

## POST-CABINET PRESS CONFERENCE: MONDAY, 24 AUGUST 2015

**PM:** Good afternoon, everyone. So, historically, shop trading over the Easter period has been a contentious issue. The current law allows shops selling certain types of goods—for example, dairies, service stations, restaurants, and cafes—to remain open. It's also had several historical exemptions, which allow shops in certain areas such as Queenstown to open on a Sunday, while shops in other areas cannot. This has given some businesses and areas an unfair advantage over others. For example, while Queenstown benefits from tourist trade on Easter Sunday, Wānaka, which hosts a number of events over the Easter weekend, cannot. The same disparity applies between Taupō, which has an exemption, and Rotorua, which doesn't, and there's no mechanism in the current Act to provide for further exemptions.

As you may know, Parliament has considered various amendment bills—in 2001, 2006, 2007, 2009, and 2012—to try and change the law. However, the only bill that was passed was the 2001 amendment bill, which allowed garden centres to open on Easter Sunday. That's why today Minister Woodhouse has announced an amendment to the Shop Trading Hours Repeal Act. This amendment would grant local councils a limited power to generate—sorry, I'll start that one more time. This amendment would grant local councils a limited power to create by-laws allowing trading in defined areas on Easter Sunday. We believe local communities are best placed to make their own decisions on whether their local shops can trade on an Easter Sunday. That's why we believe the decision-making powers should lie with them and not central government.

I'll hand over to Michael now to outline the details of the amendment. Then we'll take any questions you might have on those issues. And then I'll just come back on a couple of other things that I want to run through. So, Michael, we're in your hands.

**Hon Michael Woodhouse:** Thank you. As the Prime Minister said, the Shop Trading Hours Act Repeal Act and the broader issue of shop trading over the Easter period has been contentious for a number of years. The amendments we've announced today represent a sensible way forward, which provide a real choice to local communities, businesses, and workers alike. In the first instance, communities, through their local councils, get to decide whether they want to allow their businesses to trade on Easter Sunday—that have the ability to determine opening based on geographic areas but not on an industry basis. These decisions would be made through by-laws that would no doubt be subject to local community consultation.

For communities that decide to enable trading, then, of course, business owners will have the option of whether to open or not. And, finally, the bill will grant workers affected by these amendments the ability to refuse to work on Easter Sunday without giving a reason. The ability to refuse will also be extended to garden centre workers, who can already open on Easter Sunday, to ensure the law remains consistent. This is an important point, and those—and will ensure those who want to spend the day with friends and family can continue to do so, while those happy to work can earn the extra money.

As you've heard, we're only proposing changes to trading on Easter Sunday, and not Good Friday at this stage. While there is greater demand from the public to allow for shop trading over the Easter period, for many, Easter is still considered a period of significance for religious or cultural reasons, and this is particularly so for Good Friday. To allow choice for trading only for Easter Sunday balances those interests while recognising the special significance of the Easter period.

Furthermore, Easter Sunday is not a public holiday, unlike Good Friday and Easter Monday. This means those who would normally work on Sunday are currently having to take a day of unpaid leave whether they want to or not. I know there'll be a lot of public interest, and we expect a number of submissions as the bill progresses. The bill will be

introduced in the next couple of weeks and go through the normal parliamentary process, meaning it's likely to come into force in the first half of 2016. However, as the bill requires, or enables, local authorities to draw up their own by-laws, this will obviously take a little time. So Easter 2017 is likely to be when we expect to see wider trading on Easter Sunday in communities if they want it.

So I'm happy to take any questions about the proposed amendments.

**Media:** What about the timing? Is this just a diversion from the health and safety debacle?

**Hon Michael Woodhouse:** No, I've been working on this for quite some time, and, in fact, we had hoped to have it up a little earlier so that we could get it up and running for next year, but as you know, there have been a number of other things going on in the workplace relations and safety space.

**Media:** Because it just looks really cynical. It just looks like you're pulling a diversion because you're embarrassed by the fallout of what's happened—

**Hon Michael Woodhouse:** Well, we're not going to be avoiding the Health and Safety Reform Bill. It's up this week, I think you'll hear from the Prime Minister, so I can hardly see how that would be a diversion.

