

## POST-CABINET PRESS CONFERENCE: MONDAY, 17 OCTOBER 2016

**PM:** OK, good afternoon. You'll appreciate I've got to get out of here at 5 to 3 because I'm going to Dame Patsy's first Executive Council, and it'd be rude of me to keep her waiting.

So anyway, today I've announced further steps in the Government's plan to tackle methamphetamine. When *Tackling Methamphetamine: an Action Plan* was launched in 2009, New Zealand had one of the highest rates of P use in the world. Through the combined efforts of law enforcement and health authorities, we are making progress, but there's more we need to do. Today's 15 new initiatives funded by assets seized from criminals under the Criminal Proceeds (Recovery) Act will help with our efforts to clamp down on the drug.

The \$15 million announcement means more funding for Customs and Police initiatives, as well as a greater focus on health. We're now dealing with a hard-core group of users struggling to kick the habit, so we're focusing more on them by investing a total of \$8.7 million in health-related initiatives. This includes treatment facilities, as well as funding more innovative ways for the police to work with health services to reduce demand. This builds on the meth plan investment in additional residential treatment and detox services, and phone and other forms of helplines. We are determined to provide further treatment options, as well as new measures to clamp down on manufacture and supply.

You'll have also seen today that I've confirmed I'll be leading a business delegation to India next week, visiting Mumbai and New Delhi and Kochi. India is an increasingly important partner for New Zealand. It is a leading source of skilled migrants, international students, and tourists, and in the 5 years since I last visited our two-way trade has grown by 41 percent to nearly \$2.4 billion. That relationship will only continue to grow, and this visit will help drive our political and commercial partnership with the world's third-largest economy.

On the visit, I'll meet with India's Prime Minister Modi and President Mukherjee, who visited New Zealand earlier this year. I'll also attend events focused on showcasing the innovation of leading New Zealand companies doing business in India, as well as our reputation as a high-quality education and tourism provider. Along with further strengthening New Zealand's political security and economic connections with India, my meeting with Prime Minister Modi will be an opportunity to discuss his efforts to reform India's economy and how New Zealand can be part of India's growth.

I also confirmed today that Fiji Prime Minister Frank Bainimarama will visit New Zealand later this week. This will be Prime Minister Bainimarama's first official trip to New Zealand, and it follows my own visit to Fiji in June. Fiji is an important neighbour in our Pacific region, and Prime Minister Bainimarama's visit provides a further opportunity to discuss a range of issues of mutual interest.

In the House this week we'll be progressing a number of bills, including the Outer Space and High-altitude Activities Bill, the regulatory systems amendment bills, and the Civil Defence Emergency Management Amendment Bill. In terms of my own activities, I'm in Wellington tomorrow and Wednesday, and the Waikato on Thursday with Lindsay Tisch, and in New Plymouth on Friday with Jonathan Young. I'm also, for a short time—as I said, I'm here for a short time, so we need to move right through.

**Media:** Is it time to admit that you're losing the war on P? Your initiative strategy initially had some impact, but the numbers are going back up again.

**PM:** Well, there's been quite a lot of debate in my office about this issue, but the official advice shows you that the number of people using P is declining. The reason we see that data is off a number of different surveys that are conducted, some of which are anonymous, for instance, across the sort of cohort of New Zealanders that they survey. I think what is fair to say, though, is that those who are using the drug are the hardened end.

They're using more of it. We're better at identifying it. So, for instance, now when people buy a house a lot of them have a test, for instance, for everything from a leaky home to, you know, whether there's been meth used in the property.

Because we gave more resources to the Police and Customs and gave them greater powers, I think there has been a lot more high-profile seizures, and, certainly, meth has become, I think, a drug of choice of some of these more hardened users. It stays in their system, theoretically, a little less time so there are other reasons why people are using it. So there's a variety of reasons. So the data doesn't support the view that the situation's getting worse; it actually argues it's getting better. But I think the evidence shows that group that are using it are really, you know, quite a hardened group now.

**Media:** There's up to a 6-month waiting list, and in many areas there aren't actually any addiction services and so the sector says that you're wasting your time putting more money into Police and Customs—you need to put the money into getting people off the drug. What's your response to that?

