

POST-CABINET PRESS CONFERENCE: MONDAY, 20 MARCH 2017

PM: Good afternoon ladies and gentlemen. As you know, Chinese Premier Li Keqiang is arriving in the country on Sunday for an official visit. This is an important visit for New Zealand because China is our second-largest trading partner, our largest market for export goods, and a fast-growing service market. It's also a small but increasingly important source of foreign investment.

In dollar terms, two-way trade between our two countries is now worth \$23 billion, three times what it was before the signing of the free trade agreement back in 2008. And that's a great advertisement for high quality free trade agreements. And that FTA with China was one of the reasons New Zealand came through the global financial crisis in relatively good shape. While many other developed countries had to adjust to traditional markets shrinking, we were able to capitalise on improved access to a fast-growing consumer market. We also benefited indirectly from increased trade flows between Australia and China. Of course, a strong Australian economy means more business for us.

More broadly, the New Zealand - China relationship's in good heart. It's now 45 years since diplomatic links between our two countries were established, and in recent years there's been a lot of high level contact. As Deputy Prime Minister, I had the pleasure of hosting Premier Li to New Zealand in 2009, in his capacity as Vice Premier. I also had the privilege of meeting him in Beijing, in my capacity as Deputy Prime Minister. So I'm looking forward to welcoming him and his wife, Madam Cheng, back to New Zealand and spending time with them.

The Premier is bringing with him a number of senior ministers, officials, and business people, and we'll be discussing a wide range of issues. Undoubtedly, one of the topics of discussion will be the free trade agreement. It's now 9 years since it came into effect, and New Zealand has been keen to make progress on upgrading that free trade agreement. We'll also be looking at other ways to widen and deepen a relationship that now has strong business, tourism, education, and cultural components.

Also this week I'll be taking the opportunity to set out the Government's trade strategy in a speech in Auckland. As the FTA with China demonstrates, trade is vital to our economy, to our incomes and job opportunities. What we sell determines what we can buy. Within our Parliament, there are now a number of parties who oppose trade deals, but trade deals remain a priority for this Government. We back our business people and entrepreneurs to succeed because when they succeed we get more jobs and incomes. The New Zealand Government knows that if we open doors to new markets, our businesses will walk through those doors and take the opportunities.

In Parliament this week, we're advancing a number of bills, including the Intelligence and Security Bill, which is down for its third reading, three regulatory systems amendment bills—the Regulatory Systems (Building and Housing) Amendment Bill, the Regulatory Systems (Commercial Matters) Amendment Bill, and the Regulatory Systems (Workplace Relations) Amendment Bill—and a taxation bill, the Taxation (Annual Rates for 2016-17, Closely Held Companies, and Remedial Matters) Bill. Wednesday's a members' day.

In terms of my activities, I'm in Wellington tomorrow and Wednesday, Rotorua and Te Puke Thursday, Auckland on Friday and Saturday. Any questions?

Media: Mr English, can you just explain again the Government's position on charging for commercial use of water? What are the barriers to this?

PM: Well, I've outlined a number of the barriers. We've written, or we're writing, to the technical advisory group that's working on water allocation and asking them to include in their considerations the issues around export water.

Media: Hasn't the water forum already looked at this? I mean, we've been dealing with this issue for many years. Why is it that we now struggle?

PM: Well, look, the priority for the Land and Water Forum, as for the Government, was, and still is, the quality of our fresh water.

Media: But it did look at the issue around charging, though, didn't it?

PM: Well, it's looked at under, what they call, allocation, which is this whole, as we've discussed, process of trying to—seeing how you could move away from “first come, first served”, and the sort of [*Inaudible*] economic allocation of the use of water. But our priorities have been on quality. You've seen all the debate about the new measurement system we bought in. So the follow-on from that is this technical advisory group on allocation, and we're writing to them to have a look at these issues.

Media: Do you need to solve the problem of who owns water before you can put a charge in or can you—I mean, my understanding is that many Māori just want their interests reflected perhaps in any future royalty, not necessarily a debate about who owns the water.

PM: Well, that's—you know, the Māori rights and interests would be part of the discussion.

Media: Is it possible to partition water off that's for export as opposed to water that's used in industry here?

