

POST-CABINET PRESS CONFERENCE: MONDAY, 23 JULY, 2018

Acting PM: Kia ora. Good afternoon. This week the House will return from a two-week recess. Of note, the Reserve Bank monetary policy bill was tabled today and will have its first reading on Thursday. This bill makes two very important changes to the Reserve Bank Act, that will significantly improve monetary policy as it relates to its impact on New Zealanders and the real economy. The first change is to the objectives of monetary policy, that will now require consideration of maximum sustainable employment alongside price stability when making monetary policy decisions and setting the official cash rate.

This Government believes inflation is not the sole issue facing our economy. Our monetary policy settings will work to support maximum employment for New Zealanders, as much as keeping costs under control. We have been very successful at keeping inflation low while too many New Zealanders have lost their jobs. From now on, we aim to achieve better balance with higher levels of employment and low inflation.

The second change is the establishment of a monetary policy committee to make decisions of monetary policy and set the official cash rate. Previously, this has been a decision of the governor alone, but evidence suggests that committees make better decisions, on average, than individuals, including for monetary policy, because they include a range of perspectives and guard against extreme views or singular views that can hold our policy settings captive.

A broader range of perspective will become especially important given the widening of the objectives of monetary policy to include employment. The monetary policy committee will need to have people on it who are labour market experts who can provide advice on that new dimension to the policy settings.

With regard to foreign affairs engagements, this evening I will meet with the visiting delegation from French Polynesia, led by Édouard Fritch, the President of French Polynesia, while on Tuesday evening I'll host a working dinner with the visiting Deputy Prime Minister and finance Minister of Japan, Mr Tarō Asō, and his delegation.

As you well know, Parliament resumes sitting this week, and I'll attend question time on Tuesday, Wednesday, and Thursday.

Now, today Cabinet signed off an item appointing Dr Pauline Kingi CNZM to lead the inquiry into the appointment process of the deputy police commissioner. Dr Kingi has an extensive 28-year career in the Public Service, as both a community leader and senior public servant. She is a past Councillor for New Zealand Healthcare Standards, chair of the Auckland University of Technology, and an Auckland regional director of Te Puni Kōkiri. She was admitted as a barrister and solicitor in 1980, was a Harkness Fellow in 1983, and received a Master of Laws from Harvard University.

The inquiry will commence on August 6 and report back within 6 weeks of establishment. The inquiry's purpose is to examine, identify, and report on the adequacy of the process that led to the appointment of the Deputy Commissioner of Police. It will not look into the suitability of the appointee for the role of Deputy Commissioner of Police. Any questions?

Media: Will you be questioned during that inquiry?

Acting PM: I beg your pardon?

Media: Will you be questioned, at all? Do you expect members of the Cabinet to be questioned about the process?

Acting PM: Ah, well, you'll have to ask Dr Kingi, who has been given the role, and if she thought that was appropriate, we'd have to cross that bridge when we come to it.

Media: The selection panel sent two names to Cabinet. Were you consulted before Stuart Nash decided on the one recommendation?

Acting PM: Well, Mr Nash didn't decide on the one recommendation. In the end, this matter came before Cabinet, and in the end Cabinet carries the can on this, not just the Minister of Police.

Media: Why did it take so long to establish the inquiry?

Acting PM: Well, it hasn't taken very long at all. It's been very expeditious, to be honest with you. We had to go through a number of people, had to find whether they were available, and, in the end, we had to also consult with their view on the terms of the inquiry and other matters. And, with the greatest of speed, in the time we had available, it's been done.

Media: Why will the terms of reference just be looking at the process and not at his suitability as a candidate?

Acting PM: Because the correction—rather, the correctness of the process will establish whether other questions arise from that, and suitability may be one of them. But it's the process that people are complaining about. The process has been called into question, and an inquiry into the process is what's happening now.

Media: Would you expect the Police Commissioner and the former deputy commissioner, Mike Clement, to be examined by this inquiry?

