

POST-CABINET PRESS CONFERENCE: MONDAY, 9 JULY

Acting PM: Good afternoon. Today's Cabinet discussed a range of matters, including the purchase of replacements for the Air Force's P-3s, which Minister Mark will speak to you about shortly, and the terms of reference for the inquiry into the appointment of the Deputy Commissioner of Police. This week is a recess, so the House, as you know, will not be sitting. On Wednesday, I'll be undertaking a regional visit to Napier. On Thursday, we'll be in New Plymouth with Fletcher Tabuteau, where we will be making Provincial Growth Fund announcements.

You'll be aware that earlier today, the CAA announced the outcome of their investigation into Minister Twyford's use of a cellphone on a plane. They concluded that a breach of civil aviation laws had occurred and that the offending is not deemed serious, and, as such, they have issued the minimum fine of NZ\$500. Minister Twyford has apologised for his actions, noting as transport Minister with responsibility for the CAA he must be above reproach on these matters. Because he had stood down at the time Jacinda Ardern was the Prime Minister acting at the time, I did discuss the matter with her over the weekend as to what would be the appropriate course of action, and we'd agreed that it was a low-level offence and that the Minister's contrition and assurance he won't commit this offence again led us to decide to reinstate his ministerial responsibilities for the CAA. A slight irony of course: we have noticed that a great number of other people are guilty of that offence, and it should be a great deal of educational value to us all to know how serious it is. It'd be fair to say that the Minister has learnt a lesson from this incident, and the episode has served as a timely reminder to all of us to comply with the safety instructions on airplanes.

Cabinet also discussed the State services appointment process inquiry into the police deputy commissioner. Cabinet have signed off on terms of reference for an inquiry. That will be made public shortly when it is gazetted. As to the person who will be leading the inquiry, a committee of Cabinet Ministers will look at the options and make a decision in coming days. It's important, of course, that that person was also apprised of the terms of inquiry before accepting the role. It's important, whoever leads the inquiry, to have, as I say, a full idea of the terms of reference, the time frame we have in mind, and the cost frame we have in mind.

Can I invite Minister Mark to make an announcement on defence procurement.

Hon Ron Mark: Ladies and gentlemen, it's with a great deal of satisfaction today that I can announce that Cabinet has approved the purchase of four Boeing P-8A Poseidon maritime patrol aircraft from the United States Government. This announcement follows last week's release of the *Strategic Defence Policy Statement 2018*. The decision to purchase the P-8 was made by Cabinet last week. We are making this announcement today because the Government required additional time after the decision to forward-purchase foreign currency and for officials to prepare for the contract signature. The four P-8s will replace the six ageing P3 Orion maritime patrol aircraft we currently have and that have been operated by the Royal New Zealand Air force since the 1960s.

The total capital cost of the package is \$2.346 billion, including the P-8's simulator training systems, infrastructure, and full introduction of service costs. The Government has not made this decision lightly. We took the business case back to first principles and questioned and analysed all of the options thoroughly ourselves. We did not rubber-stamp the former Government's homework. Maintaining maritime patrol capability is essential for New Zealand's national security and for our ability to contribute to global security efforts.

Also, closer to home, the capability provides a valuable service to other Government departments, such as MPI, customs, Department of Conservation, civil defence, MFAT, police, Ministry for the Environment, immigration, and fisheries. The decision strengthens the coalition Government's Pacific reset policy by providing maritime patrol capability with a significant range and endurance needed to assist our partners in the South Pacific. Can I

say, also, it increases our ability to respond and the speed at which we can respond to any calls for humanitarian tasks or search and rescue.

This is a Government that's not afraid to make hard decisions, particularly those that are intergenerational in their effect and have an impact on capital spending. The previous Government put off the hard calls on defence procurement for far too long. It would be irresponsible for this Government to continue to kick that can down the road, and I'm particularly proud that this Government hasn't done that and is standing up to the decision. P-8s will be delivered and will begin operations in 2023. The Orions will be progressively phased out and retired as the P-8s arrive.

