

POST-CABINET PRESS CONFERENCE: MONDAY, 20 APRIL 2015

PM: OK, good afternoon. So, apologies, and I think you'll probably know I've got a little bit less time today than normal, so I'll crack on into it. As you know, this morning I met with Australian Prime Minister Tony Abbott in Wellington. This is Mr Abbott's second official visit to New Zealand, and, of course, it has a distinctly Anzac focus to the visit. At breakfast today we discussed a wide range of issues—as he summarised, I think, in his remarks—including ISIL, our joint training mission in Iraq, the Asian Infrastructure Investment Bank, and the upcoming trip to Gallipoli. We also took stock of some of the issues we agreed to progress at our February meeting, including information sharing on deportations and the single economic market. Together we took part in the dedication ceremony of the Australian memorial at Pukeahu. We also had the opportunity to visit the Te Papa exhibition called "Gallipoli: The scale of our war". This remarkable exhibition is the work of Richard Taylor and the team at Weta.

Over the weekend I attended the opening of the Pukeahu National War Memorial Park in Wellington, alongside the GG. It's an outstanding memorial. Both the sound and light show in The Great War Exhibition bring life to a time in New Zealand's history that we should all remember. The respect New Zealanders show for Anzac commemorations, and the growing numbers who turn out, both young and old, serve to underline the importance of this event in our history.

Given the extra special importance of Anzac commemorations this year, 100 years on from the landings at Gallipoli, a number of Ministers are attending services and events both in and outside New Zealand. On Anzac morning itself Deputy Prime Minister Bill English will be in Wellington, and Ministers will be attending Anzac events around the country. As you know, I'll be traveling to Gallipoli to attend events, alongside 2,000 New Zealanders who won places in the ballot. I'll attend a number of commemorative services on the Gallipoli peninsula on the 24th and 25th, including the Dawn Service, the New Zealand service at Chanuk Bair, and the Australian service at Lone Pine. I'm delighted to be leading an official delegation on this trip, which includes veterans affairs Minister, Craig Foss, 25 youth ambassadors, the Chief of Defence Lieutenant General Tim Keating, former Prime Minister Helen Clark, and Opposition Leader, Andrew Little.

New Zealand will, as I mentioned, be represented at other key events internationally. Minister Gerry Brownlee will commemorate Anzac Day at the New Zealand memorial service in Messines, Belgium. The Passchendaele battlefield has special significance for New Zealanders and remains the site of the worst military disaster in New Zealand's history. Minister Paula Bennett is traveling to France and will attend commemorations at battlefields of significance to New Zealand, including Longueval, where the remains of the Unknown Soldier were removed from in 2004 to be reburied at the National War Memorial in Wellington. And Minister Chris Finlayson will be in Australia attending the Dawn Service, the Australian national Anzac Day ceremony, and the "Last Post". He'll also represent New Zealand at the Anzac Day ceremony hosted by the French embassy in Canberra.

Finally, the Speaker will be in London, and will be laying the official New Zealand Government wreath at the Dawn Service at Hyde Park Corner. I'm pleased and proud to have New Zealand appropriately represented at these important international events.

So I'll be leaving tomorrow evening to travel to Turkey. Following the Anzac events there I'll then go on to a visit to a number of Gulf States, as I announced last week. I'll be accompanied by an 18-strong business delegation, and together we'll be working hard to promote Kiwi businesses and tell the New Zealand story in the Gulf.

On Sunday the 26th I'll be in Dubai, and we'll kick off the week-long trip with a speech at the Dubai Chamber of Commerce to open the New Zealand - Dubai business seminar. I'll then be heading to Abu Dhabi for a number of high-level official calls and visits, followed by a full day in Dubai, where I'll be officially opening the New Zealand consulate.

