

POST-CABINET PRESS CONFERENCE: MONDAY, 12 JUNE 2017

PM: Good afternoon, ladies and gentlemen. As you know, I'm leaving for 3 full days in the Cook Islands, Niue, and Tonga tomorrow. Foreign affairs Minister Gerry Brownlee will be coming with me, as will Pacific peoples Minister Alfred Ngaro, as well as representatives from the parties across the House, Pasifika community leaders, iwi and business representatives, and, I understand, some media. Our Pacific mission follows my visit to Samoa just over a week ago for that country's independence celebrations, and demonstrates the importance we attach to our relationship with our Pacific neighbours, but also to New Zealand's contribution to global security with our role in the Pacific. It's important that New Zealand remains a trusted partner to these countries, and I'm keen to work to also deepen our commercial ties with the region.

I'll be meeting with leaders and other politicians, business people, tourism operators to discuss a range of regional and domestic matters, as well as priorities for the Pacific Islands Forum in Samoa later in the year. I'll be visiting a number of projects and programmes funded by New Zealand aid, including renewable energy projects, police headquarters, and sporting facilities, and making a number of announcements about further projects. We have an important constitutional relationship and responsibilities with the Cook Islands and Niue as part of the Realm of New Zealand, and Tonga is an important partner to us. We're committed to helping all three to manage the environmental and security challenges and economic challenges that they face. I look forward to discussing all these matters with my counterparts—Prime Minister Puna in the Cook Islands, Premier Talagi in Niue, and Prime Minister Pohiva in Tonga.

Also today, you've seen that the tertiary education, skills, and employment Minister Paul Goldsmith has announced the latest recipients of the Prime Minister's Scholarships for Asia. This is part of our positive view of New Zealand's place in the world as a confident, successful country. This is a terrific scheme that's strengthening our ability to engage with our trading partners, and increase our understanding of countries with whom we are building connections across Asia. This scheme was established in 2013, and more than 1,100 New Zealand students have used it to study in Asia. The latest round of funding will give 202 students from our universities and institutes of technology the opportunity to carry out a wide range of study and research internships and exchanges. Recipients will study in 10 countries—with China, Japan, and Singapore the three most popular—including, for example, an exchange at the National University of Singapore, an internship at a Hong Kong office of a global law firm, and a Master of International Studies at the Seoul National University, 2 years of post-doctoral research at the institute of robotics at Shanghai Jiao Tong University in China. These are all important aspects of New Zealand's remaining open to trade, to investment, and migration, and building our own capacity to relate more closely to the Asia-Pacific region where our economic prosperity lies. We've also opened applications for the next round of scholarships on this Friday.

As I've said, in terms of my activities, I'll be leaving for the Cook Islands tomorrow, get back from Tonga on Saturday, and will be in Auckland on Sunday. Any questions?

Media: How much of an impact would Labour's immigration policy have on the education sector—getting rid of 22,000 international students?

PM: Well, the attack on the international education sector's based on a complete misunderstanding of what happens with students—70 to 80 percent of them leave New Zealand and go home, so it doesn't have any impact on the longer-term population. But, look, it will have a big impact. This is a sector that has been

a key part of diversifying our economy, particularly through the difficult times when dairy prices were low; employs 33,000 people; generates \$4.5 billion in income for the country. And, I think, for political purposes Labour have targeted it. Probably a more immediate impact will be the way they're looking at drastically reducing the skills coming into the construction sector. Where currently we issue something like 7,000 visas—but there's more than that because they are exempt because of the need for trade skills. And they're looking at cutting that back to a thousand—to 1,500—on a day when the Auckland City Council has just put out a report saying that they want more and easier access for people in the trades for construction for housing and infrastructure. So it's completely out of step with the need to build the houses for the people who are here and the infrastructure to service those houses. I just can't see any logic, and I'm sure Auckland City Council will be pretty disturbed as well.

