

**POST-CABINET PRESS CONFERENCE: MONDAY, 13 DECEMBER 2021
HANSARD TRANSCRIPT**

PM: Apologies, everyone. I see we're a bit tardy this afternoon. Well, kia ora koutou katoa and good afternoon. Today Cabinet undertook its first review of the new COVID-19 Protection Framework, which came into effect roughly 10 days ago. Cabinet considered several factors when deciding whether or not to move regions into different levels in the traffic light system including vaccination rates, health system capacity, and the status of the current outbreak.

It is encouraging to see Auckland's case numbers have continued to decline since the new framework came into effect, giving cause for cautious optimism. The seven-day average number of cases in Auckland as of Friday was 113 a day compared to 126 the week prior and 179 the week prior to that—all lower than the 200 cases a day that modelling suggested in early November. This lower number of cases in Auckland is good news for all of us as it reduces the risk of the virus spreading outside Auckland once the boundary changes on Wednesday.

We currently have 61 people in hospital, four of those in ICU or the high dependency unit. Case numbers, new hospitalisations, and new case numbers in ICU are all running slightly under the levels predicted. The R rate, which is indicative of the pace of spread, slowed to under one for the first time in several months on 1 December.

Over the past two weeks our vaccination rates in total have increased more than the previous two weeks and as a country we are now just 47,527 vaccinations away from hitting 90 percent fully vaccinated. So, as I said last week, we should hit that milestone in the middle of this week.

But there are other factors we must also keep in mind. Firstly, that we have long said that we want to see good vaccination levels across all parts of the country. Those areas outside of Auckland that are in red, for the most part, won't reach rates in the mid- to high-80s till the end of December. Secondly, while Auckland is one of the most highly vaccinated regions, it continues to be the centre of the outbreak with several hundred active cases obviously being managed. And while there is good cause for optimism, we only moved into the new COVID protection framework just 10 days ago, which doesn't yet represent a full transmission cycle.

However, Ministers and the director-general are supportive of recognising the progress that has been made and will be made in the coming weeks as people seek their second dose. They also expressed a view that with an additional transmission cycle they believe there will be enough comfort for Auckland to move. On this basis, Cabinet has decided, on the recommendation of the director-general, to move Auckland to orange at 11.59 p.m. on Thursday, 30 December. Cabinet has also decided that those remaining areas that are currently in red, excluding Northland, will also move to orange at 11.59 p.m. on Thursday, 30 December.

This decision means that Auckland will move approximately four weeks after they moved into the COVID protection framework at the beginning of the month and will give extra time for any potential impacts of that move to be seen. This represents two incubation periods of the virus, which we've consistently used to provide confidence around outbreak control throughout the pandemic. It means we can see the impacts also of the Auckland boundary opening. It means that other regions at red, currently Taupō, Rotorua Lakes district, Kawerau, Whakatāne, Ōpōtiki district, Gisborne district, Wairoa district, Rangitīkei, Whanganui, and Ruapehu districts have an additional period of time for second doses to be administered and rates to reach a greater level of protection. As I said, by this time we expect, on projection, for those areas to reach mid- to high-80s in terms of fully vaccinated residents.

Here today we have carefully balanced the range of advice, views, risks, and opportunities of all the relevant levels and settled on an outcome that means the country will move into the New Year with all but one region in the orange setting. It means vaccine passes will be in use

up and down the country as well as masks and other public health measures that are designed to keep us safe during this time of change. But it does mean that we are also being proportionate and that people will be able to gather together and that's because it will be safe to do so.

I do want to acknowledge the huge work that has been undertaken in Northland, and the enormous progress that has been made there too. I do think it's right to be cautious in this move. This does not mean, of course, that people who do not fulfil the requirements in Auckland around either being fully vaccinated or tested cannot move into Northland. Of course they continue to be able to. Our next full review of the traffic lights will be in the week of 17 January.

Finally, a word on Omicron. Currently, New Zealand maintains a layer of protection at our border through our ongoing use of managed isolation and quarantine. You'll be aware that this is due to undergo a significant change on 17 January when New Zealand residents and citizens in Australia are able to travel home and instead of going into MIQ will be able to isolate at home for seven days. But in light of the global Omicron situation, Ministers with power to act will receive the latest advice from the Ministry of Health on the variant in early January. This check-in will be to confirm that we remain comfortable with this next step in our reconnecting work. I won't pre-empt the outcome of that check-in now but it makes sense to ensure we assess the next move against all the latest information and advice we have, including the relative effectiveness of the vaccine against the Omicron variant.