Finally, in continuing with a strong focus on trade and business, I'll spend a day in Saudi Arabia and a day in Kuwait. On this trip I'll be meeting with a number of royal and Government leaders, Ministers, and other key officials. It's an opportunity to strengthen and grow trade and business links between the Gulf Cooperation Council, known as the GCC, and New Zealand. It also provides the chance to progress to conclusion of the New Zealand - GCC free-trade agreement. I'll be making it a top priority to talk to leaders in the region about the importance of finalising this FTA. The GCC is New Zealand's fifth largest export destination, and New Zealand exports to the region are worth about \$1.9 billion to us. Exports have grown by 10 percent over the last 10 years, so now it's an opportune time to showcase New Zealand's business and products to this important region. Obviously, the Middle East is the focus of a number of key security issues, including the international campaign against ISIL, so I expect to discuss these and other bilateral and international issues during my meetings. I'll return on 2 May.

Questions?

Media: Are you aware of the case of Karolina Dam—that's the former Auckland woman who is now in Denmark, but her son had died in Syria?

PM: Yeah, look, I really don't know the details. I've heard the name, obviously, but I really don't know any details outside of that.

Media: Have you had any New Zealand parents contact—have there been any cases of New Zealand parents contacting authorities, concerned their children are potentially radicalised?

PM: I'm not sure of how much information I can really go into in that space—I certainly can't go into individuals. But it isn't uncommon—well, look, it's not unheard of for a family member to contact the police and then, ultimately, to talk to the SIS about concerns they might have for a loved one becoming more attracted to messages from the likes of ISIL and the threat that they perceive that that person could become radicalised. So often family members are involved in discussions that lead to the SIS having discussions with those individuals.

Media: The number of incidents—well, are we seeing more of those recently?

PM: A little more, but it's quite a small group.

Media: And has the SIS been effective in talking to those people?

PM: Yes, there are some people that we believe we've actually talked down from wanting to get engaged and leave. As I say, the number's quite small, but there are cases where family members do become very distressed and concerned by activity they see. They approach, usually, in the first instance, the police.

Media: Who's talked them down?

PM: SIS.

Media: So this is obviously a potential of about 30 or 40 people who are of interest at one stage. I think it's [*Inaudible*]

PM: They may be people that have well and truly had a discussion with SIS. Some of those people would not be surprised that they are on that particular list. They probably would anticipate or expect to be there. They're not necessarily people where their family members have come to the police or the Government authorities.

Media: So is it just a couple of dozen, perhaps, or, you know—

PM: It's probably less than that, but I'm certainly aware of some cases where there's been a parental outreach, if you like, to authorities because of the concern they have for their children.

Media: Double figures, perhaps, in the past few weeks then, or—

PM: I don't think it'll be nearly as high as that.

Media: So when you say they've been talked down, do you mean they've been talked out of going to Syria?

PM: Yeah, I mean the persons—the parents are concerned about what they see their youngsters getting up to. They approach—sometimes they'll approach them and obviously have a discussion. But if that's going nowhere, it's not completely unheard of that they would go and speak to, effectively, Government agencies—the police or others—and, ultimately, the SIS may well have a discussion with the individual and talk more to them, and there's a process that they go through.

Media: Have any passports been cancelled as a result of concerns that family members have raised?

PM: There have been passports cancelled, but I can't be absolutely sure that they're aligned to people where parents have raised concerns with officials. But, as you know, with the new laws that we have available, as long as they meet the legal criteria, passports can be cancelled.

Media: Do you have an updated figure as to how many passports have been cancelled?

PM: I don't have it off the top of my head—a small number, I think.

Media: Have you got an updated figure as to how many New Zealanders have travelled to Iraq or Syria to join the Islamic State?

PM: I don't think it's dramatically changed from where we were, you know, some months ago. I certainly haven't been advised it's dramatically changed.

Media: So that's from five that you mentioned in your Iraq speech?

PM: Yep. It might be a little more than that, but not a lot more.

Media: Tony Abbott continues to compare the joint mission to Iraq with the Gallipoli campaign. Do you consider that appropriate?

PM: I think what he was trying to say was just simply that in Gallipoli was the first example of Australians and New Zealanders working together, if you like. That was the formalisation of the Anzac bonds. I think he was just simply saying this is another example of Australia and New Zealand working together. That's the way I would interpret it.

Media: What did you think of his use of the phrase "sons of Anzac"?

