

POST-CABINET PRESS CONFERENCE: MONDAY, 27 MAY 2019

PM: All right, talofa lava. Happy Samoan Language Week. This week, I am here at Parliament all week, including Thursday when Minister of Finance, Grant Robertson, who's helpfully joined us for this pre-Budget post-cab, when we will be delivering our first ever well-being Budget on Thursday. On Wednesday, I will be joining Minister Clark to announce the Government's response to the mental health inquiry. On Friday, I'm in Auckland for post-Budget engagements.

I wouldn't mind just spending a little bit of time talking about the Budget and the lead-up to Thursday. As the Minister of Finance announced last week, we're meeting our Budget Responsibility Rules in this year's Budget, as we did last year. That includes meeting our debt target. This again demonstrates our spending parameters for this Budget, of which a lot of investment has been shared over the past month as we've made announcements to tackle the long-term challenges facing New Zealand, and, of course, to improve the well-being of all of us.

We'll be putting more than 1,000 people who have been homeless into permanent homes where they'll get the support they need to not end up back on the street. We've made the largest investment ever to break the cycle of family and sexual violence and better support services.

Māori and Pacific communities are receiving \$12 million to fight rheumatic fever, an entirely preventable illness that is overrepresented in our Pacific and Māori communities, and which can cause debilitating heart disease.

We're focused on reducing the long-term challenges of the most serious offenders and breaking the cycle of reoffending in a life as a criminal, to keep New Zealanders safe and bring down our prison population.

We're putting thousands more teachers in our schools because we know we need to up the supply of teachers, so we're training and supporting 3,280 more. We're saving 145,000 families the \$76.70 NCEA fee they pay for their kids at secondary school.

Clean energy investments have been made to help us transition to a low carbon future, with a focus on our energy capital, Taranaki. And women are being supported with pay equity, with \$1 million to help the claims process and reduce barriers.

And yesterday, of course, Minister Martin announced a new service for young people leaving care, expected to help 3,000 young people and break the cycle of families in need of State care.

These investments are ultimately, though, about getting ahead of the cost to all of us of not doing anything and not addressing the long-term challenges that we face as a nation. Instead, we ask that Budget bids took a multi-agency collaborative joined-up approach, and, of course, that they focus on our Budget priorities. Now, last week I took the opportunity to reiterate the five well-being Budget priorities at a Business New Zealand event, and they include, of course, as many of you will know, taking mental health seriously, improving child well-being, supporting Māori and Pasifika aspirations, and building a productive nation, and, of course, transforming the economy. The well-being Budget is about tackling New Zealand's long-term challenges, and I know that this is what New Zealanders want us to do.

Any questions?

Media: Prime Minister, on mental health, will we get the full response on Wednesday? How will that play out?

PM: Yeah, so as you will have seen for other reports that we've received, you'll get a response to the recommendations that have been made, but, ultimately, in order to really get a sense of the Government's full response it will take those Budget initiatives being announced alongside the response to the inquiry.

Media: If you were able to announce it this week ahead of the Budget, why not announce it back in January when it first—

PM: Yeah, look, as we've said a number of times now, ultimately the full response was going to take investment, and that was only ever able to be done through a Budget process. It made sense to us to give people the whole picture by announcing in closer proximity to the Budget, when people would see that full mental health response.

Media: How much of the picture will we get on Wednesday—

PM: So you'll see the response to individual recommendations, but, of course, when it comes to service response, service changes, that's something you'll expect to see in the Budget.

Media: Why can't you give it at the same time on Wednesday, with the fiscal response, to give everyone the full picture at the same time?

PM: Because it's part of our Budget priorities. We've said that mental health will be a priority, and so it's part of the Budget announcements, and so essentially it would be making it a pre-Budget announcement. We could've made the decision to roll the inquiry on to Budget day. We didn't want that to get lost, so we're doing it separately.

Media: Cynically, it looks like a photo-op ahead of the Budget, though, when you could have actually announced this back in January when you first—

PM: No, because, of course, as I'm saying, Tova, then it would have been making a Budget announcement that wasn't finished yet in January—we hadn't finalised the Budget. We made it a Budget priority. We know that there's a need for investment in mental health. New Zealanders have told us that. The inquiry helped us get a response from those who have used mental health services around what was missing, but, of course, we aren't able to spend the money or invest until Budget time comes around. So, really, it's about bringing those two issues together.