One final note: on Wednesday, Aucklanders who are fully vaccinated can travel around the country again, and the boundary that has played an extraordinary role in containing the Delta outbreak for the past four months changes. Those who are unvaccinated can travel too but must provide a negative test taken within the previous 72 hours. We announced last week, but I'm confirming again today, that that test can be a rapid antigen test and that they will be available at the 149 pharmacies around Auckland from Wednesday. They will also be available at other pharmacies around New Zealand from Wednesday also. The results are available after 15 minutes, and you'll be issued with proof of your test to travel across the border. Please, I encourage you to use this simple, accessible option for surveillance testing if you are not vaccinated and intend to travel and you are in Auckland. But if you are symptomatic, still please get a full PCR test.

Some will ultimately say this decision today feels right. Some will say it feels too slow; others, too fast. So instead I come back to the two-year perspective. For the second year in a row now we've finished the year with measures that matter, the lowest cases, hospitalisations, and deaths in the OECD and an opportunity to have a summer break with comparatively low rates of COVID-19. I'm now happy to take your questions.

Media: Prime Minister, will the decisions that you've made today change your thinking around the Auckland border, particularly heading south, given that if Auckland can be in orange and everyone else is in orange, what is the point?

PM: Look, what we were ultimately trying to do there is, of course, continue to slow any spread, and I think that remains important. Part of the success of our containment of Delta has been those border arrangements, so it's fitting that we change them, that we ease them, but now all we're asking is that if you're in Auckland, if you're double vaccinated you can move; if you're not, to get a test. And that's just for a period while we continue to ease and change up our settings.

Media: Did you consider dropping that southern boundary in particular, because the police said it's so resource-heavy to monitor and given we're all at the same alert level setting, it doesn't—

PM: Two things: the first thing I'd say is, actually, you know, it is not an onerous ask for the vast majority of Aucklanders who are vaccinated. So, of course, for them all they need to do is carry the same proof of vaccination that they're carrying with them everywhere now. For the police, we've ultimately—they are the only ones who can legally operate compliance

around these checks and it is totally their operational decision as to how. They have expressed a view that they will continue to manage the free flow of traffic. That will be one of the things they undertake. So they'll be determining when and how they choose to check compliance.

Media: Prime Minister, with Northland, 81 percent are double vaccinated and 87 percent have had their first vaccination, so that means they should be on track to reach 87 percent. Isn't that pretty high and is it really necessary for them to still stay in red?

PM: Yeah, so my recollection in terms of numbers is that they are still around 4,000 shy of reaching the 90 percent first dose target. I can confirm that with you while I'm on the podium. But, ultimately, the distance between them and those other regions at the moment is in the order of several thousand. This is not to say, of course, that we won't see Northland move like other regions into orange. We fully anticipate that. But at a time when we are going through a very careful transition, it makes sense to us as a Cabinet to be most cautious with the area where we have the lowest vaccination. I do want to acknowledge the huge effort that's gone in from the region. It has been significant. We've seen a big increase, but, as I say, this is just about being cautious.

Media: Why have you ruled out green, for anyone going to green, especially parts of the South Island?

PM: Only for now—obviously, through the transition period. And so we absolutely anticipate that we will have areas that will move into green, but this is to see us over that period of transition.

One thing to keep in mind is that green does enable vaccinated and unvaccinated people to gather in high-risk areas. And our view is that during the transition, actually it's important that we continue to maintain confidence as we transition, and I know a number of people will appreciate knowing that they're around, in high-risk venues, other vaccinated people.

Media: Prime Minister, can you give an assurance to Aucklanders who want to travel north of the border on Wednesday that not every car is going to be stopped by the police?

PM: Certainly, that's certainly the implication from the communications I have seen from the police. Their goal is to continue to maintain the flow of traffic. So in the way that you see them operate other compliance checks, I imagine that they will be undertaking a similar approach, where they'll be compliance checking but also essentially ensuring that we don't have a large hold-up of vehicles.

Media: Te Tai Tokerau is saying that everyone—

PM: Ultimately, it's operational, though; I should say that. It is ultimately operational, so I won't be dictating how they undertake them.