No. 5 Squadron, which currently operates the Orions, will shift from Whenuapai to Ōhākea, where they will operate from. The Government will consider options for complementary maritime surveillance capability during the forthcoming Defence Capability Plan review, due to be complete at the end of this year—something that I also announced on Friday. The complementary capability will consider options such as smaller manned aircraft, remotely piloted aircraft systems, or satellite-based operations, or additional maritime surveillance tasks within New Zealand's exclusive economic zone and in our near region. This will free up the P-8 fleet to fly more missions in the South Pacific and further afield as required. Thank you.

Media: Why do they cost more, Minister, than they were originally planned to?

Hon Ron Mark: Than originally planned? There are some contingency factors in there, based around potential for FOREX changes. There's some extra funds in there as a contingency fund, but, essentially, you could say 50 percent of the cost is around infrastructure and the relocation of 5 Squadron—50 percent of the cost includes the training, the simulators. We can go with four aircraft because we are purchasing the full simulation training systems, which will allow not just for the training of pilots but the training of crew and the training of engineers—aviation engineers—on maintenance and fault finding and all of those engineering-related systems as well. So 50 percent of the cost, roughly, is infrastructure—the move down from Whenuapai to Ōhākea—and the rest is about the aircraft.

Media: Why are you shifting from Whenuapai to Ōhākea?

Hon Ron Mark: Ōhākea lends itself better to the ability of the P-8s to be able to deploy, to be able to take off fully laden to get maximum loiter time over the search and rescue area required.

Media: Is it because the runway at Whenuapai is too short for the P-8s?

Hon Ron Mark: The runway at Whenua—well, there's two things about the runway. One is that it is too short for the aircraft to take off fully laden and fully fuelled. This is not new, actually; the previous Government—it's interesting, going back through the documents, to see that the previous Government was intending moving this capability anyway down to Ōhākea. In fact, they were looking at closing Whenuapai. It had something to do with the Prime Minister's electorate and the decision shifted. But this is actually a continuation of those original plans. The other thing is that these are combat aircraft. They can't be weaponised in Whenuapai, because of the level of encroachment now that exists with housing being built right in on the borders. So it makes a lot of sense to have the aircraft relocated. And that's something that the previous Government had concluded as well.

Media: How much is interoperability with Australia and the US part of the decision?

Hon Ron Mark: Well, in the capability review that was conducted under the last term of Government, by Ministry of Defence officials, capability interoperability is highlighted as one of those advantages that we should always seek to have. But, I have got to say that, in going back, I was a P-8 sceptic—put my hand up on that one. But no matter how I looked at this case, the aircraft stacks up on its own, and, at the end of the day, it is the only option that delivers all of the capabilities.

Media: Is that including interoperability? I mean, how much would that was part of the decision to go with this—to be able to work with Australia and the US?

Hon Ron Mark: It's part of—it's part of, and it's a very important part of it, but, at the end of the day, the aircraft stacks up on its own merits.

Media: And you talked about the weaponisation. Can you explain, in lay terms, how these will differ from the Orions in terms of weapons capability?

Hon Ron Mark: Well, it doesn't, actually. To weaponise an Orion, you have to move it down to Ōhākea to do that. You can't weaponise any aircraft at Whenuapai, so it only adds weight to the argument.

Media: So I'm asking you if you could explain what capability the P-8s will have.

Hon Ron Mark: Oh, it's the same: anti-submarine warfare capability, torpedoes—that sort of thing.

Media: Mr Mark, the P-8s, they were the most expensive option the Cabinet was considering—is that correct?

Hon Ron Mark: Look, commercial confidentiality debars me from actually disclosing the cost of all of the options—of any of the options. But can I say that this is the best option, and, in terms of the cost-effectiveness of the—it is the best deal. Let me just put to you that way. And I wouldn't be assuming that it was the dearest option on an aircraft-by-aircraft basis—that's all I'll say to you.

Media: Well, given that it is understood to be the most expensive option, what are we getting with these aircraft we wouldn't get with the cheaper ones?

Hon Ron Mark: Good question. These aircraft—the greatest advantage of these aircraft that I concluded was that—the United States has poured in US\$9 billion worth of research into this. Essentially, you're buying a 737 with different wings. It's 60 percent of the cost of the aircraft is what's fitted inside of it—it's its capability that you're delivering. When you look at what they've invested in to produce that capability, it's \$9 billion. Well, we're getting the advantage of that, plus we're getting the advantage of any upgrades that come with it—so we don't have to buy into the IP; we don't have to do any further research and development ourselves as a little old nation. We are part of a system and part of a family—a fleet—of about 150 of these aircraft now that have been introduced into service around the world.

