

## POST-CABINET PRESS CONFERENCE: MONDAY, 14 MARCH 2016

**PM:** Good afternoon. So over the last few years we've kept a tight rein on spending while continuing to improve public services. In 2012 I set 10 challenging targets for the Public Service to get better results for the more than \$70 billion of taxpayers' money we carefully spend each year. These Better Public Service targets are keeping Ministers and agencies accountable and are helping to reduce long-term welfare dependency, support vulnerable children, boost skills and employment, reduce crime, and improve interaction with Government.

Today Cabinet was updated on progress against these targets, and I am pleased to report that overall our public services are continuing to improve. In education we are seeing significantly more 18-year-olds getting NCEA level 2. Since 2011 the percentage of young people achieving NCEA level 2 has jumped from 74 percent to 84.4, just short of our 85 percent target, with 2 years to go. Immunisation rates continue to grow, with 93.7 percent of 8-month-olds fully vaccinated, and closing in on our target of 95 percent. The number of children getting the best possible start in life through participation in early childhood education is also growing at a steady pace.

After we set a new, ambitious target last year, benefit dependency continues to drop, with 7,245 fewer benefit recipients in the past year. This was driven largely by decreases in sole parent support and jobseeker support numbers. That means more people are being helped into work and gaining independence. These latest figures also show that the welfare system's future lifetime cost has reduced by \$12 billion over the last 4 years as a result of the Government's efforts. We have reduced the number of children and young people experiencing physical abuse. The advisory panel we set up to develop a new operating model for Child, Youth and Family should help reduce those numbers even further.

As I mentioned recently, there's been a 45 percent drop in the number of people hospitalised with rheumatic fever. We've always said some of these targets are challenging and going to be difficult to achieve, but we're determined to continue measuring success by the results for New Zealand families, not by how much money we spend.

As you know, this afternoon I met with the Iranian Minister of Foreign Affairs, Dr Zarif. Dr Zarif's visit is the first by an Iranian Foreign Minister in a decade. We discussed regional issues that are relevant to New Zealand's role on the Security Council, such as Syria, Yemen, Iraq, and Afghanistan. I congratulated Minister Zarif on his role in negotiating the recent Iran nuclear deal. New Zealand sees this deal as providing a real opportunity to rebuild trust in the region. It is therefore important to New Zealand that all parties involved do not take steps to undermine that progress.

We also talked about how we can develop our trade and economic relationship. Iran was formerly New Zealand's fifth-largest export market. Now that sanctions have been removed we want to re-establish that relationship. Obviously we have some concerns about the human rights issues—situation in Iran, and I raised this with Minister Zarif, as did Minister McCully, when they met yesterday afternoon.

In terms of the House this week, in Parliament we will have the first reading of the Kermadec Ocean Sanctuary Bill, the Land Transfer Bill, and a number of other first readings on the Order Paper. Wednesday is a members' day. In terms of my own activities this week, I'm in Wellington tomorrow and Wednesday, I'm in Christchurch on Thursday, and Auckland on Friday.

**Media:** In terms of your talks with Dr Zarif, did you discuss the ballistic missile testing? Did he give you any assurances about whether that was in line with the UN resolutions, and were you satisfied?

**PM:** Well, there was a brief discussion about it. He didn't comment about whether it is lawful, I guess. I think the Security Council is going to consider that matter, so we can't say absolutely that it is. I mean, the point that we would make is that there's a body of trust and goodwill that's building up at the moment. We think that that runs the risk of just undermining that process a little bit, so it's not a breach, we don't think, of the P5+1 agreement.

**Media:** Those missiles had "Israel must be wiped out" written on them in Hebrew. I mean, it seems pretty provocative, doesn't it?

**PM:** I would describe that as provocative, yes, and, I mean, that wouldn't have been written on by the Iranian Government, I suspect, but by a soldier involved with them, is probably my best speculation, and I think it's an unhelpful and far from useful action.

**Media:** So that doesn't change your view—so the fact that it may be written by a soldier doesn't change your view on whether Iran is going to stick with this or not?

