

POST-CABINET PRESS CONFERENCE: MONDAY, 21 SEPTEMBER 2015

[FTR start time: 16:03:40]

PM: OK, so next week I'll be going to New York for the United Nations General Assembly for Leaders' Week, which marks the 70th anniversary of the United Nations. It will be my first trip to the UN since New Zealand's election to the Security Council. The last time I visited was in June 2014. As you'd expect, there'll be a significant turnout of world leaders and heads of State this year, which provides a great chance to discuss a variety of key issues for New Zealand with international counterparts. I see these meetings as providing an important opportunity to progress New Zealand's Security Council priorities and raise other key New Zealand priorities, including, of course, TPP.

I'll be attending the opening of the 70th General Assembly next Monday, and I'll give New Zealand's statement in the general debate on Thursday at the conclusion of the week. President Obama's Leader's Summit on countering ISIL and violent extremism is an important forum, and I'll be attending that meeting. As you know, New Zealand is contributing to the international fight against ISIL. ISIL is a serious and growing threat to global peace and security, and it's important world leaders continue to engage on the appropriate responses to tackle ISIL, and violent extremism more broadly. As always, I'll have a number of business and other meetings scheduled while in New York, and I'll be giving a speech to the Asia Society on trade and the economy. There are a few good opportunities to promote New Zealand to New York audiences, and I'll be making the most of those to talk about New Zealand's strength in business and tourism.

There is no post-Cabinet press conference on Monday, as I'll be in New York, and, just for your own diaries, there's no Cabinet the following week, so neither will there be a post-Cabinet press conference that week either. In the House this week, we intend to make progress on a number of Committee stages. These include the Passport Amendments Bill, the free-trade agreement with Korea, and the Construction Contracts Amendment Bill. Just in terms of my own activities this week, I'll be in Wellington as usual tomorrow and Wednesday, and on Thursday I'm in the Rangitata electorate, and on Friday I'm in Rangitikei.

Media: TPP, where do you see—do you think a deal could be done in the next couple of weeks?

PM: Well, as you would expect, since the sort of cessation of talks in Maui, yeah, there's been quite a lot of discussion going on behind the scenes. I'm not quite so confident as to say I think a deal will be concluded at the UN or within the next week or two, but I think quite a bit of progress could possibly be made. We are inching closer. That's the advice that Tim Groser gives me, and, obviously, you know, we're hopeful that we can get this thing over the line.

Media: Have you had any signal that there'll be a breakthrough on the [*Inaudible* 16:06:32] blockages around dairy and auto?

PM: Well, everyone can identify the issues, really, which are primarily autos, dairy, and are a little bit around, sort of, patent and intellectual property, and, you know, the general feeling I get is some progress is being made, but I'm not confident enough yet to say that we're definitely going to get there.

Media: Are you hoping to meet Australia's new Prime Minister next week at the UN?

PM: I'm not entirely sure whether he's travelling there or not. I think it's unlikely that he would, but I don't officially know that he is or isn't going, but on the basis that he

doesn't go, then I won't be seeing him there, but, obviously, there'll be plenty of other opportunities before the end of the year.

Media: Will you try to meet President Obama?

PM: Yeah, well, we'll see each other at this summit that he's holding. There's also a cocktail party on the Monday evening, which will be an opportunity to have a chat, and, look, I remember last time he came to the lunch I was at. I'm sure there'll be opportunities to have a chat.

Media: What would be your top priority if you get the pull-aside with him?

PM: TPP. I mean, you know—bluntly, we just want to try and progress where we're going. You know, I think we are getting fairly close. He's clearly instrumental in it all, so that would be the main thing to talk about, I would have thought.

Media: And what's your message?

PM: Well, the simple message is that I think we should get a deal done. I think it's certainly in New Zealand's and the United States' interests to complete TPP. I think it's been an important part of what he's been working on for the last 6 or 7 years. It won't take me to tell him that, because I think he knows it's an important part of his agenda and his sort of pivot into Asia, and just give him the courage to push this thing over the line.

Media: It's probably pretty difficult, though, when Canada's going through an election campaign at the moment and therefore—

PM: Yeah, the general feedback we get from Stephen Harper is the Canadians want to continue down this road and continue progressing, so, yeah, I thought it might make it a bit more tricky, but everyone seems confident on the Canadian side that they want to stay engaged.

Media: Do you think that will be the case if there's a change in Government there though?

PM: Don't know. It's very difficult to tell what the position would be if they're elected. They're a left-wing Government, so might be, you know, more hesitant, but let's see.

Media: Many of the reports emerging from these talks that are occurring seem to suggest that there's movement on a number of political issues but not on dairy. Is there a point where we're going to end up with a choice that says "You're in or you're out, and if it's not a great deal on dairy, we need to be in anyway."?