In fact, South Korea's just announced that it also is purchasing the P-8, and we're in there with Norway and other countries, as well. So whilst it's a huge advantage of flying the same aircraft—the interoperability questions about our crews being able to change over between planes, our operators being able to operate their gear in the back. It doesn't matter if we have a Canadian or an American or an Australian—we will all be interoperable in that. But what are you getting value for money - wise? It's the research, development, and the ongoing spiral upgrades that will be available to us.

Media: Minister, I flew with the air force during the MH370 search—

Hon Ron Mark: Yes.

Media: —and the guys, at the time, told me that the Orion's were better than the Poseidon's for search and rescue missions because they fly lower and slower.

Hon Ron Mark: That's a really good observation. I myself was personally—there's three, When I did the operational visit to Afghanistan and Iraq and took the opportunity—took Andrew Little with me and Simon O'Connor, the chair of the foreign affairs and defence select committee—we flew an operational mission in a P3. We got to observe our crew performing under high stress and high pressure, and thoroughly impressed—one of the things that impressed even more was being able to observe the change of life—the change in the pattern of behaviour of a vessel that was of interest when we did a low pass over the top of it. That

prompted me to ask that very question about the P-8. The response was we had the Australians come out. We took a few people out. We did a flight. I can tell you, I've been in that aircraft at 300 feet, circling a naval vessel, and it performed admirably, and all the information I have received back from the United States and from Australia is that the aircraft performs well at that level. That was one of the concerns that I had in my mind, but I'm thoroughly satisfied that the aircraft's capable—if it is required to do that—to fly at low level.

Media: But isn't—I mean, the Poseidon—generally, isn't it too much capability for what we as New Zealand need?

Hon Ron Mark: How do you mean?

Media: Well, most of the missions are going to be search and rescue specific.

Hon Ron Mark: Seriously? So whaling operations, where we wish to keep a close eye on what is actually happening down in the Southern Ocean. If we're looking at unregulated, unreported illegal fishing operations where we need to get high-definition imagery, very high-quality intelligence, that other Government agencies may wish to prosecute in an international forum, you know, the success of many of those prosecutions will very definitely come down to the quality and the accuracy of the information and the intelligence provided. I'm thoroughly confident that this aircraft's going to deliver that information, and whether it's the Ministry for the Environment, the Department of Conservation, the Ministry of Foreign Affairs, or the police, or customs, I'm fully confident that this aircraft's going to deliver.

Media: Will this aircraft duplicate the information that the Aussie drones are going to make available to us as Five Eyes partners? A few weeks ago they said they were going to share maritime surveillance and anti - submarine detection capability with their Five Eyes partners through the drones. How will these kind of capabilities complement each other?

Hon Ron Mark: Well, I'm not quite sure where you're going. All I'll say is that we have understandings with all of our partners, including our Five Eyes partners, and where we're able to work jointly together and enhance people's—each other's—understanding of precisely what the situation is and enhance each other's situational awareness, we'll continue to do that. If we're operating in parts of the world, we have an interest to protect our own vessels, to keep open, to ensure that our rights of passage are being maintained and not being interdict, but I guess we will always share that with like-minded nations and partners. That is just a given.

Media: The question is whether we're replicating capabilities and information which, given the cost, may make this a kind of a top shelf—

Hon Ron Mark: We're a sovereign nation. We have every right to be able to provide ourselves with our own intelligence as we need it. If that happens to replicate some of or reflect Australia's use, that might well be a good thing for verification purposes. But that's it.

Media: Will shifting Squadron 5 to Ōhākea have any impact on the Singapore decision?

Hon Ron Mark: I think the Singapore work is a separate stream of work. It'd be fair to assume that Ōhākea can only take so much, but the Singapore decision's a separate decision and we're looking at that quite separately, aren't we?

Media: But you think it will use up quite a bit of—

Hon Ron Mark: It will use up space. That is for certain—yes. OK, thank you.

