

POST-CABINET PRESS CONFERENCE: MONDAY, 25 MAY 2015

PM: OK. Good afternoon. As you know, the Budget this Government announced on Thursday delivers a \$790 million package to help children living in some of New Zealand's poorest families. We know that work is the best way to lift families out of hardship, and we're continuing to incentivise work while ensuring children caught in poverty are supported. An extra \$25 a week in the household will make a real difference to those children. This builds on years of considered welfare reform aimed at supporting more people off welfare and into work. The long-term approach of investing in people is working. We now have 42,000 fewer children living in welfare-dependent homes than we did 3 years ago. So last week's Budget announcements continue National's plan to support vulnerable New Zealanders while delivering better outcomes for the taxpayers who pay them.

On an issue I foreshadowed some time ago, Cabinet today discussed the issue of passports and the length of validity. You'll recall a number of countries changed the validity of passports from 10 years to 5 years following the terrorist events of September 2001. New Zealand was among those who made the change, motivated by a desire to enhance security. Since then we've continued to improve security, and today passports are produced using state-of-the-art technology. Because of this continued investment, the Government is confident the integrity of our passports is vastly improved. People have also told us they're finding renewing passports every 5 years inconvenient, and we have listened to that feedback.

So today you will see internal affairs Minister Peter Dunne release a press release announcing the validity of an adult passport is to increase from 5 years to 10 years. A child's passport will remain valid for 5 years, in line with international convention. Extending the validity of an adult passport means a greater convenience. It will also mean an adjustment in cost. The new price of an adult passport with a 10-year validity will be no more than \$180 including GST. This will be the first price increase since 2005 but still means our 10-year passport will be cheaper than Australia's, and it will be about \$94 cheaper for New Zealanders than it currently is to get an adult 5-year passport for the first time, followed by a paper-based renewal of that passport in 5 years. The price of a first-time adult 5-year passport is currently \$140, with a paper-based renewal 5 years later costing \$134.50. The total cost is \$274.50. As I said, a new 10-year passport will cost no more than \$180.

While staffing costs will fall, there is a high level of fixed costs associated with producing New Zealand passports. The costs of improved security technology, for example, will now have to be spread across fewer passports produced. The level of investment makes up part of the price increases, so our passports remain highly trusted internationally and Kiwis can continue to enjoy the freedom to travel. By law, all fees paid by the travelling public can only be used for passport-related services, and fees are determined on a cost-recovery basis. So the Government makes no money from passports. The new passports approved by the Ministers today will come into effect from 31 December 2015, so it requires a legislative change, and we will be working our way through that.

Just on the House this week, the Government will look to continue with the 15-hour Budget debate. Just in terms of my own activities, I'm here in Wellington tomorrow and Wednesday for question time as usual. I'll be in Auckland for the rest of the week for a number of meetings, visits, and events, and I'm looking forward to attending the FIFA U-20 opening match between New Zealand and Ukraine on Saturday. Happy to take some questions; I'd just advise you that I've got to get out of here in half an hour.

Media: Can you rule out New Zealand ever introducing legislation that would suspend or limit the citizenship of New Zealanders if they joined a terrorist organisation?

PM: Look, I think it's very unlikely we'd get to a point where we would remove people's citizenship. I mean, firstly, to do that you'd need to have a Parliamentary majority, and I don't see where that majority comes from. Secondly, it raises the issue of leaving a person stateless, so I think it's unlikely.

Media: What about suspending some of the privileges of a dual citizen—so they could claim citizenship somewhere else?

PM: Look, I haven't considered that in great depth. When we looked at foreign fighters legislation, that was one of the points where we considered that issue. At that point we took that off the table, partly because we were shepherding that legislation through in quite a narrow form and trying to get it through quickly before Christmas, from memory. But I think in general it's not the step we're likely to take.

