

POST-CABINET PRESS CONFERENCE: MONDAY, 11 APRIL 2016

PM: OK, good afternoon. So, as you know, the Government has today confirmed highly regarded tax expert John Shewan will conduct an independent review of foreign trusts registered in New Zealand. Ministers decided that in light of the reported Panama Papers it is worth looking at whether the disclosure rule for foreign trusts can be improved. Our rules require foreign trusts to be registered and to keep detailed financial and other records, which can be requested by Inland Revenue and passed on to tax authorities in other countries. In addition, we have a strong tax treaty network with the express purpose of discovering and preventing tax avoidance. As we said, we're open to considering changes to disclosure rules if that is warranted, so we've asked Mr Shewan to take a thorough independent look at the current regime to check it's fit for purpose. Mr Shewan has been asked to report back to Ministers by 30 June.

It's important, though, to keep the foreign trusts issue in context. Claims that New Zealand is a tax haven are wrong. Since New Zealand introduced its international tax regime in 1988 a number of important improvements have been made. In 2006 the previous Labour Government introduced stronger disclosure requirements for foreign trusts. In 2009 we introduced anti - money-laundering laws. In 2012 New Zealand signed the Convention on Sharing Tax Information, which has been signed by 93 other countries, and in 2015 we introduced anti-corruption laws targeting activities such as money-laundering. Inland Revenue also proactively shares information with other countries, not just Australia. So overall we have a robust tax system.

Just 3 years ago the OECD said New Zealand was compliant in tax transparency, the highest possible rating. The OECD is due to look at our transparency rules again next year. In the meantime it has called a specifically convened meeting in Paris this week to consider issues raised by the Panama Papers. Our Inland Revenue is sending a representative. We certainly will consider any issues raised at this meeting and are prepared to look at changing the disclosure rules if Mr Shewan's review finds this is warranted.

Today we announced the establishment of two ministerial portfolios: Supporting Greater Christchurch Regeneration will replace the Canterbury earthquake recovery portfolio. The rebuild of Canterbury is one of the most ambitious undertakings in New Zealand's history, and supporting the rebuild remains one of National's main priorities. The passing of the Greater Christchurch Regeneration Act and the disestablishment of CERA marks a new phase in the Canterbury rebuild. The Government is moving more towards a supporting role, and the change in portfolio reflects that. Gerry Brownlee will become Minister Supporting Greater Christchurch Regeneration, and Nicky Wagner will become Associate Minister Supporting Greater Christchurch Regeneration.

As you know, I'm leading a high-level delegation to China on Sunday. China is a key destination for our goods exports and an important consumer of New Zealand services. I'm looking forward to meeting with President Xi Jinping and Premier Li Keqiang and continuing our discussions on upgrading the China - New Zealand free-trade agreement, which was signed 8 years ago this month. Since then two-way trade between New Zealand and China has more than doubled, reaching almost \$19 billion. Our relationship has become broader in a range of areas, and an FTA upgrade would also allow us to modernise the agreement and to create more trade opportunities for New Zealand businesses.

In the House this week we'll be progressing a number of Treaty settlement bills, the taxation bill, the New Zealand Business Number Bill, and the Māori Language Bill. In terms of my own activities I'm here in Wellington tomorrow and on Wednesday. I'll be giving a pre-Budget speech on Wednesday, which will have a particular business focus to it—so it's the first of the pre-Budget speeches. On Thursday I'll be in Christchurch. On Friday I'm visiting Invercargill and Stewart Island. Questions.

Media: Does it concern you that people are marching in the streets in Malta because of a couple of political figures there that have got trusts in New Zealand?

PM: Sorry, what was the first bit of the question, Paddy?

Media: People are marching in the streets in Malta. They're actually out marching, calling for the Prime Minister to go, the ultimate reason being that a couple of political figures there have got some trusts here in New Zealand.