Media: [*Inaudible*]

Acting PM: Thank you very much, Mr Mark. As to the last question, no, we have not decided, with respect to the Singapore application. Only when we've decided—looking at all the information that's available to us, we'll be able to answer the question or make the comparison that you made. Any questions?

Media: Let me ask you about today's strike. What impact do you think that those workers leaving for a few hours will have, and what are your concerns about that?

Acting PM: Well, our concerns have always been that for nine long years these were workers who got nothing, really, at all. And in came a new Government, and in its first Budget, after six months of serious work on all sorts of deficits all around the whole country, in nearly every area you look, including—dare I say it to my colleague in front of me—in defence as well. So they announced \$20 billion of expenditure, and not one cent was budgeted for, and appeared on the Budget as a fiscal risk. That's just irresponsibility. And how do we react when we see a strike like that today? Well, we are sympathetic with their concerns as to getting a fair go in our country, but all we can do is get there stage by stage. And announcements that we've made in our first Budget are a genuine, sincere effort by the Government to be socially responsible and fiscally responsible at the same time. If they give us a chance, we'll improve their situation in the years to come—probably can't all at once in one Budget.

Media: Mr Peters, would your Government consider shutting down Whenuapai?

Acting PM: Why would that question arise?

Media: Because Minister Mark just talked about the previous Government musing about closing down Whenuapai.

Acting PM: We've got Hercules and all sorts of planes going out of there, and the Seasprites and anything else. You should have asked Mr Mark that question, and he'd have told you no.

Media: Mr Mark, can I ask you a question about—

Acting PM: No, no, no—you can't, actually. You're asking me now. So—this is not for the benefit of Sky Australia, but I could say that your Australian masters will be pleased that this country's stepping up and being responsible in another area in the Pacific.

Media: What do you think of Judith Collins labelling the sewerage upgrade in Auckland a toilet tax—the SPV financing?

Acting PM: A what tax?

Media: A toilet tax.

Acting PM: Well, you can only get far being the Crusher. You can only get so far contesting for the National Party leadership with comments like that. What she needs to do is say what she would do, rather than just be a perpetual critic.

Media: Before the election you were not a party to the Budget responsibility rules. What do you think of those debt targets—I mean, now that you're in the Government and party to them.

Acting PM: Say again?

Media: Before the election you were not a party to the Budget responsibility rules that were made with the Greens. Now you're a part of the Government—

Acting PM: No. With respect, we've always—part of the Budget responsibility rules, always have been. When have we been a frivolous party when it comes to spending the taxpayers' money and not being seriously concerned about keeping fiscal balance and responsibility? That's been our history, even during other economic crises in the past, so—

Media: Is there a problem in talking about fiscal responsibility for nurses when you've just announced a defence purchase which is four times the cost of the nurses' pay package?

Acting PM: That's not true. You've got to factor this over 35 years. The equipment we're buying now will be doing what the equipment we're using now was doing 35 years ago and longer. In fact, the equipment we have now was going 50 years ago. So if you factor out and annualise the costs, then the expenditure is actually less, not higher than that. But here's the real point: we can't pay the nurses or employ the nurses or look after anybody in this country unless we have every part of our economic and social security worked out and paid for. You cannot run a country like ours if you do not have the preparedness to defend your

maritime resources, or have a foreign policy where you're not prepared to help your Pacific neighbours and their maritime resources being protected, and a whole range of other things. The idea that this is "either/or" expenditure is wrong. You've got to do the whole lot, otherwise you'll turn around one day and you'll have nothing to actually preserve, because you will not have had any arrangement to secure the long-term sovereignty of this country and its people.

Media: Don't you see the nurses' pay as being an investment in the future, as well?

Acting PM: Well, of course I do. My answer is not meant to deter anyone about advancing the worthiness of their cause. But what I do intend to talk to the unions about and the workers about is you've got a Government that does give a damn, but give us a chance to demonstrate it and run a sound economy at the same time, otherwise you'll have the prospect of having a different Government in three years' time and you'll be back worse off than you ever were, and 12 years of struggle to show for it.

Media: In regards to Phil Twyford—

Acting PM: No, no—the gentleman at the back there with the red hair.

