

POST-CABINET PRESS CONFERENCE: MONDAY, 24 APRIL 2018

PM: All right, everyone, welcome. It's a delight to be back. I'll do a quick preview of the week ahead and then just a couple of bits and pieces that will be of interest and relevance, given it's Anzac Day this week. It's good to be home, and we had Cabinet today and Cabinet Business Committee to rattle through a few things for the week ahead.

On Wednesday, Anzac Day, I will be at the dawn service in Auckland at the War Memorial Museum, and then we'll be visiting the Mount Albert RSA. I'll also drop in on the Grey Lynn RSC and the Point Chevalier RSA. We will also have Government representation at the national memorial and national service by Ministers Little and Robertson. Thursday and Friday, I'll be busy with various bits and pieces and stakeholder meetings in Auckland.

It's been brought to my attention that it is, essentially, our six-month anniversary. Thank you for your cards and acknowledgments. I've had a number of questions about the first six months that we've had in office, and so I thought I might use this opportunity to give you some of the highlights; the lowlights I'll spend less time on.

First of all, probably the Families Package, for me, is a real standout—legislation that we put through in our first mini-Budget which will give effect to families, low and middle income families, on average, being \$75 a week better off. Also, the introduction of the Best Start payment, which is \$60 per week per child and also the winter energy payment, in all, will be some of the most substantial changes that we'll see in a decade for young children and families and older citizens. We also had the increase in paid parental leave to 26 weeks; the introduction of child poverty legislation, which is tracking well, as is the child well-being strategy; the inquiry into the abuse of children in State care, which is under way as of 1 February; and the work, of course, that we did around students and those seeking to pursue education post - secondary school; the minimum wage increase to \$16.50 an hour as well.

We've begun work on climate change, and that includes our 30-year transition plan and setting our zero carbon emissions goal and the interim Climate Commission. In terms of our regions—it's an area I want to put particular emphasis on—the Provincial Growth Fund of \$1 billion is well under way and announcements are starting to be made across the country, and we of course continue to seek the views of regions around the areas that they would like to prioritise investment. Equally, our Government policy statement on transport places priority on our local and regional roads, and the one billion trees programme, with the first tree being officially planted in Gisborne.

Around housing, the Unitec land sale was significant, allowing the building of about 3,000 affordable public homes. We have the Healthy Homes Guarantee Bill and the work we're doing on banning overseas speculators in our residential housing market, and, of course, the directive to Housing New Zealand to stop the large-scale sell-off of State houses.

I'm going to finish with just a little bit on our trade agenda as well, because in its totality that too has been busy and is an important part of this Government's agenda. We had, of course, the signing of the CPTPP. We're making good progress—particularly, I would say I'm more confident now than I've been before—on progressing our EU FTA. The UK FTA—we remain hopeful that we will be a frontrunner in the aftermath of Brexit. Talks are under way on the upgrade of the FTA with China. The Regional Comprehensive Economic Partnership, or RCEP—that's a 16-country agreement. That one gives us the opportunity to at least seek an agreement which involves India, given that our one-on-one FTA has taken significant time to progress. There's the Pacific Alliance, which is also under negotiation; PACER-Plus, which will be ratified by Parliament soon; and, of course, our Trade For All Agenda, which was launched not last but the week prior.

So that's a quick summary of the highlights. I want to speak briefly now to something that is relevant for Anzac Day, and that is the support that we provide our veterans and the growing acknowledgment of the stress and the post-traumatic stress that veterans have experienced for decades but is only in recent years really being acknowledged and remedied.

The previous Labour and New Zealand First coalition Government provided a locked-in annual grant for the RSA in that regard, but it was scrapped by the last National Government and instead was replaced by ad hoc funding out of underspend.

Earlier this year, we made a decision and gave the RSA and the No Duff Charitable Trust, who support veterans, a one-off grant of \$250,000 and \$25,000 respectively. Today, though, we're announcing, alongside our Minister Ron Mark, that we're locking that funding in for the next four years. This will provide the RSA and No Duff with an ability to better plan for their veterans support, because we are giving them certainty over the next four years. In total, it represents \$1.1 million in guaranteed funding to these non-Government agencies who do such critical work with our veterans.

