

**POST-CABINET PRESS CONFERENCE: MONDAY, 27 JUNE 2016**

**PM:** OK, good afternoon. Cabinet today had a good discussion about the United Kingdom's decision to leave the European Union. While the decision has created uncertainty in the financial markets, I've had assurances from EU and UK officials that New Zealand's trade access will not change until new conditions are negotiated. Access for New Zealanders to the UK also remains unchanged. MFAT has established a task force which will work on a strategy for engaging with the UK and, of course, the European Union. For some time our foreign and trade Ministers have engaged with their European counterparts, and this will continue to be the focus. In recent years New Zealand's export markets and our economy have become much more diversified and far more Asian-focused, and that will certainly help us manage the impact of the referendum decision.

As you will see, the Government has today released tax expert John Shewan's independent inquiry into foreign trust disclosure rules. As you will recall, the inquiry was commissioned in light of the Panama Papers' release in April and looked at whether the foreign trust disclosure rules are fit for purpose. As I said at the time, our tax settings are relatively robust by international standards, but we are always open to considering changes, if they are warranted.

Mr Shewan's inquiry noted that foreign trusts are legitimate vehicles and that New Zealand's tax treatment of foreign trusts is appropriate. However, he also recommends disclosure arrangements should be strengthened, including by requiring foreign trusts to register with Inland Revenue on establishment, and allowing regulatory agencies to search the register, requiring foreign trusts to file an annual return, including their financial statements and details of distributions. He's also recommended a number of changes to anti-money-laundering rules. If you've seen the report it is clear that Mr Shewan has conducted a very thorough investigation into foreign trusts, and I want to thank him for doing that. Cabinet has had the opportunity to consider Mr Shewan's report today, and the recommendations look sensible and well-reasoned. We will look to implement the recommendations after officials have examined the inquiry in detail and reported back to Ministers. A formal response to the inquiry is expected next month.

It is worth noting that foreign trust rules are just one part of a significant work programme to strengthen New Zealand's tax laws and keep them in line with international best practice. New Zealand has been working extensively with the OECD to develop a global response to base erosion and profit-sharing tax strategies which allow multinationals to pay little or no tax. In October the OECD set out an international action plan to help address this. The Government today released the New Zealand action plan, setting out the significant steps we've already taken to address profit sharing and the further changes we are planning to make. A lot of work has already gone into strengthening New Zealand's tax rules, so a number of the OECD recommendations are already implemented.

The next steps include stronger rules preventing excessive payments from a New Zealand company to its foreign parent, greater disclosure requirements for multinationals, and a further sharing of tax data with foreign authorities—and, of course, further disclosure requirements for foreign trusts as a result of Mr Shewan's inquiry.

As you will also have seen today, the Queen has approved the appointment of Dame Patsy Reddy as an additional Dame Grand Companion of the New Zealand Order of Merit and as an additional Companion of the Queen's Service Order. These appointments are an important formal step in the process of Dame Patsy becoming the next Governor-General. Dame Patsy will be sworn in as Governor-General on September 28.

In Parliament this week we will progress the trade duties anti-dumping amendment bill and two Treaty bills, and, in terms of my own activities, I am in Wellington tomorrow and

Wednesday, as per normal. I'll be in Auckland on Thursday, and then I'm heading to Christchurch on Friday for the National Party annual conference.

**Media:** Prime Minister, Malcolm Turnbull says that Australia and New Zealand plan to work together on a cooperative framework to maximise Brexit. On things that New Zealand and Australia are prepared on though, [*Inaudible*] how do you plan to work that out?

**PM:** Well, I had a good discussion with Malcolm Turnbull this morning. Look, the history of Australia and New Zealand, of course, and our relationship with the United Kingdom mean that many areas will be quite similar in some of our approaches. And so where there are some similarities and it makes sense, I think we can support and potentially work alongside one another. But, quite correctly, there are also some differences, and we're at different stages on different things like, for instance, our free-trade agreement that we're negotiating with the EU. So I think it's really just a matter of saying, you know, where it makes sense we'll cooperate together; where it is appropriate we'll do things under our own steam.

