

POST-CABINET PRESS CONFERENCE: MONDAY, 6 AUGUST 2018

PM: All right. Good afternoon, everyone. Apologies for my slight tardiness. Welcome, and it is very good to be back, and I know that none of you will have missed me too much, though, over the past six weeks.

The Government has a very busy week ahead, with a particular focus on the economy. Tomorrow, I will be meeting with the EU Foreign Minister Federica Mogherini, where we'll be discussing progress on our free-trade agreement, among other matters.

I also want to acknowledge that on Wednesday, finance Minister, Grant Robertson, will be delivering a speech to a business audience in Auckland. That speech will detail how the Government's economic plan will and is supporting a growing economy, as we transition away from the settings of the past: a reliance on population growth and housing speculation, towards much more productive drivers of real economic activity, like, of course, R & D, regional development, and growing our export markets. On Thursday, I will be launching a jobs initiative that is very dear to my heart, something I worked on while in Opposition, but I'll say no more on that for now. I'll also be opening a new mental health facility and announcing new policy in this space. And on Friday, I'll be making an announcement that relates to environmental issues.

But, as I said, we do have a focus this week also on trade. Trade For All has been something that we have been talking about as a Government for some time. And for very good reason. We said after the negotiations around the CPTPP that we were determined to avoid a future backlash against globalisation, while delivering improvements in productivity and employment and income, and trade is a key driver in that. Six hundred and twenty thousand people rely on exports for their livelihood, and we know that exporting firms are 36 percent more productive than non-exporting firms. Trade policy, therefore, is obviously integral to our work to support businesses and exporters as we modernise our economy to be sustainable but also to be inclusive.

So today, we are launching our Trade For All agenda, and welcoming all businesses, workers, and New Zealanders to have their say on what matters to them in trade agreements. Because with our Trade For All agenda, we will be striving for sustainable, inclusive economic growth that supports New Zealanders, that helps small and medium sized businesses succeed on the global stage, and protects our unique environment so we get the best out of our future trade deals.

Now, the Government, though, inherited a range of concerns around trade when we took office. Many in the New Zealand public had lost confidence in our trade agenda, but, as a small, isolated country, it is critical to our economic success. We are a trade-dependent nation; we need to rebuild that confidence. We're also concerned that the benefits of trade are spread evenly, and that we don't forego important rights and protections when we sign deals. The benefits from trade should be felt throughout the country, and not just in major cities, as well. Benefits should reach our regions, our farmers, our farm workers, right through to tech entrepreneurs. And we should feel comfortable that we are not unduly compromising our values and sovereignty in order to gain greater market access.

The EU has similar values to us on this. At the same time as we're discussing Trade For All, we will be opening up discussions to include the EU trade deal. The EU agreement will be a test case for a better, fairer trade deal. The Government already has a broad agenda of trade deals in the pipeline, and trade forms a key part of this Government's economic strategy and response to global uncertainty and shifts in traditional trade relationships, and I have no doubt that those shifts and that global uncertainty has contributed to some of what we've seen around business confidence.

The CPTPP is set to come into effect around the end of the year, and will be a real boost to our exporters. This Government is also in negotiations, as I've said, with the EU, the Pacific Alliance, and the Regional Comprehensive Economic Partnership. Free-trade deal upgrades are also under way with China, with Singapore, and preliminary steps towards trade talks with the UK are pending, following Brexit.

The bill to bring into effect PACER-Plus, a trade deal with our Pacific neighbours, is also before the House.

We also have made progress on bilateral issues with the US. President Trump last week signed into law the KIWI Act, giving businesses easier visa access to the US. Trade and investment framework agreement talks, which went into abeyance when the US was part of TPP, have been resumed with the US.

Trade For All will also support the Māori economy in particular, as it promotes the rights of indigenous people, and already we have found that indigenous populations in Canada, Mexico, and Japan are investigating ways they can trade with us. Just last week, we discussed work to further enhance trans-Tasman trade, including for small and medium sized enterprises. Trade experts in both countries are working on growing the digital economy and maximising opportunities for SMEs. Work to support SMEs will also help increase women's participation in the trade sector. That's something that we're also driving in the Trade For All agenda.

