

POST-CABINET PRESS CONFERENCE: MONDAY, 28 NOVEMBER 2016

PM: OK, so good afternoon. As you're aware, it's now been 2 weeks since the magnitude 7.8 quake struck the middle of the country. The recovery effort continues, and the Government remains committed to standing behind quake-affected communities. That's why we've announced today that we will extend the employee support package so it also is available to eligible quake-affected businesses in Wellington. While the situation in the capital is different from that in Kaikōura, in that no state of emergency has been declared and the city is functioning well overall, a small number of businesses have been affected. The package will apply to businesses such as retail and hospitality, which have been prevented from operating and will be unable to do so for some time. This builds on the support already offered to businesses in and around Kaikōura.

So far, more than \$600,000 has been provided to 59 businesses, with more applications currently being assessed. We set aside, as I think you probably know, \$7.5 million for the support package, though further funding is available if needed. Ministers will review the scheme before Christmas once more information is available. It is important we do what we can to help these businesses through this difficult period.

Today Cabinet also discussed the passage of urgent legislation, which will allow us to help get Kaikōura and other affected areas back on their feet as quickly as possible. It's the Government's intention to introduce two bills on Tuesday to address the Kaikōura Hurunui earthquakes, and have them read through all stages and introduce the third bill on Thursday. This third bill will be sent off for a short select committee and return the following week, to pass through its remaining stages. The Government remains committed to supporting communities affected by the quakes. While we are focused on rebuilding, following the 14 November shake, we must also ensure we are prepared, should another earthquake strike. That's true of the Government and it's true of individual households and businesses.

As we have repeatedly said, there's always the possibility of a similar, or indeed larger, aftershock following quakes like November the 14th. We live in a seismically active country, and now is a good time for all of us to think about how well-prepared we are both at home and, indeed, at work. We should all have a family plan, secure heavy items, have plenty of food, water, and essentials stocked up. Regarding the triggering of tsunamis, people who live near the coasts or waterways should also remember that if an earthquake is long enough and strong enough to make it hard to stand up, they need to head for higher ground.

We have also seen that the Speaker of the House today announced that a new building will be constructed on Parliament's grounds. This will accommodate those MPs and staff currently working out of Bowen House, and the plan is supported by all parties except for New Zealand First. It was the most cost-effective of three options put forward for construction, and it follows a 3-year assessment of Parliament's future accommodation needs. Building this and forgoing the lease on Bowen House will save taxpayers' money over the long term, and be more secure.

Just in terms of the House this week, we'll sit for extended hours this week for the third readings of a number of Treaty bills. Finally, I am in Wellington tomorrow and Wednesday, in Auckland Thursday, in Hamilton Friday, and possibly down in Kaikōura later in this week.

Media: Can you give us the details of the two bills to be passed under urgency?

PM: Yeah, look, Gerry Brownlee can give you the exact details, but in broad terms they'll give the Government authority to do the things you would expect us to want to be able to do relatively quickly. So that would include dredging, for instance, in the harbour, would allow us to move the rocks and things, potentially, into the ocean space, so that it

doesn't have to be taken away to clear slips. It will allow someone, effectively—if a farmer, for instance, had urgently sought to get water on their property, for instance, and that was something that would have required permitting for that happen on, effectively, a retrospective basis. It allows changes to quite a number of individual Acts which would govern the area. There's quite a long list of them that they can give you. So it's really just slightly different from the CERA legislation, but essentially enabling legislation to allow us to rectify the situation as quickly as possible.

Media: Is there one on Thursday?

PM: Yeah, I mean, again, it fits in—you'd have to ask Gerry exactly how that moves, but it's really to do with the interaction, I think, with a number of the other bills, which is why there'll be a pretty short select committee process.

Media: So, for instance, Prime Minister, dredging of the harbour would require Resource Management Act—of course, it would bypass that?

PM: Yep, exactly. So under normal circumstances you'd have to apply to the council and get a permit to do that. It would be subject to people appealing—potentially going off to the Environment Court. My understanding is that they're going to start dredging in early December.

