

POST-CABINET PRESS CONFERENCE: MONDAY, 6 MARCH 2017

PM: Good afternoon, ladies and gentlemen. This is a Government that believes it has a responsibility to face the bigger, longer-term issues for New Zealand. Already this year we have made significant announcements—for instance, investing in better policing, improving freshwater quality, rolling out ultra-fast broadband to another 150 towns, and tightening up on the tax obligations of multinational corporations. Today I want to talk about another one of those substantive issues: New Zealand superannuation.

Improvements in healthcare and lifestyle mean that we are living longer today than we ever have. New Zealanders' life expectancy has increased by 12 years in the last 60 years, including a 4-year increase since 2001 when the retirement age became 65. This means that someone qualifying for New Zealand super today is expected to live another 21 years. By 2037, that number is forecast to rise to more than 23 years.

Older New Zealanders are also working more. Good health is good news. It means we can enjoy life more and remain active in the workforce and the community for longer. However, longer life does drive up the cost of New Zealand super.

By international standards, New Zealand super remains relatively affordable. Funding superannuation presently costs about 5 percent of GDP. This compares with an average of 9 percent across OECD countries. However, the cost in New Zealand is expected to rise to 8.4 percent of GDP by 2060, a significant increase on today's cost.

That level of spending on superannuation is affordable if we constrain spending on other areas. But we don't want to have to cut spending on healthcare and education, or to put up taxes. For these reasons, Cabinet today decided to progressively increase the age of eligibility for New Zealand super to 67, starting in 20 years' time.

The Retirement Commissioner recently recommended increasing the age from 2027. However, we believe that a longer adjustment period is fairer because it gives affected families and individuals more time to plan for their futures.

The change will bring New Zealand into line with other countries like Australia, the United Kingdom, Denmark, Germany, and the United States, which are all moving to the age of 67. The change will initially save about \$4 billion a year.

Cabinet also decided to change the residency requirement for eligibility for New Zealand super from 10 years to 20 years. The change will apply to people arriving in New Zealand after the legislation is passed. Other aspects of New Zealand super, such as indexing payments to the average wage and universal entitlement without means testing, will remain unchanged.

The changes we've announced, which we will legislate for next year, will more fairly spread the costs and benefits of New Zealand super between generations, ensure the scheme remains affordable into the future, and give people time to adjust.

As some will point out, the Government's previous position adopted before the 2008 election was not to change the age of eligibility. That position was appropriate at the time, when there had been so much uncertainty over eligibility for New Zealand super. New Zealanders then were looking for certainty, after years of contention. Now that the economy is growing well and the Government's books are in surplus, it's time to ensure that we have the right settings for the future. Making sensible decisions today avoids harder decisions tomorrow.

I will now hand over to Minister Joyce to take you through some of the details of the change.

Joyce: Thank you, Prime Minister. Progressively lifting the age of entitlement to New Zealand super from 65 to 67, starting in 20 years' time, is, we believe, the responsible and fair thing to do for New Zealand. This is about improving the long-term sustainability of New

Zealand superannuation, promoting fairness between individuals and generations, and giving people time to plan for their future.

There are several consequential changes that flow from this decision. At the same time as we begin increasing the age of eligibility for New Zealand super in 2037, we would also be increasing the age of eligibility for the veterans pension and the SuperGold card. However, in line with the recommendation from the Retirement Commissioner, the age at which people can access their KiwiSaver funds will remain 65.

As the Prime Minister mentioned, we have also decided to increase the residency requirement for New Zealand superannuation. Presently, people aged 65 and over are able to claim New Zealand super once they have been residents for 10 years. This does create an issue of fairness. People who've not made as long a contribution to New Zealand during their working lives are, after living here for only 10 years, receiving the same support as people who have paid taxes in New Zealand for their entire working life. The Retirement Commissioner has recommended increasing this residency requirement to 25 years. Cabinet has discussed that and settled on 20 years as a fair and appropriate requirement.

