

POST-CABINET PRESS CONFERENCE: MONDAY, 25 JUNE 2018

Acting PM: Good afternoon, and thank you for your patience. Because of circumstances, you'll realise that Cabinet started late today. It was to allow Ministers to attend the tangi for Koro Wētere in Tūrangawaewae this morning, and it was fitting that we had such a representation in terms of numbers at that marae. Koro Wētere was a member of Parliament from '69 until 1996—that's a term of 27 years. In that time, he served as Crown Minister for Lands and for Māori Affairs. He was a man of integrity who could represent the interests of his people and at the same time span all sides of the House with his sincerity and his humour.

As for the week ahead, I'll be attending Parliament's question time on Tuesday, Wednesday, and Thursday. On Friday, we're travelling to Dunedin to deliver a foreign policy speech to the Otago University Foreign Policy School and also to deliver a speech to the Chamber of Commerce in Dunedin, and during the week the Ministers will make announcements related to their portfolios. Tomorrow, the Minister for Social Development will make an announcement on a portal to help access to the Families Package, and on Wednesday, the immigration Minister has a skills-related announcement.

Any questions?

Media: Mr Peters, dozens of public servants have signalled they will be striking. From the IRD they say it's partly because of the implementation of the Best Start payment. They say they're not resourced well enough to implement that. Did you think about that as a Government when you introduced that policy?

Acting PM: We most certainly did, and the fact that the technology has been worked on by us suggests that we were aware of it. The speed of getting it to the position that it needs to be by payments of the 7th of July is also being—how should I say?—worked on in terms of any difficulties by manual preparations, which the department is fully aware of.

Media: Perhaps that's why they're striking, because they have to do so much manual work?

Acting PM: Well, you know, sometimes we just have to make a stretch when the environment in which you're operating and which you've inherited is not ready, and in this case whatever exigencies are required, the Government is attending to with the greatest speed it can.

Media: Did they choose to go too early with the package without having the infrastructure in place?

Acting PM: Beg your pardon?

Media: Did you choose to go too early launching the package without the infrastructure properly in place?

Acting PM: Well, you can't start too early in getting your payment system modernised.

Media: Big picture, are you concerned about the number of potential strikes that the Government could be facing?

Acting PM: Well, no we're not, because if you look at past periods in our history, there were, you know, over 560,000 days being lost during that time compared to a very low base now, and as we try and sort out some of the massive areas of commissions and payments deficits that people have received, we contemplate it'll take some time. We're not unsympathetic to demands being made upon us. We just want those people who are making those demands to understand we can't fix everything up in the space of—in terms of getting ready for a Budget—six months.

Media: So why do you think all these sectors are striking now?

Acting PM: Well, we don't know that they're all striking now. For example, there are ongoing talks which may lead to there not being a strike, and we take the optimistic point of view that if we can resolve these matters we'll do that.

Media: If the Government's using the argument that you can't fix everything in one year, do you accept the workers' argument that their budgets are stretched as well, and that's why they need a pay rise?

Acting PM: Well, we have a Government that has an empathy with workers, whether they be business workers, whether they be businessmen and women, or they be people in all sorts of jobs. We have a real empathy, and that's why we've sought to change the minimum wage in this country opposed by the previous Government. It's why we have a track record in a number of areas, which we will be able to call upon in terms of our performance. But logistically and fiscally, we just can't do it overnight.

Media: There's been a lot of focus on the lower socio-economic end—the ones at the bottom that are missing out. What about the stretched middle?

Acting PM: Well, that's the thing. The Families Package and other initiatives that we are bringing in go right to the middle families who are quite hard up and who you might call middle class or middle income. So we do understand.

Media: Do you believe that public sector wages have fallen behind private sector wages?

Acting PM: Yes.

Media: Do you have—

Acting PM: There used to be, of course, a reason for that. It was job certainty. Today, we've got to re-examine that correlation. But if you're looking at it, yes I do.

Media: Do you have a picture of by how much you think they've fallen behind?

Acting PM: No, I can't give you that equation.

Media: Do you have an update, Mr Peters, on the nurses' negotiations with the DHBs? They met on Friday for mediation. Did you get an update from them?

Acting PM: Well, they're ongoing negotiations. I can't comment on those, but they seriously are ongoing.

Media: How hopeful are you that a resolution will be met before the 5th of July?