I understand that Minister Mark has contacted both the RSA and No Duff this afternoon to let them know the news, and both organisations were thankful for the funding and recognised the support that this Government is eager to place around our veterans.

It's an acknowledgment of the importance, as well, of those support services. We now have 41,000 veterans. Around 30,000 of those are contemporary veterans from conflicts such as Vietnam, East Timor, and Afghanistan. And we are seeing cases of post-traumatic stress, and many of our younger men and women are returning from operational service and do require our help and our assistance.

I'm really impressed by the work the RSA has done to modernise its services to meet some of those changing and emerging needs, and I hope that this support and funding will go some way to backing them.

All right—happy to take questions.

Media: On that RSA funding, \$250,000 a year doesn't sound like a lot. What will that provide?

PM: That will go directly to the services that RSA provides, and in some cases some of that may be unique to the particular veterans that they're working with. But my expectation would be that would be dealing directly with those needs around post-traumatic stress. They've already identified what makes a difference for their veterans, and my expectation is that it will continue to work in the service they do around post-traumatic stress.

Media: On your trip, was the biggest diplomatic win getting Macron on board with the FTA?

PM: Certainly, it would be fair to say that was my primary goal, in many ways, for this trip to Europe. Two-way trade with the EU is worth about \$15 billion. It is significant. It is an area where there has been concerns raised in the past about whether or not our mandate would come through in May. And, look, I'm not counting our chickens before they hatch—there is some work still yet to be done—but to have had such a positive response from President Macron definitely caused me to come away feeling really positive about our position—much more so than I perhaps did prior.

Media: And was it New Zealand's environmental credentials? Did that help at all, do you think?

PM: Do you know, certainly the sense that I got—both publicly and privately—was that there was a real interest in imbedding into our agreements some of the domestic priorities into an international framework. There'd been some concern with previous agreements that that hadn't happened and had perhaps undermined some of the work that they were trying

to promote internationally, so I think the reassurance around our inclusive and progressive trade agenda—around saying these are tools we can use to uphold environmental protections—was probably a selling point.

Media: So are you confident that France will support comprehensive negotiations and that it's not going to say some aspects of agriculture cannot even be negotiated?

PM: Look, I came away with the sense that we would be able to see support from their corner on that agreement. Again, I'm not going to pre-empt that final decision, and we are taking [*inaudible*] for granted; we'll continue to work alongside a range of EU members, who may have issue—particularly around agriculture. But it wasn't an issue that the President raised with me, and, in fact, when he was asked about concerns, from a French journalist, in that regard, he spoke instead for his desire to imbed environmental protections in the agreement and how positive he viewed some of our expectations in that regard.

Media: Back on ANZAC Day, just briefly: with 2018 marking a century since the end of the war, can I ask you just to reflect on what makes this year important.

PM: Yeah, I think, you know, to be fair, from what I've seen of the New Zealand public over the last few years, increasingly, there's been that engagement of the next generation again. And I think that, you know, we should feel confident that that will only continue. Of course this milestone is significant. It marks an incredible period of time since New Zealand experienced both that huge contribution and huge loss. It will be bookended by events at the end of the year as well. What I hope is that it's laid a foundation for another generation to appreciate the sacrifices that were made and the work we all collectively need to do to avoid such tragic loss in the future.

Media: Have you put any thought into whether you're going yourself or sending someone to the commemorations in November in—

PM: Yes, and we are giving it some consideration. Final decisions haven't been made yet, though.

Media: Why did you make the call not to attend the national celebration down here?

PM: Yeah, and that is a line call, and I had a few conversations about it. You know, there is a national service, absolutely, in Wellington, but, equally, there's one of huge size and participation that happens in Auckland. I wanted to make sure we were represented at the highest level at each of these. So we've got the deputy leader of the Labour Party and Andrew Little and Grant Robertson all playing a role in some of those ones based in Wellington and myself covering Auckland.

Media: You said this morning that there needed to be a huge culture change—

PM: Yes.

Media: —at Work and Income.

PM: Yes.

Media: What did you mean by that?