**Media:** The markets seem to have stabilised a little bit today. Are you encouraged by that?

**PM:** I'm not surprised by that. Typically, when the markets are caught on the back foot, you see quite a dramatic shift, and you certainly saw that with the markets predicting that the "Remain" camp would win. But now they've had a chance to digest that and, probably, get a sense of how long this process ultimately will be. I think the markets will settle down, you'll see some of that value restored on the global equity markets, and then you'll get down to the really hard yards, ultimately, of both Britain essentially working through its divorce proceedings with the EU and, of course, New Zealand and Australia and the likes having to both complete its accessing arrangements for people and goods, both in the EU and, of course, in Britain.

**Media:** Have you got more confidence that this isn't going to spark some sort of global financial crisis?

**PM:** Yeah, I mean, I don't think that's likely—that it would cause, you know, a sort of repeat of the global financial crisis. You know, in many respects, I've taken heart, anyway, with the fact that New Zealand's, you know, a lot stronger than, probably, it was if you go back to sort of 2008-9. And I think the world markets are more robust. There's probably less leverage in the system than there was back then, so, overall, I think they'll eventually sit back and say, you know: "What are the long-term implications?". They may be more for the British economy and its capacity to compete in Europe, rather than on the global stage.

**Media:** Do you think New Zealand can shrug off, you know, the impacts of this? We're not going to see our economy suffer?

**PM:** I don't think it will suffer. I think there's obviously work for us now to be done in terms of negotiating that access and making sure that we can preserve both the rights that we have at the moment and maybe enhance and grow those in the odd place. But I doubt it'll cause a major impact outside that.

**Media:** Do you see any advantage in New Zealand and Australia jointly negotiating with Britain, either on people or trade?

**PM:** I don't think it hurts, insomuch that what will ultimately happen is there'll be quite a lot of pressure on the UK system, because, of course, they'll be working through this process of establishing their own goods- and people-access into the EU and at the same time simultaneously trying to work with countries like Australia and New Zealand. So where there's similarities, probably be able to piggy-back each other. I suspect, in terms of just the shared FTAs, they won't be joint FTAs. Generally, there's just differences in our economy and different aspects that we'll focus on, but some of the work will have similarities.

**Media:** Do you think you'll be able to get a free-trade agreement with the EU before you have one with the UK?

**PM:** I don't know. I mean, we're obviously more advanced, technically, with the EU because they're now going through, via the commission, their work to reach out to what was 28 member States—now 27 member States—and we're expecting them to be through that process during 2016. We're always hopeful, by about 2017, maybe, you know, either late '17 or early '18, to have an FTA that we could sign. In the UK's case: look, it's in some senses a simpler process—you don't have as many moving parts and they know us well—but I can't be exactly sure on the timing. Partly it'll depend on the resourcing on their side.

**Media:** Have you had any heads-up from Treasury about the likely impact?

**PM:** Well, there's a report running around from MFAT and there's certainly been some work done by—I think preliminary work—done by Treasury. It's very high-level at this stage, and, essentially, you know, there's quite a bit of confidence taken in the system that the status quo remains until we negotiate something new. And I think there's a high degree of confidence that we will negotiate something new. Of course, our goods are going into the UK and to Europe under the WTO rules that we have, and they remain. It really becomes the very technical issue of where we're sending something, both to, effectively, the British market and the continental European market under those WTO rules—you know, how that split takes place when they're now two separate entities, and if we haven't fully taken up all of the, you know, quota, for instance, that's available. So you've got examples of that, like, I think, last year we didn't send any butter, I think. So, you know, they're those kinds of rules that we want to preserve.