Media: No, no, but Te Tai Tokerau is saying that every car should be stopped. They're quite categoric on that.

PM: Well, first thing, police will operate the checks. They've already put out official statements on how they intend to operate them, and you can see from that, they will be taking into account traffic flow. The other point is checkpoints can only be legally run by the New Zealand Police. So, yes, they can have others in support of those checkpoints or those compliance checks, like the New Zealand Defence Force, like community wardens, like Māori or Pacific wardens, but police ultimately are the ones in charge and must be present to manage those compliance checks.

Media: And are you aware of police being dispatched to Gisborne to set up road blocks there?

PM: No. No, and nor would I have an expectation of that. Ultimately, though, the way that the police choose to operate over summer, Barry, is ultimately up to them. You'll remember, of course, that there are often different pressures on police over a summer period. We'll all remember a period when the Coromandel became a very busy place for young

people to congregate and the police made operational decisions about deployment at that time too. These will be decisions made by the police, but, again, the only place where we've set an expectation around compliance checks is around the southern and northern part of Auckland.

Media: Is it just a numbers thing with Northland versus Tairāwhiti, because obviously Tairāwhiti is also at 81 percent second dose, similar to Northland, but it's a smaller DHB. So has it meant they have fewer thousands to get through?

PM: Yeah, so, on rounding, Tairāwhiti's at 90 percent at the moment. They have 171 individuals.

Media: That's first dose, not second dose.

PM: Yeah, on Northland it's over 4,000. So a number of factors we take into account, but vaccination was significant in those factors and in deciding that Northland would just hold for now. It is not to say that the only way that Northland can reach any other level is solely on vaccination rates. This is about taking a cautious approach while we transition.

Media: And on that transition period, you were saying, well, that's the reason you're not moving to green faster, and you're not doing all these things.

PM: Yep.

Media: But you're not checking it again until 17 January. That's a month and a half after.

PM: Keep in mind, though, of course, that all—

Media: Is that all for transition period?

PM: Yes, at that point we'll have regular two-weekly reviews. We will have had the chance at that point to see the impact of the Auckland boundary lifting, movement across the country, and the new CPF framework. So, yes, at that point, the transition essentially done, we will have seen the impact of the new settings and we'd be fully implemented by that point.

Media: And, sorry, just another question—is there any chance of the booster timetable being moved up slightly? Australia went up five months and then six months. Obviously the size is [*Inaudible*] with us, and I think the UK have shortened their period as well [*Inaudible*] Is there a possibility that you would move to five months, four months?

PM: I think the first point to make is the vast bulk of New Zealanders who are eligible for boosters, or come up to their opportunity for boosters, are actually across March, April, and May. So a large number of New Zealanders are quite some way off the six-month mark, let alone a five-month mark, and so on. But I'll leave it to Dr Bloomfield to comment on any further consideration by our technical advisory group on boosters.

Dr Ashley Bloomfield: Thank you, Prime Minister, and kia ora koutou. Yes, so we've been watching this very carefully over the last two or three weeks since the first announcements about Omicron and, obviously, the information from Pfizer last week was reassuring in a way— that the Pfizer vaccine does seem to have a good level of efficacy against the Omicron variant, especially with that third dose. Our technical advisory group is considering this tomorrow, and then we're meeting tomorrow afternoon with some other modelling work from our team. Our key objective is to go into winter with our maximum population immunity, and so that will be one thing we'll be weighing up around the timing of that booster dose. In the meantime, there are, by Christmas, 450,000 people due their booster. It's at least six months, and I'd strongly encourage them to get that as soon after six months as possible to make sure that they've got full immunity. But we will be providing further advice through in the middle to late part of this week to see whether there is any change to the current period before that booster dose.

Media: So that's a real possibility; that's not a concrete six-month thing? You could advise a change?

Dr Ashley Bloomfield: Yes, we could, and that will be on the advice of the technical advisory group, looking at the science, and also, again, with this primary perspective, because winter's the problem, as we're seeing now in Europe. And, in fact, Pfizer's advice last week was you could bring that down to, say, three months even, that interval, but they caveated with that with if you are in winter and have got a large outbreak, which we have neither of, if we're looking in Europe—you know, it's the equivalent of us having 3,000 to 5,000 cases a day, and, obviously, we're nowhere near that and our case numbers are dropping.

