

POST-CABINET PRESS CONFERENCE: MONDAY, 21 MAY 2018

PM: Kia ora and good afternoon, everyone. Look, this morning I had an opportunity to visit with a group of farmers in the Waikato, particularly to cover off *Mycoplasma bovis*. I'll come to the details on that a little later on.

But let me first give you an overview of the coming week. I'm attending a culture and heritage event in Wellington on Wednesday morning. Thursday, I'll be speaking at a child well-being symposium hosted by the JR McKenzie Trust and the Office for the Children's Commissioner in Wellington. That afternoon, I'll be speaking at the launch of an industry training app in Auckland. On Friday, I'll be visiting with a range of stakeholders and businesses and local body politicians in New Plymouth, alongside Minister Woods and Minister Little, and you'll recall that sometime ago we flagged that we would be making this visit to New Plymouth and I'll be sure to get out an advisory detailing some of the elements of that visit before we go. On Saturday, I'll be speaking at the ministerial forum on community safety with ethnic communities, followed by a speech to the New Zealand young women's festival.

Let me speak briefly to the issue of *Mycoplasma bovis*. Today, I met with farmers predominantly from the Te Awamutu area and heard from them about their concerns around this issue that we are tackling and how we can work together in response to the *M. bovis* incursion. I wanted to hear first-hand from industry and from farmers about the impact this is having on their lives, keeping in mind, of course, it's not just those who have restricted movement orders that this issue is affecting.

This is a devastating situation for farmers and for an industry that is critical to New Zealand and highlights the risk of biosecurity threats and the need for us to make sure that our systems are in place to protect ourselves in the future. Many of the farmers I spoke with shared our view that the system would absolutely need to change in the future. But one of the most important messages I took from our conversation this morning was the need to work together to formulate a lasting solution.

MPI have gathered together technical advisory groups, industry members, with a view to deciding in the next week what the next steps will be. We are working to get the most and the best advice from around the world that we can, working with industry to make those long-term decisions on how to best deal with *M. bovis*. The Budget allocated an initial provision of \$85 million to deal with this issue—that is a starting point and we acknowledge that that could well grow. We are also working with the industry around cost-sharing, and that's a conversation that's been going on with them for some time and that they have been very open to.

But, in the future, as I say, farmers I spoke to want us to get ahead of this issue in the future, and to ensure we don't repeat mistakes for any future threats we may face, and we do need to take some key learnings. For now, though, we are absolutely focused on tackling this collectively head on. Look, I'm happy to take any questions anyone might have.

Media: What's your expectation of the compensation bill for *Mycoplasma bovis*?

PM: Look, at this point, it's hard to say. We've made estimations based on what was the initial culling programme. Of course, since that time, there has been additional farms that have been found to be infected. We're looking at around—from memory, around 38 at this point. So that bill certainly could grow.

But, ultimately, it will depend on the nature of our long-term plan to deal with *bovis* as to what that cost will be. What we have to keep in mind, though—look, New Zealand is one of, alongside Norway, two countries that did not have *bovis* here. It's hard to quantify the cost we might find ourselves facing from a productivity perspective, but that's what we need to factor in as we try and tackle this infection head on.

Media: Do you think it's worth trying to eradicate it, or should it just be managed?

PM: Yes, I do. But, again, of course, that will be dependent on how far it has spread, and that's what we're trying to work through now. And, as I say, we're working alongside industry to make sure the view we form is a collective one, because it will take us working together to implement any plan, be it eradication or long-term management. Look, my hope absolutely remains that we can eradicate, but we have to make sure we base that decision on the evidence we have in front of us.

Media: Damien O'Connor said last week that police may prosecute. Can you explain that at all?

PM: Oh, look, obviously there's been a point at which this entered into New Zealand's borders, and it has stemmed from there, and I do think we need to keep our options open over holding to account those who are ultimately responsible for the fact that we are having to deal with this incursion in the first place.

