

POST-CABINET PRESS CONFERENCE: MONDAY, 10 JULY

[FTR: 15:45:36]

PM: Good afternoon. I'd like to start by again acknowledging Mark Dunajtschik's \$50 million donation to a new children's hospital in Wellington. This is an incredibly generous and unprecedented act. The development will benefit 4,000 children with their families who are admitted to child health services at Wellington Regional Hospital each year, as well as 5,000 children who attend for outpatient appointments only. Mr Dunajtschik and his team will also build the hospital themselves and have already started working with the DHB on the design of the 50-bed facility. Construction is expected to begin early next year and will take around 18 months to complete. This is a generous and big-hearted gesture. It will make a genuine contribution to the lives of thousands of unwell young New Zealanders and their families, and we had the opportunity this morning at Wellington hospital to thank Mr Dunajtschik for his generosity.

The build of that hospital will contribute to the strong growth we're seeing in the construction sector, and—which is mirrored in the economy and around New Zealand. The Government is focused on delivering for all New Zealanders and ensuring that the benefits of strong economic growth are spread right across our communities and right around the country, and we're having some real success. We're currently adding 10,000 new jobs a month. Our focus is building on that, and one of the ways we do this is through our Regional Growth Programme and the regional economic action plans that we have under way around the country. These are aimed at identifying economic opportunities in regional New Zealand to increase jobs, incomes, and investment. This week we'll be making further announcements which will contribute to the plans, a number of which have been in place for a few years, so I will be in Hamilton tomorrow with finance Minister Steven Joyce, outlining the local infrastructure projects which will be funded through the Housing Infrastructure Fund.

You may recall this was a fund of a billion dollars put up by the Government last year with the invitation to councils to bring forward the plans that would enable more supply of housing sooner, and there's been an intensive period of negotiation about the details of that over the last 6 months. This is part of the Government's comprehensive plan to lift the rate of house building, where we're now seeing real results with large numbers of consents and, as we found out last week, 97 percent of consents turning into a built house. It's also part of the Government's record level of infrastructure investment. This amount in the Housing Infrastructure Fund means that the Government and its key agencies will be investing around \$32.5 billion over the next 4 years.

On Wednesday I'll be in Hawke's Bay with economic development Minister Simon Bridges and Minister Anne Tolley, outlining a new programme aimed at getting our longer-term unemployed young people into work in regions where there are work opportunities for them. Finally, on Thursday a number of Ministers will be in Hokitika to launch the West Coast economic development action plan, the result of quite a lengthy period of discussion with the region, and on Friday Ministers will be announcing updates to the Bay of Plenty economic action plan.

Finally, I'd like to acknowledge the outstanding success of the British and Irish Lions tour. While the result on Saturday wasn't quite what we expected, it capped off a successful 10-match tour that further reinforced New Zealand's ability to host world-class major events. Over 20,000 British and Irish rugby fans came for the tour and certainly entertained the communities that they joined, and the matches have been broadcast to an estimated audience of 200 million, showcasing rugby but also showcasing New Zealand to the world. The tour was a credit to all involved: to the players, the organisers, and the fans.

In terms of my activities this week—*[Interruption]* excuse me—as well as Hamilton and Hawke's Bay, I'll be in Auckland Wednesday night, Wairarapa on Thursday, and Invercargill on Friday, and I do have to leave at 4.15 to meet my arrangements for catching a flight today. Any questions?

Media: Prime Minister, does all this regional activity suggest you're a bit nervous about how well Winston Peters is doing in the regions?

PM: No, I'd suggest the opposite—that Winston Peters' activity in the regions reflects the fact that the Government has been there talking with the regions, working with them constructively, for a number of years, and he'll be finding that their economies are a good deal more robust, and growing well compared to what he was saying. So, no, we're not sensitive at all. I think Mr Peters has now found the map. He's out there discovering these places; we've been there working for a long time.

Media: What do you make of this policy to use real wool carpets for installation in Government offices and in the floors and insulation?