Media: Are you announcing the suicide reduction targets?

PM: Again, that's part of what the inquiry called for, and we'll be providing a response to that on Wednesday. As I've always said, though, there are many competing views both by those who have experienced suicide in their family, users of services, and those expressed by the inquiry. So it's one on which people have often taken different sides.

Media: How many KiwiBuild houses will be built by June 30?

PM: I couldn't give you a number specifically for June the 30th, but I know that we currently have nearly 400 under construction.

Media: Will they be completed by June 30?

PM: Oh, look, I couldn't give you a completion date. Anyone who's built a house before will know the variability of completion dates. But I am advised that there are currently 400 under construction.

Media: But that's what the Minister said. And the 400, from what I understand, is by the end of this year, so by June 30 will there be 300—

PM: And, look, as I say, I just couldn't tell you that. I know that there are 400 currently under construction.

Media: Is this another missed target?

PM: No. We never had targets for those dates.

Media: There was a target for those dates—that's the end of year one.

PM: People asked about expectations of completion. But we hadn't set incremental targets in that way. There are 400 currently under construction. I can't tell you the exact completion date for those individual houses.

Media: If you can't get 300 within the first year, how can anyone have any faith in that programme?

PM: Again, as I've said, there are 400 currently under construction.

Media: Just to clarify on mental health, how are you on Wednesday going to be able to say what you can and can't do if you're not going to be able to back that up with whether you've got the money to do it or not?

PM: Of course, there are a range of recommendations. Not all are about service provision. There were a number of suggestions around the way that mental health is provided—you know, the additional alternative courses of action for those who have had poor mental health experiences. There are a range of issues within the inquiry, and so it gives an initial response—and issues like, for instance, suicide targets, and the like.

Media: But wouldn't it be fair to say that the vast bulk would require some sort of resourcing—

PM: That is correct, and that is exactly why we've always said it's best to have the inquiry response in close proximity to when we can give a fuller picture, which was always going to be the Budget.

Media: That just highlights my original point—is that how can you confirm anything if you don't have the ability to say what money's going into it?

PM: Which, again, confirms why we always wanted the inquiry response to be in close proximity to the Budget, which, again, I know that there is a desire to have the inquiry response come out sooner, but our view was that, actually, we needed the full package. We needed both the Budget response and some of those other items, as have been raised, to be in closer proximity to each other.

Media: Why didn't you say that in December, then?

PM: You will recall that I raised that when we announced that we would be doing it in close proximity to the Budget, for that very reason.

Media: But the Government's response—I think the health Minister said in December that the Government would respond in February-March.

PM: Yes—oh, actually, I can't recall the original time lines that were given. But it became very clear to us that the expectation was that if we put out a response that said ultimately this does require investment and that's coming in the Budget, it made more sense to have them together. Nothing's changed in that regard. That's always been the issue.

Media: I was going to switch topic, sorry, but on the Lumsden Maternity Centre—

PM: Feel free to throw any Budget questions as well too—

Hon Grant Robertson: I'm enjoying this—it's very interesting!

PM: Yes, on Lumsden.

Media: Yeah, do you think that it's acceptable that a baby had to be born on the side of the road?

PM: Look, my understanding is that actually the mother in that case, who I'm glad is safe and well, was actually not on her way to Lumsden—that it wasn't her intent to have her baby at Lumsden. So keeping that in mind—actually some time ago when I recall there being a discussion around maternity services in those areas, where there were proposed changes, I had a look at some of those issues because, of course, one of the reasons that it was

suggested that service provision changed was because of the low numbers birthing at Lumsden. I was interested in that—what had changed, why were there low birthing numbers there. Because I was worried about access to service.

One of the things—if my memory serves—that I recall seeing was that, at Lumsden, women aren't able to access a full service, and this is before any changes were made. So, for instance, epidurals weren't available, and so that may, in part, give some explanation as to why those numbers were decreasing. Perhaps, also, women wanting to make sure they had access, in case anything went wrong, to a wider range of services and care. So there were lots of things contributing to that decision.

