

**POST-CABINET PRESS CONFERENCE: TUESDAY, 9 FEBRUARY 2021
HANSARD TRANSCRIPT**

PM: Kia ora koutou katoa, good afternoon. Welcome back to the first week of Parliament sitting for the year. I'll begin with a look to the week ahead: tomorrow, I'll be in Wellington for Cabinet committee and question time in the House, and Minister Parker will lay out details of the repeal and replacement of the RMA; on Thursday, I'll be in Auckland welcoming improvements to the Residential Tenancies Act with Minister Williams in the morning, then announcing the details around our extension to the Flexi-wage scheme in the afternoon with Minister Sepuloni; on Friday, I have various meetings in Auckland; and on Sunday, I'll be attending the Big Gay Out in Auckland.

I'm going to start today with an update on New Zealand's response to the military coup in Myanmar. I'll then give some comment on the Budget Policy Statement. We'll then have Minister Robertson, and then open up for questions.

Foreign Minister, the Hon Nanaia Mahuta has today announced important fundamental changes to New Zealand's relationship with Myanmar following the military coup. New Zealand is suspending all high-level political and military contact with Myanmar. Minister Mahuta has also directed that New Zealand's aid program to Myanmar should not include projects that are delivered with or benefit the military Government. We've also agreed to implement a travel ban, to be formalised in the coming week, on Myanmar's military leaders. In addition, we've joined with other countries calling for a special session at the United Nations Human Rights Council on Myanmar to raise concerns regarding the military coup and the impact on human rights, and I can assure you that New Zealand will continue to monitor closely the situation in Myanmar as it continues to unfold.

As you will have heard earlier today, finance Minister Grant Robertson released the 2021 Budget Policy Statement and confirmed New Zealand's better than expected economic recovery and strong fiscal position means that we can get on with addressing New Zealand's long-standing challenges: housing, child poverty, and climate change. Accordingly, in Budget 2021 we will target the areas and people that need it most. In particular, new Treasury numbers released today show net debt is now forecast to reduce to 36.5 percent of GDP by 2034-35. That represents a significant reduction in the debt expected at the end of the projection period than at the uptake that was given prior to the election. Two things have happened in the last year which has put us in that position: the first was New Zealanders working hard and making personal sacrifices during a hugely challenging 2020; the second was timely, targeted investment to keep New Zealanders in jobs and Kiwi businesses operating. We made a very clear decision not to adopt austerity measures that were promoted by other political parties, and it's our view that that investment is paying off. We intend to continue with this approach, carefully managing the books, reprioritising spending where appropriate, and ensuring value for money in all areas of Government spending.

Budget '21, though, comes as the Government is already making significant ongoing investments through the COVID-19 Response and Recovery Fund. I think we've all been incredibly heartened by the impact of these investments: the unemployment rate, of course, having dropped from 5.3 percent to 4.9, thanks in no small part to the impact of the Government's Wage Subsidy Scheme, broader support offered to business affected by COVID, and a general approach that we have taken to the pandemic, which has allowed businesses to operate at near-normal levels for long periods of time and with as much certainty as we could provide. The average unemployment rate across the OECD is currently 6.9 percent, and many of our trading partners are experiencing unemployment rates above 10 percent. We are indeed in a unique and privileged position. This was not luck; it was management of a crisis by means that were both prudent but also we also called on the collective. It was the team of 5 million's willingness to work together. Now it's more important than ever that we double down on efforts to get people into work, to train the workforce to fill

the skills gap, and prepare for the future, including our goal of a carbon neutral economy. This is the opportunity that COVID has provided us with, and this is the opportunity Budget '21 provides us with.

Before I hand over to Minister Robertson, I again just want to highlight that Budget spending decisions will be underpinned by our wellbeing approach and specifically guided by the wellbeing objectives, which were also included in this morning's Budget Policy Statement—things like the just transition to a low emissions economy, reducing child poverty, lifting Māori and Pacific incomes, and ensuring the mental and physical wellbeing of all New Zealanders. We remain committed to maintaining a strong, resilient economy while leaving our people and environment better off.