PM: Oh, look, I think he was just looking for a particular phrase and choose that one.

Media: What do you think we should learn out of Gallipoli, Prime Minister? What do you think we should have learnt?

PM: Well, there are many lessons. I mean, hindsight's a wonderful thing. I mean, obviously it was, at the core of it, you know, a terrible loss for New Zealand and New Zealand men. It was a campaign that went, in a lot of instances, terribly wrong. But it was 100 years ago, and probably our knowledge of warfare and modern warfare is quite different from that. I mean I think the way we tend to think of it is not so much of the battle—although that's obviously something that we learn about and understand—but its most significance is because that was the time where I think we really formed those bonds with Australia and what that ultimately meant.

Media: Is that an appropriate banner, though—Tony Abbott calling our troops that are going to Iraq the sons of Anzac?

PM: Well, like I say, I can't speak for him, but I just made the assumption he was just trying to simply say this is another example of where we work together.

Media: A few years ago, I think it was the 90th commemorations, when Helen Clark and John Howard were both on the Gallipoli peninsula, there was some controversy about Helen Clark going to Lone Pine but Mr Howard not coming to Chunuk Bair—

PM: Yes, I remember that.

Media: —celebrations, or commemorations, I should say. Is Mr Abbott going to come to the Chunuk Bair ones this time?

PM: I could be wrong but I'm pretty sure he's coming to Chunuk Bair. I certainly hope he does. It would be nice for him if he does. I mentioned it to him this morning that obviously I'd be at Lone Pine, and looking forward to seeing him at Chunuk Bair, but I can't 100 percent confirm that.

Media: Because in that case the controversy was around—

PM: He went down to a barbecue, didn't he?

Media: —Mr Howard deciding to have a barbecue and it was seen as not in the Anzac spirit.

PM: Yeah.

Media: So you hope he'll come?

PM: I hope he'll come, yeah.

Media: In terms of Iraq, so there's reports out of Australia that Iran is going to provide intelligence to Australian forces there. Is the same going to be happening here?

PM: Well, I think that's come on the back of Julie Bishop's visit to Iran—is that right? To Tehran? Certainly, I'm not aware of any agreement for information sharing between Iran and New Zealand. So I don't know whether they're really talking about a formalised thing or whether they'll just be sharing information.

Media: On the foreign fighters issue, have any of our—any of the ones you've talked about, have they gone through Turkey, I mean used that border to get into Syria?

PM: It's possible, but we—generally, the advice I get from SIS is not to talk about the route that people use.

Media: Given that, though, would you be, when you're in Turkey talking to the Turkish leadership about that issue of foreign fighters and whether or not they could do anything more to stop the likes of Kiwis and Aussies going through—

PM: Yeah, look, I would expect that conversations we'll have with President Erdogan will be a bit of a summary of what we see out of New Zealand, the kind of scale of the issue in New Zealand, the sense we have of people that have gone off to fight for ISIL and maybe a sense of how they're travelling, but whether they're going through Iraq cos there's a number of—sorry, through Turkey, because there's a number of ways of actually getting there. But, you know, I think we'll thank them for everything they can do to try and slow that process down.

Media: Cos Tony Abbott says that most of the Australians that have joined Islamic State have travelled through Turkey. So would you say that most of the New Zealanders have travelled through Turkey as well?

PM: I don't think I'd absolutely be able to assure that—say that—cos I don't know the route of every single person that's gone. I just know that there's been a variety of different groups and they've just told me in the past not to talk about that because it just encourages people to have a way of knowing how to get there.

Media: And that little more than five people, are they in Syria and Iraq, or just Syria?

PM: Predominately in Syria.

Media: Is there any hope of Team New Zealand getting any more money out of the Government?

PM: There will be—I expect there to be further discussions between Steven Joyce and Grant Dalton, but I think it's extremely unlikely that there'd be any more money for Team New Zealand. We've put up \$5 million. We really believed there could be some more value for the New Zealand taxpayer if there was a regatta held in part or in full in New Zealand, but for a regatta sailed solely in Bermuda I think makes it really difficult to make the case for more funding.

