

**POST-CABINET PRESS CONFERENCE: MONDAY, 16 MAY 2016**

**PM:** Good afternoon. As you know, Bill English will deliver the Government's eighth Budget next Thursday. The New Zealand economy is continuing to perform very well. Our tourism industry and beef, wine, and IT exports are all thriving. Tens of thousands of jobs are being created each year and, on average, incomes are rising faster than inflation. And we turned an \$18.4 billion deficit in 2011 into a small surplus last year, which means we can invest more in the things that matter to New Zealanders, like health and education. Budget 2016 will include a wide range of initiatives that build on the good progress we've made over the last 7 years. We'll have a strong focus on investing in a growing economy, advancing the work we've been doing to support a more productive and competitive economy through the Business Growth Agenda. And we'll continue our focus on delivering Better Public Services, with additional investment both to meet the needs of a growing population and to support the most vulnerable New Zealanders.

Over the past couple of weeks, Ministers have made a number of pre-Budget announcements. Today Steven Joyce has announced \$15 million to help speed up the commercialisation of new technology developed by scientists and entrepreneurs around New Zealand. In the last week we have also announced \$45 million for tourism initiatives, \$20 million for high-performance sport and anti-doping programmes, \$15 million for teacher aides, \$12 million for the Māori housing network, and over \$40 million for emergency housing and grants. What matters with all of these initiatives is not how much we're spending on them but the results we will deliver for New Zealanders. Lowering income taxes remains a priority for the Government; however, as we've always said, it would depend on fiscal and economic conditions. At the moment, we have prioritised debt repayment over tax reductions and so don't have a provision for tax cuts in the forecasts, but we are still committed to cutting personal taxes over time and will consider it either in Budget 2017 or after, as and when the fiscal conditions improve.

In terms of housing, our long-standing view has been that what matters most for housing affordability is supply, particularly land availability, the speed and efficiency of consenting, and council infrastructure. These aren't issues that can be solved with more Budget funding, so our focus is squarely on continuing to work with councils to get more houses built. The Government has an intensive work programme under way, alongside the Auckland Council, to free up more land and to increase housing supply. The Auckland Housing Accord has seen almost 24,000 dwellings and sections consented in its first 2 years. The target is 39,000 consents before the end of this year. Government development projects are expected to deliver at least 10,000 houses by 2020. Later this year we'll also be passing amendments to the Resource Management Act to help speed up the consenting process. So there is a lot going on. Overall, Budget 2016 will focus on investing in a growing economy to help create more jobs and higher wages for New Zealand families. We'll continue to invest in health, education, police, and other public services to ensure they meet the needs of a growing population and provide better support for vulnerable New Zealanders. And like the seven Budgets before it, Budget 2016 will demonstrate our continued commitment to responsible fiscal management. We'll deliver on spending priorities whilst still getting debt down.

Just in terms of my activities this week, I'm in Christchurch tomorrow and Auckland on Wednesday. As some of you probably know, I'm taking a few days to go to Paris to see Stephie's graduation over the weekend. On that basis, I'm back on Monday night, and there'll be no post-Cab on Monday, but we'll obviously be back for the House on Tuesday.

**Media:** On housing, do you still think people living in garages and cars and on the streets should go to WINZ for help?

**PM:** I do. So I don't think the data is perfect, because sometimes people don't self-identify or the information doesn't always get through. There's a lot of different issues here, and sometimes people are living, you know, maybe with family or friends, but for the March data that we have for 2016, 428 people went to Work and Income and identified themselves as being homeless as the reason they needed social housing support. So in the case of anybody that is living in a car and is homeless, we would, certainly, strongly suggest they go to Housing New Zealand—sorry, go to Work and Income so they can go on their behalf to Housing New Zealand.

**Media:** A lot of the people I've spoken to say that everyone they speak to have already been to WINZ and are still not getting the help they need. What do you say to that?

