

## POST-CABINET PRESS CONFERENCE: MONDAY, 20 FEBRUARY 2017

**PM:** Well, good afternoon. I'd like to start today by thanking our emergency services for all their work in Christchurch over the last week, and still much work to do. As you know, I visited the Port Hills late last week and was impressed by the dedication and the expertise of the emergency crews, who were working very hard to contain the fire, which had only the day before been out of control. I also saw the real danger of that fire to the surrounding community, and understood the dislocation for so many families, who had been evacuated and who, of course, would prefer to return to their homes, and will be able to do so when that is safe.

I think everyone's pleased the fires have now subsided, but it, once again, highlights the way we need to continue to improve the way our civil defence and emergency services respond and communicate. As you are aware, Minister Brownlee is looking at the legislation, and will work with other parties on that. The matter wasn't discussed today at Cabinet, as Minister Brownlee was away. The fire remains a threat—I just think it's important to understand that—and the focus, at this stage, is on controlling the rest of the fire area, and getting people back into their homes as soon as is reasonable. But we will look at these issues further over the coming weeks.

On Wednesday I will return to Christchurch for an update on the Port Hills situation, and to mark the sixth anniversary of the Christchurch quake—a quake which claimed 185 lives, destroyed homes and workplaces. And we'll also remember the suffering of their families, of the victims, and the many people who were injured and traumatised in that event, which still echoes through the lives of many people in Christchurch. So Wednesday will be a day to remember all these things, but also to take heart for the future. We are well advanced in rebuilding the city, and the Government remains committed to standing alongside the people of Christchurch as it becomes an exciting and innovative place to live and do business. The central city will be more vibrant and accessible than it was before, and the residential red zone will become a unique place for locals and visitors.

As you know, I met with Australian Prime Minister Malcolm Turnbull in Queenstown late last week. It was a very fruitful opportunity to discuss a wide range of interests—some where we have very much common interests and others slightly different. But these included trade, the global economy, security issues in different parts of the world, and the issues between Australia and New Zealand, such as the pathway to citizenship for New Zealanders living in Australia. And on those trans-Tasman issues, Prime Minister Turnbull has shown himself to be attentive to our concerns and effective in acting on them. Our relationship is in great shape, and I look forward to working closely with Prime Minister Turnbull as, together, we try to make sense of so much that is changing around the world.

In terms of my activities this week, I'm heading to Napier very shortly—about 3 o'clock—for an event with Ngāti Kahungunu. It is a taniwha dragon summit, which brings together Māori and Chinese investors of a large scale and serious kind. I'm in Hutt South with Chris Bishop on Tuesday. As I've said, I'll be in Christchurch on Wednesday, and in Auckland on Thursday. On Friday I'll be attending a kapa haka festival in Hastings before heading back to Auckland for the Bluegreens conference on Saturday.

So I'm sorry I'm on a tight timetable today, which leaves us some time for questions, but time will run out, because I'll have to catch a plane.

**Media:** Prime Minister, what are your thoughts on this Mana/Māori deal just signed today?

**PM:** Oh, look, the Māori Party has been a sometimes challenging, but always constructive, coalition partner, now for 9 years, and, in my view, has made fantastic progress on the issues that they campaign on, and have changed the way Government

operates. Now they seem to me to be looking for ways of getting more electoral reward for that, but, look, it's up to them—whatever deals they do, you know, we have worked with them well and would like to continue working with them in the future.

**Media:** Would you do any electoral deals with them—like help them in any seats?

**PM:** Look, that's unlikely. I mean, it hasn't been proposed. Generally the pattern is Māori voters who want to vote National tend to go on the general roll, so our votes in the Māori electorates are pretty low both for party and candidate.

**Media:** Would you still work with them with Hone Harawira in the picture?

**PM:** As I've said, we'll work with the Māori Party as we find it, if that's what the voters deliver after the election. Now, you know, it's up to them to decide just what their own make up is. Clearly they will remain a challenging coalition partner, whether it's for us or as part of some other Government.

**Media:** What do you mean the Māori Party have changed the way Government was run?

**PM:** Just that Māori issues are negotiated, highlighted, pushed, and shoved every day because they're always there.

**Media:** Looking at a number of your coalition partners, Peter Dunne last week made it pretty clear that a vote for Dunne is a vote for National. Have you considered making your support for Dunne contingent on him voting for the Resource Legislation Amendment Bill?