Media: So would you consider a proposal without an Auckland regatta or is that off the table?

PM: Realistically, I don't think that's likely that there would be more money without a regatta in Auckland, but, of course, don't forget Team New Zealand at least would argue that they are going through an arbitration case at the moment. I just can't rule out Steven Joyce continuing to talk to Grant Dalton, but I don't think it'd be any material form that's likely.

Media: So do you think that \$5 million already spent is money well spent?

PM: Well, I think it was necessary to hold the team together and it was an important next step for them as they looked to build their private sector donors. And in fairness to them, and in fairness to probably us, we were at least optimistic that there was a chance there'd be, you know, a regatta here in New Zealand.

Media: Just on our trip to Iraq, you said this morning that the advice has been for New Zealand not to say when they're heading over there. Will you tell us when they are there? I mean, at what point will we know that they're there?

PM: Well, they're going to be there in the early part of May, so, I mean, it isn't so much that you know that; you'll know that. If you really feel the need for me to tell you, I can probably try and update you guys. But, I mean, look, it's just a—in everything else we've done we're completely open. The defence's view to us is if we say the exact day they leave and therefore the exact day they arrive, they perceive, for whatever reasons—you'd have to ask them—that puts a slight increase in risk on their safety. So I've got no option but to accept that. But we know that we're, you know, starting that capability in the early part of May, middle to late part of May, so we need to have them there pretty soon.

Media: Prime Minister, is it not true at least some troops went with the Australians last week?

PM: I don't have all of those details. You have to go and ask.

Media: But is that true or not?

PM: Well, I don't know the answer to that. I'd need to check that. There are some people—it's not a straightforward picture because people have gone to Australia and back. There may well be some people who are in Iraq. I'm just not advised of the sort of operational movements because I never would be advised of that. It's not because—they don't go all in one day and in one particular thing; they go in various different tranches. So Gerry Brownlee's office would have it, or certainly the CDF would have it, but I'm not aware of that. It's quite possible there are some people there.

Media: Back on the number of foreign fighters—is it fewer than eight that are in Iraq and Syria?

PM: Look, it's more than five and it's not a really big number—so, yeah, it's a number around that.

Media: Given what's happened in Australia, is there any possibility of domestic Anzac Day attacks or anything like that here?

PM: Is there a risk? I don't have any specific advice that would support the view that there would be a likely attack, but I think there is always, you know, increased risk when you have these sort of public events, and that's just the stock-standard advice I get. Whether it's a co-hosting of a Cricket World Cup or a Rugby World Cup or a very significant event like Anzac Day, arguably there's always a slightly increased risk, but I don't have any specific advice around risk in the way that the Australians did.

Media: Do you agree with what Abbott said this morning—that Australians should turn up in their numbers to kind of thumb their nose at those proposing such attacks?

PM: Yeah, I mean, I think if you don't do that—if people stay away—then they're giving in to the threat of these terrorists. But I'm very confident that you'll see a huge number of New Zealanders attending events. I mean, without question, I think there'll be a record attendance around the country. That's going to be a great thing. It's a great way of honouring those men that fought for our country in the Gallipoli campaign, but it'll also be a great way of, I think, acknowledging the service and sacrifice of the tens of thousands of people who have died over the history of New Zealand's involvement in war.

Media: This morning, when you talked about IS targeting people trying to tape domestic security—so are you saying that the risk of that is greater during the Anzac commemorations?

PM: Well, I'm just saying, typically, the advice we get is that for any large-scale public event, there's always a slightly more heightened risk, but I don't have any specific risk about Anzac Day commemorations in New Zealand, unlike what the Australians have.

Media: Do you think that could turn people away from turning up to these events?

PM: I don't think so. I think most people will say this is a time that we should go out and actually physically show through our presence our appreciation for those that fight for the values and principles of our country—the people that currently do that; the people that have historically done that. I think there's a lot of pride in the way New Zealand's conducted itself and how it has stood up for what it believes in over a course of, you know, the two World Wars and various other campaigns.

Media: What did you think of the Reserve Bank's intervention in the debate about the capital gains tax last year?

