

POST-CABINET PRESS CONFERENCE: MONDAY, 22 JUNE 2015

PM: OK. Good afternoon. As you've seen, parts of the North Island suffered some extreme weather events over the weekend, causing flooding and severe damage, especially in Taranaki, Whanganui, and Rangitīkei, where states of local emergencies were declared. Rangitīkei has lifted theirs but the other two remain in place. Waitōtara is pretty isolated, with landslips and washouts closing many roads. Currently we're aware of more than 300 people having been evacuated from their homes or unable to return.

So Cabinet today urgently considered the level of damage and need across the region. In response, Minister of Social Development Anne Tolley has triggered Enhanced Taskforce Green to provide urgent assistance, so \$250,000—people will be released to support four teams of six people to work for work for 14 weeks on the clean-up. You'll also have seen the release from civil defence Minister Nikki Kaye. She announced a further contribution of at least \$250,000 towards disaster relief funds, in consultation with local mayors. We'll continue to work with councils to assess the situation. Thankfully, the rain has stopped for now and rivers are receding.

I briefly want to address the issue of refugee numbers. In media interviews this morning I referred to a total figure off the top of my head of 3,000 to 4,000. I was recalling a figure in that region which actually referred to the total number over the full refugee programme, which is a 3-year programme. The number of refugees, asylum seekers and family members per year is, obviously, smaller than that. In the last 3 years, since we've run—of the programme, around 3,500 people were approved to come to New Zealand under refugee-related policies. Cabinet last considered the quota programme in 2013, where it reconfirmed the longstanding commitment of 750 quota refugees per year. Cabinet is due to consider the next 3-year programme in early 2016.

In terms of where we sit in relation to other nations, I'm advised that including the countries who take refugees under the official UNHCR programme, we are, in fact, ranked sixth in the world. Countries like us under that programme provide a comprehensive wraparound and support system. In New Zealand's case, that comes at a cost of \$58 million per year for housing, health, education, financial support, language, and other supports.

In terms of the House this week, the Government intends to make progress on the Harmful Digital Communications Bill and the Environmental Reporting Bill, and, of course, Wednesday is a members' day. And, finally, I'll be in Wellington, here for question time on Tuesday and Wednesday, and on Thursday I'll be in the East Coast electorate, and on Friday in Hamilton.

Media: Given Colin Craig is currently spontaneously combusting at a press conference on the North Shore—

PM: I haven't seen it but I have heard some squealing coming from my offices.

Media: —did you have a narrow miss there?

PM: Look, no, I don't think so. I mean, in the end, over the last three election cycles, we haven't had to rely on the Conservatives, and, you know, we've been able to put together a Government, so, look, in the end, political parties deal with their own issues. He's a completely different political party from me, so just leave it at that.

Media: Were you aware of any concerns about his behaviour before you made your decision on an electoral accommodation last year?

PM: No, no.

Media: Do you think the Conservatives can survive without Colin Craig?

PM: Well, given he's been the major funder to the party—I'm aware there's obviously one other pretty significant funder, but he's been the major funder—obviously, if he wasn't the leader and wasn't involved in the party, I would imagine that would financially challenge them a bit. But that doesn't mean others couldn't step up. I mean, there are lots of permutations and combinations here. I guess you can't rule out him potentially coming back, them carrying on on their own, or maybe even him setting up another political party. I really just don't know.

Media: Do you think you'll offer support for farmers affected by flooding as well?

PM: Yeah, so the Minister for Primary Industries is likely to go to Rangitikei tomorrow. It's highly likely, I think, that they'll announce an adverse weather event. That allows and triggers off yet another round of sort of support for farmers in that area. That's certainly the area—you know, one of the areas of concern is that you've got people not just in the urban environment but in the rural environment that have been a bit isolated by those slips, and there's quite a lot of damage. There's a lot of slips and, as I understand it, a fair bit of damage to the roads.

Media: What concerns do you have with the nation's infrastructure, given these recent, you know, strong weather events?

PM: I think we need to have a good assessment of each one of them. I mean, it's very difficult for councils. I mean, my understanding is there was quite a debate, actually, in—you know, I might stand corrected, but that's the advice I had, was there was quite a debate over the level of stormwaters, in fact, that were built in the sort of Whanganui area.

