

POST-CABINET PRESS CONFERENCE: MONDAY, 20 MAY 2024
HANSARD TRANSCRIPT

PM: Kia ora koutou everybody, good afternoon. It's great to be back in Wellington as we head into the Budget next week. Budget '24, of course, will be the next stage in our plan to support families with the cost of living, and also to rebuild the economy from a period of high inflation, high interest rates, and negative economic growth.

I want to say we are seeing some signs of progress. Inflation has fallen to 4 percent from well over 7 percent, food inflation has fallen dramatically to below 1 percent from over 12 percent, mortgage interest rates are showing some very early signs of softening, and despite difficult conditions business confidence is well above the lows of 2022 and 2023. We know there's much, much more to do as Kiwi families continue to grapple with the cost of living crisis, but Kiwis can look forward to much-needed tax relief in this year's Budget for the first time in 14 years. And as the finance Minister has said, our tax relief package will increase the take-home pay of 83 percent of Kiwis over the age of 15, and 94 percent of households.

Tax relief will be focused on low and middle income working New Zealanders, and it will be meaningful but modest. We know this isn't the only thing we need to do to ease the cost of living. We also need to see much more progress on inflation and interest rates in the coming months to support economic growth and take pressure off family budgets. It's why you'll see the war on red tape continue taking costs off business so they can grow without driving prices higher and it's why you'll also see us continue to get control of Government spending in the Budget which, despite soaring in the recent years, has not delivered better outcomes for Kiwis.

Today, I'm joined by housing Minister, Chris Bishop, who will be talking you through the findings of the review into Kāinga Ora. And as you know, earlier in the year, we announced an independent review of the financial situation, procurement, and asset management of KO. Kāinga Ora has an annual expenditure of \$2.5 billion and it has assets worth \$45 billion, and these have a significant impact on the Government's financial statements. We've not been satisfied with the performance of Kāinga Ora in managing its finances and its assets, which is why the review led by Sir Bill English was initiated. The report from the review is being released today, and I'll now pass on to Chris to talk about the findings and the recommendations in more detail.

Hon Chris Bishop Thank you, Prime Minister. As the PM has said, today we've released the report into Kāinga Ora by the independent reviewers Sir Bill English, Ceinwen McNeil, and Simon Allen.

The Prime Minister's laid out very clearly the fiscal reasons we need assurance that Kāinga Ora is operating responsibly and sustainably. The moral reason that we need this assurance is that Kāinga Ora owns over 70,000 social houses and is the country's biggest landlord. There are around 185,000 people living in Kāinga Ora homes now, and around 25,000 more on the social housing waiting list. These are some of our most vulnerable New Zealanders and the truth is that for every dollar Kāinga Ora doesn't manage properly, that's a dollar that isn't going towards providing a good housing outcome for a person or a family in need, and that's what we need them to be focused on.

Thanks to the report from the independent reviewers, we now know that our serious concerns about Kāinga Ora were valid. The review makes two broad findings. The first is that Kāinga Ora is underperforming and not financially viable without significant savings as well as funding and financing changes. Secondly, the wider social housing system is not delivering the results New Zealand needs. It's lacking in transparency and accountability, coupled with a poor understanding of tenant outcomes. The financial situation is worrying. The operating deficit at the time the review was undertaken was forecast to grow from \$520 million in 2022/'23 to over \$700 million in '26/'27. Kāinga Ora's debt is forecast to increase

to \$23 billion by 2028. The forecast cash requirement from the Crown is \$21.4 billion over the next four years; this is equivalent to every New Zealander paying about \$4,000 each to keep Kāinga Ora going.

We're also concerned about the findings in the review about the governance of Kāinga Ora. Ministers were alarmed to learn, for example, that in the May 2023 board budget pack, the budget assumed new lending of several billion dollars from the Government would be approved. The build pipeline included a line titled "Zero Net Growth" describing disposals of an indeterminate kind—sales, we have to assume—of over 3,000 homes per year. The board pack did not provide a budget scenario where Kāinga Ora stays within the funding agreement agreed by the Government.

The review's made seven major recommendations to the Government which proposed significant changes for Kāinga Ora and the wider social housing system. Cabinet has today agreed to four of the recommendations, which are, firstly, aligning contractual requirements and arrangements across Kāinga Ora and the community housing sector; secondly, refreshing the Kāinga Ora board; thirdly, issuing simplified direction to Kāinga Ora; and, fourthly, Ministers setting an expectation that the board will develop a credible and detailed plan to improve financial performance with the goal of eliminating losses.