Media: The policy says that's likely to be on top of the numbers coming in under the skilled migrants category.

PM: Well, if they say it's on top of the numbers, why are they claiming they're going to cut the numbers? They can't have it both ways. So we're going to have a drastic reduction in migration, but, by the way, the special categories we talk about are in addition to the ones we already have. I mean, that sounds even more confusing. The fact is, if you look at the policy as presented, it's a drastic reduction in the number of skilled people who can come into New Zealand as part of the construction boom that's going on, which is necessary.

Media: Do you believe that that skills shortage can be met by the 90,000 "neets" that are in New Zealand, those people that need training?

PM: No, they can't meet the skills shortages. I mean, one of the—we spent a lot of time on bringing in new schemes for young people. The general idea is to keep them on track, out of school and through into the workforce, through training. So what we're finding is quite a few young people have opted out of schemes like the Youth Services, which is designed to cover all young people, but it is voluntary. So if they're opting out, there's all sorts of reasons why that happens, but there's no—the evidence is that they need a lot of support to build the skills to get a foothold in the workplace, let alone to be skilled participants in a construction boom. It's just not realistic.

Media: So what are you doing around that?

PM: What's that?

Media: What are you doing around that to help them build those skills?

PM: Oh, well, as I said, we've got a whole range of programmes in place, ranging from the vocational pathways out of schools and through to the trades academies, now the technology academies—post-graduate technology stuff—but in Youth Services, which are designed to track and work with every young person—now the fact is that's proving to be quite a challenge, because any number of them don't want to be part of the programme, and sometimes there's often quite good reasons for that, or they're just hard to find. And, generally, you're talking about a group whose skills aren't—who are relatively unskilled, so the idea that they're going to pop up and start, you know, fitting windows on new apartment blocks 15 floors up is pretty unrealistic.

Media: Doesn't that mean you've got to start maybe training them at high school when they're 13—start looking at kids at 13, 14; you know, put them into an apprenticeship?

PM: Well, the high schools are headed in the direction of earlier and earlier introduction to these tracks. You've got gateway programmes, much better

integration now of vocational and academic time in the schools, where the kids can work out of the school, you know, a day or two a week and also continue—and it's all part of their NCEA. So that system is all pretty flexible.

Media: But if you're doing that, surely that means you can potentially fill the skills shortages gaps with the "needs" that will be around?

PM: Well, the skills shortages right now are the product of this strong growth in the economy. They need people—there's record numbers of apprenticeships. The point, I think, about some of—the young people who aren't doing the apprenticeships and who aren't in work have quite a range of issues, some of which are quite complex. You can break them down, actually, into about 10 distinctive groups, and all of them need quite a lot of support just to get to the start line. I mean, we've had a big emphasis on NCEA level 2. There's quite a number of—a big proportion of this group won't have NCEA level 2. They're in the—you know, we're getting up to the—towards 80 percent getting NCEA, and these are in the other—a lot of them in the other 20 percent.

Media: Do you think 90,000 for "needs", then, is as low as we're going to get, then?

PM: No, we're determined to get the number down, but you—we're making a more determined, more focused, more sophisticated effort on this than has ever been the case, and it's turning out to be quite challenging. I mean, these are a group with just basic issues, like they have pretty low levels of trust in Government agencies. A lot of them have had bad experiences with it or they're in households where that's been the case. So you're talking about quite complex needs, and just connecting with these young people and being able to stay connected with them long enough to change their track is challenging, but we're using every tool possible to achieve that.

Media: Are you comfortable having immigration running at 70,000-plus, year on, year off, for it to continue at those levels?