**Media:** Well, it's been as much about the economic impact as about the trade impact—the broader economic impact on the world and, therefore, the knock-on to New Zealand. Have you had any advice from Treasury on that?

**PM:** I haven't seen anything formalised yet. The Minister of Finance's office might be getting some information put together. I think it'll depend on how things play out this week, I guess.

**Media:** Are you concerned, though, that some banks are saying that funding costs for international borrowing would increase and that might be passed on in higher mortgage rates to borrowers here?

**PM:** I think it's a little early to tell. I think you'd want to wait and see how the financial markets react this week. You had the sort of shock and awe, I suppose, of the decision on Friday, and you always get fragile markets going into a weekend at the best of times. And, of course, that decision, you know, wasn't known—you know, it took quite a while for it to work its way through. But, yeah, I think we have to wait and see this week.

**Media:** Does the Reserve Bank have the flexibility, though, to cut interest rates to offset any increase in funding?

**PM:** Well, in theory, I think the Reserve Bank would say they are well positioned because, you know, base rates have still got a two in front of them, and that's higher than pretty much most other parts of the world. On the other side of the coin, yeah, our economy's been performing robustly and one of the reasons why the governor didn't cut interest rates again was because his own predictions are that growth's going to be a little stronger than Treasury's 2.8 percent. I think he's in the early threes for the next year or two.

**Media:** Does Brexit change any of your travel plans for later in the year? Are you intending to go to Europe or the UK, for instance?

**PM:** I've got a trip I'm working on, which we'll probably announce, you know, very soon. It's not impossible that we might slightly rejig that, just as a result of what's taken place, but I might have a bit more to say about that next week.

**Media:** Have you sought explanations from Paul Foster-Bell over his high turnover of staff?

**PM:** Look, I haven't, and I'm not likely to. We haven't received any complaints into the Parliamentary Services that we're aware of, or our office, so at this point we'll just probably leave it.

**Media:** I mean, there's allegations he's bullying his staff. Those are quite serious.

**PM:** Yeah, I mean, you know, it's not for me to investigate those. If there are any issues, they need to be taken up with Parliamentary Services. If people have genuine complaints, they should take them to the authorities.

**Media:** On the tax inquiry—the Shewan inquiry—you mentioned that he's talked about beefing up the money-laundering laws. Do his recommendations go beyond those you've already planned for phase 2 of the money-laundering law?

**PM:** Well, he, yeah—it's not so much that they go beyond it, but he's talking about, I think, an Order in Council process, you know, that would change—strip away the exemptions for lawyers and accountants early on. I think that's what he's basically talking about. I think what we are saying is the very early advice we've had on moving faster on part 2 is that it's likely to be complex, probably quite bureaucratic, have a high degree of compliance costs involved, and so—we're obviously going to move on it because we've made the commitment to do so, but it actually spans quite a lot of areas. So we are working our way through it, probably at a slightly lower rate than he would say—so rather than just sort of carve out the lawyers and accountants that aren't covered, I think we'll carry on at the pace we were, but we're certainly moving it through.

**Media:** And the comments you've made and the comments in the Minister's press statement don't quite go as far as saying "Yes, we're going to implement these.", but are almost there. Do you intend to implement the majority, all those [*Inaudible*]

**PM:** I would've thought the majority. There was no real push-back at Cabinet today about any of the recommendations he made. The only reason why we're simply not saying that right now is, like all of these things, they're very complicated sort of rules in this area, so what we're hoping to do is sort of socialise it, if you like, over the next couple of weeks. I'm sure there'll be—you know, once people have had a chance to fully digest it, you know, IRD officials had a look at it, then they'll look to make some recommendations to the Cabinet and we'll look to implement those.

But yeah, from what I can see, as a very broad summary, at one level he supports what we've been saying. He says, you know, New Zealand is not a tax haven; it, you know, broadly has been a leader in this area, has done quite well. All of that stuff's OK. What he is saying, though, is that the way—that the level where information is held, in his view, is not the right place. He's not so much dramatically suggesting the amount of information has changed, but he is saying, for instance, that should then be held at the IRD level in a searchable register with more automatic exchange of information. And so it's really moving it up a level and making it far more proactive. That's how I see the big change.

