

POST-CABINET PRESS CONFERENCE: MONDAY, 26 JUNE 2017

PM: Good afternoon, ladies and gentlemen. We had a very good National Party conference over the weekend, motivating our volunteers and shaping up the framework for the election. It really drove home to me what a good state the party was in: united and keen to fight a vigorous election campaign. As I said in my speech to the delegates yesterday, due to the hard work of so many New Zealanders over the past 8 years, backed by National's economic management, New Zealand's in pretty good shape. The books are in surplus, debt's falling, exports are growing, we're delivering at the moment 10,000 new jobs per month, have a very significant infrastructure programme, less crime, less unemployment, and, one statistic I'm particularly proud of, 60,000 fewer children in benefit-dependent households.

But, I pointed out to them yesterday, that's not enough; there are still aspirations unfulfilled for New Zealanders—people who need a better job, a better income, need their lives changes so that they can have a better life in New Zealand—and pointed out that we will continue to manage the economy in a way that enables us then to spread the benefits of growth across our whole community. I went through and outlined aims and objectives that we have for the economy, for the environment, for infrastructure, for incomes—family incomes—and for changes to public services for New Zealand into the 2020s. Fundamentally, an optimistic view about a confident country; a strong contrast to our political opponents'.

Speaking of public services today, the Government has announced proposed changes to the EQC scheme. This scheme is not a small, administrative matter; it's allowed us to access \$4 billion of reinsurance over the last few years. As you will recall, we announced in the Budget that EQC levies will increase from 1 November to help rebuild the Natural Disaster Fund. The reforms announced today will simplify the relationship between EQC and private insurers, a relationship which people found problematic, particularly in dealing with large-scale disasters. And this will help to provide faster and smoother resolution of claims.

Changes include increasing the EQC building damage cap from \$100,000 to \$150,000 plus GST, and standardising the claims excess on building cover at \$1,000. We're also proposing that EQC no longer provides contents insurance cover—a fairly significant change—and that homeowners will lodge their claims with a private insurer rather than the EQC. This has been a very thorough review, carried out over a number of years, to ensure that a scheme that's served us well can be adapted to fix the weaknesses in it that we've seen under pressure but keep the core functions of it which enable us to deal with large-scale natural disasters. The Government plans to release the draft reform bill by early next year.

In the House this week, the Government will look to make progress on the appropriation bill and probably the third reading of the Point England Development Enabling Bill, which will see the Labour Party once again vote against housing development in Auckland.

In terms of my activities, tomorrow morning, like many of you, I will be getting up early to watch the America's Cup, and we want to wish Team New Zealand all the best for what has turned out to be an outstanding display of leadership, teamwork, and technological mastery—but we don't want to presume that we've won until we've actually won. I'll be here in Wellington until Wednesday; Christchurch on Wednesday night; Queenstown, Thursday morning; Auckland on Thursday night; and New Plymouth and Whanganui on Friday. Any questions?

Media: Has the Government considered what it might do if we do win the America's Cup?

PM: Well, first, we don't, like anyone else, want to jinx it by getting ahead of ourselves. I think the first discussion would be, actually, just about how to celebrate it, and I know the Auckland city council's giving that some thought already. But I'd expect the Minister of Sport, Jonathan Coleman, to be in discussion with them should we win.

Media: Would the Government consider putting any money into the cup being here and into actually funding some of that?

PM: Oh, look, that's—that'll be a discussion to be had later on. You know, they've yet to win, and then we can celebrate, and then I think—that process would, you know, involve whatever the winners have as their commercial arrangements, and then what ongoing discussion there would be with Government. I mean, I'd imagine if we win there'll be some sort of discussion, but I have no idea what that discussion will be.

Media: Where will you be watching it?

PM: I'll probably watch it at home in the comfort of my lounge, given how—

Media: Did you watch it a few years ago and see the collapse? And are you going to be nervous about that happening again?

PM: Well, as nervous as everyone else. But I think everyone's a wee bit more reassured this morning. But you never know. This is how close we got, wasn't it?

Media: Given that the Government didn't fund it to the same levels as previous administrations did, do you think that, in hindsight, might've been a mistake?