PM: Well, I'm not surprised by that but neither am I responsible for that. Malta is part of the 90-odd countries which participate in the mutual assistance in tax matters, so despite actually what Radio New Zealand said this morning, Guyon Espiner is wrong—we do actually have a tax information-sharing agreement with them. We share information, and, you know, as I was saying in my remarks, we are not just, you know, actively giving information when people request it. The tax officials actually look within those foreign trusts and proactively give information. Look, in the end, if either John Shewan comes out and finds greater areas for us to change our disclosure rules and/or the OECD come out, as a result of the meeting they're having on tax rules, with more recommendations, we will welcome following those.

Media: So if John Shewan comes out and says there's not enough disclosure here on foreign trusts in New Zealand, what happens then?

PM: We'll look through his recommendations and implement them.

Media: Is it not embarrassing, though, that Mossack Fonseca appeared to advise its clients that New Zealand had weak disclosure rules and that they could get a combo deal if they went for, you know, New Zealand and Panama?

PM: Look, people will always make claims. The question is whether they're accurate. We have, as I said, 40 double tax agreements, 11 information-sharing agreements. As part of the multilateral, I think it covers well over 100 countries. We do proactively give information. And, actually, we have answered every request. You know, as I was talking to one of the tax officials over the weekend, he said: "Look, it can't be possible for New Zealand to be ranked in the top 20 of the world in terms of compliance in this area and still for people to be claiming it's a tax haven." I think if you have a look at the BBC site in the weekend, they listed the top 10 tax havens in the world. New Zealand was nowhere near that. I think United States was number 3, but New Zealand wasn't anywhere near it. So there's always misinformation, but if there are things that we can do better, if there are improvements that can be made, the Government is under no illusions; we are more than happy to make those changes.

Media: So how often has the IRD proactively gone in behind the walls of these trusts and asked for more detailed information on beneficiaries—

PM: I don't know. They don't give me that individual information. They may give it to you if you ask them. But I know that they have, in every formal request they've had, they've met those requests, but they'll also do it of their own volition, so when they dig in—but you'd need to ask them exactly how many times.

Media: But isn't there a wall there just to sort of—a structural tax wall, in that you don't have to declare the beneficiaries? That issue there—what's your take on that?

PM: Well, firstly, let's see what John Shewan says ultimately about that. But, I mean, I can just only reflect on the same advice I get from IRD, which is the comments that John Nash, the senior official, made over the weekend, which is to say that, you know, while the IR607 requires the name of the trust and the trustees, there is an audit trail which can be followed, and because of the requirements under at least Part 1 now of the anti-money-laundering rules, you know, these organisations that are involved, and they are the specialist, I think, trust companies, they ultimately can and do dig into—firstly, they have to understand the quality of the funds, if you like, and the good order of those, they're regularly audited, and they do drill into what's actually in the funds.

Media: But isn't it the audit—isn't it a needle in a haystack sort of scenario, that they've got to dig into 12,000 trusts, and, I mean, who knows? How do you pick one?

PM: Well, I mean, I think in the first instance, let's go and have a look and see what John Shewan ultimately says—whether we can do things better. You know, the second point I'd make is that every country deals with these things differently, but, ultimately, if you take one of those foreign jurisdictions, if they are drilling into the affairs of a particular taxpayer and they come up with a listed trust which is in New Zealand, you know, or a particular thing with New Zealand, they'll just come to the New Zealand authorities and ask for more information, and we actively share that. It's very different from places where they are true tax havens and they're a locked box and they won't give people information.

Media: Why did you choose John Shewan—and the Opposition would say you need much more than just one expert.

PM: Well, firstly, I mean—the first thing I'd say is the Panama Papers haven't been released. There may well be information that comes out through the Panama Papers about individuals. If and when that does, because of the—you know, I can't direct IRD, but the IRD may well have an interest in the affairs of an individual taxpayer. That's a matter for them to go and look at that. Secondly, if there are broader learnings from the Panama Papers when they come out again—we haven't seen those—the Government is not ruling out going out and making further changes there. What we are saying is that we are confident, as best we can be at the moment, that our disclosure rules are fit for purpose, but neither are we trying to protect something.

