

POST-CABINET PRESS CONFERENCE: MONDAY, 23 NOVEMBER 2015

PM: Good afternoon. So, as you know, I've just returned from overseas, where I visited Viet Nam before attending APEC and the East Asia Summit in the Philippines and Malaysia. I was pleased we were able to expand our relationship with Viet Nam. New Zealand has a lot to offer Viet Nam. It was good to discuss further trade and investment opportunities, which will offer huge potential to both countries.

APEC and East Asia Summit provided a number of opportunities for me to meet with other leaders and to discuss a wide range of economic, social, and security issues, as you would expect. As you know, my return to New Zealand is, unfortunately, a short one. On Wednesday I'm heading to "CHOGM", the Commonwealth Heads of Government in Malta, and then on to Paris for the United Nation's climate change conference, COP 21, and then to Berlin to see Angela Merkel.

In terms of the climate change conference, New Zealand will be pushing for a deal that puts the world on a pathway towards limiting global temperature rise to no more than 2 percent. While New Zealand's emissions are small on a global scale, we are determined to make a fair and ambitious contribution to the international effort. I'll be making a couple of announcements in Paris on new initiatives to help reduce global emissions.

Today we confirm we're on track to help thousands more New Zealanders into their first home. You'll recall that the Government doubled support for first-home buyers from 1 April this year through the new KiwiSaver HomeStart programme. Couples buying a newly built home can now receive grants of up to \$20,000 and those buying an existing home can get up to \$10,000. The new \$435 million scheme is expected to help around about 90,000 Kiwis into their first home over the next 5 years.

Nick Smith, this afternoon, issued figures confirming that we're on our way towards achieving that ambitious target. Almost 6,300 HomeStart grants were approved for the first home buyers in the 6 months to 30 September. That's more than 70 percent higher than the 3,600 approvals under the old scheme in the previous 6 months. In addition, there were about 2,500 pre-approved grants in the scheme.

In total, the Government paid out over \$24 million in HomeStart grants during the 6 months to September. As the figures show, these grants help first-home buyers right across New Zealand, not just in the main cities, so this expanded scheme is delivering on its goal of helping thousands of New Zealanders into their first home.

The HomeStart grants are just one way the Government is helping first-home buyers. Under new rules, from 1 April this year first-home buyers can withdraw almost all of their KiwiSaver funds and put it towards their home deposit. We've also expanded eligibility for the Welcome Home Loans, which help first-home buyers with only a 10 percent deposit. In the 6 months to September, nearly 1,200 new Welcome Home Loans were approved.

One of our main priorities is increasing the supply of land for housing. We're freeing up more land through our eight housing accords and special housing areas across the country. Dr Smith and the Auckland mayor today confirmed another nine special housing areas, which will provide another 1,100 new homes across Auckland. This takes the total number of special housing areas in Auckland to 106, with the potential for more than 48,000 new homes.

We've also taken steps to constrain building-material costs, cut compliance costs, and improve building-sector productivity. New tax measures took place from 1 October this year to ensure people who invest in housing for profit pay their fair share of tax. So the Government is continuing to work hard on many fronts to help first-home buyers.

You will have seen we've announced a public memorial service to be held to remember All Black Great Jonah Lomu at Eden Park on Monday. This service will be a public celebration of Jonah's life and the contribution he made to rugby and the numerous charities he was involved with. In addition, there will also be a Pasifika event at the Vodafone Events Centre on Saturday from midday. Once again, I'd like to take a moment to acknowledge the tremendous contribution Jonah made to rugby, his community, and to New Zealand, and to offer my condolences to Nadine and Jonah's family.

In terms of my activities this week, I'm in Auckland tomorrow and Wednesday before heading out overseas. I don't have a huge amount of time today because I'm catching a flight, but I've got some time for questions.

Media: Prime Minister, do you need to now put in place some controls on immigration, given the numbers today are 62,500 net? That's putting a huge pressure on those Auckland houses you're talking about.

