

POST-CABINET PRESS CONFERENCE: MONDAY, 18 JUNE 2018

Deputy PM: Ladies and gentlemen, this afternoon we had the normal Cabinet meeting. This was chaired by me as Deputy Prime Minister. As you know, the Prime Minister's in Auckland and remains as the Prime Minister until the birth of her child. In the meantime, I'm assisting by carrying out her Wellington-based duties.

Looking ahead to the week, I'll be in Parliament to attend question time Tuesday, Wednesday, Thursday. In my capacity as Prime Minister, I will also meet the visiting EU trade commissioner Malmström, one of two significant EU representatives coming here this year. And on Thursday evening, I'll be attending the Kea awards in Auckland.

First, some comments on industrial relations papers or issues before I pass over to the Minister of Health on specific issues relating to the nurses' dispute. This Government has inherited nine years of under-investment in our Public Services and public servant wages. The priority of the Government has been to rebuild our services. We invested heavily in the Budget into health, education, and the police. That means more teachers, nurses, and police.

Minister Clark will speak shortly on the nurses' pay offer, but let me say this: our Government is committed to ensuring our nurses and teachers and other frontline staff are paid a fair wage for a fair day's work. That's why our offers to date, across the Public Service, have been higher than that which was offered by National. In fact, the nurses' half-billion dollar deal is the largest offer to that group of workers in over 14 years.

We also worked hard to raise the pay for those who need it most. A lot of our frontline public servants will benefit from the Families Package and increase in the minimum wage. Just last week, we extended the living wage to all core Public Service workers, raising the pay of the 2,000 lowest paid Public Service workers employed by the Government to a living level. However, we won't be able to fix all the problems in just one pay round. It takes time to fix neglect. We have to balance competing priorities and make sure we have the money aside for a rainy day. This Government will exercise fiscal constraint. We have to balance the books and run a strong economy in order to afford the pay claims public servants are making.

And we need to run a strong service to cover the cost of unforeseen events like *M. bovis* and natural disasters. So our approach is measured, planned, and delivered over time and focused on a fair result for teachers and nurses while maintaining fiscal discipline.

I now pass on to the Minister of Health for questions in the nurses' dispute, before opening up to general questions. Any questions for the Hon David Clark?

Media: We need him at the microphone.

Deputy PM: No, you need the questions first, and then I'll put him at the microphone.

Media: Minister, is there any room to go further than the half billion dollars, or is that—can you draw a line in the sand?

Deputy PM: That's the Minister of Finance's job.

Hon David Clark: Yeah, that is, I suppose, the Minister of Finance's job, but, look, that is the best offer we've been able to support. It really is the extent of what is available. We've been clear about that, and the DHBs have begun, long ago, contingency planning. So I can assure people that, life-preserving services planning is well-advanced. The nurses and the DHBs are working constructively on how those life-preserving services will be put in place. Emergency services will be working as usual and so on.

So we're preparing for the worst, but, having said that, both sides have given encouraging signals that they are keen to look at facilitation and mediation, and so I'm encouraged by that.

Media: Do you think the DHBs could have handled this better—the negotiations?

Deputy PM: I think the DHBs have done what they can with the resources available. As the Deputy Prime Minister said, we have to balance wage rounds across the public sector. And they've tried to structure a deal that actually goes further than the independent panel recommendations. And, you know, factually, we can say that the majority of nurses under the proposed deal would be more than \$10,000 better off if they were full-time nurses within 18 months. So, you know, it is the most generous offer in over a decade.

Hon David Clark: And I think the DHBs have put their best foot forward. Everybody is unhappy that we haven't got across the line, because I think everyone agrees that nurses should be paid better than they are now. But it takes more than one pay round to address nine years of neglect.

Media: Do you think expectations have been raised unfairly for this Labour-led Government?

Hon David Clark: Look, I think expectations are high, and I don't blame people for being hopeful, but we've been really clear that we've put our best offer out there in terms of the DHBs and the funding that the Government put out. The Government has taken a decision in this process to put forward an extra quarter of a billion dollars, nearly doubling the deal, in order to put forward this best offer. So, you know, people have to know that that's the money that's available, and that's the situation we're in.

Media: Do you take responsibility for fuelling that hope—that sort of unrealistic hope?