Acting PM: Well, I think everybody—and I hope the mass majority of nurses are hopeful that we get to a resolution before that time as well.

Media: Do you think so many sectors are choosing to look at strike action because you are a more empathetic Government than the one over the past nine years?

Acting PM: Well, I'm no sociologist, or psychologist for that matter. I'll leave it to you guys. But the reality is I'm not as pessimistic about that happening. I suppose you tend to, though, go to a bus stop where a bus does come by, and, therefore, they're making requests to us, not like the previous Government, where you could go to the bus stop and it would never turn up at all.

Media: Is there a sense in the Government that perhaps some of these unions are being opportunistic, then?

Acting PM: No, I wouldn't accuse them of that. People have been hard up against it. We campaigned on that. And we said it's crept seriously into the middle income, and that's why there needs to be a change in this country's economy, its direction, and its wealth creation, and its wealth sharing. So, no, we're not unsympathetic to them and we don't think they're opportunistic.

Media: Going to the bus stop where the bus stops come past.

Acting PM: The analogy is that if you're likely to be heard, then you're likely to make a request. If you're running into a tin ear, there's a good chance you will not make a demand, and that's what they were doing in the past 9 years.

Media: The fact that they're striking, does that mean they're not getting through to you?

Acting PM: No, I'm not saying that at all. My hope is that there will not be strikes. But we're working our way through it and I can't say any more than that. But we are not in charge of negotiations. We're in charge of finding the funding of areas in our economy which were seriously underfunded.

Media: So are you pleased to see these sectors taking a stand and asking for more pay because they deserve it?

Acting PM: Beg your pardon?

Media: Are you pleased to see these sectors and these unions taking a stand and asking for more pay because they deserve it?

Acting PM: Well, no Cabinet Minister's here to talk about their pleasures or dislikes. Our job is to serve the country and to serve it as a fair Government and as fair Ministers.

Media: Have you had any advice that the Best Start payments might not be able to be processed on time?

Acting PM: I've had advice that they're going flat to the boards to ensure that it's operative and occurring by 7th of July.

Media: So it will happen despite the claims that they're not able to—that they're under pressure on that?

Acting PM: My answer is that they're working flat out to ensure it can happen by that date.

Media: They're concerned because the IRD is shedding staff because of its Transformation Project. Are you concerned that the IRD doesn't have the numbers to actually implement this programme properly?

Acting PM: I can't give you a definitive analysis on that at this point in time.

Media: Just on the national health targets, the Government's quietly shelved the national health targets and also they haven't reported since September the results of the national patient flow project, which means the measure of unmet surgical need. That follows, obviously, the abolition of the Better Public Services targets. Is this sort of a move to not be measured publicly on a range of things? What are the reasons for [*Inaudible*]

Acting PM: Well, a desire not to be measured would be a flight from reality, and it would be awful public policy. But I suggest you ask my colleague David Clark what his plans are in that area.

Media: Acting Prime Minister, did you have a chance to hear Simon Bridges on Radio Hauraki on Friday morning?

Acting PM: No. I've heard a lot of comment about it but I haven't heard a tape or read a transcript.

Media: So do you have anything to comment on on the Radio Hauraki interview?

Acting PM: No, because I didn't hear it. If I had a transcript or if I'd had heard the tape, perhaps I could give you a comment. But I was rather busy so I haven't heard it, and in all the media comment, no one actually repeated it. So that somewhat infers it might have been pretty awful.

Media: No one repeated what he said?

Acting PM: None of the media comment that I heard referring to that Hauraki discussion actually repeated what Simon Bridges said. And I infer from that that it was pretty bad.

Media: Mr Peters, what was said—the hosts suggested that maybe the baby should be gender fluid because of the politics of her parents. Mr Bridges said that maybe she should be going to school in boys' clothes when she's old enough.

Acting PM: Well, I think a Latinism would be, that's a *res ipsa loquitur* situation—the thing speaks for itself.

Media: Can you elaborate on your views on that?

Acting PM: Well, when someone makes a fool of himself, do I want to elaborate my views? I think the thing speaks for itself. I'll leave it to you to come to a summation on it.

Media: He also called the Prime Minister and Clarke Gayford “pinkos” and said that people get funny ideas when they go to university.

