

POST-CABINET PRESS CONFERENCE: MONDAY, 10 JUNE 2024
HANSARD TRANSCRIPT

PM: Kia ora koutou. Good afternoon, everyone. As you know, rebuilding our economy is my number one priority. A strong economy means that we can afford to invest more in the public services that Kiwis deserve and rely upon, like hospitals, schools, and police. It means that we can lift incomes, we can lower the cost of living, and we can create more opportunities for people and businesses. A key plank in our economic growth plan is trade, and is part of what I've committed to increase engagement with our trading partners. This week you're going to see a lot more of that.

As a small island nation at the bottom of the world, we rely on exporting our goods to make a living. So this week, Chinese Premier Li will visit New Zealand—the highest-level visit by a Chinese leader since 2017. China, as you will well know, is New Zealand's largest trading partner, with two-way trade now standing at just over \$38 billion last year. I am confident that trade with China can continue to grow, supporting the Government's goal to double the value of our exports in the next decade. From innovative agritech and high-quality food, to creative industries, world-class tourism, and education, New Zealand certainly has a lot to offer China. At a time when many parts of the global economy are struggling, it is vital that we continue to examine what can be done to make it easier to trade for the benefit of both countries. As well as a ceremonial welcome, premier Li and I will hold bilateral talks and also a dinner in Wellington. Then engagements in Wellington and Auckland will focus on important areas of cooperation, including innovative business, agritech, education, and people-to-people connections.

Then, on Sunday, I'll be heading to Tokyo as part of the Government's focus on growing our economic ties across the Indo-Pacific region. Japan is really central to New Zealand's security and also our economic objectives. It is a regional and global powerhouse, being the world's fourth-largest economy, our four-largest trading partner, and a technology and innovation hub. I will be leveraging this visit to open doors and to build connections as part of our plan to increase exports. I'll be accompanied by a business delegation of 31 business leaders from New Zealand companies active and looking to expand their businesses in Japan.

Of course, agriculture is another key to the success of our economy, and this week I'll be attending Fieldays at Mystery Creek, along with a number of other Ministers and MPs across the Government. I'll now hand over to Todd McClay, who, of course, is our Minister for Trade and also for Agriculture, to talk a little bit more about our trade and primary sector agenda.

Hon Todd McClay: Well, thank you, Prime Minister. Trade is key to unlocking our economic and creating jobs for Kiwis. New Zealand is at its best when we're outward facing and engaging with the world. The Government's out on the world stage, hustling to unlock opportunities for Kiwi exporters and put in place the building blocks to double the value of our exports in 10 years.

Since the coalition Government was formed just seven months ago, we've moved quickly for the EU FTA to enter into force many months sooner than had been forecast, meaning \$100 million worth of tariff savings for Kiwi exporters in the first year, including an average of \$16,000 more in the pockets of kiwifruit growers this season. As vice-chair of the WTO ministerial conference in Abu Dhabi earlier this year, New Zealand was responsible for one of the few positive outcomes, with the successful extension of the e-commerce moratorium giving certainty to New Zealand businesses.

In May, we launched an FTA negotiation with the UAE. That will remove tariffs and barriers to trade and investment in this important market. Alongside this, I've also agreed with my Saudi and GCC counterparts for officials to meet and look at how to restart negotiations towards an FTA. Officials are currently engaging in these discussions. Last week, in

Singapore, we signed three IPEF agreements to boost investment and cooperation, including in the green economy, with 14 countries across the Indo-Pacific.

And India remains a strategic priority for the coalition Government, with early visits by Deputy Prime Minister Peters and myself last year and this. I agreed with my trade counterpart that Indian officials would travel to New Zealand to discuss ways to reduce barriers and increase trade, and those meetings happened last month. Since the election, log trade with India has recommenced.

China remains a significant importing trading partner, and I was pleased to make the first ministerial visit to China in April for meetings with commerce, agriculture, and forestry counterparts. This was the second meeting with the Chinese Minister of commerce responsible for trade. Of course, this year marks the 10th anniversary of our comprehensive strategic partnership, and we will be looking for more areas for Kiwi exports to benefit from this FTA.

At three recent international meetings, I've met with Japanese trade ministers and continue to work closely with them on trade liberalisation. Japan is an important trade partner. And I want to recognise the way our two countries work together to ensure the continuation of the benefits of the TPP to New Zealand and Japanese consumers and exporters following the US withdrawal from the TPP. New Zealand won't become wealthy selling to ourselves. The Government's committed to opening doors and levelling the playing field for Kiwi exporters around the world.

PM: Can I just say thank you, Todd. Thank you for the great work that you're doing. Let's take some trade and agriculture questions now, and then I'll let Todd go, and we'll carry on with any general questions after that.

Media: With Premier Li's visit, what tangible outcomes do you hope to get, other than kind of just the good vibes?

PM: Yeah, look, there's a number of things that we're proposing that will have Government-to-Government agreements around, and then equally it's a great opportunity for a number of New Zealand businesses to actually do arrangements and deals with their China counterparts and China businesses as well. So we'll have a series of announcements that you'll see through Thursday, Friday as a result.

Media: How much would you expect AUKUS to feature in those conversations?

PM: Look, I'm sure it will be a feature. As I've said before, you know, we have massive areas of cooperation with China, particularly in the areas of trade, energy, climate change, people-to-people connections. We obviously have our differences as well, as we expect, and we will raise those and discuss those in our bilateral, because that's what we should be able to do. We've had a 50-year long-term partnership. It's important that we raise those concerns. As I said before, our position remains the same as previous administration.

Media: In terms of China's human rights records and various different issues like that, will you be raising those directly?

PM: Yes.

Media: You will? What is it that you plan on saying to him about those issues?