I mean, in the end, you can only really expect councils to build the sort of infrastructure that can support what would be, you know, something a little more than a normalised event but not something that's at the really outer edge, and I think that's what we saw for instance in Lower Hutt recently, when you had a huge amount of rain falling in sort of a 24-hour period vis-à-vis what you'd normally expect in a 1-month collection of rain. And the trouble would be if councils were to build for those real extreme events, the issue might be just the sheer cost that that would put on councils around the country.

Media: Do you think we need to rethink the way we do build our infrastructure?

PM: I think we've just got to go away and give some thought to the individual events that have happened recently, and have a look at those. I mean, it's fundamentally not new news, I guess, that there are floods. I mean, probably every year we've had one of these, really; it's just that we seem to have had a few of them in succession recently.

Media: Would you link it to climate change?

PM: Someone asked me that question this morning, and I basically sort of said, look, I don't think you can say it's definitely climate change, but neither can I think you can say it is not. You've seen more volatile weather patterns recently—at least, it sort of feels like that, but, you know, it's hard for me to judge. You know, I'm not a meteorologist; I can just sort of look out the window and see what I see. You know, it's not as if we haven't had storms and major weather events in the past. Certainly, the advice we get from the scientific community is that the effects of climate change or the likelihood of climate change effects occurring is firming up, and certainly some people would associate it with this, but I'm just not sure you can make that call.

Media: But given that we're likely to expect more extreme weather events because of climate change, is infrastructure not somewhere the Government should be looking at?

PM: No, I think the Government does look at those issues around mitigation and what ultimately needs to happen, and that's all part of, for instance, the debate around, you know, coastal areas and whether there should be a national policy statement—that's certainly something, around coastal areas for instance, that councils have raised in the past.

Media: The Green Party's suggested that you do a national infrastructure plan, so councils themselves have, you know, something to sort of aim towards. Is that an area the Government could look at?

PM: It's not something I have advice on. I think it's one of those things where councils do have their long-term plans and they do have to, within those long-term plans, give consideration to the likelihood of major events, I think, and the infrastructure that supports their communities.

Media: The funding that you've announced—are you likely to announce more funding as the situation becomes clearer?

PM: Yeah. The way I would sort of describe it is what we're putting in at the moment is the funding that's used as very much a short-term fix-it programme, if you like. So Taskforce Green is people on the ground very quickly to help, it's money for the mayoral fund, it helps with all the out-of-pocket expenses in the very short term. But the reality is that probably the bigger costs sit within the slips and the roading damage and other infrastructure that we haven't identified yet, and that's the reason why the Minister of Civil Defence is saying that it's likely to run into the millions, and I suspect that she's absolutely right. But what we're thinking this week is it's highly likely that the Minister of Civil Defence will return to the region; so will the Minister of Social Development, because of Taskforce Green; and so will the Minister of Primary Industries. I haven't planned to go yet, because I just don't want to get in the way of the clean-up, but if it was required I'd go.

Media: So if it's tens of millions you've got the cheque book out?

PM: Yeah, hopefully it won't be that big, but let's wait and see what the overall costs are. It sort of depends, you see. When it comes to roading, if it's State highways we're on the hook for that; if it's local roading then typically the councils—it's a sharing agreement. But it's not unheard of for us to give a bit more support because of the, you know, the capacity for the councils to meet that additional expense.

Media: How do you react to the Productivity Commission's suggestion of the creation of an urban development authority?

PM: Well, they've been talked about for some time. I haven't had a really good look at the advice in that area, but there are people that think that they—there is some merit to an urban development authority. I'd need to, sort of, ultimately go and get more advice, but I think the Productivity Commission's report just added, overall, I think, to the debate around, you know, housing and land supply. And, certainly, I think they endorsed a fair bit of what we're doing, but whether you wanted to take the next step is something we'd need to get more advice on.

Media: What about giving it compulsory acquisition powers?

PM: Yeah, I think you'd need to see, in the first instance, whether we'd be prepared to back such a concept and how that might work and how widespread they would be.

Media: So do you think compulsory acquisition powers would be a good idea for the urban development authority?

