

POST-CABINET PRESS CONFERENCE: MONDAY, 19 JUNE 2017

PM: Good afternoon, ladies and gentlemen. I've just returned on Saturday from leading a delegation of MPs, community iwi, and business leaders on the Pacific Mission to the Cook Islands, Niue, and Tonga. New Zealand has unique responsibilities in the Pacific. We are home to the world's largest Pacific community. The region is a popular tourist destination for New Zealanders, with hundreds of thousands travelling to the region each year. Our two-way trade is worth \$1.5 billion a year, and a large number of Pacific workers are here both permanently and under the RSE scheme, supporting their communities at home.

The Pacific is the main recipient of New Zealand's overseas development assistance, with 60 percent of our ODA, around \$1 billion between 2015 and 2018, going there. I was pleased to announce funding for specific projects in each of these countries, which are aimed at infrastructural investments, primarily, to support tourism, renewable energy generation, as well as improving sanitation, and announced funding for broadband connectivity, which means that these small countries won't miss out on the benefits.

I also enjoyed productive discussions with Prime Minister Puna of the Cook Islands, Prime Minister Pōhiva of Tonga, and Premier Talagi of Niue about the work that we're doing together. We confirmed the close relationship between New Zealand and these Pacific countries, and we'll continue working together.

Today the Government has announced a number of proposals to make it easier for New Zealanders to pay tax. As part of the proposal, people whose only income is from salary, wages, or investments will no longer have to file tax returns to receive refunds or to calculate any additional tax. These changes will benefit around 3 million people, and are part of the large-scale IRD Business Transformation programme, which has been going on now for 5 or 6 years, which is designed to upgrade the core technology of tax collection, to simplify the tax system and to make it fairer, and also to enable a more real-time view of people's tax obligations, and a more accurate view.

Budget 2017 included a number of changes to improve and simplify the tax system through the Family Incomes Package. Just to remind you of those: lifting the bottom two tax thresholds, removing the independent earner tax credit, simplifying and increasing some Working for Families tax credits, increasing the maximum rate of accommodation supplement.

Finally, this weekend the National Party is holding its annual conference in Wellington. New Zealand is doing well, but we are ambitious and we believe that New Zealand can do better. We'll do that by building on the plan we have in place and the success so far. This weekend I'll outline how we plan to continue to take New Zealand forward, should we have the privilege of continuing to lead the country after September.

In the House this week we're progressing a range of legislation, including the Outer Space and High-altitude Activities Bill, the Point England enabling bill—yet another opportunity for the Labour Party to oppose development in Auckland—and the Enhancing Identity Verification and Border Processes Legislation Bill. A busy legislative programme will be running right through to when Parliament lifts for the election.

In terms of my activities this week, I'm in Wellington tomorrow and Wednesday, in Auckland Thursday and Friday, and back at the National Party conference in Wellington on Saturday and Sunday. Any questions?

Media: Prime Minister, Judith Collins told Kiwis that Pike River mine was an inferno. Was it?

PM: Well, look, these matters have all been inquired into by the royal commission. There's a bit of a, you know, discussion going on with the families, but the royal commission was quite a large, expensive exercise in which the Pike River families had representation, but so did everybody else, and the royal commission looked into, as deep as anyone could, the circumstances of the tragedy at Pike River. And, you know, the fact that the issue's running on, I think, is very difficult for the families, because it is a constant reminder of the tragedy and their loss. So within that umbrella of the royal commission's work, very detailed assessment about manned re-entry, our assessment done by Solid Energy and a range of experts—I'm sure there's room for opinion about what happened or didn't happen. What we do know is that there was an explosion and 29 people died.

Media: Do you think it was an inferno, based on the footage that we released last night?

PM: Well, I think anyone—that footage, as I understand it, comes from the furthest outlying part of the workings of the mine. It's a complex mine; there's no reason to believe that the same thing happened in every part of that mine. But I don't think there's any denying you have 29 people dead and it was a very large explosion, and I think the implication that somehow there's been a cover-up is complete nonsense. Go and read the royal commission report about what happened. We'll continue to work with the families on unmanned investigation of the mine, because they have more questions they want answered, and if we've got better technology and a better plan, then we may be able to answer some of those questions.

Media: What considerations have you given to increase the refugee quota further than the 1,000 that's due to come into effect in 2018?