PM: I think it makes sense always to review who's coming in and why, and to consider what options are available. Um, so I'd make a few points. Firstly, today, in a way, is a day of great celebration because more—on a net basis—people came from Australia to live in New Zealand over the last 12 months than New Zealanders that left to go to Australia. And that used to be around about 35,000 to 40,000 Kiwis net were going to live in Australia. What it shows you is we're doing something right in this country. Secondly, if you look at that number—62,500 net—it's made up of about 120,000 arrivals. Now if you look at those arrivals there's a sort of—groups that they're made up in. So, for instance, of them, 27,500 of the 120,000 are students coming here. That's an export education business, if you like, that's worth about \$3 billion to this country.

Media: But Labour says that it would consider perhaps changing the rules around the student visas, particularly because they can work 20 hours a week—

PM: They can.

Media: And we're in an environment where the unemployment rate's going up—

PM: Yeah, but, for a start-off, um, we make \$3 billion out of that industry, that cross-subsidises a lot of education for other New Zealanders; it's great for those institutions; it employs a lot of people that would otherwise not be employed. And, yep, some of those young people who come and study in New Zealand do go and work 20 hours a week. Often they're in reasonably unskilled jobs, in a lot of cases; they do make a contribution to New Zealand, actually we want them in a lot of instances. Um, and our unemployment numbers, you know, they move around for a lot of reasons, but, as I said before, we have very high levels of participation in the economy. So that's one thing.

The second thing is, of the 120,000, 30,000 were New Zealanders returning from Australia to New Zealand. So if you consider that, of the net migration numbers, some we wouldn't want to control—student numbers I actually think are really important because we're making money out of them. Kiwis coming home we can't control, Australians coming across the Tasman, we can't control because of a free labour market. Many that come from the Pacific, we don't control because we have—or in any great way—because we have a system for that. You're really starting to say who's coming in under the skill category and who's coming in under the investor category, and in those, they add to our economy. So, yes, look, we always review that—there're always some industries that we take off or add depending on the demand, but I really do think, rather than worrying about it too much, we should respond to it and clearly need to build more homes and the likes, but also celebrate the fact that people want to come and live in New Zealand.

Media: But can the infrastructure, in Auckland, in particular, handle this record high net migration when we're seeing record-high house prices?

PM: Well it's already starting to respond dramatically. So you're seeing the amount of consenting, the amount of building activity rising rapidly and likely to rise even further. I

mean, again, that's employing a huge number of people in the Auckland area. I mean, if you're a builder in Auckland, you're busy.

Media: But the Reserve Bank Governor pointed out last week that even the extra houses that are being built are not enough to cope with the migrants that are coming in.

PM: Yeah, um, depends—it depends on where people are going and what they're doing. I suspect a whole lot of students that come here that don't buy a house or may alternatively be buying an apartment—so, yes, we need to build more apartments but, you know, there's various parts in the demand curve. We are rapidly increasing the amount of housing that we're building and, as Christchurch showed us, when we get that into equilibrium, house prices do stop rising.

Media: Are you worried—you seem to have done a lot of break down of numbers here—are you worried that there's going to be a backlash, that the public might start to say: "Hey, we're not that keen on this number of migrants."?

PM: Well, I think it's really important people understand what's happening. You've got a lot of returning Kiwis; you've got some Australians coming across the Tasman; you've got a huge number of people coming here to study. I mean, all of those things are either things that we can't control, wouldn't want to control, or things that we should celebrate. On top of all of that, you do get people coming in who are just adding to our economy. They come in the low investor category and the high-skill category. Look, overall, the alternative to this is net migration showing huge numbers of people leaving our country. Show me a country which is booming around the world where more people leave it than come to it. The answer is, New Zealand is highly placed as a destination that people want to come and live in. Why? Because in a very troubled international environment, as you've seen with the attacks in Paris and the likes, we're seen as safe and a place where our environment, for the most part, is pretty clean. We've got a growing economy.

Media: But you're making a trade-off, though, with unemployment.

PM: Well, I wouldn't get too het up on that. I mean, our unemployment rate's broadly about the same rate as Australia, but our participation rate is much higher; the reduction in employment in the last quarter—and the quarterly numbers bounce around a lot, was all around part-time employment; it's a bit seasonal in some parts—

Media: So you don't think the unemployment rate will continue to increase?