Hon David Clark: Look, no I don't. I believe that everybody wants the nurses to be paid well, and people across the public sector to be paid well. But we've sent a clear signal that we've had to make sure—and the DHBs had to make sure—that contingency planning is advanced if the nurses would vote against this offer.

Media: Given that you've said this is probably one of the best offers—well, the best offer they've had in a decade, and you expressed disappointment that it hasn't been accepted, do you feel that the unions have met DHBs and the Government half way on this?

Hon David Clark: I'm disappointed but I'm hopeful a little bit given that both sides have said they want to look at whether strike action can be avoided, and I want to thank both sides for being willing to continue to look for ways to avoid strike action. Nobody wants strike action. It will mean disruption of services if we find ourselves in that position, and if there is a way through, we'd like to know what it is.

Media: In terms of the offer, is this the final one? Is that what you're saying? There's no more.

Hon David Clark: Yes, we have a fiscal limit and we've put out there the money that we feel we can put out there.

Media: Do you think the unions are having a bit of a go because they were expecting a union friendly Labour-led Government?

Hon David Clark: I think this is the best offer we could put out there. We put an extra quarter of a billion in beyond the original offer, which was already more generous than the average offer under the previous Government. As I say, I'm disappointed but I'm hopeful that a way through can be found.

Media: So given this is the best offer from the Government and nurses aren't happy with it, do you think a strike is now inevitable?

Hon David Clark: I'm hopeful that the parties can get around the table. We're open to looking at different ways of structuring the deal. If the nurses speak with their membership and find that they would like to prioritise this funding differently—obviously we want to make sure that our safety concerns are addressed, and we've said that explicitly. But if the nurses think there's another way of structuring this, then we're open to hearing that.

Media: How confident are you that you could reach a structure? I know you're hopeful, but how confident?

Hon David Clark: Look, I'm hopeful. It's the DHBs and the nurses who have to do the negotiation. So I trust that they will work together. They've both put out statements saying that they want to work together to try and find a way through it.

Media: What are the fiscal limits you're talking about here—the funding limits?

Hon David Clark: Of course, this settlement is dependent upon the money that we've set aside for the nurses. Beyond that, of course, there are other settlements that are still to come that will in some ways look to what's happening here. They're separate and we've also tried to draw the distinction by saying that actually the nurses are in a unique situation where they don't have steps and one of the things that the DHB offer did was go beyond the independent panel's offer in spelling out what those steps would be and when those nurses could hope to be better off. Of course, there is always fiscal limits and Governments still have to balance the books and meet the Budget responsibility rules—to your question.

Media: Why are you saying you can't afford it when you've got a Budget surplus of \$3.5 billion and an extremely low net debt?

Hon David Clark: Again, probably a question for the Minister of Finance, but the fact of the matter is we've committed to governing responsibly, to meeting the Budget responsibility rules that we've signed up to, to reducing debt over time, and also to making sure that we are more fairly remunerating people over time.

Deputy PM: Look, I think that we've covered the subject as comprehensively as we can possibly do it with Mr Clark here. Any other questions? Thank you, Mr Clark.

Media: On Pike River, the police have reopened their investigation. Are you pleased with that?

Deputy PM: They never closed their investigation. It means now, with the possibility of entry, they can complete it.

Media: Do you think there'll be some sort of prosecution out of this?

Deputy PM: Well, look, before you prosecute people, you've got to find some evidence. From there, hopefully, it can be determined either way with access to the entry.

Media: What are you expecting to find down the mine?

Deputy PM: Substantial evidence, as much as can be gleaned, of what exactly happened, and when it happened.

Media: Anything in particular—are you still—

Deputy PM: No, look, look, this is just now speculating on what neither you or I or anybody else, including the experts, could possibly prognosticate this far out.

Media: Is your offer to be first down the mine still on the table?

Deputy PM: Yes.

Media: Have you talked to anyone in the Pike River Recovery Agency about being the first one into the mine?

Deputy PM: I wanted you to know very clearly that I made that statement a long time ago, a long time before anybody wanted to enter the mine, because I do have an experience of mining, of working underground—in fact, 11 miles through under the ground. So it's nothing new in terms of danger.

Media: Would it be responsible, though, for you, Mr Peters, to be the first one in?

Deputy PM: Well, what's wrong with that? If that's your major issue on 18 June 2018, well, I'm happy to answer it. Or maybe it's because you care about me; I don't know. But let me just say, I want to keep my promise.