**PM:** Well, I think there's a mixture of places you need to spend money. You need to, obviously, do more to stop the importation of either the drug or the precursors of the drug. And that's really where, obviously, from a supply perspective, you can make the biggest gains, and giving Police and Customs more powers is a very powerful thing to do. But equally, ultimately you have to cut demand, and so those that say, you know, put more money into services to give people rehabilitation to kick the habit are quite right. And that's why part of what you're seeing is some of the money allocated here is in prisons and really, you know, intensive programmes there—more money going to, for instance, Moana House in Dunedin. But there needs to be other beds, more capacity for people to be able to kick the habit themselves.

**Media:** But instead of bringing those waiting lists down and targeting all the money on that, you're putting it—you know, you're giving more and more money to Police and Customs. You gave them \$3 million for an initiative in Northland when, you know, there really aren't—there's nowhere for anyone to go and get treatment right now.

**PM:** Yeah, OK, so—but there's \$15 million that's part of this overall programme. Three million is going into Northland, but I think there's an acceptance that some of the products—you know, we saw the very big seizures in Northland recently. That's obviously, clearly, a gateway because of the accessibility of that coastline. I can't go into lots of details why we know what we know, but we certainly are aware that that's a vulnerability in the system—or, at least, one of them—and so we're trying to close that down. But, look, in the end, to be successful in tackling the issues around methamphetamine use, you have to cut supply, but you certainly also have to cut demand.

**Media:** Why aren't you releasing the progress report today? It normally comes in October.

**PM:** Look, it's coming—I know the numbers for it, and they show, broadly, you know, usage of, you know—it's sort of very consistent with what we've reported in the past. But it'll come out in about a month.

**Media:** Are you saying that the majority of methamphetamine precursors that are getting into New Zealand are coming in through Northland?

**PM:** No, I'm just saying that's been one place where we've identified—you saw that very large seizure, estimated to be worth about \$300 million. We've seen others, as well, but we're saying that's one potential vulnerability.

**Media:** But isn't it the case with that seizure—the [*Inaudible*] seizure that came in—isn't it the case that police don't even know if that was destined for New Zealand? They suspect it might not have—it might have been for another area.

**PM:** No, I don't think that's—well, I can't be absolutely sure of that, but, you know, one would assume it probably was coming to New Zealand, on the best advice I think I've had.

But if not, yeah, whatever, you know—it would be an odd way of bringing that shipment into New Zealand if you were bringing it in to trans-ship—I wouldn't have thought that's what they were trying to do.

I mean, look, in the end, to understand what's happening with meth in New Zealand, I think, is to understand a few different things. Firstly, there's a massive difference in price between what you can buy the product, either illegally or on the streets—I mean, both are illegal, but either through, you know, the gangs manufacturing it or on the streets in countries like Mexico and, to a certain degree, in China, vis-à-vis what it sells for in a country like New Zealand. So we're one of the most highly priced places for methamphetamine, and that massive price differential gives those who want to import the product a huge incentive to do that.

I think the second thing is we have got a lot better, as I said, at understanding, you know, the product and the awareness of the product. And so, you know, we now test Housing New Zealand homes, a lot of private-sector rentals are tested for it, so we're just better at understanding that. And because we've had more resources around Police and Customs, you know, I'd like to think we're doing a better job of identifying what's coming in. But we realise there's a lot more than what we are picking up. But, just by definition, we know it'll be there.

**Media:** Is any of this \$15 million going into rural areas, and programmes for recovering addicts in rural areas, especially?

**PM:** Well, some of these places service, you know, quite wide areas. So, I mean, basically, for instance, part of the \$3 million is going to a health initiative in Northland, for instance. So it just depends. I mean, people come to facilities we have all round the country. You know, if you take, for instance, Moana House in Dunedin—I've been there—you know, they service people from not just, obviously, Dunedin, but the wider area.

**Media:** What about support groups like in Ngāruawāhia, with, you know, the gang taking the big stance there that wiped out P?

**PM:** Yeah, I mean, look, obviously we welcome any support to do something like that—as long as it's legal, of course. But I do think we should also recognise the role that—I'm not saying that gang, but gangs typically are playing in New Zealand. And that is they are at the forefront of the manufacture and/or distribution of a lot of drugs in New Zealand.

**Media:** Isn't it good, though, that's an exception to the rule? You've got a—

**PM:** That's right, and that's why I said that's a good thing, and we welcome that but I think we need to be realistic about what role gangs are, for the most part, playing in New Zealand when it comes to drugs.

**Media:** Prime Minister, on Frank Bainimarama, he's understood to have lifted the ban on two Kiwi journalists in Australia. Do you see that as a gesture of goodwill in advance of your meeting with him?