PM: I have seen too many stories as an MP in my local area which demonstrate that decisions have been made that haven't taken into account the human side of some of the cases at play. For instance, you know, someone who didn't realise that they had an appointment who subsequently had their benefit cut off who went in to seek another appointment immediately to try and rectify the situation, only to be told the books were full and they'd have to come back in several weeks. These kinds of decisions have huge ramifications for people and their lives, and what we need to do is make sure that we have a service that really puts people at the centre—that, yes, is comprehensive, of course make sure that we're following all of the expectations that we have as a Government, but, ultimately, treats people respectfully.

Media: As part of your confidence and supply agreement with the Greens, you promised an overhaul of the system. When can we see—when can we expect to see that—

PM: It's imminent. So Minister Carmel Sepuloni will be making announcements on that, and it's not too far away.

Media: [*Inaudible*] abolishing of the sanctions, given that is—

PM: That's certainly one of the things that has been raised, and I see, actually, it's been raised recently by the UN, who've been doing a review on human rights issues. And that's something that we flagged, of course, in our conversations directly with the New Zealand Green Party. So that's only one of many issues that, of course, we need to look at.

Media: Is that something that's going to be dealt with in the Budget process, or before then?

PM: Look, I'm not going to set out the exact time line of that announcement, but it is imminent.

Media: Why the delay, given that was one of the promises you made was getting rid of—

PM: Because it is one of many, and I think that there are much wider issues. That's not the only one. It is one of them, and we absolutely acknowledge that, but there are many issues around culture change generally that we want to be part of a wider piece of work.

Media: Do you credit Metiria Turei for bringing some of the bigger, meatier issues with Work and Income—

PM: I think if you asked any member of Parliament who works across an electorate, they will be able to share a story where it just has not made sense to them, the treatment that they've seen and individual experience. And so, yes, some have had higher profile than others, but the stories that have always, I think, probably captured me the most have been the ones that have been told to me face to face by people who've just sought out help when they needed it and had had pretty terrible experience. I do want to acknowledge, though, that, you know, by and large, many case managers do an exceptional job, but there are situations where you're just left wondering why there just wasn't the respect shown that should've been.

Media: Do Work and Income need more resources? Is that problematic?

PM: Oh, look, you know, when we're undertaking this overhaul and this work on both culture change in some elements of the benefit system, I'd expect that all of the contributing factors will be part of that.

Media: Is this going to take longer than you might've thought?

PM: Sorry?

Media: Is this taking longer than you might've hoped?

PM: We want to make sure that we get it right. It is a substantial piece of work, and culture change is difficult. You know, we're coming in after nine years of there being an expectation that there be a singular focus on reducing benefit numbers. And of course we want people in work. We want people who are seeking work to be able to find work. But I think it's tipped over into a space where it's actually denying people who need help the help they need.

Media: Just back on trade real quick: you've talked in the past about New Zealand trying to get an exemption from steel and aluminium tariffs in the US. Have you got any update on where that's at?

PM: No. No, not as yet. We know some of the exemptions that were granted were temporary exemptions, and from memory, that was taking them into May. But, as yet, I haven't heard final word from New Zealand's perspective.

Media: Are you disappointed that it's taking so long?

PM: Oh, I'm disappointed that it happened in the first place. I don't think anyone benefits from that kind of trade policy. I think the people who end up worse off do include countries like New Zealand as a result, even though, relative to some of the others, we're a smaller player in those markets. But, ultimately, I'm disappointed we're in this position in the first place.

Media: Just on Middlemore Hospital, 12 days ago, the Minister of Health sent letters to two board members at Counties Manukau District Health Board saying that they were being removed from the board. Do you think it's acceptable that almost two weeks later, the health Minister is still responding to media queries, saying that that process is still under way?

PM: Well, he may be answering in that way because it is. Obviously, that's a process that I have faith and confidence that the Minister of Health is handling. Of course, board appointments do have to go through particular processes, so I won't comment on that until that's complete.

Media: Did your Government overblow the issues at Middlemore Hospital? It's been reported that the sewage leaks were just stains on the floor that could be cleaned up with water.

PM: Of course, originally, those claims were, more often than not, coming from Counties Manukau themselves. And the reports that we received, of course, when it was first raised with us were about one particular part of the hospital, and they were serious enough that we came away and immediately granted funding to try and do remedial work on that. The other issues are ones that were raised not necessarily by us but directly in the media.

Media: Do you think it's acceptable, though, for the health Minister to terminate the contract of the board member, who he has never met with, never spoken to, and never had any correspondence with, other than a letter to say "We're considering removing you." and another letter to say that he's gone?