PM: Well, that's what we get the technical advisory group to have a look at—those kinds of propositions.

Media: Do you know whether that is possible from what you've seen?

PM: Oh, we haven't looked at it in great detail. All I can say is from our now 7 years of experience with dealing with water issues, it's always five times more complicated than you thought, and there's always a wide diversity of interests in what happens. That's why it took, you know, 7 years to get to be able to announce a quality framework. So you wouldn't want to underestimate the many issues that will arise in considering this particular issue.

Media: So when could you do it if you were re-elected?

PM: Well, look, I wouldn't want to prejudge that. The technical advisory group's there. It's reporting, I think, at the end of the year or beginning of next year. So this issue would sit alongside a number of others.

Media: Could you not accept that there's a growing public concern about this issue and people want things done sooner rather than later?

PM: Oh, we do accept there's growing public concern about it. That's why we want to refer it off to this group to look at what, if any, reasonable options there are. We just don't want to give the, you know, public the impression that there's a simple easy answer, because we'll almost certainly find there isn't. If there is, then, you know, we'll see where that goes.

Media: Why is it so hard, though, to charge? What's so hard about it?

PM: Well, this range of issues like who gets to charge, who gets the revenue, what the charge might be, whether you can do that legally without establishing ownership of the water. I mean, as we've discussed, New Zealand's long-held position has been no one owns the water and no one actually pays for water. They pay for consents, they pay for infrastructure, but water in itself is free, just as it is for our electricity users and businesses who use it, and households.

Media: Last year, commenting on the Caygill committee, Gary Taylor from Environmental Defence said it's important to understand that pricing does not relate to ownership but puts a charge on using a public resource for private gain. Isn't he right?

PM: Well, that's yet to be tested. That has for a long time been regarded as a pretty controversial proposition in New Zealand, and, you know, the public concern about this issue I think illustrates views have probably shifted somewhat and we're writing to the technical advisory group to get them to consider it.

Media: But aren't you saying what he's saying—that pricing does not relate to ownership?

PM: Well, that's an assertion. You're yet to see whether that is actually the case. You might find that other people have a different view.

Media: And would those other people be Māori?

PM: Well, possibly, but the way you find out is by having a good look at it. You can't get too far just making assumptions.

Media: When you say you asked them to look at the export of water, does that include the export of products that are made using water? I mean, how wide is the remit?

PM: This is exactly where it gets a bit complex. But we won't be trying to create some big wide inquiry. We'll get them to look at this, but I think you can see that if they do look at this, then it does raise other issues.

Media: So you haven't said, look at water but don't look at Coca-Cola or milk or whatever?

PM: We'll just ask them to look at the issues related to the export of water. It's bound to raise other issues.

Media: So would you describe this technical group as having an inquiry into whether you could put a charge on bottled water?

PM: Well, the group's been—as we've explained, we've been working on all aspects of policy related water for a number of years now, and the technical advisory group is just the next evolution of it, which is already in place. Like, we're not setting up a group now to deal with this issue; it's been in place and it follows on from all the published work of the Land and Water Forum. It follows on from all the work around the water quality framework and all the legislation that's related to that. So we're just asking them specifically to look at this in addition and alongside the other issues they're looking at, because they're all part of the same set of challenges.

Media: Who's on it?

PM: Oh, we'll be able to give you a list of the membership.

Media: But what groups—who was it? Just the representation—

PM: Oh, we'll be able to give you a list of the membership.

Media: Are you saying, in sort of layman's terms, that it's too hard to do this—that it's too hard to put a price on water?

PM: No, we're not saying it's too hard; we're just saying it's hard. Because there's quite a bit—it's a big shift for New Zealand to say "We're actually going to put a price, actually, on water.", because that's not—water's been free, and hasn't been owned by anybody.

Media: Because here's the question that's confronting lots of New Zealanders, I want to ask you: do you think it's fair—is it fair—if these companies are able to do it? Is it actually fair that they can make money off this?

