

## **POST-CABINET PRESS CONFERENCE: MONDAY, 14 MAY 2018**

**PM:** Good afternoon, everyone. Well, look, it's a big week ahead for the Government, the main focus, of course, being on the Budget on Thursday, which I know, certainly, we are looking forward to. On Friday, post-Budget, I'll be visiting Waitematā hospital in the morning, then we'll deliver my post-Budget speech at a lunch event hosted by the Trans-Tasman Business Circle.

Budget 2018, as you will have heard from some of the speeches and statements from the finance Minister, is about transforming the economy and rebuilding the foundations of health, education, and housing to improve the living standards of all New Zealanders, and you will, of course, hear more on that on Thursday.

I want to use today's post-Cabinet press conference, though, to touch on the arrangements with the Deputy Prime Minister during the period of absence that I will have with my baby—not intending to leave early, but one should always be prepared. As you know, I intend to take a leave of absence for six weeks. Deputy Prime Minister, Winston Peters, has agreed to be the Acting Prime Minister during this time—although I don't recall of much choice being involved in the matter. While it's no different than other times, because of the public interest in these particular arrangements, I've set them out in a letter with Mr Peters, which we'll be making publicly available to everyone.

Broadly speaking, the Minister—Deputy Prime Minister—will exercise the function and powers of the Prime Minister, in consultation with me where appropriate. And, as I say, it's no different to any time that he would be Acting Prime Minister in my absence, for instance, for overseas travel.

Minister Peters will manage the day-to-day business of the Government, including chairing Cabinet, the Cabinet committees that I would usually chair, which include the Appointments and Honours Committee, the Cabinet Business Committee, the Cabinet Priorities Committee. He'll also be answering questions in the House, as is usual practice, responding to media queries that are directed to the Prime Minister, and attending official engagements where he might be available.

I will continue to be consulted on significant matters and, as I say, we'll be circulating copies of the letter and will happily answer any questions about it today. As I say, though, we see these arrangements as no different to the kind of consultation and dialogue that we have already as Prime Minister and Deputy Prime Minister.

I will take the opportunity, just as a pre-emptive strike against any questions I may be asked around the royal wedding. The couple have said that they are incredibly grateful for the goodwill shown to them since the announcement of their engagement, and they've asked anyone who wishes to mark the occasion that they consider a donation to a charity rather than sending a wedding gift. Of course, given New Zealand's close contact with the royal family—our connection to the royal family—we have decided, as we did with Prince William and Catherine, to make a donation to mark the occasion of their wedding.

With the agreement of the royal couple, the Government will be making a donation of \$5,000 to the New Zealand charity PILLARS. PILLARS is a charity I have known for some time. It does amazing work with the children of prisoners and their family and whānau to achieve generational change—to support those children for better outcomes for them and their family. Both Prince Harry and Ms Markle are very supportive of organisations working to improve the lives of vulnerable children and young people, and we're very pleased to mark their wedding in this way. Of course, I wish them all the very best for their special day on Saturday, which also happens to be, I understand, the 30<sup>th</sup> anniversary of PILLARS establishment.

All right. Happy to take any questions.

**Media:** When you say—you talk about—

**PM:** Sorry.

**Media:** When you say you will consult on significant matters, what do you mean by that?

**PM:** Oh, look, of course, those instinctively will be well-known to the Deputy Prime Minister and myself, as we already operate on that basis, but significant political or strategic issues or public interest—of course, equally, I'll still be receiving Cabinet papers, Cabinet committee papers, so I imagine it'll be dialogue both ways. I may, from time to time, call the Acting Prime Minister, and he may choose to call me. But, as we've set out in the letter, they are those that we see of political significance, national significance, or strategic.

**Media:** Is this unprecedented? Why did you need this “behave yourself” contract?

**PM:** It is—that is absolutely not what this is; this is a response to the interest that the media has shown in what is otherwise a usual routine practice of a Deputy Prime Minister taking the lead when a Prime Minister may, for instance, be offshore. It's just simply this is a slightly longer period than otherwise might be as per usual.

**Media:** But this is unprecedented, isn't it?

**PM:** Ah, the media interest in something that's quite common is a little more unprecedented—well, of course, also the fact I'm having a baby while in office is. The actual activity of the Deputy Prime Minister taking on the acting role is not unprecedented.