I mean, if there's better disclosure rules that can be there—I think John Shewan is recognised as being an absolute expert. I mean, he was former chairman of PWC, he's a tax expert, he's very well respected, he's lecturing at Victoria University. He's a person that understands this. And, as I've been trying to say over the last few days, it's very technical stuff; it's just not quite as straightforward as saying—you saw it this morning when Guyon Espiner got it wrong. You know, he went and read the tax code and said “Oh, by the way, Malta's not covered.”, and it was.

Media: I think he's—he obviously was looking at the double taxation agreements—

PM: That—

Media: You've mentioned 40 there, and there's 39, so I think he was probably referring to that. What's the—

PM: Well there's a multi—it's called the Jurisdictions Participating in the Convention of Mutual Administrative Assistance in Tax Matters, which is basically the information-sharing agreement, and it includes all sorts of places: Albania, Cameroon, Canada, the Cayman Islands, Chile, Guatemala, Guernsey, Iceland, India, Malta, Mauritius, you know, Morocco, Niue. The list goes on and on and on. I mean, basically, the point is, you know, we can all be sort of bush lawyers when it comes to this sort of stuff, but the bottom line is it's very technical, there's a whole lot of information there, but the Government's very open to transparency, quite open to make changes, and, in the end, if there are a better ways of doing things and the OECD makes those recommendations, if John Shewan makes recommendations, we'll follow them.

Media: [*Inaudible*] all those agreements that you've just talked about—

PM: Well, they're information-sharing, but I'd just direct you to IRD. Ask them and they'll be able to give that answer.

Media: The fact that the Cayman Islands is one of them hardly fills you with confidence, though, does it?

PM: Well, every jurisdiction is different. You've just got to be a bit careful about, you know, what you claim. What they might ask and what they might control might be very different to what New Zealand does.

Media: Just to be a bush lawyer for a moment—

PM: OK.

Media: Why not just make these—why not just make the beneficiaries be declared? Why not just have it on the form that the beneficiaries have to be declared?

PM: Well, that's a good question to both ask IRD and one that John Shewan can look at. I don't have the simple answer for that. I don't know. But if that's a genuine recommendation that works, well, maybe we'll follow it.

Media: Do you think shutting down foreign trusts is a possible option, an outcome of this?

PM: Well, if you go back and look at Michael Cullen's speech that he gave in 2005, I mean, he outlined the reasons why foreign trusts can play an important role and why New Zealand can both benefit from those and again play a role. I mean, at the end of the day, I mean, there can be all sorts of reasons why people have legitimate foreign trusts. And, you know, if someone misuses that, then we, hopefully, through all of the rules we have around anti - money-laundering, being able to dig into that information—all of those things—can stop that stuff off at the pass. If we can't, then we need to make changes to define that. But it would be a big, bold step just to say you couldn't have a foreign trust registered in New Zealand.

Media: But do you think that for the \$20 million - odd that it brings in revenue is worth it? Do you still think it's worth it to be putting New Zealand's reputation at risk?

PM: Well, I didn't offer a view on that. You asked me last week about why it occurred and I said, well, there's an industry around providing financial services. And I think New Zealand does provide financial services in a lot of different areas. As long as it's not damaging its reputation and as long as it's doing things that are lawful, then there's no particular reason why we can't and shouldn't participate in that. But we do have to fulfil those conditions and—

Media: But these foreign trusts are damaging our reputation, aren't they?

PM: Well, I think, again, just go and look at the international media and go and have a look at all of the things that have gone on. I mean, yes, there's, again, potentially reported a number of mentions of New Zealand, but they go over 40 years. They go over numerous numbers of Governments and law changes. You know, there are many things that have changed now that wouldn't be possible that may have been possible in those papers. So they may well refer to all sorts of issues that took place before the disclosure regime changed in 2006. Some of them we almost certainly think relate around shell companies and one particular entity involved in shell companies, but actually we fixed all of that through having a New Zealand - registered, I think, trustee now.

