

POST-CABINET PRESS CONFERENCE: MONDAY, 11 DECEMBER 2017

PM: Full complement here today, good afternoon everyone. I'm going to run through a couple of key decisions made by Cabinet this afternoon, then run through a quick outline of activities for the rest of the week before I open up for questions. I'll start, though, with the Reserve Bank Governor. Cabinet today approved finance Minister Mr Grant Robertson's appointment of the Reserve Bank Governor. I'm delighted to announce that Adrian Orr has been appointed as Reserve Bank Governor, effective from 27 March 2018. I'll hand over to our finance Minister to make a few other comments.

Hon Grant Robertson: Thank you very much, Prime Minister. Yes, as the Prime Minister has said, Adrian Orr will become the new Reserve Bank Governor from 27 March. This is at the completion of Acting Governor Grant Spencer's term. I firstly want to thank Acting Governor Spencer for having stepped into that role and wish him well after his term ends in March. We are delighted that we've been able to appoint Adrian Orr as the Governor. He has a sound and strong track record of delivery and public service. He also has the technical skills to be in this role, as a former deputy governor of the bank, and also as the leader of the super fund he has shown his credential as a CEO.

Further, I think he also has the skills necessary to successfully lead the Reserve Bank through a period of change. The Reserve Bank board made a unanimous recommendation of Mr Orr to me. The structure of the Reserve Bank Act is that they make a recommendation, and then I made a decision to either accept that or not, and then go forward to appointment. I'm very pleased to be able to go forward and appoint Mr Orr to that role.

In accordance with the Reserve Bank Act a new policy targets agreement will need to be signed with Mr Orr before he takes up the role. We will do that once we have completed the first phase of the work of the Reserve Bank Act review. That, obviously, is the phase that deals with the broadening of the objectives and the decision-making process for the bank. We won't have been able to pass legislation by that point in time but it will be possible to use the recommendations of the first phase of the review in drafting up the policy targets agreement, and if necessary a further policy targets agreement can be signed and negotiated when the legislation is passed. This is a very important appointment. The Reserve Bank is obviously entering a period of change with the review that we're undertaking, and we believe that Mr Orr will be an excellent candidate to lead the bank through that period of change.

Media: Can I ask—

PM: We'll leave questions to the end, if I can, Barry. I'll just whizz through the remainder of the announcements from Cabinet today, and then we'll open up for questions. Minister Robertson will stay.

Also, the legislation amending the Overseas Investment Act will be also introduced this week. As I've previously outlined, this gives effect to the ban on overseas-based speculators buying New Zealand houses. Of course, our aim with this legislation is to make it easier for New Zealanders to buy their first home, and, as we've always said, the legislation extends the definition of sensitive land in the OIA to include residential land.

Today, Cabinet also agreed to the change of name for what is currently known as the Ministry for Vulnerable Children. It will now be known, once Order in Council is complete next week, as Oranga Tamariki, the Ministry for Children, because, as we've always maintained, we want this ministry's work to be geared towards the welfare of all children and to not stigmatise the children that it works with. I'll hand over briefly to the Minister for Children to make a brief comment on that announcement as well.

Hon Tracey Martin: Kia ora, Thank you, Prime Minister. So it's probably no surprise to you that we have now moved these papers to do an Order in Council to change the name. The name was quite controversial, particularly among those who are care-experienced individuals and those working with care-experienced individuals. This Government also has a larger vision for the children of New Zealand. We will not take our focus from the 5,600, 5,700 children in State care and the tens of thousands of children who are on the edge who need our attention. But Oranga Tamariki, Ministry for Children will, over the period of this Government's term, widen its view to ensure that we have measures and hold ourselves to a standard for all New Zealand children. Kia ora.

PM: Thank you, Minister, and any questions on that we'll take at the end, but I can confirm any cost for that change will come within baseline, and it will be phased over a period of a year so we can reduce the cost of that transition as well.