**Media:** So the only reason you're issuing this contract to the Deputy Prime Minister is because of media interest, not—

**PM:** Oh, well, as I say, this is all set out in the *Cabinet Manual*. There is already guidance on how this operates. We've already undertaken these kinds of situations in the past. The only thing that's different is the length of time. There has been a lot of questions, so for the sake of clarity, we've been quite happy to put out what is our usual way of functioning out in the public domain.

**Media:** This is unprecedented, though, Prime Minister. This is fairly unprecedented. No Prime Minister—

**PM:** Childbirth is not, but yes. Ha!

**Media:** No Prime Minister has ever taken maternity leave whilst in office. How does it feel to be doing something that no one else has done before?

**PM:** Ask me after I give birth. Yep—Audrey?

**Media:** Will Mr Peters be running a post-Cabinet press conference like this?

**PM:** Yeah, well, we expect that we'll keep on the usual practices that we have in the past—

**Media:** Will he move to the ninth floor?

**PM:** Excuse me?

**Media:** Will he move to the ninth floor?

**PM:** Oh, that seems like an unnecessary inconvenience—and, no, just as he wouldn't if I were overseas for an extended period of time undertaking Government business. But in terms of other media engagements, really, it will be on the availability of the Deputy Prime Minister, but, by and large, everything will continue to function as we currently do.

**Media:** Given that Winston Peters is also the foreign affairs Minister, I take it he won't be doing any travel at all during that six-week period?

**PM:** In fact, I remember at the time that I sat down with the Deputy Prime Minister and advised him of my news before it was made public, I did ask him whether or not he had any travel planned for that six-week period, and his response was “Well, I don't now.” So

contingency has been made for that. As I say, it's a six-week period, and when looking at the travel schedule that both the Deputy Prime Minister and myself have, we've managed to fulfil, still, all of the expectations and international obligations that we have within that period.

**Media:** Mr Peters, what was your reaction to being told that you had to suddenly, kind of, behave yourself—

**PM:** I want to correct that. This is a letter that simply sets out our usual day-to-day way of working anyway—

**Media:** Presumably that—

**PM:** And—and—I'm happy to say that this is something that he and I drafted together. This is not a letter as you would describe it. Is there anything you want to add to that?

**Peters:** Ah, well I could say this, Tova: if you want to be relevant, don't be extremist, all right?

**Media:** Will he be sworn in—

**PM:** I'll let you chew on that.

**Media:** Will he be sworn in as Prime Minister?

**PM:** No, no, because, of course, that's not what happens when the Deputy Prime Minister is Acting Prime Minister. That is not required, and, as I say, it is as per the usual circumstance where I would happen to be offshore or unable to perform duties at that time. That is not required.

**Media:** [*Inaudible*]—

**PM:** Sorry, Richard?

**Media:** So, constitutionally, you effectively remain the Prime Minister while this process takes place.

**PM:** Yes, and he is the Acting Prime Minister, and there is already, as set out in the *Cabinet Manual*, guidelines for how this operates, and it does not require any formal swearing in for him to act as Acting Prime Minister.

**Media:** What happens if the Acting Prime Minister doesn't live up to those obligations in the—

**PM:** I do not have that concern for a moment.

**Media:** Is there any—like, after six weeks if you need more time, is there any option to extend that?

**PM:** Look, the six-week period is something that we've set out. It's certainly my hope and my expectation. If there's anything that comes up, as would be for any circumstance where there might be a health issue, we'll work through that as that arises. I'm certainly hoping for the best, planning for the worst, but expecting everything to be as we've set out for the next six weeks.

**Media:** PM, presumably you'll still be able to, you know, be contacted and—

**PM:** Absolutely—absolutely. As any Minister who travels now, and as an acting Minister would be, I will be available for that time period. I'll still be receiving papers, and the Deputy Prime Minister and myself contact each other frequently when we're not here in Wellington as well. So, in many ways, it will be as per usual but, simply, our roles will reverse for a time.