**PM:** Well, Work and Income, if they are provided evidence of somebody that's, for instance, living in a car or under a bridge—if they can, go out and reach that person. So they do their best in that situation. The Government, as you know, has provided \$41 million for additional support for both extra emergency housing and an additional \$2 million for that very, very temporary emergency support. On top of that, we've also been changing all the things we've been doing. So it used to be that you could only get income-related rents if you were in a Housing New Zealand home, which, if you're under the threshold, limits the amount of rent you can pay to a quarter—no more than a quarter of your income. That's now changed and moves out to special social housing providers. We have been changing the length of tenancy so that if people are in a home that's too large or they can now pay market rents, we're asking them to go into the private sector. So there's been a lot of changes. I don't think the issue of somebody living in a homeless situation is new; it's been there for a very long period of time. But we are there to provide support as best we possibly can, and all I can say to people is if somebody is homeless, they should go and see Work and Income.

**Media:** Do you accept it's a growing problem?

**PM:** Look, I hate to say it, but I don't think the data is absolutely perfect in this area. I mean, we can identify the people that come into Work and Income and say "The reason I'm coming to you today is because I'm homeless, living in a car.", or under a bridge, but that doesn't necessarily cover all of the people that are in that category. A lot of what we see is anecdotal. It doesn't mean there aren't bigger numbers; I accept there may well be, but no one has absolutely perfect information on that. All I can say is we've been working as a Government with the people that provide support in this area—the shelters, the Sallies, people like that. And that's one of the reasons why you saw the Government respond with the \$41 million for supplementary housing: to help people in greatest need.

**Media:** And aside from that \$41 million, will there be any more—

**PM:** Sorry?

**Media:** Just one last question on housing. Aside from that \$41 million, will there be any money—more money—in the Budget for housing?

**PM:** Well, that's the response to the emergency housing issues that we see, and I think that's a pretty good start, along with all of the other things that we're doing. It's worth remembering we're spending about \$2 billion now on incomes-rent support for people, and the initiative of moving to where someone can get an income-related rent from a social housing provider adds quite a lot of cost to the Government because it's certainly the best deal you can get, if you like. And historically it's been an opportunity only available to those who were in a position to get a Housing New Zealand home. So that's added quite a lot of cost to the Government. So the \$41 million is in response to saying we need some very rapid capacity to put people in a motel, or whatever it might be, in the first instance, for an emergency up to 7 days and then up for up to 3 months while we try and find them a social house.

**Media:** Is Auckland Council too slow in opening up land for the development?

**PM:** Well, we—one of the ways to answer that question will depend on whether they pass the unitary plan and what's in the unitary plan. We would say, as a Government, that the metropolitan urban limit held back a lot of land that could have been developed, and the process prior to the Government getting involved with things like special housing areas has been far too slow. As Nick Smith's pointed out on the weekend, he's also got some ideas and initiatives, which might put a bit more grunt into the process, if you like. We'd love the council to be able to control that and be able to deliver enough housing, but if they can't, the Government can't sit back and say it's solely an issue for Auckland councillors. We need to make sure there's enough land supply so that those houses can be built.

**Media:** Is that not sitting back? How, you know—if you didn't sit back any more, what would you do? What are the options?

**PM:** Well, we'll leave that for a few weeks because there's going to be, you know, some more comments that both Nick Smith and Bill English would want to make. But at the core of all of it, as I think the Minister pointed out on Q+A over the weekend, there is more we can do around national policy statements about what is the acceptable level of land supply and what that might mean in terms of the Government playing a role and giving an indication to councils of what they think is the correct level of housing supply.

**Media:** So what did Cabinet decide on a national policy statement today? You said you were going to talk about it.

**PM:** Yeah, so it's been working its way through that issue. As I said, my expectation is that Bill English will have a bit more to say about it in the Budget, and then it'd be my expectation that you'll see some more work around about that time from the Minister.

**Media:** What about the council's argument that the Government could require more land to be opened up but not helped with the infrastructure spending cost that you need to be able to put houses in that land? They would argue you need other things.

