clark's, actually, where people are cleared of an indiscretion, that they should be allowed to return. There have been people who haven't returned to Cabinet, or have left Cabinet because I felt that they've either run their course or there were performance issues, but in the case of Judith, it was very much around that particular issue that she was cleared of.

**Media:** Do you believe she can sort out the Serco mess?

**PM:** Those challenges around the private provision of prisons, and Serco and its contract and all of those issues, are going to be substantial challenges for her to deal with. There's no question she's got the capacity to do that. You know, I do think it'll take a Minister with a fair bit of experience and someone that can understand the balance the Government is trying to achieve, because one of the issues here is we are very committed to the private provision of both services and PPPs in terms of infrastructure. In fact, we'd probably make the case very strongly to you that Wiri's working well as a privately run prison—in this case, run by Serco. There clearly have been challenges at Mt Eden. So she's going to have to walk that line of getting that right, I think, on behalf of the Government; I'm absolutely convinced she can.

**Media:** Has she given up the car sponsorship?

**PM:** Yes, so I've, obviously, had those discussions with her; she'll need to sit down with the Cabinet office and work through any potential conflicts, as any Minister does. But, yes, the car sponsorship will go. She won't be writing for the *Sunday Star-Times*, and she won't be on *The Paul Henry Show*. I think she's going to do the show this week and the last wrap-up next week. I think she's done her last *Sunday Star-Times* column.

**Media:** Some people might say it looks a bit like you're bringing her into the tent because she was outside causing you trouble.

**PM:** Yeah, but she resigned as a Minister—whatever it was, I think it was 2 weeks, wasn't it, prior to the general election—and, you know, she felt very strongly she'd done absolutely nothing wrong, and the email in question had characterised behaviour that wasn't correct. And yet she kept her head down and worked hard in her local electorate. Over the course of the last 12 months, I don't think you can really point to areas where she has been overly critical of the Government. She's got a strong view on some issues, but she's always had a strong view on things, and, by the way, so do most of the other Ministers. So I don't think that's right; I think she's tried to work hard to earn her way back into Cabinet. She's ambitious, and, you know, I want Ministers to be ambitious.

**Media:** Is there a question mark over Murray McCully returning?

**PM:** No, there's no question mark over him. He's taking my advice to have a good recovery. As I said this morning, I mean, the operation he was originally having was much more straightforward surgery, and it turned out to be a lot more complex. It's great news that he's fit and healthy, but he's got a recovery period he's got to go through. He's got quite a challenging and punishing travel schedule for next year, and I was talking to him a bit about that when I returned from Berlin last week. But I'm very confident he'll be back on board, you know, before the House resumes, effectively, next year.

**Media:** Was your decision to move local government from Paula Bennett to Sam Lotu-liga any sort of signal about downgrading or changing the local government reform push?

**PM:** No. Paula had done the work around local government, which I think we've acknowledged you've had the Local Government Commission coming up with some suggestions—as we saw in Napier-Hastings, they failed to get public support. There is a pathway through, I think, to do more working with local government around shared services, and, potentially, some amalgamations that they themselves recommend and suggest, and, you know, Wellington's the sort of area where that's quite possible and on the cards. So we want that work to carry on; it was just really a matter of that, in Paula's case, we couldn't overload her with everything, and she has associate finance, which is a lot, she has State services, which is a lot, she's doing a huge amount in social housing. So there's only so much she can handle.

**Media:** How ambitious do you think Judith Collins is? Do you think she could challenge you for your job?

**PM:** Well, I hope there are 58 MPs currently in the caucus that can challenge me for my job, and that's because I don't feel threatened by caucus; I feel invigorated by them. They're a strong team and they're good, and they know what they're doing, and, you know, every political party needs succession over time. But do I think she's going to come and do anything untoward to me? No, not in the slightest. We've got a good working relationship. You know, she's professional about what she did; I thought she was thoroughly professional when she stood down. She's worked hard in the last 12 months and she's earned her right to come back.