I mean, if somebody, as has been argued the case, is this person who might be returning to Australia, if that sort of scenario presents itself, the person actually coming back is caught, from what we can see, potentially, under the Terrorism Suppression Act—so that's the Act that they'd actually be covered by if they came back to New Zealand. We don't have any details on that person. So our people are speaking to the Australian authorities, but we don't. We haven't had any—we don't know the person's name. We don't know the details. We don't have any information there. But, that said, I mean, if we wanted to make any other changes, we'd have to consider those, we think, when we're doing the review of New Zealand's security legislation, which is happening at the moment, and I just think that that ultimate step of removing someone's citizenship is very unlikely.

Media: When we find out more about her through the Australian Government authorities, will the New Zealand Government be offering any consular support?

PM: Oh, we'd need to find out a little bit more details about what she's wanting to do. I mean, a lot of people, obviously, have dual citizenship but fundamentally may have lived their whole life really in Australia, but, say for instance, been born in New Zealand, so they're not really looking to come back to New Zealand. So we'll just go away and get some more information. If I get some more, I'll come back to you, if I can.

Media: When the Government introduced the foreign fighters legislation last year, there was a suggestion that perhaps you'd look into a criminal offence for returning foreign fighters. Has there been any movement on that?

PM: I think all of that has been considered and, as I said, if any of that was to change, that's likely because the foreign fighters is the bit when they leave the country, and the Terrorism Suppression Act is the one that covers it if they return. So that would likely be covered, if it was, when we have the security intelligence review that Michael Cullen and Patsy Reddy are heading.

Media: And that could look like the Australian existing—the legislation that Australia already has?

PM: Yeah, I don't know. I think—I'm not 100 percent sure on the Australian law, but it sounded to me a little bit like it lets them do a lot more than we think we probably would be able to get a majority for.

Media: So, sorry, in the review you'd look at whether you could—because at the moment, ringing around various authorities here, it seems that no one could really do anything about this person if she did come back into New Zealand—

PM: That would be my understanding.

Media: The SIS might well go and speak to her, but wouldn't have any real authority, but you think the review will look at whether there'd be some more authority for people to actually take someone like this into custody just to check them out, or—?

PM: That's certainly the place. I think you're right. If that person wanted to come back to New Zealand, there are, you know, conditions within the terrorism suppression law which

may allow us to do something. Whether we need to toughen that up is something we'd need to look at, but the question is whether we need to expand the authority of that Act, but, as I say, not necessarily take the step that some people have talked about, which is cancellation of citizenship.

Media: If Australia does cancel her citizenship they're effectively making it New Zealand's problem and have no obligation to her. I mean, do you have a problem with that?

PM: Obviously, that's not our preference, but we can't stop what Australia chooses to do. We can only reflect on whether we believe it's appropriate to leave a New Zealand citizen in a stateless position, and I think the view we've taken is we don't support that.

Media: The Australian Government's in negotiation with at least three Australians who are trying to return to Australia. Is the New Zealand Government holding any similar negotiations with New Zealanders who have left?

PM: I don't have any information on that at this point.

Media: Have you spoken to Maurice Williamson about what appears to be a move for him to join the ACT Party?

PM: Well, he sent me a couple of text messages just before I've come here, so I don't know whether that would quite, you know, fill the criteria of a conversation. So this is his version of the events, which is: a, he's never had any conversation or any contact with anyone from the ACT Party. So that's actually not something he's driving and he's not interested in leaving National and joining the ACT Party. So if some other people are having sort of a bit of a brainstorming session on what they might think is a good idea, people are always free to do that and people go and do that, but it's not with Maurice's authority. It is equally true I asked him about the reports I'd seen in Richard Harman's thing this morning about him crossing the floor on health and safety. That's also not true. That's not something he's ever said and it's not something he's considering doing.

Media: Do you believe him about the ACT Party?

PM: Yeah, yeah. No, I believe him. Look, I mean, if he wanted to go to the ACT Party, he's had lots of opportunities over the years and he's never chosen to want to do that. He's very happy being the National member for Pakuranga and that's how he wants to stay.

Media: He's not that happy being a backbencher, though, is he?

PM: Well, people are ambitious and Maurice is a talented guy, and I think, yeah, of course he'd like to be a Minister. Again, I understand that completely, but he's not looking to leave National.

Media: Did you ask him if he knew that Don Brash was approaching ACT on his behalf?