**PM:** Yeah, well, there's always a range of finger-pointing when it comes to this issue and, you know, the Government accepts that infrastructure needs to be built there, but it also allows those developers, when they're opening up those greenfield sites, to charge development contributions and the like. So there's a range of different factors but, in the end, what we know is that, despite the claims that the demand side will fix the issue, internationally and historically it really hasn't, other than through higher interest rates.

So plenty of countries around the world have stamp duty, plenty of countries around the world have capital gains tax that are more aggressive than what's on display in New Zealand, and, in fact, when we passed the brightline test, while, initially, you didn't see house prices moving up, depending on how you look at them, some people argue they've carried on moving up again. So, in the Government's view, it doesn't mean there is no role on the demand side, but by far the fastest way of solving—well, the best long-term way of solving this issue is on the supply side.

**Media:** But will you give the councils some help with infrastructure funding? Otherwise, forcing them to open up land is worthless because they can't afford to pay for the pipes and the roads.

**PM:** Well, I think you'd need to wait a couple of weeks.

**Media:** Prime Minister, on tax cuts, you mentioned on ZB this morning the possibility of \$3 billion worth of cuts next year. How likely is that?

**PM:** Well, what Mike Hosking asked me was "If a billion dollars is not enough for a meaningful tax cut, how much is required?", and I said "\$3 billion." And that's based on the view that if you look at about a billion dollars of cash for a tax-cut programme and you want to deliver that across the board, then, in terms of threshold movements, it gives people anywhere between next to nothing and maybe about \$7 a week. Now, the issue then becomes one of: would New Zealanders at this current point rather have more money spent on health, education, and a few other areas than \$6 or \$7? I think the argument is, on

balance, I think they would prefer that we spent that money on health and education, and I think they certainly want to see us meet our target of having debt reduced to 20 percent by 2020.

Having said all that, I think the pressure for tax cuts will grow over time. I think New Zealanders will say that, you know, as the average wage is rising and getting nearer the top personal rate, that it's unacceptable that you're on the average wage and paying the top personal rate. So there is going to have to be movement, and if you want to have something that delivers more than, you know, relatively small amounts, then you're really talking in the order of \$2 or \$3 billion. And if you go back and look at the tax switch that we had in 2010, one of the reasons why we raised GST was we had to raise GST if we wanted to do it fiscally neutral, in that case, to deliver, you know, what was at least a reasonable reduction in personal taxes, because that's the kind of money you need.

**Media:** So what sort of surplus would you need to offer a \$3 billion tax-cut package?

**PM:** Well, you don't need \$3 billion, because these things flow through over time and it's all, you know, unders and overs, but, arguably, you need more than what's in this year. But, I mean, there's all sorts of economic debates about how much gets recycled and the likes. What we're really saying at the moment is, for the amount of money we could've applied to that in Budget 2016—let's say we just decided that was the right course of action—for a billion dollars, I think people would've said "Nah, it's probably, on balance, not enough to warrant that. We'd rather have expenditure in other areas and we'd rather you try and tackle the debt issue."

**Media:** Over the weekend Mr English suggested that in 2 or 3 years the surplus could be \$6 billion. Does that suggest that—

**PM:** I didn't hear his speech, but I hear it was a pretty good one. But yeah, that may well be right.

**Media:** So the position, Prime Minister, is that, you know, next year you could signal tax cuts kicking off in 2018?

**PM:** Yeah, I think you could summarise it in three ways when it comes to tax cuts. The option is you have one in Budget 2017, around the tax cuts; the second option is we signal in 2017 that we intend to campaign for a fourth term on a programme of tax cuts; and, I suppose, the third option is always that you say we're taking that off the table. But if you take the latter, that certainly wouldn't be where our thinking is at the moment. We'd like to deliver a tax cut to the electorate. The question is the timing of that and the size of it.