**Media:** Was that a slap in the face by David Seymour not to take those roles?

**PM:** No, funnily enough, actually, I think it's an interesting move from David Seymour but quite clever. I mean, he's fundamentally saying he's a young MP, he wants to dedicate himself to a cause he really believes in: euthanasia. He can't carry on that member's bill if he becomes the Minister, because he can't champion that. He's got a lot of work to do in terms of the rebuild of ACT; he's committed to try and bring in more MPs in 2017; and he's got a lot of work to do in Epsom. I think he's just saying, look, he's a young man with a big future in front of him, and those opportunities will come. So I was actually slightly surprised but actually thought it was quite clever.

**Media:** That bill hasn't been drawn yet has it?

**PM:** No.

**Media:** It may not be.

**PM:** Well, that's right. But it doesn't stop him—it doesn't stop him continuing to advocate. The issue would be, if he'd taken up his ministerial post, he would have had to assign the bill and the question would be, who would take that up?

**Media:** Have you made any request of Judith Collins on how to handle herself as a Minister, given some of the issues that were the lightning rod for controversy in your last term, particularly things like Oravida?

**PM:** Well, naturally, we've had a discussion about my expectations, because every Minister has that discussion with me, and it's quite an ongoing discussion from time to time. As I said to Judith, you know, the important issues now are about the future; not about the past and relitigating things. And they are actually about all of us acknowledging that, you know, we have experiences and, actually, as politicians we make mistakes. I make plenty of them. I try not to repeat them and I learn from them. But no one's perfect and no one gets everything 100 percent right. I suspect the 12 months she's had on the backbench has given her a chance just to reflect on that a little bit more. I think it will make her stronger as a Minister.

**Media:** Have you requested that there be more separation between her and her husband's activities?

**PM:** No, but I have, you know, she herself actually said, I think, at some point when all this was going on—I haven't gone through all the transcripts—but words to the effect that said, you know, she needs to make sure she manages those issues more clearly, if you like, and again, I'm sure she's learnt from that experience and will do.

**Media:** What percentage turnout do you think is enough for the flag referendum to be robust?

**PM:** I think it's travelling pretty well. I mean, just on the numbers we have at the moment, it's 1.133 million. It's tracking virtually exactly where the 2013 referendum was. I think what you'll see is you probably might see a bit bigger turnout for the second referendum because that's going to be the one that actually really, you know, assesses whether the current New Zealand flag is retained or not. But overall, typically with postal referendums you get a lower turnout and this is tracking about in line with everything else.

**Media:** Have you actually voted yet, or are you—

**PM:** No, I've voted, yeah.

**Media:** Would it have been better to try out online voting in the first referendum to get more of a turnout?

**PM:** No, I don't think so. I mean, firstly, there's quite a lot of mixed evidence around online voting. In local government I think it's been used, not in New Zealand but overseas, and I don't think it's been—you know, I think initially it might have worked OK but generally been less successful. It might be a bit cheaper but we would have had to design the system, so there would've been a lot of systems costs, and of course there're always issues about people getting online. Not everybody has access to that—obviously most people do, but not everybody does—and there are also just issues about making, you have to be 100 percent sure that you got the accuracy of it right and the authenticity of it correct. So it's something I know that's been looked at and Cabinet's sort of had some discussions—local government's considering trialling it but at their cost, but there's quite a bit of work to be done yet.

**Media:** Did the Cabinet have any discussion about the anti-melanoma drug Keytruda today?

**PM:** No, we didn't, not really—I mean, not a specific thing about that. We had a wider discussion, as you'd expect. I reflected on the year in review and the sorts of issues that we face going forward, and health is a wider discussion than that because it's a big part of what we care about. I mean, the thing I'd say with Keytruda is that, as I said this morning, I have tremendous sympathy for people that are suffering with advanced melanoma.

We, for the most part, have got, I think, a very good system in New Zealand, where Pharmac actually makes those decisions. I accept the kind of hypocrisy of it in that we rode over the top of that when we funded Herceptin. I think that was actually the right call at the time. I don't think it's impossible to get Pharmac to fund Keytruda. I think the issue is Pharmac would say that if we give them a bit more money, there are other drugs they would see where the efficacy is higher—not in melanoma but in other areas. They would say that if you think you can give them quite a bit more money, they definitely will fund it—so it's not a philosophical issue; it's about resources. The only other point I'd simply make is the point I was making this morning, which is Keytruda, you know, could over time prove to be somewhat of a wonder drug, very much like Herceptin is for women with Her2 - type cells for breast cancer.