There is one other thing I would like to flag. In 2030, 7 years before the change begins to take effect—that's the change of age—we're going to legislate for the Government of the day to review the impact of the proposed changes on different groups and consider whether any temporary additional support would be needed for people who are not able to continue working beyond the age of 65. As the Prime Minister has said, New Zealand superannuation will remain indexed to the average wage, and it will remain universal without means testing. We believe that these important features of the New Zealand superannuation scheme should be retained. Back to you, Prime Minister.

PM: Any questions?

Media: Mr English, when did you have the change of heart on this issue? For a long time you've been saying you could afford it. What was it that changed your mind?

PM: Oh, look, we—when I became the Prime Minister, I signalled then that there was the opportunity for us to review policies. I always supported the position taken by the previous Prime Minister, because I think, at the time, in 2008—almost 10 years ago now—there was a real need for certainty that an incoming National Government would not be changing the settings. And, as it turned out, with the global financial crisis, I think it was really important that older people had a sense of security, even when we had very large deficits that national super wouldn't change. So when I became Prime Minister I said that I wouldn't be making the same commitment as the previous Prime Minister had, and we've been doing work since then about what the policy position would be, including a discussion with the National caucus early in February.

Media: So would this have happened—would this change have happened if John Key was still Prime Minister?

PM: Well, you'd need to ask him, but I doubt it, given the undertaking that he'd made.

Media: What happened—what happened this morning and over the last couple of days? Have you been panicked into putting this announcement out today? Was it not your intention to do it today?

PM: No. It was always our intention to do it today.

Media: So why didn't you say that this morning?

PM: Oh, well, because I didn't want to announce it ahead of announcing it.

Media: Have you had this discussion in caucus? Have you talked to caucus about it?

PM: Yes, we had a discussion over a month ago, at the 1-day caucus in early February.

Media: And so they were aware of those changes then?

PM: Well, we had a wide-ranging policy discussion about the potential for change. They were advised of the Cabinet decision today, a couple of hours ago.

Media: You said when you became Prime Minister that you didn't envisage weakening superannuation entitlements. By raising the age of entitlement, aren't you doing just that?

PM: Ah, no. I don't agree with that. The way it's calculated and the level of it all remains unchanged. In fact, by making this announcement today, people who are at retirement or near retirement know that the current entitlements stay in place for 20 years. There would be no other change in the interim. And the move to 67, I think, is something that would be widely anticipated.

Media: Do you think you've got public opinion on your side on this issue?

PM: Yes, I think so. I think, just—people can see there's a significant issue with the ageing population, and this is a fair and reasonable response to that. We're not ignoring it, but we're bringing in a pathway that is fair and reasonable, gives people considerable time to adjust their circumstances, if that's what's needed.

Media: Did you consider going further than 67? Because, given the life expectancies you outlined at the start, another 2 years—shifting it 2 years is pretty piecemeal, isn't it?

PM: Well, over the 20 years it matches about the change in life expectancy over that time. So someone who turns 67 in 2040 will spend about the same time on national super as someone turning 65 today. So it's—that sort of sense of fairness and reasonableness, I think, is something that the public will support.

Media: You didn't consider going further?

PM: No, we didn't look at—we didn't look at older age thresholds.

Media: Are you willing for this to be a point of negotiation in any post-election Government-formation talks?

PM: Well, look, that's a matter for other parties. I mean, I think the position we've announced is a pretty fair and reasonable one. It deals with an issue that everyone knows is there, and needs to be dealt with. We're doing so now, because we think that a reasonable decision now avoids tougher decisions later—something pointed out by the Retirement Commissioner. So we'll see how the other parties consider their position. I think this is a position that'll be supported by the public, and, in fact, it may be—they may find themselves explaining why they think no change should happen at all in the face of very widely accepted analysis that the cost is going to go up considerably.