**Media:** And workers won't be able to claim compensation for the lost guaranteed day off. Isn't that unfair?

**Hon Michael Woodhouse:** Can you just explain what you mean by that?

**Media:** The PR that you sent out earlier said that workers won't be allowed to claim compensation for the guaranteed day off. So they're [*Inaudible*] if they decline to work?

**Hon Michael Woodhouse:** Well, presently if they take Easter Sunday off as a day they would otherwise work, then that would have to be a leave day now. So in fact it would compensate them for that, not punish them.

**Media:** How can you be confident that workers won't be punished, though, if they say they don't want to work?

**Hon Michael Woodhouse:** Well, they will have the opportunity to take a personal grievance if they are asked to work and required to work against their will, or if there are other consequences as a result of them declining to work on that Sunday. There are pretty strong processes in place for personal grievance now, and I hope they're not needed, but they're certainly there.

**Media:** How hard will it be? What sort of process will the councils have to go through to allow this to happen? How hard—how much bureaucracy will be involved?

**Hon Michael Woodhouse:** Well, the bylaw-setting process is pretty much laid down in the Local Government Act 2002, so I expect that will be the process that they'll be following. I think it'll be pretty clear, given the lobbying that's been going on from Rotorua and Wānaka and their local MPs, that they'll be first cab off the rank, and it'll be interesting to see who else follows.

**Media:** Do you think the update will be quite high? Do you think we'll just see them round the country now?

**Hon Michael Woodhouse:** Look, I think in those tourist areas, where there have been significant growth in tourism, as you know, and in particular areas where they have special events over the Easter break, like Warbirds over Wānaka, which is a good example, I think we'll see quite strong interest not only from the councils but from the communities lobbying for it.

**Media:** Will this be a whipped vote or a conscience vote?

**Hon Michael Woodhouse:** This will be a party vote by the National Party, so all 59 members will be voting in favour of it, and I've had indications of support from the ACT Party and the United Future Party.

**Media:** Would you consider allowing public holidays for other provisions—Eid, for example, or Diwali?

**Hon Michael Woodhouse:** Well, at this stage what we're doing is tidying up an area of longstanding concern around Easter. I'm not aware that there are any particular concerns around that, so there's no plans.

**Media:** Minister, three people have died in the quarrying industry within six months this year. However, the main parts of the quarrying industry that they worked in are not deemed high risk in your bill. Can you give a guarantee to the families of those guys that were killed that quarrying, those sections of quarrying, will go into the high-risk area?

**Hon Michael Woodhouse:** Well, the issue of risk is one that's being addressed through a regulation that's to be developed. The bill itself sets a very high bar for all workplaces, all industries, and all workers to participate in health and safety, and I am satisfied that this is a significant improvement on the status quo.

**Media:** My question was about the families of the guys that were killed working in quarries. Will you turn those parts of quarrying into a high-risk industry or not?

**Hon Michael Woodhouse:** My commitment is to make sure that the legislation, when enacted, is a significant improvement, to avoid other families having to go through what those three families went through, and I am satisfied that we're well on track to do that.

**Media:** So the father of Tane Hill-Ormsby, who was killed—one of these guys killed—wants it to become a high-risk industry. Will you make it a high-risk industry or not? Because I can't—

**Hon Michael Woodhouse:** Well, that's a process that'll commence, but the questioning—

**Media:** So what do you say to his father?

**Hon Michael Woodhouse:** The question you ask is predicated on a belief that somehow being exempt as a small business from an absolute requirement to have a health and safety rep process when asked is some kind of letting those industries off the hook or a watering down. I simply reject that. These are significant improvements to the expectations on everybody involved in health and safety at work to lift their game. That's what the Act will do when it's passed.

**Media:** Andrew Little said he was writing to both you or the Prime Minister today about making some further changes to the bill. What's your response?

**Hon Michael Woodhouse:** I'm sorry, Felix, I didn't hear. Who was writing?

**Media:** Andrew Little was writing to both you and the Prime Minister seeking some last-minute changes in the Committee stage. What's your response to that letter?

**Hon Michael Woodhouse:** Yeah, look, I've heard his comments on Q+A, and I respectfully hold a different view about what the bill will do. The existing Act in, I think, schedule 2A, which is entitled "Worker Participation", speaks only of health and safety rep election process and the powers that they have. In the bill there is a significant section on worker participation which sets a high bar for directors, officers, PCBUs, and workers to work to a much higher level within those organisations and between organisations in the same workplace—for example, in construction or forestry. I'm satisfied that that is a very high bar, and that health and safety representatives will have a significant part to play in it, but the workplace is changing. There is a modern environment here that I think is not conducive to only having a health and safety rep as the go-to guy. Everybody needs to participate in health and safety, and that's what our expectations are.