PM: Well, look, we have a series of—we obviously have different political systems. We have different political histories. We have differences. We raise those differences very predictably, very consistently, both publicly, as you would've seen recently with cyber-issues, and also privately. And so I'll be raising all the areas of difference that we have with China, and taking that through the bilateral.

Media: Would you expect him, in that meeting, to invite you or a member of your Government to China at some point this year?

PM: Well, maybe the case, and I'd be very keen to go to China, potentially early next year. But we've already seen, as Todd's already highlighted, a series of high-level engagements. Todd's been to China. We've had Foreign Minister Wang Yi here. We've now got Premier Li here. We haven't had a Premier visit New Zealand since 2017, so it's a big deal. I obviously hope to catch up with President Xi on the margins of APEC and, obviously, very open to doing a visit early next year.

Media: Just on the trip to Japan, obviously as Minister McClay alluded to, the US has pulled out of the TPP agreement. New Zealand has no formal, unless I'm mistaken, trade agreement with Japan. Is that something that you're going to be pushing for over there or is it just more of this multilateral trade environment system that you're looking to utilise?

Hon Todd McClay: Well, no, the CPTPP is a very high-quality agreement that delivers for us. You've seen the UK has just joined it, which broadens its scope, and, you know, is a significant part of the world's economy and the world's trade. It's not something we'd look at as a bilateral agreement with them. We think, actually, we'd continue to broaden and deepen the CPTPP and assure the very high quality of access and requirements that are contained within it.

Media: Do you reckon it needs a new name now—I mean, the UK's not part of the Pacific?

Hon Todd McClay: I think it's still comprehensive and progressive, which was the main change from the TPP.

Media: Minister McClay, what role, how do you expect the members of FOMA to participate in the trade with India given that they're quite aggressive players in the trade market internationally? What's their role that you expect them to play?

Hon Todd McClay: Yeah, look, it's a very important role, both as we look to negotiate or think about how we might negotiate with any country in the world. We engage with FOMA as a Government, and many different Māori organisations. You know, the world wants high-quality, safe produce that comes from New Zealand, and iwi producers, particularly in agriculture, have a really important role to play in that. I have a lot of respect for FOMA. When I previously trade Minister, I worked very, very closely with them, and I think, as they know, it's an open door, and as long as everybody can work together on what's best for all of New Zealand, then there's a seat at the table.

Media: Are you comfortable if the share of trade that New Zealand does with China increased from where it is now given how much trade is conducted with China? Is diversification still the intent—

PM: Yeah, it's a good question. Look, I mean, what I'd say is we want to expand trade everywhere. The reason's very simple: one in four of our jobs are tied to trade. Employees that happen to work in businesses that export to the world actually have higher salaries and wages, which is important, and so we know—we've got this big ambitious goal of doubling the value of our exports over the next 10 years. So, look, we look at China and we say: 1.4 billion people, rapidly rising middle class; yes, running into some economic headwinds as it deals with a few challenges, but at the end of the day, still huge segments of consumers that are actually very discerning and open for New Zealand products and services. So it's an "and": we will continue to drive China *and* we will also very much continue to drive opportunities across the broader Indo-Pacific, which is why you've seen me lead a delegation first and foremost to South East Asia, why we're now going to Japan and North East Asia, why we'll ultimately also go to India before the end of the year. So I think it's a "China and" strategy is what we're very much looking forward to.

Media: I do take your point, but you did say it was a good question, and the question was—

PM: It is a good question.

Media: —whether you are comfortable with the proportion of trade increasing from where it is now?

PM: Well, I think that's going to be challenging when you look at actually China's economic growth rate slowing and some of the headwinds that that economy is encountering. But what I'm saying to you is I expect trade between New Zealand and China to continue to grow as a proportion of the total mix. And we also want to see trade growing in the six big South-east Asian markets of the Philippines, Vietnam, Indonesia, Malaysia, Singapore, and others. So, you know, and the same with India—we've talked about India as a place where we chronically under-trade. We have to do a better job of getting our trading relationship in place there as well for the future.

Media: You spoke earlier this year about how you wanted to raise the energy of these relationships, and that June 30th deadline is coming up; how do you think that you're doing this differently than previous Government bilateral meetings?

PM: Yeah, look, I think there's a whole bunch of change that's happened as a result. You know, essentially, myself as Prime Minister, Winston Peters as foreign Minister, Todd McClay as trade Minister, Judith Collins as defence Minister; the four of us are actually determined to be the sharp end of the spear that's actually lifting our intensity and urgency across our foreign affairs reset. We are—

Media: So you think it's a personnel thing?

PM: Well, I think it's just—we're very focused on it. We know that our economic future depends on us actually be able to lift significantly the value of our exports. It's how we become more productive economically, it's how we raise our standard of living for all New Zealanders, and we also know that—you know, we also know security interests and economic interests are interdependent these days, and particularly with the renewed focus on the Indo-Pacific region, where I think New Zealand's security and economic interests are best served. So you're seeing us focus in that domain. You're seeing us, actually, with the four Ministers—we meet regularly to align around, you know, our engagements, and you're seeing it this week with Winston Peters back out into South-east Asia; Judith Collins has just come back from a defence Minister meeting in Singapore, Shangri-La, and we are out there engaging. And so we are hitting with more intensity, more urgency. I'll just say to you: I think Winston Peters has done an exceptionally good job, doing more travel in the first six months than, I think, in the previous three years.

Media: Richard Marles of the Shangri-La agreement said that he asked China to explain its military build-up, arguing that it was so far unexplained; would you echo those—would you echo that call for China to explain why it is militarising so, so rapidly and with such great largesse?

PM: I'm sure there's a number of things we'll get into a conversation around in our bilateral. We have a range of topics to discuss, from, as I say, the areas where we all cooperate and the areas where we have differences. And so we'll continue to talk about all of those things.