**PM:** Yeah, I mean, my understanding of it is I thought that ban on Michael Field and Barbara Dreaver was still on, actually. But, anyway, broadly, whatever the case—but the changes that he is making and widening out the capacity for people—international journalists—to report is a good thing. We've had discussions with him about that broader issue, saying it's a healthy part of democracy that you have the fourth estate and that they need to be able to operate and report.

**Media:** One of the things it's understood Frank's going to be asking about when he's here is around RSE programmes, seasonal workers, and a push for more Fijians to be let in. Are you going to be talking to him—do you expect to talk to him about that, and what are your feelings around—

**PM:** Well, possibly—certainly if he raises it we'll be having discussions. I mean, one of the positive things from Fiji's perspective is about the Government, our Government, recognising their Government post the election has been that RSE has restarted again for

Fijian workers, and there is demand for them. They're good workers and we certainly have high demand for RSE workers in general. So the main message we've been taking to other countries that send workers to New Zealand, Vanuatu, Tonga, and the like has been that their workers do a good job in New Zealand. They are well regarded and they are welcomed, and that'll be the same message we'll have for him.

**Media:** How concerned are you about this visit and the potential for him to kick off?

**PM:** Oh, look, I'm not concerned. As I said before, I mean, this is a guy that undertook a military coup. He believes what he did was right, and he disagrees with Australia and New Zealand's perspective on that. He thinks that the end justified the means, and New Zealand and Australia's longstanding position when it comes to military coups in Fiji has been we don't think that's the right way to operate. We've been consistent, as best as I can see, over four military coups in Fiji. The sanctions and the different actions that we took were, you know, relatively modest. They were writ largely, really, around travel bans. That was the main thing, for the direct family, and so what I'd say is that we hold very tight to democracy and we do our best to try and make sure that countries observe that.

But there's no point in relitigating all that. I mean, if he wants to come to New Zealand and relitigate it I can't stop him, but it's not going to—he is, as far as I can see, never going to change his view that he was justified in what he did, and we're not going to change our view that we don't agree with people assuming authority through the barrel of a gun.

**Media:** Will you discuss the suspension of the Opposition MPs when you meet?

**PM:** We have raised those issues before. I don't know whether they will directly come up this time. I mean, they might. They don't—I mean, our people continue to raise that issue. Again it comes down to one of those—that it's an evolving democracy, I think you'd have to say, in Fiji at the moment.

**Media:** Do you have any concerns, though, at what's been done to those Opposition members?

**PM:** Well, in the same way that we have raised the issues of journalists having access and the freedom to report, again, a healthy democracy has, by definition, an Opposition and an Opposition that is free to voice its concerns about whatever issue you have, and New Zealand's been well served as a longstanding democracy because those important pillars of the system have always been in place: healthy Opposition; a testing, probing media.

**Media:** On the India visit, do you expect to be lobbied by the Indian Government over efforts to join the Nuclear Suppliers Group, and what would your response be?

**PM:** We'll definitely be lobbied. There's been some discussions between ourselves and the Indians for some time now about their ability to join the Nuclear Suppliers Group. I've had discussions with Prime Minister Modi and President Obama on the issue, as well as both on the phone and in person when I saw Prime Minister Modi recently. New Zealand's position's been quite transparent. We're with a group of other like-minded countries that have said it's possible that they can join. But we would like to see them meet some of the conditions that we've been setting out, which don't require them to sign the nuclear proliferation treaty, the NPT, but do require them to meet conditions akin to that.

**Media:** Do you think they'd meet those conditions?

**PM:** Well, I think that's the debate. I mean, you can understand the US perspective on it. If you want to get their perspective, it is that India represents a, you know, substantial part of world emissions when it comes to climate change and greenhouse gas emissions. They can transition with nuclear power from coal-fired power plants and the like to clean energy, and so they'd like to see them—they're allowed to do that, and their argument is that they have a stable democracy and a proven track record. Our perspective is to acknowledge all of those things, but just to simply say that, you know, if you admit any country to the Nuclear Suppliers Group, then you have to be able to back that up on why

you've allowed it. There are other countries, not just India, that want to join. So New Zealand's position has been consistent.

Last time this position really came down to the wire back in about 2007, when Helen Clark was Prime Minister, New Zealand in the end did agree, I think, to potentially allowing India to come in, but there are—I think it needs unanimous support, and there may well be countries that say: "Look, we're just not prepared to give that support."