PM: Well, I think you'd—I really think you really do need to ask the more fundamental question about whether we'd support an urban development authority first. Then you'd have to consider what powers you would give it.

Media: Colin Craig said he had an inappropriate relationship with his staff member. Do you think there's any room in politics for politicians who have inappropriate relationships with their staff members?

PM: Well, I wouldn't want to judge every politician, you know, by those statements. It depends by what you mean by that. I mean, you hear all sorts of gossip around Parliament, and who knows what happens and what doesn't. You know, I just wouldn't want to sort of make a blanket judgment on it.

Media: Is Cabinet considering the ECan governance review today?

PM: Yes—well, we didn't have a formal paper on that but consideration is being given to ultimately what the structure might look like. You might remember at various points in the past myself and the Minister of Local Government have made the point that, you know, democracy needs to be restored in Christchurch, and there's been a consultation paper on whether there could be, for instance, a half-way house with some democratically elected councillors and some appointed councillors. I think that's the way it's going for a while, but ultimately we'd like to see democracy restored.

Media: Just on the Saudi farm papers released by Labour, how exactly did they back up what you said in the house about Labour need to—

PM: I think it's really important that you go and have a look exactly what I said, but I'm quite comfortable that those papers point out two things. One, that there were two occasions where I think they misled the Saudi farmer in question. Firstly where they had an investment and then in 2003 they banned the export of live sheep, and the second thing was the assurances that Phil Goff gave to the Saudi Minister in 2006 and then their decision to reverse that and actually not tell the Saudis. And if you look at those papers, it makes it quite clear that there are both international and domestic legal risks, and that was the point I was making. I don't believe this instance has been something that's been created by National. I accept that we rolled over the ban, though I don't think we created that issue.

Media: When did the Government learn that he was considering legal action? Was it after David Carter talked about possibly ending the ban?

PM: I don't have the exact dates, but, you know, the Minister of Foreign Affairs is back and you can certainly ask his office.

Media: Reports in the weekend that Indonesian police have accepted bribes so that asylum seekers can make their way to New Zealand—have you contacted Indonesia in any capacity to get to the bottom of it?

PM: I haven't seen those reports and I haven't had any advice on them but I'll certainly look into it.

Media: What further contributions will our Government make to the Saudi farm—the agribusiness hub?

PM: Well, I don't have—there's nothing sitting on the table, as I'm aware of it at the moment. I think I was asked that question: "Could one day they put in more?". I think the answer is yeah, look, anything's possible. Because we see it as a genuine and a legitimate way of promoting New Zealand's interests in the Middle East, but I don't have—there's nothing planned at the moment.

Media: The abattoir—does that come out of the \$6 million deal?

PM: Again, you'd have to ask the Minister of Foreign Affairs. I don't have the breakdown of all of that.

Media: On the economy, the finance Minister made some comments over the weekend about whether the Reserve Bank Governor had met his policy targets agreements. Do you think the Reserve Bank has met its policy targets agreements on inflation, for example?

PM: I think it's blatantly obvious for everyone to see that inflation's running at a lower rate than the mid-point target at the moment of 2 percent, but I think it's important to understand, if you look at that agreement, that the Reserve Bank Governor has with the Minister of Finance when it comes to inflation targeting, it's about inflation in the medium term, and so that's a difficult thing to assess, and I think no one's expecting perfection from the Reserve Bank Governor. I mean, they do their best to read all of the tea leaves and come up with what they think is the right policy settings.

My own view is that the Governor's done a pretty good job of trying to both assess what's going on, albeit that everybody can see how difficult this is. I mean, 2 or 3 weeks before the Budget, Treasury's best advice was that the 10-month accounts would be a \$550 million deficit, and actually when they came out 2 weeks later they were a \$450 million surplus, and that was 2 weeks later. The Reserve Bank Governor's been asked to make calls on inflation probably 18 months into the future, so it's pretty difficult for him. But, I mean, the thing I think he has done is just tried to mix up, you know, what he uses in the tool box and you've seen that with LVRs and other things.