**Media:** Do you think law draftsmen and, indeed, the Government should have been more aware of the standards—the New Zealand - Australian Standards—before things like worm farming and cat breeding were included—

**Hon Michael Woodhouse:** Well as I've mentioned, my focus was very much on the higher-risk industries within those classifications. I accept that another question would have been asked—could have been around things like worm farms and mini putt. But my focus was on the risk profile, in the belief—and I maintain this view—that the exemption regime is not a watering down of the expectations on everybody involved in health and safety.

**Media:** Did you drop the ball on this? Did you fail to look at this closely enough?

**Hon Michael Woodhouse:** Sorry Katie?

**Media:** Did you drop the ball on this? Did you fail to look at that list closely enough?

**Hon Michael Woodhouse:** Well, it was a process that is about to start. We're about to pass a very important piece of legislation, and we're about to pass a regulation. I gave guidance to the House last week, as I committed to do, which wasn't the end of the story. Clearly there've been some anomalies highlighted. I'm quite open and relaxed about an exemptions regime, as long as every industry and every workplace understands whether or not they are subject to that regime, and if they are, what they're going to do in the alternative to ensure that their worker participation requirements are met.

**Media:** But just looking at sheep, beef, and dairy farming, which are exempt, right? Silage and hay come under high risk. So if a farmer is a sheep, beef, or dairy farmer, but as one of his activities he is growing hay and turning it into silage, and that's high risk, is that farmer exempt, or is he included because he's got high-risk activities?

**Hon Michael Woodhouse:** Well, workplaces will be guided by their ACC levy codes to establish which industry codes they fall into. So there'll be a way of reconciling that, as there is now.

**Media:** So how does that farmer know? Is that farmer high risk or low risk?

**Hon Michael Woodhouse:** Well, they'll know what their ACC classification is.

**Media:** Why didn't you use ACC claims to guide you on your taxonomy instead of WorkSafe, because, you know, at least—for injury at least that would be based on reality rather than, you know, bringing in some Australian classifications—

**Hon Michael Woodhouse:** Well, that's the classification system ACC uses. So, in essence, we did. The question was at what level should we go—

**Media:** Yes, but ACC only takes claims from New Zealand workers. It doesn't take claims from Australian workers. So it's going to be more accurate.

**Hon Michael Woodhouse:** Well, it uses the same descriptions to assess the levy-setting process for ACC in New Zealand. The question that I had to consider with officials was at what level in those industry codes should we go to, to get the right balance of risk without going too low and making them less meaningful because one or two deaths or serious injuries in an occupation could significantly throw the risk ratings out. So I thought, and still do think, that the level three is the right place to land, but there are some exceptions to that that we'll need to manage.

**Media:** Are you surprised that quarrying is not in high risk? Because you told the House—told Parliament—that you thought it was. Are you actually—

**Hon Michael Woodhouse:** Well, some is; some isn't. The question again is predicated on a belief that quarrying is somehow off the hook if they are subject to an exemptions regime. I simply don't accept that. And for many quarries they will have health and safety reps in the future as they do now.

**Media:** The question isn't predicated on people being let off the hook—

**Hon Michael Woodhouse:** Well, that's certainly how it's been described.

**Media:** —the question is predicated on three people dying.

**Hon Michael Woodhouse:** Yep.

**Media:** So the question is predicated on three people dying in quarries in 6 months.

**Hon Michael Woodhouse:** Well, if you adopt that same logic, forestry would be out, and yet we know over a 5-year period their death and injury rate is unacceptable. Their death rate has dropped 95 percent in the last 21 months—

**Media:** Yeah, I'm not saying, I'm not arguing—

**Hon Michael Woodhouse:** —and their serious harm rate has halved, but nobody is suggesting that they should be out.

**Media:** I would never, ever suggest that forestry should be out of this. But I'm just saying: do you agree that quarrying, where three people have died—that you might have to go back and look at it and it should have possibly been in?