**Media:** Can we use that as a bargaining chip in our efforts to secure a trade deal?

**PM:** I think they're independent events. I mean, we'll obviously have good discussions about both of them but they're independent events. I don't think if tomorrow New Zealanders turned around and said "We'd drop any concerns we have about NSG and the admittance of India into the Nuclear Suppliers Group." that that would mean that we'd get a free-trade agreement with India. I think they're quite different events, actually.

**Media:** You met with the President of Nauru when you were in Ponape. What did you discuss with him and was refugee resettlement on the agenda?

**PM:** Not refugee resettlement, but discussion was largely about (a) what was happening in Nauru, but also about the issue of the suspension of New Zealand's resources into the justice sector and a desire by him to see those resources, if not reapplied in that area, then applied somewhere else in Nauru.

**Media:** On migration, do you think the Government could tighten temporary migration for temporary work visas and student visas over the next year or so?

**PM:** Do you mean further changes from what we've announced this week?

**Media:** Yes. That was for permanent residency, now temporary work visas and work test [*Inaudible*]

**PM:** I think you'd be best to direct that to Michael Woodhouse. I haven't seen enough on that to comment.

**Media:** So the Greens have come out and said they want us to target the growth in population, rather than the sort of permanent residency target. What's your view on New Zealand's population to target—

**PM:** Well, permanent residency, as I best recall it—you know, the number of people getting permanent residency has actually slightly fallen under our watch; the number of people coming in has gone up under our watch. So, you know, they've got a point, actually, that not all of the people who are here are in permanent residence. In a lot of ways, though, there can be really good reasons for that. I mean, there was an influx of, for instance, temporary people who came in for the Christchurch earthquakes to be part of the rebuild. There can be certain times where, for instance, with the construction boom happening in Auckland it might, for instance, make sense.

I mean, look, this is always a delicate thing, but I personally believe that migration's good for New Zealand. I think it broadens the diversity of the country. I think it's important in terms of economic growth for the country. I think it fills the skill set and, actually, the employment gaps in certain places. So, you know, the issue isn't "Can you find a job in Queenstown?". The issue is, are people prepared to move to Queenstown? A Brazilian working holidaymaker probably is prepared to go down there and work in a bar; someone in Northland might not be prepared to relocate themselves. There can be legitimate reasons for that.

**Media:** But the research from MBIE and Treasury says it's a bit of a toss-up long term whether it's actually good or bad for the economy, and the Australians have had a Productivity Commission inquiry into the economic effects. Why don't we have something like that here?

**PM:** It's a bit of a mixture when you talk to the Treasury about it. I mean, I think their overall assessment is that it is worth it but there's always debates. I mean, I personally think that if you didn't allow, you know, those temporary workers to come to New Zealand in a variety of different forms from RSE through to working holiday programmes, well, (a) we'd have to think about what we've agreed to in terms of our FTAs. But (b) I think you'd have a huge number of employers in areas, particularly tourism-related, where there's huge peaks in demand around the summer season screaming for workers. And you saw that with horticulture, you know, when they couldn't get RSE workers. You know, there was literally points where fruit was rotting on the trees and on the vines because no one was there to pick it. So I actually think they've been an additive to New Zealand.

**Media:** But the Reserve Bank is saying that it's actually moderating wage growth, Surely it's one of the factors you should think about—that it might soften wage growth?

**PM:** Yeah, but the data my office gave to me, you know, I think last week was that we've had I think the third- or fourth-highest real wage growth in the last 8 years of an OECD country. So wages are rising in real terms and rising faster relative to other countries.

**Media:** Just to follow up on Nauru, did you express that you'd like to see 150 Australian refugees on Nauru resettled here? Did this—firstly, does that offer still stand, and did you discuss the conditions on the regional processing centre with the President in Ponape?

**PM:** Yeah, so I think it's important to understand what we've done. So we made an offer to the Australian Government some years ago to say that New Zealand was prepared to take people off Nauru—well, or regionally. Because we take a regional approach—you know, we have the Bali approach, basically, to migration, or to the issue of displaced people in the region, refugees in the region; that offer still stands, but that's a matter for the Australian Government. And, of course, the thing the Australian Government is conscious of is that it wants to send a message that, you know, if you come via illegal means you can't come into Australia, and if they come to New Zealand, of course, technically speaking, over a period of time they would be free to travel to Australia. So that's a matter for them.

