## POST-CABINET PRESS CONFERENCE: MONDAY, 26 MARCH 2018

**PM**: Good afternoon, everyone. Before we talk about a few of today's announcements and I'll give you a general response to the issue of nurses' latest pay round—I'll first, though, walk you through the week ahead leading into Easter. Shortly today I will be opening the Topp Twins exhibition at the National Library, which celebrates their contribution to the arts, and it will be touring the country over the next two years.

On Tuesday afternoon, I'll be reopening the Trades Hall in Wellington following earthquake strengthening. On Wednesday, I'll be speaking at the Pacific Youth Awards, which recognise the achievements of young Pacific New Zealanders across arts, sciences, engineering, technology, commerce, and sport. On Thursday, I'll be travelling with several of my Ministers to the Waikato to meet with Kīngi Tuheitia and other members of Kīngitanga. This will be my first official visit to Tūrangawaewae as Prime Minister, and I'm very much looking forward to meeting with Kīngi Tuheitia, discussing a range of topics. And it's also very good timing, given where we are in the Crown/Māori relationship and the consultation we're undertaking for that portfolio.

Speaking on the issue of the nurses and their recent vote—as many of you will know, today nurses voted to reject the pay offer that was made to them by DHBs from 2 percent across several years, plus a \$1,000 payment. I recognise that, despite best efforts, negotiations haven't produced a result that is acceptable to our nurses. I know nurses and the public will want us to explore any possible avenue to avoid industrial action. It's important that we move quickly to address this impasse and to remove the barriers to reaching a settlement. I expect that the DHBs will meet with the NZNO representatives urgently to listen and discuss proposals and find a way through.

I'd like to see DHBs put forward a process to unlock the impasse which involves an independent panel being established which will review the barriers and make recommendations to both parties. This, of course, is subject to the NZNO's agreement. Our health system, the people who use it, and the people who work in it deserve our full support to resolve this issue.

I also want to, before we move to questions, also make an announcement that relates to charter schools and give an update on the transition from charter schools into our State system, and that's why our Minister for Education is with us today. We have received an application from Vanguard to establish a school of designated character. It's the first of the 11 charter schools to put their application in. The ministry is now consulting with schools in the area and others in the sector about their proposal. But for a further update on that, I'll hand over to our Minister for Education.

**Hon Chris Hipkins**: As you can imagine, the Ministry of Education have been negotiating with all of the existing 11 charter schools over the last few months to figure out how they might transition to a different form once the Education Amendment Bill is passed later this year, which repeals the charter schools provisions. Vanguard are the first off the block. They have put their application in, and there's now a legal process that we have to go through in considering that application. I've been advised by the ministry that there are a couple of other applications that are close and that negotiations are continuing with the other schools.

So this is a good first step, and we certainly welcome Vanguard's application. And, by law, of course, I have to consider that with an open mind, which I will do, once the consultation process is complete.

**Media**: Are you surprised that they're the first ones to come forward?

**Hon Chris Hipkins**: No—not at all. I think Vanguard run a pretty tight ship in terms of their administration.

**PM**: As one would expect.

**Hon Chris Hipkins**: As one would expect. And they've certainly engaged very constructively right from the very beginning of this process to find a way forward for their school and for their kids.

**Media**: Have they, as part of their application, raised the prospect of having non-registered teachers at their schools?

**Hon Chris Hipkins**: They've applied to be a school of designated character, which means that they'll be complying with all of the rules around being a school of designated character, one of which is complying with the registered teacher provisions that exist within other public schools.

**Media**: If there's a cost involved in the transition, would Government be prepared to help them out in affording that cost of transition?

Hon Chris Hipkins: Well, there are a number of things we have to work through as part of the process. For example, if they become schools of designated character rather than the current charter school model, there are considerations around property. Many of the schools are currently in leased buildings, for example, whereas public schools are typically owned by the Government, so we'll work through all of that. I'm not ruling out additional support to help manage through the transition, but I'm relatively confident that we're going to be able to do that for those schools that are keen to explore that as an option.

Media: So it's not an open cheque book?

Hon Chris Hipkins: It's not an open cheque book, no.

**Media**: How long will all that take and will students notice anything, any difference, while this is happening?

**Hon Chris Hipkins**: Well, I have to be careful not to pre-empt the decision around Vanguard, of course, because I now have to go through a legal consultation process, but where a charter school closes and a designated character school opens in its place, I would imagine that the young people attending would notice very little difference.