PM: Well, it's not new. That discussion has been going on for about 45 years, as far as I can recall. Look, it's like anything else—it's up to the industry to produce a product that the customers want, and if they can have wool carpets that meet the quality criteria and the particular requirements for the buyer, then I'm sure they'll be able to sell, because it is an impressive product.

Media: Why don't you think they've been doing it thus far?

PM: Well, look, you'd need to talk to the industry and the buyers about that. The challenge with wool has always been how to match not so much the—the intrinsic qualities of it are good; it is how to get it even enough when it's a natural product up against a product made by machines, and the industry has had many different goes at that over the years and sometimes succeeded very well. I mean, there is quite a successful wool carpet industry.

Media: Why not give it a boost, then, by, you know, making Government procure it? Why not give the industry a bit of a boost?

PM: Well, look, there's any number of industries who would want a bit of a boost from some kind of political guarantee that their product will be purchased. New Zealand hasn't operated that way for a long time and we're not going to start now. We want the best products for our customers, just as I'm sure the industry does. The industry may find that Government's not such a good customer—that it wants large volumes at low prices, for instance. That's how Government works. So there's a bit of a—I mean, it's an unrealistic conversation because Mr Peters has no idea whether it's commercially viable on the Government's terms or not.

Media: But the Beehive has wool carpets, doesn't it? Is it one rule for you and one rule for the rest of Government?

PM: I couldn't tell you exactly what carpets the Beehive has. I spend more time at the desk than walking around the carpet.

Media: Just on Iraq and Mosul, have you had any advice or could we be involved in reconstruction and de-mining there?

PM: Well, it's always possible. I think there's a wee way to go yet just to exactly settle down what appears to be a very recent victory for the Iraqi Government. We have a presence there and we'd be—would, of course, work with them to contribute what we can.

Media: But you haven't had any advice on it yet?

PM: No, we haven't had any particular request.

Media: Prime Minister, 25,000 people have signed a petition calling on you to intervene to get Danielle Mackay a cochlear implant. She's got just 3 weeks left to save her hearing. What's your message and what do you say to Danielle and to her supporters?

PM: Well, look, I've seen a general description of the situation, and I couldn't comment on it in detail, but what I've seen does raise some pretty, I think, unique questions. It does seem to be a fairly unique set of circumstances, and I would hope that the people who work with her on the medical side can find their way through to a solution. But it does seem to raise some pretty interesting questions about, you know, what would be the sensible intervention now, given the potential long-term benefits.

Media: But given time's running out for her and she has a matter of weeks—she can't even now communicate with her close family. I mean, is there anything that the Government can do to make sure that she gets the help that she needs?

PM: Well, look, I'm reluctant to get into detail, just because I don't know enough of the detail, and there may well be factors in here, clinical factors or whatever, that make high-level decision-making a bit hazardous. I'm just making a point. I think that it does raise some pretty interesting questions about the long-term benefit and long-term impact. I'm not undertaking to, you know, give advice about it to her or her family, but I hope the case is being considered by those who have the capacity to make the decisions.

Media: But she's 22 and she's going to lose her hearing. Doesn't that horrify you? Is that acceptable in New Zealand in this day and age? She's been waiting for 3 years.

PM: Well, of course it's a tragedy for someone who is losing their hearing. On any given day we will have any number of people who are losing some capacity they have through disease or disability, and of course you'd want to make the intervention that is going to have a positive long-term payoff and, in this case, there seems to be a unique set of circumstances which highlight the benefits of the cochlear implant. There are a lot of other people waiting for cochlear implants, and that is, again, why I'm a bit reluctant to comment on anything other than the circumstances—the very broad circumstances—of this case.

Media: Just on State care abuse, the Government's repeatedly ruled out an inquiry. Has the position changed at all since receiving the petition?