Media: Will that also apply to slips being pushed into the sea?

PM: Correct; that's right. So basically, as we understand it, legislation would allow them to spill, essentially, that slip material into the sea.

Media: Will the legislation apply to the new road?

PM: If an absolutely new road had to be built, then no; I think you would require specific legislation for that. But if the road was being fixed up with some amendments, you might be able to do that, but it's probably likely, for instance, you're taking it further out on reclaimed land. Then, for instance, I think you'll need new legislation for that.

Media: Have you consulted Labour about these bills, and other Opposition parties?

PM: Yes, they've been through a process with the Leader of the House, and I think there's pretty much wide-ranging support. I'm not sure that every political party will vote for it. For instance, the Greens might not vote for some legislation, but we certainly think we've got more than enough for a majority.

Media: Do you have any environmental concerns about potentially moving thousands of tonnes of earth into the ocean and doing that dredging and so on?

PM: Yeah, so I think in the first instance what you say is, well, Mother Nature has already done a fair bit of that and just spilt, you know, rocks into the sea anyway. Secondly, I think it comes down to what's practical. I mean, obviously we'll have to try and do this carefully and in consultation and all these sorts of things. But ultimately, just from my—obviously I'm not an engineer—observations, I don't think it's practical to be able to take a lot of those rocks out. So if the resolution to State Highway 1, certainly going north, is to have the road in the same place, probably enhanced a bit—if that's the ultimate decision that's made—then you're going to have to remove that material one way or the other, and I don't think you can practically take it out.

Media: On current advice, are there any habitat issues involved?

PM: Nothing I've seen so far but obviously that's the area to have some concerns.

Media: Do you expect a backlash from the public in particular about the new MPs' accommodation that's now being planned?

PM: Well, I think it's important that we just try and explain to the New Zealand public the rationale for doing it, which is that if we extended the lease on Bowen House and undertook the work that would be required there, the advice we have is that would be more expensive over time than building a new building. What is absolutely true is the current

facilities aren't either fit for purpose or up to the appropriate code, aka the press gallery, yourselves are having to decamp to the attic or whatever belfry we've got you hanging out of at the moment, but we hope to get you back in something a bit stronger and safer over time. So the point here being that—under MMP, we live in a world where I think logically there's always going to be these different configurations now, and I think it just makes sense long term for us to own those premises. So the economics support that view, we've got the space to do that, and I think it's a 2022 project, basically, essentially by the time the building's ready.

Media: A project some years ago was abandoned. Are you, basically, committed to pushing this through and carrying on with it and not backing off it?

PM: That would be our intention, because if we don't go ahead with this project, then the only other alternative is the extension of the Bowen House lease beyond 2022-25 and if we do that, then the advice we have is it'll be more expensive.

Media: Won't post-election arrangements complicate that, though? New Zealand First has made it clear they are opposed to it and they are potentially the party you may have to deal with post the 2017 election.

PM: Yeah, but, I mean, ultimately if they were in Government with us or Labour, they'll be expecting their people to be appropriately accommodated. Now, anyway, none of this is all going to be finished by 2017 but the point being is that that's the very issue that we now have under MMP—that we have multiple governing relations and it's just not easy to accommodate people in the current set-up that we've got. So we've either got to send people over to Bowen House, which they don't necessarily want to do, or alternatively we looked at the accommodation. I mean, this has been a very long process but we looked at the accommodation in the building that's directly behind the old part of Parliament—I can't think of the name—but that would mean that we'd only be taking a few floors. So the whole thing is just—there's no perfect solution here but you are talking about a parliamentary precinct where, as you saw, the issues we had on Budget day, where there were security issues. We just need to reflect on that and, I think, have a confined environment.

Media: What do you think of Winston Peters' opposition to it, given the fact that, you know, carrying on as we are would mean leasing New Zealand parliamentary buildings off a foreign owner?

PM: Yeah, well, look, to be blunt, Winston's doing this purely for political reasons. He wants to go out there and claim that we are wasting taxpayers' money, and the trouble is he's not going to tell the other side of the story, which is if we carry on leasing from the foreign owner, we'll end up paying more than if we build the building ourselves.