**Hon Michael Woodhouse:** Yes, and that's what the process that we're starting now.

**Media:** So it's wrong at the moment?

**Hon Michael Woodhouse:** No, I'm not saying it's wrong; I'm saying that under the guidance that was initially set and based on the record of quarrying from 2008 to 2013, they fell below the thresholds that we had set. But, as I say, and you've pointed out, there've been three deaths in the last 8 or 9 months, so we'll be having a look at that as part of the regulation-setting process.

**Media:** Last month agriculture was described to you—sorry, last year—as the worst-performing sector in terms of health and safety, with more combined deaths than forestry, manufacturing, and construction, so on that basis, how can that be deemed low risk?

**Hon Michael Woodhouse:** Well, firstly, the sector itself—the two sectors that are described—are significantly larger than those sectors combined, and as a consequence have a death and serious harm rate lower than those other industries. Now, that is not saying that agriculture, or farming specifically, is a safe industry, and they have a very clear message that they need to lift their game. The question is how. We have introduced a number of initiatives to ensure that they have the best tools to be able to do that. That data came out of the Safer Farms programme launch in February and March, which is a 5-year programme, which has had a significant uptake. I've also—I'm working with industry to resurrect the quad bike safety committee that was established in November 2013, a group that is designed to come to a shared understanding of what good quad bike safety on farms constitutes, and that will be another significant initiative.

**Media:** But doesn't that show, really, that the methodology then can be flawed, if you're looking at proportionate deaths to a certain number of people—that that's how agriculture remains outside the high risk—rather than actually looking at the 20 deaths or so that have been recorded each year in that sector?

**Hon Michael Woodhouse:** I think what it shows is that we need to be careful not to apply a one-size-fits-all approach to health and safety at work, because that has not worked, and that there are a number of ways to deliver a safe workplace. Health and safety reps are going to be a very important part of that. More than 75 percent of workers will be able to have one if that is their wish. Of the remaining quarter, I expect a very significant number to have them, as they probably do now. But for those that want to exempt themselves, that doesn't let them off the hook. They will still have considerable obligations to participate in health and safety at work.

**Media:** Do you not accept that that really is an anomaly when you look at the number of deaths and the descriptions of agriculture in the time frame that you've talked about—that farming sits outside, statistics regardless—

**Hon Michael Woodhouse:** Well, with the corollary that there are some exemptions we need to look at, I do need to let the data guide that decision making.

**Media:** So is that one that could be brought in? You talked about—

**Hon Michael Woodhouse:** Well, that is a process that will start when the regulation's being consulted on.

**Media:** Federated Farmers didn't seek an exemption from the safety rep requirement in their submission to the select committee. Why, then, did you decide to exempt agriculture?

**Hon Michael Woodhouse:** Well, because that was the way it fell when we set the risk parameters. But, as I say, there are a number of ways that farms can deliver health and safety, depending on their size and risk. They need to lift their game, and that will certainly be my expectation. I am aware this is your press conference, Prime Minister, so I may need to defer to you.

**Media:** Can we clear up a couple of things before you go, Mr Woodhouse? Just applying common sense, can we clear up once and for all, once the consultation period is over, will mini golf be high risk? Just with common sense, will mini golf be high risk once the consultation period is over?

**Hon Michael Woodhouse:** I don't want to pre-empt that, but I think that's unlikely, given the analysis I've done.

**Media:** So you will take mini golf out of the high-risk category?

**Hon Michael Woodhouse:** Well, as I say, there is a process, but I'm quite confident that common sense will prevail in that area.

**Media:** And will common sense prevail with worm farming? Will you take it out of the high-risk category? Can you say that today?

**Hon Michael Woodhouse:** Well, that's a little more complicated. And the category that worm farming is in constitutes a small industry grouping that has had 11 deaths and more than 1,000 serious harm notifications, so I'm not going to pre-empt a further analysis of where those deaths and injuries are occurring before I go through that consultation process.

**Media:** But do you know how many deaths or injuries there've been in the worm-farming industry?

**Hon Michael Woodhouse:** No, that is the point. I will be having a look at that. It may well be that that comes out as well; it's just that I don't have the sort of data that I have on mini putt.

**Media:** So mini golf is not going to be high risk, but worm farming could still be high risk?

**Hon Michael Woodhouse:** I'm not going to pre-empt that process, Paddy. As I said, this is, again, predicated on a belief that somehow they'll be off the hook. Everybody is responsible for participating in good health and safety at their workplace.

**Media:** So could the farming category be changed as well? If you're looking at mini golf, for example, could it work the other way that some could go into that high-risk category?