Hon Grant Robertson: Thank you, Prime Minister. I'll keep this relatively short as it's the fourth time I've spoken to some of you today. As the Prime Minister said, Budget 2021 will include a strong focus on making sure our spending continues to be carefully prioritised and targeted at the areas and the people that require it most. Our strong fiscal position heading into COVID-19 has allowed us to move quickly to protect New Zealanders' lives and livelihoods. New Zealanders trusted us to keep them safe last year, and we will continue to make the tough decisions that are required to do that while also keeping the economy moving in the right direction. The significant resources we have put into the recovery and rebuild will be supplemented by further investment over coming Budgets. Quite clearly, though, we need to strike a balance with rebuilding and maintaining a strong fiscal position. As the economy has rebounded stronger than expected, we are taking the opportunity to assess if money can be better targeted or reprioritised, where it is not already being used. This includes rigorously assessing all of the spending that was provided for in the COVID Response and Recovery Fund. Throughout 2020, we initiated regular monitoring of the COVID Response and Recovery Fund, and, as part of the Budget process, I have asked Ministers and agencies to report to me on how their programmes are tracking and how the money they allocated last year has been spent, and that progress will feed into the Budget decisions we make later this year.

PM: Thank you, Minister Robertson. Now I'll open to questions.

Media: Prime Minister, what's your message to those behind the coup?

PM: I think every New Zealander would be devastated to see—after years of working so hard to build a democracy in Myanmar—what we've seen in recent days unfold, led by the military. Our strong message is: we will do what we can from here in New Zealand. And one of the things we can do is to spend that high-level dialogue at a political level. We can put in place travel bans, and we can make sure that the aid funding we put into Myanmar does not in any way support the military regime.

Media: Does that mean our ambassador won't be returning to Myanmar?

PM: Look, at this stage, we, of course—it becomes a bit of a hypothetical. There's in-country staff, but all of the seconded MFAT staff came out of Myanmar, really, at the beginning of that COVID outbreak. So they've been back in New Zealand for some time. I think, when we're in a position where staff would likely be considered for return, that we would look at whether or not it was appropriate that they do so. Keeping in mind, we don't have—it's not an insignificant aid programme in Myanmar: \$42 million from 2018 through to 2021, and so you would just want to make sure that that was managed in an appropriate way by MFAT staff.

Media: None of it feasibly goes to the military or through their channels, though, does it?

PM: No, it hasn't to date. Keeping in mind, of course, that we have been dealing with a very different form of government to date. So this will mean being very cautious about the way that we enter into aid programmes in Myanmar from henceforth. I also, you know—look, it may seem that New Zealand's position on this may not seem particularly relevant. One of the last occasions when I had the opportunity to meet and talk with Aung San Suu Kyi, she specifically mentioned some of our representatives from New Zealand in Myanmar. They

were well regarded and well respected and, I think, had played a really constructive role at that critical time for Myanmar in their transition.

Media: Do you want to retain the existing programme? Because you're, basically, saying, right, if the military moves in and takes more of the country and takes aspects which include our aid programme, we will stop them, right? Are you committing to the existing aid programme?

PM: We're committing to making sure that New Zealand's aid programme supports humanitarian efforts, supports the people on the ground. Now, in the past, it's included work alongside agricultural projects, alongside education institutions, even the union movement. Some of that will be able to continue, but we will make sure that we've got that extra rigour to ensure that we are not in any way supporting the military regime as a result of that work.

Media: Do you have a message for companies like Fonterra—or do have a view for companies like Fonterra—that continue to operate in Myanmar?

PM: Of course, you know, there are those companies who are operating that essentially feed the people. And so that is very different than, for instance, someone who may be exporting and providing goods and services that may be seen in some way to prop up the regime, and that's exactly what we don't want.

Media: Just to expand on what Thomas was saying, how do you actually safeguard the—I mean you look at the aid money, because you look at what's happened with the Air New Zealand example and people not even knowing where money was going, to do what. So what actual checks can you—

PM: Keeping in mind I'd make a very clear distinction: this is Ministry of Foreign Affairs and Trade aid and development programmes—direct responsibility for the administration of those programmes. Until COVID, we had aid and development officers seconded from MFAT on the ground in Myanmar—very different to a private, commercial entity engaging in private and commercial contracts, who have, then, an overlay of a legislative framework that they're meant to be operating within.