PM: Oh, we focused on doing a good job for the increased refugees who are coming in, which is quite a significant increase on the traditional 750. The most recent discussions we've had about it have actually been with the Church and community organisations, particularly the Churches. They are keen to see expansion of the scheme of community sponsorship, such as run pretty successfully in Canada. And as a result of those discussions with Church leaders around about a month ago, I think, there's probably now, in terms of discussion going on between the Government agencies and the Churches about how to get that pilot up and going—because, as I understand it, the numbers that would be involved in that are in addition to the quota that's already in place.

Media: So that would be on top of the current refugee quota? They would take more as [*Inaudible*] community organisations?

PM: Well, it's a very small—it starts out very small. So I wouldn't want to indicate some big shift in the numbers.

Media: How many?

PM: Oh, look, I think, initially, you're talking about quite small numbers. I mean, the hard work has to go into ensuring that the Churches—mainly Churches—can have in place sustained capacity to work with refugees. This isn't just about welcoming people who turn up. All the work that's been done on the prospects for refugees show that they need sustained support around language and employment for a number of years to ensure that they can, you know, reach the same levels as everybody else who are participating.

Media: Just to be clear, are you saying that there is now a new policy in which you are open to a pilot that will allow community organisations to take on refugees above our quota?

PM: It's not a new policy. I'd just have to check about the numbers, but the policy was announced some time ago. In fact, the reason I had the discussion with the Church leaders was because they were concerned that the implementation was proceeding as quickly as they'd like it to see proceeding.

Media: Is it different to that business sponsorship programme you're going to pilot? Is it different to that?

PM: Well, I mean, I'm not exactly sure what that's referring to. There was an announcement made some time ago—and I'd have to go and get the date—so there's no new policy. We're just simply saying there's been a recent discussion about implementing the policy that was announced, last year, I think.

Media: Is there a particular location where these Churches are run that they'd like to see more people?

PM: I don't know. I think it's still pretty early stages of implementation.

Media: Are they talking about dozens of, you know, more refugees, or are they talking of hundreds and thousands?

PM: Oh, that would depend on the capacity of the Churches to handle it. So that's the—

Media: Have they indicated how much capacity they've got?

PM: Well, I think that's being tested now. I think there's a lot goodwill there, but you've got to test what can actually be done and the ability to sustain it over time.

Media: What sort of capacity do they have—you talk about the long-term sustainability. What do you think they need? What do they need to be able to do?

PM: Well, look, you'd best to talk directly to the Churches who are working closely with the immigration officials.

Media: How far away is that pilot from getting under way?

PM: Again, you'd be best to talk to them. I think, as a result of the discussion we had, it's probably moving along a bit faster now.

Media: Mental health support workers have lodged a claim today in the employment relations tribunal for equal pay. Would the Government look at legislating in their favour at all?

PM: Well, we're bringing in, I think, as you know, pay equity legislation. That's been a subject of quite a lot of consultation over 12 or 18 months, and we want to see that introduced. So any claims would be dealt with under that legislation if it comes to dealing with it that way. I mean, many employers, a bit like the Government, may prefer a negotiated solution to a statutory one, or a court-driven process. So that's really up to the employers and the employees.

Media: Do you know why mental health workers were excluded from that \$2 billion settlement in the first place?

PM: Well, the coverage was determined, as I understand it, by negotiation between the unions and the Ministry of Health, so it's not to say it was perfect, but there had to be a pragmatic decision made about the effective boundaries of that claim, related to the core pay equity claims that had been lodged in the court. So I think that kind of anchored it. I don't think you should see it as a strong view about who should be able to think about pay equity claims or not. It was just a practical limit. And, of course, as soon as you draw a limit, there are groups just outside it, and a couple of those groups have put their hands up in the last few days.

Media: Yeah, was it a mistake then, because if they're doing, essentially, the same job, you're going to see them getting paid \$5 or \$7 less than someone else in another sector. Should they now be included? Could you now legislate for them?

PM: Well, as I said, we've put in a process for dealing with it. We don't intend to conduct another, sort of, large-scale negotiation. We were dealing with that set of legal claims. There's a set of undertakings being made around those claims, relevant to the settlement, and our next step is to bring in the new framework so that everyone can see what the rules are and they can proceed. But, as I said, there's always the other option

where employers and unions representing those workers may decide to negotiate their own settlement in some relationship to the pay equity settlement we make.