**Hon Michael Woodhouse:** Well, I'm not going to rule anything out at this stage. This is a consultation process of an exposure draft that hasn't yet been finished written.

**Media:** So it's fair to say mini golf is probably going to come out and quarrying could go in? Is that how this is going to work?

**Hon Michael Woodhouse:** That's possible. That's possible. Prime Minister, I'm sorry. It's your post-cab; I'll defer back to you.

**PM:** No problems. OK, so just moving on to tourism, as you would have seen on Friday, figures released by Stats New Zealand show a record 3 million visitors came to New Zealand in the past year. This was 7 percent more than last year and those tourists spent a

total of \$8.7 billion dollars, up 28 percent on the previous 12 months. This is a huge milestone for the tourism industry and is a testament to the hard work going in to ensure that those who visit our shores have a tremendous experience. In the year to March 2014, tourism was directly responsible for 94,100 jobs within the industry, and a further 72,700. It's also benefiting the regions, with nearly half of the \$7.16 billion spent by visitors being spent outside the major centres. The Government will continue to work alongside the industry to build on this success, and I am confident that the best times for the industry remain ahead.

To turn to the House this week, the Government intends to continue the Health and Safety Reform Bill. Wednesday is a members' day. As for my movements, I'll be in Wellington today, tomorrow, and Wednesday. On Thursday I'll be in Auckland in the morning, before heading to Dunedin for a number of visits, and I'll be in Ōāmaru on Friday. Questions.

**Media:** A pretty stark warning from the Reserve Bank today saying that the Auckland market poses an increased risk to financial stability. Do you agree with that?

**PM:** Well, you know, I think there is a number of things. I mean, firstly, there is nothing terribly new in what the Reserve Bank is saying. It has been saying these things for a while. Secondly, I think if you look at the responses from the Government and the Reserve Bank itself, they're seeking to actually address those issues. I mean it is ultimately, if you look at Christchurch, quite a good example. When supply starts matching demand, then prices don't go up any more.

And actually, over time, one of the things the Reserve Bank didn't say but, frankly, they should've said, is interest rates won't stay low forever. So when people go and buy houses purely on the expectation they're going to get a capital gain, they've just got to be careful they don't come in for a nasty surprise, just like those people who bought stocks recently and thought they were always going to go up forever, are in for a nasty surprise today.

The other thing is the Reserve Bank did its own stress test back in 2014, I think, from memory, and it massively, as I said last week, moved all its parameters. So it basically said that if—it tested, and it looked and said: "OK, what happens if unemployment falls—rises to 13 percent and Auckland house prices fall 40 percent". And what it found out was that bank capital levels obviously reduced from 11 percent to 8 percent, but that is still way above the 4.5 percent that they would expect. So the banks are stress testing, the Reserve Bank's stress tested. Yes, there is, you know, obviously some more risk if house prices go up, but it is at the margins. The overall health of the banking system is very strong in New Zealand.

**Media:** How worried are you by the global sharemarket rout listing today? I mean, Shanghai off 8.5 percent is going to really damage your confidence isn't it?

**PM:** Well, it's a pretty significant day for the sharemarkets, particularly in Asia. I mean, it's a reasonably big fall in New Zealand, but much more significant in Asia, and that follows on what was a big drop on Friday night in New York. I mean, I still think if you look at the fundamentals of New Zealand, we are never going to be immune from those international sort of trends, and when you see a big down in the Dow, as we did last Friday, it was always going to flow into our market on Monday. But overall the fundamentals of the New Zealand market are still pretty strong, and some of the things that have been driving the move down in the US, and to a certain degree in Asia, are less prevalent here in New Zealand.

**Media:** It's about the Chinese slowdown, isn't it? I mean, [*Inaudible*] much harder landing, and that is going to affect our exports and our economy.

**PM:** Well, I think in China what you're seeing is, you know, it's a mixed story there. Firstly, their stock market went up an enormous amount in quite a short space of time, so I think you have seen, basically, some—well, you are seeing some sort of correction in the Chinese market. I think the second thing to remember is that there is a difference, as I think I've said to you before, I think, about what is happening in China between the construction and the investment side versus the consumer demand side. Our exporters are much more

heavily focused on the consumer demand side, selling food and a number of other products to them. Australia's economy, for instance, is much more heavily focused on the infrastructure investment side. So it's arguably a bigger deal for Australia than New Zealand, but, yes, it has some impact.