**Media:** You're saying a tax cut is unlikely before 2018?

**PM:** Well, no. Yeah, well, it depends on when those things—normally tax starts on 1 April for a variety of reasons, so things aren't always impossible, but yeah, the options are either include it in Budget 2017 or we campaign on that as part of Election 2017. They're the most likely options. You know, taking always into consideration that we have a responsibility to look at the two things, which are both the fiscal and economic conditions, and how well we are doing in terms of addressing the reduction in debt.

**Media:** So including it in Budget 2017, that, sort of, seems to be semi-ruled out. So is it more likely that you'd campaign on it in Election 2017 and introduce it in April 2018?

**PM:** I don't think you can—you've got to remember, if it was in Budget 2017, depending on the start date, but if it's just a normalised tax period, normally you start on 1 April 2000—the year later, so that's 2018. None of those decisions have been made yet. All we know is that we had a bit of look at it—a cursory look at it—for Budget 2016 and, on balance, decided we shouldn't do it.

**Media:** I was going to say, I don't want to get down to the detail in the weeds too much, but looking back at the last week you had, before Bill English's speech you had \$2.5 billion—\$1.5 billion of that available for a tax cut. You blew that apart in his speech, and

then you immediately turn round and say you might do it in 2017 anyway, which—there's a credibility gap, I guess. But the next question is, if you are then going to try and fund it over the next 3-year period and Bill's saying he's got \$1.5 billion for each one of those years, and you're saying \$3 billion is meaningful—which seems to have been the yardstick ever since Bill Birch was making tax cuts—where are you going to get that from? Does it have to come from a surplus, an ongoing surplus, or will it come from the new spending?

So, two questions, I guess: why did you blow it apart and then hold out the carrot of doing it anyway? And, secondly, how are you going to fund it?

**PM:** Inasmuch as I understand your question, I don't think that we "blew it apart", to use your words—

**Media:** Well, you brought spending forward and you said the rest is going to go on debt [*Inaudible*] a tax cut.

**PM:** What we have done is decided that the billion dollars we could've spent in Budget 2016 and the \$2.5 billion for Budget 2017 was the wrong allocation. We fundamentally needed more money in Budget 2016. And we tested that process the whole way through. But there are a number of reasons why—not the least of them being population increase—puts some pressure on some of the core services you just need a bit more money for. And there were one or two initiatives that we decided just were, on balance, more important. OK, so that leads you to a point—you're quite right—that gives us less money, theoretically, for Budget 2017, but it doesn't, of itself, rule out a tax cut. It would depend on a number of factors: what the fiscal conditions look like, when you're starting those, how they are introduced, for instance. I mean, you can do all sorts of things in a theoretical design.

We are simply saying that, on balance, it strikes me that the obvious options are, potentially, 2017, as in the Budget, or campaigning on it. And because we are just so far away from that at this point and haven't made that call, I don't want to mislead you. I'm just telling you that's what I think are the likely options.

**Media:** So going back to the second half of your question, would you then fund that out of the new spending allowance—the \$1.5 billion-odd that Bill's talked about—or would you look at increasing that in order to fund it?

**PM:** Well, you have to say that you're happy, I would've thought, that the surpluses are of such a level that you can afford to spend more and, effectively, by taking in less tax, reduce those anticipated future surpluses. Because you're still going to need the better part of a billion and a half dollars to fund core public services.

**Media:** What's more important for you: a tax cut or continuing down towards that 20 percent net debt of GDP?

**PM:** Twenty percent is very important, simply because we are a small country at the bottom of the Earth. And I know that our net debt levels are much lower than most OECD countries in the world, but we saw with the Christchurch earthquakes and the combination of the global financial crisis how we needed to rely on the Crown's balance sheet. And that was a lot easier when debt was lower. Despite what political parties say, not a single one of them in Parliament was opposed to us standing behind the people of Christchurch or standing behind the most vulnerable New Zealanders. So their argument is a bit hollow when they, sort of, talk about the increase in debt but on the other hand always claim we should spend more money on pretty much everything and, certainly, should've supported the most needy New Zealanders, which were the people of Christchurch and those vulnerable Kiwis.