Media: Doesn't that change a bit the way that you hold the Reserve Bank Governor to account, because if you assume that he has to bring it back to 2 percent in the medium term, what you've just said is basically as long as he makes a call that's reasonable and, you know, sensible at the time, even if he keeps missing it, that's fine. I mean, it becomes not does he achieve it, but does he make sensible calls that would possibly get him there, given what he thought?

PM: I'm not sure that's entirely the way I'd characterise what I said. I guess what I would say is he has a target, nothing's changed in that target, it's a 2 percent inflation target. My point is just simply that it's notoriously difficult. If the question is do I think he's doing the best he can with the information he's got to make the calls he's made, there might be times where I disagree personally with the calls that a Reserve Bank Governor makes, but, you know, that's true of anybody who commentates on the performance of a referee or anything else that might be. All I'm saying is generally I think he's doing his best to make the calls on the information he's got.

Media: Well, can I put it a different way then. How do you judge his success or failure, if it's not by his ability to achieve his targets?

PM: No, I think ultimately that is one of the clear tools that are used. I think the other is does he look for other ways through difficult situations—what's the overall health of the financial system? It's just not quite as simple as, you know, did he absolutely meet the inflation target. I mean, a Reserve Bank Governor could meet that part of their contract but actually fail in the overall financial—health of the financial system, for instance, for which he has regulatory responsibility. It's just not quite as straightforward as that.

Media: Australia finalised its free-trade agreement with China over the last few days. Do you think at some point New Zealand might want to revisit its free-trade agreement with China to try and match the terms Australia has?

PM: Well, my understanding of the advice I get is we don't actually get to see the specific terms of the Australian FTA with China, just in the same way I don't think they've actually seen the specific terms of ours. We can both get, probably, a bit of a sense of what they look like, but we don't have them exactly. So if you're asking, which you did, you know, the clear question would we want to renegotiate: the answer is, yes, over time we do want to, and I think there'll be a process that'll be undertaken to look at that, simply because we've effectively exceeded expectations on the safeguards that were there, particularly around dairy. So we've just exported a lot more than what was initially anticipated, so we pay—currently pay—the tariffs over and above the safeguard limits. And I think we'd want to try and see if we could eliminate those safeguards quicker if we could.

Media: So where are we in the process of looking at trying to get a better deal with China?

PM: I think there's been some very preliminary discussions.

Media: What's your current assessment of the TPP: the likelihood of fast track, and then of the TPP being successful?

PM: It's quite a game of chess, you know, in between the Senate and the Congress. But, look if I was—take a punt, I personally think it'll get through the Senate, and I think that eventually we'll have a chance to potentially conclude a deal before the summer recess

breaks. But it's not straightforward. You've got people in the Senate who still might vote against it, but my gut instinct is it's very important to President Obama and he'll do the best to get there.

Media: If it's going to be concluded before the summer recess, how much is it really realistic for New Zealand to expect on dairy, given that Tim Groser said last week that there is basically no deal on dairy at this stage?

PM: I think the way I would describe it is there's a deal. It's probably not at the level that we would currently like, but I think he's right in saying that there's more negotiation to be undertaken.

Media: So what would be the advantages for New Zealand if there wasn't much on dairy for us?

PM: Well, on what I've seen at the moment, if in theory, you know, we froze time and concluded the deal as I see it, it's net positive for New Zealand, but it wouldn't be doing enough for dairy for us to be comfortable. And we'd like to do some more there. But for a lot of other sectors they'd be very happy about it.

Media: Elsewhere on dairy, Jan Wright said on Friday that she would potentially like to see some moratoriums on dairy expansion in some regions. What's your view on what she's saying?

PM: Yeah, if it's the same report, I think she was largely pretty supportive about what we've been doing around water in the National Policy Statements and the likes. Look, I think with the moratoriums, you've seen a bit of that in certain parts of New Zealand. They've generally been concluded with the local councils, who understand those specific waterways and the dairying, or the agriculture intensity, you know, near those waterways. I suspect it's better leaving it at a local level if you can. It seems to have been working pretty effectively in the Taupō, sort of, Rotorua region to do that. I think it's best handled at a local level.

Media: Peter Dunne has said that shopping around for doctors is an option for families wanting better access to medicinal cannabis. Do you agree with that?