PM: No, well, I didn't ask him that direct question, but he made it really, really clear that he hasn't asked anybody. He hasn't made any approaches and he hasn't asked anyone to advocate for him. It's not something he is looking to do. In fact, he is pretty grizzly with the ACT Party that they would write this stuff in their newsletter, because he's saying it's without foundation and without reference to him and it's not correct. But you need to go and take that up with the ACT Party.

Media: Judith Collins said that Labour was spreading rumours about her wanting to join the ACT Party as well. Do you think there's some kind of concerted campaign?

PM: Yeah, well, as I said to you, people cook up all sorts of hare-brained ideas around here. Be cautious what you believe.

Media: Just on Teina Pora, do you think he deserves an apology?

PM: I think as I said this morning with Paul Henry, my concerns would be that, you know, if you're really saying he deserves an apology, the next step is compensation. His lawyer has written, as I understand it, to the justice Minister. That letter was received in

April, so she is now having to consider that issue. I think it's much better I just leave it with her to let that go through the process.

Media: But I suppose, wrongfully imprisoned for more than 20 years, it kind of beggars belief that he wouldn't get an apology, doesn't it?

PM: Well, I think you've got to go through a process. I mean, they're established and there's consequences of that, so I don't think anyone's trying to shy away from that, we're just simply saying there's a process you've got to go through and he hasn't gone through that yet.

Media: Is there any idea on the time frame of that process?

PM: Minister Adams' office would know, but I don't know.

Media: Do you think you should've gone to the electorate before the election to talk about the customs levy and the KiwiSaver kick-start removal?

PM: No, I don't. I mean, look, in the end we have to make a whole series of adjustments when we're trying to put together a Budget. And, you know, if you take the principle that we have about a billion dollars to spend now and \$700 million comes from health and education, if we want to have a particular focus, as we did, on, say, material deprivation, we do have to find money from other places, or run a smaller programme. So there's always going to be adjustments.

I think if you're getting to the point where Governments are going to say they're going to campaign on every single thing they're going to do in every Budget in the future, you'd be running an awfully long election campaign, and I don't think it would be practical. So you actually have to live in the here and now. Our view, on taking advice from IRD, and their advice was very strong—it was that it will have absolutely no impact on people joining KiwiSaver, and I believe that. I think it's not going to have any impact at all.

In terms of the border security levy, well, the view that we took was that we need to actually spend more money in this area, and it's actually appropriate that it's a user-pays levy. It had been paid for under general taxation, but we need to spend a lot more and I think it should be paid for by users and, as I said this morning, the Queensland fruit fly cost \$25 million so far. You know, we've had all sorts of things, from PSA to didymo to painted apple moth, between us and the previous Government, and actually we've just got to have more X-ray machines, more people, and more beagles.

Media: Is the \$521 per year contribution—is that vulnerable to being cut if the Government needs to find more money?

PM: No, I don't think it is.

Media: So you're guaranteeing that after the next election or next year you won't be cutting it?

PM: Well, we'll go to 2017 with an election manifesto and when we do I'll let you know what that is. But there's no intention to change the member's tax credit.

Media: On the passports, are you using the extension back to 10 years as an excuse or as a reason to increase the price? Because people say \$180 is a lot of money.

PM: Well the thing I'd say is, firstly, it's significantly cheaper than having two 5-year passports. Secondly, we just can't avoid the fact that there are some fixed costs in there, and those fixed costs now have to be spread across a smaller number of passports. So, no, we've done everything we can to try and get those costs down.

In fact, Treasury's argument was that we should charge a lot more. Their argument was that we should build up a bigger buffer, and they would say 5 and 10 years down the track there'll be a hole in that particular account. Our view is that the Department of Internal Affairs should actually start working on their cost base and looking at all the issues and reacting and responding, like any other business in New Zealand does. So, yes, over the

next 5 years, for them not a lot will change, there'll be just as many passport renewals. It's just that 5 years later there'll be much less volume coming through, because people won't have to renew.

Media: How much more did Treasury want those passports to be?

PM: Oh, there's a whole range, but, like, a lot more.