So, look, this stuff evolves over time. All I can say to you is if you go and have a look at things like the BBC site, I mean, and go and have a look at the way that we've been rated by others, we have been rated very highly. And if there are changes that need to be implemented, we'll change them.

Media: Just picking up on one of your comments from earlier, do you sense that names will potentially come out—names that will have to be investigated by the IRD in New Zealand—just given the scope of these so-called Panama Papers?

PM: Well, look, inevitably there'll always be some people that try and beat the system, in any system. Whether it's a property development, whether it's a tradie doing a particular job, I suspect there'll be people that may well have done it. So I don't have any information to back that up. I don't have any taxpayer information. I'm simply making a hunch.

But, you know, is it possible that there'll be an individual? Of course there's a possibility of that. But on the other side of the coin, what I'd say is, your obligations as a New Zealander are to pay tax and actually to register any foreign trust that you have. That's why we tax the

settlor. And if people are, in effect, cheating the system, then, you know, that may well come into the public domain and I'm sure IRD will be very interested in that.

Media: Would you consider changing the law at the moment under which income earned overseas is not taxed here? That's been given as one of the reasons that New Zealand has been attractive and getting this reputation.

PM: I don't—look, we need to get better advice on that. I think the best place to go, truthfully, is with the OECD and its base erosion suggestion. That's really what this conference is about on Wednesday. We've been continuing to work with them. The advice I've had from IRD, at least over the weekend, is that we're not the only country in the world that taxes settlors. I mean, our main issue has been, in taxing the settlor of a trust we're preserving our own tax base. But, again, if there are different recommendations, we can go and look at that. The previous ideas, at least around changing tax, as I best understand it, would not have done anything to enhance New Zealand's tax base. Now, if there's other issues that need to be considered, we'll look at those. And if the OECD come out this week or any time in the future, and say "This is best practice and countries should follow it.", I can't see any reason why New Zealand wouldn't adopt it.

Media: Can you just clarify your—you made some comments when asked this morning about your own tax affairs. You've never had any foreign trusts—

PM: No.

Media: And you don't believe you need to release your tax details?

PM: No. Look, I am totally, 100 percent confident that my tax affairs are both absolutely above board and totally clean. I worked overseas, and, by definition, as working overseas I had an overseas superannuation fund and the question I was asked this morning was had I ever invested in a fund. Well, yes, because I lived overseas. I actually, you know, no longer have that, I haven't had it since I've been back in New Zealand, and I now have KiwiSaver. So it's the same thing.

Media: So this question—and just to sort of, kind of, really, finish it off, in some senses—you've never used a foreign trust ever in your life?

PM: Well—I've never used a foreign trust. No, I've never used a foreign trust.

Media: Yeah, so in the past—

PM: In the whole history of me, I've never had—I've only had two trusts, and they have been JP and BI Key Family Trust, which is on my pecuniary interests, and the Aldgate Trust. They're the only two trusts I've had.

Media: And in your working capacity, you know, when you were working for Merrill Lynch or whoever else, did you use foreign trusts in any sort of commercial capacity, that kind of thing?

PM: You mean for the company itself?

Media: Yes, for the company.

PM: Oh, goodness only knows what Merrill Lynch has done in its history. I mean, I ran its foreign exchange and its global derivatives. It will have had stuff registered all over the show, as a company, but that's—I can't answer those questions.

Media: But in, sort of, anything—

PM: But in a personal capacity, I've never had a foreign trust. I'm quite confident about my tax affairs, and I'm quite confident they're above board and beyond reproach. I pay my taxes, there's nothing secret out there. I don't know what's in my blind trust, for very good reason, but given my blind trust was established, basically, immediately after I became Prime Minister, the people who established the blind trust understood absolutely why I was doing it, and I would hope they're not stupid enough to have done anything stupid, and I'm sure they won't.