I'm also, alongside Minister Parker, today announcing the establishment of a Trade For All advisory board. That work will start shortly. It will bring together experts with a range of views, knowledge, and experience to make their recommendations on progressive, sustainable, and inclusive trade policy. The board will be chaired by trade expert David Pine, who is here this afternoon, who brings extensive experience in the private and public sectors. The membership of the board will be announced in due course. And, while David is here today, and I know will be contributing a huge amount of his time to this work, I have a sneaky feeling that he will be multi-tasking—just seeing who would pick up on that. But he will be available for comment at the conclusion of post-Cab if you wish to talk to him.

But, Minister Parker, any further comments that you want to—

Parker: Just happy to answer questions.

PM: Happy to take questions on trade or any other matters anyone wishes to discuss.

Media: When the Trade for All agenda went through Cabinet earlier this year—I think it was in about February—that was before things like steel and aluminium tariffs and—I think they've got new mics now.

PM: Yeah, you're in surround—

Media: I'm louder than I usually am.

PM: You're surrounding me. It's not at all off putting, Jason. Continue.

Media: So that was before a lot of the international trade waters changed. Is there anything between when this went through Cabinet and now that the Government has had to reassess because the international trading scene is a bit different?

PM: Just the importance of this agenda, I would say, and the relevance of it in the changing international environment. Trade For All, of course, operates within international rules and a rules-based system. That's the element of the international environment that is now more important than ever, and that hasn't changed at all in constructing this agenda and the work. Anything you want to add on that?

Parker: No.

Media: Mr Parker has been quite critical in the past of the previous Government's targets—specifically, I think, in the 2030 agenda to have 90 percent of goods exports covered by FTAs.

Would you expect any sort of quantitative targets in the Trade for All agenda, or is it going to be more ephemeral than that?

Parker: The reason I was critical of that is you could drop exports as a percentage of your economy and still meet your target, and the ambition here should be to lift the wealth of our country through better jobs. And, as the Prime Minister's already said, we know a lot of those jobs lie in the export sector, where, on average, people are paid more. They earn more for their country, obviously, through exporting. And so no: you won't see a numeric target like that being given any weight at all. We obviously do need trade access for our exporters, but there's more to that as well. One of the points that Vangelis Vitalis, the chief trade negotiator for MFAT, makes is that one of the purposes of the Trade For All agenda is to engender a national conversation about the settings that you need both within trade and outside of trade in order to improve export performance and productivity of our economy.

Media: Prime Minister, why do you need another advisory group and consultation process to tell you what to focus on when it comes to trade?

PM: Yeah, as I said in the beginning, you know, this CPTPP, in the early stages, when it was the TPP, was challenged by the public. There was a view that it wasn't necessarily reflecting the best interests of New Zealand. What we want to do is step back from having that conversation piece by piece with individual trade agreements and develop up our principles and values that we as a Government are pursuing in our trade agreements that has buy-in for all of New Zealand. Trade is critical to this Government. The public support for trade is therefore critical as well, and that's what the Trade For All agenda is about.

Media: So is it more about just getting public support for the trade deals that you want to negotiate, or is it about finding out what people want to do in this space?

PM: Equally, it's also about making sure that we hear from the public and from business the emphasis that they want placed on different elements of agreements when we negotiate them. You know, in particular, I would same small to medium sized enterprises I don't think have been well supported in our trade agreements to date. We are now doing a bit of work particularly with the likes of Australia to enhance that because we know that when a business comes to export, often it is a first into that Australian market. We want to make sure that everyone is benefitting from our trade agenda. That means hearing from business sector public indigenous owner operators what's going to make a difference for them when we're negotiating those agreements.

Media: You mentioned, Prime Minister, the need to foster women's—

PM: I'm hearing you from everywhere; I can't see where you're sitting, so sorry if I—ha, ha!