Media: On the poverty package, I mean, you've been talking lately about the number of children where you can consider it, sort of, hard-core deprivation. But there's always been a debate about what is poverty. I mean, are you getting closer, though, to defining it, from the Government's point of view and being quite clear: "Here's the poverty line and"—?

PM: As you know, I mean, the Government's view is that it's not one single measure of poverty. I think there's a whole range of different things you can look at, and I don't think we're looking to get to a point where we say there's one single measure of poverty. The point, I guess, I've been making in the House is just simply that MSD have done quite a lot of work. Bryan Perry's been looking at these things for a long period of time. They have changed and reformatted, if you like, I think, the EU criteria lists for what is deemed to be poverty. And on their definition they would say that the children in most severe hardship experience between nine and eleven matters on that deprivation index, and that's about 60,000 to 100,000 children.

But there's always going to be a range and a continuum, isn't there? And there'll be some people that will argue that, yeah, while they don't have as many of those criteria being fulfilled, the fact they have some, they'll still count them in poverty. But I think our main point is, look, the sort of hard-core end of where people are really suffering is most pronounced in those 60,000 to 100,000 children.

Media: But even, I mean, within that, like, definition, though, will you be sort of then reporting back and saying "Well, at least here we've moved so many up."?

PM: Yeah, so the question is how many people does the change in benefits move out—you know, benefit increases move out. I asked Bryan Perry that question and the answer is that it will move some people out. Like he was quite convinced that it actually would make a difference. But exactly how many people it'll move out in total, I don't know, because in reality these are some youngsters that are in quite significant—you know, well, significantly poorer conditions than other youngsters. And, of course, you know, some people will still catch them in the wider definition because even if they're not in the 9 to 11, they'll still be counted in certain areas. Look, in the end, our main focus, to be blunt, is not so much about the definitional issues. It's really about saying "Can we make a difference to these youngsters?", and we think the \$25 will.

Media: A lot of the people who are receiving this \$25 are going to be abated, so they're not going to—I mean, some people who are beneficiaries won't receive this. It's very, very targeted.

PM: No, I don't think that's really right. There's some abatement, and the finance Minister can give you the exact numbers, but the advice that we had is there'll be some abatement if they have accommodation supplements, depending on their rent and various other things, but only in the order of \$2 to \$3, I thought.

Media: The total cost of this seems to be about \$50 million. Is that what—in terms of the—

PM: No, total—

Media: I mean, in this financial year.

PM: Oh, that's only because it starts 1 April next year.

Media: Can you tell us what the difference between a tax and a levy is, please?

PM: I can give you exactly the same answer I gave you on Friday.

Media: I've been to the IRD and they've just sent me to the Oxford Dictionary and I'm getting quite—I can't really find the difference—

PM: You come up to my office and I'll give you an Oxford Dictionary. I've got one up there.

Media: Do you just know off the top of your head what the difference is?

PM: I'm not going to give you that definition. Go and look in the dictionary. You're not lazy; you know how to do it.

Media: Is the dictionary right when it says it's the imposition of a tax?

PM: No. Look, it's quite clear, one's—you know, the situation. You have to go and find your own definition.

Media: In the Budget there's no allocation for the Queenstown convention centre proposal.

PM: No.

Media: Is that a vote of no confidence by the Government in that proposal?

PM: No. We still could possibly put money in there. That's going through a process in Queenstown, as I understand it. And, look, in the end, I said to the mayor in Queenstown that if they came up with a proposal that the Queenstown people supported—because they're going through a process of how they would pay for it—that we would consider that, and I stand by that view. We'd still consider putting in money.

Media: Because in their March annual plan they're looking at \$26.7 million in external funding. That, by the sound of it, would be quite ambitious, if they're expecting that to come from central government.

PM: The council would be?

Media: Yeah.

PM: \$26 million of external funding? Yeah. OK, so before the election we wrote to the Queenstown council, because there had been some debate about—you know, numbers were being thrown around that were just far larger than what we had ever talked to them about. So we originally said to them the number that we might consider contributing, under the right conditions with everything being met, would be \$5 million, maybe \$10 million at the outside. So before the election and before they went through the consultation process, we wrote to them and said "We just want to make it absolutely clear that you understand this is the outer boundaries of what we could contribute." So I don't know where they'd get all the other money from if they need that, but I know what the Government could consider giving.