PM: Well it's unlikely to continue at those levels. Well look, there's a basic issue here, and that is, we've got an economy going well, a country with real momentum, creating around 10,000 jobs a month. There are some challenges that come with sustained success, but we're up for those challenges. The policy you've seen today reflects a view among the Opposition parties that the best way to deal with these challenges is to shut down the growth. So, choke the international education industry, deprive the construction industry of the skills that it needs; don't worry about the impact on everything else, because they think New Zealand isn't up to it. Well we simply disagree with that. We think the best way to deal with sustained success is to deal with the challenges of finding the people, making the investments, grappling with the complexities of getting infrastructure and housing in place rather than saying let's have a breather and a cup of tea. That is no good to the thousands of young people who will enter the workforce at the end of this year. Under the direction we've got, they've got the best opportunity in two generations to get a long-term foot hold in the workforce. Under Labour's policy they're going to pull the rug out from under them.

Media: You're happy, you're saying—you're not concerned if it continues at 70,000-plus a year for however long.

PM: Well we're making adjustments at the margin because, you know, Government can control the flow, but we want to do it in a way that gets the right mix of skills for the jobs that are there. I mean, if you get around the country, there's strong demand for people to do the jobs that are being created, and it doesn't matter where you go in the country, that's still the case.

Media: So will your curves—will your tweaks take 30,000 out of it annually?

- PM:** I wouldn't think so, no. They're not aimed at doing that, because a 30,000 reduction in migration right now will stall the economy; it'll deprive businesses of the skills they need to enable them to make the investments they want to make to grow New Zealand. As I said, we're up for the challenges of dealing with sustained success and growth for New Zealand, and this—
- Media:** Are you saying the only way that the New Zealand economy can grow is with immigration?
- PM:** No, I'm not saying that.
- Media:** You said it would stall if you cut 30,000.
- PM:** Well it would now, yeah. But it's not the only way to grow. I mean you'll grow by, for instance, by diversifying your export base, and Labour's answer to that is to shut down one of the faster growing export industries, which is about exporting education. I mean if you're going say you've got to change the economy from focusing on commodities to focusing on knowledge, well, export education is as pure a knowledge export as you can get, and they're setting out to shut it down.
- Media:** With respect Prime Minister, you haven't increased—your Government has not increased exports as a percentage of the economy at all.
- PM:** Well one of the reasons is because the economy's been growing in such a sustained way.
- Media:** Are you relying on immigration though, to grow the economy? Is that what you are relying on?
- PM:** No. What's driving the change in flows—remember just a few years ago, we were having a discussion about how many people were leaving New Zealand and for the whole time I—most of the time I've been in politics, the measure of success has been keeping people here, and the biggest single change in migration is fewer Kiwis leaving, and more of them coming home. That's the biggest single change. We regard that as success, and we're willing to take on the challenges of investing and supporting that success.
- Media:** If you are not relying on immigration to grow the economy, how is cutting it going to stall it?
- PM:** Because growing the economy right—the way it's growing right now—needs a set of skills. We need people to build houses. We need people to build infrastructure. The other day I was on a large infrastructure site and was informed that some of the tenders that have been coming out from councils now have no bidders, because there isn't the capacity to do any more work than is currently being done. And that's—you know, it is the longest, strongest construction boom—and it's going to go on for the next 4 or 5 years—that we've seen in a long, long time. So we need these skills—we need these skills to build houses for the people who are here now. So we are going to have the Labour Party out there saying, over the winter, look at the problems with the homeless at the same time as they're cutting drastically the access of skilled people to come to New Zealand to build houses.
- Media:** But your Government is tightening the settings.
- PM:** No, we're rebalancing it around the—to get the right level of skills.
- Media:** So you're going to be letting in more construction workers?
- PM:** Well, at the moment, basically, if they apply, they get in, and apparently, according to the Auckland City Council, it's still not enough. They put out a report today wanting higher levels of intakes of people with trades. At the same time,

the same day, the Labour Party's putting out a report saying they're going to drastically cut it.

Media: So any foreign construction worker who wants to come into the country can get in?

PM: Basically, if they go through the right process, yes.