Acting PM: I shouldn't enunciate my expectations because they've given someone the job, with the terms of reference and with the promise that we are prepared to look at an extension of time. We'll look at resources if that becomes a question as to the quality of the inquiry. So that having been removed, I'd rather leave it over to Dr Kingi to decide rather than myself or my colleagues.

Media: Just to clarify, you said that this matter came before Cabinet. Are you talking about not the inquiry by the appointment of Wally Haumaha?

Acting PM: Well, in the end, these inquiries, at the finality, go to the Cabinet committee in the end.

Media: No, but Wally Haumaha—his appointment came before Cabinet.

Acting PM: Yes.

Media: Will the issue of whether any political disclosure about his former association with New Zealand First be subject of the inquiry?

Acting PM: Well, if it was part of the process, it may well do, but I'm not going to foreclose on Dr Kingi's means of going about finding the relevance of that question towards the process or what her conclusions might be.

Media: We haven't got the terms of reference so—

Acting PM: The terms of reference were given out to you about three weeks ago, and also they'll be out in a press statement after this conference today.

Media: How much will the inquiry cost?

Acting PM: Well, I can't give you that figure at the moment because we don't know the final cost—when it's all over. But we should think it'll be something within \$150,000. It might cost much less. Perhaps it might cost more, depending on the request from the inquirer.

Media: Was there any scope to look at the candidate's suitability outside of this particular inquiry, if the inquiry's not going to look at that?

Acting PM: No. What the inquiry's going to look at is as to the appropriateness and the propriety of the process, and you would assume that, if that is done, then the issue that you're talking about may well arise. But it's not for me or anyone to specify how Dr Kingi might go from the processes which she's on, of inquiry, to the issue of suitability. You'd expect, though, that the question you're asking would be answered after the first aspect has been properly looked into.

Media: Could you just explain, then, what exactly you want to get out of this inquiry?

Acting PM: Well, usually the cart comes after the horse, not before.

Media: So will she be able to make recommendations to what Tracey Martin, the Cabinet or—?

Acting PM: Well, in the end the recommendations would come to Cabinet.

Media: Just on another issue, taxpayers are potentially in line to hand over millions of dollars in compensation to disgraced US broadcasting host Matt Lauer for access to his Hunter Valley Station in Central Otago. Do you have any views on this? It seems like it's—he's complied with all of the requirements of his lease that were negotiated with OIO at the time, but—

Acting PM: Well, I do have views on it. For a start, I mean, what on earth was the National Party doing in April last year of allowing that sort of sale in the way they did? Perhaps you could explain that to me. Why don't you ask them a few questions—or Mr Bridges when he turns up now and again, to give an account of himself.

It doesn't stop with that. There's the Thiel purchase, or sale, as well. It's one after the other. And now we're inheriting it and we've got to handle it, and it's complicated. And I can't give you an answer because we don't know where it's going to at this point of time.

Media: Is that on the basis of the good character test that he passed within the OIO application?

Acting PM: Well, I mean that'd be the last aspect that should've been raised, but the reality is that they were selling it off to anyone offshore who had enough money to buy it, or wanted to buy it, in an international market, in a way that they should never have been and which we will not allow now.

Media: Even though, obviously, it could potentially be the fault of negotiators at the time—the Government and officials under the last Government—do you think taxpayers should still be liable for this?

Acting PM: Well, again, it's a further complication of what we've inherited. It doesn't stop at—this is a classic example. And having looked at what information is available at this point in time, including the latest news reports and other correspondence, I can't give you a conclusion as to where things go from here, because it's not within our purview or our control.

Media: Is it your view that in the future such negotiations that—you know, open access, unfettered access that's being sought in this case should be—

Acting PM: We do not envisage sales like this going on into the future. That's why the new Government has changed the policy completely. I do not envisage selling this country out, like the last Government did. No.

Media: Mr Peters, can you give us an idea of what, in particular, you would like to speak about with the President of French Polynesia and the Deputy Prime Minister of Japan?