Media: Has the Government been too slow to act, and has this been handled well?

PM: Oh, look, you know, it's fair to say that we wouldn't be dealing with this spread on this scale, had it been dealt with in the best-possible way. It seems to me that mistakes have been made, but what we need to focus on right now is putting in place the best-possible plan to deal with it in the here and now. We do need to look back over time and see what could have been done differently, but for now we just need to get on with it.

Media: What mistakes were made?

PM: Yeah, look, obviously the fact that it made it into New Zealand shores in the first place, and our ability, really, to have isolated down where it has travelled in the intervening period. But, again, there is no point us going through that blame exercise when we need to get on with just dealing with it, and that's what farmers, industry, and Government want to do.

Media: What proportion of the cost should the industry bear?

PM: That's a conversation that we're having, but, actually, we're not letting that conversation hold us back from formulating a plan together, and that needs to be our primary focus.

Media: The Budget said it would only be \$11.2 million of the \$85 million allocated. Why aren't farmers—

PM: I don't think it's fair to put a number on it at this stage, Bernard. That's an ongoing conversation that we're having with industry. And, look, you know, what I'd have to say to be fair to industries is that there's a willingness to work collectively on this issue, because it is about preserving the productivity of an industry that's critical to us.

Media: But it is going to be significantly less than 50 percent, which—the kiwifruit industry did pay 50 percent.

PM: Yeah, and I guess it is important to highlight that these industry-wide contributions are not unusual—absolutely. I think in the future, what we'd prefer is to make sure we were getting ahead of these incursions before they happen, rather than being reactive. But for the here and now, as I say, those conversations are still being had. I'm confident, though, we'll resolve it together, and I'm really pleased with how collaboratively everyone's working together on both how to fund the response but actually just the response itself.

Media: And what do you need to resolve this year that's going to be paid by the industry before you make the decision—

PM: No, no. It's not contingent on it. We need to make a decision over how we deal with *bovis* quickly so we can give certainty to farmers. In fact, that is one of the most important things we can deliver for them is that certainty.

Media: What's the status of the GIA between the livestock industry and the Government, that was negotiated last year, and doesn't that actually set out the compensation formula?

PM: It set out a starting point, but my understanding is that it wasn't necessarily complete.

Media: Has that agreement actually been signed, or is it still sort of in abeyance, because it kind of ran into the election.

PM: Yeah, no. My understanding is that we've had to start from scratch for this discussion.

Media: When do you expect to know the full cost of how much of *bovis* is going to impact productivity, and all of those costs?

PM: Yeah, and that's quite a hard thing to quantify. I've looked at some of the overseas examples, and, again, it sounds to me like there've been estimates of the impact on productivity. And one of the things to keep in mind, of course—we would want to compare ourselves to a similar farming sector, whereas some of the examples we're seeing might not operate in the same way that we do. And another thing to keep in mind is that *bovis* is really heightened when you have stressed animals. Of course, if you've got good farming practices, then the impact of it is considerably lower. But what we have to keep in mind is we might be making a decision without knowing the full impact on productivity, which is why we have to make sure that we do everything we can so we have no regrets.

Media: Are you 100 percent sure that eradication is the way to go? Are you sure that killing 11,000 cows was necessary?

PM: Yeah, look, as I say, I mean, if we have eradication in our sights, we have to make sure we do everything we can to fulfil that. What we're seeing now is that there has been a spread since then, which is why we're looking at the new evidence we have and formulating a plan to give certainty to farmers going forward. One of the other things that I would flag is one of the problems with *bovis* is that it is actually very difficult to get a clear test result, so that is one of the things that has made this really problematic.

My message, though, generally for the public and those in the farming community: *Mycoplasma bovis* does not affect the quality or the health of anyone who consumes this products. And, as I say, there are only a handful of countries in the world that don't have it. And farms who practice, you know, good sanitary practices and monitor their animal movements can also protect themselves against its spread.