PM: I haven't—I'd need to see the, sort of, full context of everything he's saying. You know, I can only really—I'm just not well versed in what sort of advice that people get. I can only tell you what I've seen in the case of the teenager that's in hospital at the moment, Alex, and it seemed to me that, you know, in the end the medical advice he got was to support a particular drug and that was ultimately approved by the Minister.

Media: When he spoke to you about the fact that he was going to approve the recent case, did you have a conversation about broadening access?

PM: No. He rang me to advise me that he was intending to approve it and that—I've got to be very careful in terms of the privacy of the individual case, but that it was warranted on the advice that he saw.

Media: Do you think—I mean, even if you're not sure about these bribing allegations—do you think Indonesia should be doing more in general to stop asylum-seeker boats leaving their ports?

PM: The problem sometimes with these reports is they're sort of second-hand and they're not necessarily corroborated and not necessarily correct. But what we do do is we do have a regional conversation with our partners when it comes to people-smuggling and the boat people issue, and we do believe that a regional solution needs to be achieved.

So we do have people in Indonesia. We do talk to the Indonesians about that, and we raise that at both a foreign affairs level and sometimes even at my level if that's required. So I'd just need to sort of see evidence of what people are talking about.

Media: And when you have these regional conversations, will you be making it also clear that New Zealand's policy is not, as you said this morning, to pay people-smugglers?

PM: If people ask me, I'd say exactly what I said this morning. Yeah, we don't pay people. I've never had advice that we should. I've never had advice that we have. I don't believe that we ever have on anything I've ever seen.

Media: Would you also be advising that it's not your preference for them to pay people-smugglers if the boat's on its way to New Zealand?

PM: Well, we, you know, we—it's not the way we handle it. I accept there are sometimes in these situations multiple different partners or individual countries involved. It's not always as straightforward as just being New Zealand. But New Zealand's policy is we don't pay.

Media: Do you share Anne Tolley's view that there could be a greater role for private enterprise and profit-making companies in social services such as in children's protection and those sorts of things?

PM: The way I read your interview was she was sort of saying a couple of things. One is we spend a lot of money in this area—about \$300-odd million—and we don't have perfect information of what programmes work, and probably on a relative basis, I mean, they probably all deliver some good, but could you spend more money with one other provider or another provider and get better value? I think the point she was just simply making was she just didn't rule out that theoretically a private sector provider might be able to provide these services, and the view the Government would take is we want outcomes. We're a bit more agnostic about ultimately who the provider is.

But, having said all of that, I've certainly never seen any advice of private sector providers going into this space. It's just—I think the point she was making is it's not physically impossible. It's a little bit like the social bonds. You know, we think it's possible. There might be some people that are interested and it might work, but I don't see it as being the majority supplier of services, that's for sure.

Media: What's the state of play with iwi on the housing issue in Auckland?

PM: Well, there was another meeting last week, as I understand it, between Nick Smith. There's ongoing meetings, and we're just sort of making our—making some progress through that issue.

Media: What's the likelihood that there'll be a court challenge? Is it still on the table?

PM: Well, I can't speak for iwi, so I guess it depends on how the negotiations continue. I put it slightly in the less probable this week, but that doesn't mean that can't change by the end of the week.

Media: Have you identified a piece of land that could be used as a test case? You hinted you might do that last week.

PM: Well, ultimately, I guess if that was desired and if the Crown took the view that it should do that, then I'm sure one could be identified. It's probably not where negotiations are going at the moment.

Media: Is the Government any closer to an agreement with the Auckland Council on infrastructure spending, and also on a transport accord, to try and get those greenfield areas built?

PM: Yeah, well, I haven't had a really, you know, really significant update on that. I met with the mayor myself last week as part of, I guess, my monthly whatever it is meetings, and we just had a bit of a general discussion about it. He certainly gave me a reassurance that he's totally committed to the special housing areas, making sure the infrastructure is there to support them, and wanting to work collaboratively with the

Government, but the actual formal transport accord, you'd have to ask Simon Bridges about that.

Media: Where are negotiations going now? To flip back to your answer to my previous question, you said they weren't going towards a test case on a parcel of land. Where are they heading?

PM: Well, it's a little too early to tell. We're just working our way through the issue. OK. Thank you.

conclusion of press conference