**Media:** Prime Minister, you're still—

**PM:** Sorry, Barry.

**Media:** You're still a month out from your due date. Are you trying to tell us something here?

**PM:** No, no. If I had a crystal ball about what I was to expect, then I would welcome that, but no. This is just something that we wanted to demonstrate, that all plans were in place, and, of course, I have no expectation of any of this being required until later in June.

**Media:** Will the Acting Prime Minister get any perks, such as meet the new baby for the first time?

**PM:** I'm not sure anyone would classify that as a perk. I would, of course, but I'm not going to make that presumption.

**Media:** If anything crops up internationally that means the foreign affairs Minister does need to get overseas immediately, would it be safe to assume that Kelvin Davis would then step into that job?

**PM:** Yes. As you've seen in the past, where both the Deputy Prime Minister and myself have both been undertaking international duties at the same time, which has happened on two occasions, then, of course, it reverts to the deputy leader of the Labour Party to take on that role, as we've had in the past.

**Media:** Mr Peters, how are you feeling about taking on this new weight of responsibility?

**Deputy Prime Minister:** Well, from the tenor of these questions, I should be feeling rather tremulous about it, but the reality is, I was doing this job 22 years, so I'm ready for it.

**Media:** Mr Peters, do you plan to adhere to all of the obligations in this letter?

**Deputy Prime Minister:** Look, with the greatest respect, I think this is edging on, sort of, being trite, with the greatest respect. I think the Prime Minister is being far too kind to you. You've suggested that this is a "tick the person off before he takes the job" letter, that I might misbehave. Now, with respect, I think you owe me an apology.

**Media:** Do you plan to adhere to all of the obligations in the letter?

**PM:** The letter sets out the *Cabinet Manual*, so we've been very helpful by consolidating it into one easy-to-access letter, but these are expectations that we all operate under and that the Deputy Prime Minister and myself operate under already. There's nothing new in there.

**Media:** Which, I suppose, is why it seems unusual and why we're asking these questions, because you have decided to produce this document.

**PM:** Oh, as a helpful aid to those who have asked us multiple questions. Look, as I say, this is not unusual. We're setting out what's already part of the *Cabinet Manual* and the way that the Deputy Prime Minister and I already operate.

**Media:** Mr Peters, will that change your access to security and intelligence? Is there any change to Mr Peters' access to security and intelligence briefings during this period?

**PM:** Yeah, look, obviously those portfolios that I hold—of course, there is significant crossover with the role that the Deputy Prime Minister already holds as Minister of foreign affairs and trade, so in practice there wouldn't be too much difference, except perhaps the frequency of briefings.

**Media:** And there's no clearance that has to be—

**PM:** No, no. No clearance in that regard is awarded to those Ministers who have a requirement to be able to access that level of briefing.

**Media:** Seeing as how Mr Peters is here—

**PM:** Yes, thank you for noticing.

**Media:** —yeah, I noticed, yeah—can we learn a little bit more about what this proposed trip of his to China that's about to take place is all about, and what he's intending to do?

**Deputy Prime Minister:** Well, we made it a priority soon after the Government was formed to go to China, but due to circumstances, we'd not been able to go until now, and

we're going in about a week's time. The object is to, frankly, extend our relationship at a time when trade and trade-related matters is seriously critical. There are major other aspects, including North Korea, and other developments which we'd like to have their perspective on and perhaps share with them ours. As a country that was saying some, what, 11 years ago how important it was to get the nuclearisation programme of North Korea turned around and, also, the responsibility of the West to ensure that there was an economic benefit for North Korea for doing that. And, thank you, that's very interesting, but both Donald Trump and the foreign secretary, Pompeo, are saying exactly that right now. We were saying that 11 years ago, and it's important also to get an understanding with them of how we can work profitably and beneficially in the Pacific. That's just three or four things we need to talk about.

**Media:** Mr Peters, how long will you be going to China for?

**Deputy Prime Minister:** Four days.

**Media:** Will you be asking or talking to China about potential interference in the political situations in Australia, New Zealand, and the Pacific at all?

**Deputy Prime Minister:** I'm in a job called foreign affairs and diplomacy's rather important. You'll know that I'm naturally a tactful person and I wouldn't be raising those issues in the way you put them, no.

**Media:** Who will you be meeting?

**Deputy Prime Minister:** My counterpart. Also a range of other organisations and officials and Ministers as well.

**Media:** Before the election, you called for an inquiry into Chinese interference in New Zealand politics. Do you still hold that view? Is it necessary?