**Media:** But he also says—and I can't remember the precise wording, but he says it would be—he wouldn't rule out those trusts being used for illicit purposes.

**PM:** Yeah.

**Media:** So he's basically saying we haven't got evidence of it, but it would be naive to say it hadn't.

**PM:** Yeah, so what he says is there's been no documentary evidence of illicit use of funds. He just says that, you know, he can't rule that out because, you know, he hasn't (a) got access to all of the papers and, you know, all of those things. I mean, as we know now, sometime on from the release of the Panama Papers—and, you know, the journalists in question have had those—they haven't actually identified any New Zealander of note that's done anything wrong, and they haven't identified any sort of major case, if you like. But what it has identified is that we could do a better job of streamlining the disclosure of that

information and bringing it more easily into the public domain, and we accept that recommendation and we'll act on it.

**Media:** It's not going to be in the public domain though, because the register's searchable only by Government agencies.

**PM:** Yeah, but effectively, though, instead of IRD either getting that information because it asks for it or international tax authorities asking for it, it'll be held at their level and it'll be more—I think, on the annual filing, more continuously updated.

**Media:** You've said the majority of recommendations will be implemented. Is there anything in there that you're ruling out?

**PM:** No. There's nothing I see us ruling out, probably, other than just his recommendation around stripping out a lawyer's—the exemption for lawyers and accountants on Part 2 at the moment, because I think we'd like to handle that in one big group and push that through.

**Media:** The fact that he's said that it's reasonable to conclude that illicit funds could be hidden in New Zealand foreign trusts—does that sway your opinion at all that New Zealand is a tax haven?

**PM:** Well, he makes it clear we're not. I mean, he says in the report that we're not a tax haven. That's a—he also makes the point that's a sort of defunct term, I think. At least somebody does now. But, I mean, for all intents and purposes, all he's simply saying is, yep, while the world has moved on in terms of factor and the automatic exchange of information that's taking place, he's really saying that we could do a better job of making sure that could be more proactively made available to people. And so a tax haven, as I've always said, is where that information's a locked box and not available, and that's not the case. It's just that it's—you have to ask for the information, and he's really saying that information should be provided without it being asked for by the authorities.

**Media:** Do you agree with his finding, though, that the current set-up does allow for illicit behaviour? Do you agree with that?

**PM:** I don't think he actually says that. Mostly he says it's not; it's possible to conclude it might have. I just don't have any evidence to support that. I've never—outside of what's in the public domain, I've never seen the evidence that sits behind it, because that hasn't been released. But all I can work on at the moment—despite it being held by these journalists for over a year, we haven't seen a particular case where they've gone along and said: "Look, that's taken place in New Zealand." He's just simply saying: "Look, it's a big industry and it's possible."

**Media:** On the BEPS action plan, which you released today, did you consider some sort of Google tax, like the one that the UK and Australia have put in place?

**PM:** Yeah. We are, effectively, working on our own model of that, if you like, and so there's further work that's being done. And our general proposition, I think, is to say that as we do more work with the OECD, that's the likely way forward. So there is some more work happening with IRD, but, you know, if you're asking us if we're going to move straight to a, you know, revenue or turnover tax or something, that's not something we're proposing at the moment.

**Media:** So what are you looking at, in terms of—

**PM:** Well, they're having a further look at what other options are available and they're continuing down the pathway of working with the OECD to join up the missing bits, if you like.