Media: You've made your offer. Has anybody indicated that they'd like to take you up on it?

Deputy PM: They possibly will, yes. I don't know—not at this point in time, no. I just want to say—my point, Mr Soper, is that the fences being put up by the previous Government were without any validity whatsoever. That's why I made the statement—because I believe it to be true, and people like Forster, who has a marvellous background, probably the most experienced person at the time, also agree.

Media: Mr Peters, do you believe that the Prime Minister should be handing over the Acting Prime Minister role to you now while she's unable to attend Cabinet and things here in Wellington.

Deputy PM: No.

Media: Can you walk us through the process of how you will find out and how you will be notified of—

Deputy PM: I think the Prime Minister's already walked you through the process countless times. I'm just picking up the ends of the process, and things will come to fruition in possibly a matter of days' time.

Media: And what's the process that you will find out—will you receive a text message or how will that information flow happen?

Deputy PM: Well, if you want to know, possibly it could be five variations of how I get told and either one of them will work, and then we'll be in the process that the Prime Minister has said would begin, with me being the Acting Prime Minister.

Media: What are the five variations?

Deputy PM: Pardon?

Media: What are the five variations?

Deputy PM: I knew you'd ask that. Ha, ha! One is one of the media people rings me and says it happening, as they already have, and I've told them they're wrong. Or I get a phone call from the Prime Minister—that's number two—number three's a text, number four my chief of staff tells me, and number five her chief of staff tells me. Maybe there's 10 variations—but I'm giving you the five. Is that adequate for you?

Media: As Acting Prime Minister, will you get rid of post-Cabinet press conferences?

Deputy PM: You know, I never said I would; I said I'd take the advice of my staff, and I have, and I'm here.

Media: But you're not Acting Prime Minister yet, are you?

Deputy PM: Well, you could say it's a bit of a curtain raiser, couldn't you?

Media: Can we return to the comments of Mr Jones about Fonterra last week, and do you endorse his call for Damien O'Connor to include a restructuring of Fonterra in the Dairy Industry Restructuring Act?

Deputy PM: There are a number of aspects to DIRA which Fonterra want, and they want that restructured. They, for example, don't want to be required to supply all and sundry including their export competitors. So there are aspects to that legislation—at least, that proposal—which they want.

Media: Do you favour or support the idea of restructuring Fonterra into more than one company?

Deputy PM: Well, you'll have to wait and see what emerges out of DIRA, but there are a lot of reforms which people in Fonterra want and which a massive percentage of the farmers want.

Media: But the terms of reference for the press statement that O'Connor put out about the DIRA review—it made no mention of restructuring Fonterra into multiple companies?

Deputy PM: That may be the case, and I'm not suggesting that that's what will happen. But it is possible in a thorough review that conclusions emerge which weren't apparent at the time you set the terms of reference. And surely you'd admit to the possibility of that being a sound policy.

Media: Mr Peters, a question on trade—

Deputy PM: Just one thing before we slide past that. We made our comments on Fonterra and its performance a long, long time before the last election. You need to know what the loss was to the New Zealand farming community and, indeed, the taxpayers for those farmers who say we should pull our head in. It's \$1.383 billion, including probably over a hundred million of taxpayers' money trying to sort things out on the wharves and docksides of China. It's a far bigger picture, and I think that we will not become a great First World trading nation at the top of the world, in terms trading nations, until we face some blunt commercial facts.

Media: Do you believe John Wilson should step down?

Deputy PM: Well, I'm not giving you my comment on that. But I do believe in a thing called commercial accountability, as we also believe in political and journalistic accountability.

Media: Do you believe it was appropriate for Shane Jones to call on him to step down?

Deputy PM: Mr Jones made a private comment and surely people are entitled to give their private view at a Chatham House Rules occasion. Minister Jones' mistake was to think that in the Chatham House Rules environment that other people understand—people would actually keep their word.

Media: Well, that's not what happened. He told me after coming out of the House. He specifically said. It wasn't in Chatham House Rules.

Deputy PM: Well, with respect, they'd already spilled from the meeting before he even got out of the meeting.

Media: Not that aspect.

Media: But he's effectively repeated it in the House as the Minister.

Deputy PM: Well, it was a fact by then. It was out in the public domain.