Media: So I guess the point I was making is that if you haven't got people on the ground now because they've been pulled out, what particular safeguards do you have on the ground to make sure that that money is going to go—

PM: My understanding is that we've often in the past—out of Thailand, is my recollection; I'll get a nod from Mr Barrington, who might be able to confirm that—we have had to operate our relationship through difficult circumstances in the past, and there will be institutional memory of that within the Ministry of Foreign Affairs and Trade, but my understanding is there has been a significant amount that's often been undertaken from Thailand.

Hon Grant Robertson: There's also local staff who remain on the ground, who have the ability to be able to keep an eye on those projects. As someone who used to manage those projects in another part of the world, I can say that they have very rigorous assessment processes, reporting time lines, and you can tell by the numbers that the Prime Minister mentioned before that a \$3 million project would look quite large in that. So that would certainly be monitored, perhaps in contrast to the other company you mentioned.

PM: In-country staff are still engaged, is my understanding.

Media: Are sanctions still on the table?

PM: Well, keeping in mind, of course, that the majority from—as I understand it, the majority of our goods and services wouldn't fall into the realm of being likely covered, because they are often food-based, predominantly.

Media: My question is on the same sort of note as that: were these the strongest measures we could take as a country, and, also, what do you expect the response will be from the military there?

PM: Yeah, and, look, absolutely right up there, ending that political dialogue and engagement, travel bans, and continuing to work through those institutions such as the UN to call for the collective international community to strongly condemn what we're seeing happening in Myanmar, and, of course, being very cautious about whatever aid and development we do there, so that we are not propping up that regime.

Media: Is this the UN rather than the UN Security Council taking a leadership role, and is that a shame?

PM: Well, at the moment, we've been calling for a special session through the UN, particularly the Human Rights Council, on the issue. But my view would be that New Zealand is likely to advocate in every forum within the UN on the issue, because, of course, we've had a longstanding interest—you know, our own role to play, as much as we can, and, of course, our position on human rights and democracy.

Media: Was that in Singapore, at the EAS, that you saw Aung San Suu Kyi last?

PM: I did see her—I had quite a lengthy conversation with her in Vietnam. We were seated together at the formal event, and we had a bilateral in Singapore, is my recollection, as well. Yes, that's my recollection.

Media: Just on another topic: is it right for the Speaker to kick out Rawiri Waititi for wearing a tiki instead of a tie?

PM: Look, my view is that whether or not people wear ties in the debating chamber, I have no objection to. It's not something I have a particularly strong opinion on. What I do have an opinion on is that I don't think it's a particularly good use of Parliament's time to engage in any lengthy debate on something that I think most New Zealanders aren't particularly bothered by. There are much more important issues for all of us.

Media: Did you submit at all? Did the Labour Party submit on the—

PM: No, I didn't, and my understanding is that we weren't asked for a party position per se. I've really encouraged our Leader of the House to get a conversation going at Business Committee. I'm sure this can be resolved. I don't think most New Zealanders care about ties. They care about housing. They care about jobs. They care about us talking about things that matter.

Media: What do you make of National's intent to, kind of, continually call for a motion of no confidence in the Speaker over the coming weeks?

PM: Look, you know, as I said this morning, you know, of this particular issue, I think there were questions that, rightly, the Speaker needed to answer for the House. He did that last year. He appeared before a select committee. Members from across Parliament had the chance to question him. Now we're in the new year, and, you know, I see those motions as being highly political.

Media: Prime Minister, on the Budget Policy Statement, did you consider or did the Government consider using some of that \$60 billion improvement in the outlook to bring forward, for example, extra welfare spending or extra capital spending on housing?

PM: You're asking for decisions around, you know, essentially what I would see as decisions that we would release and discuss and debate at Budget time, rather than necessarily just through the allowances.