Cabinet has agreed to take action on these recommendations, so for starters we have today appointed Mr Simon Moutter as the new chair of Kāinga Ora. He brings extensive change leadership experience as the chief executive of Powerco, Auckland international airport, and Spark. He will step into the role on 4 June. Further board appointments will be made in the next few weeks, with a refreshed board expected to be in place in July. Ministers will then issue a new letter of expectations which makes crystal clear our expectations regarding Kāinga Ora's focus on fiscal sustainability, value for money, and a back-to-basics approach when it comes to their essential functions. The first task of the refreshed board will be to present a Kāinga Ora turnaround plan to Ministers by the end of the year which focuses them on returning Kāinga Ora to financial sustainability and eliminating losses.

The review proposes other changes too, including moving to a model where the Government becomes an active purchaser that takes a social investment approach to improving housing outcomes. We'll be looking at those recommendations closely in the coming months, as well as our broader housing funding settings. Back to you, Prime Minister.

PM: Thanks, Chris. In terms of my movements this week, I'm in Wellington until Wednesday, I'll be spending Thursday in the Hutt Valley with a very hard-working local MP called Chris Bishop, and on Friday I'll be heading to Auckland. This week in the House, we'll have the first readings of the residential tenancy Act amendment bill and also complete the annual review debates, and on Thursday there'll be a special debate on long-term insights briefings, and also Green MP Francisco Hernandez will deliver his maiden speech. And, with that, we're happy to take questions you may have.

Media: Accepting that recommendation to refresh the board, is that an effective vote of no confidence in the Kāinga Ora board and an effective sacking of them?

Hon Chris Bishop: As I've said, we have significant concerns about the governance of Kāinga Ora. The review makes it very clear that the board has not discharged its obligations responsibly when it comes to debt, financial management, asset management, and procurement. That is why we have appointed a new chair today and we are appointing a refreshed board in due course.

Media: Is it sacking the board?

Hon Chris Bishop: We're appointing a refreshed board. We've appointed a new chair in Simon Moutter, who I think will do an outstanding job. We have confidence and faith in him. We are working through the process around refreshing the board, and, as I say, we expect to have the new board in place by July.

Media: And that turnaround plan, do you expect that to include a mass sell-off of State houses?

Hon Chris Bishop: I can rule out a mass sell-off of State houses. It is very important that we continue to grow the number of social houses in New Zealand, and I use the term “social houses” deliberately, because this is a Government that is going to be agnostic as to who delivers social houses. One of the legacies of the last National Government is the system that was put in place that allows the community housing sector, not just Kāinga Ora but the community housing sector—and I'm talking about groups like the Salvation Army, for example; groups like Emerge Aotearoa, groups like the Community of Refuge Trust in Auckland, for example. Those groups and entities—charities, for the most part—can access the income-related rent subsidy that previously was the preserve only of Kāinga Ora. The ability of the community housing sector to access Government support through the income-related rent subsidy has seen a growth in the community housing sector so that the community housing sector now owns and operates over 10,000 houses. We are keen to see the social housing sector and the community housing sector grow, because it is a very important part of the housing mix in New Zealand. That does not necessarily mean that Kāinga Ora will grow in net terms.

Media: So does that mean that you could—if there's not a mass sell-off of State houses, could there be a mass transfer of current State houses over to community housing providers to make Kāinga Ora's balance sheet look better?

Hon Chris Bishop: Well, you'll see in the independent review done by Sir Bill and his team that he proposes a variety of changes to the broader social housing system, including looking at what—the review is called *Community Housing Associations*, and we will be considering that; we are not committing to that today. Today is about fixing the finances of Kāinga Ora, or at least starting the process of fixing the financing and the sustainability, financially, of Kāinga Ora. Ministers want to take the time to consider that report thoroughly and in a considered way. There's a lot going on in the broader housing system and the social housing system as well. We want to take the time to consider those recommendations properly, thoroughly. And when Cabinet has made a decision on that, you will be one of the first to know, Jenna. But this is not about a sell-off of State houses. This is about the financial sustainability of Kāinga Ora. We need to remember that Kāinga Ora has had an enormous amount of Crown capital pumped into it over the last few years. They have grown very quickly as an organisation, both in terms of staff terms and in terms of the amount of money that the organisation has access to. But as the review makes clear today, there are significant concerns about the sustainability of the way in which it has been operating, and that's why we've taken action.

Media: You've said one of the goals is eliminating losses. So without selling off State houses, how can you actually tangibly get to a point where you are eliminating losses, and can you quantify this at all?

Hon Chris Bishop: Well, there are a variety of different ways to get there. One of the things that the review makes clear is that Kāinga Ora has done a poor job at asset management. They know very little, for example, around the quality of the assets they have and the maintenance and renewals that need to go into the houses that they own. We also know, for example, that, on average, the houses that they build cost more than equivalent houses in the private sector. Over a year, six months, certainly over the forecast period, that increased cost adds up to a significant amount of extra money going into Kāinga Ora.