**Deputy Prime Minister:** I called for an inquiry into interference in New Zealand's politics from a number of countries, not just one—remember?

**PM:** And as we've reiterated a number of times, of course, New Zealand isn't naive to the issue of foreign interference. We keep a rolling track and brief of whether or not our institutions are robust, that we've got the right legislation in place, including electoral laws. That's something that we monitor on an ongoing basis, again, to make sure that we are facing up to what is a dynamic changing environment when it comes to foreign interference, and it's not down to one lone State actor.

**Media:** Prime Minister, do you have a date of departure for when you're going?

**PM:** Sorry, what was the—can you repeat?

**Media:** Do you have an exact date of departure for when you're going?

**PM:** I'm sure the Minister of Foreign Affairs will release that at the time that he is ready to, as is our usual practice with trips of that nature.

**Media:** Will you be talking to any potential businesses or investors about investing into New Zealand's infrastructure? Has the Government laid out their plans to get foreign investment into the infrastructure sector?

**Deputy Prime Minister:** It's not strictly my role to do that other than to ensure that the messages from the Minister of Finance and the Minister for Trade and Export are properly and correctly relayed to the Chinese.

**Media:** Prime Minister, did you meet with Madam Wu today and talk—

**PM:** I did—well, very, very briefly to be fair, and I have an undertaking. I've suggested that we take another opportunity because it was brief, at the beginning of the China business summit in Auckland and then at the conclusion, reiterating, again, the strength and importance of our relationship. My intention, as I've outlined before, later in the year I hope to be able to fit within my travel schedule a trip to Beijing, and, of course, acknowledging that,

as I did in February, China, alongside the UK, Australia, and the United States, are amongst some of our four most important international relationships.

**Media:** Prime Minister, do you have any comment on the work that Minister Parker and Minister Peters are doing around the Kermadecs and this mixed-model approach and the hope to get something across the line with the Greens by the end of the year?

**PM:** No, not at this stage. Obviously, that's amongst many policy issues that we're working our way through.

**Media:** The National Party's just put out a—

**PM:** Sorry?

**Media:** The National Party just put out a press release with another case of *Mycoplasma bovis* being found in the Waikato. Can you give us an update on the spread of the disease?

**PM:** Yeah, obviously this is something that we are trying to manage as a new Government, but I have to say, from all the evidence I've seen, it seems to be a direct consequence of poor systems, processes, and biosecurity investment, and we are having to now deal with that. This is something, of course, that MPI are working very, very hard to make sure that they have containment plans around. The full scale I think we haven't quite seen yet, but we are working very closely with industry to make sure that we have a full and adequate response. As I say, though, this, from my perspective, is this Government having to pick up the pieces of significant neglect and under-investment, and, quite frankly, from what I've seen, it's shameful.

**Media:** Is there much point playing the blame game at this point?

**PM:** Oh, well, it's not going to stop us getting on with it, but I think it does point to the need for us to make sure that we have the right regulation in place to protect what is a significant industry for us. I will highlight again—you know, look, this poses no threat to human health, but it is something that we want to make sure that we do all we can, if possible, to get under control, because this is such a significant sector for us, and such a significant sector that the protection should have been in place in the first place. And I raise it, to be fair, Jenna, because we've had questions in the House that have made it of a political nature when, to be fair, I find that pretty brazen, given we are dealing with something that really came to light some time ago.

**Media:** Given the extent of the spread of the disease, that seems to be increasing every day, is the Government's ultimate goal eradication or control?

**PM:** Yeah, and at this point, as we try and quantify the scale of the issue, those are the very questions we have to ask ourselves. Of course, our starting point is to get the best outcome possible for the industry and for New Zealand. That means we're not giving up on all of the options around eradication, but we are assessing all of the information as it comes to light.

**Media:** How much of an economic risk is this, given it's now spread into the Waikato, which is the richest dairy area?

**PM:** Keeping in mind, of course, at the moment what we're seeing in the Waikato are areas where they're monitoring and where across the North Island there are some spots where there is some containment and movement notices around. But even at this point, you know, it would be unfair for me to predetermine, actually, how far that spread is in that area.