**PM:** Well, they're completely separate issues, and I think the Minister himself was on the radio this morning. I didn't hear the interview, but the way it was paraphrased to me was that he was essentially saying that Iran's longstanding defence mechanism, if you like—where other countries have used, you know, various different [*Inaudible*]*—has been ballistic missiles. And, therefore, on a regular basis they test those just to demonstrate that they are effectively working. It's a defence measurement rather than an attack one. In terms of the P5+1 agreement, I don't think it does breach that, but the question of whether it's lawful or not is a matter for the Security Council to investigate.*

**Media:** Secretary of State Kerry has said that the distance that they can travel—I understand it is up to 2,000 kilometres—is a breach of the anti-nuclear deal. What's New Zealand's position?

**PM:** I just can't comment. I don't have those details.

**Media:** How strongly did you bring up human rights? Was it pro forma? Did you have much of a discussion about it?

**PM:** Yeah, we had a brief discussion about it. I said, look, it's an important issue in New Zealand. We specifically went through the issue of the death penalty—had quite a long talk about why so many people were being put to death. He reaffirmed again, I think, the comments made publicly on the radio this morning—that that's in relation to drug trafficking. I asked him about the nationality of the individuals involved. He said they're almost always Iranians. They're involved in the trafficking of drugs, which I think are largely poppies that are grown in Afghanistan. And he said that, you know, they're trying to send the strongest message possible that Iran shouldn't be used as a through-port for drugs that get ultimately sent into Europe.

**Media:** Could that ever become a barrier to trade between New Zealand and Iran?

**PM:** Well, there are many countries that we trade with that still have the death penalty—I mean, including, of course, the United States. But we, as you know, have a longstanding position of opposing the death penalty. We think there are better ways of dealing with these issues, and we don't think they act as a deterrent, as some countries do.

**Media:** In terms of re-establishing the trade links, particularly the important lamb trade, what [*Inaudible*] is the New Zealand Government going to take to promote that?

**PM:** Well, firstly, I think it's an important step that the Minister's come. The foreign Minister's going back to Tehran later in the year. I think we can do quite a bit of promotion in the NZTE and others. As we've said, I mean, it was our fifth-largest market at one point. They were the basis, I think, of the development of the halal meat processing in New Zealand. So there's quite a lot of opportunity. You've got 80 million people living in Iran and a growing, sort of, middle-class there. So there's quite a lot of demand for our products, and not just meat; in a lot of other halal-based products that we make in New Zealand, or halal-

processed products. On top of that, we have historically bought oil from Iran—not in recent years but that used to be the basis of some of the oil we've bought.

**Media:** Sorry, I was going to say, so how confident are you that [*Inaudible*] in a reasonable time frame, in terms of that level of trade again—

**PM:** I don't know if they'll be our fifth-largest market, but I think there's no question—I think the trade was under about \$300 million; it sounded about 90. So I think there's no question we can increase the level of trading activity, and the Minister said, look, he was keen to promote trade between New Zealand and Iran. So I think there's a genuine willingness to cooperate and there's clearly demand on their side.

**Media:** Did he give you the impression that he or the President had actually sanctioned the missile tests, or do you get the feeling that it was, you know, the revolutionary guard's unilateral action?

**PM:** He didn't offer a view on that, I'm sorry.

**Media:** Did you discuss how minorities are treated in Iran, such as the Baha'i, for example?

**PM:** No. I mean, it was a broad discussion about human rights. I just stated New Zealand's position and that we're interested in it. But what is true is that we've established a more formalised dialogue with the foreign Ministers going forward, and I think that does present opportunities for us to be raising these issues and talking to them.

**Media:** What about how homosexuals are treated in Iran?

**PM:** That issue wasn't raised but would be brought up in—would be caught in the wider discussions we'd want to have over time.

**Media:** In your discussion on Syria, was there any discussion of the way that Iran [*Inaudible*] are working together? Is there any discussion [*Inaudible*] Security Council around the petition of Syria?

**PM:** Not in relation to the Security Council, per se, although he thanked us for the role that we'd played and the role that the Security Council had played in sanctioning the P5+1 deal. We did have a broader discussion about the region—about the troops that we are training in Iraq. And I did ask him how he thought regional security would play out—you know, what his view of ISIL was and whether we were actually making progress. I mean, we see the public reporting and we can clearly see some of the ground that the Iraqis have taken back in recent times. I mean, overall I'd say he was, I think, optimistic about the progress that we're making against ISIL.