Media: Given what you said about it being worse when animals are stressed, and obviously there has been problems with stock being moved around and the tracking of that, as we get closer to the change of season, June 1, are you confident that the systems in place for stock on a large level to be moving around the country are going to actually work?

PM: Yeah. Yeah, and this is something, that gypsy period, that we have to keep in mind and that's why we're working to try and give certainty to farmers around how to operate under the current environment that we're in, and that's a real motivation for us to make sure that that plan is in place as soon as possible. There is guidance out there that's coming out from MPI and Dairy NZ around managing stock movement at this time, under these circumstances.

Media: Does that mean, though, that there will be, for example, MPI staff out there? I mean, some of these farms have had a huge numbers of stock. Would you specifically put staff out there to check that everything is being done by the book?

PM: Yeah. Well, look, one of the things that we do need to make sure is that we improve the NAIT system. There's no question there and the Minister knows that, but for now, not only are MPI staff, as I understand, out there working to make sure that they give advice to farmers but industry are as well, because, actually, the scale requires that we all work together to make sure that we're providing that real clarity.

Media: How could *M. bovis* affect or hinder that Gypsy Day period?

PM: Yeah, well, of course there are some farms that will know that they are on restricted movement, and those farms that have that applied will already know that. For others, there's guidance out there around just making sure that they're following protocols in the way that they're operating. But, as I say, there is information available to help farmers manage that part of the season.

Media: Will the financial cost be a factor in deciding whether or not to try and contain it or manage it or try to eradicate it?

PM: Oh, there's a range of things that are being factored in around the long-term plan, but we have to keep in mind we may not fully understand in the here and now the longer-term impact on productivity. We've got to try and factor that in when we make this decision. Ultimately, what's guiding this decision is industry, Government, you know, the farming community are collectively sitting down together and saying, "Have we given this everything we can? What is the best option for New Zealand in an industry that's critical to us?"

Media: Have you been given advice about how likely we'll be able to eradicate it, because it seems like no other country's ever managed?

PM: Yeah, we could question over whether or not they've tried to the same extent, as well, and, you know, that's something that, in fact, we've asked. We've got technical advice coming in from countries who already have it, to try and inform that decision. So those are all of the questions that we are asking, where we're utilising the best expertise that we can, from around the world and from within New Zealand. I think one of the issues is that it strikes me, just from what I've seen, that perhaps the science isn't as well-developed as it could be because others haven't tended to opt for an eradication option.

Media: Just in terms of the consumer issues, you said there's no concern. Are you saying if there's harm consumers should know if any products they've consumed do come from—

PM: Only if it would cause an issue, and it doesn't.

Media: But what about unpasteurised products, because, like, for instance, raw milk, say?

PM: Yeah, there's already protections around pasteurised, unpasteurised as well. Look, my very simple message is this is not of concern to human health.

Media: But should people, consumers, be entitled to know?

PM: If it's of no concern to human health, then that's not where I would say our energy should be. As I say, it's only New Zealand and Norway that are free of this issue, and I imagine most people have consumed products at some point. Many will have consumed products from elsewhere. I think we do need to be clear on that side of this issue. This is not a concern for human health.

Media: On Waikeria Prison, where's Cabinet at with that, because it seems like there's conflicting messages?

PM: No, no, not at all. We haven't made a final decision, but we've always been clear that it is not our view or our plan to have a mega prison on the horizon. We have a relatively static crime rate in New Zealand, and so why would be investing in building a mega, mega prison when we have a static crime rate?

Media: So that's a no to the mega prison?

PM: Mega prison—we've always said we did not favour building a mega prison. Now, look, there are still Cabinet decisions to be made. We have come in and have in front of us a prison that is, you know, fairly tired—I've seen it myself—in Waikeria, and we're having to look at how we deal with that issue.

Media: What about maybe like a "mini mega prison"?