PM: So, then, even if you were to move them by a month, we would still see the vast bulk February, March, April, based on the sequencing of most, the large bulk of New Zealand's population's second dose.

Media: Could you, and maybe Dr Bloomfield as well, just the rationale behind the date of the 30th? Yes, so what particular reason—

PM: Counting back from the 3rd—so we went into the CPF on 3rd. You'll recall that we've often taken into account those transmission cycles, those blocks of two weeks, to be able to give ourselves the time to see the impacts. Often with the old alert levels, we used to use it to see whether or not we'd missed cases. Now, of course, it's to see the impact of easing the restrictions. So, essentially, if you count forward from the 3rd, you, essentially, land on the 30th, 31st.

Media: So it had nothing to do with people potentially planning New Year's parties?

PM: No, you can count yourself; that's where you land.

Media: The Friday before last, Grant Robertson was asked about those opening up dates and was very definitive about the fact that people who are overseas they might be looking at forgoing their MIQ spots because they're relying on that seven-day self-isolation, should carry on with those plans and not think there reasonably might be a change as it stands at the moment. I appreciate Omicron's come on the scene, but is your message now to people who have been relying on those facts and making plans around MIQ on that basis to rethink that because there's no certainty anymore?

PM: Well, look, no, we haven't changed our plans. We haven't changed the time lines that we've set out, but it does make sense for us to have that check in before they're due to come in to ensure that we're still comfortable based on the latest advice we have from Omicron. There is nothing for which we can make that decision now. At the moment we know it's more transmissible. We know there have been some lab-based work on the effectiveness of vaccine, and from that you've seen the pharmaceutical companies coming out and speaking about the greatest rates of effectiveness based on how recent your last dose was. But our view is that we'll know even more in even that first week of January. So it makes sense for us to review that information and then confirm comfort. Or, if there is something to alarm us, then be willing to speak to that as well.

Media: So the fact that you've sort of proactively brought that up today will be cause of concern for some people, and so is it—

PM: Equally, in Australia we've seen them put on additional self-isolation requirements and remove them. Around the world, they are being re-imposed. I think it's unrealistic for us to say that there is a plan and we will not move it despite what the evidence tells us of Omicron. We have to see and listen and hear what the evidence tells us, and the impact it will likely have on New Zealand.

Media: And if you go back—if you're forced to go back into a longer MIQ situation that's going to become difficult in terms of space, how will you negotiate that?

PM: Well, there, of course, it wouldn't necessarily be longer, but more it would be that you're reverting into self-isolation or not, because the flip that we have at that point is people being able to self-isolate at home. So, look, I said that I wasn't going to pre-emptively speculate around might happen, and I won't. We have not yet changed any of the decisions that we've made, but I do want to give comfort to people that if there is evidence that suggests to us that

there would be a marked and negative impact on New Zealand, then we need to listen to that. So we've scheduled that check-in and I wanted to notify people that we'd do that.

Media: Why is it then that Chris Hipkins said he was very committed to that date? Grant Robertson was definitive about it. If the question is not about the revision, it's about this Government's communication style.

PM: Well, Ben, I have just said that we're not changing any of the decisions at this point that we've made. But there's almost no country around the world that has done nothing in response to Omicron. Every country has responded to Omicron. In fact, we're one of the countries that's had to do the least, because we already had measures in place. As I say, even in some parts of Australia, they're reinstating requirements that they had removed only a matter of, I believe, weeks prior. So, essentially, what you're asking me to do is to ignore that evidence. My view is that we have a duty to make sure that before that decision we've made—and have not yet changed—comes into force, that we have a check-in.

Media: To side-step to a different issue, is New Zealand considering, or will you consider, offering asylum to Julian Assange?

PM: No.

Media: If life at green means that there is limited community transmission and our health system is ready to respond, as is quoted, can we assume that Wellington's and Canterbury's health systems are not ready to—

PM: No, not at all.

Media: What thresholds are they not meeting that—

PM: In fact, thank you for the opportunity to say something specifically to the South Island. You know, at the moment, they're in an exceptional position—very high rates of vaccination; very low case numbers. We are where we are now as we make a transition. But I do expect things to change in the south. But keeping in mind, one of the big adjustments that comes with being from orange to green is the ability to have a larger number of people together who are both vaccinated and unvaccinated. And right now, while we transition, I believe quite a few people in the South Island would like the comfort that they know they're around vaccinated individuals.