That then leads nicely to the families package. This Government has made it a priority to invest in the well-being of children and of families. That will be at the heart of the work that we do. Our vision, our belief, is that New Zealand can be the best place in the world to be a child and to raise a child. That means every child should grow up in a warm, dry home. That's why we passed the healthy homes guarantee bill. We want parents to have more flexibility with spending time with their kids. That's why we've extended paid parental leave.

And on Thursday we'll further underline our commitment to children and families with the introduction of the legislation for the families package. I can confirm it will lift thousands more children out of poverty through a boost to low- and middle-income earners, and it fulfils our 100-day plan pledge. We will release the numbers around the impact that that package will have when that legislation is introduced.

Alongside that will be the half yearly economic and fiscal update, which also talks about how we will be able to fulfil our commitments to families and be fiscally responsible and, of course, we're doing that by cancelling National's tax cuts.

Other agenda items in the week ahead—we'll also be making a number of education announcements this week too. Otherwise, happy to open for questions.

Media: Mr Robertson, just wondering the salary for Adrian Orr. Presumably he'll be taking a pay cut.

Hon Grant Robertson: Yeah, so obviously that is a matter for negotiation, finally, between him and the board, but the board chair has told me that it will be within the range of the current governor, which, to state the obvious, will be a significant pay cut for Mr Orr.

Media: What was his reaction when you told him?

PM: The pay cut or the appointment?

Hon Grant Robertson: Ha, ha! Mr Orr is delighted to take up the appointment. He sees it as a great honour to serve his country in this role. Obviously, he was the deputy governor, so he has spent time at the bank. It's a role that I think he's very much looking forward to.

Media: Was he the first candidate that the board put forward to you, formally or informally?

Hon Grant Robertson: Yes.

Media: Is he on board with your—is he on board with the direction you want to go in terms of the dual mandate?

Hon Grant Robertson: Yeah, so one of the things I did was speak to the chair of the board when I first took up the role as Minister of Finance, to ensure that the process of appointing the governor included candidates being aware of the direction that we were going in and to assess their ability to implement that direction. I've been assured by the

chair of the board that Mr Orr is in a position to do that, that he will be able to manage a period of change well for the board, and I've accepted those assurances.

Media: Was his period as the chief of the super fund—was that coming to an end?

Hon Grant Robertson: I don't know that necessarily it was, in particular, but this was an opportunity that Mr Orr was very interested in, and I think, you know, he's run the super fund extremely well. It is one of the most successful sovereign wealth funds in the world, and so I think the experience he got working in I guess what I'd call the real economy will be very useful as we move forward down the path of change that we're going down with the bank.

Media: What's the time line around replacing Mr Orr?

Hon Grant Robertson: In the super fund?

Media: Yeah.

Hon Grant Robertson: Well, that'd be a matter for the guardians of the super fund to deal with.

Media: How much is his pay cut?

Hon Grant Robertson: Oh, the final decisions on that, as I say, are between the board and him. Obviously, his salary becomes public eventually, but the board chair has said to me that it will be within the range of the current governor, and, as I say, that will be a substantial reduction in salary.

Media: What's that range?

PM: Those ranges are publicly available.

Media: So was he interested in taking the job before the Government was formed?

Hon Grant Robertson: I'm actually not aware of that. Obviously, I'm only aware of what happened when I came in. But, yes, I do believe he had—he was part of the appointment process before the Government was appointed.

PM: All right. Any other questions?

Media: Just on the—sorry, the child poverty stuff.

PM: Yes.

Media: Bill English did a stand-up earlier, and he was talking about how he hoped that the Government wouldn't be treating child poverty reduction as a slogan and that the practicality for you guys is that after the April 1st family package, there wouldn't be enough cash in the coffers to actually see things through. What's your reaction to that?

PM: Oh, I'd push back firmly on that. Actually, I don't want there to be politics in the issue of child poverty. I think most people would agree that, probably, regardless of the political party you're in, we have a goal to improve the well-being of kids. What I want to see is that successive Governments commit to focusing on lifting children out of poverty. That's what the bill that we're going to be introducing next year is all about. When it comes to the families package, I'm proud of how many children in poverty will be lifted out of poverty because of this significant package of reforms. It's introduced on Thursday. We'll release then the detail of the number of children we estimate will positively benefit from this package. But I think it will be very clear it's significant, and it'll show the focus that as a Government we have on this issue.