PM: Well, look, again, I'm not going to comment on something that's still under way, but I would point out that—I'm assuming this is a reference to the acting chair. The acting chair was in place till the beginning of May, and that's an expectation that, obviously, was set out from the beginning. And, of course, the Minister will need to make sure that there's clarity around who will be taking over that role before that contract expires.

Media: That's not in regards to the acting chair. It's in regards to the other board member who he's chosen to terminate the contract of, who he's never had any dealings with.

PM: Again, this is an issue that is still under way and I'm not going to comment on correspondence that is still part of a process that hasn't been finalised.

Media: Prime Minister, on spousal travel abroad—

PM: I'm sorry that you didn't make it, as well.

Media: Yeah, I'm a permanent resident here, so I'm quite happy. On spousal travel abroad, John Key had a rule in his Government that spouses wouldn't travel with Ministers unless absolutely necessary. What's your view on spousal travel?

PM: Yeah—yeah, and this is something that I have given some consideration to, as well. You know, I've looked back at, for instance, what the practice has been for particular events like CHOGM and have been advised that in those cases, I think—at least for the last two Prime Ministers, Prime Minister English and Key—that those spouses have accompanied the Prime Minister, because there's often a decision made that where there is a particular spousal programme, that's when we've seen cases of spouses travelling with their partners. I, again, take a similar view—there has to be a threshold met for spousal travel—and those guidelines are set out in Cabinet circulars.

Media: What about not just Prime Minister—other Ministers?

PM: Yeah, again, I would want, you know, a strong, clear case. More often than not—you see, when spouses are accompanied, more often than not, those are covered by the Minister themselves at their own personal cost.

Media: A few weeks ago, you were highlighting the infrastructure deficit that you uncovered when you came into Government, and you said you'd have updates for us in due course. Are there any more things that you've found out just in the last couple of weeks?

PM: Yeah, I do have some expectation that Ministers, in their own portfolio areas, will be talking about that a bit more in the lead-up to the Budget.

Media: But you haven't got any for us today—now?

PM: I've spoken generally, for instance, about some of the deficits we've seen in health. In education, there was some discussion around deficits for early childhood education—under-funding in those areas. But, again, you'll see more of that as we lead up to the Budget. One of the issues is, of course—the second question, as soon as we identify them, is “What are you doing about it?”, and we're not in a position to discuss some of the Budget responses quite yet.

Media: And, just on infrastructure, ANZ said yesterday that it thinks an argument can be made for increasing near-term debt targeting for the purpose of growth-enhancing infrastructure spending—so, essentially, looking at your debt responsibilities and saying there is an argument to be made about spending more on infrastructure, rather than—

PM: And we are. You know, relative to the last Government, we have put aside more capital. There is a greater allowance for capital than the last Government put forward, so there is greater investment going into that area than was previously budgeted for.

Media: But are you concerned that New Zealand's biggest bank is making noise about the fact that they think that you should be borrowing more to cover these infrastructure cuts?

PM: They haven't, as yet, seen the decisions that we've made in this Budget. So, happy to revisit that once they've seen those decisions.

Media: Just on the decision to ban oil and gas, did you take an evidence-based approach to forming that policy?

PM: Yes. Of course, “evidence base” requires some knowledge and prediction around the future. Of course, because in this decision we weren't cancelling anything that already existed, then the analysis becomes making judgments around things that we cannot be sure of. For instance, last Block Offer, my understanding, resulted in one permit. You can never, ever be sure that that permit will then be realised into an actual oil or gas find. It's a highly predicted—difficult to predict area, and that makes cost-benefit analysis very difficult as well.

Media: Yeah, because the Minister's admitted there was no cost-benefit analysis done, there was no formal consultation with the industry done, there were no estimates of how it would actually contribute to lowering emissions, and there was no estimates on how it would affect [*Inaudible*].

PM: I would question the discussion with the industry. The Minister was very familiar, given the number of times she'd met with them over their view on this issue more generally. And, of course, we flagged well before the election that we didn't see a future for oil and gas exploration in New Zealand. The decision that we've made will not really come into full effect for the next—until 30 years, and so you're asking for us to predict around something that was not being granted, rather than making any changes to the existing industry as it stands. Every permit held today remains in place and is unaffected by this decision.