PM: Oh, no, look, we were happy with the decision we made a number of years back. If you remember, the Government assistance was a kind of bridging financing, as the team, understandably, come under pressure after losing last time. So I think we put in \$5 million to help them hold it together, and no more than that. I mean, Kiwis' interest in it has fluctuated a bit. I think that the cup—this competition has restored the sense that it's about, you know, a couple of teams who aren't dominated by the lawyers and the financiers but, actually, pure sport. And that's what I think's got New Zealanders back to watching it.

Media: Win or lose, they—well, last time they came to the Government, basically to hold the team together and stop their key people getting poached by other syndicates. Would you be open to similar funding this time round as the \$5 million you gave last time?

PM: I wouldn't want to get ahead of all this—winning the races, celebration.

Media: But that's win or lose.

PM: Well, look, we're not going to close off discussion even before the races have finished. Let's put it that way.

Media: On equal pay, early childhood staff are looking to begin the process for a settlement. Do you think that they should be paid more?

PM: Well, the reason we've set up a process is so that these kind of discussions aren't politicised. So we've done the settlement, got draft legislation, got some principles—which aren't totally agreed, I might say, but there will be draft legislation. Employers and what everyone's tried to do on the way through there is to write the rules so that you're more likely to get a bargained outcome than a legal one. So groups like that can work with their employers now on the basis of pay equity and see where they get to.

Media: Because there are—the Government could be in for a lot of money here. We've got mental health workers, DHB clerical staff, other education workers, and now ECEs. Are you worried about the bill that the Government's eventually going to foot, and should those employers, like the private ECE sector, be given more room to raise wages?

PM: Well, when we did the home carers care workers' settlement—I mean, we're aware of flow-on effects. You don't quite know how far that's going to go, but there were some groups who, you know, as was discussed a couple of weeks ago, are just over the boundary where you would logically expect them to come and have a go.

Probably our bigger concern would be that pay equity is meant to change relativities, and you may have some higher-paid groups who decide that because someone on lower pay's had an increase, they should get an increase. Well, that's not the intent of pay equity. The intent of pay equity is to shift the relativities, often for low-paid, female-predominant groups. So the employers, I think, just what they should be doing is looking where the law's headed, looking at how those principles are formed, and deciding, as the Government decided, whether they want to go through a legal process or a bargaining process. I don't think the outcome of any of these things should be prejudged, though.

Media: On a sugar tax, some campaigners are saying it should be from 50c to a dollar a litre. Would the Government consider that at all?

PM: Yeah, no, we're not considering a sugar tax, but we understand what they're driving at, which is the obesity problem that they see. We've been open to whatever's happening in other countries about dealing with obesity. It turns out that New Zealand has one of the more comprehensive plans, including some goals for it, and, you know, we're proceeding with that. But we certainly haven't been convinced that a sugar tax is going to make an enormous difference. The reason you have a multi-pronged approach to obesity is because there's a whole lot of factors involved in it.

Media: What would have to change your mind to even look at introducing a sugar tax?

PM: Well, in the first place, just that it can have an impact. You know, sugar is a very small part of most diets, for instance, even if it's, they argue, a very potent part of it. So you just have to be, in the first place, persuaded that it can effectively do what they say it might do.

Media: But isn't the point of raising revenue in order to put that money specifically towards dealing with obesity rather than—I acknowledge that maybe it will change some behaviour, but isn't the main issue just raising the revenue to earmark it for dealing with obesity?

PM: Well, that's a different version of it. Look, there's been a number of different explanations for why it might work. I mean, some countries who've tried it for a period—but we're yet to see whether any of those explanations actually add up to an effective measure.

Media: Just on the EQC changes, do you think this will make the fund more sustainable in the long term?

PM: Look, the changes we've made are focused, really, on reducing the complexity of the coverage and on making it easier for the homeowners and occupiers. I mean, look, you've seen over the years these cases that are really complex, partly because of the traditional rules and where their process of getting a claim settled looks really complicated. So that's the main focus of it. I mean, the sustainability of the fund depends on the frequency of the national disasters.