**Media:** Did you discuss the gun inquiry at Cabinet and was there—are there any next steps or progress?

**PM:** No, didn't discuss that today. I think the Minister's working on that, but you'd need to ask her office.

**Media:** Do you have any particular concerns about the current firearms rules?

**PM:** Well, I think it's not a bad idea to have an inquiry. I mean, the Minister herself would say that, you know, if you look at guns in New Zealand, for the most part we've got, you know, good, lawful, law-abiding gun owners in New Zealand. Unfortunately, some of those guns get into the hands of the criminal underworld and gangs, in particular. We see that, and it's always a difficult situation when you've got guns that are actually in circulation; whatever you do, going forward, ultimately it's a matter of being prospective rather than retrospective. But, I think, just generally, New Zealanders would want some assurance, I think, that, you know, we're doing everything we can to make sure that people are registered appropriately and guns are used appropriately.

**Media:** Just looking at the offenders deported, mainly from Australia back to New Zealand, police have confirmed that one of them has been charged with a sexual offence.

Does that concern you: that these people are committing serious offences upon their return?

**PM:** Well, firstly, people have been deported from Australia over a long period of time. Obviously, the numbers being deported recently is much larger because of the change in the law in Australia, but they have been deported for a long period of time. The advice that I've had is that the rate of criminal offending of deportees when they come back to New Zealand is about consistent with the overall population. So, obviously, we take a very dim view to anybody that breaks the law, and particularly sexual offences, but, as we know, there's not a hell of a lot we can do about them being sent back to New Zealand, other than the steps we've taken and also the increased steps we've taken in terms of monitoring and oversight when they come back to New Zealand.

**Media:** Sure. One of the offenders who's come back left New Zealand in 1968. Does that show this policy is perhaps a little too hard-line? The fact that you've got someone—

**PM:** Well, I don't know the individual details. I don't know the name of the person you're talking about or their details. What we do know is that the assurances that the Australians have given us is that one of the factors that they will look at when they look at the appeals is how long they've been living in Australia. And we know that the appeals are running at, you know, quite a high successful conclusion rate, so that's good. I don't know what the person did in Australia; if they're a very serious criminal offender. It may well be that the Australians have considered an appeal and said no, or maybe he's in the process of having an appeal considered. I just don't know.

**Media:** Just on Todd Barclay, are you aware of police are looking into that case and do you have concerns about that?

**PM:** All I can say, and all I'm prepared to say, is that I know that there has been some speculation about an employment matter. I'm aware of that, but there's no other comments I can make.

**Media:** Have you spoken to him about this?

**PM:** I haven't, no.

**Media:** Has he been stood down, or given leave, or otherwise absented himself from Parliament?

**PM:** No.

**Media:** Have you asked one of your staff members to talk to him?

**PM:** Look, I don't know whether other people have spoken to him. They may well have. As I said, I'm aware of the fact that there's a potential employment dispute, but that's all I can really say.

**Media:** But if it's just an employment dispute, the police wouldn't be asking questions, would they?

**PM:** I wouldn't want to speculate on that.

**Media:** Do you know why there's the Globemaster C-17 at the airport?

**PM:** Yep.

**Media:** Why's it there?

**PM:** Because Jim Clapper's in town.

**Media:** That's Clapper, the—

**PM:** Yep, the Director of National Intelligence.

**Media:** So he's in charge of the NSA, or is it—

**PM:** He's not in charge of the NSA any more, I don't think. He's the—well, his formal title is Director of National Intelligence. I'm going to see him after this. He's here on his way to Australia.

**Media:** Do you know, I mean, the meeting—is this a, sort of, routine meeting or—?

**PM:** Yeah, well, he's going to a meeting in Australia, and I think he's publicly said he's retiring before President Obama, you know, effectively steps down at the end of—well, early 2017. So I don't know whether he'll be back in New Zealand again, but he's certainly back here at the moment, on his way to Australia.

**Media:** Will you be discussing the Cullen report?

**PM:** Oh yeah, I would have thought so. I mean, we'll just be generally—I mean, I've met General Clapper on a couple of occasions. He's obviously got great insights into, sort of, intelligence and what's happening around the world. But, yeah, I'll certainly be mentioning to him—I'm sure he'll be aware, but if he isn't aware—that we've been going through a review process, what the review's broadly recommended, and you know, where, hopefully, it'll get to.