So there's a variety of ways across asset management, across maintenance, across build costs to reduce down that cost. And then, of course, you've got the head office as well. The review makes clear that Kāinga Ora has taken on an enormous number of tasks, given to it by the previous Government. When the Government changed in 2017, Kāinga Ora was, essentially, a landlord that looked after vulnerable New Zealanders and built State houses. It has turned into an organisation that does that but also does progressive homeownership, shared equity—there are three different shared equity schemes being run by the

Government right now; Kāinga Ora runs one of them. It does First Home Grants, it does urban development, it is responsible for a variety of urban development programmes, it runs the Infrastructure Acceleration Fund, it runs the Housing Acceleration Fund. It does an enormous number of things, and I would say to you that because it does an enormous number of things, it has taken its eye off the ball of the core task of housing New Zealanders, and that's what we want to get it back to.

Media: Where do you want to see it in four years? You mentioned the forecast period. So if you're still the Minister by then in four years' time, what would you like to see Kāinga Ora looking like?

Hon Chris Bishop: We will be considering a turnaround plan in due course. And we've deliberately said to the new board—the refreshed board led by the new chair, Simon Moutter—that we want to see that plan by November. There are a lot of moving parts here and there's a lot of complexity to the system, as the review makes really clear, and also the proactively released Treasury and HUD advice that we're proactively releasing to you today as well. A quick scan of those documents makes it clear that this is an extremely complicated system. There's a lot of different moving parts. The core goal that we are setting for Kāinga Ora and the new board is to get back to a financially sustainable position that eliminates losses so that Ministers can have confidence in the organisation and the houses that it delivers, and that's the core task.

PM: And Jason, can I just add. I mean, just to give you some numbers: you know, a \$2.7 billion debt that was actually there in 2018, now out this year, I think, at \$12.3 billion, heading on its way up to \$28 billion by the time of 2033. You've got over half a billion dollars' worth of operating deficit that's essentially happening this year. And at the same time, as you've seen in the review, when a board doesn't even have a statement of financial position, when a board actually just assumes that, actually, the Government's going to pick up that shortfall and carries on blithely. We are here to fix the organisation first and foremost. You cannot carry on in that way.

Media: Chris, just going back to what you were talking about with Jason there, how likely is it that you will actually see the scope of KO be pulled back to just social housing? I mean, that's recommendation 5. I appreciate you for kicking the can down on that one, but, I mean, do you envisage that you will pull scope right back to just social housing for them?

Hon Chris Bishop: Well, Ministers will be considering that in due course, but the broad point I would make to you is that Kāinga Ora has, at the express instruction and direction of the last Government, taken on an enormous number of tasks. First and foremost, Kāinga Ora is an asset owner of around 70,000 houses, that looks after about 185,000 families, many of whom are in significant need. They need a warm, dry house. And all of the other different programmes that they run, some of them are worthy, some of them you could have a debate about, but first and foremost it should be focused on looking after New Zealanders in need and being a good landlord, and that is not the case right now.

Media: What would be the downside of stripping that other stuff away from it, which you say is worthy and some's not—what would be the downside if it was stripped to just that narrow scope of social housing?

Hon Chris Bishop: Well, that'll be one of the things that we consider as we digest the more broader recommendations of the review. It is not to say that those functions aren't things that we might not want to be done; it's just whether or not Kāinga Ora is the appropriate entity to do them. For example, urban development and, more broadly, the role of the Crown when it comes to opening up land and developing big parcels of land holdings—that is something that it is worth a discussion about because we've got a real focus in this Government on opening up particular greenfields land for housing supply. We've got a housing crisis and we need to solve it. So there is a debate and a discussion to be had around that. I'm not outlining that for you today, and we're not going to have that debate today; I'm just saying to you that it's not necessarily true that Kāinga Ora has to be the agency or the entity doing that.

Media: Because at the moment, you've got nearly 1,300 homes within KiwiBuild and market rents that are, effectively, paused—right?—while this has been going on. So what do you envisage happening with that?

Hon Chris Bishop: Well, that speaks, I think, to exactly what I've just been talking about, which is that Kāinga Ora has become the KiwiBuild programme administrator, and that's just yet another example of one of the other things that gets tacked on, or has been tacked on to Kāinga Ora. Kāinga Ora has been given an enormous sum of money. In Budget 2023, they received—a third of Crown capital over the next 10 years went into Kāinga Ora. To give you a sense of how large that is, they received more in Crown capital than the size of the capital response to the North Island weather events. That is the enormous sum of money that they have. There were 6,000 houses allocated in Budget 2023—6,000 social housing places, I should say, allocated in Budget 2023. They are in the process of delivering, contracting, and building those, so they have a lot to get on with.