Media: Wouldn't you accept, though, that it's difficult to get the public on board when you're not being upfront about the actual costs?

PM: Oh, look, the only reason I—I didn't see David's press conference this morning, but there are some numbers that are floating around. But one of the concerns is if we say "This is the number.", then we're concerned that's where the tender would ultimately come in. I mean, it is a ballpark estimate of the sort of costs that are involved. But it's certainly less than the anticipated cost of extending the lease.

Media: What's wrong with giving a ballpark figure? I mean—

PM: Sorry?

Media: What's wrong with giving a ball park figure? I mean, there's two buildings. You don't have to say exactly how you expect each one to work out.

PM: Well, it's not my project and so I really don't want to cut over the top of what the Speaker's doing.

Media: But, ultimately, you decide on whether Parliamentary Service gets the budget to do it. So it is your decision.

PM: Yeah, no, I accept that, and we're not trying to back away from it. I'm just saying, you know, the parliamentary precinct is mandated the responsibility for the Speaker, and it's for all political parties. So all I can say is it's millions and millions of dollars cheaper than the cost of the lease.

Media: When will the public actually be told how much it's going to cost?

PM: I don't absolutely know that, but, certainly from our point of view—from a National Party's point of view—we're not keen for that to be a secret, but we don't, obviously, want to pay the top end of the price range, because some contractor sees that's what the Government thinks it could pay for something, because it's a commercial negotiation.

Media: Obviously, it's a commercial negotiation, but how long will it take for the Kiwi taxpayer to see that saving? How long will it be before it becomes cheaper to build our own building rather than lease one?

PM: Well, in this particular case, this has been a long-run process and you accept that, you know, every combination is different. The Government does a range of different initiatives. We built and, effectively, own some buildings—you know, like the justice precinct in Christchurch. But others we've had—you know, we don't own them, because Wiri Prison is an example of PPP. It just varies—or Hobsonville schools in my electorate. Some we're going to own and some we're not going to own. It depends on the circumstances.

Media: How long will it be before the taxpayer sees that saving?

PM: Oh, well, it's over about a 30-year period—30 to 40-year period, there's a reduced cost.

Media: Just on the issue of tax cuts, we asked in our poll what Kiwis think the Government should do with the \$1.8 billion surplus for the year to June. Seventeen percent thought a tax cut was a priority, whereas 48 percent went with a social spend. Is that a sign Kiwis just don't want your family's package / tax cut?

PM: No, I think it's when you ask a very specific question like that, particularly at a time where you've had an earthquake, as we did, then I think you're going to get the sort of response that you got. But, I guess what I'd say is next week the Minister of Finance is going to come out with the updated numbers. Now, he briefed Cabinet on that today. Those numbers include both a write-off of expenditure for the earthquake—not the full cost of the earthquake; they'll have a sense of that, but what we think we're going to take to our bottom line straight away. They'll also include a number of other big initiatives that we've got, you know, that are taking place, like some of the pay deals and things we're dealing with. So the point is there's a lot of different moving factors here, but what you will see over a 4-year period of time is a surplus that there will be lots of debate over what people think those surpluses should be spent on.

Media: And do you think you can do it all, though—that you can do the social spending, the paying down debt, and tax cuts?

PM: Well, I think when you see the numbers next week, that's what you'll think as well.

Media: What's the write-off cost?

PM: Oh, look, I probably shouldn't say until the HYEPU, but if you think about it, I think, broadly, people have been running around with a number of \$2 billion to \$3 billion, and it's probably in the order, I imagine.

Media: And you're convinced, though, that the economy—you know, 4 percent, 3.5 percent growth—isn't producing the lift in living standards for a big chunk of New Zealanders, that you have to go outside of wages to lift living standards?