In terms of the camps—look, there was a broad-ish discussion about them and actually some assurances from the President that he thought that they were being professionally and well run, but, you know, I know there are further reports that have come out this week, and I can't verify that. I'm just telling you what he told me.

**Media:** How did we get to a stage where gangs are policing methamphetamine instead of the actual police?

**PM:** Well, as I said to you earlier, with respect, I think I'd take that with a grain of salt. That you might have some gang members in one particular part of New Zealand playing a more positive role when it comes to drugs is to be welcomed, but let's not delude ourselves that the bulk of drug both manufacture and distribution in New Zealand happens under the pretences of gangs.

**Media:** Is it an indictment, though, on your war on P that the very people who are spreading this drug around the country are now cracking down on it, instead of police?

**PM:** Well, I'll leave you to analyse your own question.

**Media:** Prime Minister, on your Indian trip, there's no mention in your statement today of the ambition for a free-trade agreement. Have you abandoned that, or do you just think it's impolitic to raise it at this?

**PM:** No, I mean, that's the primary reason for going. I mean, look, in the end if you look at the demographics between Indian and China, they're broadly about the same and we broadly have about eight times as much trade with China as we do with India. I don't think there's any great secret that part of what has facilitated that is the FTA. So, you know, obviously, yeah, we're very keen to progress an FTA. We're both members of RCEP, so

that's one sort of way home, if you like. But maybe a quicker and easier way might be a bilateral deal.

So, as you're aware, I think, the Indians have sent a number of their both trade people and commerce people over in recent times. They've been making some quite positive noises. But, you know, this is a process that takes some time in India.

**Media:** So where exactly are negotiations at then for the FTA?

**PM:** Oh, it's a discussion point that we've got. It's a little less about whether there could be an FTA and a little more about what the quality of the FTA would look like.

**Media:** What's wrong with the South-east Asia FTA?

**PM:** ASEAN? They're not part of the ASEAN—Australia and New Zealand.

**Media:** No, no, what's wrong with it?

**PM:** Oh, with RCEP? Oh, nothing, but RCEP has, basically, a number of different members, right, and so the point is that we haven't concluded that deal and, of course, they're part of that.

**Media:** No, no Todd McClay said tonight that there's a review of the South-east Asia FTA and he said—

**PM:** Oh, I don't know. You'd have to ask him details of that. I'm sorry; I don't know.

**Media:** Just on plastic bags, do you support a ban on plastic bags?

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

**Media:** What about a 15 percent tax?

**PM:** No, I don't think that would—

**Media:** 15 percent tax, sorry.

**PM:** No. Look, I mean, you know, we're certainly encouraging people to be responsible, because they are an issue when it comes to landfill, and so there are ways of working our way through that. I'm not sure, in the first instance, a tax is the right way to go.

**Media:** You must be concerned as tourism Minister—I mean, the ocean's filling up with plastic—

**PM:** Well, it's a factor, but it's only one.

**Media:** Just on your Indian trip, will you be raising the issue of student visas and fraud and whether the numbers could be dropping?

**PM:** Oh, look, I'm not sure I'll specifically raise it, but, I mean, that issue could well be discussed. I think it's—and I've got to go, unfortunately, but I think it'd be important to understand the issue there, which is that, firstly, we have quite a robust system. So a significant number of people who apply to come to New Zealand from overseas, including India, are rejected, and that's because they don't meet the criteria. Secondly, it's really important that people do meet our rules because if they don't, one of the really big risks is that they themselves could become exploited when they come to New Zealand because, by definition, what they've done to get here is illegal and so they become very concerned about that.

We're not discriminatory. We've deported people before if they haven't met the rules from a variety of countries. Certainly, I can feel for the students—the Indian students—that are in the position that they're in, providing that they didn't knowingly break the rules, but there'll be an appeal process and it's quite probable that some of them will be successful on appeal.

The number of students that are being discussed here is much lower than the numbers that people are throwing around. So all I'd simply say is that, in the end, you know, we have to

have a system that is robust and fair, and that means that people follow the rules. And if we don't, then what we're doing is we're sending a message to agents in some of these countries—including in India—that if you just flout the rules we'll let you away with it. And I don't think that's right. I think that that would undermine the integrity of what's a \$3.5 billion business to New Zealand. Sorry.

**Media:** Will you use this visit, then, to try and get that message out in India to those agents?

**PM:** Well, in all probability people will ask me and I'll make exactly the same comments I just made to you. Thanks.

**conclusion of press conference**