Media: During the campaign National obviously campaigned on its own families package and then hinted to perhaps raising benefits again in the next year or two. Is your Government going to be in a position to be able to raise benefits in the same way that they did?

PM: Well, I know, of course, that in the last weeks of the campaign, Bill English said at that time that he wanted to lift 50,000 children out of poverty. Our package does more than that. Then, when we go into next year, the bill that we're introducing is all about us then being public about the targets beyond that that we're going to set ourselves. And so in January next year we'll be going through a process. We'll be talking about some of the targets we'd like to set ourselves—hold ourselves to.

One that we're already committed to, of course, is the UN's sustainable development goals. They say that by 2030 we need to have reduced child poverty by 50 percent. So we're already committed to that.

Media: You mention the cost of the Oranga Tamariki rebrand. How much do you expect that to be?

PM: Minister?

Hon Tracey Martin: The costs that have been provided to my office is around about \$418,000. Most of that is \$380,000 worth of technical changes that need to be made to a computer system. We have minimised those costs by actually working through, for example, practical things like stationery working through so that we're not rebranding automatically. We're quite lucky that the previous Government had put aside \$530,000 to change the signage around the country, from CYFs to Oranga Tamariki. So that cost has already been set aside and there were administrative moneys that were in the pot that we're actually being able to reallocate, so we don't take any money from children.

Media: Had they not started work on changing that signage?

Hon Tracey Martin: They had changed one.

Media: So most of that money's still there?

Hon Tracey Martin: All of that money's still there—\$530,000 is still there.

Media: How long do you expect it to take before all the new signs are up?

Hon Tracey Martin: Within a 12-month period we're hoping to actually have that transition made.

Media: In layman's terms, can you just explain why removing "Vulnerable" is so important?

Hon Tracey Martin: Because (1) what the children themselves told us, what the social workers and so on have told me quite strongly over the last six weeks, is that that word actually stigmatised those children. And every child is vulnerable at some stage in its life; these children, particularly at the moment the 5,700, are in circumstances which make them currently the most vulnerable. So they felt it stigmatised them and the workers felt it stigmatised the children they worked with, and one of the things Oranga Tamariki is trying to do is to get the rest of New Zealand society to realise that these children are in circumstances where they need our support; we don't want them stigmatised so that people actually in communities don't reach out to help them.

Media: You mentioned it might change, or widen slightly, the ambit of the ministry. Can you explain that now?

PM: Oh, yeah, I'll add to that. We've talked in the past around, for instance, when you set goals around the issue of child poverty, of course then you've got to have a plan for how you're going to reach that, and that's another good point. A child who lives in poverty won't necessarily ever come into the contact of those social workers who are working specifically with children in Oranga Tamariki. But we actually do want a ministry to have regard to their livelihood and their well-being as well. So within the child poverty legislation, there will be a requirement for successive Governments to have a well-being strategy, so focusing on improving outcomes for kids across housing, health, education. Over time, we hope to see Oranga Tamariki in a position to really lead some of the work as well. That will take time.

They're a ministry that really is, at the moment, rightly so, focused on getting things right for children who have experienced care. And that should be their focus for now, but over time we do want to build their remit.

Media: The New Zealand dollar has dropped quite sharply since you made the comments about Mr Orr taking over as Reserve Bank Governor. Do you take this as an indication that New Zealand markets, or the markets in general, are quite receptive of Mr Orr?

PM: What numbers specifically were you talking?

Media: The New Zealand dollar.

PM: Yeah, what numbers specifically?

Media: Oh, it's the jump—it has jumped from 68.5c to 68.8c.

PM: Would you like to comment on the 0.3c?

Robertson: There you go, Jason. Look, I do think, in all seriousness, this will be an appointment that will be welcomed right across the financial sector. Mr Orr is highly regarded. He does, as I say, have expertise, in the technical sense, from his time at the bank previously, and is, obviously, a very well-respected CEO as well. As I say, we're delighted about the appointment, and if the markets are pleased, that's a good thing too. Call me in half an hour and it will probably have gone down.