Media: Does it not highlight, though, a gap where women, particularly in more rural communities, don't feel like they have access—

PM: And I think that that's probably those low birthing numbers at Lumsden were telling us that; and that was from the original case, before it was turned into a birthing centre—that, actually, those services there, rurally, weren't being provided. I do think we have to be mindful, though, of making sure that we try and provide, in decent proximity, full services. Because I think that's why women were choosing to go elsewhere.

Media: Hamish Walker sent a letter to you—is he right to be concerned?

PM: That's the point that I would make to him—is that women were making these decisions before changes were made to Lumsden. The numbers were low, and I looked into why, and my instinct is, having made some of those own decisions myself, would've been that, probably, women were possibly choosing to go to a place that had full service available to them. So it is something I was mindful of, and that's why I looked into it a little bit more.

Media: So will there be a reinstatement of the full maternity centre in Lumsden?

PM: Well, at this point, they didn't have full maternity services—well, in that sense, in the first place. And so that is one of the issues—why they had declining numbers. Look, in this particular case, this won't be the first time, of course, that we've had a woman giving birth in circumstances that aren't what she planned, and I'm just pleased she's safe. I'm happy, again, to have another look at the make-up of services, but, actually, what led to this decision in the first place was women making choices to go elsewhere.

Media: Prime Minister, on the bullying and harassment report last week, are you aware of what the serious sexual assaults were that the Speaker said were tantamount to rape?

PM: They were anonymous and provided confidentially, and they should stay that way. No, I don't know detail around those complaints that were made within the report.

Media: I interviewed the man who was stood down from Parliament, and he said that the serious sexual conduct that Trevor Mallard said he was responsible for—three cases of it—the most serious was, he said, a hug and a high-five to a colleague. Do you think that's serious?

PM: I'm not going to comment on that, Barry, because I simply cannot verify whether that's true or not; I just do not know the detail of the allegations.

Media: I can tell you it is true, because I've seen also the inquiry, and the details of it, that were carried out last year, and they said that—

PM: Have you seen the full details of the—

Media: I've seen the findings of the inquiry—

PM: No, no, my question, Barry, is have you seen the full details—

Media: Can you let me finish? I've seen the findings of the inquiry, and what the inquiry said that the complaint—

PM: What inquiry?

Media: The inquiry that was carried out last year.

PM: So not the detail of the Francis report?

Media: I've seen—not that, but I've seen the inquiry, and they said that the complaint was unsubstantiated.

PM: Again, you've asked me to comment on the Francis report, which had allegations within it, that I have not seen the detail of, that were provided confidentially, and that were provided under that banner to ensure that those who were the victims felt able to come forward and speak openly to the inquirer, so I simply cannot comment on what you're stating, Barry.

Media: Do you think the man—

PM: Sorry. Audrey.

Media: Do you think Trevor Mallard should have called him a rapist, when Trevor Mallard didn't have the details either?

PM: Again, I can't comment on what detail he was commenting on at that time. Of course, I assume it was the detail of the Francis report, and I simply do not know what the Speaker knows or does not know about the Francis report. That would be a question for him. But I expect that that Francis report content may be different to what Barry's speaking about.

Media: Do you think Debbie Francis should have spoken to the man who stood accused of these serious sexual assaults?

PM: Of course the report itself was not undertaking its own criminal investigation. It was a confidential report. It was up to the inquiry to set the parameters of how that was dealt with. My understanding is that of course victims are able to report to the police, but for many reasons may choose not to do so. That should never stop them from being able to speak confidentially to the inquiry.

Media: Just on the Budget Responsibility Rules, finance Minister—oh, and Prime Minister, as well—

PM: Oh, sure, but we might give him a chance!

Media: Sure! Last week you said that you were going to shift your deck to a range rather than a target, and I was just wondering about some of the other Budget Responsibility Rules, specifically the Government's target of 30 percent of Crown spending, in terms of GDP. Have you got any inkling to change that at this stage?