PM: Well, I can't say that, 'cos, I mean, there's a variety of different bank and Treasury forecasts which show it might move around a bit, but the longer-term numbers are still lower. Of course, we'd like the headline rate a little bit lower, but we do have very high levels of participation. The economy is generating a lot of jobs. I think it generated 190,000 jobs in the last 3 years, from memory.

Media: On the Lomu service, can I just ask—have you had any more details on the Lomu service—how many people are expected, the shape it might take, the involvement of the family, the cost?

PM: So the service is—the primary service on the Monday at Eden Park will run from between 1 o'clock and 3 o'clock. I really don't know how many people will turn up, but my expectation is it will be tens of thousands. I mean, I think Jonah was much loved. There will be a huge number of people who will want to come along and pay tribute to him. It's being organised, essentially, by the family—led, I think, by John Hart. So there'll be a range of speakers. I'm, unfortunately, overseas, but I'm just going to go in a moment, actually, and prerecord a message for that because I wanted to put a, you know—offer a personal message to the family and to pay my respects to Jonah. Largely, the costs are paid for by the Government. So the Auckland Eden Park Trust Board, I understand, is giving the venue. There will be some clean-up and other costs that we might have to pick up. We don't know exactly how much it will cost for the Government contribution for what is, effectively, the memorial services, but it is a combination of some catering at the event that

will be at the Vodafone Events Centre, and the other costs like stages and things. But I'd put it in the order of sort of hundreds of thousands—that is the likely advice. Probably not more than 300 but probably more than 150. It's in that category.

Media On housing, does the Government support the Auckland Council's moves to change the zoning rules to make Auckland isthmus, the central area, much more dense—more apartments, more town houses?

PM: Well, we're just going through a process, but for the most part, yes. It's clear, I think, for everyone to see that the city needs to go out and it needs to go up. Part of the reason why we support, for instance, the CBD rail tunnel is because that's likely to be a way of actually allowing intensification in the CBD. And development in the CBD is much less controversial than it is in other parts. So everyone knows the points where there's a degree of either push-back to, you know, nimbyism—you can call it whatever you like—but within the CBD area, and in other parts of Auckland, there is not much push-back when it comes to apartments.

Media: But in the leafy areas around the CBD—the Remueras, the Parnells, the Mt Edens—is the Government in favour or supporting the council's move to increase density?

PM: It's on a case-by-case basis and it depends. I mean, Remuera—it's actually had quite a lot of apartment building. Parnell, as you probably know, I think, is the densest suburb in Auckland, actually—it's pretty dense in Auckland, the Parnell area, from a housing perspective. So, look, it just depends on what they're building and where.

Media Do you expect the deal that comes out of Paris to actually make a difference to climate change?

PM: Yes. I think it will definitely make a difference. So I went to Copenhagen, as you'll remember, and when we went there, there was really no agreement, there was no communiqué. If you're going to a conference like that and expecting leaders to sort of nut out a communiqué on the floor, it's never going to happen. My sense of what's happening in Paris is there's a much greater alignment. When I was at APEC and the East Asia Summit, leaders talked about it quite a bit—certainly President Obama. I think over 150 countries are going with their own individual target. What won't happen is you won't get some sort of legally binding agreement which will bind each country. What you will get is each country coming along and saying "This is what we propose to do.", and over the next few years the formation of the rules that those countries will have to comply with as they meet their target. So I think collectively we are going to do a lot more. It will just take some time, though.

Media: But how can you expect it make a difference if countries aren't bound to their targets? They can go along, and be like: "Yeah, yeah, we'll agree to this" and then go back and do nothing.