Media: Have you had approaches from Auckland construction companies saying that that's not the case—that, in fact, they face a wall of bureaucracy in Immigration New Zealand; that your new restrictions, particularly the \$49,000 wage limit, are going to make it very difficult to recruit people, particularly from the Philippines; and that there's a growing concern in Auckland that you're actually turning the tap off altogether?

PM: Well, I mean, this just gives you the contrasting points of view, doesn't it? So we put out some proposals for consultation, we've had a range of feedback—so they've had plenty of opportunity to comment on them, and we've got decisions ahead of us. But I think what you're describing is much closer to reality than the view that the way to reduce immigration drastically is to shut down on construction visas and stop students coming who don't actually stay anyway. And, in fact, if the main target is students, which I get, you know, for Labour—I think they would argue—is politically driven, they don't actually buy houses and not a whole lot of them have cars, and most of them go back to the country that they came from when they're finished their study—around 70 to 80 percent. So it's not going to have near the—not going to have the impact that they claim.

Media: Are those 90,000 people, those "neets", are they just too dumb or too lazy or—I mean, why aren't we just doing something with them? Can you sort of explain why they aren't going into these jobs?

PM: Well, we're doing—we've—I mean, the Ministers can outline for that in detail, what we call the "youth pipeline", on which we focus quite a bit because the investment analysis we've shown—we've seen shows that it's worth the effort of keeping every single young person on track. Because if they get into the welfare system by the time they're 20, they're much more likely to stay a long time. Now, when you break down the group of people who are not in employment, education, or training, there's quite a complex set of circumstances there. I mean, bear in mind here you're covering everyone from significant disabilities through to people who are staying home looking after their elderly grandmother—because then they're not at work; they're not at school. In fact, carers are one of the biggest single groups among "neets". So the point—simply the point about that is that we'd all like to think it's a pool of work-ready people, but, actually, they're not work-ready, and we are doing as much as—in fact, more than—any previous Government to get to grips with what the specific needs of this group are, how to connect with them, how to sustain that connection, because those are the basic requirements of making change in lives that are often quite complex, and how to get them closer to the workforce.

Media: So how many of those 90,000 could possibly—you know, who aren't invalids or caring for people or, you know. How many of them could possibly work? Is there an estimate?

PM: I couldn't give you that off the top of my head. There'll certainly be some, but, you know, you have to connect with them, you've got to connect them to the opportunity, and then we have to be able to sustain it. A big part of—one of the things we've learnt out of the investment approach is that getting people into work is one thing, but then you have to sustain it. You have to make sure they're turning—they're there every week, and often that needs support, it needs changes in work practices and so on. So it's quite, you know, it's quite—because

we've got the highest level of participation of our working-age population that we've ever had—that is, the biggest proportion of them available for work than has ever been the case in New Zealand, the highest employment rate—the second highest, I think, in the developed world—you're talking about what would in the past have been called near-full employment. Now, that means that most people who can—not everybody—but most people who can or are able to hold down a job and sustain it can get one, particularly an economy creating 10,000 new jobs a month.

Media: In the light of the submissions that you've received on the immigration changes, is it your intention to proceed with them as they were originally announced, or do you now realise that you may need to actually—that you've over-corrected?

PM: Well, that's what we've got to consider. While we haven't—you know, I think the submissions have only just come in and we've got to have a look at them.

Media: So there is a possibility that you could actually pull back from what you originally announced?

PM: Oh well, look, it's technically possible because it hasn't been finalised, but we've yet to see just how persuasive those submissions are. But they are, you know, real submissions from real people. We, out on the road, hear from people who have got a strong demand for skills. I think that's a much more realistic view than the one you're getting out of the Labour immigration policy.

Media: Will you finalise that before the election?

PM: Oh yes, certainly.