PM: I don't think a capital gains tax would work, if that's what Grant Spencer was talking about, in terms of a short-term problem, as he would define it, in Auckland, because in reality, if you wanted to put a capital gains tax on, firstly, we would have to go to the electorate and campaign on it because we specifically said we wouldn't. So there's no way I would implement a capital gains tax if there was—basically, if we didn't have a mandate from the people of New Zealand. There already is a capital gains tax, and how that's applied is always open for debate, but a new capital gains tax is not something we're proposing. The second thing is it would take a couple of years to, theoretically, devise that, and the third thing is the advice we've always had that it takes a decade to get any revenue. So it's not a short-term fix, if that's what the point that Grant Spencer was making.

He did make in that speech a number of other points, I thought. You know, he talked about supply ultimately being the way to resolve the issue. He did talk about whether there was a need for more apartments—something I've spoken of before. You know, he did talk about RMA reform, I think, and other areas. So the point is that I just don't think, if this issue is about rising house prices, a capital gains tax has proven to be quite ineffective in resolving that issue. It can raise some revenue, but in terms of resolving that issue, that hasn't worked in other countries who have got it.

Media: He highlighted the timeliness of any response, which seemed to be at the centre of what he was saying—that we need to do something shorter than 2 years, for instance, which is the time frame he put on RMA reform and various other things. What can the Government do that would have an immediate impact?

PM: Well, the Reserve Bank or the Government could take some steps. I mean, it's not like there are no steps. I mean, we still think the primary response is on the supply side. But there are always things that you could consider, and there are discussions that are held between the Minister of Finance and the Reserve Bank around any other options they might have available to them or we might want to consider. We've always said we're happy to continue in those discussions, and I think last week I said I actively encourage them to continue to explore areas if they think they can make a difference.

Media: Would you be open to loan-to-income ratios similar to those used by the Bank of England?

PM: Well, I don't have a specific list of those particular proposals or what they might look like, or the merits or otherwise of any specific proposals. So all I can tell you is I'd need to look at them, take a view on them, and get some advice on it. But I'm just saying we're not closed to saying if the bank has a view or the Minister of Finance has a view about some things that the bank could do, we'll explore those.

Media: Should the emphasis of those tools for the bank to use, though, be on property speculators or more of a broad LVR type tool, which is also in its kit bag, which would hurt young couples trying to get on to the property market?

PM: Well, obviously our major focus of attention is trying to get people into property, particularly first-home buyers is the focus of attention. That is why KiwiSaver HomeStart was structured in the way it was. It's obviously to encourage more supply, and if you did do anything you just want to be really sure that you're not going to interrupt the supply that is starting to build up now in Auckland. You have got a lot of properties being consented and quite a lot of activity being undertaken. So, you know, you can always look at things and you can always continue to assess them, and the Government will do that.

Media: Was one of the things you would look at be more hands-on with supply? I'm thinking of building more State houses or getting involved in the building of houses?

PM: No, but around special housing areas, for instance, I think, of the special housing areas, there's 104 now, and of the 104, 90 have indicated that they are starting work. Fourteen have indicated at this point they're not progressing, or we don't have any advice that they've started doing the preliminary work they would need to do. I think they'll probably find in the next few days they'll be getting a letter from Nick Smith to say that if they don't progress and bring those special housing areas on to the market, then the special housing area designation will be taken off them.

Media: So you're delivering a letter of threat, essentially.

PM: No. We made it clear right from day one—if you want to have a special housing area, it's because we want you to speed up supply for the Auckland market, and for the other areas around the country that are designated, and if you don't fulfil that requirement, then you don't need a special housing area. Therefore, we shouldn't give you the benefits that accrue from that.

Media: What's been the problem with the special housing areas that haven't started—those 14 presumably you're talking about? Are they land banking by proxy or something?

PM: No, I think they'll have to come back and explain to us why, but we want to understand that.

Media: Are they in Auckland, those 14?

PM: Sorry?

Media: Are they in Auckland, those 14?

PM: I imagine the bulk of them would be. I don't know specifically but I think they are.