Acting PM: Very happy to; I'm very happy that they've reached out to be engaged with New Zealand in a way they never have in the past. I'm very pleased that they're a member of the Pacific Islands Forum. We've got a lot of work to do. We've got a reawakening in Polynesia of the French people themselves, all the way to France, and so we're looking forward to very positive engagement, including discussions on Pacific agreement on closer economic relations and a whole host of things like that.

Media: And what about the Deputy Prime Minister of Japan?

Acting PM: Ah, well, we're renewing a meeting that we began in Japan when I was last there, and he's passing through Auckland on his way back from South America and he's stopping off for a working dinner.

Media: So is there anything in particular that you want to talk to him about?

Acting PM: Yep, a lot. But I think I should tell him before I tell you.

Media: Mr Peters, have you seen the “Got beef” campaign that Virgin Australia has launched?

Acting PM: Well, I’ve heard of it but, I mean, the Australians have a very interesting history when it comes to meat.

Media: Do you think it’s a good thing that they’re encouraging New Zealand beef farmers to sell their wares across the Tasman?

Acting PM: Well, where’s this question going?

Media: Ah, you just had a bit to say when Air New Zealand took on their “Impossible burger”. I guess this is a response to that.

Acting PM: Well, you know, we’re a country that is built on and survives on our agricultural exports, and if we undermine that then it somewhat defeats the purpose of the country’s long history of trying to sustain in an added-value way, to the top of its value, our off-farm products.

Media: Minister, your party has put out a media statement about this, congratulating Virgin Australia on its ad campaign. Is it a little bit odd that New Zealand First is backing an Australian airline over a New Zealand airline, do you think?

Acting PM: Look, how can you extrapolate a “congratulations because you’re doing the right thing” to saying we’re backing some foreign airline?

Media: Well—

Acting PM: We weren’t the ones that put the ‘roo in the stew—you remember that one?

Media: Have you received a letter today from a bunch of Nauru refugees, on Australia?

Acting PM: No.

Media: Have you seen the reports of that letter on Radio—

Acting PM: I have seen the reports of the letter but we have not got the letter.

Media: What would be your response to that letter, if you did receive it?

Acting PM: Well, usually, if you wanted to talk to a foreign Government, you’d make sure you didn’t talk to the media but you gave it to the Government itself.

Media: They’ve sent the letter to you, though; they sent the letter to you before they sent it to the media.

Acting PM: Well, with respect, no. Receipt of a letter isn’t sending it; if it doesn’t arrive, we will not get it.

Media: It was sent by email.

Acting PM: Well, again, we have no reception of that.

Media: Mr Peters, various groups have come out today against the Government’s Budget responsibility rules, saying that they’re a bit too limiting. I was wanting to get your perspective on that: do you think that they’re too limiting?

Acting PM: Well, you use the word “rules”, and I find that a misuse of the word because, frankly, whilst it’s couched in that phrase, it’s a question of the ratio of debt in that sound economy. Now, when you look at Germany, it’d be over 60 percent, and they’ve got a powerhouse of exports and manufacturing and the full modern economy. They would have the same equivalence of, probably, Tonga. One can pay its debt back, the other can’t.

So our question—sorry the issue for the New Zealand Government is to ensure that we have got enough aside for a rainy day of the type that we’ve seen already in terms of events—*Mycoplasma bovis* and Psa with respect to two inherited problems that we as a Government

are now dealing with, and there may be others. So it's with caution that we are proceeding with this, and maybe three years down the track when we've had three years to get on top of things, you may be right, but for the time being, I think it's premature to make that stance.

Media: So you say that in another three years, when the Government is reassessing the Budget responsibility rules, there is scope to lift that debt limit and change that spending limit as well?

Acting PM: Look, it's not what you do with debt—sorry, it's not your debt; it's what you do with it. If your debt is for consumption, then you've got a problem. If it's for production, for the growth of the economy, to build new industries, then maybe it is a very sound answer. So any increased debt from here of that nature would have to be for not consumption but for production and increased wealth creation. So it's a very complex question.

Media: Mr Peters, I just wondered if I could get your reaction to Donald Trump's latest tweet to the Iranian President. Have you seen it?