**Media:** The Reserve Bank talks about a concern about a correction if supply outstrips demand eventually—if you see the worldwide economic situation deteriorate, combined with the local, domestic situation deteriorate. Is that a risk?

**PM:** Well, I just go back to what I said earlier. If people think Auckland house prices are going up forever, they are misguided. History tells you that's not normally the case that a market goes in one direction forever. I remember when dairy prices were \$8.40 as a payout, people were saying they were going to the moon, and when they were down there at \$3.85 and, you know, these sort of levels—you know, before the auction last week they said they wouldn't go back up again. The reality is markets go up and down, but, yes, if the international markets remain volatile, that obviously has some impact on consumer confidence and can impact things. Just overall, though, in New Zealand, our economy's a bit more robust. We're certainly in a lot better shape than we were 6 or 7 years ago, but, yeah, they're volatile times on the international stock markets.

**Media:** The Reserve Bank also had an unusual line where it said that the housing situation in Auckland is keeping it awake at night. Does it keep you awake at night?

**PM:** It keeps me busy at night because we've been a very busy Government when it comes to addressing those issues—everything from special housing areas to reform of the planning laws to speeding up the process, and you actually are seeing that. I mean, you've got the most construction happening in Auckland now for a decade. There's a lot of supply coming into the market and there's a bit of frothiness about the Auckland market that I think you might see dissipate a bit, actually.

**Media:** Are you comfortable with an income ratio, though, of you know, what was it, 9:1—an income to house ratio?

**PM:** In Auckland? Yeah, but I mean, you know, interest rates are very low in Auckland. That's partly what's—well, they're very low in New Zealand—that's partly what's supporting the capacity for people to actually borrow and fund a house. But, as I said to you, the banks and the Reserve Bank have stress-tested those presumptions, and those assumptions are built into their lending profiles, and, for the most part, they're very comfortable.

**Media:** Given those stress-test results, do you think the Reserve Bank might be overreacting in its new restrictions on LVRs, because it seems to be quite a big—

**PM:** Yeah, I don't think it's overreacting; I think it's just taking a natural step forward, as the Government is, with the brightline test and other things we're doing.

**Media:** Investors now account for 41 percent of Auckland house purchases. Where do you think they come from?

**PM:** I think they're largely local, to be blunt. We'll have to see, in the fullness of time, when we see the actual data, but my own view is that, yeah, while some will be from offshore, in the residential market I reckon the bulk of them you'll find are New Zealand residents.

**Media:** It's obvious from the stress test that the Reserve Bank [*Inaudible*] the strength of the planning system, but if you saw even a small fall on Auckland house prices, that would be bad, wouldn't it? That must—would that keep you awake at night?

**PM:** Well—

**Media:** In terms of politically and for the economy generally—



**PM:** Well, the Government's preferred position always with these things is that there are rising house prices but at a very modest level. And so, you know, if you saw a—well, you saw a correction in the median market, median house price sales last month, and that didn't keep me awake at night, so, no, that doesn't necessarily do that. I mean, it is if you get a really over-extended market and a big correction. But the point is, you know, the question is, will you get a big correction? Well, I don't think you'll necessarily get a big correction unless people get carried away, but I think you run the risk that there's more of a correction if things carry on at the same price.

**Media:** What do you think the risk could be to the economy if that were to happen?

**PM:** Well, I don't know. They're well-pronounced around the world, if they get too carried away.

**Media:** Tuku Morgan has threatened legal action over a claim he says that Tainui lodged in 1987 if the Government continues on with the surplus land sell-off in Auckland. Your response?

**PM:** Well, my understanding is there've been—is this in relation to right of first refusal for the land in Auckland?

**Media:** Yeah.

**PM:** Well, I think there's been quite significant discussions with the various iwi participants and the Government over the last month or so. So we haven't seen any of those comments that I can recall being made to Ministers. They certainly haven't relayed them to me. I haven't been in the meetings myself. But, I mean, overall, the Government is looking to move to develop more housing in Auckland and use some surplus land and try and take that programme forward.