**Media**: Have you checked with Grant Robertson as to whether there's enough money in the Budget to purchase those school buildings if needed?

**Hon Chris Hipkins**: There's an existing contingency around charter schools as they currently operate. That contingency was to open more charter schools, and it's likely that we would repurpose that funding to meet any transition costs. It may well be, however, that the Ministry of Education takes over the existing property leases.

**Media**: Of the 11 schools, have any more signalled the intention, started looking at—do you know how many might look at being special character schools?

**Hon Chris Hipkins**: Yes, but there are different points on the continuum. Some are close and some are working through the process a little more slowly. So I would envisage that soon we will be considering other applications as well.

**Media**: How large is that contingency fund?

**Hon Chris Hipkins**: I'm not going to announce what the contingency fund is because then people will start bidding up to what the size of the contingency is.

**Media**: But in terms of funding, I mean, what sort of funding—if a school did get approved to be designated character, what sort of funding would it get on an ongoing basis compared with what it's been getting as a charter school?

**Hon Chris Hipkins**: They'll get broadly comparable levels of funding now. The funding will be slightly different in the way it's structured, but the funding that they get will be broadly similar to what they're getting now.

**Media**: But hasn't the complaint been, certainly from other parts of the education sector, that those schools get a much, much higher level of funding per pupil than other State schools?

**Hon Chris Hipkins**: The complaint was the cash that was poured in upfront at the beginning and, you know, we're clearly past that point now.

**PM**: All right, I'm opening up for other questions.

**Media**: Prime Minister, can I ask you, are you aware of concerns from National MP Mark Mitchell that he was told to back off supporting a project in Warkworth, in order to get funding from the provincial growth fund?

**PM**: Sorry, so you might need to give me a little bit more context there, Jessica.

**Media**: No problem. Are you aware that Mark Mitchell said he was approached by a New Zealand First MP acting on behalf of the Minister, telling him to back off a funding project that they were applying for in Warkworth, saying that "You won't get money for the provincial fund."? Is that something that's on your radar?

**PM**: No. Look, applications for the provincial growth fund go through a process that's very rigorous and I would expect any project, regardless of who was advocating for it or who was supporting it, to go through that rigorous process.

**Media**: Is it important that they are not vocal against the Government if they're wanting money for these funds? Is that a prerequisite?

**PM**: No, of course not.

**Media**: What's the "no surprises" policy from your Ministers? Would you expect to be told about things that were raised that—

**PM**: Yeah, look, I would want a bit more information about what's being said here around who was involved before I make comments on that. But, as I say, there is no prerequisite that anyone who's seeking funding needs to be silent on opposition to the Government. Look, some of the funding that's already been given has been championed by ex-National MPs or been supported by current National MPs. That is not the basis on which we grant funding. We grant funding on the basis of a good project that will have clear economic benefits to the local region and local area.

Media: Prime Minister, have you—

**PM**: Yep, on nurses, sorry?

**Media**: Just over a month ago it was understood that DHBs hadn't received the funding envelope indication ahead of the Budget that they normally do. Have they received one now, and would that be playing a role in being able to promise—

**PM**: Yeah, we do not pre-empt the Budget process and nor do we intend to. Obviously DHBs' current situation is between the DHBs and nurses. What I'm suggesting here, of course, contingent on nurses being open to this, would be an independent process. We've had disputes in the past that have used this process to seek resolution quite successfully, But, no, we're not revealing what's in the Budget, and nor would that be usual practice.

**Media**: It is usual practice—well, it has been for DHBs only in the past, just for the nature of the ongoing health spend. Is that something that's different now under this Government, that they won't get any indications?

**PM**: Of course, the difference for the moment for the DHBs is that all of them are operating in deficit—all of them. And so that's obviously something that this new Government is having to take on board in considering what we do around the future allocation for DHBs, but at the moment we're currently in a Budget process, so I can't speak further to that.

**Media**: So you're not giving them any indication of what their funding round might look like?

**PM**: As I say, I'm not in a position to. We're in the process at the moment of allocating the DHBs' funding, as every other Government at this stage in the cycle would. DHBs, as I say, already have been in a position of negotiating whilst being in deficit, and we're very mindful of that.