PM: No, no. No, I don't think that's the right analysis. What I'm saying is—there's no question in my mind that if you look at average wages in nominal terms they've gone up 25

percent in the 8 years that we've been the Government. That's been the rise in the average wage. And in sort of real terms or whatever it is, that's about 12 or 13 percent. So there's no question that, you know, your average Kiwi is getting a pay increase on a real basis. But what's also true is that more and more Kiwis are getting pushed into the top bracket—so there's bracket creep that's occurring, albeit, you know, but it's nevertheless occurring.

And, secondly, I think there will be an argument where people will say, you know, as surpluses grow, one of the factors is that I either want to be able to keep more of what I earn or get a bit more support. And there's a number of ways where those families could get that support. If the conversation is solely, is it health and education versus a tax and family package, that's a very different discussion to one that says the Government's going to spend more money in health and education, it's going to spend more money on less well-off New Zealanders, and it's also going to do these other things, and it's going to repay debt in nominal terms, and it's going to get debt down.

Media: Is it reaction to what's happened with Brexit and the US—that you're feeling like you need to give more to that section of the community that maybe feels they've been left behind?

PM: No, I think, to be fair, I mean, we're a centre-right Government and we believe in people keeping more of what they earn. And over the 8 years we've been the Government so far, while there was the big tax switch in 2010, there hasn't been a significant reduction in people's taxes. And I'm not arguing this is going to be significant as in a massive tax cut, but I am saying that I think there's an argument around a tax and family package that sits alongside a lot of other expenditure. It is all about, sort of, balancing. But when you see the HYEPU numbers, then what you'll see is the Budget surpluses start hockey-sticking up, and they start getting quite big. And I'm telling you now, you might not be having this debate today, but in a year or two from now the argument will be why is the Government—when debt is well and truly on track for its target as a percentage of GDP to be below 20 percent, why is the Government building bigger and bigger surpluses?

Media: And you'll stick to that debt target—you will not push it out, change it?

PM: No.

Media: Last week Ngāpuhi unanimously voted to welcome you back to Te Tii Marae next year and to give you speaking rights. Are you happy to go back on that basis?

PM: Well, we haven't had, you know, a full discussion in my office, but that's most likely to be the case, that we would go back. We just haven't had a complete discussion about that.

Media: So you haven't received confirmation from—

PM: Oh, my office might have. I know there's been lots of to-ing and fro-ing floating around, and I've seen the reports in the media. I just haven't had a discussion with my team about it.

Media: Are you concerned there might be—would you go if you were concerned about major protests?

PM: Not really. I think, to be frank, on the 5th you're always going to get protests.

Media: On the tax and family package, you talked about 2010. That was a distributionally neutral package, so the percentage increase would be the same across the different—

PM: Cohorts, yeah.

Media: Would you expect this coming package to be the same? Distributionally neutral?

PM: Too early to say, I think. It'll depend, and depend on what's your mood and how much money you have and ultimately what you do. And it's just too early to tell. But what I would say is that if you accept that you want to do something to help individuals, you know, get ahead a little bit faster, keep a little bit more of what they earn, and those kinds of

things, tax works quite well the higher up in the income brackets you go and very inefficiently lower down—costs you a lot of money and you don't get much for it. Whereas when you have targeted things—Working for Families, accommodation supplements, those kinds of things—they can be very highly targeted and very effective. All I'm simply saying is, you've got the potential capacity to craft something together. Now, whether we do it, you know, let's wait and see.

Media: So why not say now that's it's going to be likely to be distributionally neutral, otherwise the risk—a lot more of the benefit will go to the top end rather than the low?

PM: Well, firstly, I'm getting bagged for even saying that, you know, we've got reasonably big surpluses coming and we should be doing something at all, so let's take it one step at a time. My view of all of it would be that I think when you look at—if you look at the economy, if it continues to deliver in the form it is, there's no question that the Government has an order of priorities: grow surpluses, get debt under 20 percent of GDP, start physically paying off debt. All of those things we stand by. There's no question that we need to spend more money in some areas of social services. We will continue to invest in those. But the question is: is there some other additional income that's left that would us to apply that? And I think the answer is, just top-line looking at it—and I have been for a while—my gut instincts is that that there probably is. We haven't designed that package yet, but there's lots of time to have those discussions next year.