PM: Before we move on to the wider Budget Responsibility Rules, I will take the opportunity to reiterate that we met them last year; we're meeting them again this year. That includes the debt target. They run for a forecast period, so they take us out to 2022. Of course, projections are that we will continue to maintain our existing target of 20 percent. But in 2022, of course, the BRRs expire. Treasury made the recommendation that a band rather than a precise number was a better way to manage debt in those years beyond 2022. We've chosen a band where the midpoint happens to still be 20 percent. I see not everyone has grasped that continuity so I just wanted to use—I'm not referring to anyone in this room, by the way. So I just thought I would use the platform to again emphasise that fact.

Hon Grant Robertson: In terms of the wider Budget Responsibility Rules, we'll take another look at those. We're certainly going to be committed to the kind of fiscal discipline that we've seen, but clearly when we're producing a well-being Budget—we hadn't done that when we set the original Budget Responsibility Rules—that gives us the opportunity to think about whether the rules fully capture what we're trying to do there. So we will take another look at those and, clearly, as we head towards election 2020 we'll be able to say a bit more about that.

Media: The Prime Minister said that the debt range was assessed by Treasury. Did they have anything to say about the core Crown spending target?

Robertson: Not particularly in that advice, no.

Media: What about your own perceptions as a party or as an executive?

Robertson: Look, as I say, we remain committed to the concept of fiscal discipline, and part of that is around Government spending. But we will take a look, in the context of producing well-being Budgets, about what the appropriate set of rules are for that. But you can expect to continue to see guidance and rules that are about making sure that we are fiscally disciplined.

Media: So is there scope to adjust up that limit, the 30 percent limit?

Robertson: I'm not even thinking at that stage at this point. We will do that work over the next period of time—

PM: Fabulous—thinking beyond 2022 here.

Robertson: —and as we get towards election 2020, I'm sure we'll have more to say.

Media: Do you have any bias within the range?

Robertson: Bias within the range?

PM: Between the 15 and 25?

Media: Do you have any bias towards going down to 15 or up to—

Robertson: Well, no, as I said in the House on Thursday, what the Budget will show is that the projections out to 2032, which is as far as the Budget projects—will show that net debt is just under 20 percent, so that might give you some guidance as to where our thinking is at the moment.

Media: Prime Minister, if you've had a look at debt, then surely you have had a look at spending and at that 30 percent figure that's in the Budget Responsibility Rules, so could you please be a little bit more specific about what your thinking is after 2021-22?

Robertson: As I said, I mean, we remain committed to having a fiscally disciplined approach. Clearly, all of those factors around debt, spending, surplus do all interrelate to one another. But we'll make final decisions on that when we get a bit closer to the 2020 election.

Media: When you say you're having another look at these Budget Responsibility Rules, in relation to the fact that you now have a well-being Budget—

PM: Well, not right now, we're not. Obviously they would need to run their course.

Media: Sure; for the next election, yep. So what sort of things factor into that new thinking on Budget Responsibility Rules?

Robertson: Well, it's just that we now have a Budget process where we're looking at a wider set of indicators of success. We're not just looking at GDP growth; we're looking at the success of people and how they go in education and health, our environment, the strength of our communities. All of those things mean we need to take a step back and say, "Do these rules still work for the kind of Budgets that we're producing?". I want to reiterate they will continue to show the kind of fiscal discipline we've shown. I think it's been interesting listening to some of the commentary about what evidence people might actually have to show that we wouldn't continue, for instance, to have a 20 percent target. The evidence that we've shown is that we've stuck to that. What we're doing here is accepting the advice that a range is better than a single point target, and, as I say, you'll see in the Budget that the projections take that out to 2032, as around just under 20 percent.

Media: What was Treasury's rationale for the range rather than the target?

Robertson: Pretty much because a very specific point target may in some circumstances—I don't believe it has done this—lead you take decisions that are not in the best interests of the overall economic, social, fiscal approach that you're taking. You know, if you're making a decision to go to a very specific point, economic circumstances can dictate

that you might want to be in a slightly different position. So the range is merely a mechanism to be able to be more flexible and adjust to those particular economic circumstances.