Media: In terms of that debt, though, isn't it, by and large, simply the reality of needing to build housing on a large scale to meet a housing crisis?

Hon Chris Bishop: Well, that is true to some extent, but \$23 billion by 2028, with forecasts, as the Prime Minister has said, further out over the 10-year period of higher than that—the Crown and the Government and Cabinet is worried about that level of debt, because, ultimately, that's on the Crown balance sheet. New Zealanders have to borrow that money to pay for that, and the question is—

Media: Sure, but New Zealanders have been crying out about a housing crisis, and the Government has pumped in, or allowed Kāinga Ora to wrap up this debt in order to meet that housing crisis. Where would you see the debt sitting if it weren't at \$23 billion in order to address a housing crisis?

Hon Chris Bishop: Well, just to give you a couple of things there, the first is that the broader community housing sector can and does borrow right now, and they use the income-related rent subsidy that the Government provides for them to, essentially, then use that as a guaranteed revenue stream to go out and borrow. So one of the things that Ministers will be considering is: is it a much more efficient use of Crown operating expenditure and also Crown capital to make sure that the community housing sector, which tends to deliver houses more cheaply and more efficiently and, by the way, provide better wraparound support and pastoral care for tenants—whether or not that is something that we are much more interested in. That's something that I, as I say, will be considering in due course. The second thing I'd say to you is Kāinga Ora is not the solution to New Zealand's housing crisis. Opening up land on the edge of our cities and densifying inside our cities and sorting out the broader funding and financing questions around infrastructure—that is the ultimate answer to New Zealand's housing crisis and that's what we're very focused on, and we'll be making decisions on that very soon.

Media: So the question that you're largely raising today is whether or not the State should step away from building houses?

Hon Chris Bishop: The State is not going to step away from building houses in New Zealand—I want to be really clear about that. We own Kāinga Ora. It's a—

Media: But you said that you were making a big consideration for community providers taking more of that job.

Hon Chris Bishop: It's about doing both. The State—

PM: It's "and", not an "or".

Hon Chris Bishop: It's an "and", not an "or". The State will always own State houses in New Zealand, and it's very important that we look after the people in them and very important that we provide the best quality of care and support that we can. It is also true to say that the community housing sector does an extremely good job of looking after vulnerable New Zealanders. It's an "and", not an "or".

Media: What percentage out of 100 would you say the Government—

Hon Chris Bishop: Well, we'll be considering that—

PM: Sorry, can I go to Claire?

Media: In your letter of expectations, are you anticipating putting an expectation of whether or not in net terms there should be more, fewer, or the same number of State houses as there is now?

Hon Chris Bishop: That will be part of the turnaround plan that we are asking of the new board led by Simon Moutter to present to us, and we are expecting a range of options to be presented at Cabinet to endorse or have discussion with the board about. One of the problems over the last few years is that Kāinga Ora, as the review makes clear, has had very easy access to debt, very easy access to capital, and they have not had to engage in the difficult and complicated conversations around the trade-offs between the new rules, builds, and sales that we as a Government are now having to grapple with.

Media: You must have a political response to whether or not you think there should be more, fewer, or the same number of State houses? It's not just a—

Hon Chris Bishop: As I've said I think couple of times now, we want to grow the number of social houses in New Zealand. It's a different issue to whether or not we want the number of State houses owned by Kāinga Ora to increase.

Media: What does this review mean for those projects that are, sort of, on hold at the moment? I believe there are some developments that are, sort of, consented or, you know, work's meant to happen but they're not currently happening.

Hon Chris Bishop: Well, Jo has pointed to a couple of examples in relation to KiwiBuild that's been in the media in the last couple of days, I think. Kāinga Ora has plenty of work happening right now. They are building and developing and contracting houses right now, and that is BAU and that is continuing, and I do not expect that to change. As I think I've said publicly, at any one time they own 70,000 houses and there'll be hundreds of developments around the country at any one time. There'll be some on pause, some being phased differently, some may stop for a few years while they figure out next steps in relation to sites—the economics of individual sites become challenging or they improve. You know, Ministers don't make those decisions. Those are ultimately for Kāinga Ora.

Media: But, I mean, can you be confident that this doesn't sort of, like, pour cold water on those or create uncertainty around it at a time where, actually, it's quite good for the State to step in and be a bigger player, arguably, because the market, you know, has slowed right down? So, you know, is it worrying that projects might be kind of on hold?

Hon Chris Bishop: I actually think the release of the review today will provide certainty about the path forward for Kāinga Ora and the broader social housing sector. I have picked up feedback in the last two or three weeks, maybe a month or so, that people were getting a little bit anxious about the review. We received it on 19 April. It's taking us a month to turn it around, so we're moving expeditiously.