**Media:** Can we read anything more into this in terms of an Obama visit?

**PM:** No. Look, he's literally here because there's a meeting in Australia and, you know, he may not get back here again so this is his, you know, potentially, final chance to come back while he's still in the role.

**Media:** [*Inaudible*] the secret services join him to come along for the trip to scout out New Zealand for Obama's visit?

**PM:** No.

**Media:** On the intelligence review, there are a couple of recommendations about giving criminal immunity to GCSB and SIS staff. Does that suggest, given that there's nothing explicit in [*Inaudible*] SIS that they're actually not covered in the current situation, and could act, potentially, illegally?

**PM:** No. I've seen those comments by Dr Buchanan. They're fundamentally wrong. The GCSB or SIS aren't breaking the law at the moment. What the report fundamentally said was that there are occasions where they could have—or could, if they took certain steps and, therefore, basically, the law needs to reflect a broader role that they might have. And that's the proposal, but they're acting within the law at this point.

**Media:** What balance would you like to see, as Prime Minister, set on the ethical issue of when is it OK to break the law to enforce the law?

**PM:** Well, it's not OK to break the law but it's OK to have a different law for someone like an SIS agent, if there's a very good reason for that. So there can be an occasion where an SIS agent may assume another, effectively, personality from a legal perspective, for very good reasons.

**Media:** Do you think the Red Devils case had any influence on that recommendation, because that case was thrown out because a fake warrant was used to establish cover. Would this allow for fake warrants to be used to establish cover for SIS agents, for example?

**PM:** Might do. I don't know whether it had an influence on it. You'd have to ask Michael Cullen that.

**Media:** Have you put a timeline for the Government response yet?

**PM:** For the GCSB, SIS? Well, look, I think the next step is, sort of, further discussions with Labour and I think further discussions at the—probably at the ISC. So, you know, we've had a chance for it to be in the public domain now, people are starting to make comments about that. They're free, actually, to make comments on the website, so, give a bit of feedback on perspectives. And there'll be a range of people, I think, who would want

to have perspectives. But the next step would be, really, to try and nut out a way forward and then draft some legislation.

**Media:** So when's the next ISC meeting?

**PM:** I don't know. I think it's relatively soon. But even if there isn't one, we'll take an opportunity to sit down with Andrew Little. The Attorney-General's also talking to the other political parties. You know, I think he's going to give a briefing to the Greens. He's certainly, if they're keen, would be happy to talk to New Zealand First.

**Media:** Is he acting as Attorney-General and Minister or—

**PM:** No, he's be acting as the Minister for GCSB and SIS.

**Media:** On last week's decision by the Reserve Bank, are you concerned that banks have passed the ball on savings, but are holding on to most of it for borrowers, so they haven't passed it all on?

**PM:** Well, I mean, look, in the end we encourage them to have the most competitive rates possible. It's, as you know, a complicated position when it comes to their rates that they offer, in terms of people being able to borrow money from them. Sometimes they are cutting their own rates even if the Reserve Bank's not cutting them or even increasing rates. It depends a lot on the offshore borrowing costs and, as we know, swap rates have been rising—that's been one of the issues that the banks have been raising with us, and I think you actually raised it a few weeks ago: that swap rates were blowing out. So, look, in the end, yeah, obviously we encourage them to pass those savings on if they practically can. For a lot of people it's not an immediate impact, because they're on a fixed mortgage, but, anyway, we want the most competitive borrowing rates in the economy.

**Media:** There is a risk that they may not pass them on to dairy farmers, for example. What would you say—

**PM:** Well, I think if it comes to the dairy farmers that ultimately get in a distressed situation, I suspect that what will happen is the banks will act on a case-by-case basis there, and they may be passing on a lot more than just that because, ultimately, you know, the banks may be keen to keep as many farmers on the land as they can. Goodness knows what deals that they'll construct with them. That's a matter for them, but it's not impossible they'd get to a position where they take all sorts of steps which are fairly generous towards the farmers, to make sure that they can stay connected to their properties.

**Media:** Some of the banks are obviously doing this to protect their profit margins. Do you think banks have made enough profit, or too much profit?