Media: You mentioned the need to foster women's participation in the trade agenda. I wonder if you could expand on that and tell me how you think women have missed out on the trade debate thus far, and how do you propose to include them in the future?

PM: Yeah, I think you can broadly put that under the heading of ensuring we are doing more to support women who are in business becoming exporters, because we know that that's an area where we have a lesser representation. You can make the same argument for small to medium enterprises or the work that we want to do with those who are entrepreneurs who are indigenous New Zealanders. There are sectors where there is huge potential, but for one reason or another we haven't seen that transition into becoming exporters, and that trade agenda therefore supporting them as exporters.

Media: Have women also disproportionately suffered the inequality consequences of some aspects of globalisation?

PM: I've seen that argument certainly been made. Yes. Is there anything further you want to add on that?

Parker: No.

PM: I'll keep offering

Media: Winston Peters, in his press statement about his trip to Singapore, makes reference to the enhanced economic agreement with Singapore and says that progress has been made. When might we expect a conclusion to this particular negotiation?

Parker: We never predict precise dates because we seldom get them right. But the negotiation's proceeding well, so we hope to have more information by the end of the year.

Media: How are talks with the Chinese FTA upgrade going?

Parker: They went into abeyance straight after the election, after a speech that the Prime Minister gave in Auckland, which was well received. Those negotiations were recommenced and they are proceeding apace.

Media: Are you thinking about the steel and alu-alum—the other metal—

Parker: Steel and aluminium? Well, some of you may have seen the statements by the US Ambassador during the weekend. That reflects the reality that we have not given up on that issue, but it's also true that we've yet to succeed.

Media: Prime Minister, did you talk about the construction contracts in Cabinet and what process should Government departments follow on that?

PM: Yes. We were briefed by Ministers who attended that meeting, and what was reflected was our belief and our call on all Government departments to really take heed of the MBIE work that has been done around procurement. There's good guidance there. And what we've had raised with us by industry today is that's not necessarily being followed by all Government departments, and it should be.

Media: Are you considering any other law changes to assist the construction industry?

PM: I am expecting further advice from the Minister. She has undertaken that she will come back to Cabinet. There is an acknowledgment there that we make up about 18 percent of those affected industries who came in today of their business, but that is still significant. We know that we need to lead by example, and if there are things that we can do to take a leadership position with that industry, then we should be.

Media: Can I also ask on another topic—on the recognition of Armenian genocide. Is that something that New Zealand would look to support, and, if so, how would that impact our relationship with Turkey?

PM: Oh, look, we have always acknowledged the significant and tragic and large-scale loss of life of the Armenian people at the time of the dissolution of the Ottoman Empire. We have, and continue to do so. But when it comes to those issues around terminology and so on, those are issues that we have left for a reconciliation process between those parties who were involved. But we have also acknowledged that significant loss of life.

Media: Is that because of our unique relationship with Turkey?

PM: Oh, this is more for the fact that we leave it to those directly involved to work through those issues, through that reconciliation process. But, of course, New Zealand's always acknowledged that large-scale loss of life.

Media: Does the Government need to change its policies, either monetary or fiscal policies, to react to the fall in own-activity business confidence?

PM: I think we need to look at the indicators around the health of the economy as a whole. Yes, we have a survey that's telling us some of the business perceptions that exist. But, alongside that, we also have strong forecast growth. We have some of the lowest unemployment in the OECD, we're running a surplus, and we have New Zealanders who, as of 1 July, have more money in their back pocket as a result of the Families Package, and the flow-on effect from that. I'm interested in the reality of what our economy is doing and how it is performing, but I also acknowledge that businesses also want to hear from us about our ongoing agenda, and I'm committing to making sure we do that, as well.

Media: But Treasury have put it out today that business confidence is actually also starting to have an effect on some of those growth projections.

PM: But what is, of course, always going to be more important is what's happening in real terms, which is why I will push back and come back to the fact that when you look at New Zealand's position relative to some of our counterparts, we are performing well. We have strong economic growth, we have delivered a surplus, we have relatively low debt, and we have low unemployment. Those are the things that, equally, make a huge difference to the environment that our businesses perform in.