**Media:** So you are looking to go down towards a Google-ish tax?

**PM:** Well, we're continuing to look at the issues to see what's available to us.

**Media:** Because you've said previously you didn't want to go down that track; you preferred to go on the OECD.

**PM:** That's right, and that's still our preference, by far.

**Media:** So what do you mean by "working on our own model"?

**PM:** Well, we're continuing to look at any options that are available to us. We still—in our view, and the advice that we've had initially, is that even if we were to change the tax at the moment, they don't believe that New Zealand would earn a lot more revenue. So the officials don't think there's some big missing pot of gold out there. We are simply saying: "Well, gosh, these entities don't appear on the surface of things to pay a lot of tax.", so, by far, the only really robust way for us to work is for us to work with the OECD. There's quite a lot of scepticism about any unilateral taxes that individual countries are looking at and whether they're likely to be successful in raising any revenue, but our officials continue to look at what's happening internationally and they're keeping all options available.

**Media:** So that would be a New Zealand version of, you know, the Google tax?

**PM:** Not impossible, but, as I said, I wouldn't want to overstate that. I'm much more confident about the OECD process.

**Media:** So—but if you're not going to tax revenues, what else could you tax?

**PM:** Can't tell you today.

**Media:** Just back on Paul Foster-Bell, have you sought explanations over why his expenses—travel and accommodation expenses—are so high?

**PM:** No. But, I mean, it's not—again, it's sort of horses for courses. I mean, some MPs are very stuck in their electorate. They have a lot of things they do there, for a variety of reasons. Some tend to travel a bit more, both locally and internationally, because that's what we ask of them. And so it's not unusual for us to use a list MP—certainly someone with experience like he has, in foreign affairs—around the country. And so other MPS ask him to support them in terms of talks or seminars or things they might do to help their constituents or other issues that we're facing, or for him to fill in, for instance for a Minister. So just because someone's Wellington-based doesn't mean that they might not have a reasonably high travel profile. Sometimes they do, even as a backbencher.

**Media:** Do you think there should be more transparency around MPs' expenses—instead of just an amount, there should be a detailed list?

**PM:** Look, I think you can always argue those things. Journalists will always want more. I think the work that we've done in terms of releasing that into the public domain gives people plenty of scope to work on.

**Media:** He's spent nearly—he's spent more than the combined amount of Brett Hudson and Chris Bishop.

**PM:** Yeah, but Chris Bishop's working extremely hard in his seat because he wants to win Hutt South. He's not venturing too far out of it. There's just a difference there.

**Media:** So is he just flying around the country to fill in for Ministers and MPs and [Inaudible]

**PM:** Well, he has a particular level of expertise. It's in foreign affairs and trade, and often those Ministers are overseas. So sometimes we can and do use Paul for other engagements that we have and other requirements. And MPs are always looking for other MPs to come and talk about important things like, you know, an international perspective, and he has expertise there. So, yeah, he's working hard. I don't think that's being questioned, actually, by anybody, from what I can see.

**Media:** What's his biggest achievement?

**PM:** Oh, well, I think his biggest achievement is bringing the expertise that he's had, which is that international perspective that came out of MFAT, and making sure that he can do good work for us both here in Parliament and around New Zealand on that front. He's a backbench MP. He's not a Minister; he doesn't have a warrant there. He's not an electorate MP. So it's always going to be in the actions of what he does there.

**Media:** Just back on the Shewan inquiry, he says that if these changes are adopted, it could reduce the number of foreign trusts. How much of an impact do you think this might have on the industry, which you said you wanted to keep going?

**PM:** Well, it may have some, but, I mean, that's not our concern. Our concern is to make sure that New Zealand has world's best practice. What he says in the report, from memory, is words to the effect of that if we adopt the recommendations he's making, he is convinced that there's both no damage from any revelations in the Panama Papers and that New Zealand's high reputation will be preserved. And that's our concern. That's why we commissioned the work and that's what I think we'll see.