Acting PM: I try not to follow personalities, be they in highly political places or journalists who spend their time tweeting and tweaking.

Media: He had said, "Never ever threaten the United States again, or suffer the consequences, the like of which few throughout history have ever suffered before." Does that concern you?

Acting PM: Well, you're reading out something that I haven't seen, and I'm not going to come down here and respond to something that I haven't seen, just having had it recited to me.

Media: Do you believe me that he tweeted that?

Acting PM: Pardon?

Media: Do you believe me that he tweeted that?

Acting PM: Well, actually, no, as a lawyer my job is to make sure that what I'm hearing is true before I respond.

Media: We can show you the tweet.

Acting PM: With the greatest of respect, that's still not evidence of a fact. I'm afraid you're—

Media: We're asking for a response to—

Acting PM: How do I know he put it out?

Media: Sorry, Mr Peters, can I just clarify. Are you saying that Donald—

Acting PM: It's clear that a lot of Mr Trump's tweets are not put out by him. That must be surely obvious.

Media: Well, how do you respond to his official Twitter account?

Acting PM: Well, I don't.

Media: You're saying that we don't know whether or not Donald Trump's tweets are rigged?

Acting PM: It sounds like him, and it probably is him, but I'm not going to come here at a press conference and start responding to it when I don't know for a fact.

Media: Do you send out all of your tweets?

Acting PM: Pardon?

Media: Do you send out all of your tweets—

Acting PM: No.

Media: —and should we be able to trust that it's coming from you when it's coming from your Twitter account.

Acting PM: No, I don't. With respect, I don't do that. I don't tweet. All right?

Media: I think the tweets, Mr Peters, are about the stability of oil exports passing through the Gulf of Hormuz. The Iranians have said that if their oil exports are cut off entirely, they have it within their power to block the Strait of Hormuz.

Acting PM: That's not the first time that threat's been made. It's been made countless times in the past, possibly over the last 40 years.

Media: Right, so there's not a concern in New Zealand about the stability of oil exports—

Acting PM: Well, of course, we're seriously concerned. We're concerned that every comment and every act that would destabilise any part of the world, because in the end there can be consequences for our country. But there's only so many we can respond to in a valid way, other than just to make a comment of no value to the issue.

Media: Is President Trump's tweet a rational reaction for an American President?

Acting PM: Oh, look, I'm not going to come here and spin a critique on the American President, or any other leader, for that matter. You'll write what you like anyway, so you go right ahead.

Media: Do you back Andrew Little's criticism of Australia's deportation policies?

Acting PM: Well, with respect, I was the one that said that they were outside the United Nations agreement, which they'd signed.

Media: So what about the good character test as opposed to the rights of the child, or do you think it's their good character test?

Acting PM: Look, let me just make it very clear that if you're in a foreign country you're expected to obey their laws. Now, this young fellow—

Media: This has nothing to do with obeying laws, though.

Acting PM: This young fellow has been released from the prison, and my view, as a consequence of questioning the propriety of him being there, given that we're both signatories to the UN declaration on these matters. And now he's been let go back to his family in Sydney, and I do hope that he uses this opportunity to reconstruct his life. It's a serious problem.

Media: But what you think about the arbitrary removal of New Zealand residents from Australia without criminal charges or without a hearing?

Acting PM: Well, it's not the way the British law, on which the Australian law was constructed, or our law either. It should be a habeas corpus matter, and it's not being followed properly.

Media: So you want to see that good character test in which the Minister can decide?

Acting PM: No, but somebody should be tried before they're evicted from a country. At least they should be given a hearing as to whether or not what's about to happen is fair within the law of that host country.

Media: Do you think Australia does all the heavy lifting with regard to policing the region for asylum seekers?

Acting PM: No, I don't. The fact that they're geographically placed where they are is a fact of geography. But to say that they're doing all the heavy lifting, given the reset in the amount of money and investment we're putting into helping our neighbourhood become a safer and more secure place—no, I do not agree with them at all.