**PM:** I don't think that's necessarily right. They don't always immediately react. I mean, it does vary, and, as I said, you know, I remember there was quite a period of time where the Reserve Bank wasn't changing the base rate at all, and yet mortgage rates were coming down. So there's all sorts of different pressures—competitive pressures, often their borrowing rates, different factors that occur. I mean, they're legitimate questions to ask, but you'd need to ask the banks themselves if they haven't passed them on, why they're not fully passing them on.

**Media:** Who's been saying to you that 10 percent of dairy farms could go under?

**PM:** No one has. I think if you listen carefully to the interview I did with Guyon this morning, there were all sorts of numbers being bandied around, from 25 percent to whatever. As I said to him, you know, the bank CEOs that I've spoken to have certainly indicated to me that there's likely to be some stress and, clearly, some defaults in the agricultural sector. I mean, that is natural—you get that any time—but you're obviously going to get more with a lower payout. But I don't have a feeling for what that number is. I just got a sense, talking to them, because they didn't give me a percentage. They just gave me a sense that, overall, they thought they'd work very hard to keep people in their

properties, or on their properties. So I think, generally speaking, I don't know how big that number will be. It's speculation; I don't think anybody knows, actually.

**Media:** So are you getting any official advice from Government departments or agencies about what that number might be?

**PM:** I haven't seen anything yet. Maybe MPI has, but I haven't.

**Media:** Just on the Cullen report, at what point of this review were you aware that he was going to recommend the same, that they operate under the same legislation, the same authority—effectively a merger, when the terms of reference specifically said no merger?

**PM:** Well, it's definitely not a merger. You wouldn't want to present it as that, because what they are recommending is, as you know, one piece of Government legislation—I think to stop the sorts of issues where you might have definitional issues causing potential court cases, and the courts reflecting on that. So, you know, if there is a definition of “terrorism”, for instance, then you'd want to make sure that's consistent between search and surveillance, GCSB, and SIS legislation.

I don't know how many times I've met with Michael and Patsy during the course of the review—it was a few times—and fairly early on, I think, they mentioned to me the concern about definitional issues. You know, right from the get-go, and as you can see with the terms of reference, we said that we didn't want them to go down the pathway of a merged agency, because I didn't believe that would get sign-off from Labour. Even—and we had looked at that issue, you might recall, some years ago and rejected it. We did look at the countries that have merged agencies, and I've got a feeling it's either Denmark; the Netherlands, I think, actually has a merged agency—but one of them does, anyway. It's not that it can't work, but I just felt that it was—that it would be a step too far.

**Media:** At what point did you discover that they were going to recommend that the GCSB be able to spy—

**PM:** Get a tier one warrant in their own right?

**Media:** Yeah.

**PM:** OK. So some way through the process they had indicated to me that there were, you know, some identified examples where it would be more challenging for the SIS to get a warrant—not technically, physically impossible, but quite difficult—and, therefore, because they couldn't necessarily get a warrant and use the GCSB as an agent to act on their behalf, that it was possible there could be holes and national security risks, if you like.

I mean, I said to them, you know, we can understand that issue and we can understand both the risks and we can understand the concerns that some people would have. And that if they were to recommend that: (1) you could probably be reasonably confident that Labour might be able to support it; and, secondly, that they'd want to be confident that the safeguards were in place.

I think they have tried to address both of those issues, because they've had discussions with Labour over the course of time, but also, through the triple-lock basis of it, where you have a judicial commissioner basically signing the warrants off.

**Media:** But they have been very critical of legislation that you've put before Parliament in 2013. Do you accept that it was confusing or incompetent, as they say?

**PM:** I don't, because I think at the time when we passed the legislation it was legislation based on the best advice we had. In so much that people say it hasn't worked, I think that it has, largely, worked; it is quite broad. I mean, it did lots of different things, including substantially more oversight of the agencies. But what is true is that the GCSB and SIS are acting very conservatively. And what's also true, I think, is that, you know, in the SIS case, the legislation is quite old and potentially doesn't even try and address, you know, modern-day concerns, and so the director is very unsure about setting up a rule that

might work or might not work. And in the GCSB's case, again, there is some legal ambiguity.