Media: So on that, the candidates—you must have had a bit of a, you know, list of who you might have appointed. Was he near the top, or at the top?

Hon Grant Robertson: Yes, he was, and he's a person who I have long held in high regard for the work that he's done at the super fund. And, certainly, when I thought about people who could do the role, he was there. Clearly, we have an open mind as to any other candidates that would have come forward, but, obviously, the board of the bank felt the same way and made a unanimous recommendation about Mr Orr.

Media: How many candidates were there?

Hon Grant Robertson: You'll have to ask the board that. I didn't involve myself deeply in that.

Media: What changes would you like to see in your policy targets agreement you're going to agree with him, which is, obviously, coming in before the legislative changes?

Hon Grant Robertson: So, they'd be the changes that reflect our desire to see the objectives of the Act broaden. We do want to make sure that the bank has a focus not just on price stability but also on how we maximise employment, how we ensure that the overall well-being of New Zealanders is taken into account. The review group is getting under way, and then beginning to look at what are the kinds of language that could be included in the Act. We'll use that work to then reflect that into the policy targets agreements.

Media: So when would you expect the policy targets agreement to be signed by?

Hon Grant Robertson: Well, I have to sign it with Mr Orr before he takes up the role.

Media: Just in regards to Willie Jackson's comments last week, is the Government moving towards compulsory Te Reo, or did he get it wrong?

PM: No, I saw that as being a reference to the fact that, even now, there's considerable integration of Te Reo in our early years curriculum. And that is something that we've progressively seen over time. I think that's something to be embraced. But when we're talking about the availability of Te Reo from the early years, from ECE right up to secondary school, our policy is absolutely around universal availability. Because, actually, we just don't have the capacity to do anything other than, at the moment, set a target around making sure that we've got the teachers required to teach Te Reo.

Media: So he just didn't know what you campaigned on?

PM: Sorry, what was that?

Media: He just didn't know what you'd campaigned on?

PM: No, no, absolutely. What he was talking about was the availability, within those early years, of it being integrated in curriculum, and it's fair to say that's already happening now. But when it comes to that older stream of young people, at the moment we're just not in a position to do anything other than strive for universal availability. You had a question?

Media: Did you discuss New Zealand's refugee offer with Bill Shorten at dinner—

PM: Yeah, look, it did come up in the press conference beforehand, so we had a short conversation off the back of that. It's fair to say that nothing from either of us has changed. Our offer continues to be the status quo; his position on the offer is the status quo. But as he reiterated at the press conference, it's a matter for the Australian Government.

Media: What do you make of Gerry Brownlee's comments this morning that your Government should back off Australia, and you risk damaging the relationship, the long-term relationship, with Australia?

PM: I disagree. All I've done is continue to put an offer that his Government instigated.

Media: Was there anything else standing out from that two-and-a-half-hour dinner with Mr Shorten?

PM: No. As I indicated in our preliminary comments, two of the issues that I was keen to reiterate and push are the same issues I speak to any Australian politician about when I have the opportunity, and that is to advocate for New Zealanders—in particular, based in Australia. That includes students who may be, or anyone who may be, wishing to access tertiary education who are resident in Australia, and also ongoing issues around citizenship. I imagine those are the issues that New Zealanders would want me to advocate for.

Media: Did Bill Shorten give you an update on the passage of that legislation that hiked fees for Kiwis in Australia?

PM: We didn't specifically talk about that progress. He just reiterated his position.

Media: The Royal New Zealand Ballet's in crisis talks today. Are you concerned about that? It's about dancers, a number of dancers, leaving.

PM: Yeah. Look, I am certainly keeping an eye on the issue. I've asked for briefings from the ministry of arts, culture and heritage. Of course, as you would expect, I take a keen interest in making sure that we have a successful Royal New Zealand Ballet company. I also want to make sure that we are seeing New Zealanders grace our stage, and so what we're doing to support the flow of New Zealand dancers is, equally, something I think we should turn our minds to. But at the moment, it's something that I'm keeping an eye on and waiting to see how it's resolved.