Media: So were you a bit upset when he basically called New Zealand a bludger in that regard?

Acting PM: No, I don't go getting upset because, you know, in the end, foreign affairs is between peoples of different countries, not temporarily empowered political personalities, and we should never forget that.

Media: Just going back to the Japan visit for a moment, in the light of the tit-for-tat trade wars that seem to be developing between China and the United States, does that make Japan a more important potential market to us as a kind of a plan B?

Acting PM: Well, Japan has always been a very important market to us, and now much more important since the CPTPPA has been signed up to.

Media: Right. But I was asking in the context of this tit-for-tat between China and our potential to be affected by the battling tariffs. Does that make a market like Japan seem more attractive to us?

Acting PM: Yes, most definitely.

Media: Can I just go back to President Trump's tweet. Do you have people and officials watching that Twitter account, or do you just ignore it completely?

Acting PM: If I thought my officials were watching his Twitter account, I'd have them fired. We've got far too much work to do.

Media: Mr Peters, you've been one of the strongest critics of the Reserve Bank for a number of years now. Now that we're seeing some of the legislation go through Parliament this week, I wonder if you could reflect on that legislation to think—does it go far enough, in your opinion as a New Zealand First leader?

Acting PM: It's in two parts, don't forget. And the second part's coming a year from now.

Media: So the first part—do you think that's gone far enough?

Acting PM: Well, it's a very happy compromise. At least it's a start in the right direction.

Media: What were the things that had to be compromised on?

Acting PM: Look, I'm here speaking on behalf of a coalition Government. That's what we've agreed on, and that's it.

Media: You're a strong critic of asset sales. Would you be supportive of sale of Crown land to fund transport infrastructure?

Acting PM: In what circumstances?

Media: If there was Crown land that was close to an infrastructure project that was sold to developers to develop that land because it would increase in value—would you support that sale if the proceeds from that sale went into funding the infrastructure?

Acting PM: Well, that seems a seriously old-fashioned view of sound economics. So you put a railway in and you price the price of the land next to it that you might own, it goes rocketing up in value and you sell it for that purpose. That's what you're suggesting. That sounds like the economies of other countries where railways were in past times, even over a hundred years ago.

Media: So you'd be in favour of holding onto the land?

Acting PM: Yes, I am, of holding on—well, if it makes sense. If you're holding onto land for no good reason in the sense that it is a liability to you, it may be different.

Media: Imperial Tobacco have commissioned a report into how illicit tobacco is sold in New Zealand. They say 9 percent of tobacco sold in New Zealand is sold illicitly. So no excise taxes are coming in, and the Government's missing out on \$180 million. They blame it on high excise taxes. Do you think there's a relationship between the excise taxes on tobacco and people using it illicitly?

Acting PM: Of course there is. I've always said there is. I've always questioned the integrity of the whole taxation system here. You know that the previous Government promised smoke-free by 2025. Right now, we're passing \$2 billion in taxation on cigarettes and tobacco and 3 percent of it is going for the minimisation of smoking and the other 97 percent's going somewhere else. We all need to put our hands on our heart and say whether that's got any integrity—whether it's fair or not.

You couldn't be more precise. Of course it's leading to that, and it's leading to people being murdered and assaulted in our dairies.

Media: So the taxes are too high, basically?

Acting PM: No, I'm just giving you the facts. You decide whether it's too high or not. All I do know is the money's not going for the purpose for which it's been collected in the first place.

Media: Well you're in a position to actually change that ratio.

Acting PM: Yeah, I know that, Audrey, but the fact is I said that a long time ago.

Media: Well, you weren't in Government when you said it before, and now you've got the power to change it.

Acting PM: Yeah, I know, but we've also got the situation where we will be having to readjust the fiscals in our economy at the same time, and you can't do them all at once. You can't have every area of infrastructure, every area of education, health, policing, military, foreign affairs all in deficit and fix it in one Budget flat. Thank you very much.

Media: Mr Peters, you've said—can I just ask you one more question?

Acting PM: No, you can't. We're done.

conclusion of press conference