PM: Look, it's not a matter of ruling it out. I think there's, you know, a bit more of an oppositional—a bit more of a description of conflict here than is actually the case. I mean, under the current Government—I can't speak for previous Governments, but I'm sure their attitude was similar—we've been keen to do what we can, which is a lot, to enable people to tell their story, receive compensation and apologies from Government. There are hundreds of people where that's occurred. I haven't got the numbers on the top of my head, but it's heading into the thousands at least. So we've got a common objective here, and we're still trying to really work out just what it is that those advocating an inquiry want in addition, because if there are additional steps to be taken which can help them, then we're interested in that.

Our view at the moment is that in the light of what's actually now been work done going right back into the early 1990s with Pūao-te-ata-tū, where the original changes started happening, through to—away from a lot of the abusive kind of institutions—or institutions where abuse occurred—through to the recent 2- or 3-year process of the expert advisory panel going through all aspects of our children in care, building a consensus, the Government making a decision to change it quite dramatically, and big investment in that. These are all steps I think we'd all—everyone a party to this argument—would say were steps in the right direction. So far, from what I've seen, people are keen to—there's been a strong focus on the scale of it: "Have we got an accurate view of the scale of what happened historically?" While it may be possible to find out more about that, I have to say our higher priority has been dealing with actual claims of actual people, and that process continues as we speak. Right now there are people—we have had the confidential listening

service now. There's a faster process. Claims are being lodged, heard; apologies are being made; compensation is being paid.

So, we're not—in that sense, in answer to your question, we're not against dealing with the situation. We understand it; we just want to establish clearly that the kind of larger-scale inquiry that's going on in other countries wouldn't be a large distraction of resource and focus from the very significant improvements that are under way and the existing process that is now dealing with claims, compensating, and providing apologies. Now, if we can find something that doesn't get in the way of what's happening, then we're looking for it. But I have to say the track record of these large inquiries overseas is they become quite long, expensive, and while it does enable some people to be heard, we've got a process where they can be heard anyway.

Media: So what type of inquiry might be acceptable—like, a smaller scale one? Is that what you're talking about?

PM: Well, look, I'd be interested in just getting clear what it is we want to do, what everyone wants achieved, in addition to what's being achieved, OK? In addition to what is already under way, which is completely changing the system again and hearing claims and doing apologies, or whatever. There's no contest over the fact that it happened. There's no contest over the fact that some people were severely damaged by what happened to them when they were in the care of the State. The statistical evidence, which we've got a better grip on than any Government's had, shows that it's a very profound indicator of a challenging life ahead to have been in State care, so we're fully aware of all the negative aspects of it.

Media: This is quite a large position shift, though, because the Government has been pretty staunch in its position over the last 18 months that any such inquiry would not add anything to what the Government was already doing.

PM: And that has yet to be established. I mean, that's my point. I think—

Media: Why wasn't that established? It appeared to be established 18 months ago. What's changed?

PM: Well, nothing. I think it's just that people are now listening to how the Government's describing its position, and it has been, as I said, too often couched as a conflict between Government and claimants, and it's not. It's a discussion over understandable emotion and often anger on the part of claimants and Government, with processes in place to deal with that, and now a petition that says they want something bigger and different, and we're trying to get clear what it is. I've heard a description last week, which was: "Do the right thing." Well, what is the right thing that is wanting to be done? Well, holding an inquiry isn't necessarily the right thing if it's to achieve the same things that are already being achieved. If there's some people missing out on the claims process, we'd want to hear that. If there's some sort of greater level of apology than the individual one, then that may be another matter that wouldn't be a problem at all for the Government.

Media: That has been a problem, though—that there's been some specific conflict over that between groups wanting a State apology and being flatly refused, saying that personal apologies were far more meaningful.

PM: Well, this is, again—are they wanting an apology for actions related to particular cases, or some very generalised apology? So if that's—you know, again, you'd have to see that—there's always the legal issues around those sort of things. Everyone has to be clear about what those are, but also what's the result they're after?

Media: Is proximity to the election the reason for this sort of—

PM: No, no. It's trying to understand what it is they're actually after, righto, in addition to what is actually in place. And what's in place is the most significant change in the programme of care of children since the early 1990s, when they first deinstitutionalised. I

think in the recent years the Government has been very open about the negative aspects of this experience now, which of course is our priority—the kids in care now matter most to us—and then whatever steps can be taken to reasonably offset or, ideally, repair the damage of the past. So it's not really a conflict here; it's just about trying to understand what the objectives are.