The really good-news part of this story is that that's part of the evolution of biologics, and over the years ahead there will be lots more discussions about other Herceptins and other Keytrudas. The truth is that they're starting to develop some fantastic drugs now, and they're very expensive. The average development of these drugs is anywhere between US\$1 billion and US\$3 billion, in terms of the IP. So the costs are great early on, and the only challenge for us as an economy is to continue to afford those as they come on-stream, to give people the opportunity to extend their life for a lot longer than we would.

**Media:** But the Government won't be stepping in, overriding Pharmac on Keytruda?

**PM:** Well, we haven't had those discussions or tried to take those actions or do anything on that today. You know, there's been a broader discussion on that issue overall about Keytruda. And the Minister, as you would expect, has got advice from his officials and ultimately from Pharmac. As it currently sits, they would say there are other bigger priorities. But they're not ruling out and we're not ruling out potentially them getting the resources to do that. I think the way to do it would be to give Pharmac more money

**Media:** And what sort of time line would that decision be on?

**PM:** I can't give you an answer to that. I don't know yet.

**Media:** Will the Government take another look at early access funding, similar to the UK model?

**PM:** That's all the potential advice they could get—do you mean something where they could get it for a period of time to see if it works, or 2-year funding or something? All those are possibilities, but, again, we'd have to work along—our preference would be to work alongside Pharmac.

**Media:** Will the Government have to look at restructuring the funding of Pharmac or expanding the envelope for these biologics in the long run?

**PM:** In my view, yes, because what's happening, if you think about it, is we spent about \$650 million on drugs when we first became the Government; today it's \$800 million. Actually what's happening is you're seeing the development of all of these new drugs and new options, and that's the reason why people are living a lot longer. I mean, the sort of surgical procedures, the sort of drugs that are available now, were never available 5, 10, 20 years ago, and it's a great thing. It extends our life and gives us all a lot more options, but the costs for the Crown, obviously, are rising, and they will continue to rise because these drugs will continue to be invented.

**Media:** So are we going to have some sort of formal review or build it into the Budget in the next few years?

**PM:** I think it's one of those things where, in part, we would say that's why it's important that we're a growing economy that's got its books back in order, because ultimately when you do have your books back in order, at least it gives you the choices you can make about how much additional funding you put in. I mean, health is still our No. 1 funding item. It has been the whole way through, and we've increased it every year we've been there.

**Media:** Can I ask you quickly about the organisation SAFE placing the advert in the *Guardian* about New Zealand's dairy industry—in the *Guardian* newspaper in the United Kingdom. What are your thoughts on them taking that—

**PM:** Well, I'm really disappointed in them, because I think it's a form of economic sabotage. They're quite entitled to make the claims they make on the basis that they can back them up, and actually anybody that has information about animal welfare should bring that into the public domain, and we will investigate that, and we've put more money and more resources and greater legislative support around that process. But if you were to take an ad in New Zealand, at least you could make the case you're trying to influence other lawmakers in New Zealand and the New Zealand public. To take an ad in the international media—for what end is that, other than to try and to stop international consumers buying our products? And I can't see how that's either a fair thing to do or an appropriate thing to do.

**Media:** Will it hurt sales, do you reckon, over there?

**PM:** It can do. I mean, image is very important, and, actually, the tragedy of all that is the vast, overwhelming bulk of New Zealand farmers and those involved in the agricultural sector care deeply about their animals and care deeply about animal welfare issues. I can't say every farmer does or every person working in that industry does. I think, like any entity where you have a large cohort of people, you can always get one or two people that let the side down, but those people should be held to account and held to account very firmly. But I just do think, yeah, it runs the risk that it damages us.

**Media:** Prime Minister, we spoke to a group of people in Hawke's Bay this week who believe that sympathy towards Islamic State, ISIL, ISIS, is growing. What measures does the Government have in place and are more resources going in to keeping an eye on this issue?