**PM:** No, we haven't had any discussions like that. Again, Peter's been a sometimes challenging but always constructive coalition partner. He cuts his own path, and we haven't tried to tie those sorts of things together.

**Media:** Why don't you put the hard word on him?

**PM:** Because, you know, you can overreach with these things. Often these smaller parties are telling you something you need to hear about where the public opinion is.

**Media:** Prime Minister, regarding Adrian Orr's 36 percent increase in salary since last year, are you disappointed that the Super Fund board ignored your advice and the SSC when setting that?

**PM:** Yes, and as I noted at the time, that as the issue came up I would be publicly criticising the size of the increase, and that's a matter that will be taken into account when it comes to reappointment of board members—not just for the Super Fund, there's been other boards that have taken a pretty independent view about remuneration.

**Media:** Hasn't he done rather well?

**PM:** Yes he has, and the discussion we've had about the pay is no reflection on the performance of the fund, or, actually, the professional and managerial competence of the board. But they're public entities and the Government has a view about remuneration increases.

**Media:** So are you signalling they won't be reappointed to the board as a result of this?

**PM:** I'm just saying it will be taken into account. I mean, the Super Fund board of management have performed very well. By world standards they are one of the best sovereign wealth funds—you would certainly want to take that into account as well. But the Government does have a view about large remuneration increases.

**Media:** The board has said it's unrepentant about its approach, and that they will continue, to sort, of look at market salaries rather than the rest of the public sector. I mean, are they listening to what you're saying, in terms of getting that message across?

**PM:** I think there's further discussion to be had.

**Media:** That you'll take that into account, what does that mean? It sounds a bit "wet bus ticket"-ish.

**PM:** It means what we say and that is that the Government has a view; the board's taken a different view. I think any board who takes a different when it's 100 percent subsidiary takes risks about tenure. And that'll be discussed when the appointments come up.

**Media:** You say you'll take it into account—what does that mean? In what way are you going to take that into account?

**PM:** You'll just have to wait and see. But, as I said, this is a balance of professional competence and management—which these boards have shown, there is no question about that—along with alignment with the Government interest, as, effectively, the appointor of the boards.

**Media:** So if he became Reserve Bank Governor you wouldn't want them to match the salary?

**PM:** There's been pressure on all these salaries, including from the Reserve Bank board around the Reserve Bank Governor. I think it would be better to find a more stable process for these very significant appointments. There's only two or three or four of them in the country—the Reserve Bank, the Super Fund, the ACC, and Housing New Zealand. These are all sort of \$20 billion - plus organisations, so, much larger than almost all of our private sector organisations. But they're still public organisations, and I think, with the time that there is available until the Reserve Bank Governor appointment, there would be the opportunity to just try to get a longer-term view than a kind of annual haggle with the boards who are—rightly—saying their chief executives are very competent—but a bit over enthusiastic about what they should be paid.

**Media:** So are you saying, with that small group, they sort of get dealt with separately as part of some sort of longer-term thing, or—?

**PM:** Well, look, I think with those very large positions, in theory, they are on a global market, because they're—sorry, very large organisations—because they are, by global standards, large, sophisticated organisations. And so the boards tend to benchmark against, you know, a different standard than the local one. In our experience, there's a long queue of people want to do those jobs, and we've just got to find a better balance there.

**Media:** Which boards are on notice?

**PM:** Oh, well, any of those boards that have got chief executives in place and are looking for large increases in their remuneration.

**Media:** Would you like to see any changes to the salary review process, then?

**PM:** Well, look, I wouldn't want to go into it in detail. We're just dealing with the fact that there's been a process in the past. I think, having been the finance Minister, it's a bit of an unsatisfactory annual haggle, and it would—may be better to, for instance, set a level at the start of the appointment and leave it at that.

**Media:** Which boards are they?

**PM:** Which boards are—?

**Media:** Which boards are the ones that are on notice? Can you name some of them?

**PM:** Well, this one is specifically related to the Super Fund board. I've just made some general comments about the fact that we've got four of these very large public organisations where this issue keeps coming up because they're benchmarked against a standard that's not the local standard.