Media: Do you think some changes of the accommodation supplement are one way that you could actually do some of this targeting you're talking about? Because that has not moved for a long time. Is that, sort of, one area—

PM: Well, that's always a possibility, isn't it?

Media: Yeah, is that one area that you have been looking at? That you've looked at?

PM: Could do. Yup.

Media: And in that sort of scoping of the accommodation supplement, would there be any consideration from the Government to targeting that for Auckland, where we know there are higher rents—

PM: Again, just far too early to tell. But my point is, just simply, I think everyone can identify that there are areas where you could apply some more expenditure and things that we can do to help people who genuinely need some support. And we're working in lots of areas. I mean, we've raised benefits and we've introduced free doctors visits. We've done lots of different things, and we've got more things that we want to do. And that's, ultimately, when we get into the election in 2017—I mean, that is a contest for ideas and it's a contest for how and who can best spend your money.

Media: But you're using one of Labour's ideas in Working for Families, which you seem to now like but you called communism by stealth.

PM: It was, actually, when effective marginal tax rates were so high—but we've managed to get those down a little bit. But I'm not saying it's the answer to everything. I'm just saying you just need to think a little laterally and think about an integrated package. And if you do that, I think you probably can work your way through something that's attractive.

Media: With those developing surpluses—you know, given the amount of surpluses, can health expect to get a bigger share of GDP?

PM: I mean, well, again, they are all the sorts of things we have to look at. There's certainly going to be more money going in there—whether it's a bigger percentage of GDP, I can't tell you today.

Media: Yeah, because the complaint has been that while health has had more money, its share of GDP has actually declined since 2010.

PM: Yeah, but I think you've got to look at the results in health and say, you know, "What are the number of operations?", "What are the waiting times?", "What are the amount of drugs that we're funding?". I mean, part of what we've been trying to do over the last 8 years—and I think we've, effectively, achieved—is improving the quality of service and the delivery of service. So it's not solely just an issue of money. That's where Labour got themselves in trouble under Helen Clark's Government. The answer to everything was to just throw more money at it. It didn't necessarily deliver better results.

Media: Prime Minister, just on Phil Goff—his release of proposals today in terms of how he's going to pay for things in Auckland—one of his suggestions is a sort of annual \$400 million - a - year sort of road tax or flight-in tax. What are your, sort of, thoughts on that?

PM: Well, I haven't had any discussions with him, though I'm meeting him this week—although that's the start of the, you know, what will be monthly catch-up that I have with the Mayor of Auckland, and historically had with Len Brown. Secondly, you know, that's probably not new news that they'd like to do that. That was really all part of the proposal, I think, that was put out by AT and the likes—AT are the group, you know, that looked at Auckland transport and the likes a month or so ago. Look, as we said, I think, at the time, we're not ruling all of those things out. They're not, probably, the Government's No. 1, you know, thing that we want to do, because there's the cost impact on New Zealanders, but we're prepared to have the discussion.

Media: Prime Minister, this other proposal by Phil Goff—and it, just quickly, is a \$30 million - a - year visitor's levy. I'm not quite clear on whether he means one put on by Auckland Council or whether he's thinking that the Government would put one on that would be used to propose—the city. Where would your thoughts be on a—

PM: For tourism, you mean?

Media: About a tourism levy, a visitor's levy. Where would your thoughts be on a council-led levy? Or is that something that you think the Government should do then?

PM: Well, we, as I think you're aware—kind of in my capacity as Minister of Tourism, there's been a working group that was put together to look at the whole issue of tourism-related infrastructure and how it might be paid for. So that work was a study undertaken by McKinsey's, led by, amongst others, Christopher Luxon at Air New Zealand and a number of other industry players. My understanding is that we're going to get the report, you know, pretty much, I think, today, basically, and they're going to release it sometime in the next week or two. So at some point it'll come out and people will have a chance to have a look at it. I haven't read it yet, but I know it's just landed on my desk. So we'll have a look through that. I wouldn't expect, in day 1, we'll respond to, you know, whether we agree on how and what steps we should follow, but my understanding, in broad terms—just talking to Christopher—is that there's a couple of things. One is it outlines all of the, you know, well, sort of, 50 of the key infrastructure projects they think are important. And, secondly, it looks at, as I understand it, options of how you could potentially raise revenue.