**PM:** Well, there has been more—both resources and more capability. We're going through a security review of our intelligence agencies and the legislation that supports them, and there has been more money going into that area, and there certainly will be in future Budget bids. In terms of that there is more support Islamic State in New Zealand—

only from very sick and deluded individuals, I'm afraid, because in reality these are people that, you know, basically, murder other people. They behead other people. They throw gay people off buildings, they burn people alive. Their behaviour is barbaric. They are neither Islamic nor a State. And actually they do a massive disservice to the billions of law-abiding, good, honest Muslims around the world. So people might get very seduced by their messages and somehow believe those messages are right, and you're right, there are a small group of people that are quite in tune with those messages, but I think that they have a very perverse world order.

**Media:** So what confidence can you give the New Zealand public that your Government and its agencies are doing everything it can to keep this threat as low as possible?

**PM:** Well, firstly, I'd say go back and have a look at all of the debates around the GCSB legislation and the points that I made at that time, both of the need for intelligence agencies—that they needed to be part of the “Five Eyes” community; that, yes, they needed proper oversight and greater transparency about what they were doing; that they needed better resources. All of those things have been happening. We've been strengthening both the SIS and the GCSB as organisations, and strengthened the oversight considerably, with the new inspector-general.

No leader can stand up and say—anywhere in the world—they can guarantee the safety of all of their people, because, as you saw in Paris, there was no early warning, from what we can see, about the actions that were taken there. But, in so much that we are part of those organisations, we work hard to do everything we can to follow up all of those leads. We're doing everything we practically can.

**Media:** There's a petition coming tomorrow calling for a national holiday, or a day, to commemorate the Land Wars. Do you think more should be done to commemorate the Land Wars?

**PM:** I think—my understanding is that I think there's been more done in the curriculum around teaching over the last few years on that issue. I think that is really important. It's important to understand our history. You know, ultimately, if you were probably going to have a national holiday, you'd have to replace it with another one, and the question would be what that would be. I mean some people would say Guy Fawkes Day or whatever—it's not a public holiday. But, you know, you'd have to—are you talking about a public holiday, or are you talking about just a day of recognition?

**Media:** I'm not the one—it's not my petition.

**PM:** Do you know what the petition's doing? I don't know. Yeah—OK.

**Media:** Like Anzac Day, they said.

**PM:** Well, that's a public holiday, and so the point is—because that's why I think it is that they're arguing it's a public holiday. And the point would be you'd have to replace it with some other public holiday. The Government's not intending to extend the number of public holidays.

**Media:** The PPTA have won a legal challenge to define Teach First's New Zealand programme as illegal. If that can't be overturned, would the Government consider looking at the law to—

**PM:** Yeah, we'll need to review exactly what's taken place with the ERA decision. I've got to say it's—I find it pretty disappointing, because the programme actually is aimed at getting really bright young people who have got qualifications in another area and allowing them to teach our youngsters. And I think we all know that the teacher that stands in front of our students can actually come from a variety of different backgrounds, with a variety of different training, and still do a fantastic job. I think it was a good way of trying to encourage some people who had very good qualifications to consider teaching. And there's nothing more rewarding or actually, arguably, more important than teaching. So I'd be disappointed if those people got lost to the system.



**Media:** What is the Government going to focus on next year?

**PM:** Well, the economy will still be a big issue next year, I think. I mean, ultimately, if you think about the big issues, I think that matters to voters. I don't think they've changed—the economy, health, education, law and order are all very important. RMA reform is something we'll be pushing through. We're talking about the issues we're dealing with in terms of Māori land reform.

We've got Budget 2016. We're starting to work on the issues there. There's been quite a bit we've been doing around both vulnerable children and, ultimately, areas around the way we deliver social services in the community. You know, there's still trade deals that we're trying to push along. So there's quite a lot in that agenda.

So what I can tell you is there's a bunch of bids about a mile long at the moment for the Minister of Finance to consider for Budget 2016, and they reflect different work programmes that the Government would like to progress, or at least Ministers would like to progress. So it's a pretty busy agenda next year.