Media: Are you saying that the media mischaracterised your position previously?

PM: Well, I'm just saying we're explaining what the position is. I don't think the explanation has altered. We've always indicated—certainly since I've been involved, which is 6 months—goodwill towards the general cause of the claimants, and over a period of many years invested significant time and energy in what anywhere else would be a kind of truth and reconciliation process. I don't think anyone denies that the State institutions historically did not care well for those young people who were entrusted to them. I think that's—I don't see any record that that's been contested, and our indication of how seriously we take that is to go through a 3-year process of a warts-and-all turning upside down of our system for children in care, completely renewing it, and putting in tens, if not hundreds, of millions of dollars to do so.

I mean, there's not much greater degree of commitment has ever been shown by a Government to changing the system to improve it, and we've backed it up with by far the most transparent analysis that's ever been done of the significance of what happens with our children in care and, through the social investment framework, the trade-offs involved. I mean, we've been absolutely up front. It's worth us spending a lot of time and money—a lot more—on these children and young people, so that they have better life outcomes. So that leaves us with the historical bit to deal with, and as I said, that process is all in place. We need to either find out what's going to be more satisfactory about that, or get clear what the objectives are, other than just “have an inquiry”, because the lesson from overseas is that “having an inquiry” is not a solution. It uses up lots of money. It's great for the lawyers. Some people get a say, and they don't ever finish.

Media: So, going from here, is the current onus on the claimants to clarify their case for a wider inquiry, or is the current onus on the State to find out more about what is going to satisfy the historical claims?

PM: Well, I think it's, you know, a productive discussion. And it's just been a wee bit hard to get the grounds for that, because it started out as an advertising campaign, I think, addressed to me personally, when no one had contacted me about it at all. So I'm just looking for a productive discussion. Without allocating burdens, you know, I'm sure that these things can be talked through.

Media: Prime Minister, just looking at homelessness in Auckland, the Auckland City Mission says that it's full and has given away as much food and wraparound social services as it can. In fact, it says it's maxed out. How much of a concern is this for your Government, particularly looking back to the issues from last winter—the fact that homelessness is as bad as ever in Auckland?

PM: Well, we don't necessarily accept that. There's the—this year there are a significantly larger number of organisations involved in it, so the city mission is not the only agency dealing with it. In fact, there's quite a number of others now contracted by the Government, with, I think, 1,600 places currently available, running at about 80 percent occupancy. There's a partnership being announced with Te Puea Marae, because some people prefer to go to that setting than to turn up to MSD. That makes a lot of sense, so the Government will be funding a number of units there, with the servicing that goes with it.

So we really appreciate the efforts of the city mission. I think their efforts, combined with the ones I've just talked about plus the start-up of Housing First in Auckland, which has been very successful in Hamilton of dealing with the hard-core, long-term homelessness—I think that's probably having a positive impact. But, you know, we're not through the thick of

winter yet, and I think the needs are being catered for significantly better this year than last year, but there could well still be plenty of need out there that's yet to turn up.

Media: Just on the Te Paea decision, what changed between last year and this year in terms of that decision now to give them money and give them those five cabins?

PM: Oh, I think just everyone wanting to be prepared for the winter—you know, the winter pressure. I mean, things are improving in Auckland to this extent: that house prices are flat to falling. That means affordability's improving slightly for people who are struggling to pay their rent. They're going to have to wait, some of them, for the significant benefits coming in 1 April next year from the Government's family income package, and some of those families who are under real housing pressure with their rent will be over \$100 a week better off as a result of that package. In fact, that ones who are under the most pressure will get the biggest benefit. In the meantime, though, we just geared up—I think we spent \$130 million over the last 12 months on, basically, gearing up for homelessness for not just this winter but every winter coming.