PM: Well, no system's perfect. We saw with Kyoto, when people were theoretically bound, Canada pulled out of it. Some countries bought in all these AAUs, which were, you know, essentially, you know, cheap, cheap, and free emissions, so, you know, from sort of developing Russian States. I mean, there's a whole—it's never a perfect system. I think what you are seeing, though, is an acceptance by a wide array of countries now, though, that climate change needs to be dealt with. I think one of the catalysts for changing that sentiment was the deal that President Xi Jinping from China managed to nut out with President Obama. That happened after the G20 was hosted in, in—or, APEC was hosted in China. And I think that was really important. So you're always going to have some countries that are going to come along, particularly developing countries, and say: "It's not fair. We shouldn't have to comply." I don't think it will be absolutely plain sailing in Paris, but I do think you're going to get progress.

Media: Just on the Fox Glacier crash on Saturday, do you expect that that will have an impact on the wider tourism industry?

PM: I certainly hope not. I mean, the tourism numbers today showed how strong they were, at well over 3 million arrivals now. For the most part we've got a pretty good record when it comes to aviation. We've had—we've had some accidents. You've obviously had the tragedy at Fox Glacier, which was the skydiving accident some years ago that actually, in fact—the day of the first Christchurch earthquake. In the end it turned out to be an issue with the plane, actually, as opposed to skydiving itself. From time to time you'll have helicopter accidents, but for the most part if people look at these matters they'll see that, a, we've made significant changes in recent times around adventure tourism to try and make that industry safer. Something like helicopter trips was already covered under the Civil Aviation Rules, as is some, you know, activity on the waters—already-existing rules around Maritime New Zealand cover it. But for the most part I think people probably say: "Look, there are helicopter accidents around the world that happen." New Zealand takes these issues seriously, and hopefully it won't put them off.

Media: There was some tightening up. Do you think those regulations have gone far enough in terms of, you know, the onus on providers?

PM: In relation to adventure tourism there's been a reasonably dramatic change, because so many parts of the industry weren't regulated. They didn't have audits; there weren't the requirements that are on them now and the oversight of that by WorkSafe New Zealand. When it comes to helicopters—trips—they already were covered and there weren't changes as a result of what took place in terms of the aviation changes, as I understand it. So I think what will happen here is there'll be the full investigation by TAIC. They'll come away and eventually tell us what went wrong and why, and whether there's any learnings to come out of that.

Media: There has been criticisms of TAIC previously, in terms of the handling of the skydiving fatalities. Do you have faith in them to carry out that investigation?

PM: I do. I mean, insomuch I didn't do the work—I know there was criticism of the Carterton balloon, or the Fox Glacier skydiving accident, actually. And they went away—but I think Craig Foss actually went and had a look at that and was satisfied, actually, it wouldn't have changed the outcome of the recommendations from that. But TAIC, I think, is seen as a, you know, as a good institution. It's got the resources. It needs to now go away and work out what went wrong.

Media: What do you think of Andrew Little heading over to Canberra to speak to Australian politicians and select committees about the rights of Kiwis living over there? Do you think he can make a difference that you haven't through your—*[inaudible]*?

PM: I reckon he's 14 years too late. He should have gone with his Prime Minister in 2001, and not put us in that position. But putting that to one side, look, I've been saying to the journalists for some time—you guys are aware that we are working on this issue of pathway to citizenship. Malcolm Turnbull seems sympathetic to what we're saying. Certainly, Tony Abbott was becoming more sympathetic to the issue. I reckon we're going to see some progress. I certainly hope Andrew Little doesn't make things worse, because quite frankly, actually—I'm not being stupid about it, but there's movement in the Australian system. But the more they highlight that to Australian MPs, the more push-back you might get, not support. So I think there is a growing acceptance in the Australian system, as I've raised it with Bill Shorten, who's the Labor leader in Australia; I certainly constantly raised it with the Australian Prime Ministers of the day. There's an acceptance that they just can't carry on the way they are with such a large group of people who, effectively, don't have a pathway to becoming an Australian citizen. It doesn't seem right to me.

Media: Can you explain what the pathway might be? Is it—is the pathway a lower cost for citizenship? Is it specifically for New Zealanders? Is that what you envisage?

