

POST-CABINET PRESS CONFERENCE: MONDAY, 15 OCTOBER 2018

PM: Good afternoon, everyone. Let me first give you an overview of the busy week ahead for the Government. Tonight, I will be presenting the Prime Minister's Awards for Literary Achievement at Premier House. On Tuesday, we will be starting the second reading on the Commerce Amendment Bill, and I'll say more on that in a moment, and Minister Parker will be delivering a speech tomorrow setting phase two of our review of the Overseas Investment Act. On Wednesday, Minister Sage will be setting out our next steps in the fight against kauri dieback. On Thursday, I will be speaking to the Lower Hutt Chamber of Commerce on the Government's economic plan, and will be visiting a local business. On Friday, I will be visiting North Shore Hospital to make an announcement with Minister Clark, and on Saturday, I will be opening the Auckland Diwali Festival.

Look, as you know, the Government is concerned around some of the issues we have seen recently in the fuel market. It is clear to me and a huge number of New Zealanders that the increases of around—as I quoted last week—40c to our fuel prices over the last year, through to 28 September, need to be investigated. It doesn't make sense to me that in 2008 we had one of the lowest pre-tax costs in the OECD, and as at the start of 2018, we have the highest. If you look at our petrol taxes, they are the sixth lowest in the OECD, including the 3.5c in excise. When you add the Auckland regional fuel tax, Auckland's are still the 10th lowest in the OECD.

We need our legislation to have the power to compel fuel companies and any industry ramping up prices in this way—if indeed there are issues we should be concerned about—to provide information to the Commerce Commission so we're able to understand what is going on. That is why we are prioritising the passing of the Commerce Amendment Bill through second reading in the House this week. This bill will create the ability to undertake market studies.

The last Government tried to start this work but got nowhere. All the while, there was an increase in importer profit margins and, all the while, increasing excise by 17c. Today, I am calling on the Opposition to support the second reading through the House. They opposed the first reading, but, in my mind, they need to have a rethink. Do they think the increases of 40c in a year to a litre of petrol warrants investigation or not? If they do, then they need to support this bill in second reading.

My expectation is that the bill will complete all stages by next week, and if we get cross-party support it will send a very strong message that we're serious about these issues in New Zealand.

All right—happy to take questions.

Media: What do you make of the results of the inquiry out today?

PM: Look, I maintain what I maintained from the very beginning—that this is an issue for the National Party and it's an issue that they need to manage. I'm going to get on with running and leading the Government.

Media: If one of your MPs was found to have taped a conversation with you and then threatened to release it on Twitter, would that be a kicking out of caucus kind of offence?

PM: These are, thankfully, hypotheticals I've never had to deal with, and nor do I anticipate having to deal with. How the Leader of the Opposition chooses to deal with that is a matter for him.

Media: Do you think there's any irony in the fact that Simon Bridges could be the first leader who could take advantage of the waka-jumping legislation?

PM: That also would be a matter for the National Party. Obviously, they may well see some of the rationale for the arguments we were making for the legislation at this point, but, again, that is a matter for them: whether they choose to utilise that legislation or not.

Media: Is Bridges' leadership being undermined?

PM: Again, any judgments around the leadership of the National Party, I think, ultimately sits with them and their caucus.

Media: You've seen some internal ructions yourself over your time in Parliament.

PM: Thank you for bringing that up!

Media: Do you have any advice for Simon or for other National MPs on getting through these kinds of fights?

PM: No. In fact, that is the very reason that I will not be giving advice.

Media: You had your own investigation into the leak of the Meka Whaitiri report.

PM: Just to correct that: no, I wouldn't call that our own investigation. That was initiated by the Department of Internal Affairs. It was something that they determined they wanted to undertake, and we've left them to do that, and, obviously, fully cooperating with that.

Media: Do you know where that's at; or when do you expect to hear back?

PM: I expect we'll hear back soon, but, again, that's something that DIA are managing.

Media: Have you received any updates on the Saudi journalist who was, according to Turkish authorities, murdered within the Saudi embassy in Ankara?

PM: I have not received anything in addition to what has been seen in public reporting. My understanding is that MFAT will be meeting with the Saudi representative here in New Zealand in the very near future. We have raised on an ongoing basis—as we do with any nation where we see human rights issues—we have raised on an ongoing basis human rights issues with the Saudi Government and their representatives, and we'll continue to do so. We share the absolute concern of the international community over what is alleged to have happened, calling on those involved to fully participate in investigations to shed light on indeed what has happened.