Media: But specifically that point: are you—do you have questions about what that great militarisation is for?

PM: Well, what I'm focused on is making sure that we have peace and stability in the Indo-Pacific region. When we have that security and stability, that enables us to grow our economic prosperity across the region. Likewise, if we don't have economic prosperity, we get instability, and it creates security challenges across the region. So that's where my focus is.

Media: The Government's putting a lot of resource into this UAE FTA. Is that a hedge against the fact that you think it unlikely that the GCC would deliver a high-quality agreement, or are you capable of doing both things at the same?

Hon Todd McClay: No, we're capable of doing both at the same time. I think Malaysia deals with both at a similar time frame, although we're a lot more ambitious than probably that agreement was. I've now had two meetings with the Saudi commerce Minister responsible

for trade, one at the WTO and one when I visited Saudi Arabia a few weeks ago, and there were very constructive and positive discussions from that. We've agreed that officials get together and look at what more needs to be done. I think there's a willingness and an openness to deliver an FTA there, but, as with everything, it has to be high quality and deliver for New Zealand for the Government to do it.

Media: Is it fair to say that whatever is concluded with the GCC would be of lower quality than what New Zealand is capable of delivering with the UAE bilaterally?

Hon Todd McClay: I think we'll deal with that with the negotiation, but in both cases we want a very high quality outcome for New Zealanders.

Media: Forgive me if I missed it in the [*Inaudible*] what's the status of negotiations around liberalising services trade with China under the upgraded FTA? Has Cabinet signed off a mandate to enter those negotiations yet?

Hon Todd McClay: Well, there'll be a number of things that are announced later in this week, and I think it's probably best we wait until the Prime Minister and the Premier are here, but we've been really clear that we think there are opportunities to upgrade the FTA around services that will deliver for Kiwi exporters into the Chinese market. It remains a priority for us.

Media: And will you be progressing the southern link proposal as part of that?

Hon Todd McClay: Well, that won't be something I expect to be discussed. It's something that, you know, was many, many years ago. But the idea of links between South-east Asia and South America are a very important one because there's a lot of freight, particularly air freight, going in that direction, but I think that that proposal, you know, from many years ago is not likely to move forward anytime soon.

Media: Prime Minister, can you give any insight on the sort of challenges in advancing New Zealand's interests with China at the moment—you know, even on cyber-hacking, China says, you know, accusations are groundless and irresponsible. How do you sort of navigate that?

PM: Well, look, I mean, you know, I've articulated the shift in our position, which is, essentially, saying, look, that we would cooperate where we have common interest. And, you know, there is huge area for us to continue to expand this relationship, particularly, as I keep saying, in the areas of trade and energy and climate and also people-to-people connections. But equally, you know, we have to acknowledge we come from different political cultures, different political systems. It's quite right that we have differences and disagreements, and where we have those, we shouldn't be afraid to be able to talk to those. This is a longstanding relationship of 50 years. It's one where we have been predictable and consistent in raising the concerns and differences that we have, and I think we can continue to do that both ways.

Media: Do you think it's getting more difficult, though, with those issues, I guess, becoming sharper?

PM: Well, I think it's, you know—what I observe is certainly the region, across the Indo-Pacific, has become a lot more—there's a lot more geostrategic competition, as we say, across it. And, you know, that's coming from a number of powers within the region. Again, it's in our collective interest, and it's in New Zealand's national interest—and that's why we have an independent foreign policy to act in our own national interest—to make sure that we have our security and our economic interests are best delivered. So, for me, each of our bilateral relationships that we have—there's a different set of opportunities and also challenges that come with them, and it's about progressing them and working our way through them so that we actually advance New Zealand's interests.

Media: It's a word we hear thrown around quite—"geostrategic competition". What does that actually mean?

PM: Well, I think, you know, you asked me the same question when I was in the Pacific last week, which is, essentially, acknowledging that there are major powers that have come into our region, whether it be—if we talk about the Pacific, for example, whether it's been the US, France, Japan, India, China, a number of players that have come into the region. And we need to make sure that we use our regional architecture, whether it's in a trade sense, or certainly in a political sense, whether that be PIF or ASEAN, to navigate those issues. So, you know, that's just the reality of it: it's a more contested world, it's a more contested region, we need to face up to that and be clear-minded and clear-eyed about it.

Media: And not to be pedantic, but why did you put China at the bottom of that list. You put the US at the top—is there some sort of—

PM: It was just what came out of my mouth, Jason. So it wasn't deliberate. *[Interruption]* Sorry, I'll come back to you.

Media: Is there any new information or further understanding that we have about AUKUS or Pillar 2, in terms of our position on it, that we can share with China, or will it simply be the same information or position that we've had in previous meetings?

PM: Yeah, look, it's the same position that we've had in previous meetings. As you know, this is going to take some time. Our officials have quite a lot of work to do to explore the opportunities that exist there, and there's a long way to go on this. But what we've said is that, you know, as per the previous administration, we happen to think AUKUS is good from a security point of view—providing security into the Indo-Pacific—and we think it's entirely appropriate that New Zealand explores potential options under Pillar 2 and makes a decision to or not to participate.

Media: Will that provoke any kind of frustration? I mean, if China's coming here for an updated kind of position or the most, I suppose, recent position that New Zealand has with respect to Pillar 2 and yet it's just the same as it has been when they last met—is that not—should there not be an update that China might be expecting?

PM: Well, look, I'm sorry, but we're going to work to the pace that we need to in terms of working our way through whether New Zealand is involved in Pillar 2 or not, and we'll work on the pace of that time frame. What I'd just say to you is that the China relationship is a longstanding one. There's many different variables to it and many different components to it, and it's a broad one. So I think there's a lot of areas, as I say, of collaboration, and there's also areas where we'll call out our differences and discuss those openly too.