Media: But you've decided that the allowances for the next four years are going to be X, and they're not more than they were last time. So the question is: why are you not using that extra Budget flexibility?

PM: And my argument is that in amongst whatever reprioritisation and allocation of those Budget allowances you're, of course, yet to see where those final decisions land. We have said that we are prioritising across all those areas where we see persistent issues of inequality. We include child poverty in that, but you'll need to wait a little bit longer.

Hon Grant Robertson: It's also worth noting, obviously, that there is a difference between the forecast period and the projection period. It would be very unwise for anybody to be thinking of the reduced amount of borrowing that's required in the projection period as available spending right now. We have to—

PM: Particularly given the fluctuations we've seen today.

Hon Grant Robertson: Yeah. So we have to—you know, it's a very good sign for us that the starting point we now have, as we look towards that projection period, is much stronger than it was pre-election. That is a very good thing. I still believe it is a good thing that it says that we don't need to borrow as much across that period. But then conflating that with what we might spend in the next two or three Budgets, I don't think is an accurate way of looking at it.

PM: Yeah, I mean—

Media: So, Prime Minister, you're still saying that you can't deliver the recommendations for increased welfare spending?

PM: No, I'm saying you need to wait and make that judgment yourself when you see whatever decisions we make at Budget time. But I do think the Minister is absolutely right to point out, you know, one of the things that we've heavily caveated all the way through here is that there's huge variation. The predictions that have been made have often been wrong—in part, I'd like to think, because actually New Zealand has positioned itself in quite a unique place, and it's very hard to predict what our recovery would look like. But it would be risky, I think, to bank what we're seeing in the longer term into some of that decision making now.

Media: Prime Minister, on the Pacific Island Forum, what is New Zealand doing to dissuade Micronesian nations from pulling out of the forum? Have you yourself been in direct contact with those leaders, and can we honestly say we're doing enough—pulling out all the stops, essentially—to keep them in there?

PM: Yeah, look, we were very saddened by that decision, of course. Those leaders have given a year's lead time to that being enacted, and, through my exchanges with Minister Mahuta, I know that we're going to do what we can to try and encourage leaders to stay. You know, the strength of the Pacific Island Forum is the wide representation, and of course we want to see that remain.

Media: New Zealand is under fire for letting tensions get to this point. Why can't you fix it?

PM: And, look, I would really push back on that. I've seen some of the claims made around New Zealand's position, and it's just not true. We were looking for a consensus candidate. If anything, we've often been very aware of our role in the Pacific Island Forum, often, you know, standing back in some of the debate and discussions, trying to be really supportive of that consensus approach, making sure we're very mindful of the role we play in the forum. And so—but I do have to say I just don't share the view that's being portrayed around our position on candidates.

Media: On Air New Zealand, can either of you clarify what your understanding is of the current status of the contract that they hold with Saudi Arabia?

PM: I won't—I can't comment on the contract. I can answer questions on what it is that we might do, or Government agencies might do, but I am certainly not au fait with the contract to make any comment. But nor necessarily should we, given that this may be up for some review by Government agencies.

Hon Grant Robertson: Yeah, and I can't give any more information than what I heard, actually, from earlier today, from media, which was that Mr Foran had made some comments about needing to complete aspects of the contract. So you'd need to put those questions to them.

Media: But presumably that would weigh on any review or any decisions around a review?

PM: The contract?

Hon Grant Robertson: Not necessarily, no. I mean, actually, the—

PM: It's more the items.

Hon Grant Robertson: Yeah, it's the way in which the decisions were made and those matters that—yeah, the things that were being worked on.

PM: Yeah. For the purposes of the law, there's a schedule of items that are considered in the frame or outside of, and then also the matter of whether or not there was knowledge at the time that those items were included in the legislation, or not. And so those are the different tests. That work ultimately is carried out with a combination of the Ministry of Foreign Affairs and Customs. So we'll leave them to get on with that work

Media: Minister Robertson, with your sport hat on, it was reported over the weekend that Team New Zealand was shopping around other countries for potentially the next America's Cup. Were you aware of this, and what's your reaction to that?