Media: And this would be separate from the \$34 million over 4 years for attracting overseas business to New Zealand?

PM: That's a different flow. I think that \$34 million fits into the promotion of tourism and business tourism. This is capital flow.

Media: Right. And this is quite different?

PM: Yeah, quite different, yeah.

Media: Do you agree with Ian McKelvie that stealing someone's person is not that different to stealing someone's sheep?

PM: I didn't actually see that comment.

Media: That's what Ian McKelvie said on Thursday. Do you know the difference between stealing people and sheep?

PM: I haven't got a clue what you're talking about.

Media: Do you have a view though? On—

PM: I don't have a clue what you're talking about, so go and ask Ian.

Media: You don't have a view on it?

PM: I don't know what you're talking about.

Media: Well, let me just put this question to you. Is it different to steal someone's person or to steal someone's sheep? Are they two different concepts?

PM: I don't understand what you're saying.

Media: Do you see the difference between cattle rustling and human trafficking?

PM: Oh, sheep?

Media: Sheep.

PM: Oh, sorry. I thought you were talking about sheaves. Sorry, be a bit more clear in your language, and I'll understand. So what did you say, one more time?

Media: Do you see the difference between cattle rustling and human trafficking?

PM: Well, I would understand the difference, yeah.

Media: OK. Do you have a problem with the fact that Ian McKelvie sees them as the same thing?

PM: Oh, I'd just need to see the speech and the context he gave it in.

Media: He said it in Parliament on Thursday—last Thursday.

PM: I'd need to see it. I don't know what he said.

Media: Does it worry you?

PM: Look, I'd need to see the context. I'm not going to comment on it outside that.

Media: And just one more question on Teina Pora: have you had any advice about whether or not the Solicitor-General will lift the stay of prosecution against Malcolm Rewa?

PM: No. I haven't had any advice on that.

Media: Andrew Little says that the Government's been irresponsible by not debating the superannuation situation. Do you think there should be another look at whether it's affordable?

PM: Well, I don't think we're being irresponsible. If you have a look at our fiscal track, we've built in the increases for New Zealand super and the costs that come—that are associated with an ageing population. So we're pretty clear, and on our numbers, actually, the debt numbers for New Zealand are reducing, right? So it's well and truly affordable.

This, I think, is an interesting question to go and ask Andrew Little. So he says that the cost is unaffordable, right, of New Zealand super—that's his perspective—and that something's got to be done about it and that change needs to happen. So, so far, from what I can see him saying, he's ruled out an increase in the age. On Friday morning he was saying that they're going to means test, and by Friday afternoon he was saying that they're not.

There are only—there's only one other alternative left. If you don't lift the age and you don't, basically, means test, then you have to universally reduce the generosity of New Zealand super. So that must be what he's saying they're going to do, because putting money into the Super Fund doesn't reduce the cost of New Zealand super. So I assume, when he says they're giving a lot of thought to it and they intend to address that issue, he, you know, Labour is going to campaign on reducing the generosity of New Zealand super.

Media: So when you say it's affordable, are you going out to 2030, or just the limited forecast within the Budget—

PM: At the moment we're in our forecast period, which is out to 2020—it's 5 years, or whatever it is—but overall we're still confident it's affordable. And, as I said before, it's no

different from health care. I don't think anyone's arguing that health care costs are also going to rise over the course of the next 10, 20, 30 years, and, actually, we all seem comfortable with that.

Media: So are you comfortable that really rich people who are earning big salaries are getting a benefit that's, in some cases, more than the unemployment benefit or—

PM: I'm comfortable with the current settings for New Zealand super, and I think they should remain.

Media: Do you think people who are over the age of 65 and who are wealthy should accept the pension?

PM: Well, that's a matter for them. Some people do, and some people don't.

Media: Would you?

PM: Oh, I haven't given any consideration to it, because I'm quite a way away from that.