**Media**: The DHBs are saying that that the latest offer is the limit of affordability for them. How much are you willing to commit to them to address this?

**PM**: Well, of course, that would be inserting the Government into the negotiating process, which we simply can't do. What we are suggesting here is a path forward. No one wants to see industrial action. We're suggesting an independent process might be a path forward. Of course, that would be contingent on the nurses welcoming that process, so I, of course, keenly await whether or not that's something they would be open to, and also keeping in mind—as with any process—pay won't be the only issue that's on the table, and we need to give due consideration to the other issues that nurses will want the DHBs to be considering.

**Media**: The Nurses' Organisation is saying that they've been underfunded for a decade. How long will that take to remedy?

**PM**: And I think that's a point worth raising. I just had a look at the settlements that have gone before. Look, you know, I know that I've heard the Opposition be critical of the situation we're in. That's coming from a position of them having seen offers that were either equal to or less than what was recently voted on, so consistently since National was in office, roughly 1 to 1.5 to 2 percent has been on the table. So I think we should just acknowledge that that's been the situation that we've inherited.

**Media**: Do you think what we're seeing is unions flexing their muscles now that they have a friend in Government?

**PM**: No. I think this is simply a process that we go through as a country whenever a group wishes to have a conversation around their pay and conditions, and that's what the DHB is doing with the nurses at present.

**Media**: But if it's been largely the same for the last decade, as you say, under the National Government, why now are we seeing industrial action threatened, not only with nurses but across other areas?

**PM**: If you ask the nurses, I imagine you'll hear that this was an issue they probably raised then, as well.

Media: Would you think about adding churches to your review into historic sexual abuse?

**PM**: Oh, look, at the moment, the terms of reference of historic abuse are currently being consulted on and I do want to allow our chair to have that time to go out and talk to members of the public and those who have a direct interest in this investigation to be able to have their say. I understand that churches have taken a position, and certainly it's important that that feeds into the discussion we're having on the terms of reference, as well.

**Media**: You did actually rule it out at the beginning, on the first terms of reference. Is that a softening of that position?

**PM**: Oh, look, I still absolutely think the primary reason that this was instigated by a large group of people was for us to take responsibility for the role of the State, by inquiring into ourselves. And so that hasn't changed, because that was the initial starting point of those who asked us to do this work and I've always had concern around the impact of broadening the inquiry and diluting the responsibility that we need to take for those who were harmed in State care. So I still hold that view. It's interesting, of course, to see that, as I understand, it's been reported that two significant religious institutions have said they'd welcome being involved. If they'd like to make a contribution to the inquiry as well, I think that would really demonstrate they were committed to the process.

**Media**: Are you telling them to pay for it?

**PM**: No, not necessarily, but if they want to be involved, I mean, there are multiple ways that they could do that. But, as I say, my primary starting point has always been the State taking a position of inquiring into itself; which is what we've committed to.

**Media**: You said you've read reports about it. They say they've sent you letters. Have you not seen those?

**PM**: I have not seen them. I've only seen what's been reported today. But, as I say, I get a huge amount of correspondence, but I can specifically go and dig that out, if they have.

**Media**: Surely if a couple of Churches, like the Catholic and Anglican Churches, are calling for an inquiry to investigate themselves, you need to take that seriously.

**PM:** Oh, and as I say, we are consulting on the terms of reference for this very reason: to flush out the views of individuals and organisations. So that's the process we're in at the moment, and if they've inputted into that, we need to, of course, consider that, alongside other people's views, because some will take a counter view, as well

**Media**: Will you go back and look at those letters specifically, and respond to them?

**PM:** Oh, look, now it's been raised with me that it's there, yes, absolutely, because, of course, I take an interest personally in this particular inquiry.

**Media**: What if the terms of reference come back and the independent commissioner says they should be included?

**PM**: I'm not going to pre-empt that. We need to allow our chair to undertake the process properly.

**Media**: But you ruled it out when you first announced the inquiry.

**PM**: I certainly said our starting point was it should be State only, but we've always said these are terms of reference we're consulting on.

**Media**: On Middlemore Hospital, have any other DHBs reported leaky buildings following what's happened at Counties Manukau?