Media: Are there going to be any other discrepancies in the agencies such as MSD or, potentially, Oranga Tamariki, in terms of different groups of workers maybe finding themselves outside of the claim that you're looking at specifically?

PM: Oh, look, there's—I wouldn't see it as discrepancies; it's just we started based on the legal claims made for the group who were relevant to the legal case. And we've done that settlement and there will be others, no doubt, put their hands up just for the reasons that they've got—they believe they're doing similar work under similar circumstances but weren't covered by that agreement.

Media: But are there some now that that has now arisen that you're looking at, like MSD, that had maybe come to your attention, but you're going to have to [*Inaudible*] specifically?

PM: Well, I would imagine they would be dealt with at the employer level. I mean, this settlement, because it was so large—you know, \$2.5 billion for 55,000 workers, and, you know, on the other side of it, hundreds of legal claims—it was dealt with at the Cabinet level. But I imagine from here, well, it'll be a kind of normalised process. But I don't think there's any doubt that this settlement will have an impact on others who are doing similar work. They're putting their hands up. There's a process—there will be a process here that they can go through.

Media: Did the Government envisage this when it went through the claim in terms of, you know, groups that obviously might have been left out, but then the pressure that would put on that sector in terms of them moving to sectors that were getting paid more?

PM: Yes.

Media: And what is then going to be the response? Is that going to be a case by case eventually from everybody in? I mean, how do you smooth that out?

PM: Well, yes, it'll be dealt with through—I think what everyone would prefer is a bargaining process.

Media: Are you satisfied with the way the Ministry of Health DHB funding error was handled?

PM: Sorry?

Media: Are you satisfied with the way the DHB Ministry of Health funding error was handled?

PM: Well, it was handled well in so far as it happened, and it shouldn't have happened. I mean, they picked it up very early, within a week or so of the Budget, went through a process of changing what is simply notifications to health boards. You know, it hadn't affected any service because the money—all that happened was they basically received a number to put into their planning and that number's going to change.

PM: Keep in mind the scale—I think, \$38 million total out of \$440 million new money this year and a total Budget of over \$12.5 billion, I think it is.

Media: As far as you're aware, when possible solutions were brainstormed was it ever floated to let it lie and just top up the short-changed DHB?

PM: Not as far as I'm aware, no. I mean, the Budget is pretty definitive about what money they get, so it's just about dividing up the total and they got the division of that slightly wrong, and now they've had to correct it.

Media: Some DHBs thought that they may have been able to keep that extra money when it was initially discovered. What changed between them being told they could keep it and then essentially, being told, sort of, give it back?

PM: Look, I'm not aware of any of the discussion.

Media: Has the National Party had any discussion about what parties it would rule out working with after the election?

PM: Well, I talked about it earlier in the year, and we said that we'd prefer to work with our own partners. There's been some suggestions about whether we could—if we were in the position to do so—negotiate with the Greens. Well, the Greens have essentially ruled themselves out. I mean, they've done a memorandum of understanding with the Labour Party and while that looks pretty messy, particularly over their division over the Budget, it's still in place and they talk regularly about their strong focus on changing the Government. So they appear to be totally committed to a relationship with the Labour Party.

Media: John Key actually ruled it out last election—working with the Greens. Will you do so?

PM: Well, we'd rule it out because they've ruled it out. The Greens had a choice of saying: "We could work with Labour or National" and they said: "We're working with Labour.", and we said good luck to them, and the Budget showed just how hard that's going to be. So that's their problem.

Media: Prime Minister, what if the Greens were to change their position like they did at the time of the Budget and were to come and say: "Actually, we think that we could work with the National Party."? Would you then change your position?

PM: We haven't seen any sign of that and so we haven't contemplated it.

Media: But if it did happen, would you contemplate it?

PM: Well, that's speculation. I could only imagine that there would have to be some fairly interesting circumstances as a result of the vote on September the 23rd for the Greens to change their mind. I mean, they have set out this year strongly to align themselves with Labour and change the Government. So I can't quite imagine how that—what the other circumstances would be.

Media: How about Winston Peters ruling them out of Government?

PM: Well, you'd need to talk to Winston about that. We're certainly not negotiating through the media 3 months before an election about what someone who we may or may not be negotiating with may or may not say.