Media: The Turkish authorities say they have shown the US, patently, video and audio footage of this happening.

PM: Yes.

Media: Has that been shared to New Zealand as well?

PM: Yeah—you'll know that I don't make a habit of commenting on intelligence that we're provided with, but I think it's fair to say that at the moment what I've seen is just simply what's been in the public domain.

Media: National's opposition to the Commerce Act changes is based on the fact that their initial proposals were that the Minister should be the only person who could initiate a market study. Your proposals are that the Commerce Commission and the Minister—

PM: Yes.

Media: —are both to have that authority. To get that cross-party support, would you be willing to perhaps change it to be more what they supported—or are you telling them to get on board with your proposal?

PM: Oh, look, I mean, I would want to hear a rationale that stacks up around why we wouldn't want both entities being able to undertake market studies. To date, I haven't seen a rationale as to why we should change our position on that.

Media: Would you look at more funding for the Commerce Commission? Obviously, there's limited funding to do these market studies. You've made a strong case, I suppose, for why we need them. Yet, with this limited funding, there will only be, you know, one every year or so, right? Would you be looking to increase the funding to allow more to happen than currently.

PM: Yeah—I haven't seen any evidence to date that we are missing out on undertaking work that we would otherwise undertake by adding this additional way of instigating those market studies. So, look, that's obviously something that we monitor whenever we change the rules in this way, but at the moment it's about making sure that we have that power available and then seeing whether or not there's that knock-on effect or whether that's—

Media: In the context of your climate change policy, why are you so worried about higher petrol prices? Surely that makes perfect sense.

PM: We've constantly argued the need for a just transition—that we don't want these transitions to be jarring on, particularly, jobs and our lower-income communities. This kind of accelerated increase is not an eased transition. We also know that we have work to do to provide alternative transport mechanisms, and that was the reason that we are investing so heavily in public transport options so that there are other ways that commuters can make their way around, for instance, our largest city. Those alternatives are not there yet, and that's where the investment we're making will really be important. But, till then, there are people who will continue to need to rely on vehicles who don't have alternatives available to them. We want that not to be the case, of course.

Media: How many of these market studies do you envision seeing every year? Business NZ say, basically, it's a lot of work for a business to go through—they have to provide all this documentation; it takes away a lot of opportunity cost.

PM: I expect it to be used prudently. I don't have those numbers in front of me. The Minister, I'm sure, would have considered that when they prepared, for instance, the regulatory impact statement, but I don't have those figures in front of me.

Media: Is it worth bolstering the budget of the Commerce Commission, given the fact that there has been an increased interest in having them explore different sectors within the economy?

PM: That's been suggested. The only one at this point that we are firmly saying—at least, I'll be nominating—will be the fuel industry.

Media: But is it worth giving them more money when it comes round to the Budget so they'll be able to take on more studies, because if Ministers start nominating them, it's going to be—I mean, as I understand it—

PM: Yeah, and we'd expect it to be used prudently. At this point, our focus is on the fact that we're nominating the fuel industry. We haven't gone beyond that yet, and anything beyond that would be a hypothetical.

Media: The Greens have said supermarkets should be next up. What do you make of that?

PM: Again, it is a process that the Minister is statutorily required to go through to make sure that we are using this legislative power prudently and wisely, and I'm going to leave him to go through that process.

Media: There's definitely a duopoly in New Zealand supermarkets and there's definitely lower prices in Australia, where the duopoly's been somewhat broken up by their agency; does that not, basically, make a case—

PM: And, again, any other study would need to go through a statutory process in order for it to be considered.

Media: What's your reaction to the NZTA issues that have emerged today?

PM: Yeah, you know, the fact that there is both that combination of a large number of files that were not followed up on but at the same time we've seen pressure put on staff and a reduction in those working in the compliance space. You can see exactly what has happened here and why it has happened. Our focus is on fixing it.

Media: If oil prices shoot up due to international tensions over Saudi Arabia, will you take action to mitigate cost?

PM: Yeah, and this is something that I answered last week. I cannot guarantee to consumers that that would not just be consumed by fuel companies. And yet, everything that comes in by excise, that is going directly to funding those transport alternatives to making sure that we've got the road safety improvements that we need and the investment in regional roading. That's not what happens to profit fuel companies.

Media: Last week, you said that there'd been a 6.8c increase on tax on petrol—

PM: Up until the end of September.

Media: Did that number include the excise tax in the Auckland regional fuel tax?

PM: Clearly not. As I said, it was up until the end of September, and I clearly stipulated that when I gave those figures.