Media: Minister McClay, in terms of trade with China and with Asia, we do know that China, particularly, has a deep understanding of cultural connections. So how important, not only *[Inaudible]* but them aside, are our cultural connections with doing trade with China and taking over, as an example, our kapa groups, who are invaluable assets in trade?

Hon Todd McClay: Well, I think, as the Prime Minister just said, there's many aspects to the relationship with China, as there is with many countries in the Asian region or South-east Asia, and in particular those people-to-people links are areas we see the relationship going from strength from strength. So I think that, you know, from culture and kapa haka groups to many other parts of New Zealand society, it's important we put our best foot forward, and where it gives us an advantage, not only in making sure consumers of the world want to buy more from us and pay more for it, for an advantage in negotiation, we should do that.

Media: Well, in terms of the Asian market, though, it's about provenance as well, too, is it not, because then they get a better understanding of the actual integrity of the product that we are able to supply them?

Hon Todd McClay: Yeah, well, there's very high-quality products with integrity from New Zealand. You know, we produce the highest quality, safest food in the world from our farms, and, you know, that's a strong reputation we have and we need to guard, and so, yeah, I agree with you.

Media: When you said AUKUS is good for the security of the region, I was wondering: what do you think is the challenge to security in the region that AUKUS is designed to solve, and will you be sharing your assessment of that challenge with the Chinese Premier?

PM: Well, look, I mean, we'll talk about regional issues; we'll talk about some global issues as well. Obviously, as well, a big part will be our bilateral relationship. But, you know, there's a number of issues and flashpoints in the region that it's important that we actually have, you know, parties engaging in dialogue, de-escalating. We wouldn't want any miscalculation happening in some of the flashpoints that we have within the Indo-Pacific region, and so, for us, it's just making sure that we talk those issues through pretty openly.

Media: When Wang Yi visited, he seemed to think that the security threats were imaginary; Winston Peters argued that they were not imaginary. Are you of the view that these threats are real or imagined?

PM: They're real, and we will—you know, I appreciate we may have differences of opinion on these sorts of issues, but the reality is, you know, we will have the courage, and we've done this consistently under successive Governments, of, as I say, predictably, consistently, publicly and/or privately raising these disagreements.

Media: Just to change tack, the regulatory impact statement on your tax package—

PM: OK, well, shall I just—have we finished with all trade and—

Media: No, one more trade: Minister, what, if anything, will you say to the Canadian trade Minister, when you have a Zoom call with him tomorrow, about the dispute over dairy access, which has gone on for a while?

Hon Todd McClay: Well, the trade Minister's a "she", but, indeed, I will be making the case very clearly that they have an obligation to New Zealand under the CPTPP. New Zealand take its obligations under trade agreements extremely seriously; we honour them. We expect others to, you know, show us the same courtesy, and I'll be making very clear to the trade Minister our expectations in that area.

Media: We're talking a lot about China and, you know, the difficult bits in the relationship there, around different political systems, human rights issues, and things like that. I'm wondering what you've learnt from that relationship that you're going to take to India. There are, you know, similar issues there in terms of human rights records, different political systems—I know, democracy, but not in the way that we understand democracy in New Zealand. What have you learnt from that relationship in going forward to India?

PM: Well, what I'd just say to you is that, you know, we are a small country. We rely on trade—as I said, it's critical for our future; it's critical for our prosperity. People who work in trading businesses do much better; one in four of our jobs come from it. So let's just start with that as a starting point. The reality is, therefore, we want to trade with as many people as we possibly can, because if we're going to double the value of our exports, which has so much economic benefit for us, it's important—and the reality is, when you come with that mindset, that, you know, many of the countries we deal with have different political systems, different cultural histories, and there are differences. If you think about a very close relationship with Australia, you know, we talked about it in the last couple of weeks around the 501 deportations. You know, it's an issue where there's a point of difference or disagreement, and we're able to raise those concerns in the context of that relationship. So I don't think there's anything new or different. It will be no different with respect to India either.

Media: [*Inaudible*] 501 deportations, do you expect Australia's change in policy to make a substantial difference to the number of deportees and the crimes they commit here in New Zealand?

PM: Well, look, we'll have to monitor that, but I take Prime Minister Albanese at his word when he said the common-sense approach would continue to apply, and so we'll need to see it worked out, we'll need to see it executed and move from a form of words into action, and we'll continue to monitor that.

Media: Did the common-sense approach make any meaningful difference to New Zealand?

PM: Sorry, in the past?

Media: Yeah, in the—

PM: Look, I think there were two things: first and foremost, I think Prime Minister Albanese putting a lot of personal capital into providing a pathway for citizenship for New Zealanders with long-term connections in Australia has been very welcomed, and, likewise, the common-sense approach to the deportation issue—where, again, we have argued consistently under successive Governments that, actually, it doesn't make sense to have people deported who have little connection to this country—has actually been well received. I think they've been two impediments to our relationship that have actually been, you know, very constructively resolved.

Media: Beyond the principle of it, do you think it's actually—had it actually changed the situation on the ground in terms of the number of people coming in, the crimes they were committing?

PM: Yes. When I looked at the numbers, it was significantly down, yep.

Media: Are you satisfied with the existing inquiries into the allegations around Te Pāti Māori?

PM: Well, let's get to that issue if you don't mind. If we're ready—is that the last conversation on trade and on agriculture? I'll let Todd go, just in the interests of his time, and let me talk to that issue. If you don't mind, I just want to give you a bit of an overview as to where we are and then, Craig, we can get into your question.