PM: Well it's—well, you know, whether they're making money's a matter for them. A lot of—look, I was a member of Parliament for the Clutha-Southland electorate, and the whole time I was there there were schemes for people to do something about putting fresh water in ships and exporting it away, and they never happened. As I am advised, most of the consents that've been issued for those sort of schemes don't actually happen because

you can't make money out of it. So I don't think it's, you know, a big profit-making thing, but whether it's fair or not, it's consistent with New Zealand's legal framework, and charging directly for the water would be a shift. And so we've—that's an issue that the Land and Water Forum have grappled with to some extent, and so we're writing off to the technical advisory group to have a look at it.

Media: But, Prime Minister, do you reckon it's fair that a company can get water for, pretty much, free and then sell it for heaps more? Is that fair?

PM: Well, we don't assess this on whether it's profitable or not; we assess it on whether it's consistent with New Zealand law, and these consents are consistent with New Zealand law. And, remember, they're consents issued by local councils. That's who has the power to make the decision, and they've made some decisions. There's a small industry that's built around it. It's not clear how much of that's foreign owned and how much of it's domestic. I suppose that would come up in the considerations.

Media: Have you reached an agreement with the Māori Party on the RMA bill? Have you reached an agreement with the Māori Party? Are they going to support it?

PM: Oh, there's ongoing discussion. I mean, they just—they supported it for the second reading. So they've voted for it a couple of times, and, you know, there's ongoing discussion about the Committee stages.

Media: So you're still negotiating with them?

PM: Yes. Well, we're still discussing—yes.

Media: Prime Minister, when you have your discussions with Premier Li, will you be talking to him about the sign off that John Key told us he had with Chinese leadership in exporting chilled meat to China? He said he—it was basically a matter of months in April last year; it hasn't happened yet.

PM: Oh, look, it's one of the issues that we'll be discussing. There'll be pretty wide-ranging discussions with Premier Li, and I think there's a—you know, a number of the issues are ones that we've been discussing with them for a while, and this will be my first opportunity to raise a number of these issues with the Chinese leadership.

Media: Where are we at with that at the moment—chilled meat to China?

PM: Well, it's something where we would like to make progress, and we'll get to see whether we can.

Media: Do you expect the South China Sea to be raised by the Premier when he's here? The issue of [*Inaudible*]

PM: Well, look, we'll talk about a whole range of issues—regional issues, economics, defence—but I can't tell you exactly what issues the Premier intends to raise.

Media: If he does raise the issue of building structures in the South China Sea—Chinese-built stuff in the South China Sea—what will you say to the Premier if he says to you that China wants to build more structures and he asks you for your opinion on that? What will you say to him?

PM: Well, look, we'll see the context in which the issue is raised, if at all. But the New Zealand Government position is pretty clear, and that's why we want a rules-based approach to these issues in international waters, and we would expect, you know, all countries to abide by the generally accepted rules of conduct.

Media: So will you say that to Premier Li when he's here in New Zealand—that New Zealand expects people to abide by the international court ruling?

PM: Well, that's our position. I don't think it would be any surprise to him.

Media: Getting back to the water situation, what talks have you had with the Māori Party about both the current case in front of the Waitangi—or the claims in front of the Waitangi Tribunal, but also the pricing issue?

PM: Oh, look, there's been—well, none specifically about the issues raised in the last couple of weeks, but there's been 5 or 6 years of discussion with various Māori interests related to tribunal claims going right back to the sale of the electricity companies when there was, you know, a High Court case about that. So it's been an ongoing discussion about Māori rights and interests and what those amount to.

MEDIA: Do you think that Māori are ready to accept your proposition that no one owns the water?

PM: Well, like, I wouldn't—you'd need to talk to them about that. All I know is in our discussions that's been the clear legal and Government position—that no one owns the water. We've worked with a whole lot of issues on that basis, including, you know, agreement about this—you know, for the first time, a consistent way of measuring water quality and tracking our progress, which I think they would say and we would say is a big step forward for the whole community. I mean, what you find is that when you get into these discussions—Māori and the Government, fine, we've got a common interest in issues that are relevant to the whole community and that's why we have something like the Land and Water Forum, because it represents a very wide range of interests, not just Māori.

MEDIA: Prime Minister, do you have concerns about the US invoking diplomatic immunity for their embassy staffer?