PM: Well, it certainly would be only specific to New Zealanders, because you've got to remember we're the only people who have the freedom across the—into the Australian labour market without actually having, you know, this type—well, with access to this type of

visa. So it's specific to New Zealand. In terms of—it's not a cost issue; it's actually a rights issue. So it's that these people have no right, despite what they do over a long period of time, to actually qualify to become a resident, to ultimately become a citizen. So it's a pathway issue. The challenge for Australia is the fiscal cost. So there's no question there's a fiscal cost here, and the question would be, you know: if they're prepared to change, where do they draw the line? And that's what we've been talking to them about. I don't want to overpromise it, because I can't—I just can't—force them, but nothing Andrew Little's doing is going to help. What will help will be if Malcolm Turnbull makes the call that he wants to put some money into this to make it happen, 'cos that's—

Media: So when you say “draw the line”, can you—is that a time question, or is it the type of citizens they are, what's the—what do you mean by “where to draw the line”?

PM: Well, there's three—I don't know the exact number, but, I'm guessing, but let's say there's 300,000 people sit in this category. There's a large number. It's in the hundreds of thousands. So the question is where—do they say “All of them.”, do they say “None of them.”, do they say “If they've been here a certain period of time.”? There's many ways you can, you know, kind of slice the onion. It's a question of where you decide—or, where they might decide would be acceptable to give people a chance to have, you know, realistically become an Australian resident and therefore a citizen.

Media: Can you explain how Andrew Little might make it worse by going to speak to the select committee?

PM: Well, because—it's not exactly that. The rules that apply in Australia are popular in Australia. I know we are offended by it—it's like the deportation issue. On the other side of the Tasman it gets widespread support. So when we go—so if he goes over there and tells—

Media: So how would that make it worse, though? Are you saying that they may change the rules?

PM: Well, because if he goes over there and starts telling a whole bunch of MPs that—you know, demands change, one of the risks you get is that I think you just get more push-back, because in the end it highlights the issue. It just encourages everyone to go down another pathway of looking what the cost would be, what it would ultimately mean. There's a degree of diplomacy about this stuff that we can get progress if we're prepared to work behind the scenes, in my view, but it's up to him.

Media: Do you think the Australians don't want New Zealanders to become citizens?

PM: No, they're quite happy—you know what I mean. They're quite happy with the current set of rules. They're not affected by it.

Media: The NZCPR has taken out full-page ads about Māori and the Government working behind closed doors to hand over water rights. Is that accurate, and do they have a legitimate concern?

PM: No and no.

Media: Do you have a view on that style of advertising?

PM: It's a stunt.

Media: Timor-Leste is apparently in trouble economically. Is that disappointing, given how much New Zealand put into it?

PM: Um, yeah, I mean, I wouldn't completely jump to that conclusion. I know they've been working pretty hard to diversify their economy. They've got a petroleum fund and I think, you know, that's been running down. They've certainly been spending more, but that's not unique. I mean, there's quite a lot of countries—even Saudi Arabia at the moment is spending a lot more than it's actually earning.

We need to continue to work with them as best we can to allow them to diversify their economy. I think they're still, you know, well over—I think it's the better part of \$17 billion in that fund, so I don't think they're broke yet. But they are certainly spending more than they're earning, and that's a matter—ultimately a matter they'll need to think, you know, long and hard about how they diversify even further in their economy. But quite a bit of work has been happening in that space.

Media: Does New Zealand still give aid to Timor-Leste?

PM: Yeah, we give, um, \$44 million over the last 3 years—or, the next 3 years from 2015-16 out to 2017-18.

Media: Are there more deportees due from Australia this—sometime this week? Do you have any more details? How many, or—

PM: I don't have the—I know I saw a note to me when I was on the plane last night saying there's more coming, but it didn't actually specify the number. So I don't know.

Media: How's Murray McCully doing? How's Murray McCully doing?

PM: Yeah, recovering well. I've been in text, sort of, exchange with him a little bit recently and I'm due to give him a call tonight, so I was planning to do that. But I think he's recovering strongly, thanks.

Media: When are you likely to make a decision on who's going to replace Mike Moore?

PM: Um, by Christmas. By Christmas.

Media: Will that mean that you have to reshuffle the ministry?

PM: Depends on who we select. See ya.

conclusion of press conference