Media: Have you discussed it with the Māori Party at all?

PM: Ah, no, we haven't.

Media: Prime Minister, would you be prepared to change it, though—to go back on it—if, say for instance, the New Zealand First Party demanded that it not be changed in order to get their support in post-election negotiations?

PM: Well, look. I think you're going to hear a lot about bottom lines—any number of them—between now and the election, but that'll be—basically, the nature of those negotiations is determined largely by the voters. But this, I think, is a—because it's such a fair and reasonable approach: it protects the retired, it protects those who are near retirement, and it deals with the issue of, you know, how long people have paid taxes for in New Zealand before they're entitled. When I've listened to the other parties, those are areas of concern for them. I think this announcement achieves a path to change in a way that should be broadly acceptable to the public, and perhaps the other parties, once they've thought about it.

Media: Does this mean so much to you and to National that you would be prepared to go into Opposition if there is—if a party said: "We will not support you in Government unless

you change your policy on raising the age.” Would you be prepared to go into Opposition rather than go back on this?

PM Well, as I’ve said, we’re not conducting post-election negotiations when we don’t know what the other parties’ positions are, and we certainly don’t know what the public’s view is—because, in the end, the public will vote. We’re doing this deliberately in a way that means we—it gets discussed through election year, and voters get the opportunity to take it into account. As I’ve said, it’s pretty fair and reasonable, and as the public look at it and other parties look at it, we’ll see where they all get to.

Media But we do know New Zealand First’s position, because Winston Peters has spoken about it publicly, and his position is that he will not support a National Government if it’s intent on raising the age. So would you go back on it if you had to?

PM Well, we’re not conducting the negotiations, but I think Mr Peters took his position before he was aware of what the Government policy is going to be, because we hadn’t announced it till now. And as I said, the concerns I’ve seen raised by other parties are about security for people in retirement, certainty for people who are nearing retirement. This doesn’t affect anyone aged 45 and over, and, I think, in the light of what I believe will be pretty broad public support, they get the chance to consider their positions. So I wouldn’t take for granted what their positions are.

Media How much of an impact do you think that this policy had on Labour’s election—not successes in the last two elections?

PM Well, I mean, the Labour Party had all sorts of problems in the last two elections—most of which they’re still going to have in the next election—which aren’t to do with super. Their proposition, as I understand it, was for a much quicker transition, and I think it’s that lack of reasonableness may have affected how people saw the policy. But they had bigger problems than their superannuation policy.

Media Do you think that this will affect your own chances of getting a fourth term?

PM No, I don’t think so; I think it’ll probably enhance them, because people expect a Government to deal with the long-term issues, and we now have the opportunity to do it, so we’re doing it. I think the plan we’ve outlined is fair and reasonable, and it will have broad public support. I mean, people know it’s going to change, they’ve known that for a while, and now they can—now there’s a clear path for them to change, and I think the issue through election year is going to be other parties arguing why there should be no change ever, because that’s, really, the position they would be taking. So I think we’ve yet to see just how their positions evolve over the next 6 months.

Media Why are you putting the legislation in in 2018? Did you think about doing it this year?

PM We just didn’t think it was going to work that well this year.

Media Because of your coalition partners?

PM Well, I think people just need to be able to absorb the proposition we’re putting out there, work out whether they think it’s a sound policy, and I think, given the significance of New Zealand superannuation for every New Zealander, the opportunity for it to be tested by an election is one that we’re happy to see put to the test.

Media You said this morning that people, obviously, were aware of the debate, and we’ve been having the debate for 20 years, so surely that counts against your comment just there that people need time to get used to it.

PM Well, they haven’t had a specific proposition, and, as you’ve seen just in the last 48 hours, as soon as the issue’s raised, you do get people suggesting all sorts of awful things are going to happen. So today we’ve announced the specific proposition, and I think a debate about that through election year is something we welcome.