What I'd say is, over the past week, the media have reported allegations that personal information provided as part of Census 2023 or for the purposes of immunisation processes was misused during last year's election. These allegations are serious, and they go to the heart of trust and confidence in our democratic processes and institutions. And New Zealanders trust that their personal information is secure and won't be exploited. So I do want to outline to you today what action is already being taken, and I can also announce that the Minister for the Public Service and myself have directed the Public Service Commission to initiate an independent inquiry under the Public Service Act 2020.

So the following actions have been taken to date: firstly, the police have received a complaint in relation to the allegations, and they have commenced their own investigation; secondly, the Privacy Commissioner has requested information and assurances related to the reported allegations, and I do encourage anyone to come forward with any information they have about these allegations to contact the police or the Privacy Commissioner; and then individual agencies are also taking action to establish the facts in relation to these allegations. So Stats New Zealand have initiated an independent investigation and an assurance review into allegations of misuse of census data, and the terms of reference, you would've seen, were publicly released on Friday. Other ministries—the Ministry of Health, Health New Zealand, Oranga Tamariki, and MSD—are also taking steps to gather any relevant information and seek their own independent assurances over the treatment of data.

However, public confidence in the response to these allegations is absolutely paramount. There must be independent oversight of the whole picture of Government agency activity. Agencies shouldn't be left to review these allegations themselves. And to that end the Minister for the Public Service and I have directed the Public Service Commission to initiate an independent inquiry into the safeguards that Government agencies had in place to protect people's personal data in the circumstances surrounding these allegations. I've also asked the inquiry to examine agencies' management of actual or perceived conflicts of interest. If the allegations are true, the way data could be so easily shared between organisations through people wearing multiple hats would be of great concern.

The inquiry will cover all relevant Government agencies, including Crown entities, and this inquiry will run concurrently to the investigations run by the agencies and will not compromise the processes or the investigations that the police and Privacy Commissioner already have under way. The review will be established under the powers provided by the Public Service Act 2020. There will be further announcements this week on the terms of reference, the timing for the inquiry, as well as the independent reviewer who will lead the process.

I'd just say, New Zealanders must have confidence that the data they provide to Government agencies or others acting on their behalf is used appropriately and is subject to adequate protections. Last week's actions by public sector agencies in response to these allegations was a good first step, but it's not sufficient. The PSC inquiry announced today will pull the various lines of inquiry together and ensure the necessary independence to provide confidence to the public around the findings. The actions to date by agencies and the new steps announced today are about establishing the facts of what happened. We will consider what further action might need to be taken once that phase is complete.

Craig, why don't we come back to you and your question?

Media: When would you expect that inquiry to report back?

PM: Look, again, what I really want is the Public Service Commissioner—Acting Public Service Commissioner—to devise the terms of reference, to identify the timing and, importantly, also the independent reviewers. I hope to have more to say about that towards the end of the week.

Media: But do you have an expectation of—

PM: No, in fairness, I want them to be able to—I've issued a letter, a directive, this morning—today—and I really want to make sure that, actually, they have time to digest that and set that up in the right way.

Media: And part of the allegations were also that agencies—Stats NZ and MSD—had been notified in advance but hadn't acted. Will that form part of this inquiry?

PM: Absolutely. So I think, you know, with the Public Service Commission independent inquiry, what we're looking for there is a way to distil and synthesise and bring together all the independent agency reviews, identify if there's any gaps in that—because they'll all be looking at it through their independent sort of local sort of lens of their individual agencies—make sure, certainly, that we're comfortable with the way that data is being managed, and then, thirdly, to look at this area of conflicts of interest.

Media: Was there any consideration to getting the Auditor-General involved?

PM: There was a number of other options that we could consider, whether it was Auditor-General, whether it was Ombudsman, whether it was ministerial inquiry, and I just think this is the appropriate way so that we don't cut across the police and the Privacy Commissioner inquiries that are going on.

Media: In terms of the Electoral Commission, do you have concerns given what happened during the election and also the allegations of them knowing about that?

PM: Again, that'll be an issue for the Electoral Commission themselves, but, equally, the Public Service Commission is open to looking at all agencies in their engagement on the issue.

Media: So they could cover that as well?

PM: Yes, they could.

Media: Have you talked to Te Pāti Māori about this yet?

PM: No, I haven't.

Media: So they're hearing about this for the first time now?

PM: Yes, they will be—yep.

Media: Do you not think it might have been good to give them a bit of a heads-up as a show of good faith that you were planning on doing this?

PM: Well, look, I saw a letter that came through from John Tamihere requesting, I think, a police investigation. You know, there is already a police investigation up and running, and it's inappropriate for me to direct the police. What I want is an independent, arms-length, objective review to be undertaken, and the Public Service Commissioner, in that inquiry, will have a sufficient scope and powers to be able to do that well, I think.

Media: And in terms of what could potentially happen here—and I understand it's an independent inquiry and you might not be able to answer, but we're in a bit of uncharted territory if these allegations do stack up and there was some sort of tampering ahead of the election. Where does that actually leave us in terms of potential by-elections and whatnot? Have you cast your mind ahead to that?

PM: Yeah, look, I mean, I haven't had any advice in that regard. I mean, I think the key thing to understand is we're in the fact-finding phase of this investigation. It's really important so that we do have trust in our institutions and the public can quite rightfully have trust in Government that they're going to manage their data appropriately; that the police and the Privacy Commissioner, who have different powers and coercive powers, in some ways, can progress their investigations. But, equally, independent agencies can look at their own engagement on the issue, but we also put that umbrella approach over the top of an independent PSC inquiry.

Media: Prime Minister, I don't think you answered the question: why did you not inform Te Pāti Māori previous to this announcement?

PM: Just because we had a conversation about it all today and it's moving very quickly, and I think it's entirely appropriate that I take responsibility as a Government for the allegations—I take responsibility for the response to the allegations—that we've had at the end of last week.