Media: This is my last question, then: in that capacity, at Merrill Lynch or wherever else, there was never any direct link—direct commercial kind of link between yourself and a foreign trusts?

PM: No. Not in a foreign trust.

Media: On your trip to China would you expect to discuss with President Xi information-sharing with Chinese authorities on tax and other issues around the trusts?

PM: I don't know about the trusts issue. I mean, it may come up. I mean, you've obviously been aware that they've been after more information and potentially been keen to have those people returned to China that they believe have essentially come to New Zealand with ill-gotten gains. That's part of an ongoing discussion that we're having with the Chinese Government.

Media: So about that ongoing discussion, what can you tell us about what might be discussed?

PM: Well, in the first instance, we've been dealing with the other particular legal issues or legal cases that you're aware of, and that's going through the process, as I understand it. We haven't made any other progress on the other issues, but we're aware of the requests from the Chinese to repatriate those who they believe come to New Zealand with income or assets that they believe aren't warranted.

Media: How many people have [*Inaudible*] income and assets—

PM: I don't have a number on that, I'm afraid.

Media: It's a bit of a change of tune from last week on the foreign trusts. You said everything was transparent, everything was disclosed, everything was fine. Now you're saying we're going to have a review, you're open to changes. So—

PM: Well, actually, the Dom on Tuesday wrote a story that said I've softened my stance so, you know, I mean, look—on Monday, I mean, I answered the questions as best I could on the advice I had from Inland Revenue. That is still the best advice I've had, by the way: that our disclosure regime is good, that we do things appropriately, we've been well-marked, and we're part of all these international agreements. I'm just simply saying that, you know, we're not holding a candle for this stuff, as I said last week. In the end, it is what it is. You know, if there are better disclosure regimes, better ways of doing things, we're more than happy to adopt it. We're not the ones defending that.

Media: But on Monday last week you said we had a regime with full disclosure. Do you think that was overstating it a bit?

PM: No. I don't think that's overstating it. If you go and drill down into those countries where we have either information-sharing or double tax agreements, ultimately, yes, of course you have the IR607 and what is registered there. But if you go and have a look, you can—IRD can and do drill down into those trusts. That is very different, as I said earlier, from a locked box where you just simply don't know what's there. If you go to a place that's a true tax haven, you know, you will get an empty knock at the door when you go and ask what's in there. That is not the situation in New Zealand.

Media: [*Inaudible*] those assurances from your Ministers—that they operate foreign trusts? You know your position—have you sought clarity from your Ministers?

PM: I haven't, but you've got to remember under New Zealand law, (a) they would be required as the settlor of those trusts to declare those; and, secondly, under the pecuniary interest rules they would be required to list those.

Media: There seems to be some suggestion from your critics that this is actually about the moral issue and that you don't have the moral compass and that you would have reacted differently if you'd have seen that.

PM: Well, these are the people who are on 28 percent and desperate to always smear me.

Media: Are you concerned, though, about the morality of using these trusts by people in, you know, Britain or—

PM: Well, people should pay their fair share of tax. But just—it's important to understand when it comes to a foreign trust, there could be lots of legitimate reasons why people have them. Not every foreign trust is dodgy. If they are, then New Zealand shouldn't have a bar of those ones, but there are legitimate reasons why people create a foreign trust.

Media: Re the trip to China, the US Defense Secretary has cancelled a trip he was making there this week, because of the rising tensions in the South China Sea. What are you going to say to President Xi about the South China Sea?

PM: Well, it will definitely be raised; it always is. Our position's been our longstanding one, which is we believe in the international Law of the Sea. We hope the parties can come to an agreement and a peaceful way forward. There's an arbitration, obviously, going through at the moment, and we'll be interested to see what happens as a result of that arbitration.