**Media:** Prime Minister, the Canterbury District Health Board asked for \$12.8 million for mental health funding following the Kaikōura quakes, but the Government only gave not even a third of that. Is that good enough?

**PM:** Well, look, there's been a lot of attention to the Canterbury District Health Board's pretty unique needs over the last 3 or 4 years and very substantial funding that's gone with that. They have often made the case for those special circumstances, and, generally, the

Government's responded to that, but, you know, in the long run we still have to maintain some kind of equity between them and everybody else. But I can't comment specifically on what they requested. After the Kaikōura earthquake we did make some announcements around health funding. They were relevant to the Kaikōura situation; they weren't intended to cover Christchurch as well.

**Media:** Do you think this Government takes mental health funding seriously?

**PM:** Ah, yes, we certainly do. In fact, we've been in a process of having a pretty hard look at how that works, particularly for those who aren't in acute mental health services, and I know in the Budget process there'll be bids around lifting mental health. Bear in mind, DHBs can move more money into mental health if they want to do so.

**Media:** Could there be a place for Hone Harawira in a Government you lead?

**PM:** I wouldn't want to speculate on that. All we've seen today is some deal between the Māori Party and Mana. You've yet to see whether that amounts to anything different in Northland or in Northern Maori—unlikely, in my view, but, you know, that's up to them.

**Media:** But it's not a no, is it?

**PM:** Well, we wouldn't—you know, we can get into this game all year of ruling in, ruling out. We've ruled out one thing, and that is job-sharing the Prime Minister of New Zealand with Winston Peters. Otherwise, we're not going to get into ins and outs, because it all depends on how the voters cast their votes, and, of course, one or two seats will matter quite a bit in our MMP elections.

**Media:** So Winston Peters could be finance Minister?

**PM:** Well, who knows? I mean, I'm not going to get in the game of spending all year ruling in, ruling out, every hypothetical situation. We're not going to.

**Media:** Ahead of your visit to Christchurch on Wednesday, what will your message be to the families of the CTV Building victims? Six years on, police investigation still ongoing, and nobody's faced any criminal charges in relation to the failure of that building. Do you think there's been due accountability?

**PM:** Well, look, in the first place we fully understand the distress, because it just seems so random to those families that their loved one happened to be in, you know, one—or two, if you count the other building that was similar—out of hundreds of buildings that was the most vulnerable to that particular type of earthquake. So I fully understand their distress. There isn't really a way of short-cutting the accountability process, partly because it's a pretty unique process that the police are going through. But we hope that—we hope to get to a point where, you know, the accountability is exercised.

**Media:** The royal commission's findings on culpability, or at least on where the problems were, were fairly clear. Would you have expected to see faster progress than what we have so far?

**PM:** Well, that's a matter you need to address to the Police. You know, the standard for criminal charges will be fairly tough, and no doubt they're working on whether the complaint or the case reaches that standard.

**Media:** On the issue of housing supply, you've obviously made supply the big focus of your response to housing. The ANZ today is warning of a number of headwinds for that supply response—things like credit rationing and that type of thing—and suggesting that there may, in fact, be pressure on that growth, or a slower rate of dwelling construction over coming months. Are you worried that your key response to this housing crisis, supply, is running into some problems?

**PM:** Well, there's no particular evidence of that. Of course, the ANZ are the main financier of house buying, and they may be signalling some of their own choices about risk and about how they're willing to lend, and we'd be, you know, happy to hear their story

about that—about what difference they think it will make. From what I've heard of anecdotally, the main constraint seems to be around some types of apartment buildings, which the banks regard as really quite risky to lend against. Otherwise we haven't seen any broader sign of credit constraint, but, of course, we're always on the lookout for what may or may not get in the way of supply.

The current initiative—one of many—is the billion-dollar Housing Infrastructure Fund, because we can have some control, with the councils, over the infrastructure required for more housing. So right now there's a pretty gritty discussion going on with the councils, because they've talked for quite some time about how infrastructure financing is a constraint, and now we want to see them produce the projects where it is a constraint where they can bring supply forward. And I think that's going to be a bit of a challenge for all of us.

**Media:** Was there any discussion of changing the nature of that fund? My understanding is that because it's counted as debt on local government balance sheets there's a reluctance to take it up.