But, what I will acknowledge—you know, John Key has pointed out that in the past we have had over-reliance on housing speculation and on immigration as a form of stimulus for our economy. That is not sustainable. Business has asked this Government to make sure that we address things like the skills gap, that we address issues around productivity. We are doing that. That does mean that change is being delivered, that does mean we're modernising our economy, and with change comes uncertainty. But the message I want to send to the business community today is that if we want to boost the environment they operate in, that means we have to keep moving, we have to make changes.

Media: Couldn't they argue, though, that the Government needs to relax its debt target to really address the infrastructure problems caused by the population boom to improve productivity?

PM: I think, instead, you'd find the business community actually would say that their confidence in us is actually based on our ability to balance the books and deliver a strong economic agenda, and that means delivering a surplus and keeping debt in check. So I think that's equally important.

Media: Have there been any mistakes that have contributed to that lower business confidence; has the Government made any mistakes that you think have contributed to business confidence—

PM: Oh, look, I certainly look at patterns, and when I look back at the way business confidence has tracked in the past, there is a correlation between Labour Governments and what happens with business confidence. That sits in direct contrast to how our economy has performed under Labour Governments. Now, as I've always said, those real markers are what matter to me. But I do take it as a matter of pride that I want perception to follow suit.

Media: Prime Minister, how concerned is the Government about fake news in New Zealand?

PM: I think we should all be concerned about fake news.

Media: Would you consider setting up a unit like the one that the Brits set up earlier this year, MPs' inquiry into fake news?

PM: I haven't looked in detail at the work that's been done in the UK. I do think that there is an ongoing discussion around the impact that fake news can have on security, on domestic politics—you know, it's a conversation that's being had globally. We're not immune to it, and we should probably be a part of it.

Parker?: It's one of the issues that's on the agenda for a meeting of Attorneys-General in Australia that I'm attending in a couple of weeks' time.

Media: Judith Collins has challenged you today to denounce the age of consent laws in France. Um (a) do you denounce the age of consent laws in France, but (b) are you concerned about the fact that she has done this by citing a well-known fake news website?

PM: Yes, I saw the Tweet very briefly before I came down here, and wasn't going to comment on it for the fact that I have not looked in any detail at what she has asked or what sits behind it. I like to take a bit of time before I respond to things like that, given the fact that there is a lot of fake news out there, and I want to make sure that I'm well-versed before I respond to anything like that.

Media: Wouldn't it be worrying that an MP is citing a website that runs headlines like "Katy Perry is a Cannibal", "Justin Bieber is a Shapeshifter"?

PM: That's a matter for the MP to respond to.

Media: Have you seen any examples, Prime Minister, of fake news. What examples of fake news have you seen here in New Zealand?

PM: Ha, ha! We are not immune to fake news. I don't think I need to run through a list. I'm not going to shoot one of the top of my head.

Media: Earlier you said, in relation to the construction industry, that a number of departments weren't following the MBIE guidelines, and they should be. Will there be stronger direction given to departments to start doing that?

PM: Yeah, I'll seek for the Minister—when she works up that next response for Cabinet, I'll be seeking a bit of guidance from her. We've had that reported to us. Now it's for us to go and follow up on that and see if that has indeed been the case, and so I'll await her advice.

Media: Just to clarify, the problem is wholly on—is the issue of following those guidelines; it's not that—you don't have any problems with the guidelines themselves? You're wholly confident?

PM: According to the industry, the guidelines themselves are robust. That's certainly what I've had reported back to me—and that some departments are following them and that that's been welcomed—but I await her doing a little bit more analysis.

Media: Prime Minister, do you think that New Zealand First is the right party to be handling the Wally Haumaha inquiry, given that Fletcher Tabuteau is related to Wally Haumaha?

PM: No individual party is dealing with that issue. The Government is dealing with the issue in Cabinet.

Media: Nevertheless, the perception is that New Zealand First is driving this. Tracey Martin was appointed by Winston Peters.