Media: Given that green is of greater significance to unvaccinated people, are you keeping those low-risk areas in orange as a tactic to encourage vaccinations?

PM: No, not at all—not at all. We designed a system that would allow some flexibility at every level, and so even at orange you have some flexibility safely, because we substitute vaccine passes with other public health measures and we'd deliberately designed it that way.

Media: There are businesses, though, who are suffering from lower patronage because they're not at green, though. So did that not factor—

PM: Sorry, but would you mind giving me some examples?

Media: Of, like, having both unvaccinated and vaccinated people coming in if you're a hospitality business.

PM: But they have the ability to operate at full capacity with vaccine passes. So there is an option at orange where people can be fully operating, open, with as many people as their facility is able to contain as long as they're using vaccine passes.

Media: But, so, is this a commitment that the South Island and some very high-vax regions will go green on 17 January?

PM: No, it's a recognition that they are very well placed to. But we are in a transition and I definitely get the sense that there will be understanding of the balance we're trying to reach here as we move into the new framework.

Media: It was reported over the weekend that a senior Taliban official has, you know, considerable connections to New Zealand. Are you aware of this man? Has he been a feature of your national security briefings?

PM: I've seen the media reports and I'd say, as is the case with any issue that has national security implications, I won't comment on the specifics. But, as you would expect, we take our international obligations seriously. And any New Zealand citizen or resident who is affiliated or associated with an organisation who is listed as a terrorist entity can be expected to face the consequences of New Zealand's legislative framework.

Media: Is that to say that, if he were to return to the country, he might be arrested?

PM: Again, I'm not going to get into specifics, but that's a general statement that you can expect that we would apply our international obligations and take our international obligations seriously.

Media: It's not entirely unheard of for you to talk about, you know, individual cases and people who've—

PM: I try to avoid getting into hypotheticals with national security issues.

Media: Is he a citizen?

PM: I'm not going to comment on the specifics of the case, and you know that's not unusual.

Media: If he were, would you remove his citizenship?

PM: Again, I'm not going to get into the specifics of the case.

Media: Some of the early advice on the vaccine certificates and the traffic light framework envisioned that they would only be required in a narrower band of settings—just for higher-risk ones and not for hospitality and—

PM: Large gatherings in the beginning is my recollection.

Media: Yeah. Why the change to broaden that out quite significantly?

PM: Yeah, a good question. Because there was a view that we would be able to therefore give greater certainty around businesses remaining open in outbreaks if they were used in a wider range of settings.

Media: Some of that advice also looked at whether this would be a temporary or an ongoing measure and seemed to lean, in the earlier stages, towards it being temporary. Do you have an idea whether you might see the traffic light system change to use vaccine passes less if we reach higher vaccination rates?

PM: Yeah, and, yet, you then have the challenge of ensuring that people are up to date with boosters and they have the potential to provide an extra way to ensure that people are taking up their boosters. Because it does appear that they are going to be material to keeping people well and communities safe in the future.

It's fair to say as well that when we were considering in the early days, and no set decision was made around the idea that they would be removed at any point or indeed the CPF framework no longer in existence—because we are still learning from what's happening overseas. And you will have heard me comment a few times that those countries who have removed them—the likes of Denmark, in August, have recently reinstated them. Germany is trying to step up their use. Of course, they remain in place in Italy, in Spain. So we do see that those who have moved away have then gone back to them.

Media: Does it sit easily or happily, I guess, with you, just the notion of the traffic light framework and separating out, you know, without sort of –

PM: Yeah, well, actually, I'd go to the little discussed element of the framework. You won't find many countries in the world that have created a way of using vaccine passes or a framework for vaccine passes that give you options to operate differently as well. We have

tried to do both, and very few places have done that. We've tried to do both carefully and safely, though, so it does mean you have lower numbers of people. They are required to have different public health measures. But they do exist and it was because we were trying to create a system that allowed us to acknowledge that there will be people who will feel very strongly and if they're going to maintain those views, how do we keep people safe in the meantime?

Media: Prime Minister, what's your advice to tourism businesses and people living overseas about whether there is any chance that they won't have to self-isolate next year because Stuart Nash apparently told some tourism businesses that all through next year everyone would have to self-isolate?