Media: What action could you take, if any?

PM: At this stage, I am waiting to see what resolution is being sought. I want to see whether or not it can be worked through with those involved at a senior level first. I think they'd probably appreciate the ability to do that. I think they will have seen, certainly, my hopes and aspirations for them through the comments that I've made.

Media: Given that ballet is an immensely internationally competitive art form, how would you expect to find that balance between allowing them to be internationally competitive as well as—

PM: And you're right that it is a balance, and, of course, we lose New Zealand dancers abroad for the same international opportunities as well, but I think where we do have a role to play is at least making sure that the pathways into that field are strong so that we're giving New Zealand dancers the best opportunity possible in a competitive environment. We've long talked about trying to improve those pathways across the arts and cultural sector, through things like apprenticeships, which we don't tend to have entrenched

as much in that sector. I do think there's some opportunity there for there to be training in the field using the New Zealand School of Dance, but those are things that, as I understand, are actually being explored with the Royal New Zealand Ballet as we speak as well.

Media: PM, last week you said you had no intelligence to suggest there was foreign interference in New Zealand's political system, but the briefing to the GCSB and NZSIS Ministers says that New Zealand is not immune to the threat of espionage or foreign efforts to interfere with the normal functioning of Government, and they go on to say that there have been efforts to unduly influence the expatriate communities. Which of those statements is correct?

PM: They are not mutually exclusive, James. I would absolutely—I've continually said we cannot be complacent. We must be vigilant. But I've seen no evidence to date that there's been any foreign interference in our last election.

Media: In the past year there's been attempts to access sensitive Government and private sector information and attempts to influence expatriate communities. What does that mean?

PM: Yeah, and, look, as I've always said, we need to make sure that we're vigilant. We need to make sure that we've got protections in place, particularly as threats through cybersecurity continue to increase. There has been additional support put into those agencies in New Zealand that work in that space, and I think we're reaping the benefits of that, but, of course, it does mean that we have to continue to be vigilant, as I've said.

Media: Have you received any briefings on foreign powers attempting to unduly influence expatriate communities?

PM: As I've said, when it comes to our specific election, I've received no information that suggests to me that that's been a specific concern. More broadly, I receive a number of briefings on an ongoing basis in that area, some of which I comment on, some of which I do not.

Media: Are you saying that you can't comment?

PM: No, not necessarily; it just tells you that I'm not going to tell you absolutely everything when it comes to those matters.

Media: Prime Minister, your OIO changes come through this week. Have you seen a surge in the number of foreigners buying residential homes in the last few weeks?

PM: Well, that would imply that we had correct and decent data in that space and we haven't to date.

Media: Have you heard of any anecdotal evidence?

PM: Oh, we constantly hear, of course, anecdotal evidence, but we're making this change on the basis of our belief that it's important to make sure we have a regime that gives New Zealand buyers the best chance possible.

Media: And what day is it going to be introduced?

PM: It'll be this week.

Media: Do you think there's a need to look more closely at foreign influence in our politics and in our media, given that Australia has said there's a need to tighten up campaign finance laws and the SIS has said that overseas powers have tried to hack New Zealand's systems?

PM: And what I'd say is that implies that we haven't been live to that already. We are. We also have a very different set of electoral laws. We already have a threshold test that says if you donate more than \$1,500 you must be declared, and if you can't be declared that donation must be returned or given to the Electoral Commission. And also, of course, some of the thresholds for spending through political parties in Australia, as I understand,

are much higher than in New Zealand. So it's not necessarily apples and apples. But I'd like to think that we've always been live to some of these issues. Yes, they're the subject of much more conversation, but I hope that that only gives further weight to the fact that we cannot as a nation be complacent on these matters.

Media: Are you really confident, though, that that \$1,500 threshold has not been circumvented, for example, by these big dinners where people donate slightly smaller than \$1,500 and before you know it you've got half a million dollars.