Media: The Reserve Bank Governor also raised the issue of land banking and potentially some sort of tax on undeveloped land to try and discourage it. What's your view on that?

PM: Again, I haven't seen any advice. I mean, the Reserve Bank hasn't supplied my office any advice on those matters, and if they want to, then I'm happy to go and have a look at it. Just how easy that would be to do I don't know. In the case of something like a special housing area, it's always been possible because there were conditions under which we granted the special housing area, but if somebody owns a piece of land, for instance, at the moment that's been zoned residential and it's outside the special housing areas, they don't specifically have to bring that to the market. There's a holding cost if they don't, but they don't have to.

Media: But is the Government looking more broadly at the area of taxing the rental property investors, which the Reserve Bank says needs to be addressed, even if it's not necessarily a capital gains tax?

PM: I haven't seen any formal proposals today, but I am aware that the Reserve Bank continues to talk to the Government about issues. They just haven't provided any advice to us.

Media: The language used by the Deputy Governor did seem to be stronger than we've heard up till now. He certainly sounded quite concerned about the risks to the economy as a whole that present here. Are you sort of sensing that same level of urgency that the Reserve Bank is?

PM: No. I think he's been repeating what we've been saying at one level, which is to say (a) supply is the right way to resolve the problem; (b) I think his main point was that the bank's unlikely to be raising interest rates—I think that was his general view given how low inflation is—and (c) we have been saying that modest price increases is the right way forward, and, actually, large price increases can be destructive long term to the market, because they can cause bubbles. So things are never perfectly straight-lined in the housing market. I mean, we can all imagine they are but house prices doubled under the previous Government, lots of parts of the world struggle with their house prices in major cities—there are just lots of different factors there. And you can see that in Australia where you've got an economy that's not performing that well at the moment, and, yet, you've still got very strong price increases in Sydney and Melbourne. You might think it's unique to New Zealand and to Auckland but it's actually not unique. But how you can deal with it, I think, is in a considered way and the way that we are, but it'll never be a perfect straight line, 3 percent increase every year.

Media: But it's not unique. As you point out, you actually made that point. But then you went on to say that New Zealand's the only one of the OECD countries that hasn't had a correction.

PM: Well New Zealand hasn't had a correction for 45 years, and that's probably right. Although, if you look in 2008-09, there certainly was a very—it was a difficult period to sell a house. There was very low levels of new construction. I'd have to go and check, but I'm not sure house prices actually went up. I mean, one of the reasons why, you know, we probably haven't had a significant correction is because over the last 45 years there's probably a general view that house prices are not overvalued, you know, relative to a whole lot of different factors. I mean—

Media: So you're saying they're still not overvalued?

PM: Well, I'm just saying that the market will always assess these things, not politicians. But if you look at the general demand, the general structure of Auckland—all of those things—I'm not saying prices shouldn't go up, but I'm just saying if the market truly believed they were massively overvalued, it wouldn't perform the way that it is.

Media: But the Reserve Bank came and said that they are overvalued, and the most highly overvalued in the world. So you're saying it's not true?

PM: Well, I'm just saying if that's the case, then they haven't corrected.

Media: On one to ten then—I mean, how worried are you that there might be a correction? [*Inaudible*]

PM: Oh, look, it's a hypothetical question. I don't know.

Media: Can you expand on your discussions with Mr Abbott on the AIIB?

PM: Yeah, I mean, the—well, New Zealand's really been quite early in the piece. I know the *Herald* editorial said the opposite, actually, but they were quite wrong. I mean, we were actually ahead of Australia in terms of what was going on. We've been saying for quite some time we think it's the right thing to join, and one of the reasons we think it's good to join early on is to have influence in terms of the governance process that sits around the AIIB. I don't think there's any doubts that it's going to provide an important tool for building infrastructure in Asia—that's absolutely important. The more countries that are in, the better the governance will be and the better the structure will be. So, yep, we're working our way through, you know, before we give the final tick to make sure that the conditions that we've set are met. But we've been involved at the very early level in terms of that working group that's been working through that structure.