Media What do you make of Winston Peters' assessment that it is affordable? I mean, his numbers, how would you characterise them?

PM Well, what's happened in the last 15 years or so is that the projections about the cost of national super have improved quite significantly, and that's related largely to the growth in the number of older people working, and a strong economy. So because we have a strong economy and robust Government finances, we don't need to make sharp changes in national super. This is one of the benefits of the economic management you've seen under this Government. We get to now make a considered change.

Because the circumstances are more favourable than, say, 10 or 15 years ago—certainly, 15 years ago—then the way we'd describe it is that it's affordable, but we want to reduce the pressure to trade off other spending. So when you get to 2040, there will be pressure on health spending, on education, on other entitlements, and, you know, the economy has to support all those—and younger taxpayers have to support all those different needs.

And that's another reason this is fair and balanced, because it takes into account the longer-term interests of younger taxpayers—today's 20-year-olds—who have to meet all those requirements with a smaller workforce and a larger ageing population.

Media: So how much will it save—did you say \$4 billion a year?

PM: Yeah, around 0.6 percent of GDP, which is actually quite considerable, around 2040.

Media: Did you look at what you might save if you brought it in earlier, say 15 years?

PM: Well, there's been work done on that. The Retirement Commissioner looked at options for 10 years—starting in 10 years' time. We just think that doesn't give enough time for people to adjust, and there isn't that much urgency about the Government finances as there might have been, you know, if you used the projections from 10 years ago.

Media: The Māori Party would like the age of entitlement for Māori to be reduced to 63. Would you give any consideration to Māori because of their, you know, shorter life expectancy compared with Pākehā?

PM: Well, another benefit of taking this 20 years' lead-up is that it gives time to see whether a current trend is going to continue, and the current trend is that Māori life expectancy is closing the gap with Pākehā life expectancy. And, you know, I think we'd all hope that over the next 20 years that gap gets closed up, so by then it may not be an issue.

But, as Minister Joyce pointed out, we would include in the legislation a review in about 2030 around the impact on various groups. The one that most easily comes to mind are those who have worked in manual jobs all their life, and working past 65 is a bit of a stretch—pretty hard on them.

So I think those things do need to be taken into account, but in 15 years' time the picture will be a bit different than it is now. We're talking about, you know, today's 50-year-olds and how they're handling it, so that's why we've put that review in at 2030. You know, to signal clear intent—we don't quite know what the answers will be.

Media: So there could be exemptions for Māori and Pasifika if that gap doesn't close?

PM: Oh, I don't think it would be—we wouldn't be intending exemptions based on ethnic background, because there'll be plenty of Māori and Pasifika who aren't working in, you know, long-term labouring jobs or really physically demanding jobs, whereas there will be right across the community people in that situation. We of course have yet to see, with the evolution of technology and workplace safety and so on, just how big an issue it is going to be in 20 years' time. That's why we're not prejudging it too much now.

Media: You're ruling out exemptions based on race?

PM: Yes, that's right.

Media: Have you consulted with Grey Power and people like that about this?

PM: Oh, we've let them know. You know, they're a—like everyone else in the New Zealand public, understand that there's likely to be a need for change. They've yet to state publicly what they think of this change, because it's only just been announced, but I did speak to their chair in the last few hours.

Media: Prime Minister, isn't this a risky political move, 6 months out from the election—and did you think about just waiting until after the election, if you were to get elected again?

PM: Look, I think it's just—well, of course you consider all these things, but, look, this is just the right thing for New Zealand. The politics can get stuck in a cycle where before every election every party has to promise that nothing will change, and then after the election they can't change anything because they've promised beforehand that it wouldn't. So we decided to take what we think is a good opportunity now. We're not under pressure. We can make a fair and balanced and long-term decision, which I believe the public will support.

Media: Was the ball rolling on this before the 5th of December last year?

PM: No, not to my knowledge.