PM: Yeah, and, look, of course, there is a balance always to be struck between making sure that we have a threshold that gives transparency in our system but also making sure that you're not picking up the person who just buys a tea towel at a stall, and so there is that to be balanced. Look, we have the opportunity after every general election for a select committee, through the justice and electoral select committee, to review the election that's been. If there are concerns, that might be an opportunity for that select committee, in a bipartisan way, to raise it, canvass it, and make recommendations back to Parliament.

Media: Would you be surprised if there were MPs in our Parliament who had a different point of view from the Government on, for example, the South China Sea or, you know, various elements of Chinese policy?

PM: Oh, look, Government policy is Government policy. Even if individual MPs have a different perspective, that does not change the policy that we present on the world stage, and that's the most important thing.

Media: So if any of your MPs made comments regarding things like the South China Sea that was contrary to Government policy, would that be of concern to you?

PM: As I say, Government policy is Government policy. Audrey.

Media: In the last nine years, have you ever been political about child poverty?

PM: I wouldn't perceive myself to have been political about that issue. But, look, I'm a politician, so some people would perceive that no matter what I say it's somehow political. It is fair to say on the child poverty issue I've certainly challenged the Government in the past on some of their actions—the last Government. But, at the same time, I've also, on a number of occasions, reached out and suggested that we try and work together on the issue because, like domestic violence, I believe that child poverty shouldn't be an issue that is treated politically.

Media: Doesn't that just mean agreeing with the Government?

PM: Oh, well, you know, at the time, I was certainly trying to encourage, from Opposition, the Government to adopt the bill that we are trying to progress now, and that was because the original concept for that bill came from the Children's Commissioner, not, originally, from the Opposition—the Children's Commissioner. So, in my mind, that was a good starting point to try and build some consensus.

Media: So will politics solve poverty, then?

PM: My view is that we will not get a longstanding solution to issues like child poverty and like climate change until we can get over the three yearly political cycle. In order to create change that endures, that often means building consensus around it, and that's what we're going to try and do on child poverty.

Media: Does that mean that the targets in the bill will not be specific numbers?

PM: What I will say—and this will be obvious when you see the legislation—I have drafted this bill with a mind to what is most likely to succeed in Parliament. That does mean I've made some decisions with a view to what I can do to try and get Opposition support for this bill too.

Media: Does that mean you've watered down what you had wanted to do?

PM: No. No. It means that setting up a framework so that we demonstrate we are always focused on the issue, but every Government of the day will have their own ambitions, and it's up to them to determine how ambitious they are.

Media: So you might be able to adjust the targets by regulation?

PM: You could speculate that that might be a way to do it.

Media: Just going back to the Reserve Bank targets for a moment—mention was made of the consideration of the well-being of all New Zealanders. How do you propose to quantify such measures, and will it include things like measurements of income inequality?

Hon Grant Robertson: So we're getting a bit ahead of ourselves in terms of the detail, because that review's just started. But, you know, you can look across to Australia to see the way in which they express the objectives of their bank to be a bit broader than what we have here. So price stability remains core, but it requires the bank, when it's making its decisions, to look at those broader aspects and then, in turn, the bank itself chooses the indicators that it works on. So we'll let that work develop, but I've certainly encouraged the review team to look across to Australia to see whether that is a model that we could adopt.

PM: All right, then. I'll take last question, Lloyd.

Media: Prime Minister, there's been a report that morale in the Green Party, especially amongst its staff, is pretty bad. Is the same thing happening with Labour?

PM: Oh, look, you know, every—these issues are for every individual political party to deal with, so I'm not going to comment on any other political party's staffing issues. All right, everyone. Thanks very much. I think that's a wrap.

Media: I'm not asking about other parties; I'm asking about your party.

Hon Grant Robertson: We're all good, Lloyd. We're all good.

PM: We've resolved all of our outstanding issues. It is fair to say that, look, transitioning into a new employment arrangement for everyone—for both the Opposition, for the Government—does take a bit of time. Everyone wants a perfect process and it doesn't always work out that way. But it's for each individual political party to manage.

Media: What are these outstanding issues you've resolved?

PM: Employing people, Claire!

conclusion of press conference