Media: Just a follow-up on Lloyd's question about the "neets". What's wrong with this KiwiBuild visa that Labour's proposing, in which you give an apprenticeship to a Kiwi if you employ—say, you'd be able to employ someone—a foreigner—if you also give an apprenticeship at the same time to a Kiwi not in education, training, or work? What's wrong with that?

PM: Well, the main problem with it is just the sharp reduction in the numbers. So they're talking about 1,000 to 1,500, I think, KiwiBuild visas? Who thinks you can build 100,000 houses with another 1,000 people? It's completely unrealistic. And on apprenticeships, we're running full up on apprenticeships—right? There's more than ever; it's growing. Anyone who pretty much wants one can get one, and one of the reasons for that is because the conditions around construction of houses and infrastructure are stable now—that is, they can see the long pipeline, particularly of infrastructure. It's \$100 billion over the next 10 years, at least. They can see the housing pipeline, including now the Government building programme—you know, 34,000 houses just in Auckland. And so these businesses who are used to a boom-bust cycle—it means they minimise their investment in skills if they can, understandably—are now looking at longer-term investment and collective activity to—like the Ara hub around the Auckland airport, the Tāmaki hub around the Tāmaki project—they're looking at more and more sophisticated investment in skills than they've had before. Keeping those conditions stable is what is going to work best for them but also for the young people, for whom this is the best opportunity in a generation.

Media: You mentioned the Auckland housing mayoral group—same thing. One of their recommendations is that they've asked—they've said one of the key barriers is getting serviced land. No one's getting Watercare around the table with the others. Can we see something from this Government from that? Does that sounds plausible to you—shaking up Watercare at all?

PM: Well yes, there certainly does. I mean, I think we were willing to shake up anything that's going to help to meet the need. But the report from the Auckland

City Council's pretty constructive. I mean, some of those things are under way and they want them pushed a bit further. They've got a few interesting ideas there. But issues like that one are being dealt with in what is now a pretty intensive interaction over the Housing Infrastructure Fund—so that's the billion-dollar fund we put on the table. Auckland's applied for all of it, I think, and that means they're working closely with the Government now about the next set of investments, that are going to bring housing supply forward, that are about roads and water. So those issues exactly are under detailed negotiation as we speak.

Media: So what kind of changes can we expect with Watercare?

PM: Oh, well, I mean they won't be negotiating the future of Watercare, but will be throwing up all the issues around who pays for what and when, which—in a way, that hasn't really been tested really hard before, and I think it's helping both us—certainly, central government, and I think probably the council—understand a lot more on the detail of decision making that actually determines, you know, the day that someone's going to decide to actually dig a hole and put a pipe in it, so that we can go and then build the houses.

Media: Are we talking about a competitor to Watercare, or something like that?

PM: Oh no, we're not making any assertions or suggestions about anything to do with Watercare. We're flat out doing the negotiation. The point I'm making, or Ministers are, is that it throws up the issues which we've talked about before, and that is—helps us understand why, for instance, councils are a bit cautious about building infrastructure ahead of demand and how they charge for it, and who actually makes the decision, and what trips those decisions. So it's a very, I have to say, a very useful conversation at getting us all on common—common set of facts and understandings about how this stuff all works, which I think sets a very good platform for the larger-scale planning reform that we've talked about.

Media: So do you think councils should be able to charge that targeted infrastructure rate if people are benefiting from new infrastructure—that they should have to pay more in their rates? That's one of the ideas isn't it?

PM: Well, it's not a new idea. I mean, they've had that capacity in local government. It's been there for years. I can recall, as a local MP in Southland, getting involved in, you know, arguments over water—you know, flood protection schemes that involve targeted rates, where those who benefit from the flood protection scheme pay a higher rate directly connected to the costs of that scheme, and the council—so that's always been there, and they've got the capacity for value uplift rating. That's pretty tricky, I'm told, trying to calculate it, but in principle, yes, and it's great to see this report covering so much ground. I mean, I think it tells us they're having some—you know, they're having a pretty deep think both about what's going on, which is reflected in the report, and some of the newer things that we can test out.