Media: In December, well, the message you wanted to send was that KO's behaviour needed to change—or the way that they were running things. Have you seen any evidence of that?

Hon Chris Bishop: Yes, green shoots of change—give you an example: I don't have the numbers to hand right in the front of me, but one of the things I was critical about in February, from memory, I think it was at the two-day caucus down in Christchurch, the number of vacant homes that Kāinga Ora has at any one time. I think, from memory, in February, they were looking at about 5 percent of their stock was vacant at a time when we've got a social housing crisis. The latest figures I've had, there's been a significant reduction in the number of vacant houses. That's good to see, but, you know, it's been, you know, three or four months. So, green shoots, but a long way to go.

Media: One would suggest, if you're scrapping the board, that message perhaps hasn't been keenly heard.

Hon Chris Bishop: Well, all I'll say to you is I'll just point you to the findings of the review when it comes to governance and accountability. Ultimately, Ministers have to have confidence in the governance of an organisation. We do not at the moment. That's why we're making changes.

Media: You just cited around possibly 3,000 homes being sold off in State housing, that advice that you mentioned earlier. Will you still be selling off that level of housing—

Hon Chris Bishop: No.

Media: You're not going to do that?

Hon Chris Bishop: No.

Media: Where are you thinking you'll land on that, then?

Hon Chris Bishop: Well, that'll be part of the discussion around the turnaround plan that Ministers will be expecting in November, but I can rule out that the idea that we would sell 3,000 houses a year through Kāinga Ora over the next four years. That is not happening.

Media: Have they given you an update on you wanting to crack down the antisocial behaviour of tenants, of being able to, essentially, vacate those properties easier?

Hon Chris Bishop: No, not to me. Tama Potaka, as the Minister, has responsibility for that. So I haven't had a visible update on that in the last month or so. We issued the letter of expectation in early March, I believe. So it's a little bit too early, but I can ask him for an update and get that to you.

Media: Ruling out the selling of those 3,000 homes, are you also ruling out transferring 3,000 homes a year to social housing providers?

Hon Chris Bishop: In terms of the sales to—the 10,200 houses that were forecast to be sold in December last year, which the Government received advice around on 5 December last year, the 10,200 sales over the next four years, that was essentially to finance Kāinga Ora into the next four years.

Hon Chris Bishop: That's not about transfers; that was literally they had to sell them in order to keep the ship afloat, keep the lights on, so to speak. So we are ruling that out.

Media: When Bill English led this review, was there any talk of him potentially becoming Kāinga Ora's chair?

PM: No. What there was, obviously—the fact that we've got Simon Moutter doing the job is fantastic. I know Simon. He's done a great job with respect to building great cultures in all the organisations he's led. He's delivered fantastic customer experiences, and, importantly, he's very commercial, so we're very, very fortunate that we've got someone of his calibre wanting to step into public service and actually take on a role like this, which is a really important enterprise.

Media: So absolutely no internal discussions about Sir Bill English being in charge?

PM: Well, I think, you know, the reality is Sir Bill did a great job on our review. He's also been very—you know, we're talking a lot to him around social investment, which he very deeply is engaged with and cares deeply about, and we'll continue to do that. But with respect to this process run and Simon Moutter, a fantastic candidate, as chair.

Media: But was Bill English part of that internal process that you're talking about?

PM: No.

Media: In Opposition, you said you were going to scrap KiwiBuild. Are you scrapping KiwiBuild?

Hon Chris Bishop: Yes, we are, and we are considering the whole range of housing programmes that the Government runs. And you'll see, if you read the Cabinet paper in depth, one of the later recommendations in the Cabinet paper that we're releasing today as well is that we are conducting a broad review of the housing programmes the Government runs. It will be really clear about all different things the Government does. There's the Housing Acceleration Fund, there's the Infrastructure Acceleration Fund, there is KiwiBuild—in fact, there's two different types of essentially KiwiBuild programmes; there is the original one, then there's a thing called build redevelopment pathway—there's progressive home ownership, there's the Affordable Housing Fund. There is a suite of different—plus the accommodation supplement, income-related rent subsidy. When you look across the housing continuum, we spend—depending on how you measure it—about \$ or 4.5 billion bucks per year funding housing in some way, shape, or form, whether or not it's outcomes, whether or not it's actually building houses. It's not clear to Ministers that we are getting value for money from that expenditure, so we want to have a look at the whole system, rather than fight things off and kill this and destroy and change that and, you know, alter this. We want to look at things in the round, do that in a considered and thorough way, and we'll be doing that, and that will be part and parcel of the changes that we consider post the review.

