

POST-CABINET PRESS CONFERENCE: MONDAY, 17 FEBRUARY 2020

PM: Good afternoon, everyone. Let's start off with the week ahead. Tomorrow, I will be in Wellington. On Wednesday, I will speak at the Chinese New Year celebrations here at Parliament. On Thursday, I will travel to the Hawke's Bay for a launch event for our lunches in schools programme, as well as visit the new Hawke's Bay Opera House Arts and Events Precinct. In the evening, I will be presenting at the New Zealander of the Year Awards in Auckland. On Friday, in my local electorate, I will open Western Springs' new campus. Later that day, I will host the Prime Minister of Papua New Guinea at Government House.

Today, I want to update you on the Government's response to coronavirus—or, as it's of course now being called, COVID-19. While we continue to have no cases of the virus in New Zealand, you will have seen on the weekend we made the decision to keep in place the current travel restrictions from China as a precautionary measure for a further eight days, a position that is being continuously reviewed every 48 hours and one that is based on the best available science and health advice. The Government's primary objective must always be, first and foremost, the public health of New Zealanders. This is not to preclude the steps we're also taking to limit the effect as much as possible on the New Zealand economy.

Today at Cabinet, we discussed updated Treasury advice on the economic impact of coronavirus. I know that's something that you've previously asked me questions on, so I'm happy to share with you some of that advice. While it's still too early to know what the overall impact coronavirus will have on New Zealand's economy, agencies have been working to understand and mitigate the economic impacts of the virus. Treasury's advice is that coronavirus will have a negative but, they believe at this stage, temporary impact on GDP. While it's clear this will have an effect on the first and second quarter of 2020, Treasury expect economic activity to return to normal as global growth picks up and supply conditions normalise in the second half of 2020—and, of course, keeping in mind the lags for when that will then be reported on in terms of GDP impacts. Ultimately, GDP growth is expected therefore to be around 2 percent to 2.5 percent in 2020.

Now, this is not unique to New Zealand. The global impact, of course, is being felt widely—of course, not least in China itself. The effects that we're expecting, though, in New Zealand span from primary—education and tourism—sectors, the latter already feeling those impacts and those effects, of course, because of the temporary border controls that are in place. Now, we can head off global impacts of this type because our economy ultimately is in good shape, and so alongside the foundations that we have built, we have taken proactive steps and, as a Government, decided that we will be investing in an initial \$11 million into a tourism package to support what is an incredibly important sector to New Zealand, and it's an acknowledge of the crucial role China plays in our tourism industry.

Now, specifically, at this stage it will include \$10 million for Tourism New Zealand to diversify its marketing in other countries to offset the fall in Chinese traffic and diversify the visitor portfolio and stimulate the economy. You might recall we already talked about there being roughly \$3 million also be re-directed from within Tourism New Zealand to also boost those diversification initiatives. One million dollars will also go towards funding for domestic marketing by regional tourism organisations in affected regions. Too often we perhaps neglect our domestic tourism market. We know that those regions that are specifically being impacted by the decrease in Chinese tourism are, for instance, Auckland, Rotorua, and Queenstown in particular, and I understand also Christchurch, so this is about making sure that we're boosting the domestic market into those areas.

Now, this is a start. We have an expectation as well that the tourism sector will do further work to rebuild the Chinese visitor market and New Zealand's hosting capabilities. So that is something we've asked Tourism New Zealand to do work on, so that once we're in a position

to do so, we will rebuild that sector within China as well. So I expect that we will come back to that.

We know there will be people around the world who will be looking for a place to visit at the moment, and we envisage this increased marketing will particularly help with Australia, the UK, USA, and Asia to New Zealand, and we hope that this short-term investment will help to alleviate some of the pressures our tourism sector are feeling post the border closures with China. But otherwise I am now happy to take questions.

Media: What about the forestry sector?

PM: Yes, we had a report from Minister Jones today. He'll be bringing a paper before Cabinet committee this week, but his brief to us covered off the fact that now at ports, we're really getting to a point that they're almost near capacity in receiving logs, which is something we've already discussed. So we're again looking at potential initiatives for the logging sector. We've been quite broadly minded as to whether or not there's the ability to use some of those harvesting crews or redeploy harvesting crews for other challenges that we're facing at the moment in New Zealand.

Media: Are those initiatives to do with providing some tax relief for some of the logging and forestry businesses?

PM: So already, when we tend to have these issues—and we've raised the same issues with Tourism—there's flexibility with IRD around particularly provisional tax. But we do want to look specifically at some of those who are contractors who are already feeling the impact. So there are those, of course, who work in harvesting, where there's pretty quick decisions being made not to add to the backlog, as it were, and so that means thinking about what we specifically might be able to do to have a benefit or at least offset the impact for those who are harvesting, in particular.

Media: Those on the cruise ships, in terms of getting them off, why now, because we're only a few days before the quarantine lapses. Why act now with Australia? Why not just leave it?