Media: This isn't the reason John Key resigned?

PM: No, not at all.

Media: What sort of work's been done to look at supporting those who can't work past 65—people in trades, and so forth. What sort of options are available?

PM: Well, look, bear in mind, it doesn't become an issue for 20 years, because the age doesn't start increasing for 20 years. So anyone 45 years and older today is unaffected, and if they have been working hard and they're getting a bit tired and they are 63, they'll still get super in 2 years' time. And if they're 53, they'll still get super in 12 years' time, just the way it is now. We just signalled the review because it's not obvious what the answers are going to be then. I mean, you hear some claims that technology's going to take away all the labour-intensive jobs; well, we don't know if that'll be the case in 15, 20 years, or not.

Media: In the event that you can form a Government after the next election, would you expect Labour to—would you seek bipartisan support from Labour and would you expect them to support it?

PM: Look, I expect that they'll be able to support, in the end, what is a fair and reasonable track to change. I think they will need to answer the question over the next wee while—why they used to support it and now don't; why they now believe, if they do, that no change should occur at all. So I'd expect, given a bit of time and exposure to public opinion, they may come round to supporting it.

Media: Would you prefer to do it with bipartisan support?

PM: Well, you know, that'll depend on the outcome of the election and the breadth of public support for it. But I would hope that they consider the proposition, because it's about as reasonable a path as you could get and about as fair as you could get, as a path to making change that I think pretty much everybody believes is change that's coming.

Media: Will the legislation be a confidence and supply matter?

PM: Well, look, I wouldn't want to, again, prejudge that when we don't have an election result and it's some time before we do. That's just another, you know, matter of negotiation.

Media: But on that, do you rule out changing it? Do you rule out changing it if you had to in a coalition negotiation? Do you actually rule that out?

PM: Well, as I said, we're not going to debate and negotiate when we're still 6 months out from an election and busy being a Government getting to grips with—continuing to get to grips with longer-term important issues for New Zealand.

Media: So you don't rule out changing it if you had to? To get a Government, you'd—

PM: Well, I'm not going to rule in and I'm not going to rule out. We put out a proposition. This is our policy. It's up to the other parties to decide their positions. As I said, it's a very fair and reasonable approach. It gives people time, and they will need to deal with the issue or answer the question as to why they think nothing should ever change, particularly the Labour Party, given that they, for a couple of elections, supported change.

Media: But looking at the politics of this, is there a chance here that you are—and I know you don't want to talk hypothetically. But looking at the public positions that we do know, is there a chance there that you are driving Winston Peters into the arms of the Labour Party who want to keep it at 65?

PM: No, I don't think so. Elections are decided on a whole range of issues. Those parties will get the opportunity to consider their policy positions, and who knows how reasonable they may turn out to be. If they've got better suggestions about how to make this transition, then they're welcome to float those with the public. But I think taking the position—looking out over the next 20 years, 25 years—that nothing should change, I think is a position they're going to find quite hard with the public, because, in our experience, the public understand this sort of change was likely to come, and they're better to have a sense of security about knowing what's going to happen. I mean, if there was an alternative Government after the election, there'd be much less certainty, because you've got people who are pretending nothing's changed.

Media: Would you rather have done—given you've just said about, you know, the public sees this coming, sees the logic of it—this a year or 2 earlier, or 3 years earlier?

PM: No. Well, I think that would've cut across the undertakings that we made in the previous Government, and I think the circumstances now are about right, where we've got more certainty and more confidence about the growing economy and the state of the Government's books, and we've got an election not too far away, where a proposition like this can get tested.

Media: Surely that creates more uncertainty by leaving the legislation until after the election. People now don't know what will happen and whether New Zealand First, or any other parties, will stop the legislation from happening. Surely if you put it through now, people know that's what has happened and is going to happen?