PM: As I say, Cabinet is still yet to make decisions. I won't pre-empt that. But, again, you know, the much wider question we have here is that we have a static crime rate. And yet, on current projections, we will be building a new prison every two to three years. That is a complete failure. I agree with Bill English—it's not just a fiscal failure, it's a moral failure too.

Media: That doesn't help in the short term, though, does it?

PM: Which is why Cabinet is having to deal with issues around capacity. The Budget had 600 temporary beds to deal with the fact that we've come in, no matter what we do, we have a problem in the here and now.

Media: What are the other options?

PM: Well, again, those are what Cabinet's considering, and as soon as we've arrived at a decision, we'll be making that known.

Media: You say we have a static crime rate—

PM: Oh, just on that, though, look, I will say that when I visited—I used to be the corrections spokesperson; I visited a number of prisons. And when you hear stories of someone on remand who has self-harmed, who is in there for a shop-lifting charge, you really have to question whether or not we've got the balance right in the way we're using our justice system.

Media: We've got a static crime rate, but prison population in the last five years or so has shot up by about 2,500.

PM: It has.

Media: Is that because of the change to the bail laws back in 2013, and would you look at repealing that Act?

PM: It's a contributing factor, but there are a range of factors. I mean, I've even sat in on parole hearings where I've heard the parole board say this person is ready to be released and monitored in the community but, because there is no housing for them, they'll remain in prison. So there are a range of issues that we're having to confront. But there's no question that what's happened with the Bail Act has even outstripped what the National Government intended. They thought it would lead to an increase of 50 extra beds in a remand prison. We now have gone to 1,800 to 3,000. So the Bail Act's, no doubt, actually had an impact that not even the last Government intended.

Media: So you'll look at repealing it?

PM: As I say, there are a whole suite of issues that we need to look at. But underlying all of this will be this one principle: of course we want our communities to be safer, but our current practice in the justice system is not providing us that.

Media: And on those 600 temp beds—you say you've put the money up for them, but when can we see them and where will we see them going?

PM: Oh, look, I'd need to check in with the time line from Corrections as to how long it takes to put those temporary facilities in place. They've known for some time, though, that this is an issue and we have to, of course, be prepared for situations that may lead to temporary overflow because of another prison not being able to be used.

Media: In terms of changing those laws, though, there's not really any options for you are there? I mean, you're not going to be able to reverse any of those bail laws, and certainly not with New Zealand First at the moment, which is likely to vote in the opposite direction.

PM: Again, these are all issues we need to work through as a Cabinet. But if the underlying principle is that we have a static crime rate yet a growing prison population, the question we have to ask the taxpayer is: is this the best use of money and is this making us safer? At the moment, I'd say the answer to both is no. Then it falls upon us to try and lead what is, you know, a difficult debate, but one we need to take head-on.

Media: You had a guy from Corrections this morning who was interviewed on RNZ saying that they're on the brink of having to have prisoners sleeping on floors—it's that bad at Waikeria. So why is this taking so long? I mean, this sort of rhetoric of "We're, you know, making a decision and Cabinet's been talking about it." has been going on for months now. If the problem's that bad—

PM: I've been to Waikeria, and I question that. But my second point would be that we have approved additional temporary accommodation for 600. Even if you were building a new prison tomorrow, it wouldn't deal with the issue that the person there is highlighting because, of course, it takes time, which is why those 600 beds as a temporary response has been so necessary. And I have to say, regardless, coming in, that was something we faced straight off the bat. We were left with almost no choice.

Media: Given that you have five Māori Ministers and your party holds all of the Māori seats, should Māori have expected more from your Government in the Budget?

PM: You know, those Māori Ministers, alongside our Māori candidates, campaigned hard on ensuring that there was better housing for Māori, that there were job opportunities for Māori, that there were better education opportunities, and that we were reducing inequality. Now, when you look at what we've done since December, of the Families Package, \$1.2 billion of that we know will directly benefit Māori families. You know, so that is significant. That's exactly the kind of investment we need to deal with the issues that we campaigned on.

