

POST-CABINET PRESS CONFERENCE: MONDAY, 30 APRIL 2018

PM: Sorry if I've caused some of you to run. I am a minute or two early. My apologies. Right. Good afternoon, everyone. Let me give you a quick overview of the coming week. On Tuesday, the House resumes for another delightful 4-week session, which includes the Budget on 17 May. On Wednesday, I'll be attending NZQA's Top Scholar Awards and presenting the top award for academic excellence. This award recognises the top achieving student in annual New Zealand Scholarship examinations and is the highest accolade a student can aim for at secondary school.

On Thursday, I will be holding a bilateral with Sheikh Abdullah, the foreign Minister of the UAE, who is also meeting our Minister of Foreign Affairs, Winston Peters. Given the pending world expo they are hosting in 2020 but also the sheikh's interest in renewable energy and the like, I'm looking forward to that conversation. At midday, I will be delivering a pre-Budget speech to a Business New Zealand lunch, which sets out our approach to the Government's first Budget on 17 May.

On Friday, I will be in Auckland alongside the housing Minister, Phil Twyford, where we will be making an announcement in relation to the housing crisis. As we well know, over the last 9 years, there has been concern over the increase particularly around homelessness and the dire need for adequate housing, and we will be addressing some of those issues in Auckland on Friday.

On Saturday, I'll be speaking at the Labour Party's Auckland-Northland regional conference, Ōtāhuhu town hall. That kicks off the whole suite of regional conferences which will be happening over the coming weeks for the Labour Party, which I'll either attend in person or using the magic of technology. OK. Open for questions.

Media: On your meeting with the foreign Minister for the UAE, where is the free-trade agreement with that now? Where is Saudi Arabia on that?

PM: I haven't seen progress on that recently, Barry. That's something I'd have to get an update for you; certainly not something that I've seen in recent times developments on or movement on.

Media: Will you be relaying to Sheikh Abdullah our concern about the pending demise of the nuclear agreement with Iran?

PM: Oh, look, this has been an issue that actually has come up in a range of my bilaterals in the previous few weeks. I imagine that we'll discuss a range of regional issues, geopolitical issues, and I have no doubt that will be one of them—certainly one that I'm interested in discussing.

Media: What is New Zealand's position on that deal?

PM: Not unlike those of Germany and France—that a deal is absolutely better than the absence of one entirely, that it has provided at least some focus around the issue of the nuclear weapons development. It was never an agreement that was intended to focus on ballistic missiles, and so the idea of it being dropped and leaving a complete absence or void is not something we would support. We support the existence of a deal.

Media: Given the revelations about BP's pricing tactics, do you think New Zealanders are being ripped off at the petrol pump?

Pm: Certainly what's been revealed today probably wouldn't surprise some motorists, but to hear so blatantly that pricing decisions are being made that sit outside of the price of crude oil, that sit outside the exchange rate, or that sit outside, for instance, operating costs will no doubt be raising eyebrows with consumers. It certainly raised eyebrows with our Minister, which is why she's called them in for a meeting.

Media: Do think the tactics are fair?

PM: Do I think the tactics are fair?

Media: Yeah.

PM: Look, there is a question here over whether or not they have in fact breached any of our legislation, but regardless of whether they have or not, certainly motorists won't look upon it as fair.

Media: Is this going to produce any more momentum or urgency with the fuel price inquiry that's already under way?

PM: Yeah, certainly we've already seen a need to allow the Commerce Commission to be able to conduct market studies. That's something we already anticipated needing to change the law over. But, yes, I think it adds greater impetus to why we want to undertake that work.

Media: It has been dragging out for a while. It started under the previous Government. Doesn't this actually give more impetus for the Government to actually take action and do something?

PM: Absolutely, but I think that impetus already existed as well.

Media: If the Government were to do something on this, where would that be and when's the earliest of that—

PM: Well, first we need to hear the explanation from BP. As I say, the usual explanations in this case just don't exist. There is a pretty high test that has to be met in our law for them to have fallen foul of, around particular behaviours. So, first, we'll seek an explanation, and then we'll consider what our options are beyond that.

Media: Given the revelations about how the oil companies operate that we've seen today, what can the Government do to prevent the companies from equalising the Auckland fuel tax right across the country?

PM: Yeah, yeah, and that's why we wanted the Commerce Commission to be in a position to undertake this kind of work, because that would also compel those in the industry to provide the evidence that would be required to really get a sense of what's been happening between these companies but across the country as well. We do need to have a comprehensive look, because, as I say, at the moment, on the face of it, they may not be in breach of our existing legislative framework, but Kiwis will rightly be saying this doesn't feel fair.

Media: Do you think that that is a possibility that New Zealanders across the rest of the country could be picking up the tab for that Auckland regional fuel tax?

PM: Do I think they'll be picking up the tab for the Auckland regional fuel tax? The legislation doesn't allow that regional fuel tax to apply anywhere other than Auckland in the next three years.