Media: And in terms of the Public Service independent inquiry—they're writing their own terms of reference, because it's an independent inquiry, is that correct?

PM: It's the Public Service Commissioner who will undertake an independent inquiry. They will look at terms of reference, they'll look at timing, and they'll look at independent reviewers that will assist them with it. That will obviously come back to the Minister for the Public Service for sign-off.

Media: But I just want to get clarity, sorry: it's an independent inquiry—

PM: Correct.

Media: —but they're writing in their own terms of reference because it's an independent inquiry?

PM: It's an independent inquiry because the Public Service Commissioner is the right agency—central government agency—to look at the eight Government agencies' responses to this issue.

Media: Will it have the power to be able to compel people to give evidence or compel, say, the marae and the organisations involved to hand over documents and photocopier records and stuff like that?

PM: That will be, really, the responsibility of the police and the Privacy Commissioner, who will have more of those powers and the authority to be able to look into those issues. This is really about making sure that the Government agencies' responses—that they can look at that in quite a broad way. And, as I said, there's independent agencies going on, but I actually think—I don't want independent agencies reviewing their own work. I actually want someone independently of them looking at the Government's response to this.

Media: Prime Minister, from your perspective, why is this inquiry so important?

PM: Well, it's important. New Zealand has a fantastic reputation—for the public, and for, you know, globally—for people to be able to trust our social institutions, and that Government will use data appropriately and legally, etc. And I just want to reassure the New Zealand public. We've had serious allegations made. I want an independent, as I said, arms-length, objective review undertaken. That's best done through the PSC. And, you know, I want to make sure that, if there are any issues, that they're brought out—equally, if there isn't, that that's brought out too—and we make sure that people have confidence in the system. You know, that's what it's all about: confidence and trust in public services.

Media: Is the damage already done, regardless of what the inquiries find? There's already, you know, plummeting trust in institutions. We've seen the number of census responses go down in recent years, most people citing a lack of trust in Government institutions. This is obviously kind of another blow to that trust. So do you think that the damage is already done?

PM: Well, I think—and I want to be really careful: these are allegations. So I don't want to—that's why I want it done objectively, in a very arms-length, proper kind of way. And I think the fact that we are putting this review in place underscores how importantly we value the trust that the public have in our institutions. That's why I'm asking for this intervention to happen, and directing this intervention to happen, because I do want New Zealanders to know that they can be really assured that we have great institutions and that they're being well-managed and well-delivered.

Media: John Tamihere has said the recent attacks against Te Pāti Māori and its MPs are part of a continuing narrative of attack on all matters Māori. Do you agree with that assessment, as to why this has been probed by media and then also by this investigation?

PM: Oh, look, I'm not going to go into that. Those are issues, obviously, for him. But what I'd say is that it's important that there is a proper, dispassionate, objective, arm's-length investigation. That's all that I'm putting in place here—to make sure that, you know, in fairness to all parties involved, if there's no truth to these allegations, that needs to be surfaced too. And if there is, we need to understand that as well and go forward from there. But it's important that, actually, the New Zealand people can trust these institutions of Government.

Media: And have you got any indication—I mean, I know it's early days and the terms of reference haven't been established yet, but the sort of cost associated with this? Or will it just kind of fall into the baseline of the Public Service Commission?

PM: No, no, I haven't. But the bottom line is this is not a cost issue; this is a principled issue, which is about making sure that New Zealand people can have great trust and confidence in their institutions, and that's what this is really about.

Media: Quite specifically, though, what power will the inquiry have to compel people who are not employees of the State to appear before it?

PM: Well, I want to be clear that there's already a police inquiry up and running that has full powers to go—you know, very expansionary investigative powers. Likewise, the Privacy Commissioner also has some coercive powers under legislation as well. Those two pieces are up and running already, and it's important that I don't run across those investigations. And so what I'm wanting to make sure is, yes, while it's nice that every independent Government agency is doing its own review, it's important that, actually, they don't do their own assessment of their own agency's performance. I want an independent view of that so that I can be really reassured that the Government's agencies are responding and managing data in the appropriate way, are managing conflicts, real or perceived, in the right way, and, importantly, if there's gaps in the arc of knowledge that we need to have about the Government's response across a number of agencies, that that can happen as well.

Media: So this inquiry's quite strictly focused on the Public Service side of it, and any electoral wrongdoing by private individuals would be the remit of the Privacy—

PM: Police and the Privacy Commissioner, at this point. Now, of course, we're in the fact-finding mission, because I think it's important, given that quite serious allegations were

made in the middle of last week, that we actually get through the facts and establish what has or hasn't happened, and do that in a very objective, dispassionate kind of way. And I think, between the PSC inquiry looking at the Government agency responses, coupled with the police and the Privacy Commissioner's work, that will give us a good way to understand what's happened.

Media: In terms of transparency and fairness, then, though, Prime Minister, which is what the services are going to be looking at, would you not have seen it to be fair and transparent of you to alert Te Pāti Māori before this announcement, given that they are a member of the House—and if we're talking about fairness and transparency, then why did you not inform them before informing the rest of the country?

PM: Yeah, look, this is really about making sure that Government institutions are making sure that they are managing and protecting the use of the public's data appropriately. It's also about making sure that any conflicts of interest, real or perceived, are managed well. And it's important that we've actually got an agency that can independently synthesise the different agency reviews and look at the total Government response to reassure ourselves around that. So that's the bigger point here from the Government's point of view.

Media: Sorry, with all due respect, what's that got to do with fairness and transparency in handling another party within the House?

PM: Well, I think we're being very transparent, and by putting an independent review in place to look at the Government's response to make sure that it's appropriate so we can reassure the New Zealand people that they can have trust and confidence in their institutions.