All I'm saying is that I think it is potentially possible to have both. And that's the challenge, and we philosophically believe that tax is one of the things that makes the economy go that little bit faster.

**Media:** Would the current fiscal conditions permit a \$3 billion tax cut towards the Budget 2017?

**PM:** In terms of what I see today of what the predictions are? Yeah, probably, but one of the issues there is that we need to see, ultimately, what that really looks like as we get a bit nearer. Because, you know, 3 weeks before Budget 2015 the Treasury guaranteed me that it would be a deficit for that year and said it didn't really matter what happened, we were going to print a negative number—and, guess what, we printed a positive number and by almost as much as what they said the negative number would be. So that was 3 weeks out from the Budget. This is going to be a year or more out, so I take it all with a bit of a grain of salt when it comes to macroeconomic forecasting.

**Media:** Where do contributions to the Cullen fund fit in, in the priority list? I mean, if you've \$3 billion to spare, wouldn't you be better to put that in the Cullen fund?

**PM:** No. All the sorts of decisions that you need to make—I mean, auto-enrolment in KiwiSaver, a multitude of other things, they're all—that's what you're trying to do. All we're simply saying is that you've had rising average income and quite a low-tax environment and, actually, quite a low - interest rate environment—an extremely low - interest rate. And that's provided quite a lot of support to an awful lot of households, because they have had, in those cases—you know, in many cases—reducing costs on them. But over time, I think there will be a clamour for tax cuts. When you start seeing a situation—if inflation starts kicking back up, the average wage gets nearer the top personal rate. People start saying: "Look, yeah I understand what the Government had to do to get through the worst of those times and support Christchurch." But at some point people will say "You know, I think it's fair that either those brackets move or the rates move, or a combination move.", or, you know, there are a variety of other areas you can spend it.

So you can see, with Australia—I mean, if you look at Australia's company tax programme that the Liberal Government has suggested—not saying this is how it would work, but I'm just simply saying there are many ways to, sort of, you know, kind of, slice the apple. In their case, they're reducing company tax by half a percent a year. Over a 10-year period, it reduces it 5 percent. Now, I'm not saying we would do that, but I'm just saying it becomes very difficult to be definitive when you haven't sat around actually determining what the programme looks like. All I'm saying is, philosophically, there's quite a lot of support in our Cabinet to cut taxes.

**Media:** Do you think all the thresholds should move?

**PM:** There are, again—there are many, many different designs you could have, but, in principle, yes. But of course, when you get to the lower income end, the biggest support you can probably give is through some sort of rejigging of Working for Families, to give people more support. Because one of the problems, of course, is—I mean, I remember the *Dominion Post* headline when Michael Cullen cut taxes. It was "Is that it?", you know.

**Media:** So does he.

**PM:** Yeah, well, that's right, he remembers it well, yeah. And I think—wasn't it delivering not just the "chewing gum Budget", but 68c? I mean, so, yeah, the problem you've got is if you're a relatively low-income earner—maybe you're just on New Zealand super—I mean, the margin, or, at the moment, the first threshold is \$14,500. Well, if you move it, you're moving it for the last \$500—so you're doing a hell of a lot.

**Media:** So you've just brought Working for Families in as possible move as well—

**PM:** Well, I'm just saying, it depends who your target audience and everything is, because, like everything in tax, it's a really complicated position. But if you look at full-time taxpayers, you can go and calculate, you know, the minimum wage times 40 hours a week and do all those sorts of things that take you up to a higher level. But it's just difficult when you're trying to deliver something across the board. And it costs a bit more than you think.

**Media:** What do you make of the Auckland University report this morning that 2.7 times the amount of caught fish recorded are actually not recorded?