PM: Adding to that, of course, given our debt levels are, you know, certainly relatively low compared to other nations we'd compare ourselves to, that rating agencies, you know, for them, it wouldn't matter having that range in that way as well. I'm sure they factor—

Robertson: It certainly does, and, I mean, bear in mind these are self-imposed rules. They're not written in stone anywhere. The Public Finance Act says you need to have prudent debt levels, and as the Prime Minister is pointing out, our debt levels are relatively low compared to the rest of the world. But a range simply enables the flexibility to respond to the circumstances of the time.

Media: The goals of having the BRRs in the first place was to stave off the idea that left-leaning Governments were fiscally irresponsible. Now, some of the commentary that's emerged in the last week suggested that that goal of proving that you are fiscally responsible has perhaps not been achieved because now—

PM: Yeah, do you want to tell us why that is given we're meeting our targets? I'm interested.

Media: Well, I was hoping you'd tell me.

Robertson: Well, but that's the point I was just making, Thomas, is that I challenge people who are saying this automatically means debt will go to 25 percent to tell me what evidence they have for that. The evidence of this Government is that for 2 years we've met our Budget Responsibility Rules. The evidence from the last Labour Government—when there was a Labour Party at the centre of Government—was that they kept debt at very low levels. So, you know, I think people need to take a look at the actual evidence and the actual record and understand that we remain committed to a fiscally disciplined approach. We're simply giving ourselves post 2022 the ability to be able to have a more flexible range.

Media: Will there be money set aside for the recalibration of KiwiBuild in the Budget?

PM: We're not making Budget day announcements today.

Media: Can you comment on the resignation of Theresa May? Is that going to be lots of work that's now going to be undone?

PM: No, look I think the foundation of our relationship is strong and will continue to be strong, regardless of who will be in the leadership role in the future. I did pass on personal thanks and also on behalf of New Zealand for the really strong collaboration in the time that Prime Minister May has been in office, because there have been significant issues in that period, and our engagement has been really good.

Media: Do you have any concerns about—depending on who her successor is—how that might impact on New Zealand in terms of trade and so on?

PM: No, look, ultimately, of course, we will continue to pursue New Zealand's objectives regardless of who is in office. I think, obviously, whoever takes over the leadership role will be very focused on Brexit. There are iterations of that as a whole that are easier for New Zealand to manage or not. It gets more complicated if, for instance, there's a customs union as an outcome because that has an impact on prospects for a free-trade agreement. But, again, I don't put that down to individual personalities but more the outcome of Brexit itself. A hard Brexit would actually be difficult for everyone.

Media: Are you concerned about the number of children that are having to wait months for serious dental care?

PM: I want children to have access to decent dental care, and, look, they should. New Zealand has free dental care for under-18s, and that's because when you're a child your oral health predicts what your oral health will be like when you're an adult. So getting it right really matters. So that free dental care is available. It does concern me if that's not then being met

and if there are long lead times, and that's something that I'll ask the Minister of Health to provide me with more information around.

Media: I'd just like to come back to the Budget. Capacity constraints have, up until this point, really hamstrung Government spending, so there's, you know—the sort of economy is producing everything that it can at the moment. A way to alleviate that is to increase immigration, to get more people into the economy to build the roads, do all those things, spend the money that the Government could potentially spend. Do you think that the economy does actually need more people to do some of these things?

Robertson: Look, you know, the way we view it is that we do bring people into New Zealand for this work, and the Minister of Immigration's just recently moved towards more regionalisation of our skills list to partly address these issues, that the capacity constraints vary around New Zealand and vary by sector. So we need a more sophisticated approach to immigration. No, I don't particularly think it means we need more people coming in, but we do need to make sure that we're getting the right people into the right parts of New Zealand. At the same time, what we desperately need to do is improve the skill levels of New Zealanders and make sure that we have people training in the areas where we need them. So we're trying to do both of those things, but I don't believe it requires an increase, particularly, in the number of migrants, no.

PM: All right, last question. Tova.

Media: Should people with acute mental health concerns have to wait at least eight hours in ED for an empty patient bed?

PM: No.

Media: Will waiting times come down as a result of—

PM: We know we need to take mental health seriously. It's been a strong message of New Zealanders since we took office, and we'll be looking to address that in the Budget. OK, thanks, everyone.

Media: You said previously that you would do a reshuffle after the Budget; have you got a date in mind for that?

PM: No.

conclusion of press conference