PM: Well, it's because we haven't at this stage removed the self-isolation requirement, but we have, of course, indicated our intent for managed isolation to be the sole place that you can carry it out. So, of course, for those that we have sequenced it, for those who are double vaccinated, for those who then have a pre-departure test, we've moved first with Australia and then the rest of the world for New Zealand citizens and residents, and then we've looked to move through other visa classes beyond that. But, at this stage, we haven't carte blanche said "And here's a date when self-isolation requirements are removed." And you can currently see in the world why that is. In August last year, when we announced the reconnecting plan, we always said we were going to continue to use tools to keep our domestic restrictions as low as possible. By having self-isolation, it means that we have a better chance of having fewer restrictions in our day-to-day lives, and we've always try to balance up the two, whilst getting rid of the bottle-neck at our border.

Media: So are you saying that it's unrealistic to expect that there would be a relaxation of self-isolation—

PM: Not necessarily, but you've seen us express the higher bar whilst of course we all, with cautious optimism, look forward to the future with the hope that we'll be able to remove those. But our view is that we always want to be able to give as much certainty, and at the border you don't want to yo-yo, because you've seen countries around the world doing that at the moment. That's why we've said we'll move forward cautiously, but, at this stage, we haven't said when the self-isolation requirement will go.

Media: Just on another matter, today we got fresh house price inflation figures still over 2 percent, and you are quoted on the weekend as saying some sort of lowering of either house prices or house price inflation would be OK. You talked about one or two years. If prices went back to where they were just before COVID, that would be a 27 percent fall in house prices. Do you think we should have a—

PM: But, of course, you see in one year the significant increase even just against one year, so if you had a fall, that would take us back to where we were maybe even 12 months ago. Just a point that I was making is that between the two things that are being argued here, no one wants to see our housing market crash. It still represents the single biggest asset that most New Zealanders will own. It so happens we want to expand the number of New Zealanders, though, who are able to access that market. With house prices increasing in the way that we have, that is unsustainable and is locking people out of the market. So what we are trying to do is, of course, as you've heard me say many times before, use all the tools that we have available to us, whether it's changing or impacting on demand for investors by the changes we've made to our tax settings to encourage people to invest in the productive economy instead of the housing market, supporting first-home buyers as much as we can with first-home buying products, and also increase supply. So those are all the levers that we are trying to pull to try and balance those two competing issues.

Media: But how is affordability going to improve if there is no prospect of a fall in prices?

PM: Well, of course, you've heard—there's a lot of speculation about what's going to happen in the housing market over the next period of time. Time will tell whether or not those predictions end up being the case, but already we've seen first-home buyers now making up

26 percent of the market versus the prior 22 percent, and CoreLogic predicts that we will see some heat come out of the market. And I'd say a large part of that will be, of course, what people are assuming—in part, will be about what people are likely to see happen with interest rates.

Media: So are you resigned—

PM: So, if I may, we'll take last one and then I'll come back to those who haven't had a question.

Media: Sure. So are you resigned to the fact that house price—

PM: I'm not resigned to anything, and that's why we keep doing all that we do on housing. And, again, even this week you've seen us take significant measures in the planning space to try and again accelerate the supply of housing in those areas where we've seen the most demand. I mean, you name any area and you will have seen us pull a lever because we're determined to see change in housing.

Media: FIRST Union's director Matt McCarten has said that a toxic work environment remains at Parliament. I guess, how concerning is that for you and has anything really changed since the release of the Debbie Francis report?

PM: Well, we of course, since the Francis review, have been working very hard to make sure that we take on board those recommendations, that we implement them. Look, I can only speak from my perspective. Having been here over a number of years, I do believe that there has been change. That doesn't mean that there won't be individuals who have experienced poor practice, and we owe it to them to make sure that we change both the culture of this workplace but also the ability for them to seek support or to seek a change in outcome if they do experience that.

Media: Just a follow on from that, so they also want an inquiry into the Parliamentary Service chief executive and the handling of the Nick Smith complaint. Would you be supportive of that?

PM: To be honest, I haven't had a chance to look at some of what's been reported on today, so I wouldn't want to speak too prematurely on that, if I may. If I may, and then I'll come back around.

Media: Why did the Government only announce it was walking away from the opt-out model of three waters in October, when it looks like the decision to move away from that was made in June?