**PM:** Look, we are quite sceptical of that report. For a start, if it's very historic—so if you think about the quota management system, it came in—

**Media:** The data goes through to 2013.

**PM:** Yeah, it does. But the quota management system came in in 1986. For a considerable time now—but, I accept, increasing in recent times—we have had people, observers, on boats. We've had cameras on boats. We've had GPS tracking. NIWA themselves have had a look at the discard rate, and they think it is nearer 6 percent, so that's the scientific evidence we've had. The report says 50 percent. So, to us, looking at it, we think the probability of the numbers being as high as what they have in the report seems a bit odd to us and a bit out of whack on the advice that we're getting from our scientists.

**Media:** Doesn't the fact that there was a report done by MPI, which was never made public but was leaked to the researcher—that they were aware of the problem and were concerned that it would be a PR nightmare if it came out. Doesn't that sort of prove the point that there is concern from MPI about the issue?

**PM:** Well, MPI have, as I understand it—you'd need to ask the Minister, but—have had, prior to GPS and observers and all the likes, concerns to make sure that people were honouring absolutely, you know, the catch from quota and the discard. And so those steps have brought in, and now they are very confident, I think, that their information is correct. I mean, one of the points that they make is that the definition of a sustainable fishery is abundance, and they believe that those abundance rates are at appropriate levels. In other words, there's plenty of fish there and people are being able to catch them. So all I can say is, just looking at it, the claims of the size of what they would argue is the overfishing on an unreported basis by the commercial sector to us look much higher than any kind of advice we've seen.

**Media:** Is there any need for any changes, though, despite you thinking those numbers aren't quite correct?

**PM:** Well, the Minister will go away and have a look at that in the fullness of time. I'm sure he'll have some discussions, you know, with MPI about that and his official. But, you know, it is a much more, you know, fail-safe system now when you have, you know, observers, cameras, GPS.

**Media:** When can we expect a decision on the Bain compensation claim?

**PM:** Don't know, though it's a matter that is under consideration, if you like, in terms of the report sitting there from Callaghan. And considerations about next steps will have to be made.

**Media:** What's the hold up? Do you know?

**PM:** Well, working their way through it—besides having discussions inasmuch that, I think, obviously, the Bain side's got a copy of the report and they've been working through those issues.

**Media:** So is the Bain team doing its own review and seeking feedback?

**PM:** I think they are considering the report and considering next steps, as is the Government.

**Media:** So is the ball in their court or in the Government's?

**PM:** Oh, well, we're working our way through the process, so by definition, it's both sides.

**Media:** Just on housing, some people have called for changes to the accommodation supplement. There haven't been that many changes in recent years even though rents are rising. Is the Government looking at reforming or increasing the accommodation supplement, particularly around Auckland?

**PM:** It's an issue that gets raised from time to time. There's two schools of thought. One is that if you increase accommodation supplements by too much, you just encourage landlords to put up rents. There's another that says that it's unrealistic, you know, in certain quarters, for the level of support that a lot of people are getting. We look at those issues, but at the moment there's not substantial reform being mooted.

**Media:** Because the campaigners say there hasn't been any change in Auckland since 2005. Rents have risen much—a lot since then, and the most you can claim is \$200 per week. And it's, you know—you've got rents of \$500, \$600 for a family home. Surely it's time for the Government to look at changing it?

**PM:** Well, it's very expensive if you move in those areas. There's also other factors you have to consider, like what's happened to average wages and the likes over that period of time. But, look, all I can tell you is at the moment there's not a substantial programme for a massive overhaul of the accommodation supplement.

**Media:** Prime Minister, the mother of Moko—the Taupō toddler whose mother has spoken to *Story* and told them that his 8-year-old sister tried to stay home from school and save him. Is the system broken when it's taking an 8-year-old sister to try and save a child?

**PM:** The first thing I'd say, it's tragic. The second thing I would say is that there's been, probably as you're aware, a very, very thorough review of Child, Youth and Family. And now there will be substantial change being undertaken by Child, Youth and Family. At this point, there is no advice that we've received that Child, Youth and Family have not carried out their responsibilities professionally and appropriately. But you'll be aware that there's a coroner report being undertaken, and, you know, in the fullness of time, when we can have that and consider the matter further, you know, there may be more that we can say about it. But right at the moment, the advice I've had, at least from Child, Youth and Family, is that they don't have any advice that they've acted in anything other than appropriately.