PM: Well, essentially because indeed the quarantine's coming to an end. So, obviously, they're going to need to find their way back to New Zealand, but there has already been some discussion about whether or not there needs to be additional quarantine for those individuals. Obviously, as you can imagine, given that they have been quarantined for so long, for that period of time on the cruise ship itself, as you can expect, there is some distress amongst those New Zealanders around potentially being away from New Zealand even longer. Other countries, as you know, are looking at assisted evacuations and supporting quarantine in their own countries, and so we're doing the same.

Media: Can I just clarify with you. So you will consider, or it's being considered, that they will have to face another quarantine when they get back?

PM: Yes. So one of the issues that exists, of course, is that people were kept on the cruise ship for the purposes of quarantine, but there has continued to be the spread of coronavirus during that quarantine period. So question mark there over whether or not it's been successful. Of course, our job is to make sure, as we bring those New Zealanders home, that we're looking after their health and the public health of people around them. So at the moment, we have officials working through the best way to manage that. Yes, they will need to be in a quarantine of some form. We're working through what would look like, how we can support them, of course, given so many of them have been away from their families for so long, but we're looking into the detail of that. I know, though, they'll be pleased that we're looking to try and get them home.

Media: GDP growth of 2 to 2.5 percent this year—is that a new forecast, and if so, when did you get it and who from?

PM: So that's Treasury's estimates, at this stage. You'll recall that their estimates were, prior, at 2.2 to 2.8. So within some of the estimates that you will have seen, the Reserve Bank

was looking at an impact of 0.3 percent. Banks were looking at between 0.5 and 0.6 percent. And so, obviously, at this stage, there is a range of different speculative numbers being put out there, and what Treasury is saying is this is their current view. Again, I think, really, this is confirmation that really from all quarters now, everyone believes there will be an impact. The question is how large and for how long.

Media: Are you worried?

PM: Look, ultimately, I can see that this has really been based on the information we have here and now, and it is based on assumptions around it being temporary. Keep in mind, these impacts are because—equally, the knock-on effect of the impact within China itself. So this isn't just saying that because of the measures New Zealand is taking that we're seeing these figures; it's because of the global environment we operate in and China themselves, of course, downsizing their forecasts for growth as you would expect as well. *[Interruption]* I'll come back to you if that's OK.

Media: Do all of the 11 New Zealanders that are on the cruise ship—do they all actually live in New Zealand, are they all coming back, and can you give an update on the two that went to hospital?

PM: Yes. I don't have the specific details, of course, on the current status of the two. You'd expect as well, though, that we are making sure that we look after their privacy. But they are in very close contact with our consular assistance in Japan.

For the other 11, it's my current understanding that, yes, they would all be coming back to New Zealand and that they consider themselves and are travelling on New Zealand documentation. That's my understanding; at least, that's the number I've been given that would be interested and keen to come back into New Zealand and therefore would hold the travel documentation to do so.

As I said this morning, I had a conversation early evening yesterday with Scott Morrison. They're still working through potential plans themselves. They haven't finalised anything or confirmed anything. But what he was able to do was respond for our request, given our numbers are relatively small. They have said that, yes, they would be happy to accommodate 11 New Zealanders if they are to confirm an assisted evacuation.

Media: You can confirm that none of them will need to stay on the boat after Wednesday?

PM: Sorry?

Media: You can confirm that none of them will need to stay on the boat after Wednesday?

PM: That is my current understanding, but what has been the case for every assisted evacuation so far is anyone who has been unwell has been unable to travel. That, of course, is because if they're a suspected case, you wouldn't want them in close confines travelling with other passengers. So anyone who is deemed to be unwell would need to stay behind.

Media: Prime Minister, have you—

PM: I'll come to you in a moment, Tova.

Media: I know nothing's been confirmed, but did Scott Morrison provide a rough sort of time frame for when he wants this assisted evacuation—

PM: Oh, look, all of those details I really see as matters for Australia, so I wouldn't want to get ahead of their decision-making process, because, as I've said, they're still working through a number of questions for their own potential assisted evacuation, if indeed that is what goes ahead. Tova?

Media: Have you spoken to the Deputy Prime Minister about the covert taking of photographs of journalists that he initially took credit for?

PM: Of course, I've seen the Deputy Prime Minister at Cabinet, but at Cabinet we discussed matters such as coronavirus, the tourism package, a number of other issues, but no, I have not discussed that issue with him directly.

Media: So you don't think it's that important that the Deputy Prime Minister is taking credit for taking photographs of—

PM: I did not consider it a matter that needed to be discussed at Cabinet or by the Government; instead, I prioritised issues like coronavirus.

Media: Do you think it will have a chilling effect on the media, taking photographs of journalists or investigating the New Zealand—

PM: Look, I've already given my personal view on the issues—in fact, this is longstanding—of blogs like the one that's being referenced in this case. I personally dislike them. I don't think they add anything to New Zealand or New Zealand politics, and that is a view I've held for a number of years, right back to the first time we had a debate about dirty politics.

Media: Paula Bennett said you were taking an approach of see no evil, hear no evil?

PM: Oh, I would obviously dispute that.

Media: Universities are calling for an exemption on the travel ban for Chinese students. Is the Government open to this?