So it wasn't going to be possible to cover everything off. I mean, it's an evolving process, and I think it'll continue to evolve over the years. But I think if we can adopt the legislation or draft legislation on the back of this report, you'd have stronger legislation and therefore stronger levels of national security protection for New Zealanders.

**Media:** But why did the GCSB not mention this in the process of you drafting and passing the legislation? Did they not notice that it wouldn't work?

**PM:** In 2013?

**Media:** Yeah.

**PM:** Well, there are—what we did in 2013 was the best we could do on the information we had at the time. This has, again, been a very thorough review, also looking more closely with the SIS legislation. So you've got to remember that in 2013 it was solely a rewrite of the GCSB legislation; in 2015-16 it's a rewrite of both of the legislation. Also, you know, it's a question of time moves on a bit, people feel a bit more comfortable over time that, you know, you're not trying to defeat some of the arguments that have been well and truly defeated a few years ago.

**Media:** But it seems that they were uncomfortable. To follow up on Andrea's question, didn't they say—did they say "Yep, that'll work.", or did they express—

**PM:** They were confident at the time the legislation would work and they're confident the legislation has worked.

**Media:** But they haven't used it.

**PM:** Well, there are a whole lot of—just because you don't use something doesn't mean that it's a failure. Plenty of police officers walk around and never discharge a firearm or a Taser. It doesn't mean it doesn't work. It means it's there if you need it. What we are saying, I think, or the reviewers are saying, is that the legislation could be better. Now, to make it better and more effective you'd have to make some changes, and one of those is in relation to section 14 of the GCSB Act.

**Media:** So are you saying that since that law passed, the GCSB has not needed to enact that provision to be able to act on behalf of SIS, police, or defence? There's been no need in the past prevailing 2 or 3 years for them to use that?

**PM:** Well, you'd have to ask them exactly if they've ever used it or contemplated using it. I don't sign those warrants any more, and they're the people that can tell you that. But what I'm saying to you is that if the argument is that they haven't used it in certain instances, then the point is that doesn't mean it's not necessary or wasn't an improvement. There were considerable issues with the previous legislation that did not work, and they have been changed. There were wholesale changes that were made in 2013. These are proposed refinements that increase that.

**Media:** China is holding the First World Conference on Tourism for Development as well as the Seventh G20 Tourism Ministers Meeting. As also a Minister of Tourism do you have any [*Inaudible*] on these meetings and how do you evaluate the future cooperation potential between New Zealand and China?

**PM:** Well, our two agencies work together a lot, so because China's now our second-largest source of tourists, they're a very important market. They have particular issues that we try and address and support them in. You know, Chinese visitors to New Zealand require a visa, so we've been working on upgrading our capability, technology, and speed of delivery of those visas. Also, it's been true that we've been working on air flight agreements and the various carriers that can come to New Zealand, and on capacity issues, and you saw that with Fu Wah making an investment in New Zealand very recently in relation to the Park Hyatt, along with Shanghai Pengxin, I think, buying the Hilton



property in Queenstown. So there's a lot that we're doing together, and I think there'll be a lot more that we continue to do together, because I think we believe China will be our fastest-growing market for quite a period of time.

**Media:** Do we have the hotels, particularly the four and five star hotels in Auckland, Queenstown, and places that can cope with it?

**PM:** Well, we certainly need more, and I think if you'd speak to the airlines, they'll tell you that their biggest concern is capacity. It's not getting enough tourists to come to New Zealand now and it's certainly not getting enough high-end tourists. There's plenty of high-end tourists coming to New Zealand. Their big issues always are more capacity and spreading out the peak.

**Media:** When do you aim to have a response to the review—security review?

**PM:** Well, I think, as I said to Andrea, we're working—the next step is really to sit down with Labour and get a sense of, if they have areas of concern, what those concerns are, and then try and work our way through it, because ultimately the review doesn't—the review suggests a way forward, but to make that operable you ultimately have to draft legislation and then put a bill into the House. So the first step is to see, you know, if they have any major concerns, and the second step would be to look to draft that legislation.