**Media:** Prime Minister, just one last question of clarification on the matter of tax cuts. If, in the option that you presented of campaigning on them in 2017—would you then be, if you were re-elected—would you then be able to get them in place in April 2018, or in 2018, or would it be that people would have to wait until sort of 2019?

**PM:** Well, you're asking me about a hypothetical policy that we haven't even developed yet, so, you know, it's very difficult. And if I give you one answer, you'll probably want to play this tape back to me on the lucky position where I were to be in the Government in 2018. But, in theory, anything is possible. The Government can, in theory, set up a tax cut, have a mini-Budget, or whatever it might be, and implement those straight away. You can make those changes. I mean, it's ultimately a matter of changing the Income Tax Act. There's two of those Acts that go through Parliament each year. So, in theory, it's possible. I can't give you a start date. But, you know, on the basis that we campaigned for them, I think we'd want to do our best, if we could, to give people a sense of what that might look like and what the timing would be.

**Media:** On the issue of population increases, can you just explain a little bit more about that? So you're saying—your Government seems to be saying you need to put more money into health or into education. But what are the areas where you're seeing the big strain, and why?

**PM:** Primarily health, but it's not solely in health. So, by definition, when you have more people in the economy, that stimulates economic growth, and there's been all sorts of estimates that it's around about 1, or a bit over 1, percent of GDP that's being supported by a bigger population. But, by definition, that means that more people present themselves with health issues at your, you know, hospitals and district health boards. So there are just more costs for the Government. We also see it, for instance, I think, in places like education—with early childhood education, more people presenting themselves with youngsters. So there are just more costs that the Government has.



**Media:** The Opposition would argue that you've been underfunding the health of the population for a number of years now. Is this a culmination of that?

**PM:** But we don't accept that view. I mean, firstly, health funding was \$11.8 billion when I first became Prime Minister; it's \$16 billion now, and it'll be more after Budget 2016. Second—

**Media:** Prime Minister—oh, sorry. Carry on.

**PM:** Well, secondly, we would argue that money is one part of the equation, of course, but by far the bigger issue is how you spend that money. And so we've delivered a lot more elective surgical operations. We've hired more doctors and nurses. You know, we've done more training. There's a whole bunch of things. We've put more money into pharmaceuticals. So it's about spending that money wisely. I mean, Labour basically increased health funding by a lot in the years they were there, but still sent people to Australia, couldn't deliver elective surgical operations. The system wasn't working well. So if money was the sole answer, it would be pretty simple. It's Labour's answer to everything, but it's not the right answer for fixing the health system. But it's true that with a bigger population, you need a little bit more cash, and we're reflecting that.

**Media:** Prime Minister this will be my last clarifying question—

**PM:** Clarify the clarification, OK.

**Media:** —for today's press conference—

**PM:** I thought I was making it pretty straight. But it's OK. If I'm—well, I'm struggling, you know, yeah—

**Media:** Yeah, yeah. No, no, this is about another thing. This is about another complicated but important matter to explain to the New Zealand public.

**PM:** Oh, OK.

**Media:** Housing supply and Budget measures around that—will there be any money in the Budget that assists Auckland with infrastructure in terms of this package or will there be no money for Auckland in terms of that?

**PM:** Look, I'm not going to go through everything in the Budget that we haven't announced yet, because otherwise we can go through lots of different things. You know, basically, there was more money in Budget 2015, for instance, to buy and go through the process of Crown land that's released. The biggest initiative from the Government when it comes to housing, in our view, is not necessarily going to be throwing more money at it. There may be more money, but that's not our biggest response. I think some of the things that we're working on, in combination with all of the other things we've done, is the right response to supply.

**Media:** So will you have any infrastructure measures at all in the Budget?

**PM:** You have to wait and see—until the Budget. Don't look so disappointed. It's only a few sleeps away. OK? See you next week.

### **conclusion of press conference**