Media: Just back on Williamson, do you think that Don Brash just went back—went to the ACT President off his own bat and said "Hey, I've got an idea."?

PM: Sounds like it.

Media: Do you think that's the sort of thing Don Brash would do?

PM: Possibly.

Media: Will you—I mean, it's a strange thing to do, isn't it? If that's just out of nowhere, saying—

PM: Not—not really. Sometimes people come up with strange ideas.

Media: Back on super, one more question on the funding of the Cullen fund: Treasury, in the Budget documents, showed that it would take about \$2.2 to \$2.4 billion to get back on to that track of the original target that it should be at. Do you envisage those sorts of numbers when the Government does, again, start funding the Cullen fund?

PM: I don't know. You'd have to ask the Minister of Finance. But I think it's really important to understand what the New Zealand super fund does. I'm sure you understand it, but in case people don't: it does not reduce the cost of New Zealand super.

Media: It merely reduces the cost to the Government at the time.

PM: Yep. So it pre-funds it, but it does not change the cost of it. So if Andrew Little's argument is that New Zealand super's unaffordable, fair enough, he's entitled to that view. But he's either got to raise the age of super, means test it, or make it less universally generous. They're his only three options that I can see.

Media: But he seemed to think also that it was urgent that it be funded again through the Government contributions. Do you think that's urgent?

PM: Yep, so he'd—I don't, no. But he'd need to borrow to do that and, again, it's all part of what they're entitled to campaign on.

Media: Are you worried people in your caucus are going to cross the floor for the health and safety in employment reforms?

PM: No. I think I covered that off before. You know, I saw that report from Harman, but Maurice Williamson made it quite clear he's never said that and it's not correct.

Media: But, other than Williamson, is there anyone else within caucus that has similar concerns?

PM: Well, what is true with the health and safety legislation is that we want to make sure that, on the one hand, it lifts the health and safety requirements in the workplace so that the workplace is safer, but, on the other side of the coin, we also want to make sure

that it's workable and it doesn't—isn't overly onerous on small businesses. So my understanding is the select committee's going to report back this week. We'll take a look at it when it comes back, and we'll just check we've got the settings in about the right place.

And I mean the way I would sort of see it is if you think about what happened with the Christchurch earthquakes and then the recommendations that came from the royal commission around strengthening buildings, we had a couple of bites of the cherry and settled on what we had most recently, with the announcements that Nick Smith made. So the health and safety task force came up with some, you know, good recommendations, but quite far-reaching. We'll just need to think through absolutely before we pass that legislation to make sure it's workable.

Media: So have people within the caucus expressed concerns to you about it, and if so, what particular areas are they concerned about?

PM: Well, it's an issue that gets debated not just in caucus. I mean, basically, it's not an issue that caucus particularly raises every five minutes, but if I go around New Zealand, it's an issue that gets raised with me. Particularly small businesses are concerned about how it would be administered, and would it be fair, and, you know, how onerous would it be for them to comply, and would it be effective. So that's a genuine debate that I'm sure members of the public are having with our caucus, and it is something that Cabinet's going to have to consider, and I've made it quite clear that when it comes back from the select committee, we are going to toss it around in Cabinet and make sure we're happy with the recommendations and the settings.

Media: Do you think the legislation goes too far in its present form?

PM: I haven't seen its report back from the select committee, so I'm not sure. There was some earlier work that we had some concerns over, but that is changing and evolving, but I'd need to see a finished product.

Media: So what were those concerns that you had?

PM: Oh, there were a range of issues; some around volunteers and different things. We were just wanting to make sure it was right.

Media: Did the Minister behind it get told to sit down and shut up at caucus last week?

PM: I don't know what caucus meeting you were in.

Media: I mean, those are the reports. Did that happen?

PM: No.

Media: Has the Minister been questioned and given a hard time about that issue?

PM: No. As I said to you, it's an issue we care about and we're going to go through that process, but we have those debates all the time. That's what caucus is all about. That's what Cabinet's all about. That's what our conferences are all about. I'm not going to go and detail every single thing we talk about, but there's an engagement, and the whole purpose of having engagement is to make sure we get the settings about right. OK.

Conclusion of press conference.