Media: Have you discussed with the Americans at all Carter's position?

PM: They have—not my office personally haven't raised that Ash Carter wasn't going. Certainly the issue around the South China Sea is raised in every meeting we have with the Americans.

Media: Who by: New Zealand or the Chinese?

PM: Oh, no, I'm saying with the Americans—every time we meet with them, they raise that issue.

Media: And you said it was also raised by the Chinese. Who raises it?

PM: No, no. I—

Media: You said it was raised when meeting with the Chinese.

PM: We always raise the issue of the South China Sea—

Media: New Zealand raises it?

PM: We do. Yep.

Media: Are you going to be discussing the Peter Gardner case when you are over in China again or is there any movement on that front?

PM: I don't know at this stage; we'll have to wait and see.

Media: Just on the Kermadecs, I've just got some questions here. Are you worried about relitigating the fisheries settlement, and could this be a multimillion dollar problem for the Government?

PM: I don't think it's going to be a problem for the Government. I mean, the matter's before the courts, and we'll have to see how it plays out. But, you know, the Government's position is clear that inasmuch that there have been fish that could have been caught there, they're migrating species and they can be caught outside of the Kermadecs, so we don't think that there is an economic loss to Māori. We also think that Māori have been very strong advocates for conservation and for the preservation of both fisheries and other resources and we believe that we are doing that in the best interests of all New Zealanders. So, any, you know, they haven't caught fish there for over a decade; if they want to catch the sort of species we are talking about, they can do it somewhere else. We're not taking that right away from them; what we are saying is they can't fish in that particular space.

Media: Why did conservation, though, appear to trump everything else—like, you know, the concept of consultation established over 25 years of Treaty settlements?

PM: Well, we do have wide-ranging consultation, and I think we've been highly consultative as a Government with Māori. You know, you've seen the *[Inaudible]* where they've been nearest to the Kermadecs coming out and actually supporting the proposition that we've been—

Media: Yeah, but they don't have the property right that belongs to—

PM: But we don't believe—the Crown's view is that property right is not diminished, because those fish can be caught somewhere else.

Media: On the trip to China, what progress do you expect to make a potential upgrade of the free-trade agreement?

PM: I think it will be useful in terms of pushing that issue along. I raised it very, very quickly when I met the Chinese president in Washington a week or so ago. It's important from New Zealand's point of view. You know, we are sending a huge amount of product to China and we are still paying a lot of tariffs there because of the safeguards—in fact, we hit those safeguards very early in January, I think, of any one given year. So there's a lot of financial benefit for New Zealand if we can get an upgrade. We also have a sense, at least, that Australia's FTA might be a bit better, and we've been talking about this issue for some time.

So we're going to work hard on it. I can't guarantee you that we'll make immediate progress, but we continue to raise the issue. I raised it with the President in Washington. We're raising it in our talks with all of the leadership next week. It is a good relationship with China. It was one of the issues we raised back in 2014 when President Xi Jinping when came to New Zealand, and we're hopeful we're going to make progress.

Media: Do the Chinese acknowledge the MFN issue?

PM: Well, I think so. I haven't actually specifically asked them that direct question but, you know, we've had—the trade Minister's going up there this week. I've no doubt he'll be talking about MFN. We've had some people over there the week before last. I met the Chinese ambassador today to reiterate our ambitions for the trip.

Media: Malcolm Turnbull's also taking a trip this week, also leading a business delegation. Will this be a competition of trade?

PM: I don't think so. I think it's pretty much one of the few trips he's having this year. I mean, China's important to both of our markets.

Media: And also, just going back to the tax issue, would you continue to say that a person that suggests New Zealand is a tax haven—that claim would be ridiculous? Those were your words.

PM: That's my view, yeah. I mean, as I said to you, you know, just go and have a look at what the requirements are in New Zealand and go and have a look at the way a tax haven is defined. I mean, it's defined as secrecy, effectively, and New Zealand does not have secrecy. It might have areas where it can improve, and if it does we'll follow those, but it does not have secrecy.