Media: Well, OK. Was it appropriate—

Deputy PM: Did you want him to—so did you want him to deny what he'd said in a Chatham House environment?

Media: Who leaked the Fonterra information?

Deputy PM: Pardon?

Media: Mr Jones volunteered the information about what he said about Fonterra. I don't believe anyone had said that until he said it.

Deputy PM: No, no. I knew that there was a leak from there because I was coming in straight after Shane Jones. I knew there'd been a leak before I even got there.

Media: The leak was about working groups and Mr Jones' comments about whether there were too many working groups. And then media asked afterwards, in two separate situations. After the House and then in Parliament, he repeated those statements, clearly in the role of a Government Minister.

Deputy PM: I know what he said in Parliament; I was there. But I'm talking about the circumstances that led up to that and to the questions being asked in Parliament. But whilst you're on about that, what was the National Party doing about this massive loss to our economy, to farmers, now compounded by a possible \$800 million loss to the economy again,

in turning the farming community into being a safe community? When you have losses like that and there's nothing being said from the so-called party of the farmers, you got to wonder why they're making complaints.

Media: But the question was about whether it was appropriate for a Government Minister to make comment about the future of the board of Fonterra—the chair of the board of Fonterra.

Deputy PM: Look, with respect, we've all got different views about it. Mr Jones said it was his personal view and, for a start, I am not one who wants to shut people down from having a broad discussion about the soundness of future policy.

Media: What do you think of the business confidence survey?

Deputy PM: Well, the business confidence survey is best epitomised by the highest sharemarket we've ever had, and the highest performance that the world is currently having when it comes to a sharemarket is ours. Maybe it's a better barometer than what you might call professional bias.

Media: [*Inaudible*]

Deputy PM: No, I'll just take one of you.

Media: Our exporters have resumed their booming trade with Iran. I wonder what steps the Government is taking to ensure that in November, when President Trump invokes the secondary sanctions on those trading with Iran—what steps is the Government taking to ensure that that \$200 million a year trade doesn't go down the gurgler?

Deputy PM: Well, it's taken all the steps it can take thus far by a client who, through our allies, persuaded the US to stay. They've failed. We've not given up on trying to see whether or not the US can come back in the circumstances, which would resolve this issue. And, other than that, I can only speculate on what else we might do in the meantime.

Media: Well, one thing you could do, potentially, when you're talking to Cecilia Malmström on Thursday, is that the EU has talked about creating an arrangement between the central bank and the central bank of Iran to bypass the swift banking in dollar-denominated trade to ensure that those can continue. Would you be willing to consider that in relation to the Reserve Bank?

Deputy PM: Oh, well, ha! I can't say what we're going to—how we're going to respond to that until it's been put to us by that representative. She may or may not say that, and I think, if it has merit, you'll have to look at the value of that when it happens. But I do know that the European Union's done its best to try and persuade the United States that that's not the right pathway down which they should go.

Media: So we might just lose the \$200 million trade?

Deputy PM: No, no. No, no. No, no. There's no need for you to go into a fit of gloom and doom at this point in time. We've got months to see how we can turn this thing around in the interests of our exporters and the interests of our economy.

Media: When you announced the coalition in October you said, "We in New Zealand First believe that an economic correction or a slowdown is looming, and the first signs are already here." What evidence have you seen of an economic slowdown so far since you've been in Government?

Deputy PM: The weather—the longest and best summer we've had for so long. It might have been good for the holiday-maker, but it wasn't good for the economy. And I think that you may well see—I'm not prospecting that—but you may well see that already in the next emerging quarter that comes out.

Media: So is the issues around the agricultural sector, then?

Deputy PM: Well, no, no, you asked me the first question—was why would I say that, in amongst other things. I think a correction, at the time, was worth me mentioning. But

also, if you want a more immediate and obvious one, it is that there has been an effect to the long, dry summer that most New Zealanders enjoyed.

Media: You said it before summer.

Deputy PM: I know I said it before summer; I gave you the distinction already. I said there was a reason why I thought that, but if you want to know a more immediate reason, I just said it is the summer quarter, which will be measured by April, in the next emerging figures.

Media: Do you think because of this long, dry summer, the GDP figures coming out later this week are going to be a little bit downbeat because of that?

Deputy PM: No, I said they possibly may be.

Media: How much contact have you had with the Prime Minister today?