Media: When will you appoint a new Public Service Commissioner?

PM: Ah, that process is ongoing, but at the moment we have an Acting Public Service Commissioner—

Media: Are you struggling to find—

PM: Sorry?

Media: Are you struggling to find someone suitable for the role?

PM: Ah, no, just working our way through a process, yep.

Media: Did you consider whether to wait until the investigations conducted by the police and the Privacy Commissioner were carried out until launching an investigation—

PM: Yeah, looked at a number of different things. But, again, I wanted to make sure there was a comprehensive one-stop shop where I can look at the Government's response as a result. It's great that Stats, for example, is going off doing its review, as are other agencies. That's very important. But I need someone over the top looking at all of that—you know, synthesising all of that investigation, and also identifying other areas around conflict data and synthesising the agency responses.

Media: Yeah, so, on that, for you, what about the allegations specifically made you think that a Public Service - focused investigation was warranted alongside the police and Privacy Commissioner investigations?

PM: Well, allegations that are about citizens' data not being used appropriately, with the appropriate—you know, that's a major concern. The fact that, if the allegations are true, information can move from one organisation from another, with people holding different hats. We need to, therefore, ask some serious questions about conflicts of interest. And then the fact that there are independent agencies doing their own independent reviews—I want to make sure that I've got some other reassurance, not just the agency reviewing its own work; I want to be able to have PSC looking at the agencies themselves.

Media: You must be in the final days of preparing your health GPS, which is, I understand—would have to be the vehicle by which you reallocate the funding that was intended for the Māori Health Authority towards your new Māori health strategy. Have these

allegations given you pause to be concerned about the way in which Māori organisations are using Crown funding that is intended for devolved delivery of services?

PM: No, not at all. You know, this is why it's actually important to undertake a review like this, so that actually—because there are many great organisations, and I don't want anyone getting smeared by any other assertion or allegation being made. So it's important that there is a proper investigation of the allegations that are here, which are very serious. But also, you are right; I mean, we plan to, and we want to, make sure that we continue to devolve, you know, the delivery of public services to get better outcomes for New Zealanders through community organisations, and we plan to do a lot more of that. So it's entirely appropriate that we make sure that if there's—you know, we want to understand these allegations and make sure, if there's anything that needs to improve, we improve it.

Media: Just quickly on Tim Costley, is it a good look to have an MP who, you know, lives in relative proximity to Wellington claiming an allowance funded by the taxpayer for a fourth property, given the economic climate at the moment?

PM: What I'd just say to you is, you know, for a backbench MP who then finishes here at this place at 10, 10.30 at night and could have up to an hour, an hour and a half to get back home and then is expected to be back here again at 7.30 in the morning, I think that's—you know, I'm very comfortable with that.

Media: Have you considered more broadly the arrangements for having National MPs use the allowance, you know, for properties and, you know, have you considered making any changes given, you know, your own experience and comments made here?

PM: Well, my own experience is different in the sense of it was becoming a distraction. I didn't want it to be one, so that's why I made the decision I made. But what I'd say to you is we—you know, there's a series of rules around what is a Wellington commuter definition. In this case, as I said to you, the bigger issue is that Tim Costley travelling an hour, an hour and a half at the end of the night or at the beginning of an early day when he's outside the commuter distance is not inappropriate.

Media: Is the evidence that the time savings delivered by Transmission Gully weren't everything the then National Government said they'd be?

PM: Well, I'm sure it's making that journey a little bit quicker, but the point still remains, which is that, you know, when we're asking people to work here till 10, 10.30, 11 and then they're having to commute home, I don't think it's inappropriate.

Media: In respect to the select committee—Māori wards: overwhelming opposition by local councils to the Māori wards bill. Several issues raised by them is that central government has overreached their duties in this bill in informing the councils to run the poll; also no obligation to Te Tiriti in this bill, which breaches equity and fairness of interested community groups. So what do you make of the overwhelming objection of local councils to the bill?

PM: Well, all I'd say is that all we're doing here is that—you know that we were a party that opposed it when it was first introduced under the previous Government. All we're doing is reverting the legislation back to the environment—to what it was before the last changes were made by the previous Government. The key thing is that these are decisions, ultimately, for local councils and for local communities to make. And that's all we're doing, is just making sure that in the spirit of local democracy, local communities, that they are empowered to make those calls. If they choose to have Māori wards, that's fantastic. But that should be a decision that comes from the community, not one that is imposed from Wellington to them.

Media: Local councils say that they did go to their communities and this is where they've ended up, and now you're asking them to go back to them, to the communities, to run a poll that for some like Horowhenua will cost \$60,000, some like Wellington City Council will cost \$100,000. That's on top of the local elections that they will run as well.

PM: Well, I'd just say to you that we're doing it in conjunction with the local government elections for that reason, to minimise the cost associated with it. They're not doing it ad hoc

or individually or off-cycle. They're doing it as part of the local government election cycle for that very reason. So I actually think, you know, while people are out there voting for their local government, for them to be able to vote on this is not unreasonable. It's the most efficient way to deal with it. But again, the spirit here and the principle here is that, actually, these are decisions for local communities to make, not to have imposed on them from Wellington.

Media: Oh, right, so the local councils, who are the representatives of their local people—are you saying when they come to the select committee and they say they've been to their communities—are you saying that they're lying?

PM: No, we're saying we need to have a mechanism in place so that actually local communities and local councils can actually make decisions that are ones—that they are supported by their local communities. That's the spirit that we believe in of local democracy—devolution; those closest to it make the decisions—and, as a result, each individual community, each individual district council, is free to make its own decision. If they choose to have a Māori ward, fantastic, but it should be their call, not something that's imposed on them from Wellington.