Acting PM: Well. Ha, ha! Separate it from the conversation on Radio Hauraki—yeah, I've seen examples of people getting funny ideas when they get to university. They get to be snobbish, arrogant. A lot of them go into the written sort of professions—present company excepted.

Media: Mr Peters, did you go to university?

Acting PM: Yes, I did. Ha, ha!

Media: The British Government is looking at banning the sale of energy drinks of under-16s. Given the high sugar content, caffeine content, and our childhood obesity rates, would we look at doing the same thing?

Acting PM: I can't say that the Government is going to do the same thing at this point in time. Are we aware of the concerns about obesity? Yes. It's a tsunami coming down the track for our health system in terms of costs, and we need education and some seriously positive measures, particularly in the Māori, Polynesian, and other parts of the country's population dichotomy—to set out to do something about it. But we haven't got the answers at this point in time.

Media: Do you think energy drinks are dangerous to young people?

Acting PM: Beg your pardon?

Media: Do you think energy drinks are dangerous to young people?

Acting PM: Well I think you're making a mistake calling them “energy drinks” for a start.

Media: What would you call them?

Acting PM: Well, it's usually a highly sugared drink with a few pretend vitamins that do well in the market for people who don't know any better.

Media: Do you think those highly sugared drinks are dangerous for young people?

Acting PM: Yeah, I do.

Media: Got business confidence numbers coming up this week, and they take into account the Budget from last month as well. Are you expecting any pick-up in business confidence levels?

Acting PM: Being realistic? No, because there's a certain commentariat line out there which suggests the Government, where it involves Labour and New Zealand First with the Greens as a back-up partner, are not to be relied upon in running the economy. But we'll turn that around, and we already have, in my view, by what is a very sound Budget surplus and forward projections in very difficult times whilst addressing huge areas of deficit that haven't been addressed in the last nine years.

I've seen this in this country and other countries before, but we are going to work our way through it and gain their confidence, and as I point out to the business community all over this country, there is more money awash in this economy this year than they've ever seen before, and if you can't make some of it, maybe the first place to look is in the mirror.

Media: But you're not expecting any changes for the numbers when they come out on Wednesday?

Acting PM: Well, I'll just await the numbers. Unlike you, I cannot presage the future.

Media: What would you say to those who argue that low business confidence is feeding into slowing GDP growth? GDP numbers out last week show that—

Acting PM: Well, I'm sure that people like you will point out that that's not accurate, because the lower GDP numbers have been there for the last three quarters, two of which this Government cannot possibly be responsible for.

Media: The GDP numbers also show that agriculture was one of the grey areas in the economy. You said a couple of weeks ago, I think, that the long, dry summer was responsible for knocking a bit of growth off the economy. Do you stand corrected?

Acting PM: Well, if you have a look at the dairy industry results after the long, long summer, are they up or down in terms of volume? That's what I base that on, and I come from and live in the countryside.

Media: We read in the paper a few days ago that the new Chinese owner of the Kawakawa Station out in the Wairarapa is refusing to allow public access to a number of DOC huts, despite the conditions to the sale of the station to this man stipulating he needed to maintain the public access. What do you make of the fact that this person is blocking off access to these DOC huts?

Acting PM: I don't know the particulars of that case other than to say that stipulations and conditions and agreements that are made in applications to the Overseas Investment Office henceforth will be kept. And that would be my response to that owner.

Media: So if someone was breaking the rules and the OIO could force them to sell the property, they would be forced to sell the property?

Acting PM: Well, we've known for years that that's what the OIO was planning to do, excepting they were putting no resource into doing it. Here on, they'll be putting the resources in and doing what they have told the New Zealand taxpayers they would do as a responsible office.

Media: Could I just ask about prefab housing? The housing Minister said he wants to use it quite significantly for KiwiBuild. Prefab housing costs about half as what it costs to build a New Zealand home, but the housing Minister is saying it won't make KiwiBuild homes any cheaper. How does that work?

Acting PM: Well, you've asked him, haven't you?

Media: I'm just asking you. Does that add up, to you?

Acting PM: The experience, if you—it depends what prefab housing and what numbers you're getting. But they should be, in the end—and I'm sure Mr Twyford agrees with that—they should be, in the end, much cheaper, in real terms, than they are now.

Media: So he's wrong?