Media: [*Inaudible*] Government policy to have those four things backing up against it in terms of [*Inaudible*]?

PM: I question some of the things you're saying that we haven't done in that place. The other thing that I would highlight is that this is a regulatory decision; it's heavily prescribed by the Crown Minerals Act. That was what the Minister followed in making the decision. And, again, as I would say, whether or not any of those oil and gas reserves would ever have been quantifiable—contributed to royalties to the Government is very difficult to predict. What we can predict is that there are more than 50 permits out there now; they will remain in place, and there's no loss—and therefore no cost—from those no longer being continued.

Media: Prime Minister, you also flagged, before you went to Europe, that you were going to go to Taranaki yourself—

PM: I am, yes.

Media: —with Megan Woods soon after you came back. She went yesterday.

PM: I said “in the weeks after I return.” I looked at whether or not I can get there in the next couple of weeks. At the moment, I am scheduled in for the 25th, I believe, of May. I'm looking at whether or not I can get there earlier than that. There are some people I wish to take with me, but I am absolutely going to Taranaki. I have no concern about visiting the region and talking openly with them about plans for regional economic development.

Media: Prime Minister, on the benefits, MSD have said that the Tinder case was a one-off mistake—

PM: Yes.

Media: —and that this is not the culture. Are you disagreeing with them? Do you think there's a wider [*Inaudible*]?

PM: I would hope it was a one-off. Am I certain and confident? No. I've seen enough of these cases and examples in the past, and I am, of course, heartened that Work and Income has come out straight away, apologised, and said that they should never have cancelled someone's benefit without properly undertaking an investigation. But can I hand-on-heart say this will be the only example? No.

Media: Six months on from taking on the prime ministership, with a moment to reflect, how are you doing?

PM: There's not much time for reflection, I have to say. But when I look at the work that we've done so far and the things that we've focused on which had been priorities—around regional economic development, around getting our transport back into shape, around issues of the environment, and making sure we acknowledge that middle income New Zealanders are feeling the squeeze and getting something in place for them—I'm proud of that. We've done a lot in a short space of time.

Media: Do you think your profile and the profile of New Zealand has been raised a lot over the last week?

PM: I mean, that's quite hard for me to assess. To be fair, I don't sit down and do too much analysis of international media. But there's no doubt that one of the jobs in going abroad, for me first and foremost, was pursuing things like that EU FTA. That is of tangible benefit to New Zealand. What's less tangible, but probably of importance as well, is making sure that people know about the values we're trying to progress on the international stage, and they are things like free and fair trade, making sure that we all apply the rules of international order, and our position on environmental issues.

Media: Do you ever worry that you might be more popular overseas than you are back home?

PM: I'm only focused on back home, in that regard. It is of no value or benefit to me if I'm popular in the UK. I need to focus on domestic issues and domestic politics and making sure I satisfy New Zealand voters. The rest is immaterial.

Media: Prime Minister, the royal commission into the banking sector in Australia is uncovering some pretty dodgy practices [*Inaudible*]. Given that the Australian banks are, essentially, New Zealand banks, do you think there'll be any impact on this side of the Tasman?

PM: Well, look, you know, we are taking great interest in the findings of the review, for that very reason. We, of course, have a number of Australian-owned banks, so we absolutely need to take an interest in that review, and we will be.

Media: Because Westpac has this Government contract—do you think that that might be impacted at all?

PM: I think it would be getting ahead of ourselves to say that, but more generally, in principle, I'd say we are interested in the outcomes of that work.

Media: What would you do if similar practices were found here in New Zealand?

PM: I'm not going to run into a hypothetical, but of course my interest is, as well, for consumers, and so I'll be taking particular interest in that.

Media: Do you think that the Government banking should go through a Kiwi-owned bank?

PM: Oh, look, that's been raised in the past. There's a number of reasons why that original decision was made, and a number of criteria, of course, that that decision would've been based on. And it's taken, at the time, under due consideration. I don't think the only thing, though, is who the bank is owned by; it's the ability to carry out the job. But, of course, every time it comes up, you take a fresh look.