**Media:** Yeah, well, what say they come back with, you know, yes, they would like increased oversight but no, they don't want spying on Kiwis? Would you see them being—

**PM:** Well, you can get to a point where it wouldn't be worth redrafting legislation if you didn't address some of the loopholes, and I think they are always going to be conscious, as we are as the Government, of the balance here between, clearly, you know, some impact on the rights and privacy, if you like, of a very small group of people who hold a New Zealand passport, vis-a-vis the national security risks. What the report has identified is that there are some holes, as the reviewers see it, but they think they've made the case pretty strongly that the impact on the vast overwhelming bulk of New Zealanders would be non-existent because changing the law and allowing GCSB to undertake the surveillance that they would undertake under a tier one warrant would be so narrowly defined that the vast overwhelming bulk of New Zealanders would fall outside the scope.

In fact, in all probability there's got to be a high chance that the people that they would look at in that category would be dual passport holders. They don't have to be, but because the GCSB in the first place would be through incidental collect, getting metadata, it's highly likely that they're in another country—well, they've got to be, by definition, in another country—but they're highly likely, in my experience, to be dual passport holders.

**Media:** [*Inaudible*]

**PM:** I don't think so, no.

**Media:** Would you consider holding off on doing anything until Cheryl Gwynn's finished her review?

**PM:** Well, Cheryl Gwynn has been a major part of the review process, so I think she was one of the first people that Michael Cullen and Patsy Reddy spoke to. And I would've thought—I mean, I haven't had a discussion with her about it at this point. I mean, I certainly at some point had a discussion and said we're going to undertake this review and I hope that she would be submitting to it, but that was before the process started. I would've thought she would, for the most part, be fairly supportive of what's been suggested, because ultimately, if you look at it, it again is quite a significant beefing up of—you know, further beefing up of the oversight.

I mean, I think, as I said last week, I mean, my own personal view of the change to GCSB being able to undertake a tier one warrant was quite a subtle change, because, on the basis that SIS could generate a warrant, they could do all of that themselves if we were to allow them to replicate that capability, and that doesn't make sense. It's far too expensive.

Or they could use GCSB as an agent, which would work, but the question would be whether SIS could generate the warrant on the limited information the GCSB might have in the first instance. It's quite technical but I would've thought for safety reasons we should let the GCSB do that, but we'll have to see how it plays out.

**Media:** But wouldn't it be important for public confidence to wait until the outcome of those reviews?

**PM:** Well, she's got a series of reviews, as you know, that are ongoing. As I said, she's made her submissions. On the basis that there's a piece of legislation that's drafted, she may well go before the committee and give an oral submission.

**Media:** The UK Government's considering a further clamp-down on skilled migrant workers including Kiwis. Is that, I guess, eroding New Zealand's relationship with the UK?

**PM:** Well, we're aware of the changes that both have occurred and could potentially occur, and we always raise those as matters of significant concern. So when I was last in the UK I met with Theresa May on the issue, the Home Secretary. We believe that the UK should continue to honour the historical rights that New Zealanders have enjoyed. We understand the pressure that migration is causing to the UK, with 2.5 million extra people pouring into the UK in the last 5 years, but we don't think their issue is New Zealanders of high skill coming to the UK; we think they're migrants that come from Europe where they don't have controls. So we understand the political pressures, but we think New Zealanders should still be able to go there, and that's the case we continue to make to both the Prime Minister and to Theresa May.

**Media:** You must be concerned, though, that it's getting harder for Kiwis to work and live there.

**PM:** Yeah, that is our concern, and we hope that they'll continue to allow New Zealanders in.

**Media:** Just [*Inaudible*] the division of labour between the judicial commissioner and the Attorney-General with the Cullen review, is it your understanding that the judicial commissioners—the rotating panel of three—will all have full operational access to the security services, or will they be not privy to that operational detail in the cases they are adjudicating on?

**PM:** No, I would've thought they'd—I mean, you'd have to ask, in the first instance, Michael Cullen, I think, what he's suggesting. But the way I would imagine it would work is that for a warrant to be obtained, then both the Attorney-General and the judicial commissioner, the retired High Court judge, would have to be convinced of the merits of the warrant, and all of that would be subject to review at any time by Cheryl Gwynn. That is fundamentally not different to the current situation when a warrant is generated against a New Zealander by SIS. So in that particular instance—in the old days, Sir John Jeffries, and these days, Sir Bruce Robertson—have absolutely full access to the case file. They know all of the information and they know all of the rationale and reasons. And they actually—in my previous experience of being involved is that the person that was the counter-signature to the warrants—do extensive research into the merits of the warrants, and sometimes they reject that, in which case they don't come to me. In my experience of being the Minister for SIS, I've never signed a warrant that wasn't supported by the inspector of the time.