Media: You've cut funding, though, to targeted Māori communities. Are you expecting there could be a backlash against Labour in those Māori electorates?

PM: There was an underspend, so that money came back to the centre. We put a significant portion back on things like making sure that we were training young people who weren't in education, training or employment. We've brought in new policies around lifting Te Reo in our schools. Those are the kinds of issues that I hear frequently from Māori that they want focus on, and I'm confident that what we're doing in this Budget will deliver on that.

Media: On Friday, Phil Twyford called Treasury officials kids, in saying that the bean counters all had it all wrong when it comes to KiwiBuild, and he said that some of those kids were fresh out of uni and were completely disconnected from reality. But just hours before Grant Robertson said that Treasury has a pretty good record with forecasting when you look at it over the years. I was just wondering who's right here.

PM: Well, actually, we're all three—myself, Minister Robertson, and Minister Twyford agree; we disagree with the forecasting around KiwiBuild. And, in fact, MBIE take a different view than Treasury, and that's not unusual. You'll often have two Government departments with competing views. Where I have been clear, though, is that even where we disagree, I would not characterise our public servants in that way. I've made that clear to our Minister, as well.

Media: So did Twyford go too far in making those remarks?

PM: Yes, he did.

Media: Which other bits of the forecast do you disagree with?

PM: What other bits of forecasting? No, other pieces of advice—we've had examples, for instance, with the Provincial Growth Fund, where you'll get two pieces of different advice from MFE and MBIE. That's not unusual.

Media: But how are Kiwis supposed to trust the Treasury when its own senior Ministers are bagging it like this?

PM: Oh, look, as I say, I disagreed with the characterisation that Minister Twyford gave, but it's not unusual in a Government to get robust but different views from two different departments. One of the things that Treasury hasn't taken into account, for

instance—my understanding is—some of the elements of KiwiBuild which include, buy off plans. So there are some different mechanisms that they've used to make those forecasts.

Media: Is it worth Twyford going back to Treasury and potentially apologising, because just in the Budget lock-up Grant Robertson was praising the Treasury officials for all their hard work when it came to the Budget?

PM: And I will do the same. Ultimately, though, I think what people expect is us to just get on and, if the best way for us to demonstrate that Treasury's wrong is just to get on and build houses.

Media: PM, why is the Government scrapping a \$120,000 programme to help people access long-acting reversible contraception?

PM: Yeah. We've actually always made the point that we didn't feel it was appropriate for long-acting contraception to be administered by Work and Income. And I think the point I made at the time the Government introduced it was you wouldn't expect your bank manager to have that kind of conversation with you; why would you expect your case manager to? What there is instead is funding put aside that was actually put forward last Budget, which we will roll out, around accessing that same long-acting contraceptive product if you were on a community services card via a health provider. That is the place people should be able to access it.

Media: So where is this \$120,000 gone?

PM: Well, actually, the money that's been put aside in the last Budget was \$17.5 million, so it's considerable, and that's the best place for it to be.

Media: Just looking at this Budget, it's \$120,000—where has it gone?

PM: Yeah, well, as I say, those same individuals will access it via the \$17.5 million that's been put aside for them to access it via health. That kind of allocation I would need to check where that specific \$120,000 has gone. My expectation would be into MSD in some form.

Media: It says you go through the public health system.

PM: Yeah, well, as I say, we're putting—

Media: Carmel Sepuloni said something different.

PM: James, the point is we're spending far, far more than that amount, and actually the provision of the same thing via our health services, and that's probably the more important point.

Media: Prime Minister, does it concern you that funding arguments are holding up the release of Ashley Peacock from institutional care, and is the Government looking at intervening to ensure he can be transferred to the community?