**Media:** Hasn't he really contradicted all the assurances you were giving us, you know, post the Panama Papers?

**PM:** No, I don't think so at all, actually. I mean, if you go and have a look at what I said—handily enough, I have a copy of it—you know, I basically said New Zealand's not a tax haven. Well, he agrees with that perspective. I said that there is full disclosure of information. There is when it's asked for, but what he's really saying is we should make it easier for people to ask that. I said we have a strong tax treaty and tax information network—well, we do—and that New Zealand shares that information with countries who ask. Well, we do. And we are very different from places that are true tax havens that are a locked box and won't give people information—that's true. I said if we get recommendations for change, we'll always look at those we have. Lucky to have those things with you, ay?

**Media:** But surely in terms of disclosure—I mean, the disclosure we had before, compared to what he's calling for, which is beneficiaries, settlors, [*Inaudible*], names, email addresses—I mean, it's a huge expansion on disclosure from the regime we have now, isn't it?

**PM:** Well, the basis of most of the information that is being collected by trustees as part of that IR607—I don't think that does dramatically change it. It broadens out a bit, but it's where that information is held and who can search it, and that it's annually updated.

**Media:** Prime Minister, have you had an update on the Nigeria kidnapping situation?

**PM:** I got some information late last night that there'd been a release. I have some information about Mr Khan's health and well-being. I can't go into too much detail, except to say that none of the injuries he sustained are life-threatening. Obviously, we're delighted that he's been released, and the company's obviously been effective in seeing that release.

**Media:** How serious are the injuries?

**PM:** For privacy reasons, I don't think I can go into all of what they are, but they're not life-threatening.

**Media:** Is he likely to come home sometime soon?

**PM:** Don't know. He lives in Australia, I think, from memory. He's both an Australian and New Zealand resident. I think he works in Australia.

**Media:** Have you spoken to his family or has anyone spoken—has MFAT spoken to [*Inaudible*]

**PM:** MFAT officials definitely have. They were right through the process, keeping them up to date. He's got some family, obviously, in New Zealand—next of kin—but I haven't personally spoken to them.



**Media:** And do you know if money was handed over, and, if so, how much or how that worked?

**PM:** I don't know what arrangements the company either agreed to or didn't agree to.

**Media:** So you've heard what his injuries are, is that right?

**PM:** Yeah, I know what his injuries are—yeah.

**Media:** Were you shocked by them?

**PM:** Not overly.

**Media:** Do you want a rail link to the Auckland Airport?

**PM:** Well, it's not a matter of what I want. I think it's a matter of what NZTA thinks is the best solution, and I tend to concur with their view that heavy rail is both expensive and a bit limited in the way that it operates. It's very difficult to retrofit. I mean, I would have thought that the recommendation they're making around, you know, potentially the light rail and buses is more affordable and more realistic.

**Media:** We've put so much investment into heavy rail, though, with the electrification of the central rail link, and now we're going to add a tram service down to the airport, based on what NZTA wants. That doesn't seem world class, does it?

**PM:** Well, you've got to remember, the work that's gone into the double-tracking and electrification is a different line, so it's going south and going out west. This is going in a different direction, so that would be very expensive. I mean, I'd personally—I think I've made some comments previously saying I thought it was very unlikely and not the best use of funds to have a rail service either to the North Shore or out to the airport. So I'm firmly of the view that they should invest their money where that makes sense. I mean, of course some large cities in the world have a rail link, but they can be often historic, and they often use rail in a more significant way than we do. Passenger rail is used, obviously, in New Zealand, but it's not nearly as significant, for instance, as you see in Europe.

**Media:** Moko's killers have been given 7 and 10 years each. Is it enough?

**PM:** I can't comment on the sentencing, you'll appreciate. I can simply say, you know, that it's a tragic event, and, you know, I think what you are seeing from New Zealanders is that they are responding to not only this particular case but also the issue of violence and abuse of children, and rightfully so. They are demanding, you know, a high level of both protection and care for these young people, and that's exactly why the Government's both implemented some of the changes we have in the past but also are now working aggressively as we look to implement the changes recommended by Paula Rebstock for Child, Youth and Family.