PM: Tracey Martin is the Minister in charge of the appropriate department for independent inquiries, and so it's wholly suitable that she therefore would have been involved. The Deputy Prime Minister, of course, was acting as Prime Minister at the time, and that was the role of which she was taking on that work to. I've now returned, and so now it falls back to me. But—yeah, the Attorney-General also has been involved. We are taking these decisions as a Cabinet. I have no concerns around any conflict of interest.

Media: Would it be possible, though, to have that decision made by Cabinet collectively and not allocated specifically to a Minister. Why didn't you take that approach?

PM: Just to be clear, the Minister for internal affairs, basically, sits over the process of an inquiry rather than the inquiry and the outcomes itself. They bring in the recommendations around who might undertake the inquiry. That's on recommendation. It, ultimately though—all of this comes back to Cabinet, and our decision's taken by the Government as a whole.

Media: Has the legitimacy of the inquiry been tarnished by all of these allegations and perceptions of conflict of interest?

PM: Those are ultimately—we manage conflicts of interest as Government on a regular basis. It's for us to therefore manage that. I'm satisfied that we've been acting appropriately in making sure that we respond to the issues that have been raised in the appointment. I think it was right that we had an independent look at the issue rather than have it undertaken by an agency within Government already. So that's why we're in the situation: because we have placed an independent process around it.

Media: Do you have a view on the comments that the deputy commissioner made originally?

PM: No. I'm awaiting the final results of the inquiry.

Media: So you don't have an opinion on what he said about the complainant?

PM: I want to look at this issue in its totality. I'm waiting for the final work to be done—

Media: Well, the inquiry was—

PM: But I think it's right that we do this work.

Media: But the inquiry was—

PM: Yep. And whether or not we were fully informed at the aftermath of that, we'll deal with the appointment after that.

Media: The inquiry was meant to begin today. When are we going to see it now begin?

PM: My expectation is that we'll have someone appointed to lead the inquiry this week.

Media: If there's no problem with—if the inquiry is into the appointments—

PM: Let me be clear. The first step is—

Media: —why can't you talk about any comments?

PM: The first step is the process, and then, of course, we would have made a decision based on all the information that should have come to us in the beginning. We're looking at the process—what information we should have had at the time that we made the decision—and then we'll move from there.

Media: Treasury today says that growth over the coming fiscal year may be weaker than forecast in the BEFU. Now, if that's the case—if that turns out to be the case—what impact will that have on the Government's spending plans, particularly your intention to stick to the Budget sustainability guidelines?

PM: The rules stay.

Media: But that's going to put pressure on your spending, isn't it?

PM: The rules stay. And I think what we're seeing is a reflection of the international outlook. You know, we are seeing, in terms of trade amongst some of our larger-scale trading partners—the US and China—a very volatile situation, and I think that's being reflected in what we've seen today. But that does not change our Budget responsibility rules.

Media: But do you see any opportunities for New Zealand trade emerge out of this—for example the countervailing duties running now between the Americans and Mexicans on dairy, for example?

Parker: That's true. Sometimes there are subsets of advantage, but overall New Zealand is best served by free or open trading arrangements, in part because the whole of the world economy is stronger as a consequence. So there can be some tangential benefits, but, overall, if protectionism rises in the world, we suffer.

Media: How have you managed today and how are you feeling being back here in the building after six weeks?

PM: Great. How could I not be? Look at all your fine faces out there. Ha, ha!

Media: The Housing New Zealand's report into the meth debacle—here.

PM: Oh, thank you. I don't want to institute a "raise your hand" rule, but it will make it quicker. Sorry, Henry.

Media: Housing New Zealand's report into the meth debacle is two weeks overdue now. Are you expecting to see it any time soon, and is it—being two weeks late—good enough?

PM: To be honest, I'd need to follow up on that. I hadn't marked it on my calendar, but I'll speak to the Minister and see how it's tracking.

Media: Can I just ask about whether Cabinet discussed the international students issue with their post-study work life. Did that come up at all today?

PM: We make announcements at the time that the Minister determines to make announcements.