**Media:** Does that mean you think you'll be in surplus [*Inaudible*]

**PM:** Well, 2017, yes, I would have thought so. You'll have to wait and see the half-year update. I think it is 15 December that Bill will have those numbers. He updated Cabinet on them today, so you'll have to wait and see.

**Media:** So you might dip back into deficit?

**PM:** Well, I'll let you wait and see when he releases this stuff on the 15<sup>th</sup>.

**Media:** Just on the reshuffle—did Sam Lotu-liga's performance in corrections play any role at all in the portfolio going to Collins?

**PM:** The decision, as I said earlier, was largely based on the fact that I wanted to put the portfolios together and I thought they naturally suited her skills.

**Media:** Was there any—did his performance in that portfolio play any role at all in that decision? I mean, you say "largely", but that's not entirely.

**PM:** Well, I don't want to go through the individual parts of the details. I mean, I think there's a lot of things he's done very well there. I mean, he's been dealing with a very difficult situation, and that's just the nature of what happens from time to time when you're the Minister. You know, some things will happen under your watch that are not always in your control. You know, they sometimes happen. I mean, what I think was by far the bigger factor was, ultimately, you know, Judith's capacity.

**Media:** So if Judith didn't come back, would Sam have picked up police?

**PM:** You're asking, kind of, pretty hypothetical—because I would have still had to replace Tim, and it would have depended on who I replaced him with and their skill set.

**Media:** When did you decide about Judith Collins?

**PM:** Well, I've been aware for some period of time that it was likely that Tim would go. He got the formal tick-off, because the US system has to do that [*Inaudible*—only when I was away overseas. My preference was to deal with the decision before the end of the year, because I'd like to, sort of, hit the ground running next year. So I think, in my own mind, I kind of closed off on the issue just before I went away. But, you know, it's been a bit of a thought process for a period of time.

**Media:** And were there any other factors in the decision to do it in December?

**PM:** Not really. I mean, look, it's the last week of Parliament. If I don't deal with it now, you know, I have to deal with it in the new year. And the problem we've got is that Tim's staying in Paris to complete the climate change conference. I actually asked him if he wanted to come back and do a valedictory, because I think he's got a lot of things to reflect on in the time that he's been here. But he felt really strongly that he needed to do the job

properly in Paris. Ultimately, with Mike coming back, we really need to send up a new ambassador, and if we did it all in the new year, it gets very messy, because I'd fundamentally have to probably do it some time in February, and it was just a long time, really. So this seemed the right time.

**Media:** What are Tim Groser's priorities going to be? I mean, is it all going to be about TPP or about other things?

**PM:** No, I mean, the role of, you know, the New Zealand ambassador to Washington is a wide and diverse one. I mean, it's about New Zealand's interests, of which trade is just one of them. But we have a very broad relationship—everything from our work in the “Five Eyes” together to, you know, everything from the United States - New Zealand Forum. There's a bunch of things we do. It's arguably our prized ambassadorial post, so he'll have a lot of work to do.

**Media:** Did you consult with senior colleagues about Judith Collins' return, and if so, would you describe their reaction as enthusiastic?

**PM:** As you would expect, I have a group of very senior Ministers that I have a high-trust relationship with, and I have discussions with them, and I let them know my thinking. I'm not going to detail all the discussions we've had, because it wouldn't be appropriate for me to do that, but I don't, sort of, live in a vacuum and I don't tend to make decisions solely on my own. I might come to a view, but I always try and share those with my colleagues.

**Media:** You said that Sam [*Inaudible*]*—*that was a difficult situation in corrections. Do you think he dealt with it well?

**PM:** Yeah, I do, for the most part, actually. It's just that some of these things are very difficult. I mean, every Minister, you know, in a big portfolio from time to time can just have things that happen. I mean, I had, you know, GCSB when Kim Dotcom was illegally spied on. I didn't actually do anything to make that happen and I wasn't aware of it, but it happened and I had to deal with all the things that happened after that. In the end, ultimately, that's just the nature of being the Minister.

**Media:** If he'd excelled, though, he would have held on to that portfolio, though, wouldn't he?

**PM:** No, I don't think that's right. You know, it suited the sort of portfolios I wanted to put Judith into. OK.

#### **conclusion of press conference**