My basic point being, if we're going to do something in terms of that sort of mechanism, then I think we want to do it nationally and I don't think we want to do it locally in Auckland. I think if you're going to do this sort of thing, then it's either applied across the country—because Auckland may well have some tourism issues, given so many people flow into Auckland, but the reality is so does Queenstown, so does Taupō, and so does the West Coast of the South Island.

Media: Prime Minister, just a tourism-related question. *Moana* opened over the weekend—the movie—in the US. It's going to be a big blockbuster. Wondered what your thoughts are on the depiction of Polynesian and Pacific culture—what it means for this part of the world—and also if you share any of those concerns that Marama Fox and others have said about the size of Maui?

PM: Well, I haven't seen it—I haven't seen it, so—but what I'd say is when we look at our tourism—we do some survey work of tourists when they come to New Zealand, and we

ask them why they come. One of the top two or three reasons why they identify coming to New Zealand is for an indigenous cultural experience. So there's no question that a lot of tourists that come to New Zealand are attracted by the fact that they'll get to experience Māori culture, they'll learn more about it, and they'll go and do something and be involved with it, whether it's going to MACI in Rotorua, in the carving school, or, you know, whatever it might be.

So there's no question it's got an important part to play and the promotion of it's important, and a lot of people know New Zealand by the All Blacks and, you know, them doing the haka before an All Black game. So it's an important part of New Zealand as a way of attracting tourists.

Media: Just on the surplus, why should we believe next week's figures about all these fabulous surpluses when you slagged off Treasury's—

PM: Oh—

Media: —forecasting of the—

PM: I think I just accurately commentated that they struggle 44 days out let alone 44 years out. So the point is that, yep, you're absolutely right at one level—the numbers will move around quite a bit, and they do all the time. What you do know is the nearer you are to the particular forecast period, the more likely is the degree of accuracy. But there's no doubting the fact that we are talking about, when you look at the surplus, what is now a quarter of a trillion dollar economy. You know, the surplus is the difference between two very large numbers—you know, the Government's earning \$80-odd billion and spending that kind of number, overall. So the point is that, you know, there are a lot of moving factors in there. But, broadly, the assumptions that seem to be underpinning the increasing surpluses look reasonably accurate.

Media: An issue about parties in the middle of a whole lot of selections at the moment—what's your policy as far as where sitting MPs go on the list?

PM: Ah, well, we haven't had, you know—it's a matter, obviously, for the board, and I'm sure the board's had an extensive conversation about that. But historically what we have done is, at least in the last elections, ranked Cabinet Ministers on the list in the order of their Cabinet ranking, and then we've had a sort of similar process, I suppose, to a degree, of the backbench. From time to time we can use spots to bring people in, and we've done that, depending on where we rank them on the list, but generally we've had some sort of relative order like that.

Media: Prime Minister, on the NZME-Fairfax merger, both the applicants and the commission seemed to talk at length about the possibility of regulation or even legislation to deal with allowing those two to merge. Is there any circumstance under which you can imagine the Government going down that route?

PM: I haven't had any discussions about that. In the first instance, obviously, you know, it's preferable if the Commerce Commission can adjudicate, I think, rather than the Government legislate. I can't completely rule it out, because I simply just haven't looked at it.

Media: Prime Minister, do you have any thoughts about the death of Fidel Castro?

PM: Oh, just what I said this morning—like, there's no question that the guy was a polarising figure. I mean, there are some people who feel very strongly and negatively because of the actions that he took against Cuban people, and there are others that would say that he delivered healthcare and education and the likes. I mean, there's no question he's going to be a leader remembered in history if for nothing else other than the length of time he was there and the Cuban missile crisis.

Media: Do you think it spells the end of that kind of traditional communism?