**Media:** The reason I ask was that the Inspector-General doesn't currently have that full access.

**PM:** Well, they have—look, all I can tell you is my experience of when SIS has done that is they've had complete and utter access to the case officers and the file.

**Media:** OK. But the details of the division of labour is yet to be really fully worked out?

**PM:** Well, we'd have to look through it, but for any judicial officer to sign a warrant on the basis that they are the control check, if you like, before any sort of independent review,

they'd have to have access, in my view, to all of that information, otherwise they can't make an informed decision.

**Media:** Just on the TPP, Trump at the weekend called it a horrible idea—well, he has been for some time—

**PM:** Yeah, it's not new.

**Media:** What do you make of that?

**PM:** Well, it just shows you why New Zealand should be signing it, because what his argument is is that everybody else got a better deal than the United States. I mean, given the United States is the largest economy in the world, home to 1 in 4 consumer dollars that gets spent, all it shows you is we've done a great deal.

**Media:** Does it concern you that both the Democrats and Republican candidates are against it?

**PM:** Yeah, but I think you've just got to be careful and read the fine print of what they're saying.

**Media:** But generally that's what they're saying, though: they're against TPP—

**PM:** Well, Donald Trump's saying it's because it's not a great deal for America, but, to be blunt, he doesn't think any deal that President Obama's done is a great deal for America. So I don't think you'd want to read too much into that, literally. In the case of Hilary Clinton, there are, you know, many out-clauses for why she might continue to be a supporter of TPP.

**Media:** Isn't it significant that it's the voters in Michigan and in the rust belt who, when given a chance to vote on the merits of free trade, seem to be voting against it?

**PM:** Yeah, but Michigan has for a long time been hollowed out on the back of what they see as manufacturing leaving the United States and going to much cheaper markets. So you can understand why people who've lost their job feel very vulnerable to the concept of free trade. Now, the counter-argument of that, of course, is New Zealand's got basically no barriers to such issues and, actually, we've got a very prosperous manufacturing sector. I mean, our manufacturing's expanded 40 months in a row now. So the concept that somehow being absent from free-trade agreements can protect your manufacturing basis is a false one, because all that companies do is they're free to pick up their manufacturing and put it somewhere else.

**Media:** What's your sense about whether Obama would try and push it through Congress before he goes?

**PM:** I would've thought that's his plan. I don't know, because I haven't specifically asked him, but I would've thought that's his plan.

**Media:** Do you know how many Kiwis are at ISIS training camps?

**PM:** I don't have the most recent update.

**Media:** Because there were just some—there were some figures or some documents released to Sky UK—

**PM:** Yeah.

**Media:** —about people who are in ISIS training camps, and it included New Zealanders.

**PM:** How many did it say, do you know?

**Media:** Oh, I don't know how many it said. I just thought I'd ask you.

**Media:** Have you been told by your overseas partners whether or not any New Zealanders were in those documents?

**PM:** I haven't asked, actually, so I don't know. I haven't any updates on that. As I said to Audrey earlier, generally when you're—it's not always the case, but sometimes when you see these people popping up in these places, they're often dual passport holders. So they haven't necessarily always lived in New Zealand for a long time or left from New Zealand. That's one of our challenges. They may well be living in some other part of the world, be a dual passport holder, and then they turn up, but, you know, they ultimately are a New Zealander for the purposes of carrying a passport, but this hasn't been their home.

**Media:** What will you be talking to James Clapper about?

**PM:** Oh, I think, look, just generally asking him, you know, how things are going and just a review on the intelligence world. You know, he's been a strong supporter of New Zealand and "Five Eyes", so I'll be thanking him for that.

**Media:** Do you know what meeting he's heading to in Australia?

**PM:** I think it's a "Five Eyes" thing.

**Media:** So there's no specific reason for him to be—

**PM:** I think it's a standard meeting.

**Media:** Do we have someone going to that meeting?

**PM:** I don't know. I suspect so, but I don't know. OK.

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