Media: Was that a little bit misleading, perhaps, to not include those figures in that, or at least to have some sort of mission to say that's not—

PM: No, that's why I was explicit about the date that I was using. It was the most up-to-date figures that I had from MBIE, and those were the numbers that I shared.

Media: Why was the Auckland regional fuel price not included in there?

PM: Yeah, and that's a question we've asked of MBIE. It's all about the way that they're undertaking their modelling. They are working on modelling that will be able to factor in, as I understand, that regional fuel tax. Interestingly, what they also include in the modelling that I provided to you is discounting. They incorporate assumptions that consumers will access either fuel cards or discount coupons. The numbers that I provided to you included discounting of—I'm told—14.5c. So if you factor that in as well, then that creates some interesting reading. But, as I say, as I understand, MBIE are doing some work on the way they model those fuel prices.

Just on that, you know, some might claim I've become slightly obsessive. I've spent a bit of time looking at the price difference; even in my area over the weekend, at the pump—a variation as much as 12c, just in the outer edges of one suburb. There is an increasing use of discounting by fuel retailers, and yet some of those require a minimum spend. Now, there'll be a group of consumers who will not reach that minimum spend because of the restrictions on their income. So there are a lot of tools and devices that are now used in marketing that will be having a disproportionate effect on consumers. So I will be very interested to see what role that is playing, and it's something, I hope, that a market study would look at.

Media: In the electricity sector, Meridian Energy has pulled down its, ah—

PM: Prompt payment.

Media: —prompt payment discount. Mercury and Genesis, however, are saying that that's a mistake and that they will continue to use that effort. What's your view about that?

PM: I think removing the prompt payment was the right thing to do.

Media: If there was a by-election in Botany, do you think Labour could win?

PM: Ah, we've, interestingly, been in that position with Botany before. Obviously, it's a very, very tough seat, but we treat every by-election—if, indeed, we face one—in exactly

the same way. We put in a huge amount of effort and energy, because we think all voters deserve to have choice. Again, that's obviously a hypothetical.

Media: Do you believe Jami-Lee Ross is fit to be in Parliament?

PM: That is not a question for me; that is a question for his party.

Media: Prime Minister, when you met with the Foreign Minister of Japan this morning, did he mention his concern with debt levels in the Pacific?

PM: Oh, we had a very general conversation. As you know, my call was only scheduled to be 15 minutes, and that conversation I would characterise as being very, um, general. We talked about, you know, New Zealand's Pacific re-set. That's, obviously, something that we've been talking about regionally and is obviously of interest to those in the region.

Media: Did you discuss the murmurings about China wanting in on the CPTPP?

PM: Ah, no, we talked about CPTPP coming into force and our expectations around ratification. Interestingly, obviously, it's something we'll be looking to progress this term but we really kept it confined to our process around ratification.

Media: Would you be open to China joining the CP—C—the trade deal, though?

PM: Ha! I'd say it would be the same that I have said with a number of countries that have expressed an interest. It demonstrates why it was important for New Zealand to be in that agreement. But any other country expressing an interest will need to go through a process.

Media: Winston Peters has said that there's some environmental concerns within China. Is that a concern that you share?

PM: Well, the CPTPP is, of course, labelled "progressive" for the very reason that it tries to lift labour and environmental standards. So any country choosing to enter into that obviously would be beholden to a set of expectations.

Media: Is this meeting with Japan—does it signal a shift towards Japan and away from China for New Zealand?

PM: I think we've always had a strong relationship, but of particular—

Media: Has it strengthened since you've come—

PM: I think—well, certainly, since I've been in Government it's been incredibly strong, and acknowledging as well that the current foreign affairs Minister was a New Zealand Prime Minister's Fellow in 2004, so there's an existing relationship there as well for us.

Media: Prime Minister, just back to the Pacific debt levels, would the Government consider helping to relieve those, reduce those?

PM: Look, for us it's about working in partnership with Pacific Island leaders in the spaces that they are prioritising. We have, for instance, indicated an expectation that we'll be working alongside them on climate adaptation and mitigation. That's something they've clearly identified as being the most significant issue that the region is facing, and we've said we'll work in partnership with them on that. So, for us, it is about determining our focus together rather than specifically looking at issues around debt and who that debt is owed to.

Media: The foreign Minister said that we are looking very seriously at the issue of the debt levels in the Pacific; what does that entail, looking at it very seriously?

PM: Of course, no one wants there to be—no one wants our Pacific neighbours to be in economic situations which have put them in a vulnerable situation. Everyone wants our local economies to be strong. That provides a mutual benefit to us all. And so, more generally speaking, that's, of course, a position that successive Governments would have maintained.