Deputy PM: Today—I've had two phone calls with her today.

Media: Was she—

Deputy PM: Was she happy? Yes, she was. Thank you very much. I'm not going to come down here to a press conference and start talking about a private conversation I had with the Prime Minister. Do you mind?

Media: I'm not asking you about the conversation, Mr Peters. I'm trying to ask: did she attend the Cabinet meeting via telephone?

Deputy PM: Well, you can't attend by telephone.

Media: Is that because the teleconferencing facilities don't work in the Cabinet room?

Deputy PM: You know, when confidentiality is to the extent that you have to leave your phone outside, perhaps teleconferencing is not the best idea. Otherwise it'll sooner or later be not just the Prime Minister; it'll be other absent Ministers, and then probably other absent Ministers' families and the whole thing will not be what it should be.

Media: But the Prime Minister wasn't in the Cabinet meeting, and you weren't Acting Prime Minister?

Deputy PM: The Prime Minister was in Auckland today.

Media: Did you talk to her beforehand about how it worked in this situation?

Deputy PM: No, no. I talked to her about different matters.

Media: So how does it work with when you're chairing it and you're not? Can you just do that as Deputy Prime Minister? Is that normal?

Deputy PM: Well, it's not the first time; I was doing it 22 years ago—chairing Cabinet meetings.

Media: What has the Government reaction been to Bridges' offer to develop a bipartisan policy on climate change, and what areas for compromise do you see between the Government and National?

Deputy PM: Well, actually, I observed that programme on the weekend, and I wasn't quite sure what, with respect, Mr Bridges was saying, but all I can say is that this Government has been working on serious climate change policy which we hope to have a buy-in much, much wider than the coalition and the Green Party at this point in time, and we'd welcome the input of every political party and, in fact, every organisation. We see it as an issue that's got to be above politics if we are going to realise just how serious the issue is.

Media: Mr Peters, was today the first time there was a Cabinet meeting held that there wasn't an Acting Prime Minister or a Prime Minister present to chair?

Deputy PM: Well, the answer is I don't know if it's the first time or it's the 50th time, but today that's exactly what happened. The Prime Minister wasn't there. There was no Acting Prime Minister. The Deputy Prime Minister chaired the Cabinet meeting.

Media: That was unusual, you would say?

Deputy PM: No. It was happening decades ago.

Media: Have you had any briefings from Peter Hughes since you launched legal action against him?

Deputy PM: Me?

Media: Yes.

Deputy PM: No. My staff? Yes.

Media: Is that how it will work?

Deputy PM: That's how it's working. It's working like a charm.

Media: Does the Government have confidence in the no-surprises policy and how it functions at present?

Deputy PM: Well, the first thing I noticed from the media comment is a general misunderstanding of what the no-surprises policy is. It's got to be a surprise for it to be no-surprises policy. It can't be malicious gossip. That's not a no-surprises policy. So I'd invite you to understand what the concept means and the reason why it was set up in the first place.

Media: So you do think it's being misused at present by some—

Deputy PM: Well, you take a wild guess. I can't say much more because it would offend the sub judice rule.

Media: Is the Government looking at reform in the area, though? Not looking at any specific cases but are you—is the Government—

Deputy PM: Well, right now, I think everybody's looking at one specific case.

Media: If you win that case, will you keep the cash?

Deputy PM: With respect, again, one of you people talked about me being paid by the taxpayer to bring this case. That kind of journalistic laziness is really intolerable given the number of cases I have financed over the years myself, and it's cost a fortune. But I'm not here to say other than that. I'm doing it because it has to be done in the interests of a sound democracy.

Media: Is that a yes?

Deputy PM: And if Nicky Hager can rightly get, in the end, after many years, some justice at court, then I applaud him and do not think he did it for anything other than the quality of the society that he hopes to live in. Thank you very much.

Media: Mr Peters, Cecilia Malmström—

Deputy PM: A very nice person, yes.

Media: Mr Peters, why did you consider getting rid of the post-Cabinet press conference?

Deputy PM: Look, I've answered all those questions. I'll see you next time.

Media: Why did you want to scrap it?

Deputy PM: I did not want to scrap it. Never said so in the first place. This is my last answer. I'm answering up there, not over here like your style, and I said that I'd take the advice of my staff and they've given it to me. And that's why I'm here.

conclusion of press conference