Hon Grant Robertson: I've certainly heard talk about the interest of other countries in the America's Cup and of potentially wanting to host it. Clearly, we've still got to win this one in order to have the right to host a future one, and I'm sure that's the focus for Team New Zealand at the moment. I haven't had a specific proposal raised with me or anything like that.

Media: But what would it mean if it were held in a different country—if Team New Zealand did win it but it took it offshore?

Hon Grant Robertson: Obviously, New Zealanders have a great deal of pride in what we've achieved through the America's Cup over a long period of time, and it's also—it's actually viewed as an economic development matter, actually, through the Government system. The Minister of Economic Development is the responsible Minister. So, clearly, it's been something that's provided both great enjoyment and potential spin-off benefits, but, as I say, I think the focus for Team New Zealand at the moment is retaining the Cup.

Media: Does the Government have the ability to block it being moved offshore if it does come down to this?

Hon Grant Robertson: I wouldn't think we had an ability to block anything. We've obviously been a contributor to various elements over the years. In this particular incarnation, we've focused on infrastructure that will be legacy projects in Auckland around the Wynyard Quarter, and other times we've put different types of funding into it, but without wanting to get really boring about it, it's individual yacht clubs who actually have the rights. So it's the Royal New Zealand Yacht Club as opposed to anything particular to do with New Zealand.

Media: Prime Minister—

PM: That's the idea—you decided to give a disclaimer on [*Inaudible*]

Media: Prime Minister, Sudima hotels are considering not renewing their MIQ contract. They operate quite a few MIQ hotels.

PM: Yes, I'm aware.

Media: Are you worried at all about it—that they're worried about reputational damage? Are you worried at all [*Inaudible*] Are you worried at all about hotels not renewing those contracts and MIQ capacity becoming dramatically reduced?

PM: Yeah, and, look, it's important for me—these are contractual arrangements, and so I am going to let any discussion around whether or not those contracts continue to be held by certain hotel chains to those they negotiate with in the Government. But what I would say is that I have met some of the on-the-ground leadership team for some of those hotels and their staff. You know, I think there's a real appreciation amongst those teams that what they're

doing is not just a contractual arrangement—that they are undertaking an enormous act of service on behalf of New Zealand, and my hope would be that all New Zealanders see it that way. This is an act of service. This is an enormous health crisis, and those hotels have played a huge part in helping us keep New Zealanders safe.

Media: Do you think the Sudima's agitating for more cash?

PM: I'll leave the contractual negotiations between the hotel chain and MBIE.

Media: Prime Minister, on housing, the Reserve Bank has announced that first-home buyers must now have a 20 percent deposit again. What advice would you give to people—there's a few people in here—who'd like to buy their first house about how they get that—

PM: I'm aware!

Media: —\$100,000 deposit without going to their parents?

PM: Yeah, and, look, this is exactly the reason that we are looking at every lever that we have, because I understand what a hurdle that presents a first-home buyer. No one wants to live in a country where the only way that you're able to get into a home is if your parents can help you into one, because that just exacerbates the inequality we already have. And so that's one of the things—you know, issues—that's on our minds as we look to the things that we can do to tilt the playing field towards first-home buyers.

Media: Do you think the Reserve Bank was right to invoke the 20 percent, because they could've said nothing for first-home buyers and 40 percent for investors.

PM: Well, in terms of tilting the balance, I mean looking at—you know, they haven't applied the same rate across the board, and so, looking at that, obviously they're taking into account what we're seeing in the market with investors in particular.

Media: They've just gone back to what they had before.

PM: But, of course, looking out until May, we see that increase at 40 percent, and that's obviously because they're seeing—you know, in the CoreLogic data, for instance—that increase in the percentage within different regions of investors in the market relative to first-home buyers.

Media: National's shadow Treasurer, Andrew Bayly, has raised that the Budget forecast shows health spending declining between \$2 billion to \$3 billion after 2026. Any clarity on—

Hon Grant Robertson: So that's the Treasury's fiscal strategy model. It simply models out expenditure; it's not a reflection of the actual expenditure that the Government does. That happens in the four-year forecast period, and if Mr Bayly cares to refer back to every fiscal strategy model that has been created by the Treasury, he will see the same kind of arc of spending. Governments, generally speaking, significantly increase health spending, although the Government of which Mr Bayly was part of didn't.