Media: Two Kiwi activists who wrote an open letter to Lorde in *The Spinoff* were found guilty by an Israeli court and charged about \$24,000. They are not Israeli citizens. They weren't in Israel when they made this letter; they were in New Zealand. What do you make of a court of an allied country charging our citizens with that?

PM: Of course, this was something that happened, as I understand, in civil court proceedings as well. So, ultimately, this is about another country's domestic legislation, and that's not something that we tend to comment on.

Media: Is this the actions of a liberal democracy, though—charging someone in absentia for something that they did outside of someone else's jurisdictions?

PM: Again, obviously, the case struck me as very unusual, but it is a matter that was undertaken in their civil court and is a matter, ultimately, for them and their domestic legislation.

Media: Regarding the environmental and labour concerns re China joining the CPTPP, would those same concerns—particularly the environmental concerns—apply to the United States if they decided to re-join?

PM: Again, I hold the same line of argument around anyone who wishes to enter into the CPTPP. There are a set of standards that have been negotiated, and it's up to each individual country to negotiate within that framework.

Media: America's, obviously, decided to withdraw from the Paris agreement; China has not. So America could potentially fall foul of those environmental standards, whereas China would not?

PM: That's a bit of a hypothetical. You know, you could look at that record and make that assumption, but, ultimately, until those countries put themselves forward, those are just—we're all just making assumptions, really.

Media: The education Minister has said we want to recruit 900 teachers from overseas. Why do you think that getting teachers from overseas is the best way to deal with the shortage?

PM: Because we need teachers. And, ultimately, we are doing everything we can to try and recruit, you know, domestically. We've seen actions that already were taken by the Minister to try and encourage those who have departed from the profession to make it easier to get up to standard quickly. But, ultimately, it takes time to train teachers, and we have an immediate need that we're trying to meet.

Media: Some people say they don't think that 900 is a realistic goal. Do you think you can reach that?

PM: Well, we have undertaken some modelling around what's needed, and that's where that number's been generated from, and so that's the ambition and the task that we have set ourselves.

Media: Are you worried that in the push to get more teachers that the quality of teachers and the level of experience will drop?

PM: No one wants that. Of course we want to maintain the highest standard of teacher possible. These are our kids we're talking about, and so that of course is front of mind. One of the focuses for the Ministry of Education is trying to target New Zealand teachers who are abroad, and, of course, probably everyone knows someone who might be in that position. So that's a focus for them as well—and then looking to those countries who tend to train and have similar qualifications and standards as what New Zealand does to try and make sure that we maintain that standard.

Media: If one in five teachers coming out of a teachers college aren't actually ending up in a classroom, do you think that that speaks to how well teachers college is actually training these people?

PM: And that's a piece of work that I understand the Ministry of Education and the Minister is also looking at and doing—understanding what's happening there with those grads or with the schools who are recruiting as to why we have a percentage that aren't being picked up.

Media: On medicinal cannabis, will New Zealand have a comprehensive framework—sorry, for recreational cannabis—for recreational cannabis at the time of the referendum that New Zealanders can vote on.

PM: And that's some of the work that we're doing—we will need to do—as a Government. We have to make sure that we've answered questions around the timing of the referendum, the nature of the question—we're being asked about whether or not we have expectations around it being binding. Those are all things we're needing to work through.

Media: Are you erring towards—to a particular model: like the Canadian model versus one of the United States of America.

PM: All of that needs to be worked through, and I'm very mindful about working them through with our confidence and supply and coalition partners as well.

Media: Are you able to comment on what stage of development that is in?

PM: No. Obviously, we've got a set time frame that it needs to be delivered by, because we've set ourselves an expectation via our support partners agreement. What I would say is that what I hope we'll have at least is enough of a public conversation in the lead-up to the referendum that it will be an informed decision for the public.

Media: But there will be detail—the public will go to the polls with the detail—with detail the voters can read of the model, not just yes or no.

PM: Yeah—you know, I think, if you're going to get value for money, then you need to do quite a bit of work around the nature of the question and make use of the opportunity. So that gives you probably a bit of a suggestion around the way I expect it to be framed. Alrighty then—I'll take the last question.

Media: Will New Zealand, and perhaps with Japan, discourage Pacific Island countries from taking on more debt from China?

PM: You're asking me if we're going to take away the sovereignty of Pacific Island nations, and the answer is no. Thanks, everyone.

conclusion of press conference