PM: Well, look, that's gone through a process. We asked for a waiver of immunity. They said they wouldn't give it. We asked that the person in question leave. He's gone. And the US has said that, you know, their authorities look into these sort of allegations, so now that is up to them.

MEDIA: What sort of investigation are they going to do, do you think?

PM: Well, I don't know. That's for them to decide.

MEDIA: But is it okay for somebody to commit potentially serious crimes over here and then just be whisked out of the country?

PM: Well, we expect all diplomats here to obey our law and if it's broken, we'd expect our police to investigate. There's a set of procedures around how these things are dealt with with diplomats. We regret that they didn't give us a waiver on immunity but they didn't, and now it's in the hands of their authorities.

MEDIA: So are you going to be taking it up with them? Are you going to be saying something to the US about this?

PM: Well, we've—MFAT, you need to talk to them, but MFAT have asserted the position, we've gone through a process, and now it's up to their authorities. They are US citizens and we'd expect them to deal with it.

MEDIA: But normally in these kinds of cases, a place like the US would waive immunity. What is different in this case?

PM: Well, I haven't seen an explanation for that, other than the decision not to waive it.

MEDIA: Is this the new policy under Trump, or—

PM: Oh, I just can't answer that question; you'd need to ask them.

MEDIA: Prime Minister, Fletcher Building's shares are down today on a profit warning. There's some speculation that two Government projects are delayed—the justice precinct in Christchurch and Skycity Auckland Convention Centre. Have you had any conversations about this and whether those two are the projects?

PM: Look, I've heard the speculation but no particular conversations. I mean, they take commercial risks. The Government machine deals—because we've got such a large infrastructure spend now, I think the next 3 or 4 years is double what it was the last 3 or 4 years, we're dealing with a very wide range of commercial operators and it's up to them to deal with their own commercial risks.

MEDIA: So no concern that these projects might be delayed? I mean, the Skycity convention centre was a central infrastructure project of your predecessor.

PM: We certainly keep an eye on—in fact, publish—the major projects report. So any indication of delays will have been published by now. But commercial risk for the supplier is not our concern. We just want to make sure the projects are on time and on budget, and it's up to them to deal with whatever commercial issues arise from that.

MEDIA: The Syrian community says that they've been racially profiled at Auckland airport—having their phones searched and their luggage unnecessarily searched? Can you shed any light on why that would be? Can you reassure them?

PM: I think we can reassure them that New Zealand has good strong border security. The idea of that is to ensure that people coming to New Zealand don't pose a risk to the safety of New Zealand citizens. A percentage of people are stopped at the border and inspected, probably people in this room have had that experience.

MEDIA: But these people are coming home to New Zealand. They're all New Zealand citizens and they've been stopped repeatedly. So can you shed any light on why that might be?

PM: Well, you'd need to ask Customs about their policy, but it's not unusual for people to be stopped. It's not unusual for someone to be stopped more than once. I've been stopped and had my bag inspected, myself.

Media: It's very unusual for someone to be stopped six times returning from Australia, and having to hand over their passport. I don't know anyone else who's Pākehā that that's happened to.

PM: Well, look, we don't know for sure. I mean, the Customs will be conducting their business according to what they believe is, you know, the requirements of our border security system. We expect it to be sufficient to keep New Zealanders safe. We'd expect that they're conducting that in a fair and impartial manner, but cognisant of the risks.

Media: So have you had any advice that there is a threat from the Syrian community in Auckland in particular?

PM: If I did, I wouldn't say so, and what happens at the borders is not reliant on advice to the Prime Minister.

Media: When were you stopped at the airport and had your bag searched? When was that?

PM: Oh, just a number of years ago, travelling privately. I've had family members stopped. The point I'm making is—I'm not complaining—it's just not an unusual thing for people to be stopped, either randomly or for reasons that Customs don't explain.

Media: What's your message to people in Northland who are concerned about a lack of police officers up there or a police presence?

PM: Well, as I understand it, a number of months ago the police moved more policemen to parts of Northland, in recognition of the pressure from the community. So the police commissioner has that discretion. In response partly to those kind of concerns and others, the Government made an announcement at the beginning of this year for over 1,000 new staff for police, and I would expect that as the commissioner makes his judgments about where they go that he takes into account, you know, the safety of our communities.