Media: But there could still be, you know, issues with homelessness this winter. There could still be pressure that we haven't seen yet, despite these efforts.

PM: Yeah, that's quite possible. I'm sure there's people out there right now who are just starting to realise that there's some better options for them, and I hope they—you know, it's our hope they'll find their way to those better options.

Media: Is that a failure, though, on the Government's behalf—that you had, effectively, a year to solve this issue, and yet by your own admission we could still see homeless people this winter in Auckland?

PM: No, I wouldn't say it's a failure at all. The size of the response this year is unprecedented. There's never been emergency or transitional housing at anything like the scale or organisation that we currently have. It just has not existed before. So that's good, but we're not complacent about it. There may well be more needs than can be met. There may well be new or different needs, cos alongside the transitional places, there's all the money that's been going into funding motel places for people, and, you know, that's been pretty extensively used. So we're happy to accept the cost that goes with the upsurge in demand through winter, and I'm sure we'll learn lessons from it for being better targeted next winter.

Media: But isn't the size of the emergency housing that you're putting in only in response to a huge demand that's never been there before?

PM: Well, when you look at what's happened with the cost of housing, particularly in Auckland but also in other places, it's not surprising there's been some growth in demand. I think last year that pick-up in demand was stronger than anyone might have expected. So that's why we're in a much better position this year.

Media: Prime Minister, will Ngātata Love be able to retain his knighthood? Have you considered that yet?

PM: No, not at all. In my understand—well, as far as I'm aware, there's still legal proceedings going on, and, you know, everyone's innocent until proven guilty.

Media: What did you make of the spat between Winston Peters and the Greens over the weekend?

PM: Oh, quite predictable, really. I think it just makes it pretty clear that the sort of proposed Labour - Greens - New Zealand First coalition would be inherently unstable, because their internal differences are deep.

Media: Do you think you might end up having to deal with New Zealand First, though, come September?

PM: Well, that's up to the voters. We won't be dealing with the Greens under any circumstances, by the sound of it, because the Greens have ruled themselves out of being able to negotiate with National, and whatever Winston Peters says on the road, he hasn't ruled it out.

Media: You said that the water proposal that the Greens have would have a tax on hydroelectric. Are you able to elaborate on how you see it taxing the hydroelectric dams?

PM: Well, that's up to them. I mean, as I understand it, while they highlighted the royalties or tax or whatever on bottled water—which is, as we said, a tiny amount—they've indicated they want to have some sort of levy on all water usage. I'm just saying, well, that would include the largest commercial users of water in the country, who are corporates—and that's their definition; they want to tax corporates—who use it for generating electricity. So I presume the Greens have got answers to all those questions. I'm not trying to answer them for them, but, you know, they understand the issues, I think, so they'll no doubt be able to tell us.

Media: Labour's families package is being announced tomorrow. It's, essentially, its attempt to match what you've put forward in the Budget. Do you expect them to copy large amounts of what you've got? What room do you think Labour's got to move to match your offer to working and non-working New Zealanders?

PM: Well, look, there's a certain range, a certain number of tools you can use, and so, in that sense, they'll have to use the same tools. I think the issue that's just as important is that if we can stay on track with the sustained growth in the economy, good expenditure control, then, within a reasonable, short number of years, we could have a similar type of package again. So it's not so much about the first one, although they'll come up with something, I'm sure. It's the ability for sustained economic success to deliver more benefits across the whole community.

Media: If it were more sustainable, would you be looking at some sort of regular indexing of those tax thresholds for inflation so you wouldn't have these election-year—because they always seem to happen in election years—packages?

PM: Look, you know, we're not going to get ahead of ourselves about details and all that stuff. But we're certainly going into the election with a positive view about where New Zealand can go and the kinds of things we could achieve in the future, not just in the next few months.

Media: On your infrastructure fund that you're announcing tomorrow, is the fund going to be fully subscribed? Is that whole billion dollars taken up?