Media: The council's also talking about fuel taxes, congestion charges, and even returning GST on construction from building. Are any of those solutions palatable?

PM: Well, last week we announced terms of reference, jointly, around transport pricing, with a time line there. So we're on the same page, I think, on that one. We haven't changed our view about GST sharing or whatever—other sources of revenue that they've talked about. At the moment, there's a strong focus on the projects and a strong focus on getting those funded between Government and local government given the constraints that they've got.

Media: Are you encouraging value uplift taxes or rates?

- PM:** Well, we're quite happy to see this—that the councils use the powers that they have, and they're getting much more focused on using those powers, because I think they're—you know, these are quite legitimate ideas, which have been contemplated by the Parliament, because they're permitted under the Local Government Act.
- Media:** The Government has wanted the council to come up with a plan; now they have. Are you happy with it or do you see any sort of particular thing that may concern the Government?
- PM:** Well, there's some areas like the revenue sharing that we, you know, just have a different view about. But, by and large—you mean the report they've just published? Yeah, look, it's addressing all the right kind of issues, and quite a number of the things they've proposed are under way. Some of them like—some of them would have in the past been regarded as pretty controversial, but I think now everyone would see as, you know, the kind of issues you need to dig into to make all this process work. So we're—you know, we're happy to work along with them, because most of it would be strong overlap with central government.
- Media:** And what's your concern around revenue share?
- PM:** Oh, just that we haven't seen any serious proposal for the kind of model, and, in any case, the most important thing is what you use the revenue for. I mean, we found this with the tourist levy. Some people were keen on a tourist levy but they couldn't really tell us what they were going to use it for. You could spend a lot of time working out how to collect revenue but not knowing where to spend it effectively. So we've, in that case, just said "Look, show us the projects.", and I have to say that's been a pretty instructive process, because it's put the pressure on the tourist industry advocates to show which things really matter that need to be funded, and we're funding them. And it's a bit the same with all this infrastructure in growth-related funding. You know, we—the most important discussion is: what's the project that's needed, and how can we get that moving? I have to say those discussions are very constructive and fruitful at the moment. There's a lot of stuff in the pipeline.
- Media:** But what you're saying is that the councils haven't managed to come up with a plan around housing and infrastructure that the Government's happy with?
- PM:** No, I didn't say that. I mean, the basic plan is one we're happy with, and that's—the two that are obvious is Auckland Unitary Plan, which was done in 3 years, because we legislated for it to happen in 3 years. And that's by a council that was brand new, so I think we should give them credit for that—Auckland City Council was only formed 4 or 5 years ago. They've completely redone their planning, and that's now in operation, and that's record performance. We're happy with that plan. It allows for the kind of scale of housing supply that Auckland needs. The other plan we've got is the ATAP. That's the transport plan, and that's an agreed \$24-billion pipeline, of which \$20 billion is funded. So when you see these discussions going on between Auckland City and the Government about funding, that's about \$4 billion out of the \$24-billion plan that we have all agreed. That work was all done over the last couple of years, and so that's being executed as we speak. And there's ongoing discussions about the shortfall 5 years out—4 to 5 years out—and how that's going to be filled, and also some discussion about whether that pipeline's long enough and big enough. So that's a legitimate discussion, but the first \$24 billion is agreed.
- Media:** Prime Minister, is it a concern that just 3 weeks before the deadline the Government gave to foreign trusts to register with the IRD that fewer than 70 have?
- PM:** It's of no concern to the Government.