In terms of the wider economic cost, look, there are a number of agricultural traders who are already having to deal with the presence of *Mycoplasma bovis*. I just would've preferred that New Zealand was not one of them, because we were in that unique position. And, obviously, this does come with an impact on animal health, even if it doesn't affect human health.

**Media:** Last week, MPI was talking about that kind of eruption of the disease over the previous six days, at select committee, and saying they weren't sure if it was a blip or a continuing trend. Have you been updated as to whether that's—

**PM:** Yes, and we've seen a number of new areas identified because of the way that the test results are coming through. And so that has led to more information coming to light all in one go. But whether or not those initial findings then give us a greater picture whether there'll be more, that's what we're working through now. I know the Minister of Agriculture is spending almost 100 percent of his time on this at the moment. He's giving me and the Minister of Finance constant updates. We're really prioritising this issue.

**Media:** One of the reasons why it's spread so widely is that the NAIT scheme—

**PM:** Yes.

**Media:** —originally set up by Labour, seems to have been ignored by up to 70 percent of farmers.

**PM:** Yeah.

**Media:** What do you think is necessary to make sure that the next outbreak doesn't happen—

**PM:** And that's exactly the question that we have to ask. There was a system in place, it has failed abysmally, and now we're picking up the pieces of that. And we want to make sure that, first and foremost, we deal with the issue at hand, and that is *Mycoplasma bovis*, and trying to pin down its spread and still focus on the possibility of eradication—because why wouldn't we strive to get the best outcome for the industry possible.

The second question is: how do we prevent this ever happening again? And NAIT is in our sights.

**Media:** Have you considered that the rural support networks have got enough resources and funding to deal with this issue? I mean, they're dealing with farmers who, in some cases, have lost their livelihood.

**PM:** Yes.

**Media:** Have they got enough?

**PM:** And that's why we're working so closely with the industry. The Minister is talking with them frequently about the management of this issue, and we particularly have top of mind the impact for individual farmers, some of whom have already faced cull, because, obviously, that has an impact for them too. But what they also need is certainty. We're trying to make sure that we use all the information available to put in place a plan that's based on evidence, but we haven't given up on all of those options.

**Media:** Why has the Government decided not to fix or reform the OIA?

**PM:** Oh, well, that's something that, of course, we haven't made a decision not to; it's just not currently the thing around in the transparency space that we've prioritised.

**Media:** Do you think it's still possible to maintain your commitment to being an open and transparent Government without the immediate OIA reform?

**PM:** Well, actually, one of the things that we're looking at at the moment is putting a bit more standardisation around the way we use the OIA as it stands. Of course, some may ask us whether or not currently we're applying the existing OIA legislation as fluidly as some might like, and, actually, the issue of more standardised release is something that we've been looking at.

**Media:** Are you still open to take criticism from journalists and people who use that the OIA that this Government perhaps hasn't lived up to its commitment and expectations by the election on its use of the OIA?

**PM:** Oh, look, as I say, we're still looking at ways that we can balance what the civil service tell us is important around free and frank advice still being able to be maintained with a bit more of a standardised release mechanism for policy documents and papers that we consider. And that's something that we're still working on.

What I would say around openness and transparency—that does go beyond the Official Information Act. That's how we deal generally with issues in Government—how we socialise the problems that we face and talk openly about some of the things that we know we need to improve on as a country. So I think it does go beyond just the way we use the OIA.

**Media:** And is there a time frame for, perhaps, when we would notice changes?

**PM:** Oh, look, as I say, it's a dialogue that we've been having and trying to make sure that we balance what comes at us from one side of making sure that we still get that free and frank advice and that things aren't drafted solely with the view of future public release, whilst, at the same time, trying to improve the way that we use the OIA.

**Media:** So there's no specific?

**PM:** Not at this stage, but it is something that we have been working on for some time.

**Media:** There is an issue in Tokoroa around pokie machines, with what seems to be a loophole, where 30 have been able to be put in one place. Is that something that you find concerning, and would you look at the Act to see if it needs tweaking, if that is the case?

**PM:** Look, I would want to see what's happening specifically in Tokoroa. But what I would say is of all the gambling devices, I think pokies are the most problematic. There has been a policy of sinking lids, so I would be interested to see if we saw a proliferation like that in one particular venue.