PM: Of course, we've continued to work alongside local government to try and build consensus over a number of months. Local government asked for us to work with them through the heads of agreement that we had over a period of time. Over the course of that period of time, of course, we worked up a package of supports to ensure that no council was left worse off by any future decision-making and, of course, ultimately though, when it became very clear to us that the only way that we would be able to achieve the positive outcomes of lower rates, better infrastructure, and the ongoing investment required, we would need everyone in rather than some out.

Media: But you went about getting that consensus after you'd already made up your mind. Now, councils are feeling that you've been duplicitous and untruthful to them by—

PM: I disagree—well, I disagree with that. In fact, there were some councils who were of the view that it would only be able to be achieved by everyone being all in and were waiting for Government to ultimately make that decision. We wanted to try and build as much consensus around it as we could.

Media: Why couldn't you have just told them in June when you made the decision, though?

PM: There was a view that actually we should—and, you know, we stand by the decisions that we've made to try and ensure that we were providing the evidence base for

councils. They wanted to see the reporting and the work that had been done by DIA to form the basis of some of those future entity decisions, to allow them time to work with their communities over the future. We had, again, the heads of agreement. We were working through a process in good faith. Look, some councils don't agree with where we've landed, but it all comes back to one essential, in my mind, issue: doing nothing is not an option. And, yet, if we're going to do something successfully, it is going to require us to be all in it together.

Media: Just back to Bernard's first point about housing, would you be comfortable with house prices falling back to the level they were at in December 2020?

PM: So I've never made arbitrary calls on any particular levels, but what I've simply pointed out is that even if you have them come away from where they were a year ago, they've grown dramatically in that 12-month period. No one's arguing, of course, from our perspective that a collapse in the housing market would be an acceptable thing. It's the most significant asset most people own. But we cannot afford to continue to see year on year these dramatic increases in prices: (a) homeowners are buying in the same market, so essentially it's not taking them anywhere, and increasingly for first-home buyers, it's very hard for them to enter.

Media: So, by saying that, you're effectively locking in house prices at what they are.

PM: No, that's not what I'm saying.

Media: So, just on that, what is a collapse in house prices?

PM: I've never given—

Media: So I'm asking it now; what is it?

PM: So I've never given a particular numeric. I was asked in a question whether or not we would accept seeing prices fall away or over a period of a few months. What I've explained, of course, and, again, multiple times on this podium, is that it's in no one's interests to see a complete collapse of the market, but if we saw houses prices fall back to even where they were 12 months ago, that actually would still take us back to a very high rate of growth over the past few years.

Media: So, just to follow up on that, the 30 percent decline—

PM: Well, look, I'm trying to equally proportion questions across the gallery.

Media: I've only had one question, or two. So—

PM: Sorry, I unfortunately was assuming that you're—I was making old versions of who was still working in the same outlets.

Media: A 30 percent decline in house prices—even though that would take it back to a ridiculous level, that is still better than where it's at now, whereby you need about \$200,000 deposit to buy a median house.

PM: We've never put out singular goals for which we're aspiring. What we have said is that growth is unsustainable, and we stand by that.

Media: Do you think your rhetoric on house prices has a market effect and the fact—

PM: No.

Media: —that you have never said—you don't think that the Prime Minister saying, "We want house prices to fall.", has meant—

PM: No, no, no, no. I'm glad you think that I'm that powerful. No.

Media: A lot of people have confidence in the market and they say—

PM: No, I think what matters is what we do, and I also think probably the interest rate has a market effect as well.

Media: There should be a goal in house prices if you're making a lot of these massive moves in the housing market. What measure of affordability do you think is acceptable for a median house or even a lower-portal house in New Zealand?

PM: We all know the growth rates that we've seen have been unsustainable. They are. Although we've seen a small increase in the number, the proportion, of first-home buyers in the market, that's still 26 percent, and, overall, we have a lower proportion of New Zealanders in homeownership now than where they were several decades ago. We want that to increase. We know that it comes down to two things: how much income they're earning relative to what's happening with house prices, and we have seen over a number of years that increase grow. So we need two things: house prices to not continue to increase at the extraordinary rate we have, and also people's incomes need to continue to increase. We're a Government who's been focused on both. OK, thank you, everyone.

Media: So on that ratio, were it 1:8, what does it need to be?

PM: You already know the definition of housing affordability. [*Inaudible*] Thanks, everyone.

conclusion of press conference