PM: Well, look, I think that would then be seen as an internal party deal pre-empting the public's right to have a say about it. And given the importance of this issue over the last 30 years in New Zealand politics, the greater certainty comes from the legitimacy of having it tested in an election, and an incoming Government being able to get the numbers together in a Parliament that the voters have put there, knowing that this is one of the things that was going to be put in place.

Media: Also, which Cabinet colleagues need bringing round on this, this morning?

PM: Oh, I think the Cabinet—well, as you know, the Cabinet takes collective responsibility, but we've been through a very good internal process starting with the caucus a month ago, an ongoing look at some variations on it, and a Cabinet decision to go ahead and announce the policy.

Media: Is this a sign that you as Prime Minister are more prepared to spend political capital—and that we might see more of these—tackling some of these more difficult issues?

PM: Look, I don't see it as spending political capital. I think there's a lot of political capital in getting to grips with longer-term issues that people know are important, providing them with certainty about where Government does influence the decisions that they make, and doing so in a fair and reasonable manner. I mean, the public are quite capable of understanding the pressures for change in this area and what's reasonable and what's

unreasonable, just as they are with other, you know, quite complex, long-term issues. So, no, I don't see it as using up political capital at all.

Media: Mr Joyce, in your capacity as campaign chair, how are you going to sell this, and during the campaign?

Joyce: I think the Prime Minister's just done an exceptional job of talking about it. Look, we're just going to go through a range of things and promote a range of policies. I think what people already know, if you look at what the Government has announced so far this year, is that we're very active, very focused on the policies for 2017 and beyond in New Zealand. They'll get the opportunity to compare that with some of the other players. I have to say, as my fifth election as campaign chair, I'm more happy than ever that I'm the campaign chair for this side, because we've got a Government and a team which is very actively developing policy, thinking of solutions to long-term issues and dealing with it.

Media: Can you think of a slogan that kind of encapsulates this?

Joyce: Not today, Mr Harman.

Media: The changes around migrants: when do they come in and did you consider bringing them in earlier?

PM: Well, they just come in when the legislation is passed.

Media: So next year?

PM: And reasonably generous grandfathering related to it, yep.

Media: You guys have both argued against this sort of proposal vehemently for the last 8 years, and there'll probably be *Hansard* for Africa of you doing that. Doesn't this make you guys hugely hypocritical?

PM: No. What we argued for was the Government's position, as stated back in 2008, which was that there wouldn't be changes in national superannuation while John Key was Prime Minister. That's what we argued for and supported, and so today we've outlined the reasons why now is a good time to take this step—a fair and reasonable path of change, which I think most people will understand. So we want to be quite clear about that. We argued to support the position the Government took at the time, and I said many times right through that on the public record that was fundamentally about establishing trust with an electorate which had seen a lot of pretty tough politics on superannuation for a couple of decades, and the National Party in opposition came to the view that it needed to establish that trust.

And, as I said earlier, that turned out to give a real sense of security at a time when the Government through 2009/10 was under real pressure with large deficits, recession, earthquake, South Canterbury Finance, and it enabled older people and people near retirement to feel secure because those undertakings were absolutely locked in.

Media: So what you're saying is John Key was holding you back, or this policy back?

PM: Ah, no. What I'm saying is, you know, the time comes when you get to deal with an issue like that. We've got a set of circumstances where we believe it's right. A lot of people—some people—would've said you should not deal with it in an election year. I happen to believe that if we took that attitude, change would never happen until it was too late, and then you'd have harsh change in this respect. So we've had a change of leader, we've got an election close, coming up, we've got economic confidence, the Government's books in good shape, and that's a good time to reset and take this longer-term view.

Media: So how soon after John Key left did you get the ball rolling on this?

PM: Well, I think the day I became the leader I was asked if I'd make the same undertaking as the previous Prime Minister, and I said that I wouldn't.

Media: So pretty much straight away did you get officials looking at this?