**Media:** So what's your response to Kīngi Tuheitia's claim over Auckland?

**PM:** Well, you'd have to prove you've got a claim, and to prove that you have to do two things, from what I can see. No. 1: you have to prove that you filed a historical claim prior to 2008; and the second thing you have to do is prove that you can get a mandate. So if he's doing it on behalf of the Kīngitanga movement, they're neither an iwi, a hapū, or a whānau, so I can't see how they can do that. And if they haven't lodged a historical claim pre-2008, then I don't think they'll be able to take it forward. But let's wait and see. The harbours bit of the settlement process was always parked up for a while, so maybe that's what he's referring to, but if he's not, he'll have to demonstrate—you know—exactly which bit of the historical claim he's talking about.

**Media:** Those tourism numbers you referred to last week, they also show net migration at a record high. The Reserve Bank says migration figures are a factor in the Auckland market. Do you think there's a case for the Government to tighten migration to try and help the Reserve Bank on that Auckland—

**PM:** There's a range of different numbers in there, but we sort of have, essentially, a target of about 45,000—you know, more than 45,000 new migrants each year. My understanding is that's—we're not bumping above that. That's about where it's operating, and it is largely, as people can see, not because excessive numbers of new people are coming to New Zealand; it's because people aren't leaving, and you've seen that with Australia now. You've got that situation, and even Joe Hockey was making those comments in Australia, I think today, or over the weekend, that essentially you've got a situation where Australians are coming to New Zealand, and New Zealanders are coming home. So it's largely about New Zealanders not leaving rather than an influx of new migrants.

**Media:** So why not reduce the 45,000, to help out, because it's really stressing infrastructure?

**PM:** You can do, but remember only half of them go to Auckland, and quite a lot of them are already existing, and some of them are, for instance, gone through our

universities and already have a job, and so you'd have to take them out of that job, and if they're in a skilled area, that may actually hurt the construction market or it may actually hurt the development of the economy. So, yes, it is a factor, but I think the answer is build houses. That's a better way, probably, of addressing it, and we're doing that.

**Media:** BlueScope Steel is thinking of closing its Glenbrook steel plant. Would that be a concern to Government—1,000 jobs, I think, at risk?

**PM:** Yes, but, I mean, let's wait and see. Those sort of claims have been around for a long period of time. Yeah, international steel prices are pretty weak, but hopefully they'll stay.

**Media:** Is there anything the Government will consider doing to help them out?

**PM:** Well, they haven't raised in recent times that issue. There's been some discussion about jobs there, but not necessarily closing it. If they are, well, that's news to me, because I haven't been aware of that.

**Media:** So you think these are potentially idle threats?

**PM:** Well, let's wait and see.

**Media:** The Basin flyover decision, what are your thoughts on that?

**PM:** Sorry, one more time?

**Media:** The Basin flyover decision?

**PM:** Oh, right. I haven't seen it, I'm sorry.

**Media:** It's been rejected.

**PM:** Yeah. You mean the one from some time ago?

**Media:** The High Court, yeah.

**PM:** That was some time ago though, right?

**Media:** Friday.

**PM:** Oh, Friday. No, I'm sorry, I haven't seen it.

**Media:** It's been rejected, so, I mean, is the Government likely to [*Inaudible*] in the Supreme Court?

**PM:** Well, I don't know. The Attorney-General will have to see whether, you know, Crown Law wants to take it forward, but, I mean, overall, our view has been that we need to have a response to the traffic issues that Wellington faces. We can't just sit there with no solution, and historically, when we looked at it, other alternatives were either very expensive or very difficult to execute. So we'll have to see what the next steps are.

**Media:** The Corrections Department has been named by the Health and Disability Commissioner in two separate cases where prisoners have received unsatisfactory health treatment. Is this a reflection on the wider prison system in terms of their treatment of prisoners?

**PM:** It's always dangerous taking, you know, a couple of examples and saying that that's the standard everywhere. We'd need to have a look at that and understand that, and there is a substantial number of, you know, visits and opportunities for people to register concerns that they might have. So the prison system is one of—in New Zealand—one of the most highly visited prison systems in terms of officials and others that have access and go there. So I wouldn't want to say that's absolutely the case, but, again, you're aware that we're doing, for instance, a review of Mt Eden Corrections Facility at the moment. Let's see what that throws up.

**Media:** Sorry, just one more question on the Basin. I mean, the longer that this drags on, the less likely it would be that this \$90 million that has been put aside for it would stay there, right?