Media: So when will KiwiBuild be scrapped?

Hon Chris Bishop: Well, we'll be making announcements about that in due course.

Media: What about those things that are semi-attached to it, like first-home loans and first-home grants and those—will they remain?

Hon Chris Bishop: Well, as I say, we're considering all of those different funding schemes, and once we come to a view around those, we'll make announcements.

PM: OK, Jo and then Katie and then Bridie.

Media: You were talking before about the assumption that was being made by KO that they would be lent billions of dollars and that the Government would just approve it. What have they said to you about why on earth they were making that assumption?

Hon Chris Bishop: They had said to us that that is what had had happened over the last few years, and that is true. They ran Kāinga Ora, and every year, they would ask for money, and they got given a lot of money and got access to a lot of easy debt, firstly on the private financial markets, and then, secondly, eventually even the last Government realised that things were things were getting pretty out of control, and they took the debt in-house, and they borrowed through the DMO and then on-lent to Kāinga Ora. In fact, the last Government themselves kicked off a funding and financing review, and we're proactively releasing those documents today. That started in, from memory, November 2022.

Media: So how far does that go back? I mean, presumably, Sir Bill English went through, sort of, a reasonable line by line with them. How long has KO been just creating their business model on the assumption of billions of dollars being lent to them?

Hon Chris Bishop: Since the creation of Kāinga Ora in 2018.

Media: Were you quite flabbergasted to find that out?

PM: We've learnt not to be surprised as we have gone through the finances of this Government over the last—

Hon Chris Bishop: Almost every week that goes by, we turn over a new leaf or a new rock and discover a nasty little scorpion running around with a nasty surprise for the Government. It's awful.

PM: OK. Let's go to Katie.

Media: Can I ask, just on a different topic, the situation in New Caledonia. I understand that the French Government has to give permission for New Zealand Defence Force flights to travel there. Do you have an update on when—?

PM: Yeah, look, we're obviously concerned about the situation there. We have just over 250 Kiwis there that have now registered on Safe Travel. Rest assured, over the weekend, we've put together our plans about, you know, sending NZDF aircraft in there. We do need permission from French authorities to make sure that it's safe. As you will have been reading in media reports, the roads and the airports themselves are not safe and secure.

Media: Do you have a time frame on that?

PM: No, but we're live and ready to go. And so, you know, the reality is that we are prepared and we have a number of plans and contingency plans in place, but NZDF assets are ready to go. Again, we're just waiting on French permissions.

Media: And is it your understanding that all 250 people who've registered with MFAT want to be brought home?

PM: I'm not aware of that level of detail. All I can tell you is that the situation, as you've seen, on the ground there is challenging. We need to make sure that there is, you know, secure and safe. That's a decision for the French authorities. What we can do is make ourselves ready to go and we are ready to go.

Media: And will the Defence Force be assisting New Zealanders—part of the issue at the moment is that they're trapped in their hotels or advised not to leave their hotels. It's not safe for them to get to the airport. Will there be the assistance for New Zealanders stuck in their hotels at the moment?

PM: Again, that'll all be worked through in due course. But, at the moment, the situation is what we have done is make sure that we are ready with a number of plans and scenarios. And what we need to wait for is the French authorities to say those roads are safe, the airport's safe and secure, in order for that transportation of Kiwis to be able to get to the airport, for example. We've got to wait for that advice. We are having ongoing conversations with French authorities in Paris and also in Noumea. We'll continue to do so, but the key thing is that we are ready to go with NZDF assets.

Media: Are we talking to Australia about potentially evacuating people to Australia if it's easier for them to get—

PM: There's a number of scenarios that we've been working through over the course of the weekend. Minister Peters has been in constant contact with Minister Wong in Australia, and the two of us are very joined up in a number of scenarios and ways that we can make it work. All we need is the permissions now from the French authorities on the ground to be able to put those plans into place.

Media: Minister, just to clarify your early response to Anna, are you not across whether the moves to get rid of the sustaining tenancy framework has led to more homelessness and evictions, at this point?

Hon Chris Bishop: The board is in the process of changing the policy around replacing sustaining tenancies, I haven't had an operational update from the board in the last six weeks or so since we issued that letter, because Tama Potaka is the relevant Minister responsible for the day-to-day operations of KO. But, as I said, I can go away and get that information for you.

Media: And would you be—obviously a lot of the issues in the review are quite widespread through KO. Would you be expecting more job losses or more senior roles to go, noting you promised a sort of clean-out before the election?

Hon Chris Bishop: Ultimately, that will be a decision for the refreshed board to make. But, as I say, we want to see more efficiency and value for money from Kāinga Ora.

Media: Do you have confidence in the chief executive of Kāinga Ora?