PM: Well, no, again, it's, look—well, yeah, work started before Christmas. Look, it's one of these issues where, you know, we understand how it works—that you have to have a clear position. So we just happened to—and that's why it's important to have a short period where you have a look at it, get a clear position so that people can have security if they're in national super, New Zealand super, and they can have some certainty about the path. And I think we've got through that process about as effectively as you can.

Media: Have you got something against people who were born in the 1970s? They were the first lot to cop student loans with full interest and now they're the first to cop the increase in super—the exact same year group.

PM: Ah, no, we haven't. I mean, this is a generation who are going to—you know, these under-45s where, with a strong economy, with sensible Government that's been able to lower taxes, get more efficiency out of Government spending, keep our focus on openness of trade with other countries, who are going to have a pretty good ride through the next 10 or 15 years.

Media: Treasury over the last few years have been proposing a save-as-you-go system for the super fund, as well as the age change along these lines. Are we going to see any changes to super fund contributions from this Budget?

PM: Well, there's a policy about renewing the super fund contributions when we get debt down to 20 percent of GDP. Because, remember, the contributions up until about now—or another year or 2—would all have to be debt-funded, and we made a decision early on we did not want to debt-fund, you know, investment in equities across the world. So when we get to the 20 percent, we'll begin the contributions consistent with the formula that's in the legislation.

Media: Prime Minister, did you consider any other changes? I'm thinking specifically of people that've worked in New Zealand for 30 or 40 years and retire overseas for whatever reason. It doesn't seem fair that they aren't entitled to anything, especially now that you're saying that people have to be in New Zealand for 20 years to be entitled. Is there any thought of reciprocating with those people?

PM: Well, look, there's some reciprocal arrangements in place with, like, the UK, Canada, Australia, and you'd have to look into the detail of that; I couldn't comment on it. But no, not as part of this package. I mean, we've decided to focus on a few significant changes. You know, there's other issues that people can raise, but I think this is the policy bit that matters most.

Media: How confident are you that there can be a political consensus across what seems to be seven electoral cycles before this is implemented? It would seem unlikely, wouldn't it?

PM: Well, you have to think of how—the extent to which parties could disagree with this. I mean, if they—I think they'll find it hard to argue no change forever across, you know, 15, 20 electoral cycles, and I can't imagine any of the current parties bringing it forward. I think we've struck about the right balance here in a way that could enable other parties to support it once they see where public opinion is and consider the policy, which has only just been announced. That's been part of our consideration.

Media: History may correct me on this, but you're making a promise that you're probably not going to be around to keep, aren't you?

PM: Well, who knows, but it's unlikely.

Media: How long is super going to be around? Or do you think it's like a State pension—you know, people in their 20s, 30s are going to get it?

PM: Yes. Yes, I believe so. I think our—particularly in recent years, as we've built confidence in our economy, as we've seen more older people working, the outlook looks more manageable. I think even 15 years ago, in the late 1990s, early 2000s when a lot of work was done on all this, the outlook was pretty alarming. It has improved significantly

since, and I think the quality of the economy and economic management is a lot better, and that means we can sustain a reasonable level of a pension for people who need it.

Media Did you look at the issue around shifting that immigration threshold from 10 to 20 years; did you look at the model, or consider, perhaps, that we might get a bulge of immigrants as they come through to come through to try and beat that shift?

PM Well, you'd need to talk to the Minister about what they modelled. We certainly didn't see a whole lot of detail on that.

Hon Steven Joyce It's difficult to do that sort of behavioural modelling. It's important to know that anybody who's a resident in New Zealand now, or a citizen of New Zealand, will be grandparented into it. So we're really only talking about people who want to go from being temporary visa holders to residents or citizens, or people who are outside the country. You might see a potential lift in applications, but don't forget, of course, certainly, our residency programme is set at a particular level. And so we don't see in the time—until such time as the legislation gets passed, we don't see a significant room for any sort of sudden uplift in numbers.