**PM:** There's a lot of discussion over the sort of financial structuring, but that can be resolved. The real challenge is whether councils actually do have projects waiting for infrastructure funding. The initial indications are that they don't, but I think everyone's sharpening their pencils now, because there's still a billion dollars sitting on the table. And Government's been pretty clear with them: it's not just a sort of subsidiary financing mechanism for their general plan; it is specifically for bringing forward housing supply by overcoming the constraints they said they had. So really we're just testing them against the claims that were made about their financing constraints, and finding that a very constructive discussion. I think we will learn a lot more about what the constraints are, and they're going to learn more about how to get things happening faster.

**Media:** Is this Auckland Council and others, or just Auckland?

**PM:** And others that the—

**Media:** What are some of them?

**PM:** Well, there's a definition of the faster-growing councils, so Auckland, Hamilton, Tauranga, Queenstown. Nelson may be in there, too; I'd have to check the list.

**Media:** On the intelligence and security legislation, Labour's flagged that it will continue to push for wider representation on the Intelligence and Security Committee and will table an SOP to that effect. Would the Government be open to broader political representation on the ISC?

**PM:** Well, look, I haven't seen that proposal. Generally Labour has worked closely with the Government. Remember this is a result of the review by Dr Michael Cullen and Dame Patsy Reddy. So the process has been a pretty satisfactory one because Labour's been constructive—I think understanding better than other parties what the requirements are for an operating, effective intelligence service. So I'd need to, you know, check with what the proposal actually is.

**Media:** But as Prime Minister, would you be comfortable with having broader representation there than what the current situation is?

**PM:** Well, look, I'd say we'd be cautious about it, particularly given some of the rhetoric that we've heard out of other parties; bearing in mind that a party like the Greens could possibly be part of a Government. I mean, that's what they're aiming to do, and they've got a deep-seated hostility to any intelligence apparatus at all, which is not a responsible attitude and we wouldn't want to foster it, whereas the Labour Party has quite a different view.

**Media:** Is it still National Party policy to abolish the Māori seats?

**PM:** If it's on the books, it's not one we're pursuing.

**Media:** You're more than happy to rely on Māori seats to form a Government?

**PM:** We rely on any seats to form a Government if it gives us stable Government. It's the system. We're not campaigning to abolish Māori seats. We've been with the party now for 8 years that has some of the Māori seats and that's worked pretty satisfactorily.

**Media:** Would you look at changing that policy?

**PM:** Look, I'd have to go and check whether it's on the books or not, or just kind of fallen by the wayside.

**Media:** Is National going to stand candidates in the Māori seats this year?

**PM:** Look, there's likely to be some discussion about that. We haven't come to a conclusion, but we didn't stand last time.

**Media:** So you could, even if you support abolishing them?

**PM:** Well, that—as I said, we didn't stand last time. I'd have to go back and check whether the policy is on the books, but I think the original reason for not standing was because of the policy, but it's not one we're pursuing.

**Media:** What is there to discuss this time if you didn't stand last time? Have you had a change of heart from the position that John Key took?

**PM:** Well, look, it's just—opportunity to go back and check what the rationale was. You know, every election's a bit different.

**Media:** Are you just kicking for touch? You don't—haven't really thought about this, have you?

**PM:** Well, not in a lot of detail. Māori politics has got really interesting because for the first time in a—well, again, the Labour sense of owning and patronising the Māori vote is under question again, which I think is a great thing for Māori and for New Zealand, and they're going to have to spend a fair bit of time shoring themselves up. The Greens are going pretty—you know, seem to be picking up support; the Māori Party's getting organised and picking up support; Mana's suddenly appeared in the poll. The Labour Party's got a lot of work to do there.

**Media:** Would you recommend that voters in those Māori electorates, in all seven of them, vote for the Māori Party candidate?

**PM:** If we were going to do that, we wouldn't be looking at that until later in the year. We're not spending a lot of time on the details of electoral arrangements that might affect the outcome of the election because, in our view, New Zealanders want continuing good economic performance, they want stable Government, and we have a big job ahead of us to prove that we could deliver that if we were elected.

**Media:** So you're saying you don't agree with the policy of abolishing the Māori seats now that Labour doesn't have such a stronghold on them and it suits your side?

**PM:** No, I just said if it's on the books, it's fallen by the wayside because we are not pursuing the abolition of the Māori seats. OK? Thank you very much.

**conclusion of press conference**