So there will be more resource applied, either in the short term because of his discretion or in the long term because of the 10 percent increase in police staff that's coming.

Media: That could potentially be some months, if it's just reliant on the new police officers coming through—or does the commissioner have the resources to deploy more people up there now?

PM: Well, as I understand it, he did do that at some stage in the last 12 months. So you'd need to, you know, address the commissioner about the extent of his discretion. We don't and can't direct him on that.

Media: How concerning are the reports about the drug Primodos, out of the UK, for New Zealand? Do you think that drug was used here as a pregnancy test drug?

PM: Well, as I understand it, there's sufficient concern that the Ministry of Health is trying to do some almost archival research to find out whether it was used here or not.

Media: Still on water—so, the fact that you're asking this technical advisory group to look at the bottled export point, did they let you know that they weren't going to talk about it? Is that why you had to ask them specifically?

PM: No, not as far as I'm aware. We're just—as would be pretty normal with a group advising Government of issues that rise or fall within their ambit, then you can ask them to look them.

Media: When did the Government ask them to specifically look into bottled water?

PM: Oh, we're doing that today.

Media: Oh, you've asked them today?

PM: Yeah—well, we're doing it today. You know, whether the letter's actually gone or not, I can't tell you.

Media: Just on that, you know, all the Opposition parties have a policy that they want to charge a royalty or a fee for water—Labour, the Greens, and New Zealand First. You know, what's your take on them doing that? If you say it's hard and the work hasn't been done, why can they—how can they have this policy?

PM: Well, you'd need to ask them. It sounds pretty recent to me. Anyway, they're the Opposition; they can say what they like. As the Government, we've done a lot of work in this area, so understand that you've got to pick your way through it pretty carefully. I mean, on the one hand, there is real public concern about, you know, foreign companies' access to water. On the other hand, there's also a long-held, deep-seated view among New Zealanders that no one owns it and it's free. We'd want to step through any process carefully, so that's why we've written a letter today.

Media: Do you view it as, you know, something that's emerging as a kind of anomaly that water consents don't come under the OI—i.e., wouldn't one around this be that a water consent was factored into OIO legislation and that if someone wanted to buy one, they would have to prove similar to with sensitive land that they would have a product benefit for New Zealand?

PM: Well, look, I suppose it's possible. I don't know if that gets at the real issue, which I—yeah. So, I mean I couldn't give you a view about that—haven't considered it.

Media: Do you think the advisory group would've looked into this if you hadn't asked them to?

PM: Well, you'd need to ask them, but it hasn't specifically, prior to now, been a request to them. But the issues around this are issues they'll be very familiar with. OK, because we've, as I've said—I think long before there was this degree of public interest in water, or water quality, in fact, 6 or 7 years ago, the Government launched a collaborative process designed to try and get to grips with the wide range of interests and the challenging policy around water, because a previous Government had failed completely to make any

progress. And so this is just one of a large number of issues that the Government's been dealing with, with respect to fresh water.

Media: If this was familiar to them, then they probably would've looked at it. So couldn't it be said that you're just jumping on the political bandwagon as well, rather than it being an actual, sort of, policy; you're just doing this for the political view?

PM: Well, we are listening to the public concern. As it happens, we've got a group in place dealing with a lot of related issues around water. So that makes it easy to specifically ask them to look at this one.

Media: Can you tell us whose name the letter is in and whether you'll release it?

PM: What's that?

Media: Whose name is the letter in and will you release it? Is it from you or from a Minister?

PM: Well, that's—it'll be from Ministers. That's under way now.

Media: Will you release it?

PM: What's that?

Media: Will you release the letter?

PM: We don't have any problem with releasing a letter.

Media: So because the public interest and just because of the talk of it, you decided to ask them? That's why this has happened today?