PM: Well, inevitably, there is always a point you get to where, in a multi-lateral deal like this, you have to decide whether it's in your best interest. We have made no secret of the fact that we think some very good progress has been made in other sectors but not enough progress for us in dairy. You know, we're a long way away from saying we are at the best place we can be for dairy, so I wouldn't want to give that impression, because I don't think we are. And I sort of still remain confident of the fact that, you know, in the end, we'll settle on, hopefully, the right place with dairy, or at least it will be the very best that we can do.

Media: Hundreds of jobs confirmed gone from Fonterra, is this a sign of further weakening in the agricultural sector?

PM: No, I don't think so. I mean, across the board in agriculture, generally, it's been not a bad year—beef prices high, wool prices doing well. The challenge I think has been for Fonterra, who are struggling, clearly, with having to deal with a much lower payout and justify their own cost base to their shareholder farmer base. So, I mean, obviously, it's a challenging time for the people who work at

Fonterra. They'll be, I'm sure, good, hard-working, loyal people, but, in the end, you know, the company has to do what it has to do, I suppose.

Media: Also AgResearch confirming it is talking to its staff about a proposal, and we understand, again, a number of job cuts. I mean, does this really cut across innovation and development of agriculture in New Zealand as well?

PM: I don't have any details on AgResearch. You'd need to take that up with them. I haven't been briefed on that. Look, what I'd tell you—if you think about the Government's position when it comes to science and innovation, we have been big supporters of that area. I mean, every year we put more money into science, and, certainly, agriscience has been an important part of what we're doing. From time to time, though, individual programmes are cut, and from time to time, the emphasis is put in different places. So it's not the first time—if that's the case that you've seen of resources moving around—but the overall level of expenditure on science and innovation is going up.

Media: We expect about 20 science staff to lose their job. I mean, would that be quite a significant loss of capacity?

PM: It would depend on why and where. As I said, overall, we're spending more money in the science sector, so—I'm not sure you could say that the sector is being damaged, but there would have to be a reason for that, and as you probably know, some of their CRIs run very long-term programmes, and if the programmes—if the funding ceases because they no longer believe it's, you know, going down the pathway that they want, you can actually have staff redundancies. It doesn't mean that either the Government or the organisation itself is not committed to what it's doing. It just means its emphasis has changed.

Media: Have you given any more thought to a meeting with Andrew Little about the "Red Peak" flag?

PM: No. Look, I don't think, you know, it's really going anywhere at the moment.

Media: Was his last letter to you one where he said he's willing to meet with no pre-conditions, and why won't you accept that?

PM: Yeah, look, I don't think that's really quite right. I mean, there was something—I think he was in Richard's piece or something this morning, where he, basically, still said—look, in the end, you know, even if we were to introduce a bill, they'd still want to bring in a yes/no question. If you take a step back—I'm not going to go endlessly through the whole process, but I actually think the process has been a good one. We've done it on a very cross-party basis. We sought the very best advice we can, and it's been an extremely thorough process. I mean, that's—you know, that is, we've accepted that advice and that's just really not negotiable.

Media: Do you think you might lose an SOP on a yes/no question?

PM: No. I don't think we'd lose it. No.

Media: Well, so, why won't you take the bill then—run the bill through the House—if you'll win it?

PM: Yeah, well, I don't think—the question isn't about winning it; the question is—you know, we have had a process, and that process is to accept what the flag committee recommended to Cabinet, and we are quite comfortable with that process. If other political parties felt really strongly about change by adding another flag or proposing to drop one of the other flags to stop the need for legislation, as I said last week, we are genuinely open to that, but it required them to actually play ball and be reasonable and supportive of the process, and I think that's where that's falling down.

Media: Do you think that the flag process came up with a diverse enough list in a collection of four? Because there has been some complaints that there wasn't enough design expertise on the panel, and it may be reflected in the lack of support in the polls?

PM: Well, it was cross-party in terms of the sorts of names that went on that committee. There was a wide range of New Zealanders, but—look, there's always going to be a degree of subjectivity. You know, what one person might like on a flag, another person might not. There were 10,500 people who put in a submission, and I suspect every single person who put in a submission thought their flag was warranting of consideration.

Media: Are you concerned, therefore, that the poll shows even more opposition to changing the flag?

PM: No, I mean—yeah, in the end, we're going through a process. I think you won't really know how that's going to play out ultimately until you get the contender up against the current New Zealand flag. I mean, as I've said many, many times before, you know, it's a challenging process. You know, most countries don't change their flag through this process. I can't think of another country that's done that. But on the other side of the coin, the alternative would have been the Government campaigning—or the National Party campaigning—on this issue, and, therefore, unilaterally coming up with a change, and I think a whole lot of people wouldn't have liked that either. I actually am supportive of the process we're going through. Yep, it's a challenge, but, you know, challenges are there to be met.