Media: The inflation figures [*Inaudible*] earlier today said we had deflation in the March quarter and that annual inflation is 0.1 percent. How much longer can the Reserve Bank continue on with inflation below that 1 to 3 percent inflation—

PM: I really don't know. You'd have to ask them.

Media: When you had a drink with Prime Minister Abbott last night, did he sip or scull?

PM: He sipped.

Media: Can I just ask you a quick question for the Christchurch *Press*?

PM: Yes.

Media: It's just around Lancaster Park, because it looks like the insurance payers are going to have quite a big shortfall. Will the Government hold the council to the original blueprint plan for Lancaster Park?

PM: Look, I think it's fair to say that the council is going through, at the moment, its long-term plan and the process of trying to determine how best to meet its obligations and also its vision for Christchurch. I had, you know, quite a reasonable discussion with Lianne Dalziel yesterday afternoon, actually, about those issues. So I don't think it's a matter of us sort of holding their feet to the fire. I mean, there's a very good, positive, and engaging relationship between the Government and the council. I mean, she raised with me yesterday the issues around insurance, but I don't think it's clear-cut, actually, of ultimately what will happen. I think there's a dispute between what the insurers believe the property can be fixed for and that process of how it would get fixed. That's the challenge when it comes to, you know, Lancaster Park, the old AMI Stadium.

Media: There won't be any sort of, like, dictate from the Government, if you like, about the original plan being the Holy Grail?

PM: Well, we're trying to have a good, constructive relationship with them. They're trying very hard in Christchurch, and the media's doing a good job, actually, of trying to lead that debate. So, yeah, of course there are hopes and expectations that all of this infrastructure can be built, but I don't think we're going to say: "Look, on a piece of paper you said you'd do this and we're going to be belligerent about it." We'll work with them.

Media: Did the Māori Party ask you to raise indigenous issues with Tony Abbott at all?

PM: No.

Media: Did you?

PM: Ah, no. No, not overly. I mean, he knows the processes there. That was it.

Media: Back on Auckland housing, so you're saying the market's not broken? That it will correct if there's a problem?

PM: Well, what I'm saying is, as you're seeing, prices go up. I accept they're going up too rapidly. I mean, there's no argument about that. We've been saying that for quite some time that more orderly increases are appropriate. But what you are seeing is a rapid increase and bulk up of supply, so the very reason that we're now at the highest level of building construction for the last 7 years is that those developers are seeing the demand there. So at one level you saw that in Christchurch—you saw an increase in house prices, you saw a lot of building activity, and you've now got to the point where house prices have stabilised to about a 2 percent increase. So you do need to see—you know, those developers do need to see that demand curve. Now, it's running faster than we would like it to, but I'm just saying there's—you can have lots of debates about, you know, the relative levels. It's like New Zealand's national debt levels at a household level. There's lots of debates about whether those, you know, those levels of indebtedness are too high or too low. It depends on where you value assets and a whole lot of other things. But, you know, 45 years is a long period of time. If there hasn't been a correction over 45 years, it's an indication of the fact that at this point, for decades, there's been a general belief that they've been appropriately valued at the time. It doesn't mean they're not going up too rapidly or the Government doesn't want to help assist that dramatically by making sure there's more supply.

Media: But isn't the point if there is a correction, it could be disastrous?

PM: Yeah, and that's the very reason why we're addressing the issue. I mean, there are—that's why you don't want galloping house prices for a long period of time, because it can lead to behaviour which could ultimately lead to a bubble being created. That's absolutely right. But the Government's not sitting around on its hands. Ninety of the 104 special housing areas are in Auckland. The amount of building activity is rising rapidly. We're undertaking reforms in areas like the RMA. We've made significant changes to the construction area and the laws that govern that. So the Government's not sitting back doing nothing, but it's—all I'm saying to you is it's not a perfect market in housing. Things take some time. Three or 4 years ago you were struggling to sell a house in Auckland; now there's a lot of demand. But it's not a new issue. House prices are still going up at a slower rate under us than they did under the previous Government. National inflation rates for houses are 5 percent for new builds and 5.9 percent for Auckland.

Sorry I have to go. Thanks very much.

Conclusion of press conference.