PM: Yeah, that's right. But it's important to remember that this is a group that's been in place. These related issues have been much discussed over the last 2 or 3 years at least, and, as I said, the process was set up 6 or 7 years ago, you know, with recreational groups, iwi, farmers, recreational users, conservation groups, because there's all sorts of, you know, all sorts of issues in here about how you get a better use of our water. I mean, bear in mind the overall objectives here are high-quality water put to the best environmental and economic use. And, you know, you've seen aspects of that unfold over the last few years, most recently the water quality framework, but, you know, simple things like standardising the way water gets tested. That's in the RMA amendment bill, because, you know, councils used to only test it where it was dirty not where it was clean, so the measurements have all been pretty unreliable and they used different methods. There wasn't agreement on what you were actually testing. So this is, you know, a small part of what's actually a fairly broad ranging picture, and that's why we're happy enough to pick it up.

Media: In the Cabinet paper of May last year that set up the technical advisory group, you defined the qualifications that the people ought to have on that committee. And you said that you needed someone who had a knowledge of economics and structure of water markets and the economic implications of the proposed reforms. Well, doesn't that suggest that the committee was already geared up to and able to deal with the question of water pricing?

PM: Yes it does, but there's no specific reference in there to this issue that's come up in the last couple of weeks around the export of water and royalties. I mean, that's not there.

Media: Yeah, but isn't it, with respect, a bit ridiculous to say that it's come up in the last couple of weeks, because people have known about this issue for years now—bottled water. It's just come up politically in the last couple of weeks.

PM: That's right, and we've known about it for years, too, which is—as pointed out, the group was set up back in May last year. And that was just following on from the Land and Water Forum.

Media: Why do you have to write to them to tell them to look into it? I mean, you know, like, what are they doing if they're not looking into it?

PM: Well, we're asking them specifically to look at this water export issue and it's framed in a particular way. But these issues come up in all sorts of, you know—who should pay for minimum flows in rivers. Is it public or private? What happens if the irrigators, you know, store the water up the river instead of sucking it out of the ground and down the river? These are all just versions of the same issue, which is getting the best environmental and economic use of our water. And we've been working away on this for a long time. I think the public should feel reassured about that. The concern around this issue has arisen in the last few months, but the National Government has been working on these issues now for a number of years.

Media: One of the main concerns is that if you do start charging for water, iwi can come to the Government and say: "You're charging for water. That is our water and we want some or all of the cost of the water that you're—the moneys you're getting from selling the water." Is that a main concern for you?

PM: Well, look, it would be part of the discussion. As I said, with the Land and Water Forum, which has been looking at, you know, taking an overview of water quality and water use, iwi have participated in that and we've made, you know, a lot of progress to the point where we've been able to put in place, you know, an overall way of improving our water quality. So, you know, they may raise that issue in this context.

Media: If you define who owns water and that ownership issue is settled, iwi could come to the Waitangi Tribunal and say: "Well, we actually own this water so we want a slice of the money."

PM: Well, you know, the Government's position reflects the historical position and legal position in New Zealand, which is that no one owns it.

Media: Any theories on what might be in Nicky Hager's book?

PM: No.

Media: Any concerns about it? Are you worried about it?

PM: No. I mean, it'll be more political than he says cos they always are, but between, you know, Mr Hager and Kim Dotcom, who knows what amazing schemes they can come up with.

Media: Do you think it's an election year stunt?

PM: Well, it's being published in election year, but, you know, who knows. Look, I'm not too worried about it. We've got—like these issues we've just been talking about—issues that matter a lot more to New Zealanders and that's what we'll be focused on.

Media: It might be about water for all you know.

PM: You never know.

Media: Prime Minister, just on the diplomatic immunity case again. To what extent do you think it's going to affect diplomatic relations between New Zealand and the US?

PM: Look, I don't think it'll affect it significantly. There may be some further discussion to be had but the issue is now with the US authorities. They're US citizens. We expect everyone who's in New Zealand to obey New Zealand law and if they break it, we would investigate it. As it happens, in this diplomatic context, you know, the people involved have ended up back in the US, subject to the US authorities.

Media: If a crime notice was prescribed in New Zealand, what would come next from the Government's point of view? What would be the next step?

PM: Look, I simply couldn't say. It's very early stages of investigating whether it was used or not, let alone whether it had any impact and whether there were any consequences from that. It's yet to be seen. OK? Thank you very much.

conclusion of press conference