Media: But the companies could share it across the—

PM: Well, I mean, this is the thing that is astounding, that in—you know, we're having a debate right now about the application of an additional 3c over a year. They're putting up 3c in a day. This demonstrates just the kind of impact that those kind of decisions have on motorists and the scale of them. I think it also points to why we are rightly, as a Government, interested in looking into this more closely.

Media: On GP visits, what coalition agreements meant that you had to break your promise that—

PM: I wouldn't actually slate that back to coalition agreements. Look, in the context, of course, what we campaigned on was what Labour wanted to do as an individual party. What we find ourselves in the position of is now achieving a raft of things collectively as three parties. But, actually, when it comes to the constraints that we're facing, I would slate that back to the deficit we have in infrastructure and the blowouts that we've seen from our

DHBs, which have outstripped some of our expectations. And that's why several weeks ago I did stand here and point out that some of our areas of focus, while we remain absolutely committed to them, will need to be phased.

Media: David Clark pointed to the fact that it was because of coalition's commitment informing the coalition Government, so what spending commitments have you made—

PM: Coalition commitments—and, as I say, coalition commitments have added to the raft of things that we have pledged we will undertake. So it's not just about Labour's manifesto that we now hold ourselves to account to. But what I'm pointing to is, actually, my much bigger focus has been the cost that we've incurred by coming in and opening the books and seeing, yes, we planned for a deficit in health, but that's one particular area where it's larger than it is in other areas.

Media: But David Clark said that things were added on to the manifesto, right—so things got added on. What was added on that meant you couldn't phase—

PM: Again, I'm slating it back, instead, much more to the state of the books as we've found them.

Media: Over half a million Kiwis can't afford to go to the doctor, why is that a policy that you're going to push back rather than something else?

PM: That's making an assumption about what we are and aren't doing in the Budget, and I'm asking you to wait just a couple of weeks to see some of the details. We've talked about phasing, but we have had a particular focus on improving the outcomes for New Zealanders, particularly those at the highest need.

Media: Are you anticipating anything else having to be phased?

PM: Sorry?

Media: Are you anticipating anything else having to be phased because of these infrastructure deficit issues that you've outlined?

PM: You'll see the full outcome of the decisions we've had to make at the time that we release the Budget.

Media: Do you regret promising cheaper GP visits?

PM: No. No, because we remain committed absolutely to the aspiration of more affordable and more accessible healthcare. What we're talking about is also needing to make sure that we have an adequate number of GPs, that we have adequate hospitals that are able to treat people in acute need, that we have DHBs who aren't seeking into further and further debt. These are all of the things we are now having to balance in our health budget. We have a commitment to achieving these over time, but I think people will appreciate we can't do everything in one single Budget.

Media: You're saying this is because of infrastructure deficit. Is that—

PM: No, I'm not. No, that's not what I'm saying. I've said the deficits as well, that our DHBs are facing, has outstripped some of my expectations as well.

Media: What is the most pressing need immediately for primary health?

PM: Oh, for primary health?

Media: Yes.

PM: Look, of course, that cuts across a range of issues, because someone who's trying to access primary healthcare at present, if they need after-hours care, is, for instance, already accessing our hospital services. So it is a complex area where we need to try and make a focus on accessibility, and that has been top of our mind in this Budget. What I'm asking for is just a little bit of time so you can see what we've developed up in Budget 2018, and then, of course, our plans beyond.

Media: Come July 1, how cheaper will doctors' visits be?

PM: You'll have to wait until the Budget's released.

Media: That seems to suggest that, perhaps, this policy has been sacrificed this year to free up funds for a bigger number for DHBs, which could get—

PM: Again, all of that is going to be an assumption on your part until we release the Budget. As the Minister has made clear, improving the access of primary healthcare is and remains a focus for us. What we've talked about generally for this Budget is the need to have to phase over our 3-year period some of the things that we wish to achieve, because we can't do everything in healthcare in one go.

Media: Is this a broken promise, Ms Ardern?

PM: No, no, look, we've certainly had to take into account the circumstances that we've found. We remain committed to making primary healthcare in particular—your visit to the doctor—cheaper, but we also have to make sure that our hospitals can operate, that they're a safe environment, that our DHBs are out of the black hole that they're currently in, and some of these challenges are more stark than we anticipated. So while we'll get there, we won't get there in one go.

Media: Could this be a, you know, a classic case of under-promising so that you can over-deliver on the day? National's policy was more targeted towards the lower-income people, so you—

PM: No, when we say "phasing", we mean phasing.

Media: Does this give you cause to review your Budget responsibility commitments, then—if you're saying there were these unanticipated costs, does that mean you might look at, perhaps, loosening the self-imposed restraints?