- Media:** The Auckland City Council, talking of targeted rates, have agreed to this accommodation-targeted rate. Does the Government support that decision?
- PM:** Well, it's Auckland Council's decision and they've got the power to do it, they've had the argument, they're getting a bit of a pushback, but basically it's their business how they set their rates.
- Media:** Prime Minister, just on the British election—does it make you nervous watching an incumbent conservative party manage to blow a huge lead in the polls?
- PM:** No. I mean, the circumstances here are different. But, in any case, whatever the polls say, this is going to be a tough and tight election.
- Media:** Can you take some lessons out of what happened in Britain?
- PM:** No, I don't think there's too many particular lessons. I mean, one of the differences is they've got deficits—we've got surpluses—and they're still caught up in the politics of austerity. We have positive choices, so it's a great position to be in. But, look, whatever the polls say, this will be a tough election. So my message to my Ministers and our caucus is they've got to get out of bed every day to earn the right to govern. The polls don't give you the right to govern; what does is a win on election night.
- Media:** When you were talking to Theresa May, did she ask or did you give any discussion about the nature of your confidence and supply agreements?
- PM:** Not in any detail. There was just some discussion about the fact that we've only ever had a majority of one or two for most of the, sort of, 8½ years we've been in Government. She's trying to put together a Government with a very small majority. It can be done. You can have stable government with small majorities.
- Media:** Did she ask for any advice?
- PM:** Well, I suggested that they might have a look at us if it was going to be helpful.
- Media:** Sorry, just following up from Claire's question there. Did you give advice or did she ask—Theresa May ask for any advice on managing a slim majority?
- PM:** Look, we just had a general discussion about it. She's got a fair bit on her mind and a fair bit to get on with. So it wasn't a long, convoluted call.
- Media:** Just going back to those immigration figures for a moment—what's the size of the padding, if any, in that 70,000 annual figure? Just following up on Corin's earlier question. What's the size of the padding if 30,000 is too big a padding, what is the size of the padding that can be extracted from that 70,000 annual immigration figure?
- PM:** Well, look, I'm not sure what you mean by "padding". I mean, what's driving it is two things—
- Media:** The excess—the excess.
- PM:** Well, that's not a question for us to answer. I mean, Labour's decided there's 30,000 too many migrants coming in, and they're trying to find ways of slashing it.
- Media:** And I'm asking what do you think—the extractable amount from that 70,000 figure—which has been criticised as being excessive annually and unsustainable. So if there's a difference of opinion about whether there is a surplus to requirements or not, I'm trying to find out what you think—what National think—is the excess that can be taken out of that 70,000 annual immigration figure, without turning over the apple cart.
- PM:** Well, we're not trying to take some fixed number out of it, but if you look at what makes it up, around half of it is Kiwis staying home. So Labour is, effectively,

saying there'll be no one else other than the Kiwis staying home. You know, there's just fewer Kiwis leaving and more coming back—that's success. We certainly wouldn't want to be extracting Kiwis who've decided to stay because the economy is in pretty good shape. And then you've got a lot of demand, whether it's IT—the burgeoning IT industry—horticulture industry growing, the construction and infrastructure sector we've talked about a lot, where the rate of job creation and growth in the economy just means that they need skills from offshore to help maintain the growth of the economy. So we're not aiming for a number. We think it's driven by some pretty positive factors: the Kiwis staying home, and the growth of the economy. And those are good things.

Media: And given all those factors, there is no target—as you've said, there is no target. We can continue as currently without any reduction in the current figures. Is that what you're saying?

PM: Well, I think the biggest challenge here—we would see the biggest challenge as investing with the infrastructure and the housing you need to support a strong economy. With respect to the migration levels, we're making some adjustments at the margin around the skill mix. I think we've all expected that—you know, the pattern in New Zealand is it peaks and drops off pretty sharply. The numbers have flattened out, but they haven't actually dropped. They'll probably drop at some stage. But if the demand is there for the skills, we'd rather have the successful economy with the skills coming in than saying we want to shut down the economy to stop skilled people turning up.

Media: So no reduction could be virtuous?

PM: Well, no reduction is, I think, unlikely, but we do need to be investing in the roads, schools, hospitals, and houses that are going to support a growing population, because we think a growing population is a good thing. It brings its challenges, but we're up for those challenges.