Media: There's a huge number of people moving to Australia at the moment, aside from the incoming tax cuts, because of job insecurity in New Zealand at the moment. How do you keep people from moving away?

PM: Yeah, well, this is the challenge that my Government has, which is that we have to build an economy that people actually feel if they work hard, they can get ahead and they can do well for themselves. That's why we're trying to grow the economy. That's why we're trying to deal with inflation, the cost of living, and get growth [*Inaudible*] trade and all those things that actually drive economic growth. It's important. The second thing is we need to make sure that we do restore law and order, because people actually do want to feel safe—that it's a place where they can raise their family here, and that they can actually move about their business and their own streets, and their own houses, and their own communities feeling safe. We need to make big investments in education so that people can say, "My children have a future here.", and when they need health care, they actually can get it. And so, again, our whole programme of rebuild the economy, restore law and order, deliver better health and education is all designed to build a better proposition that New Zealanders choose to stay here because they see a better future for themselves rather than taking higher salaries or incomes in other countries.

Media: On the oil and gas ban, given the International Energy Agency, the IPCC, and others have all found that new oil and gas development is inconsistent with keeping the net 1.5 degree Celsius ban, how can you say the Government's committed to that 1.5 degrees Celsius while you're also taking this action?

PM: Well, what I'd say is, as you saw in recent weeks, we talked very openly about, you know, the weak gas supplies we have across New Zealand and the implications and challenges for that. The reality for us is that, yes, we have high levels of renewables—we want to double those amount of renewables—but for the foreseeable future—at least, I think, for 10 to 15 to 20 years—gas is going to be a very important transitory fuel for New Zealand to be able to make that transition. And, frankly, if you don't use gas, you end up using coal, which is a lot worse. So the point is it's a really pragmatic example where you can come out and make a decision, ban oil and gas, and you can have some bumper stickers and some headlines, as the previous administration did, but there was plan to follow it up to say, "Well, how does that deliver energy security to New Zealand and New Zealanders?" So what we've seen is, you know, a diminution of gas. That is a real worry to us because that means that then we're going to be burning more coal. That's not something that we want to be doing. So to be able to open up the oil and gas ban so we that we can access more gas to support us in that transition is important.

Media: Can I just pick up on—you're saying a transition. You're talking about that kind of 10 to 15 years' transition. We know it takes at least 10 years—for some of them, 20 or 30 years—from finding it to actually getting that online—

PM: And it may be longer, yeah.

Media: —so that's not really going to fix this transitional issue, is it?

PM: Well, sorry, it may well be that it's 10, 20, 30 years that we need a transition, but what I'm saying to you is we are very determined first and foremost to double the amount of renewables in this country. We have abundant natural resources. We've been abysmal at actually developing them and getting those projects consented, as I've kept talking about. That's why I'm a big believer in the fast-track legislation that's been going through. Secondly, we have to acknowledge the reality, which is, as much as we'd like not to deal with it, the reality is that we still use gas in our system, because, as high as we are relative to the rest of the world on renewables, it's still not 100 percent, and that last 5 percent is incredibly difficult to do when you're relying on natural resources—whether it's rained enough, or whether it's been windy enough or sunny enough. So we do need gas to keep our lights on, and as you've seen with the decision that was made before, those gas reserves have now run down. And so we are just being practical and pragmatic to say: in order to make this transition, what we don't want to be doing is burning a lot of coal; if we can burn gas instead. It's not nearly as good as renewables—get it—but it's certainly a hell of a lot better than coal.

Media: Can you tell me what information you've had, if any, from companies like Todd or OMV or whatever that they would take advantage of this change?

PM: Well, I mean, again, it'll be up for them individually to make their decisions. What we can do as a Government is set the framework up and the conditions up, that if they're prepared to make that investment, they know they have some certainty around the regulatory framework going forward, so they can actually work out whether they do or don't want to make those investments. But again, that is our job, is to make sure that, you know, there is certainty and clarity for individual firms to make investments in energy.

Media: So have they said they want to come back or—

PM: Again, I'm not party to those conversations. What I'm focused on is making sure that the legislative and regulatory framework is in place that enables investment to take place.

Media: The regulatory impact statement for your tax package says that households in the lowest quintile get about a third as much as households in the highest quintile, and in terms of the overall spending allocation of that package, it's about just over 5 percent of the total spending of that package is directed at households in the bottom quintile; is that concerning to you to see so much money directed to alleviate the cost of living pressure amongst the richest 20 percent of families?

PM: Look, I'll just say to you, I think we've designed a system incredibly well to put more emphasis for low and middle income working New Zealanders. We worked incredibly hard to cap it, as you know, at \$78,100 to make sure that there was more benefit for working families in particular. And I think, in a progressive tax system, we've done a very, very good job of doing everything we can to make sure that that fiscal drag is diminished, to make sure that people get to keep more of their own money, and I'm very proud of the tax package. It's good to see there's been over 400,000 New Zealanders that have jumped on and checked the tax calculator out, and may many more of them continue to do so.

Media: Is that the best you could do, though? Because the top two quintiles get \$38 and \$39 a week extra on average; the bottom three quintiles, which is low and middle income, is \$13, \$24, and \$32 a week respectively. So low and middle income households, according to Treasury, get less than the highest two quintile income households.

PM: Look, I think we've designed a really good tax package, and I think, when you take a step back and say what we achieved in that Budget, of making sure that we cut wasteful spending, we had a really disciplined operating allowance, and we delivered tax relief, and we laid out conditions for future growth around infrastructure and other things. I think we've achieved an awful lot in a short period of time. There's more to do—get it—but this is going

to make a big difference to New Zealanders. OK, thanks so much for your time, appreciate it.

conclusion of press conference