PM: Oh, well, look, the best way to work around some of those self-imposed restraints is to make sure we get growth in our economy as well, which is also a focus for us—that, equally, is a way to ease pressure. Making sure that we have services that are strong in health and education is something we remain committed to delivering in this Budget, but at the same time I know New Zealanders want to feel assured that we have balanced the books, that we're ready in case we need any contingency for a significant event in New Zealand—that we have a buffer to the vulnerabilities that a country like ours has. And the Budget Responsibility Rules help us do that.

Media: So no plans to review or change those?

PM: No, no.

Media: So it's nothing to do with coalition promises, and yet New Zealand First won a billion dollars for the Provincial Growth Fund, which outstrips your operating allowance for the coming year.

PM: Of course, you know, a significant chunk of that is capital expenditure as well. But, yes, there's no doubt that we're factoring in a range of different priorities that we've included under the umbrella of this coalition Government. But I would say the bigger factor for the health budget has been much more the state that we've found things in as we've arrived in Government. And, yes, we anticipated a DHB deficit, but it's looking pretty stark for some of them.

Media: Your election policy says from 1 July 2018—

PM: I know exactly what it says.

Media: —Labour will lower the cost of GP—

PM: Yes.

Media: —visits by \$10. Are you still promising to do that?

PM: As I've clearly said, we're looking at now having to phase some of these—

Media: So how is that not a broken promise?

PM: —pledges. We are phasing these pledges because some of the things that we have encountered in health are worse than we are anticipated. We are committed to lowering the cost of accessing GPs, but we are having to make sure that we, at the same time, make sure our hospitals are running properly, that our DHBs are able to operate, that we have our health workforce working in a safe environment, and we're having to make sure we do that over a 3-year period.

Media: What would you say to people who voted for you wanting cheaper GP visits on July 1—

PM: I'm sure that they also wanted to make sure that we had a healthy hospital environment as well, and we've had a number of competing interests that we've had to manage in the health budget. We are trying to do it all. It is just going to take us a little more time.

Media: [*Inaudible*] Budget Responsibility Rules in 2020?

PM: I have expectation of them changing at this present point in time, and we've campaigned on them to hold over for the entire three years.

Media: Within the Budget Responsibility Rules, there is a clause that says before the next election you could reassess them and look at them to see if there is any change, whether it be the 20 percent debt, or the 30 percent GDP. Given what you know now, is there any contingency that you can change it in a couple of years, before the next election?

PM: As I've said, it is as important for us to make sure that we meet the competing needs that we have around strong services for health and education as it is to also make sure that we keep the books in good shape—that we make sure we're ready for any economic shocks that we might experience as a small, isolated, vulnerable nation. That's what a competent Government does, and that's what we're doing.

Media: But both Moody's and S&P, who rate New Zealand's credit assessment, say just a few percentage upwards, when it comes to our sovereign debt levels, wouldn't make any difference when it comes to our credit rating.

PM: That's why if we increase GDP, we'll also have an extra buffer as well. There's a couple of different ways to skin that cat.

Media: Just on Dunedin Hospital, are you still intending to start that build within your first term?

PM: Ah, we're intending to make some announcements on it in the very near future, which it sounds like you'll be interested in.

Media: Will you break ground in your first term?

PM: Well, certainly that's the expectation we've set ourselves, so we will be needing to make announcements on that very soon.

Media: Can you walk us through the way that this Government prioritises its spending commitments, because a lot of people are juxtaposing this GP sort of phasing in with the first-year free sort of policy, with the Provincial Growth Fund. I mean, this GP visit thing is obviously very important; it's serious for half of the population. Is it really—

PM: I will just stop you there. I mean, we haven't made the announcement yet, and I would ask that people exercise some caution until the Budget comes out. We've talked

about phasing, but, obviously, we still have a Budget to come and announcements to come on what exactly we're doing with the totality of the health budget, keeping in mind that there is significant call on that spending and the need there is great. But in terms of the wider picture of what we're producing, when it comes to the Provincial Growth Fund, we do need to make sure that we're investing in jobs and economic development in our regions. There are knock-on effects to the health and well-being of communities if we don't. That also, in part, calls on different elements of the Budget, given that there is a significant amount that is capital expenditure.

When we look at other issues, like, for instance, investing in education, we have had calls on us for some time by the likes of the IMF to improve our productivity. Now, as much as the 1 year free has been framed in a particular way, ultimately, that was about making sure that we were reinvesting in our workforce—that the factory worker of today, who might find themselves redundant in 2 to 3 years' time, has the ability to access education that means that they won't call on our welfare system, that they will be flexible, and that they will cope with our changing working environment. It was a much wider policy aim than has been portrayed perhaps in the certain quarters, and the goal of that was to make sure that we continue to have low unemployment, decent GDP growth, and the kind of economic turnover that means that we will be able to keep investing in our public services

Media: What progress has been made in terms of exempting Singapore from the overseas house ban?

PM: That's something that we're in the final throes of our discussions around, and I expect the Minister for Trade and Export Growth to make announcements on that reasonably soon. All right? Thanks everyone.

conclusion of press conference