Media: Once one of the four has been selected, will you campaign for that against the existing flag, given that you've always said that you favour change?

PM: Well, I don't think I'll be the person that fronts the campaign, but I'll certainly most likely make active comments supporting change because that's been my position.

Media: So who will front it?

PM: Well, I don't know. I mean, it's not for the Government to appoint someone to do that, but I'm sure there's bound to be people who will come up and take the view that they want to change. There's been plenty of people approaching me saying they're supportive of change and they want to be involved.

Media: On migration—a record high of 60,000, half of those going to Auckland, soaking up all the new housing supply that's coming on. Is it time for the Government to look again at restricting migration, just to deal with those problems with resources in Auckland?

PM: I think it's better to deal with the issue of migration on the basis of whether the economy needs the particular people that are coming in. The housing issues, you know, over time, can take care of themselves, but, you know, some of the people that are coming in, for instance, are instrumental in part of the rebuild. Many of the people are already here; they might come through our universities or they may well have come here on a work permit and then converted over. There's all sorts of reasons why they're here. Many of them are students, for instance. So my own personal view is that, you know, the right—the settings which are set by Immigration in conjunction with Work and Income about where the skills are required is a better way of dealing with it.

Media: Are you worried, though, that it's pushing—I mean, it's keeping wages down and it's—you know, we've got an unemployment rate that's drifting up towards over 6 percent?

PM: Well, the unemployment rate hasn't dramatically moved. I mean, the participation rate's been going up recently. Is it pushing wages down? I don't know—you might debate that issue.

Media: Well, Bill English thinks it is.

PM: Well, it's a debatable issue. I haven't seen enough research to argue that one way or the other. I mean, you know, the number of jobs that are being created in the economy—there's always pluses and minuses, but, on balance, I reckon New Zealand's—it's been both a vote of confidence in New Zealand and it's been a strong position, strong inward-bound migration. They're people that bring skills, they bring capital, and they add to New Zealand.

Media: I don't think—I mean, lots of people—I mean, I agree with that, but what the issue is is—is it getting to a point where it's starting to become—you know, the benefits are starting to reduce and you're actually causing more harm?

PM: I think it's always—it's always important to manage it, and we do. We did that, if you think about 2008-09. There have been plenty of times where we've said, you know, certain skills are no longer required because we've got them in the economy. So a case has to stack up for anybody that comes in, other than, clearly, returning New Zealanders who, just simply, have the right to come here. But I think we're doing that. I mean, I still see it as a significant vote of confidence in New Zealand that migration's strong.

Media: Also, putting extra strains on resources in Auckland. You need to build new schools. It's putting pressure on the housing supply—house prices up 25 percent. Surely that should be part of your equation, not just whether the skills are right?

PM: Yeah, but you might be able to make the case in recent times house prices haven't been going up quite so much, and, look, Auckland is a growing city, and it's going to grow, that's my guess, from a population basis, you know, for the next 20-odd years. It is simply in one of those phases where it is a desirable international city, and the number of people who want to live there are likely to expand.

Media: Have you caught up with the Westpac confidence survey? It's the worst since 2012. I mean, migrants might have confidence, but people living here don't.

PM: Technically, that's not correct, because the number of optimists still outweigh the number of pessimists, so that's not correct. But, what I would say is, look, you know, there's a range of confidence surveys out there. Yeah, I mean people tend to reflect a bit what they're seeing, you know, around them immediately, and so you have had, you know, a fair bit of negative views on dairy prices with China slowing down. It's not unusual that you would expect people's confidence to be just a little dented by that. I mean, overall, you know, you look at New Zealand relative to our OECD peers and by pretty much most measurements, we are doing very well. The outlook for New Zealand is very strong, and, actually, interestingly enough, talking to the various business groups out there—and, you know, I'm there a lot around those different groups—they're still reporting to me, you know, their activity levels are strong. It's off the high that it was, but it's still quite strong levels of activity.

Media: But isn't the point you've got unemployment at, you know, just below 6 percent—just come off a peak—I think Bryan Fellows wrote about this—a peak of around, you know, strong 3.5 percent growth. That's the best you can do, 5.9 percent? And now you're slowing. It's going to get worse, isn't it?

PM: I don't think you can—you can't—it's just not as simple a science as that, because one of the reasons can be what happens with the participation rate. You actually have countries in the world where, in fact, you know, they're creating less

jobs and their unemployment rate falls because their participation rate is reduced—all right? We're on a record high participation rate in New Zealand. I mean, if you go and have a look at the Treasury forecast, they still predict falling levels of unemployment. Yeah, there'll be gluts, but they still see falling levels of unemployment over time.