PM: We'll announce that tomorrow, but once we got through—I mean, initially councils talked about their very pressing needs. It turned out that their planning processes weren't really—had to be changed a bit to actually accommodate growth, not just get the Government to pay for things they were going to do anyway. And they've—well, I would have to say we've been impressed, as I hope they have been with central government, with the strong, common sense of purpose about getting more housing supply. And, you know, there's fairly—and getting it boiled down to specific projects and specific dates and specific costs. And that's been—it's been really quite successful, not just for allocating the billion dollars but for getting Government to understand the pressures local government has to deal with and some of the weaknesses in their systems, and, I think, local government understanding the overriding need for more housing supply in a growing economy.

Media: How far away are we on Auckland for the housing infrastructure?

PM: Well, you'll hear more about that in the next wee while.

Media: What, if any, proportion of the Housing Infrastructure Fund will be going to Auckland?

PM: Well, you'll find that out when it's announced.

Media: Are there enough projects that you could increase the size of it from the \$1 billion?

PM: Well, there'll be more talk about that over the next wee while.

Media: On North Korea, PM, G20 at the weekend didn't condemn North Korea for their ICBM launch. Now, obviously, you weren't there—

PM: No—I think we're G98 or something.

Media: Regardless, I mean, China and Russia blocked these attempts to condemn North Korea. Is that disappointing for you—that there was no unified condemnation of these missile tests?

PM: Yeah, it is disappointing, and it would be—you know, the best way to deal with North Korea is without military intervention, but that requires concerted diplomatic pressure, including from all those countries who have a greater ability to put that pressure on. That's what we would hope would happen.

Media: You've previously said China should be doing its part to decrease tensions there. Was it disappointing, specifically, that China blocked this condemnation of North Korea at the G20, in your view?

PM: Well, look, we're not privy to their diplomatic decision-making process. What we do know is that progress gets made on North Korea when the US and China are able to work together enough to get some pressure on North Korea. Now the need for that to happen appears to be growing.

Media: You said you wouldn't work with the Greens. Would you work with The Opportunities Party?

PM: Well, it's the Greens who said they wouldn't work with us. That's actually what's happened. They've gone into a—you know, thrown their lot in with the Labour Party. I'm sure they now regret it. Effectively, to be in Government they've thrown their lot in with New Zealand First. I'm sure they regret that now, if they didn't earlier. We will negotiate with whatever parties the voters put us in a position to need to, to get a stable Government. I mean, that's going to become, I think, clearer through—becoming clear now, but also through the campaign, that we've been able to operate with a number of parties in quite a stable set of coalition arrangements and, based on that, been able to campaign on a very positive, forward-looking view of New Zealand. And the Opposition parties—really, the only thing that seems to be able to hold them together is that they all think success is bad for New Zealand and they want to stop it. They seem to be able to agree on that, but not much else.

Media: So, in the unlikely event that the Greens come over all bluish, would you be prepared to work with them?

PM: Well, if they had some good ideas, but we haven't really had to think about it because they've thrown their lot in with the fading Labour Party and a pretty irascible New Zealand First.

Media: The gist of their criticism of Peters on the weekend was that they said that his stance on immigration was negative and/or racist. Do you see any merit in that criticism?

PM: Look, New Zealand First just sort of say whatever they want to say. They've, I think, clocked up \$4.5 billion of promises already, and now they're going to sponsor particular industries, apparently. So we don't get into trying to follow what they're saying or what they're doing.

Media: But on immigration—

PM: Well, who knows what their policy is. So I can't say. Maybe the Greens know because they're working with them on it or something—I don't know.

Media: The issue with Metiria calling Winston racist—do you think that Winston Peters is racist?

PM: Look, I haven't seen him say things that would merit me calling him a racist, but maybe he's talking more among the Opposition parties and they've heard stuff that we don't hear. Look, I think you want to be—Winston Peters will say all sorts of stuff, and some of those are going to continue to cause instability among Labour, Greens, and New Zealand First. We're focussing on getting our vote high, to put us in a strong position to negotiate with other parties if that's what voters want us to do. Thank you.

[FTR 16:21:10]

conclusion of press conference