**PM:** We need to find a solution. My understanding, you know, historically, was the flyover was deemed to be, by far, the best solution at the most affordable price, and that options of, for instance, tunnelling and things weren't as realistic as some people had argued, because I guess you can do anything, but it was a tremendous cost and quite technically difficult to do. So if it's not a flyover, I guess the question is what's the next alternative and how easily can that be funded and how quickly can it occur? I just don't have answers to that at the moment.

**Media:** Do you know when you're likely to have answers?

**PM:** Well, they're going to have to go away and think about what their next step is.

**Media:** Treasurer Hockey identified tax cuts as one of the issues—the discrepancy between tax breaks there and New Zealand. Are you looking at potentially going to the next election with cuts? Have you firmed up your thoughts on that at all?

**PM:** Well, we'd have to wait and see. I mean, as you know, we've essentially kept our new Budget spending at around about a billion dollars for the past Budget and the next one, to give ourselves, you know, theoretically room to have a tax cut package in 2017. But there's a—and that would still be our preferred desire, to have a tax-cut package, but, yeah, we're not going to make that call this far out. There's a lot of different things happening in the world at the moment.

**Media:** He's identified higher-worth Australians as coming over here. He says there's some evidence to show that. Have you seen any evidence of that?

**PM:** Well, certainly we've seen strong migration from Australia, and I think there are plenty of Australians coming over, as you can see. I mean, net migration from Australia has been positive for the last four months in a row. So I think there is—that is a function of a number of factors, you know. Obviously, you've got certain sectors slowing down in a more pronounced way in Australia. Sydney and Melbourne are still pretty buoyant, from what I can see, but certainly in Western Australia, South Australia, maybe parts of Queensland, it's much weaker. So you're probably seeing some people coming back for that reason. Tax is, I think, are one issue, why people travel, but—and live abroad. Opportunities is the main one though—can they find a job that will pay them what they want?

**Media:** Would a fresh global economic downturn be one of those factors which could stop you from doing tax cuts in 2017?

**PM:** Well, I think we've always demonstrated over the last 7 years, and we're going to continue to demonstrate, we're good economic managers. I mean, over the last 7 years, we've done a lot of things to get the books back in order. We've made an awful lot of change, and it's been incremental change, but it's been the right thing. I mean, even things like this Easter Sunday proposal—it's just a way of finding, you know, a pathway through a difficult problem. We've done a lot of that across a huge number of areas in the economy. So we're always going to continue to work on doing that. I think, myself, we're much more robust than we were, but we'll keep working on it.

**Media:** Are taxpayers getting value for money from MoBIE's spend on its website—\$559,000?

**PM:** Yeah, I mean, my understanding of it, they are. I mean, for a start off, apparently it stops a website that they were running that cost \$77,600—so that's a saving they get there. I think they've amalgamated five websites, and it's a pretty significant site that communicates with a lot of what MBIE does. So, half a million—the sort of general feedback seems to be that's not only appropriate, it's pretty reasonable value for money.

**Media:** Do you think there's a moral difference between bombing Iraq and bombing Syria? This morning, you mentioned, or sort of alluded to a legal difference. Do you think there's a moral difference?

**PM:** Well, our actions that we take in Iraq are against ISIL, and whether ISIL operates in Syria or Iraq, they're still ISIL and their actions are abhorrent. The main point I was simply making was that when it comes to Iraq, we went because the Iraqi Government asked us for support and we thought that was the right thing to do. In Syria, the position's always been more complicated. So, yes, the Australians may be doing more there, but they've got the sort of capability to do that, and we don't have that. And, secondly, I think in terms of the commitment we've put into that part of the region, it's set in about the right place. So I don't see us changing as a result of, you know, the request maybe the Americans have got. We've allocated a certain amount of resource, we're doing a good job there, but we're about right.

**Media:** TPP—Groser in Kuala Lumpur. Any bilaterals with either Japan or America planned?

**PM:** I don't know exactly who's on his dance card, but I imagine he'll be talking to quite a lot of people while he's over there.

**Media:** And last year when you were in Europe, you said that you were hopeful that a free-trade agreement negotiation could begin this year.

**PM:** With Europe?

**Media:** Yeah. When do you think those negotiations actually will begin?

**PM:** I can't give you an exact date on that. I do know that in the last, whatever it is, 8 or 9 months since then, we've been working pretty hard and we're making quite good progress, from what I hear. But let's see how it plays out. OK.

#### **conclusion of press conference**