Hon Chris Bishop: That's not a question for me. That's an issue for the board. I don't appoint the chief executive. What we do as a Government is appoint the board. And today we're appointing Simon Moutter as the new chair and we'll be refreshing the board in the next few weeks.

Media: There's just been a lot of talk about the board and this guy that's running this thing, that hasn't been mentioned whatsoever and everyone's been—

PM: Yeah, but the board appoints the CEO and the CEO appoints the staff and we appoint the board. So, you know, that—

Media: He's been in charge of it since it was Housing New Zealand overseeing everything. Do you—

Hon Chris Bishop: It's not for me. Legally, Ministers appoint the board and the chair of the board, and today we've changed the chair and we're appointing a new board.

Media: Prime Minister, you would have seen this morning stories about \$43,000 that has been used from the Greens leaders fund to pay for the Darleen Tana investigation. Is it appropriate for a political party to be using, essentially, taxpayer funding from the pool of money from the leader's office?

PM: Look, ultimately, that's a decision for the Greens to make about how they handle their personnel issues and whether they fund it from the party or from the national leader's office. In our examples, we'd be funding that from the party.

Media: So when you guys did have the investigations into Sam Uffindell, for example, how was that paid for? Was that taxpayer funding?

PM: No, that was paid for by the party.

Media: So you don't have a view on whether what the Greens doing at the moment is appropriate?

PM: Well, I'm not the leader of the Green Party. I'm the leader of the National Party, and the Prime Minister of New Zealand, and I focus on what I can control and that is the National Party caucus and our policies.

Media: The Chinese Ambassador made some pretty pointed comments this morning suggesting if New Zealand was to get tied up with AUKUS, it could really damage the relationship between us. What do you make of that?

PM: Oh, look, I disagree. I mean, each country is entitled to its view on AUKUS, within the region. Our view is that, broadly, it's positive for regional security and stability. As you know, our position is no different from the previous administration, which is that we are exploring what the options mean and what the opportunities are or are not for New Zealand in Pillar 2. We're in the very early stages of that and that's going to take some time. Our officials will work our way through that.

Media: But, to be fair, this is our biggest trading partner. I mean, they're saying it's a problem. Shouldn't we be paying attention to that?

PM: Well, look, I mean, with respect to our relationship with China, as I spoke earlier this morning as well at the summit, it's very clear to us that there is huge areas of cooperation with China around trade, around climate, around people-to-people connections. We will always have areas of disagreement, you know, by virtue of our different political systems, different histories, and we call those out in a predictable and a consistent way, but, ultimately, each country can have its view on that. We have a different view.

Media: Are you aware that Sir John Key is being sued in the US for alleged insider trading?

PM: Ah, no.

Media: You haven't received any information about that?

PM: No, no.

Media: How much has KiwiBuild actually costed the Government?

Hon Chris Bishop: I don't know off the top of my head. I mean it's built, you know, I think it's 2,300, 2,400 homes, or at least they've underwritten the building of 2,500 homes or something like that. I don't know.

Media: I mean, so, yeah, so if the Government currently had to buy any of those homes and then failed to on-sell them, has it actually lost money from those homes being built?

Hon Chris Bishop: I don't know off the top of my head, but I could get back to you on that.

Media: Just on AUKUS, does that make it a bit difficult for New Zealand businesses to build relationships with Chinese businesses with that massive geopolitical issue hanging over us?

PM: No, not at all. I mean, the reality is and we talked—you know, a lot of the summit was about the conversation of how we continue to deepen and expand trade opportunities between China and New Zealand. When you think about it, we've got huge—you know, we've made huge progress in our primary industries areas around, you know, agriculture, dairy, meat, forestry. But we've also got opportunities in other areas as well to continue to build out that trade. I've just watched them build a \$100 million pet food business in China. There's increasing interest in what's going on in our gaming sector, for example. So, you know, we're talking about a massive market with a huge number of, you know, rising middle-class consumers. You know, we need to focus on businesses, and that was my message, you know, this morning in some of the Q + A—was focus on the customer segments, focus on the geographies, focus on the channels of distribution, build out your businesses there. There's enough wealthy consumers that should mean that New Zealand businesses, you know, can largely be recession proof if they target their consumers in the right way. So huge opportunities for growth in China for trade, but it doesn't preclude the fact that we have an independent foreign policy. We stand up and advance New Zealand's national interests increasingly. You know, in 2024, we sit in an Indo-Pacific region which is where our focus will be in our foreign policy reset, where we have said very clearly, you know, we need a stable and secure and peaceful and secure, you know, region. That creates the conditions, then, for economic prosperity. Equally, we need to have economically prosperous countries that actually don't create instability that then creates security risks. And so, you know, security and economic interests are interdependent, but they add up to New Zealand's national interests.