**PM**: I haven't seen a specific report on leaky buildings. I've certainly seen DHBs raise the amount of capital cost pressure that they have, which is in the billions, and yet the last Government, my understanding is, put \$600 million aside, so there is no doubt that our DHBs from a capital perspective are being squeezed. But when it comes to Middlemore, we also have at the moment a small insight into what they're talking about. Whether or not it extends across other hospitals—at this point, I couldn't tell you.

**Media**: Do you think they should all go away and have a look, so you do know how much you might be stung for?

**PM**: Well, look, it may well be that when the DHBs flag that initial capital cost that they already had, so I don't want to rule out that being the case.

**Media**: And is there, I guess, a contingency fund big enough at the moment to be able to deal with these problems?

**PM**: At the moment we are considering through the Budget what we do across all of our infrastructure challenges, because they exist not only in health. They exist in education as well, and it's fair to say the common theme is a significant under-investment. [*Interruption*] Sorry, Katie—last question.

**Media**: Just on that last question I issued, how concerned are you, I guess, about the situation at Counties Manukau and how long it's taken for that to come out?

**PM**: The Minister, as I understand, has already had a discussion with Counties Manukau and approved some funding for remedial work. I know he is frustrated about the level of information he's been provided to date, and is seeking further information directly from Counties Manukau, but, look, what I will say is that from the advice I've seen—and, most importantly, this will not affect the health of individuals who are accessing those services, but

there's no doubt that we still have to make sure that we're looking at the wider infrastructure challenges on health.

**Media**: How much funding has been signed off on for this?

**PM**: I have a figure in front of me. My recollection is that it was in the \$11 million range—\$11.5 million.

**Media**: Just on charter schools, have you visited Vanguard?

**PM**: I've met students from Vanguard, but I haven't visited Vanguard. I've never had a portfolio responsibility that directly related to charter schools, but I have met students from the school in various different guises.

**Media**: Do you think that it should be a designated character school?

**PM**: We've encouraged all charter schools to make application, so I think it's incredibly positive that we've had an application from them.

**Media**: How do you know that they run a tight ship if you've never visited Vanguard?

**PM**: Well, the most important person to know the answer to that question is the Minister of Education.

**Media**: Yeah, but you made a comment about it, so how did you know that that they run a tight ship?

**PM**: We have a process in place that I have complete faith in.

**Media**: Prime Minister, what density of population do you believe is a yardstick for housing in your Mt Albert electorate?

**PM**: Yeah, well, that's obviously a reference to the 29 hectares we've recently purchased off Unitec, and the last master plan that was undertaken by Unitec made a guesstimate of over 2,500 house—homes—that were able to be delivered through that project. They had a mixture—terraced included. We're now undertaking a bit more work to see whether or not we can have quality urban design—a bit of medium density that incorporates terraced, apartments, townhouses, and so on. Of course, important to us will be quality urban design, and you can be assured that, as the local member for the area, that is what I will be seeking.

**Media**: The housing Minister said it would be a mix of affordable and public housing, and I was just wondering what actually—

**PM**: Yes, and private, as well.

**Media**: —and private. What constitutes affordable?

**PM**: We've costed it at around the \$600,000 mark, but decreasing from there depending on the size of the unit.

**Media**: And of those 3,000 to 4,000, how many of those will come in within that price range?

**PM**: Well, as I've said, we've said up to 40 percent will be KiwiBuild, roughly 20 percent public housing, and the remainder on the private market. We're still undertaking more work around the master planning, so I can't give precise figures, but that's our expectation at present.

**Media**: The Minister's also said that he'd be looking to significantly use prefabricated houses. Are you looking into that as well in that Mt Albert area?

**PM**: Well, of course, in the longer term we do want to use prefabricated housing. Whether or not that'll be in place for this particular project, we'll still have to wait and see.

**Media**: With State housing, what kind of unit would that be? Would that be apartments or houses?

**PM**: Oh, we have a whole mixture. In the Mt Albert area there's a whole mixture that Housing New Zealand are looking to develop. Really, what's important to us is that we design it, that it meets the needs of those who are on our waiting lists, and so that will be the most important factor. But I think, you know, in Auckland now, people aren't expecting affordable to fit into the quarter acre dream any more. But we have excellent examples—in, for instance, Ockham, where they're building apartments on reasonably small footprints, but really high-quality apartments. We have examples now of how it can be done really well.