Media: Does it reflect any sort of modelling of the pandemic with the—

PM: No, no, it very much reflects the fiscal strategy model, which takes, effectively, a straight line on a lot of the spending that occurs. It's a highly sensitive model, as I was saying before. But what it does give you is indications of relative improvement, and that's what we were highlighting today.

Media: It's around seven weeks until your self-imposed goal of opening the trans-Tasman bubble, and I know the—it seems the great state of Tasmania is very keen to open up this weekend. Can you report any progress at all since we last talked about this a couple weeks ago?

PM: I can report significant changes in the environment. We've had the Sydney outbreak. We've also had the response from Australia to what were contained incidences related back to the border in New Zealand. So that has raised some questions, because, of course, with any bubble arrangement, you'd understand that we'd want protocols in place so that there's some predictability: if we have scenario A, the reaction of either country will be

aligned with scenario A. And so we are having to go back and just check that, with those recent incidences, all of the activities of the different states, or, indeed, the reaction to us, is in keeping with what we'd been working to. It's fair to say that things have changed a little bit since set that goal and aspiration.

Media: I don't really understand how this current operating scenario is any different to, say, November or December last year, and why it's taking so long. Would it be wise to perhaps get rid of the March deadline—

PM: For instance, we may have planned to a scenario where, if there was one case attached to an MIQ, that that would not shut down travel from New Zealand to Australia; but it did. So we have to be mindful of the commercial implications of people being stranded, and, equally, what obligations we would have if New Zealanders are stranded in either direction as a result of a protocol that doesn't quite fit our understanding of how things might work.

Media: Does that mean the Q1 target is not viable anymore?

PM: Look, we continue to work on it. You'll know that all the way through I've had hesitancy over putting dates on these things, because it's not just in our control. And it's actually not just in the federal Government's control; so much of this arrangement will be around the way the different states behave, and there hasn't been a formula to it. So it's very hard to establish a regime that doesn't—and, I understand; this is no criticism, because so much of what we do is based on new learnings, but there's no particular formula around the way the borders operate. And that's what makes it so tricky for us.

Media: Do you feel that date, though, is going to weigh on you, in the way that other dates have in the past?

PM: No, actually, I don't, because, you know, we've always given the disclaimer that it will very much depend on the status of both countries. The other reason is because I absolutely feel the weight of New Zealanders' preference sits heavily on the side of "Whatever you do, do it carefully." Because once we enter into that arrangement, it will be very hard to undo it, and so we've got to make sure we get it right.

Media: It sounds as though you're trying to create space to push it out further already.

PM: No, no, I'm just trying to create space to get it right. And I'm not going to let anything arbitrary get in the way of that. These decisions need to be the right ones for New Zealand. Jenée?

Media: What about the Cook Islands—

PM: Jenée?

Media: The Cook Islands time line, just quickly.

PM: Jenée?

Media: I could put on a higher voice. The Cook Islands time line—also is there a question mark over that as well, then?

PM: That obviously doesn't—all of those issues that I've just outlined don't apply there, and so we're actually continuing on with earnest with those arrangements. Jenée, and sorry Audrey, then I'll come to you, and then I might wrap because I feel a lack of enthusiasm in the room today.

Media: In terms of tilting the balance towards first-home buyers, is the Government—does it see any scope to provide underwrites for first-home buyers when they go to get a mortgage? So they can have 10 percent deposit, for example, and the Government can underwrite them for that other 10 percent beyond what—

PM: The closest thing to that, obviously, is the progressive homeownership models that we've been looking at and rolling out. So that's an example of where we've very obviously identified that there are some families who will have enough, in terms of the current weekly payment for rent, to actually cover a mortgage were it not for that hurdle. So that model does

provide us with some scope. It would be a matter of needing to scale that up, though. Anything you want to add on that, and then I'll finish with Audrey?