Media: Just on the Theresa May call, did she ask for your advice first, or did you offer your advice first? How did that go?

PM: I can't recall. We were just having a conversation.

Media: Did she ask for any advice on having wackos in the Cabinet?

PM: Wouldn't be any point in asking me, because we don't have any wackos in the Cabinet. We have no experience of that problem. OK, thanks very much.

Media: Just one other thing, and just some myth-busting, maybe: Andrew Little says there are a hundred people coming into the country who are shelf stackers. Is that right?

PM: I have no idea, but why he'd be quite so demeaning about shelf stackers is beyond me. If you go to the supermarket and there's no shelf stackers, there's nothing on the shelf to buy. That's a pretty fundamental process in an economy.

Media: So is a shelf stacker a skilled job—you know, a skill that we need?

PM: Well, go and ask the shelf stackers.

Media: Prime Minister, also just quickly: one of the other proposals in the immigration policy is to regionalise the skills shortages list. Would that work, do you think—targeting specific skills to specific regions?

PM: The challenge there—there's certainly very strong demand for skills in the regions, and they will be very concerned about a policy that would cut the numbers way back, because it would leave places like Hawke's Bay, Southland just unable to grow their economies on the back of people with skills. The problem with regionalising it is how you enforce it. So we have a strong weighting

in the path to residency for people who go to the regions. We've yet to see whether that makes any material difference to where people go, because you can't really—it's pretty hard to actually coerce them into remaining. You know, you end up with something like the Chinese [*Inaudible* 16:39:04] system, where if they shift from the country to the city, they don't have any entitlements. That's how they do it there. That's probably not—that's not the kind of country we are.

Media: Have you improved your dancing skills for the Pacific mission?

PM: I'm going to delegate the dancing to Winston Peters. I think he's probably got the skills.

Media: Just another thing: are you concerned at all about this Fuji Xerox controversy that's about to happen in the Tokyo Stock Exchange?

PM: No, I don't know anything about it.

Media: They've increased the size of the money they fear may be fraudulent, potentially, from about \$285 million to nearly \$500 million, including Australia now as well. Any concerns about that Fuji New Zealand Xerox?

PM: Well, look, I think you'd just have to wait and see. I gather this is something about how they account for their profits and report them?

Media: Correct.

PM: So, well, that's been running on for some time, but I have no idea what the implications would be here.

Media: The Government does [*Inaudible* 16:40:07] millions to this company, don't we, every year?

PM: Well, look, you'd have to check with the States Services Commission. They're a New Zealand company. Most New Zealand companies have contracts with the Government.

Media: Do you think Labour here can take any lessons from Corbyn's performance?

PM: I don't know; you'd have to ask them. I mean, the problem for Labour here is that we don't have the difficult politics of deficits. So they'll run round crying wolf about most things, but the fact is we've got surpluses, we've got positive choices. We're not cutting entitlements like they were, which is probably easier to exploit. We are lifting family incomes, and on 1 April, for some of our hardest-pressed families, that'll be well over \$100 a week. It's going to be hard to build an insurgency on that.

Media: Has the Government sought any assurance that New Zealand aid money didn't get to the North Korean regime?

PM: Well, it stopped supplying it through one channel—that was the South Korean embassy—but that wasn't because of specific knowledge about where the money was going; it was just because North Korea resumed their nuclear testing programme. There is money that goes through the UN, and, basically, we trust the UN processes—that they're using reputable NGOs and meeting a real need in a country that sort of teeters on the brink of starvation.

Media: So we're still sending money?

PM: We're still—there's still aid money that goes to the UN that, as I understand it, then goes to reputable international NGOs who operate in North Korea, meeting what I suspect are some pretty severe needs.

Media: How much?

PM: I can't tell you. OK, thanks very much.

[FTR end time: 16:41:51]

conclusion of press conference