Media: There's been what looks like another van attack in London. Some cities in Australia responded after the last one putting large concrete bollards around major tourist places or, you know, places where people gather. Would you expect or like to see something like that happening here?

PM: Well, I wouldn't like to see it. And we haven't seen any—well, just because it would—it's a further security measure that you'd prefer not to have to take. Look, we haven't seen evidence of that kind of activity here. It's extremely difficult to deal with it if it occurs.

Media: Just on Ngāpuhi, have you had any more discussions with that meeting with them, anything along the lines you suggested a mediator for the two groups? Anything progressed?

PM: No, I haven't had any further discussions. There's been some that have been in the media, but, you know, it's not the Government's job to sort out Ngāpuhi's internal differences. We offered to pay for a mediator if they decided they wanted one and could agree on who that would be. But otherwise, it's pretty important that they sort out their own internal differences and take responsibility for that. And I'm pretty hopeful that they will, despite some of the statements that have been made, just because the wider Ngāpuhi community that I get to talk to wants to see the divisions healed so that they can get on and negotiate a settlement, and that'll be a difficult negotiation in itself, and I hope that the leadership understand that the growing preference of the people they represent is that they resolve their differences.

Media: As far as you're aware, though, they haven't agreed on someone and/or accepted for the Crown to pay for a mediator at this point?

PM: Not as far as I'm aware, but we'd respond positively if they did.

Media: What about the Waitangi conversations that have been going on? Pita Paraone, Shane Jones, and a few people have sort of put it out there that they're going to move everything to the upper marae. Kīngi Taurua has a bit of a difference around that. But what's your feeling? Do you think it's a positive move?

PM: Well, if that's what they decide to do it would be a positive move, and I'm pleased to see that, you know, some of the local people here are taking a bit of leadership about how to make, you know, Waitangi a more attractive place on Waitangi Day. But I think there'll be some way to go before they could convince others that that's what's actually happened, because, you know, we've learnt from history that these things can look good and then go backwards and then look good and go backwards again.

Media: So is your preference still for it to go on the road, though, anyway?

PM: Well, we haven't seen any reason to change that, no.

Media: The Government's housing affordability measures had a pretty rough introduction to public life. Are you disappointed by this at all, just with the news this morning about them not even including the correct interest rates, and that they knew 2 days before release that the Reserve Bank was telling them to include a different interest rate. Have you had a talk to Nick Smith about this, or are you disappointed in any way?

PM: Well, look, it was always going to be discussed. I see Phil Twyford, having argued for a while that someone was trying to delay the release of it, is now saying they should have delayed it. Look, it's MBIE's measure—they came up with it, just like Stats come up with their measures for the environment or, you know, inflation or whatever, and there's been a long discussion. The only advice I've had is there was some complication over some stats series that the Reserve Bank was going to discontinue. But, look, any measure of housing affordability has limitations, whether it's income to property value ratios, or whatever. They can't measure everything. What we do know is that any measure points in the direction of getting more houses built, faster and more cheaply. And so we focus on that, and MBIE, I'm sure, will carry on with the discussion about their measure.

Media: So more cheaply—prices falling.

PM: Well, land prices in some parts of Auckland are actually coming down, I'm advised, but there's a lot of work to be done about the cost of the consenting process, and expansion of the supply of materials so that the cost of materials isn't too high.

Media: Have you got any idea how much these costs could be brought down?

PM: Oh, we haven't got a specific measure, but I must say, you know, there is progress—for instance, I think the Auckland building consenting process has just gone electronic in the last month or so, and I've had a bit of anecdotal discussion with people using it who say it's a big step forward from where it was and will be less costly, so that will be great.

Media: Yet the biggest costs are land and then building costs, so the labour and the materials, so—

PM: Oh, and I think the other cost is time, just the length of time it takes to get any housing built, particularly through the statutory processes—consenting process. I mean, you've got to—you know, the system tries to work on all three at the same time as maintain standards.

Media: Just back on the housing affordability measures, though, do you think it was correct not delaying the release when they were in knowledge that they were probably using the wrong input on the interest rate side of things?

PM: Look, I wouldn't want to comment on it, just because I'm not familiar with whether it was—it was MBIE's measure. You know, they need to make sure it's a credible measure.

Media: Would you change your position on a manned re-entry into Pike's drift if Winston Peters demanded it in coalition negotiations?