PM: Yeah. And, look, the, you know, from what I've read of the case, keeping in mind, obviously, that decisions are being made in another place outside of my office, is that at least the progress that has been made is that there is funding available to transfer Ashley out of seclusion, and I know the family fought for a long time for that to happen. Now, it strikes me that there's ongoing conversation around the adequacy of that. No question, I think, in anyone's mind that we need to keep that progress moving, but it seems like at least we're moving in the right direction, albeit slowly.

Media: Just getting back to the question of buying off the plans, how do you stop that proposal from becoming a licence to bail out struggling property developers?

PM: Of course you will have seen some of the documents that have already gone out, which are directly facing those parts of the industry. And, of course, you know, we would exercise the same caution Crown does in any circumstance when it's entering into that kind of commercial arrangement. There is a difference, though, from a bail out, from, instead, a

developer who otherwise would not be able to produce what is a sound development simply because of some of the changes that banks have made around their lending.

Media: Is it worth getting any sort of liability insurance on that?

PM: That's a question for Minister Twyford, that level of detail.

Media: Just on your visit to New Plymouth on Friday, are you going to be having any public meetings up there or are they all closed door?

PM: Oh, I'd need to check the status of those meetings. We've certainly tried to make sure that we're meeting with the range of interested parties who said that they wanted to sit down with us and talk around some of those plans—so a good mix of industry groups, local government groups—but I'd need to check the status of them.

Media: On those mistakes that you say your Government made concerning *Mycoplasma bovis*—

PM: No, no, no.

Media: Do you apologise to farmers for making those mistakes?

PM: No, what I'm saying is that generally mistakes have been made. This incursion was identified in July. Of course, it may predate that period. We've been very specific around the failings in the NAIT system—the way we track animals. This is a long-standing set of issues that have arisen, and, look, they will probably span over the very beginning of this issue, going forward. So what we need to focus on now is actually dealing with the case at hand. Farmers are saying to us, don't waste time on that when we need to focus on dealing with it. But I would say, this spans across a while, and it's not just what's happened in the last six months.

Media: Prime Minister, are officials preparing for a royal visit later in the year?

PM: Look, you'll have read the speculation, as others will have. We have a long-standing invitation to any member of the royal family to visit New Zealand. We don't have anything specific in place around what there has been speculation around, but I'm sure, if that was a decision made by the royal couple, I'm sure they would be warmly welcomed.

Media: Is there a royal tour, sort of, task force or an official group in existence in New Zealand right now?

PM: We would need to have confirmation of a visit to be working at that kind of level. But, as I say, we always need to be prepared because we have, really, just a standing invitation to members of the royal family to visit New Zealand any time they choose.

Media: There is a small team that has been working on the possibility of this, is that right?

PM: As I say, nothing has been confirmed for New Zealand. It would be speculative at this point, but we always have a long-standing invitation for any member of the royal family to visit.

Media: Have you been told privately that it's likely to happen—

PM: I'm not confirming anything that's speculative. We have to simply assume that there is long-standing invitations out there for anyone to take up at a time of their choosing, but I cannot confirm anything.

Media: They're going to Australia in October. Surely they could just hop across the Ditch?

PM: Again, those are all decisions for the couple, but, of course, they would be most welcome here, but that is a decision for them.

Media: How good would it be for New Zealand if they did come?

PM: How—sorry?

Media: How good would it be for New Zealand if they did come?

PM: Oh, look, I think there's always benefits for New Zealand when we have a member of the royal family visit. And I'd say that at both a community level, just the level of engagement that the royal family always undertake when they come here, at every level, right down to children's hospitals and visits to Christchurch. Their impact is felt widely—so, no doubt, both a personal benefit but also a commercial one, no doubt.

Media: What was it like to be the first world leader to be projected by a hologram?

PM: We actually had a debate over whether or not I would've been the first or not. I suspect that there might have been others. Whether or not I'm the first pregnant world leader from New Zealand, that's probably a definite first, so we can claim that.

All right. Thanks, everyone.

conclusion of press conference