PM: Some people are saying that, but there's still plenty of communist regimes around the world, or communist Governments around the world. I mean, he was a particular figure at a particular point in time, wasn't he? And that's probably a little more unusual, but you'd never say never in the world.

Media: What do you think of the approach by Waitematā police to stop prosecuting low-level P dealing—perhaps not working and instead referring to rehab; just for low-level P dealing?

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PM: Um, I mean, generally speaking, one of the emphases is to try and prosecute those who deal drugs as opposed to

PM: 15 51 10 I mean, generally speaking, one of the emphases is to try and prosecute those who deal drugs as opposed to those who use them. I mean, we prosecute both obviously but to try and stop the source. I haven't seen exactly what they're doing and under what conditions so I wouldn't want to overly critique it. I mean, I think everyone understands the enormity of the challenge when it comes to methamphetamine. I think if you look at what we've done since 2008, in a lot of ways what we've done at one level has worked, because on the best information we get—and we think it's pretty accurate—the usage has reduced from 2.2 percent in the cohort that we measure to about 1.1 percent. What I do think, though, is true is that those who are now using it, that 1.1 percent, is more intensive and there are more—in other words, they're using it more frequently and maybe in larger numbers. So rehabilitation's certainly a way of working through that.

Media: Will you support a less punitive approach if it was shown to be working, instead—

PM: Well, I think the police over the years have changed a number of the ways they approach some of these issues. Policing Excellence had a high degree of that, where it didn't always prosecute everyone and tried to deal with things in a different way. The only thing I'd say about drugs is, you know, they destroy lives so you want to make sure you've got that balance right, but I'd need to see exactly how they're handling it and what they're doing.

Media: What's on the agenda for talks with the King of Jordan?

PM: Well, it will just be a good opportunity to have a good discussion with him about the region. I mean, he's been quite an instrumental voice and seen as a quite influential voice in the Middle East. So that's one of the things we'll want to talk to him about.

Media: Are you going to talk about refugees?

PM: Possibly, yes, but I haven't worked all the way through it yet.

Media: Do you expect him to raise the issue of New Zealand's quota, given that Jordan is awash with refugees at the moment?

PM: Well, there's no doubt he's going to talk about what he sees happening in the region and a big part of that obviously is refugees. We'll certainly explain what we do and why we do what we do, and I think that, as I said before, it's broadly working about right. There's always the argument you can take more but we would argue pretty strongly it's important to the people that you do take to do a good job of looking after them.

Media: Just going back to the earthquake for a minute, what's the current state of Government thinking about that direct ferry link between the North Island—and Minister Bridges talked about—

PM: Do you mean coastal shipping or do you mean—

Media: Well, he wasn't very clear in the House on 15 November when he was talking about instituting a new ferry link or making greater use of coastal shipping. I just—

PM: Yeah, so you probably saw KiwiRail came out today talking about moving into coastal shipping. I mean, what Cabinet had a pretty long discussion about today was ensuring that there is enough capacity in coastal shipping, because one of the big issues here is that as a result of rail being knocked out, you've now got a lot more trucks on the road and that is problematic on many fronts, not the least of them being that we're going to move into the Christmas period where there'll be a lot more Kiwis and tourists just in general travelling around. The wear and tear on that road and the risks, because those roads are not State Highway 1, they're not designed with the multiple carriageways and the like—I think the logical solution to this has to be, at least for a period of time, a lot more capacity on coastal shipping to take the freight off the roads and, obviously, the fastest restoration of the roads that we can. We're feeling a lot more confident about the southern route. We're not at all confident about the northern route at this point.

Media: Who's going to pay for it if it doesn't make money—KiwiRail doesn't make money?

PM: Well, look, in the end we pour about \$250 million a year into KiwiRail, so it may well be a rounding error.

Media: So you might have to put more into it if the route between Auckland and Lyttelton doesn't work?

PM: Well, I think it can work because, for a start-off, there's a lot of capacity that will be underwritten by the likes of Mainfreight and Toll and Peter Baker and the other operators. Secondly, in the end our message to KiwiRail will be, you know, do your best to make it commercial, and you've got other operators there as well. I'm a bit provider agnostic. At the moment you've got Pasifika and the Swire Group and others. I don't mind who the operator is but what I'm absolutely convinced of is that we need a lot more coastal shipping capacity and we need it quickly.