Media: On Friday, the US launched its latest round of tariffs against China [*Inaudible*] against two economies. How do you think New Zealand fits into this global [*Inaudible*]

Acting PM: We don't. We just have to potentially suffer the collateral damage. That's why we believe in certain rules-based international engagements and protocols. When we don't fit into it, we do our best to adjust to it and ensure that we survive from it.

Media: You mentioned collateral damage; what do you assume that's going to be?

Acting PM: Well, collateral could really mean collateral benefit, and you get something by way of advantage or, collateral loss, because that's the circumstances in which trade is being conducted. And it's the latter I'm talking about now.

Media: But as a small to medium economy like us at the bottom of the world, surely we would be impacted somehow by these two economies—

Acting PM: I just said that. I'll say it to you slowly: we could suffer some collateral damage as a consequence. That means we could be impacted as a consequence.

Media: Mr Peters, on the Marae programme yesterday... [*Inaudible*] talking about the [*Inaudible*] case. What do you make of that statement?

Acting PM: Well, I think she was talking to you, not me.

Media: [*Inaudible*] What do you make of the suggestion that [*Inaudible*]

Acting PM: Excuse me; I think she was talking about some of you and not me.

Media: [*Inaudible*]

Acting PM: Well, I didn't make anything of it, I don't react to things like that.

Media: [*Inaudible*] sorry?

Acting PM: Well, I did watch the programme, strangely enough.

Media: [*Inaudible*]

Acting PM: I did watch the programme, strangely enough, because one of my colleagues was on the one before that.

Media: [*Inaudible*]

Acting PM: No she said that; I didn't.

Media: [*Inaudible*] ... what is the time frame in the budget for [*Inaudible*]

Acting PM: The time frame will be announced the time we gazette it, because as I say, we've decided as a Cabinet what is going to be done, and put the parameters around it. We have, though, the courtesy to fulfil of telling the person we seek to engage all those things

first. It's not trying to hold you out from the information, but we think we owe it to that person first.

Media: Can I ask you what your thinking was behind Ron Mark in the defence strategy review last Friday [*Inaudible*] being a lot more than perhaps your foreign affairs speech the week before?

Acting PM: Well, I don't see any difference between what Ron Mark was saying and what I was saying, and I've been saying it for a long time.

Media: You mentioned the word China, talked about dispute in the South China Sea. [*Inaudible*] so that is a change that [*Inaudible*]

Acting PM: No, no, no. So have I. I've talked about it. New Zealand's concern is the militarisation of the South China Sea. There's only one party that's responsible for that. I mean I'm sure you can join the dots. We have not left out being honest and straight up and blunt with countries, no matter which country that is—whether it be China, the United States, Australia, or elsewhere. And that's been our independent foreign policy but with a new hue at the moment in a sense of being far more candid and far more honest about it, rather than pulling all our punches and doing nothing about things that we don't agree with. And there's no difference between what Ron Mark was saying and what I've been saying.

Media: Except that Ron Mark said the word "China" and you [*Inaudible*]

Acting PM: And that's the difference? And you're all hung up because the obvious was not spelt out to you like in a picture card?

Media: [*Inaudible*]

Acting PM: We do call out countries by name. I was mentioning the lack of compliance with the UN accord with respect to children just last week. You know which country that is. We've made statements about the danger of the trade policy down which the United States is going. We know which country that is. We've not gilded the lily on this matter. And as for anybody arguing about there being a difference between defence and foreign policy, on what would you base that?

Media: [*Inaudible*] ... announced on Friday, what do you make of those comments?

Acting PM: Well, we're not here to, as I say it, "make people happy", we're here to be responsible international citizens, doing our best to preserve the neighbourhood in which we live, and to preserve our sovereignty and enhance the economic and social wealth of the people of this country. That's what our job is, not to make all and sundry offshore happy and contented with what we say. It ends up being what you had in the last nine years: a whole lot of nothing.

Media: [*Inaudible*]

Acting PM: Eh?

Media: What briefings have you received about the response from Beijing? Have there been any major [*Inaudible*]

Acting PM: Yes, the Chinese have made it clear to our ambassador in Beijing their concerns about that; as their ambassador here has made her concerns known to the Ministry of Foreign Affairs and Trade. That's not unusual. We get all sorts of offshore interests expressing their views via their ambassador or high commissioners in this country.