PM: Well, I think as I've pointed out, it's not really a matter of political decision. There's a law of New Zealand workplace safety, and in the end someone has to—it doesn't specifically rule it out, but it does make it clear that there has to be someone responsible for the risks taken in that workplace, and the people who have exercised their judgment under that law have said they're not willing to take that risk with putting lives at risk in that workplace. So I can't see how you can get around that. We certainly wouldn't contemplate an exemption to health and safety law for what could be the most dangerous workplace in New Zealand.

Media: So you wouldn't change your position even if there was a way around it?

PM: Well, it's not a matter of our position. Parliament passed that law—New Zealand First probably voted for it—and someone has to be responsible for the safety of the workers. You know, you can't just say: "Well, here's a bunch of workers where no one's in charge." Someone has to be responsible, and that person has to be the person who makes the decision. And it's not going to be a Minister of the Crown, because they're not responsible for the workplace or the risks to the—and don't take the potentially criminal liability for what happens to the workers.

Media: What about a situation where, say, for instance, Winston Peters wanted to change the law and make himself responsible, essentially, for anything that happened in that mine? Would you allow that to happen, if that was sort of something that had been negotiated in getting New Zealand First's support forming a Government?

PM: That would be—look, I think we're getting to realm of speculation there. I'm sure a proposal like that would probably raise constitutional issues about the role of members of Parliament, so I'm not even going to speculate on it.

Media: So is it absolutely out, then, any kind of law change to allow some kind of rescue mission into Pike River, even if it's put forward as a condition of Winston Peters' support?

PM: Well, what's absolutely out is taking a risk of losing more lives in some kind of special circumstances in a very dangerous workplace. And New Zealanders, every day—business owners, workers—carry the obligations under the health and safety legislation. It's there because of Pike River. That's why it all changed, and the standards have lifted, and people do abide by them, whatever their activity, in any workplace. It's created controversy about being too risk-averse, you know, in the way that it affects people's behaviour in workplaces and in voluntary workplaces and so on. And I can't see how there could be a case for saying: "Well, in this example, we're going to put all that aside." Right? In the case of the disaster which caused the change, we're now going to say: "Well, we were all wrong, and we're going to get reckless again."?

Media: So you would say that to Winston Peters in negotiations: "Look, buddy, this ain't gonna happen."?

PM: Well, as I said, it's not a political decision. I don't think we can have a system where politicians pick workplaces and say "Well, that one's allowed to be dangerous, but the rest of them have got to be safe.", or "That one over there's allowed to be dangerous." So—

Media: Are those tax advantages proposed today—is that about freeing up inland revenue to go after people who have tax owing? And what about them having to file a return?

PM: Who have tax—

Media: Owing. So is that about giving inland revenue the power to go after people who owe tax, without those people have to file their returns?

PM: Well, it might enable that. I mean, the interesting thing about all that family income system is that, you know, it's very difficult for people to get it right with the best of intentions, and the effect of that, particularly around family tax credits—the effect of that is that a significant proportion don't claim, therefore, don't get the entitlement, because of the risk that they might end up being overpaid and having to pay money back. Because the lower your income, the more complex the system is. In fact, one of the original reasons for the whole IRD transformation was precisely this reason—that people on low to middle incomes couldn't get a clear idea of what their position was with the Government, and, actually, they need to be able to do that week to week, month to month. So there'll be a lot of benefits from it, including the one you've mentioned, but, I have to say, that wasn't the focus of it. And the other idea is to—the other part of it is to, because IRD uses information it already has to pre-populate tax returns, then they'll get a lot less time and money spent correcting errors and everyone filling out forms, employers filling it out, and the work all gets redone, and that costs a lot of time and money.

Media: Does the Government expect to be net better off, in terms of more tax revenues after these changes?

PM: Oh, I wouldn't—I don't know if that's ever been assessed. I think it'd be pretty much in the balance because you'd have more people picking up their entitlements, particularly people on lower incomes, because they'll have more certainty that the money they're getting is the right money. I mean, people can, say, take on a couple of extra—you know, two or three hours extra—work in a week and not know for 18 months how it's affected their family tax credits. So you can imagine in a two-income, lower income, household where often there is seasonal or casual work or shift work, their circumstances are changing all the time. And that's why a very low proportion of them can say "We got it right." They'll either underpay it or overpay it or not claiming. OK. Thank you very much.

conclusion of press conference