Media: Do you think the main reason why immigration is up is because of the economy, not other lifestyles, for example?

PM: I think it's a combination of things, but, you know, A), we're seen as, you know, a relatively safe environment in a sort of an unsafe world. You're bound to get some people—particularly New Zealanders returning from overseas—on the back of that. I think, secondly, yes, we're seen as progressive and doing well as a country. And thirdly, I think we're seen as, you know, a relatively strong economy. So there's—you know, there's a lot of different factors there.

Media: What's been the highlight of the past year in office and what do you look forward to least in the coming year?

PM: I think the highlight would be the Budget, because, you know, I felt pretty strongly that we should be doing something to help, you know, the least well off, and we are the first Government in 43 years to raise benefits, and, you know, for a central-right Government to do that, I think history will mark us quite kindly for that. What I worry about over the next couple of years? There are always English challenges in Government—it's the unknowns that, you know, that are there. But, you know, I worry about—I personally worry about what's happening with ISIL and what's happening in the Middle East. I just think that if you look at the Syrian crisis of recent times—you can trace some of that back, obviously to Assad, but also a fair bit to ISIL—you've got a very delicate situation there in the Middle East, and you can never be 100 percent sure how that's all going to play out.

Media: Is there any chance that you would up New Zealand's involvement then?

PM: No, I think it's set at about the right place.

Media: Can I ask, you are close to both Lord Ashcroft and David Cameron—what do you make of the revelations out of the UK overnight?

PM: I don't have any interesting in going there.

Media: Has Lord Ashcroft ever discussed his feelings about David Cameron?

PM: He might have, but I am just not prepared to comment on that.

Media: Northland Regional Council has written to the Government to clarify a situation that's happening up north with a particular Māori group after the Waitangi mandate decision—

PM: This is with the Kaitiaia airport or the—?

Media: No, it's the—they're issuing licences and permits because the Waitangi decision said that Ngāpuhi didn't cede sovereignty.

PM: Ah right.

Media: So there's a—so apparently they've written to yourself, to Flavell, and Finlayson—the Northland Regional Council—to clarify that situation in terms of the law. Do you have any comment on—

PM: On the risk of flying blind, because I haven't seen any of the paperwork, but the—I think the Attorney-General's made the position abundantly clear, both as Attorney-General and as Treaty negotiations Minister that we just don't accept that position. You know, we believe, you know, that the Crown has sovereign right.

- Media:** What would you say to people who are maybe receiving licences or permits, presumably under the RMA, from a group that isn't necessarily recognised in law?
- PM:** Well, if they have no legal authority to do that, then they should ignore them and not pay them.
- Media:** What about the Waitangi Tribunal in terms of, you know, it says Ngāpuhi didn't cede sovereignty—so does that carry any weight in terms of the authority this group may see itself as having?
- PM:** I wouldn't have thought so. I mean, it's the legal position—someone's legal authority—not because the Tribunal says that Ngāpuhi didn't cede sovereignty in its view. It's entitled to its view, but in the end, the Crown is sovereign.
- Media:** And those people, if they're acting under those licenses or permits, would have no redress in terms of—
- PM:** No. Well, they wouldn't be legally authorised to do that. It would be no different from me deciding that I wanted to, you know, issue permits for people to undertake an activity and try and charge them to do that. I don't have the legal authority to do that.
- Media:** Just on the latest poll results. If New Zealand First holds the balance of power, could you ever see a situation where Winston Peters could be Prime Minister under a job-share agreement with the National Party?
- PM:** Well, the chance of me holidaying on the lunar space station, I would have thought. I mean, just no chance.
- Media:** So there's no chance [*Inaudible* 16:23:55]
- PM:** Look, there's just no way we are going to be having some sort of job-sharing agreement with, frankly, you know, a party that's not even first, second, third, fourth in the New Zealand Parliament. I mean, it's just not going to happen. It'd be totally unacceptable to the New Zealand public. Being Prime Minister's not something that gets traded away with a bit coalition partner just to get them over the line.
- Media:** It is fourth, isn't it?
- PM:** Oh, OK. Who knows what it'll be like in 2017.
- Media:** Would you have him in your Cabinet?
- PM:** They are different issues. We go through—we haven't, historically, ever had to form a Government that's had, you know, a formal coalition around the table since I've been Prime Minister. We've had confidence and supply agreements. So, you know, we take every situation like that case by case. But we're not going into some sort of job-sharing agreement. You know we're not, frankly, some Third World country that trades away, because somebody wants to be Prime Minister, that right. I mean, it just doesn't—I don't even know how that would work. What would you have—month about? He can take the weekends? Given the time off, it would be quite nice. But, you know, outside of that I just think it's a joke. OK, on that happy laughter I'll leave. See ya!

[FTR end time: 16:25:09]

Conclusion of press conference