Media: Sounds like the private insurers now are going to have to be doing a lot more work when a disaster hits, if people are going through the private insurers. Have you had any feedback from them at all?

PM: Yeah, they've been closely involved right from the start. I think they prefer to do the work. They would regard themselves as better at claims management, if only because they have a lot more standing capacity and experience with it. EQC, you might remember when the Christchurch earthquake came, had 30 people, and they had to rapidly expand to couple of thousand. They'd never managed large-scale claims before, but were required by the legislation to do it. So this has been an exercise done with the insurers, the reinsurers, councils, and so on.

Media: Do you have any idea how much money could be saved, say, if Canterbury or Kaikōura happened again, by taking contents cover out?

PM: There'll be a calculation there somewhere. I mean, that's again a simplification of it. There's a good private market in contents insurance, and so people can go elsewhere, to entities that are better at it. You know, EQC have to be an expert on landslides and earthquakes, which is not the same as worrying about whether the tea set your mother-in-law gave you got broken.

Media: You mentioned tax changes in your National Party conference speech yesterday. Steven Joyce has been talking about—he's worried about the lower ends of income marginal tax rates. Is that what you would look at that in the next term, or would you actually look at changing the tax rate?

PM: Well, we just indicated the direction. I mean, the whole point of that discussion is about what you can achieve if we keep managing well, get some more lift in economic growth, keep on top of the expenditure, because the impact of the family income package is pretty significant, particularly for those low-income families who are going to find themselves entitled to, you know, greater entitlements of over \$100 a week. And alongside the package, we're doing a lot of—there's administrative change coming, which I think will have quite an impact on those families who are too risk-averse to take up their entitlements. That'll have quite an impact, and that will certainly happen over the next couple of years. The references in the speech are about what's possible beyond that.

Media: What about company tax? Any plans around that?

PM: No, we don't have any plans around that. Because we have an imputation system here, you know, the arguments around company tax aren't as clear-cut as they are in other places, cos it's not a final tax. Company tax reductions certainly flow to foreign owners of New Zealand businesses. They get a benefit from it. But New Zealand owners, it just means they pay more tax later.

Media: Prime Minister, do you think that emergency departments are adequately resourced to deal with increasing numbers of mental health patients?

PM: That emergency departments?

Media: Are adequately resourced to deal with increasing numbers of mental health patients?

PM: We certainly would hope so, and there's more money going in, as we I think highlighted in the Budget—a couple of hundred million more for mental health. You've got this, on the face of it, growing demand. The Government's keen to think about some better ways of handling it. Ideally, you don't want people with mental health problems turning up to the emergency department unless they really need to. They should be being dealt with or helped or supported better, or have some tools to manage themselves better, which is probably where we can do a better job. And there's a lot of discussion going on now with the police about how to more appropriately deal with people with mental health when they're in offending or in emergency situations. So there's a lot of work going on about that at the moment.

So we don't regard the current situation as ideal across the board, but we are going to have to take some fresh angles, because just putting more money in on its own I don't think is going to change things too much. And I visited a few places last week where I discussed that with users of the system—with clients of the system as well as providers.

Media: Just on Todd Barclay, have you sought any assurance as to whether his tapes exist or not?

PM: Well, look, I think that's been very well canvassed in answered questions. And, you know, there's been a confidentiality agreement over the employment settlement and the issues that were in that, as well as a police investigation, so I don't really have much more to add to it.

Media: So just to come back to what you've said—I mean, you said on the weekend that you didn't know if the tapes existed, and then you said that he offered to play you the tape. Have you cleared that up, whether it exists or not?

PM: Well, as I said, it's the—whatever events are in the heart of the employment dispute are covered by a confidentiality agreement, and then there was a 10-month police investigation. So I don't have anything to add to that.

Media: So can you say, once and for all—does the tape exist?

PM: I don't anything to add to what's already been said. There's been—the police have had 10 months to have a look at that and any other detailed issue, and they've come to their own conclusion, which is evident to everybody, talked to a whole lot of people. So, you know, I don't have anything more than what I said to them.