Media: But what's your gut feeling on it? Do you think—

PM: I would want to make sure that I had every confidence that whoever it was awarded to (a) is in the position to do the job properly and well, but of course there are a number of factors, and as I say, when it's up for review, we take a fresh look.

Media: Have you been given a date for medical reasons at all that you might have to stop travelling—

PM: I just, as it happens, I actually just got some advice on that today, that I should have no trouble flying right up until the day that I'm due, and that's my intention.

Media: Is that overseas as well?

PM: Overseas you have to get clearance for every flight, so I had to get clearance to fly to Europe, but that was no trouble.

Media: Are you planning any more overseas trips?

PM: No, no. And there's nothing on the schedule, but also nothing that I'm necessarily missing as a result either. We've set out an agenda for the year—all of the objectives that I'd like to achieve, by and large, we're going to be able to achieve regardless.

Media: Do you have a last day in mind?

PM: I'm going to work right up until my due date—well, all things holding equal.

Media: Later on, do you have to get permission to travel when you're close to your due date—

PM: No, no. I understand that the protocol is that when your flight is under four hours, if you have one medical certificate after the 36-week mark, that can hold you over for the remaining four weeks, so that's what I'll be doing.

Media: Kate Middleton set quite a high benchmark coming out in public seven hours after birth. Have you got any plans in mind in that department?

PM: Absolutely not. I have to say, I even, when I saw that photo, I counted back how many hours it'd been since she'd given birth and have made sure in all of my interviews since then I have lowered any expectation that I will be doing the same, or that I will look quite as well composed as she did.

Media: Are you expecting a return gift from William and Kate?

PM: No, no. Absolutely not. I do hope—I genuinely hope—I know that they will be absolutely overwhelmed by gifts from across the globe, but I do hope that ours, you know, makes it through amongst that pack, because I have heard that there is a real love of New Zealand children's books in the family, and, equally, the blanket that's been sent is particularly special—it's beautiful; I've seen it—and it is hand-crafted, and of course the little romper, I'm hoping, might get some use. You know—no guarantees.

Media: The Palace has obviously got this whole baby news thing down pat. Does your office have a baby plan?

PM: No, not really. I'm going to have it, and then we'll go from there.

Media: Prime Minister, you made it really clear last month that you didn't want Government departments to be using the security firm Thompson and Clark to be spying on New Zealanders—

PM: Yes.

Media: The Department of Conservation—they're using Thompson and Clark to carry out surveillance on anti-1080 protestors. Are you comfortable with that?

PM: Yeah, I've sought clarification over what it is exactly that Thompson and Clark have been doing for DOC, for that very reason. My understanding is that DOC did ask them to monitor threats on social media, but I'd say that's very different from monitoring individuals, and the department, as I understand, have said that they've not asked them to carry out surveillance on individuals, because that would be of concern.

Media: Yeah, the department has said, though, that if people are making threats, then Thompson and Clark then, basically, figures out whether they are capable of carrying out those threats. Doesn't that—

PM: And that crosses over, I think, into the space that we've really asked the State Services Commission to undertake some work, and for good reason. Questions have been asked over whether or not some of that surveillance at an individual level is going too far. So I would hope that the SSC, if it's relevant to the work that they're doing, would include that. But, as I say, monitoring of social media is something that, obviously, the Department of Conservation has concerns about, because there have been specific threats online to their staff, and they should be concerned about that.

Media: Since you made the call to, essentially, ban Government departments from using Thompson and Clark, have you been—

PM: As private investigators, and that is something that the State Service Commission is still looking into the breadth of that use. Southern Response was a really good example of where it was stepping into a space that we were really uncomfortable with, but I would want to make sure that if we are seeing that use by other departments, that it is done appropriately.

Media: But you haven't been informed of any other departments that have been using it in the same way as Southern Response is?

PM: Not yet, but, of course, that's why the State Services Commission is doing this piece of work.

Media: Is the Government making a distinction between their surveillance work and their security work, and saying one is valid and the other isn't?

PM: Yeah, well, obviously, there are a number of contracts around security work, but I think where there's been real concern is where it's tipping into the space of individual surveillance and the appropriateness of that.

Media: But on their track record, can they be trusted to observe the difference?

PM: I'll await the findings of the State Services Commission before I make that judgment. OK, anything else? All right—thanks, team.

conclusion of press conference