Media: What's the highest level of representation at Anzac Cove this year that's been planned by the Government? Is it only Ministers going?

PM: Yeah, there's a Minister going, yeah.

Media: Just quickly back on the Kermadecs, Māori claim that the Government has buckled to pressure by NGOs, including an American trust. Are they right?

PM: Are they talking about the Pew foundation?

Media: Yes.

PM: Look, the decision to put the Kermadecs into an ocean sanctuary is because we believe it is one of the most important areas of oceans in the world that could be preserved in perpetuity. It's large, it's home to, as we know, millions and millions of seabirds and fish and some very, very important volcanic areas. I think New Zealanders highly value the aspect of conservation, and while we might be doing this in terms of an ocean sanctuary, it's not like we're the first Government or I'm the first Prime Minister to be doing this in a more broader sense, because previous Prime Ministers have done it when it came to the creation of national parks and the likes.

In my discussions with Māori, while they do talk about, you know, the Treaty settlements and various other things, always very high up on their agenda is the preservation of the environment and conservation for their mokopuna. So when you, for instance, go and have a look at your file footage that you'll have of demonstrations about deep-sea drilling on the East Coast or whatever, they will all be about no drilling because of conservation. So I think Māori's position is well established when it comes to conservation.

Media: Will you consider slowing down the legislation so that the court case can be heard before it starts?

PM: I don't think that's our intention, no.

Media: They've also said that they were notified of the proposal for the Kermadecs the night before.

PM: That'd be right.

Media: Is that the type of consultation they deserve?

PM: Well, I'll, ultimately leave that for others to decide. It's before the courts.

Media: The Government often refers to its [*Inaudible*] relationship with the Iwi Leaders Group. Mark Solomon now says that the way that Māori were treated in this case shows that it means nothing.

PM: Oh, well, there will always be disagreements about particular issues, but if you look at it across the whole breadth and depth of the relationship, I think they'd agree it's a very strong one.

Media: They also say this could have a ripple effect on rights and interests in other areas. Do you think it's a slippery slope?

PM: I don't think so. I mean, the Government's position is well established. In the end, the courts will rule on whether we're right or not, but our view has been that we're not taking a property right off them. We are saying they've got to catch those fish in a different place, for the benefit of the planet, actually, as much as anybody else. We're also saying that people who sail a yacht through the Kermadecs can't throw their hook over the side and catch a fish. We're all making a contribution, if you like, to ensure that we're preserving what is, I think, 620,000 square hectares—or whatever it is, or kilometres—or some large amount anyway, of ocean space. I mean, there's a good reason for that.

Media: There was a poll over the weekend which talked about New Zealanders actually favouring a sugar tax. What sort of advice are you getting from Sir Peter Gluckman and other parts of the Government about whether a sugar tax would make sense?

PM: Oh, I think there's a range of views. There'll be some people that believe a sugar tax is a good idea and there'll be others who think it's too early to determine that. I mean, as I've said before, there's no question that sugar tax will raise revenue. The question ultimately, though, is will it solve the issues of obesity? I think the jury's very much out on that. In the case of Mexico it had quite a big impact the first month it was brought in, but I think the latter data is far less compelling, whether it's actually stopping people drinking those drinks. I think, on the best advice I last saw, a couple of countries that put it on have actually taken it off. I mean, what the UK did in terms of putting on the sugar tax was really to fund, effectively, what we already fund through Kiwisport.

So I think, you know, in the first instance we have the health star programme. We're certainly trying to make youngsters more active and we're certainly trying to make people more knowledgeable. As I've said, you know, this is an ongoing debate. Who knows where it'll go in the years to come. But in the short term I don't think it's the right thing just to leap straight into a sugar tax.

Media: So what is Sir Peter Gluckman advising?