Acting PM: No, it depends what year—what time in the process you're talking about. Overnight, I would not expect that, but in time, as they're established and as greater competition comes in, you'd expect them to be down seriously. And, as you'll know, we're sadly in a situation where our house costs are possibly 35 percent higher than Australia's, and we should've spent a lot more time a lot sooner—a long way back—finding out why that was and seeking to readdress it.

Media: How much cheaper do you think they should be? Or will be?

Acting PM: We look forward to the day, one time in the future, when a young couple can prospect no higher than five times their annual income—and that'll be high against historical highs—to look to buy their first home. That would still be high in terms of past years of dramatic high performance by New Zealand Governments, but not of late.

Media: Do you have a target in mind as to when you'd like to reach that goal—that five times annual income?

Acting PM: I don't say we'll get there in the first term and not necessarily in the second term, but we will get there with these policies.

Media: Given your foreign policy speech later this week, I noticed that in July there's a fairly crucial NATO meeting coming up, which may come under US pressure—where the Europeans may come under US pressure to increase their defence spending. I just wondered, can you tell me whether New Zealand still regards the current form of NATO as being in our essential interests?

Acting PM: Yes.

Media: Now, given the current trade wars that are, sort of, raging around the periphery of such meetings between our traditional allies, do you have a—does New Zealand have a role in either side of that encounter?

Acting PM: Well, look, we're a small country way out here in the southern hemisphere. Do we have an interest? Most certainly so. Do we have an influence at that level? Not as much as we'd like. In the surrounding fundamentals, we believe in a rules-based system, and that goes to where trade is concerned, obviously, in all aspects of international life.

We will do our best to make our representations, but I wouldn't think that we would have, in that specific debate—as to what they contribute to NATO as NATO members, we would not have influence on that, other than we are wrestling with our own situation where defence—

Media: We wouldn't want to rankle over defence spending to upset the current alliance—is that what you're saying?

Acting PM: That's what I think, yes.

Media: Also this week, the Reserve Bank is going to be adjusting—or they're going to be doing their OCR announcements and a few bank economists have pushed back their estimates of when the OCR is going to be risen. I just want to get your take on when you think or if you think the Reserve Bank should increase its official cash rate?

Acting PM: I'm not the Minister of Finance, first—not any time soon.

Media: What do you mean by not any time soon? Are you talking a year, two years—

Acting PM: No, no, no—any time soon. There's quarterly considerations, and I do not think it's presently on the radar screen of the Reserve Bank, but I could be wrong.

Media: Can I just ask you about housing again, Mr Peters. You want five times the annual income. Do you think house prices need to fall? Do they need to drop off?

Acting PM: If you're asking the question is our long-term objective to ensure first-home buyer couples can obtain their first home in a way that's affordable without serious desperation, which I'm seeing today, paying 65 percent of their weekly wage just to secure the mortgage, the rates, and the insurance—this is so stressful. It must be having an effect on society. If you ask me do I want to see us dramatically improve that, yes, I do. Am I going to answer your question? No, I'm not that naive.

Media: So how are you going to achieve—

Acting PM: So you can run off and say Mr Peters says house prices should fall. Look, please give us a bit of credit. We didn't come in in the last shower. But I'm giving you my long-term aspiration.

Media: So incomes will increase significantly?

Acting PM: Well, they are going to increase significantly, and so they should.

Media: To within a fifth of median house prices?

Acting PM: But our job is to ensure that business profits increase as well. So we understand that we can improve business outcomes, they are better able to handle better a wage outcome for their workers and we'll all be better off. Now, one more question, because, sorry, I've got to go.

Media: In terms of that, then, are you going to be recommending to MBIE and IRD and the Ministry of Education and DHBs to accept the union's offers and raise their pay, given you want to see wages increase so that people can afford homes and the like?

Acting PM: That's a pretty contorted question. Could you rephrase that again, because I'm not going to answer it the way you've put it.

Media: Are you going to be recommending at all to MBIE and IRD and similar that wages need to increase and that they should be better considering union requests?

Acting PM: No. I'm not going to leave off this job to go and recommend to the unions what they should do.

Media: Will Government be talking to MBIE and IRD about the strike action?

Acting PM: Well, the automatic response will be to ensure that we don't get strike action before we have even negotiations. That's what you're reporting. Thank you very much. See you next week.

conclusion of press conference