Media: So what could the Government do to encourage that?

PM: I think it's naturally happening in its own right. I mean, I had a discussion with a couple of the freight companies over the weekend. They are definitely underwriting capacity on the ships.

Media: What could Cabinet do? I mean, what would you discuss then?

PM: Well, the issue is really about KiwiRail at that point.

Media: So will you have to invest extra capital in KiwiRail to enable it to buy ships or lease ships?

PM: I don't think so. But it's about their mandate and whether they should go into it.

Media: Just on the urgent legislation, this is obviously the second time you've had to do this in relation to an earthquake. Would you consider introducing long-term legislation that would allow—

PM: Permanent legislation?

Media: Yeah, permanent legislation that we may enact in these situations?

PM: Let me just answer this and then let me go, because I've got to go for my flight. The—what I'd say is, I don't think that would be the right approach, and the reason for that is that while, on the one hand, having to pass emergency legislation or enabling legislation comes with its own series of complications, uses a bit of House time, and the likes, it seems to me that every natural disaster you deal with is different in its characteristics. And so what we gave authority for, for instance, in Christchurch in the CERA legislation—we've had different characteristics to what we're approving this week. And I'm not sure it's as simple as one-size-fits-all.

The other thing is I think other political parties might get quite nervous that if that legislation was there it could be misused. And that's the issue, isn't it? Because there is a degree of

trust here—that you’re saying “We’re enabling someone to do something on the basis that it really is truly an emergency.” and you’re going outside and above legislation that’s historically been passed. Because it cuts—in the end, this sort of legislation runs over the top of existing legislation. So I myself think that the House would want to be convinced of the merits of this type of legislation. And on that basis, it’s really got to be natural disaster by natural disaster.

It just sort of strikes me that the Parliament—and to the credit of all of the political parties—are quite mature in their response to this and they seem to be able to have a decent discussion. And, as I said, I’m not entirely convinced every political party will vote for it, but I am convinced that they are all legitimately looking at the issues.

Media: Just quickly, should life jackets be mandatory on recreational boats?

PM: There was a lot of discussion about that some years ago. The thing I’d say is that I think it’s sensible if every skipper of a boat says “Put a life jacket on.” And I think, in the end, it’s as much about the culture as the law. It’s the same thing as that there’s plenty of times, I’m sure, you could drive your car, theoretically, without a seatbelt on and not come across a police officer. But you do it because you know in your heart and in your head that it’ll save your life if there’s an accident. And we know from the facts that when people don’t wear seatbelts and they have an accident, it can claim their life. And I think that’s true on a boat. I think when you’re a skipper you have the responsibility for the other people on the boat.

So the reason that we haven’t gone to mandatory before is because it runs into all these other sorts of technical things, I think. It was like, OK, if the boat is parked up 10 feet from shore and people are having a picnic, should they wear their life jacket vis-à-vis going somewhere else? And I can understand those arguments, but, you know, in the weekend, you know—I can’t tell you whether the eight people that have lost their lives did so because they weren’t wearing life jackets. There may have been many factors including, you know, the size of the swell and all these other things. But what I can say is we just know you’ve got a better chance of survival if you’re wearing a life jacket.

So, personally, I think every boatie should, while taking a moment to mourn the loss in the weekend, learn a lesson going forward that they’ve got to wear a life jacket, and if they don’t, they could claim the life of someone they love. But whether we should mandatorily do it, under what conditions—it was rejected in the past. We can always come back to it. But I think it’s got to be as much culture as the law.

Media: And just on that KiwiRail thing, is the Government still committed to repairing and putting back in action the rail link between Cheviot and Seddon?

PM: Yeah, so the Minister’s getting advice on all of that. I mean, I think the expectation is that long term they would return rail, but they’ve just got to go away and do an assessment of how substantial the damage and everything is.

conclusion of press conference