Media: But just, with respect, we're just asking you to clarify your position on whether the tape exists or not. You had two quite different positions over the weekend.

PM: No, I don't agree with that, and, as I've said, I've got nothing to add to it that's not already been published through the police statement, through the media coverage of the issue, and—I mean, you've just got to remember, at the heart of this is just two people who fell out badly. I happen to know them. That's what's at the heart of this, and I would hope that as a result of this whole process, where the third step's been Todd Barclay making a decision about leaving Parliament—that, you know, there's some resolution to the sad situation of these people whom I know well, who are good people, who've served their communities, and who fell out badly. And everything that's flowed has just come from that very simple fact—and, you know, I've answered the questions, there's been a police investigation, and I don't really think there's much more that changes what happened.

Media: How do you think the National Party board has handled this in their involvement in it?

PM: Well, that's a matter for the board. I mean, they are a private organisation. They have their own rules and processes for dealing with how people are selected or not selected and how they, you know, deal with their own electorates and office holders and so on. And that's really—that's been a matter for them.

Media: Should they have got involved at all, though, given it was an employment dispute and, actually, Glenys Dickson was employed by Parliamentary Service, not by the board? So should, really, anyone else have been involved in this? I mean, strictly, that sort of situation would be between an employee and an employer.

PM: Well, they wouldn't have been involved, and certainly not involved in that, I wouldn't have thought. But they would be involved in the selection process, because those have to be, you know, signed off centrally.

Media: So you're saying the board was not at all involved in the employment dispute between Glenys Dickson and Todd Barclay?

PM: Well, that would be—it'd be a matter for them about whether they were or they weren't. All I know is I wasn't involved in it. As I understand it, it was an agreement between the parties. As you'd expect for any—I mean, this is just a normal employment dispute. This one just happened to have a lot of ongoing problems follow on from it.

Media: So that's what I'm saying. You know, there are a lot of parties that became involved in—

PM: What's that?

Media: But that's what I'm saying. There seem to be a lot of different parties that became involved in a situation that, really, usually should be just between an employee and an employer—especially given the agreement that ended up being struck with Parliamentary Service.

PM: Well, I just don't have any knowledge of the agreement.

Media: You said this morning that you didn't know the nature of the confidentiality agreement or anything about the conditions of it. Do you stand by that?

PM: Well, there's been—yeah, I don't have anything to add to what's already been said, which was, you know, contained in the published texts that I sent to the electorate chair. So that's in the public environment. Based on what was swirling around—I mean, you have to remember this is an environment where all sorts of this are being said. So, again, I don't have anything particular to add to that either.

Media: So what do you know about the confidentiality agreement?

PM: Well, there's just what's on the record from those published texts. I don't know anything other than the generalities about it that have been much discussed. And, again, on all these issues I don't have anything to add. The police investigation's covered all the details. The agreement itself is confidential. You know, through the media there's been publication of all sorts of aspects of it, some of which I was quite unfamiliar with. And I just hope, again—I mean, for these people who've been involved, are just two people. You know, this is all—has an impact on them, and I would hope that they get the opportunity to get some peace of mind out of it.

Media: You said the settlement was larger than normal, but if it was larger than normal, how do you know that?

PM: I was just repeating what someone had mentioned, which was being said. Again, I've got nothing to add. I mean, you can keep asking these questions, but I really don't have anything to add to what's been said. This has been, you know, dealt with—I think the piece that needs to be, you know, particularly understood—dealt with in a 10-month police investigation. So people—not me; people other than myself—have been dealing with all these questions and come to the conclusions of official authorities, with the power of the law looking at all the issues.

Media: [*Inaudible*] reopen the investigation, will you give evidence again?

PM: Yes, of course I would, if they ask.

Media: Have police been in touch with you? Have you had any contact with police at all?

PM: I'm only aware of what you're aware of, and that is that they'd made a statement that they were considering whether they would reopen the investigation.

Media: Have you sought any legal advice about your involvement, in the last few days?

PM: No, I haven't sought legal advice. There's—look, and there no need to. Again, I have nothing to add to what's been said. Are there questions on anything else?