Media Is this it for superannuation policy this year? Would you consider, for example, changing the level of contribution to KiwiSaver?

PM No, we're not looking at other changes. Is that the end of the super questions? Are there any—

Media I've got one more, which follows on from that, sort of adjunct to it, and that's the—you looked previously at mandatory enrolment and letting people opt out for KiwiSaver. I think it was a policy at at least one election. Are you revisiting that at all, or are you likely to revisit that at all?

PM Well, the Minister of Finance might have to go back and have a look at that. I remember we had the policy for a while, but as the KiwiSaver numbers rose pretty strongly, it became less and less relevant because most people who could be in KiwiSaver were in KiwiSaver.

Media Peter Dunne says no way does he support this. Does that surprise you?

PM Well, I'm—you know, he needs a bit of time to consider the policy. Look, I'm not—I won't be surprised if politicians' initial reaction is that this is a difficult issue and they'd like to see how it's going to run with the public before they decided they could support it. I'm not sure if that's Peter—Mr Dunne's rationale or not, but, you know, that's up to him. He makes his own policy about it.

Media He still wants you to consider his flexi proposal. Would you look at that in post-election when you're looking at everything, given you're waiting anyway?

PM Well, that's a discussion we'd have with Peter Dunne. He's a coalition partner, we've looked at flexi-super in the past. You know, he may want to look at it again, but that's a discussion we'd have with, you know, someone we're used to working with, and used to dealing with different views on things.

Media You say the reason you're doing this is because the economy's doing well and there's more certainty, but isn't that a reason to keep it at 65, if the economy's doing well?

PM Well, I just think it's easier for people to contemplate change when there's a bit of confidence around, and bear in mind this is a 20-year track. There's plenty of opportunity for people to—and as is intended—to think about what, if any, changes they want to make to their own personal savings, for instance, or job choices, that might fit in with the retirement age reaching 67 in 2040.

Media So if the economy goes to the dogs in 10 years' time, then is it time to give them more certainty by bringing it down?

PM: Well, it's all a bit hypothetical. I mean, I just think that New Zealand is at the moment—and we can maintain this if they have, you know, sound and stable Government; confident, forward-looking, there's a sense of direction about the country, a sense that they can handle the kind of changes that are going to, you know, help them have a better life, better incomes, and a better economy. And that's a good mood in which to be making longer-term decisions. And, as we pointed out at the start, it's not the only one we've been working on.

Media: Are you, given that time frame—and you mentioned earlier about preparing people or allowing people to prepare more for their own retirement—are you prepared to look at any tax relief around KiwiSaver or other forms of savings?

PM: Well, look, there's a whole tax structure in place there that's evolved over the last 15 years, and we don't intend any significant changes to it.

Media: Have you contacted John Key about this, today or yesterday?

PM: Oh, I had a good chat to him about it yesterday, yes.

Media: What did he say?

PM: How supportive he is of the decisions of the new leader and the Cabinet.

Media: Did he say anything other than that?

PM: Oh, well, we talked about a number of other issues; this wasn't the only one. As you know, he's a gregarious chap.

Media: Did the phrase—did the words “rather you than me” come into play at any point in it?

PM: Not that I can recall. OK, thanks very much.

Media: Oh, can I, just on some [*Inaudible*] questions: the Children's Commissioner wants to drop the voting age, the age of eligibility, from 18 down to 16. What are your thoughts on that? Are you open to that?

PM: Oh, no, we're not considering that. There's, I think, quite a big challenge getting the current voters—sort of 18 to 25—more engaged and actually using the privilege that they have to vote, so they would probably be a higher priority for us.

Media: So your [*Inaudible*] is that, yes, you're open-minded, or it's not?

PM: Well, no—we're not considering changing the voting age.

Media: Are you ruling it out?

PM: I'm certainly ruling it out between now and the next election. OK, thank you.

conclusion of press conference