PM: Oh, he has a range of different views.

Media: He has a range of different views?

PM: [*Inaudible*]

Media: If people are largely in favour of a sugar tax and that money can be reinvested back into health, which is tight, is that not a win anyway?

PM: But you can always put on another tax. I mean, every tax has consequences, but—

Media: But this is a publicly relatively politically easy tax to put on—

PM: Until you do it, and then people say: "Well, you tax me on this but you're not taxing the fast food outlets and you're not taxing, you know, other very high sugar items, and you're not being fair." And so the point is it's not about can the Government put on a tax to raise revenue? The question is can the Government solve the dilemmas of obesity? And, look, maybe one day a tax will be part of the equation of that, but we just need to see the evidence, I think, that that's going to work.

Media: Sir Peter Gluckman's views differ—he has differing views on a sugar tax?

PM: Well, it depends, like—it depends what question you ask. He might have a view on various rates—you know, how effective it might be. You know, he's an expert in obesity. He has a bit of a view on all of those issues, but if you talk to him, you know, I don't think his No. 1 leading thing has ever been that the sugar tax is the be-all and end-all. He has quite a strong range of views about what causes obesity and what can best be done. A lot of it is around maternal care and the issues of nutrition for nought to 2-year-olds. That's his primary focus, actually, on what he thinks will fix obesity. But you can certainly ask him.

Media: Do you still have full confidence in the job that Gerry Brownlee's doing in the Christchurch rebuild [*Inaudible*] the anchor projects, which have gotten red flags raised by Treasury?

PM: Well, I do. I mean, he's got a difficult job, hasn't he? I mean, on the one hand he's got to make sure that we deliver those anchor projects because they're important, from the metro sports centre, obviously, right through to the convention centre. But, on the other side of the coin, he's also got to take responsibility for getting value for money for taxpayers and delivering assets that the Christchurch people actually want. I think we're getting there. I mean, in terms of the convention centre, it's getting quite close. I've seen the pretty pictures and I've sort of seen the costings and we're not very far away. The metro sports centre is moving along. Some of the others are actually progressing extremely well, like the, you know, justice precinct.

Media: Is your aim to get an upgrade to the FTA before ASIB is finalised? [*Inaudible*]

PM: Well, we see them as a bit independent. I mean, we could certainly upgrade the FTA and potentially join ASIB if that was a credible possibility.

Media: How do you think the relationship between New Zealand and China has changed since the FTA was signed?

PM: It's broadened, I think. So, in the first instance, in recent times you'd probably say it's been a more economic relationship, but, actually, now we, for instance, work together on the provision of aid programmes, as we did in the Cook Islands. We have defence sharing sort of arrangements and training, where I think they'll be sending a ship down for

the 75th anniversary of the Navy. We're talking to them about, you know, the potential extradition of people in New Zealand. We have more students studying in each other's country. We've done a lot of work together in areas like tourism, for instance. We're working on issues like the AIIB, where New Zealand was a very early signatory for the Asian investment banks.

So, you know, in my view we've broadened and deepened our relationship with China. It reflects them as an emerging superpower and also New Zealand having them as our, you know, No. 1 market for exports. So I don't think it's solely economic any more; I think it's a deeper relationship.

Media: How much progress do you realistically expect to make on the issue of NTBs?

PM: Of the?

Media: NTBs.

PM: One more time?

Media: Non-tariff barriers.

PM: Oh, sorry, non-tariff barriers. Look, it is always an evolving process. In my experience of these things, you know, they don't happen instantly. But we made good progress, for instance, in the work we've been doing with APEC and [*Inaudible*], and you can see the really defined results there. And I think, you know, with China we continue to talk to them about how we can get the smoother transition of goods across the border.

So we are, you know, proactively working together at an officials' level, and you can see that with the number of times [*Inaudible*] for instance, come to New Zealand or we have people up there. I think we are making progress. OK.

conclusion of press conference