Media: Are you concerned this is going to impact the election?

PM: I've just said I've got nothing to add. Are there questions on anything else?

Media: On Hone Harawira's suggestion on the weekend that Chinese meth dealers should be executed, what do you think?

PM: It's ridiculous. It's kind of what you might expect from him, and it's one of the reasons he's struggled to make positive contributions.

Media: Prime Minister, adding on the election, you and National Party have talked about growth, productivity, economy. What about safety, which is the real concern in the Asian community especially?

PM: We have certainly heard the concern and the sensitivity about the, you know, rash of attacks over the last while, and have supported the police taking quite assertive action around that. The first recruits from the 1,125 new police staff show up just in a couple of—just in a month or so, to start their training, and from then there'll be a steady, consistent increase in the numbers of police. But I think just as importantly is the proactive

work that the police have been doing with the people on the front line who are feeling that danger.

I think the other issue that's been raised has been about the significance of the sentences, whether they're tough enough. Well, the, you know, young people who get caught doing aggravated robbery of a dairy can get sentenced for up to 14 years. That's happening. Well, the sentences are—we're getting more serious crime caught with longer sentences, and that's what's driving, actually, a billion-dollar expansion in our prison system. And that's, you know—it would be better if we weren't doing that, but that's what we need to do to deal with the risks that that community is experiencing.

Media: [*Inaudible*] measures always better than, you know, expanding the prison.

PM: It certainly is. I'm just reflecting the fact that the concerns that've been raised with us by the community, which we're listening to, is—one is just the danger for people, the sense of danger they feel in their businesses. And the other has been whether or not people who get caught are dealt with firmly, and I'm just reassuring you that the law has the capacity to deal with them firmly. That's happening, and one of the proofs of it is that we've got to spend so much money expanding our prisons.

Media: Just quickly on climate change, Prime Minister, you'll be aware of the court case over at the High Court across the road. What's your reaction to Sarah Thomson arguing that National—or that the Government, rather—should review the climate target?

PM: Well, look, we're happy enough with the targets we've set, but understand what a big job it's going to be to achieve them. So the targets for New Zealand are already pretty challenging, and she's, of course, free to try—like anyone else—to influence Government policy or the law in this respect. We've got to get on with the job of getting the rules right so that the combination of the emissions trading system, which is one of the most advanced in the world, and other measures—hopefully, some better technology, like the electric motors that are going to go into the Wellington buses in the next wee while—all help.

Media: She's prepared to go all the way to the Supreme Court on this. Does the Government have the same resolve?

PM: Well, look, I wouldn't want to comment on the details of the case. It sounds like it's, you know, legally original, but there's no law against trying that out. I'd imagine the case won't—oh, well, I shouldn't speculate, I suppose, but it's unlikely to hinge on the merits or otherwise of climate change, and much more on the merits or otherwise of how what Minister's duties mean and how courts can affect it and all that sort of stuff. Look, there'll be a whole lot of dimensions to it. So it's not a matter of the Crown setting out to crush the case or anything, but I'm sure there must be a legal argument there, and, of course, the Crown will be up for it. But I don't think we should get distracted into that from the task of getting on with implementing what is a pretty demanding climate change policy.

Media: Couldn't we be doing more to combat climate change? I mean, couldn't we be doing something inspirational like going 100 percent green energy with our electricity grid or doing something about the emissions from cows, for instance?

PM: Well, all of that's going on. I mean, we're 90 percent green energy, and I think we've seen in Australia some of the difficulties of overstretching. But renewable energy—we're one of the highest in the world, and growing. And with respect to the agricultural side, the argument there has always been getting the capacity to actually make a difference without reducing consumption. So, for instance, at the last Fieldays I went to, they were selling semen from sires who were proven to leave offspring that had a lower nitrogen impact on the soil. Right, well, that's a technology that we never thought of 5 years ago. It's there, and, hopefully, it's going to be used.

Media: What do you make of Graham McCready threatening to take the Todd Barclay case to court?

PM: Oh, look, he's, I think, well known for taking court cases. OK. Thank you very much.

conclusion of press conference