**Media:** You've got the Budget coming up this week—

**PM:** We do, thank you for noticing.

**Media:** Could you give us a little bit more information about what sort of Budget New Zealanders should be expecting from your Government?

**PM:** Yeah, look, as I said in the introductory comments, we've pointed out for some time now, as a Government, that in this Budget we will build the strong foundations for the future, and that does mean reinvesting in areas like housing, like health, like education—those core fundamental services. And, you know, we've acknowledged we won't be able to do it all in one Budget. We will build over time. But I see what we're doing in this is being transformative, because it's not just about our services; it's also about how we transform the investment in our economy.

**Media:** How do you think it's going to differ from, say, for example, National's Budget last year?

**PM:** Ah, you'll see a little bit more that's about growing the pie.

**Media:** On Indonesia, Prime Minister, what's your reaction to the latest bombings this afternoon our time?

**PM:** Yeah. Some of what I've seen in recent days—of course, I've seen President Widodo engaging with directly—it demonstrates, I think, the regional security issues that sit right on our backdoor, as it were. These are issues that when President Widodo visited recently we spoke about—growing concern over that radicalisation—and to see, for instance, children being used in bombings is absolutely appalling.

**Media:** And to yourself, or maybe the foreign Minister, if he has more information, is there any update on the advice for Kiwis wanting to travel to Indonesia?

**PM:** No, I don't think we've seen an update on the travel advisory for Indonesia, but we'd be happy to supply it.



**Media:** Prime Minister, on the impacts of tax changes on different parts of society, we got some figures today from Stats NZ saying that in the last six months inflation for poorer people and Māori people have been much higher than for those richer parts of the community, because of cigarette taxes, potentially the petrol taxes coming up, and the removal of the fees on tertiary education. Is your Government actually implementing regressive tax policy?

**PM:** No. No, and I'd imagine that if you factored in the overall boost that those exact same families would receive from 1 July, after the full implementation of the Families Package, we'll see, on average, those low-income families benefitting by up to \$75 a week once it's fully rolled out. And on top of that, the winter energy payment, as well, which goes directly to those who are on Government support—you know, an extra \$450 to \$700 over those winter months. Those are the most significant changes—we'll see an income for those families in over a decade. And I see them as being transformative.

**Media:** But is that compensation enough for the various regressive tax measures you're going to make, including petrol—

**PM:** Well, firstly you're making an assumption that all of those families smoke cigarettes—first of all. Second of all, the reference to excise—well, of course, if we're talking about someone in regional New Zealand, you know, 3c; does 75c make up for that? Yes, it does. And, of course, in our mind, the more we can do to improve the options for those low-income families around transport, then the better. Keep in mind, as well, we are doing our best to turn around the biggest impact on those households, which is their housing costs. That means making sure that we have more, for instance, State and public housing available, but at the same time trying to remove some of those extra costs they might incur, like letting fees and also bringing on more supply to try and bring down those costs. Again, these are not tweaks around the edges; we are absolutely focused on trying to ease the squeeze that those families feel.

**Media:** Would you consider extra compensation for those poorer groups—

**PM:** I think what I've described is just that, and we designed it purposefully to boost those low and middle income families the most. It's more than you would ever achieve by undertaking, for instance, a tax cut.

**Media:** Is it possible to address inequality without taxing the rich more?

**PM:** Oh, well, I think you'll see that we in effect have done that by cancelling the tax cuts, which the last National Government brought in, which were, of course, giving \$400 million to the top 10 percent—reprioritising that using tax credits, which are a much more targeted way to provide that support to those who need it the most, and I think we've done it very effectively. All right, everyone.

**Peters:** Can I just say one—

**PM:** Yeah, of course you may.

**Deputy Prime Minister:** Can I just say one last thing, because of the nature of the first question regarding me behaving myself. Can I just say the Prime Minister and I crafted this letter—well, we crafted it together—and in the last six months that's exactly what we've done, not seven days a week, but we've worked cooperatively. And anyone that says otherwise, to use Geoffrey Palmer's favourite phrase, is spreading rumour with malice. Thank you.

**PM:** Thanks everyone.

**conclusion of press conference**