Media: Just on John Key being accused of insider trade in the US, you haven't spoken to him about that at all?

PM: Completely unaware.

Media: A former Shortland Street actor is on a hunger strike at the moment, calling on the Government to return troops from the Red Sea and restore some of the UNRWA funding. Is the Government going to meet those demands?

PM: Well, look, I'll just say I think it's a real shame, and there is absolutely no need for anybody to be on a hunger strike in New Zealand. What I'd say to you is I'm very proud of the way that our Government has been supporting, actually, peace and all efforts and endeavours in the region. And I think it's a good opportunity for us to say I think we've had quite a clear and consistent, reasonable and sensible position around the Israel-Gaza conflict. If you think about it, you know, we've been calling now for several months for a permanent ceasefire, and we've also been calling for Hamas to release hostages, and we've also been calling for Israel to respect international law and for Israel to make sure that there's humanitarian assistance and aid able to be delivered. We've also, as you saw, even just in the last few weeks, you know, voted to support and broaden the Palestinian

State's engagement in the UN in enhanced engagement, and we've also added, you know, \$17 million worth of humanitarian aid and assistance into the region as well. So, you know, I would just say to you I think—and the final thing is that we've been calling consistently to say, look, military action is not going to resolve this conflict. The only way that it happens is that the two parties need to get around the table and actually genuinely progress a two-State solution. And so I think, when you look at the work that we've done independently, as New Zealand alone, and the votes that we've had in the UN and our public statements, and when you look at the way that we've worked with like-minded countries—whether it be Australia or Canada—I think we've been very consistent in our position of calling for peace and a de-escalation and, ultimately, a peaceful resolution.

Media: Just on a separate note, a number of Australian states are looking at potentially banning social media for people under the age of 16. Is that something your Government will look at?

PM: It hasn't been something that we've discussed.

Media: Just to clarify on UNRWA, when those allegations first came out, you came out and said that the funding was paused. Is that funding now no longer paused? Is it going to go ahead—

PM: Well, I just want to be clear: unlike other countries, we never suspended our funding. It's just that our next payment is actually not due until 30 June at the latest, and all we have said is, look, the Foreign Minister will actually look at the reviews that have been taking place around the very serious allegations about UNRWA staff being involved in the horrific attacks from Hamas on 7 October, and he will make an assessment and that will be—and we've got plenty of time to make that assessment. As you've seen, the report has started to surface in the last couple of weeks. The Foreign Minister will make that decision, and our payment is not due until 30 June. So I just want to be really clear, because that was—something else that I read in the recent reports is that, you know, we haven't suspended our UNRWA payment but, more importantly, we've also gone and spent \$17 million in extra humanitarian aid with people like the World Food Programme and the UN International Red Cross. So that investment in aid in Gaza, I think, is really important. So that's why I'd come back to say that I think that if you go back and look at our position and the opportunity to say—I think we've been very clear and very consistent and very sensible and very reasonable, calling for peace and de-escalation in the region.

Media: Just on that, Iranian State media are now reporting that their President died in a helicopter crash earlier today. Have you got any initial thoughts about how that is going to change the situation in the Middle East, or what sort of shadow that's going to cast on the broader conflict in the region?

PM: Well, look, I mean, I wasn't—I was unaware that that had been formally confirmed now. I was aware that there was a bunch of media reports coming into the press conference today. What I would say is that it's something that we're monitoring incredibly closely, and, obviously, we do not want to—you know, and for the impacts that it may have on regional stability. But, obviously, it's very new information and it's an evolving situation, but our key thing will be watching very closely to make sure that the regional stability remains.

Media: Just back on the Chinese Ambassador's comments, do you hold any concern that New Zealand may face economic retaliation if you were to progress moving towards that AUKUS pact?

PM: Well, look, what I would say to you is that we have a longstanding and important relationship with China that has been in place now for over 50 years, and it is a mature conversation—mature relationship. It's one where we have huge opportunities of cooperation between our two good countries, but it is also one where we also are not afraid to call out our differences of opinion, and we will continue to do that. So I think there is a maturity in that relationship that means that, actually, we're able to do those two things.

Media: Sure, but in recent years, China has used economic retaliation in response to matters it has not seen favourably. Is it a concern you hold in relation to AUKUS, or in any other part of the mature relationship?

PM: Personally, no. We have a longstanding, mature relationship where we predictably and consistently call out and talk about our differences with each other, but, equally, we know that there are huge areas of cooperation that are mutually beneficial for both countries.

OK, can I say thank you very much. I appreciate your time, and I'll look forward to seeing you through the course of the week.

conclusion of press conference