Hon Grant Robertson: No. I mean, obviously, Minister Woods is undertaking a piece of work at the moment around how to improve supply and how to improve people's access to the market. I'm not saying that that's specifically in it, but we are looking at all the options that are available.

PM: One of the things that we keep—the advice keeps highlighting, and we keep pushing the edges of this is anything that increases demand side without then increasing supply side has to be weighed carefully. We don't want to have a situation where we see more homebuyers in the market continuing to push up prices, which then burdens them in a very significant way. Again, we keep testing the edges of that, though.

Media: So it's more a matter of going a bit tougher on speculators to calm them down a bit and let first-home—as opposed to boosting first-home buyers?

Hon Grant Robertson: Always both.

PM: It's the whole mix—yeah, it's the whole mix. We can't necessarily pull one lever without it having a knock-on effect. So that's why we're looking at all of them in conjunction.

Media: Just going back to the trans-Tasman bubble, wasn't that whole Northland thing actually quite a good dress rehearsal for the—you know, I mean, Australia shut the border for a short, sharp week until we had it under control. And what's wrong with that? And wouldn't we do the same? I mean, why do you—it seems as though you're waiting for perfection, where you can just keep it open the whole time.

PM: No, no—not necessarily perfection. But, of course, keeping in mind that those occurrences will happen. Actually, they don't happen a huge amount, but they will happen. And you ask what's wrong with that: well, I would say the knock-on effect of that—for what was, in our view, something that could be managed well, within our borders—the knock-on effect of that is quite significant from a commercial perspective. We have to ask the question whether or not airlines will want to operate in an environment where, within three hours, they can have cancellations for multiple days. I mean, at their height, we had—was it a hundred flights a week?—a significant number of flight movements between Australia and New Zealand. So, if you turn off the ability of people to come home and strand hundreds of people overseas, we then have to make a decision whether or not that closure is sufficient—significant enough—that when they return, do we require them to all go into MIQ? Because our capacity would not be sufficient to contain them. Will New Zealanders be happy if people just—hundreds of people—then isolate at home, if they've come from an outbreak area? It's not a simple issue to resolve, but it needs to be.

Media: But they're also the same issues from August and September last year. So why has it taken months?

PM: Look, those particular ones aren't new. The point I was making to Audrey that was new was: in that circumstance, we didn't believe the border needed to be closed; it was. It demonstrates the low tolerance that means that it will have a commercial implication. I mean, I don't think it was particularly easy for Air New Zealand to manage that situation.

Media: But just at the time that they closed it, though, was—you know, the woman had been to 30 places and no one knew, really, whether it was out of control or not.

PM: Well, at the time that I got the call, we already had close contacts returning negatives, for instance. So that was the time that I was advised of the decision—was late in the afternoon on a day where I certainly already knew that those close contacts were negatives. OK. Look, I did give last [*Inaudible*] You haven't had one. Luke, go ahead.

Media: All of the general issues that you raise, we've been told they're being looked at for a few months. So, after the border closure—I mean, what work have you and officials been

doing to sort this out with the Aussies to make sure that that won't happen in future? Because that seems to me to be the problem. So what's being looked at?

PM: Luke, of course the goal is to make sure that we have a consistent view. As I said, if X happens, Y happens.

Media: And how's that going?

PM: Well, you will see that, from the border closure, our expectation wouldn't have been in that situation that we'd have a closure. So, look, there's obviously—

Media: So what's happened since then?

PM: What's happening is the sovereignty of Australia to make its own decisions and the sovereignty of New Zealand to make its. I love that the perspective here is that this is a simple matter of opening the borders, but not when you have an elimination strategy; not when you have opened up to every state and, if they have an outbreak in one area, our ability to control people moving into the state and flying back to New Zealand is very limited. They're not our borders. So I do not apologise for a moment for being cautious about this. You cannot unscramble the egg. Once they're open, we have to make sure that we can make it work, because it will be damaging economically if we open, close, open, close and then permanently shut it. No one wants that. OK. On that note, I'll see everyone tomorrow.

conclusion of press conference