**Media**: Are you happy with the new America's Cup base option that's been chosen?

**PM**: Sorry—have I?

**Media**: What can you tell us about the America's Cup village base option that apparently has now been chosen?

**PM**: That it's excellent. That a huge amount of work has gone on. The Minister for Economic Development, David Parker, has been involved every step of the way. The primary focus for us was maximising the economic benefit for New Zealand whilst reducing down the environmental impacts and leaving a long-term legacy for Auckland. And I think that's been proposed ticks all of those boxes.

Media: Can you comment on the option that's been chosen?

**PM**: I want to make sure that the Minister has actually released that before I speak specifically to it, but you will have heard him talk in the past around limiting the protrusion into the harbour and making use of some of the existing infrastructure, and this option does that and is in line with the one that we've been touting for some time now.

**Media**: PM, would you stand by that pre-election policy where—if anyone sold a home that they bought from KiwiBuild within 5 years any gains on that capital would have to be handed back to the Government

**PM**: And the point we were trying to make there was that we were very much focused on first-home buyers being the target for this policy and that we wanted capital recycled back through the KiwiBuild fund. The Minister is going to bring set criteria on how he expects it to operate through to Cabinet very shortly, but some of that finer detail we're working on. There are existing policies out there that already—existing programmes like there, like the Housing Foundation, who already use a similar mechanism. So we'll have some evidence base to reflect what works well in determining how we set the criteria.

**Media**: Have you seen any analysis on what further might be needed by way of infrastructure and things like schools to cater for that development?

**PM**: Yes. So initial—I wouldn't want to overstate how developed it was, because I know, in the conversations I had as a local MP with the original master planners that some of the plans around education weren't as far along as I would've liked to have seen them. But I've had conversations with the Minister of housing. He's certainly acknowledged that we need to do more work from an education perspective. If you look at the two schools that immediately are adjacent to the site, Gladstone Primary's one of the largest primary schools in the country. Waterview also has significant roll growth. So we need to make sure we can cater for that within the development.

**Media**: So are we going to see like mega-schools, or a new school?

**PM**: I don't know whether or not we even have the capacity for a mega-school, to be honest. But these are all things that we need to make sure that we look at clearly in the final master plan for the development.

**Media**: When you spoke to the previous master planners, how many houses were they planning to put up?

**PM**: As I say, it was in the order of 2,675.

**Media**: Have you had any complaints from any local—from anyone, in your role as a local MP, around the development site?

**PM**: Oh, around the previous design, certainly I'd engaged with a range of groups. And you'd find that most residents in the area acknowledge that we had a housing crisis and work needed to be done. They were more around finer details, like the access points to the site and whether or not we lost cul-de-sacs with through-roads. So those are all things I'm very mindful of through the master planning and so, much to the joy of the Minister of housing, I'll be taking an acute interest in.

**Media**: I'm just wondering whether there's any update on the Government's thinking about whether there should be an independent inquiry into the allegations in the *Hit & Run\_book*?

**PM**: As the Minister—Minister Parker—our Attorney-General said, I think now we've set ourselves a time line that now is within a week or so of having an announcement for you on that.

**Media**: And how would we ensure that the bulk of that material would be open to the public, because the fear would be that all of the issues involved would be declared to be issues of national security. Is there a concern about how that blanket could be removed from the inquiry?

**PM**: And I think this is one of the reasons that the issue of having an independent person be able to look into this issue was initially raised, because, of course, there will always be some information that we won't be in a position to put out in the public domain, but having the ability to make sure that we're still undertaking a proper assessment that the public can have faith in is important. And I think that's why we originally asked the question, and that's the kind of issue the Attorney-General's looking at.

**Media**: And could a special advocate play a role in that context?

**PM**: Again, these are all questions I want to leave to the Attorney-General to make a final decision on.

Media: Have you had a response back yet from Donald Trump regarding tariffs?

**PM**: No, no, we haven't, and there is still a state of, I think, uncertainty, it's fair to say for those nations that already have exemptions. Those look to phase out, from memory, in May, so there's still, it seems, detail yet to be provided for a number of countries including ourselves.

**Media**: Were you disappointed not to be on that initial list?

**PM**: If you look at the initial list, it's those that had already been publicly referred to, and there was still a lack of certainty around the long-term outlook for them as well. So I don't know that it provided us anything new.