Media: [*Inaudible*] You're talking about making their views heard about Mr Mark's strategic—

Acting PM: About the defence paper?

Media: [*Inaudible*] ... what was your thinking behind that?

Acting PM: Well, he stood down, and he's been punished, and he's paid a fine. And I'm assured—and I'm sure Phil being the reasonable person he is, would have been

happy to pay twice the fine. But, like I say, it is not at the top end of offending, it's far down at the bottom end. But, nevertheless, we all know that it's happened far too frequently by all sorts of professional people.

Media: [Inaudible]

Acting PM: Eh?

Media: Do you think it's time to look at the rules?

Acting PM: No I think the rules are fair.

Media: Have you ever broken the rules?

Acting PM: Eh?

Media: Have you ever broken the rules?

Acting PM: Have I ever broken the rules? Look, I know you might think I'm an angel, but yes I have broken the rules in the past. Which rule are you talking about?

Media: Turning your phone off.

Acting PM: Turning the phone on?

Media: Turning it off.

Acting PM: Look, I understand that when you're told by the hostess, "Turn it off", that's when you turn it off. Sometimes you're allowed to keep it on for a long time whilst you're parked up there for half an hour, right? So, now that you point it out to me about whether I might have broken the rules, I know one profession that's broken it a thousand times, and I'm looking at it. Any other questions?

Media: [Inaudible]

Acting PM: Well, here's my response: what happened to you in the last nine years? You had three lots of three years back then and they gave you nothing, and we're starting off being far more fair and far more reasonable whilst at the same time ensuring that we've got enough aside for a rainy day, and already, now, the rainy day has appeared. *Mycoplasma bovis* is one, the PSA settlement out of court—all happening under the National Party's watch—is two. Between those two, I can see about \$1.6 billion minimum already. So that's the light in which I am trying to appeal to these people whilst not criticising them or doubting their right to go on strike if they want to.

Media: Mr Peters, can I ask you your thoughts on Phil Goff banning Lauren Southern and Stefan Molyneux from speaking at an Auckland Council venue?

Acting PM: Well, first of all, I wasn't aware that there had been a council decision on it, so it'd beg the question on what authority did he make it on behalf of the council without a council hearing. But there may have been a hearing, I don't know. The second thing is—the real issue is—I'm not concerned to come down and give an account for Mr Goff's actions, but had we been asked, we'd have let them come, because despite the fact that what they might have to say is the very antithesis of what nearly all of us believe here, we still believe in their freedom and the right for them to express it in free speech.

Media: So do you think they should be allowed to speak in Auckland?

Acting PM: Well, I am saying that had we been asked or if it was over to us—and it wasn't in the end—we'd allow them to come, on the basis that free speech is one of the most fundamental freedoms that we have, and we should be very careful who we expel on that cause, because the downstream historic record on that has been just disastrous.

Media: What if they wanted to speak at a Crown-owned building, though?

Acting PM: Pardon?

Media: What if they had wanted to speak at a Crown-owned building? Do you think you would've given them permission to speak, say, right here in the Banquet Hall?

Acting PM: Well, they weren't asking to come and speak at the Banquet Hall, and the chances of coming to speak at the Banquet Hall are the same chances of Simon Bridges being the leader of the National Party in a year's time.

Media: So will you say to Phil Goff that they should be allowed to speak in an Auckland Council venue?

Acting PM: No, I just wondered whether or not the full council made that decision, and, second, I just want to make it clear that we would not have made that same decision, because freedom of speech is seriously important. We live in an age when all sorts of trolls are out there challenging the people the right to have a different view to theirs, and it's not enhancing our society.

Media: So what do you say about death threats made to Marama Davidson when she expressed her opinion?

Acting PM: Well, those threats are a breach of the law, and if she could track them down, they could be prosecuted. That's what I'd say to those people. Righto, one more question.

Media: Do you think that Lauren Southern and Stefan Molyneux's—their speech—do you think it could be construed as hate speech?

Acting PM: Well, seeing as I haven't heard it, I wouldn't like to give you an interpretation at this point in time. Thank you.

conclusion of press conference