**Media:** Do you personally think that a plea bargain for manslaughter should have been made available to them?

**PM:** It's not for me to comment on that, what I think, because, in the end, politicians don't decide those. You know, the Solicitor-General and the Crown prosecutor make the call on what the appropriate charge should be. I think the only important point is that they will always make a decision based on what they think will be successful. And if in their judgment it was more likely to have a successful prosecution for manslaughter versus the risk that they might be unsuccessful in part or in whole for a murder charge, then you'd probably say they've taken the right step.

**Media:** That 9 years parole thing, do you think that's long enough? They're up for parole in 9 years.

**PM:** I can't comment on the sentencing other than, you know, a broad observation, that simply says 17 years is at the upper end of a manslaughter charge. That reflects the judge's comments in sentencing.



**Media:** I mean, they could, based on this, be out on the streets in 9 years, if they get granted parole. That's not that long at all, is it?

**PM:** Look, I just can't go there, I'm afraid. I mean, there's significant issues if I start commenting through the appeal process.

**Media:** Prime Minister, just going back to Brexit, are there any specific industries that you'd carve out in not joining with Australia in negotiations? For dairy, for example, in China [*Inaudible*] the UK?

**PM:** Well, I don't think we're looking to negotiate a joint Australia - New Zealand FTA, but I think what we can do is work with one another constructively as the UK looks to negotiate with both parties. To a certain degree, we've done a bit of that in other places around the world. I mean, the EU—we don't have a joint FTA negotiation, but New Zealand and Australia started together. There will be lots of similarities, and they'll want to do this process, you know, quite rapidly, when you consider that they're going to have quite a number of countries that they need to do this with, as they also look to do the extrication from the EU. So I wouldn't want to sort of say what it's going to look like now, but I do think we can share notes and we can work together with Australia.

**Media:** As the world is looking for unity and, possibly, an ultimate rugby team, would you ever consider holding a referendum to have New Zealand be the seventh State of Australia?

**PM:** Can't see that working very well for me, on many fronts, but, no.

**Media:** Just on the UK thing, I mean, is there a possibility that this could be a big opportunity for New Zealand? I mean, prior to 1973 we were basically seen as Britain's farm. Is there a possibility that we could go back to being that?

**PM:** Well, you always hope that there might be greater opportunities, but I think you've got to remember that, you know, over the next few years the United Kingdom will be looking to negotiate access with Europe. Part of the European Union, of course, will be looking to negotiate access into the UK, and so, in that regard, Irish farmers, for instance, and others will be wanting to make sure that their access into the UK market is still preserved. So—I might be wrong, I don't think there'll be a reduction in our opportunity to export to either the EU or the UK, and we're certainly hoping, through the FTA process with Europe, for that to be enhanced, but I'm not massively optimistic that it will dramatically improve our chances in the UK.

**Media:** Do you support Iain Rennie's response to the inquiry into the MFAT report? In particular, he, effectively, rejected the Ombudsman's recommendations. Do you think that's constitutionally correct that the State Services Commissioner should reject the recommendations of an Ombudsman?

**PM:** Well, I think it's important to understand it's his report. I mean, he has the legal both authority and responsibility, both, to establish the report, put in place the person that will do that review, and then to consider its recommendations. And, realistically, you know, it's his responsibility. So I wouldn't want to second guess what he's either saying or thinking, because I don't think that's our job.

**Media:** But I'm asking about the constitutional propriety of the State Services Commissioner recommending the Ombudsman's recommendations—I mean, surely if anyone should respect the Ombudsman's inquiry process, it would be the head of the State Services Commission?

**PM:** Yeah, but—well, there's a valid point there, but they are recommendations made by the Ombudsman. And, again, like anything, there are times when the Ombudsman makes recommendations to the Government and we take those on board and consider them, but it doesn't mean we always accept them. OK.

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