**Media**: Do you have any thoughts, PM, on the ball-tampering incident over the weekend—the Australian team, the cricket?

**PM**: Surprisingly I do. Yeah, I've been reading a lot of the commentary that sits around it and, in particular, some of the discussion around what's happened in the past. My personal view would be, regardless of what has happened where and when, it's just not cricket. It's not fair, it's not within the rules, and it's no wonder that the public are outraged by it. I think the New Zealand public would be too if we had a recent occurrence of it here on our soil as well.

**Media**: There was reference to the 1990 test, when we had the bottle caps. Is that worse than using a bit of tape?

**PM**: Oh, I think, look, it's all as bad as each other. It's not within the rules and it's tampering, and, yes, there has been acknowledgment that it's happened in the past. I don't think that condones its use as a tactic in the future, in a sport that's meant to all be about fair play.

**Media**: Some commentators in Australia say that the nation's international reputation has been ruined by Steve Smith, Cameron Bancroft, and David Warner. Do you have any thoughts about that?

**PM**: Oh, look, as much as I absolutely agree that it's not fair play and it's not within keeping of the reputation of the sport, I'm not going to—and I'm sure members of the New Zealand public will not have that get in the way of their overall view of Australians and Australia.

**Media**: Just going back to the time frame with the nurses again. If the independent panel is an alternative to, perhaps, heading off strike action, what time frame are we talking about here, realistically, to be able to get a panel up, running, and heading off that possibility?

**PM**: And, again, I want to exercise real caution here. That is certainly the suggestion that we'll be making to DHBs. Of course, it is entirely up to the nurses whether they choose to opt for a process like that and, therefore, it would be very premature for me to then stipulate what kind of time line we might see as a result of it, as well.

**Media**: But it might be a factor for the nurses if they feel, well, "We can't sit around and wait six months for a—"

**PM**: Indeed, but if we go by any of the other independent processes we've had before, they generally include a representative from the employees, from the employer, and then an independent chair. So, certainly, I imagine one of the issues would be making sure that it was undertaken in a timely way, but, again, it really does come down to what all of the parties involved choose to opt for. I think what I'm articulating here is certainly what I believe will probably be a shared desire to make sure we try and find a resolution as soon as we can in the best way we can.

**Media**: Who would pay for the independent adviser on that panel?

**PM**: Look, I don't have that detail but I imagine it would be something that perhaps we would be involved in.

**Media**: Prime Minister, do you have any thoughts on some of the actions by the students in the US on gun violence? There's been a lot of marches. There's been a lot of activism among students.

**PM**: Yeah, I don't think it would surprise people to say we have a huge amount of sympathy for their position and the action they're taking.

**Media**: Are you happy with your Labour MP and the Green MP Chloe Swarbrick marching in the event over there while they were there on a bipartisan parliamentary delegation?

**PM**: Oh, look, they—absolutely what they do in their free time is a matter for them.

**Media**: They weren't on free time, though; they were on a parliamentary Speaker's delegation.

**PM**: And, as I say, without seeing the programme or the manner in which that occurred or whether or not they opted out of the programme to engage, I wouldn't want to offer an opinion. But individual members of Parliament, I have no doubt, will have a view on this, and it is well within their rights to have a view on it and probably a strong one.

**Media**: But you'd expect them to do that on their own time rather than—

**PM**: I'd expect them to engage in the programme that they're there for, but that wouldn't preclude them being involved in other side issues or side matters or, indeed, side meetings. I've certainly been involved in programmes before where I've had gaps and able to organise additional meetings that sat within my interests. Right, everyone, thank you.

**Media**: Sorry, just further, before you go, on the questions that Jessica was asking at the start. Mark Mitchell's just released a press release and he said that Jenny Marcroft said that she was under instruction from the Minister and requested that National pledge not to ask

Shane Jones questions about the project should it go ahead. Is that the kind of open and transparent Government that you were hoping to run?

**PM**: As I've already said, the process for the provincial growth fund is not contingent on support for this Government at all, and there is plenty of proof of that. We've already had bids that have been supported by National MPs and we've had bids that have already been successful that have been championed by ex-National MPs. This is not a political process; it is about making sure that we inject support into the regions for projects that deliver jobs. All right. Thanks everyone.

conclusion of press conference