Media: During your absence, Winston Peters and also Mr Little seemed to engage a little bit more directly than usual with Australia on deportation, and specifically, of course, the flag, there was a thing with John Howard—

PM: A thing with John Howard, yep. Ha!

Media: Is the relationship between Australia and New Zealand deteriorating?

PM: No; not at all. I think if you look back through our history, we've always engaged in lively banter, be it through political channels or otherwise. No; there's no deterioration.

Media: Do you back Mr Little's comments?

PM: The comments around deportation? We've had a consistent policy around deportation. We've always made clear our views and expectations, and it has always been a robust exchange. But, as I say, that policy hasn't changed.

Parker: Can I just give you an instance of how things continue to develop positively. At the trans-Tasman forum earlier in the year, our Prime Minister and the Australian Prime Minister agreed that we should be better supporting small to medium enterprises in trade. That very issue was raised again in a meeting that I had with Minister Ciobo, their trade Minister, in Auckland on Friday, which further informs the work that we're doing through the Trade For All agenda to drive the benefits of trade to small to medium enterprises. Those sorts of initiatives, by the Australian Government and New Zealand Government show that we really are working to improve our respective economies and help each other.

Media: Do you think we need more rehab beds to help deal with the synthetic drugs crisis?

PM: I think overall we'll find—I anticipate, through the work that we are doing around mental health and addiction services—that we have gaps in our service provision, and I'd say that would be across the board. I can't speak specifically for synthetics. I imagine that, as there is with every form of addictive drug, that there will be a shortage there, as there is with others.

Media: Don't we know that we need it now? I mean, we knew last year that there had been 20-25 deaths. That was a year ago.

PM: And we also know that we need more alcohol treatment, that we need more acute methamphetamine treatment. It's one of the reasons, for instance, that we've put funding into detox units. We've expanded the number in Auckland—we did that very early on relative to our time in office. So we do recognise that need and we are investing, but, when it comes to synthetics, I imagine that the same need existed there as there does across the board.

Media: Is it more urgent because synthetics are quite rapidly killing people?

PM: I'd say that when it comes to addiction services, there's urgency in terms of the harm for individuals and families in a range of areas, and that's one of them. There's no doubt, though, that the answers in that area are not—they're not easy. If they had been, the last Government would have instituted them. But, on addiction services: absolutely. That's why we've already started investing.

Media: So what do you make of the statement put out by leaders from the Iwi Chairs Forum on Friday reasserting their rights around fresh water and the fact that the Waitangi Tribunal saw those rights exist back in a report in 2012 and that they would seek legal action if something wasn't done about it?

PM: As the Minister that was involved, I'll turn to Minister Parker.

Parker: Ah, yes. I went to the Iwi Chairs Forum in Ngāruawāhia on Friday, and we were relatively well received. Iwi chairs would prefer to be the only group that Government is consulting with in respect of water matters, but we've made it clear that we will have a wider consultation, including them but not solely with them. In terms of the action that is any parties

able to take at any time, there is a live proceeding, if you like, in the Waitangi Tribunal brought by the Māori Council, and I think that has a call-over date in the next month.

Media: They did say that they would give it until the end of the year—sorry, a couple of months ago they said they'd give it to the end of the year, otherwise they'll have to go to the Supreme Court. So do you feel as if there's a time line on this?

Parker: We're determined to make progress across water issues generally.

Media: But specific to the freshwater rights, which New Zealand First have said no to.

Parker: Well, the Land and Water Forum make the point that you can't sort out water issues without actually sorting out Māori aspirations in respect of water. We might not always agree on language or the asserted legal rights that some people claim, but we agree that we need to deal with the underlying issues, and we're doing that.

Media: Are you, really quickly, have you heard from Andrew Little?

PM: Oh, yes, yes. I should report that he's safe. I've messaged Minister Little this morning. He has been evacuated to Bali but is safe and well but, obviously, concerned for others around him.

Media: Any other word on other New Zealand casualties?

PM: At this point, I've had it reported to me that there's no known New Zealand casualties at this stage. OK, thanks everyone.

conclusion of press conference