PM: Oh, as I said this morning, look, we have received that request from the university sector in particular. They are obviously not the only sector within the education system that are reliant on overseas students, or not reliant on them, that have a cohort of overseas students. That includes PTEs. It includes secondary schools. It includes, of course, the university sector and polytechs, as well. So for those different groups, they have different numbers that they're expecting. For those private training establishments, a large number of students are already here. For the universities, they have a bit of flexibility, timewise, but we're very conscious of that. We've extended their visas. They are able to engage in online learning, and there is the possibility of them enrolling in term two. But even then, we are looking at the logistics of what it would mean to have an exemption, keeping in mind some pretty big hurdles, the ability to quarantine and isolate individuals who come in. Of course, they are new to New Zealand and would need to therefore be quarantined by the universities themselves. So that's the first hurdle. The second, of course, is that they would individually need to be processed, and that's quite a significant undertaking. But we are exploring those issues with the university sector.

Media: Are there standards of behaviour that you believe minor parties in your Government should adhere to—any standards at all?

PM: Oh, of course.

Media: And do you think they haven't been breached on this occasion? So the photographing of journalists is above those standards that you've set—it's above that line?

PM: Look, ultimately, you're asking me to act as judge and jury in what is a case involving party members and past leaders of that party. And, as I've said before, there are many, many matters for which I am responsible, but an internal dispute between a political party is simply not one of them. *[Interruption]* I'll let you finish your question.

Media: The issue is acting as inquisitor. You've shown no desire to have any information or any knowledge of this at all. It's not about being judge or jury.

PM: Look, ultimately, I absolutely respect and appreciate the interest that you all as journalists will have in this issue. But the question you're asking me is: is it for me, as Prime Minister, to preside over that issue, which is ultimately a matter for another political party. I am responsible for the Government—for focusing on issues like a strong economy, the handling of things like coronavirus, and, as Labour leader, for the conduct of my own party. But, in an election year, there's going to be a number of issues that will come back to party political matters, for which I need to leave other leaders to be responsible for.

Media: So your party in Opposition was heavily critical of the last National-led Government for its hat-wearing. Is that not exactly what you're doing right now by making Winston Peters the New Zealand First leader instead of accepting that he's also the Deputy Prime Minister?

PM: Again, as I have clearly set out here, you're asking me, in this case, to act as the inquirer into an issue involving internal matters of the New Zealand First Party, as opposed to past circumstances, which have involved individual staff members of the Government of the day. So I do see that as being something that you are totally within your rights to be questioning other party leaders about.

Media: Are you saying you have no care, authority, or control over any other party that is in your Cabinet?

PM: No, no—I have given you a specific view on some of the issues at hand here—around, for instance, the use of particular blogs within New Zealand that I have a distaste for and see as adding nothing to the New Zealand political landscape, and I have very clearly given that view. But, ultimately, what you're asking about is an internal party political matter, for which you are totally within your rights to go and ask that party leader about.

Media: The *Cabinet Manual's* pretty explicit that Ministers have to uphold the highest ethical standard in both their ministerial, political, and personal roles. Is Winston Peters relying on this blog that you've expressed a distaste for upholding the highest ethical standard?

PM: Again, ultimately, I'm not the one to even make judgments over whether or not that involvement has existed in the first place. But, again, I think I've clearly stated my position on this issue.

Who hasn't asked a question here yet? [*Interruption*]. Just one moment. I just want to hear the voice that hasn't asked a question. I'll come back to you, Tova, in a minute. I just want to—

Media: Simon Bridges gave a speech this morning at lunchtime where he promised 3 percent GDP growth this year. Is that promise dead on arrival given the coronavirus numbers? Is that a responsible thing to do, in any case?

PM: Look, I mean—a couple of points to, I think, make. So coronavirus: we're looking at where GDP growth is expected to be over 2020. Going into 2021, we're already seeing forecasts for solid growth into that range already, and so if he wants to just simply agree with other Treasury forecasts, he's well within his rights to do so. But I don't think promoting it as a new target is exactly a new idea.

But, finally, you know, ultimately, GDP growth is reliant on having a plan of some sort. Today, I didn't hear one. Contrast that, of course, with ourselves, where we've had a very strong focus on increasing productivity, we've introduced the R & D tax credit, we've had a strong focus on wage growth—which is why we're seeing those wage rates at 3.6 percent. That has a knock-on effect, helpfully, for people like our superannuitants. At the same time, we've had unemployment at 4 percent, a target we set ourselves as well so that we have, really, a tight labour market, and that demonstrates, I think, the benefit of Mana in Mahi and the employment strategy we've rolled out. And we're focused on regional growth, and the PGF has made a huge difference there, alongside diversification in our trade agreements and trading partners.

So we have had a plan. It's made a difference. I'd be interested to see what National's is.

Media: Is Winston Peters' behaviour befitting the office of Deputy Prime Minister?

PM: As I've said, at the moment this is exactly—the expectation I have of a Minister is that in their ministerial capacity that they perform appropriately, and, when it comes to the Deputy Prime Minister, I have not raised any questions with that.

Media: Why?

Media: Is it an issue of character, though, and which, obviously, then transfers into his role as Deputy Prime Minister, which is your responsibility?

PM: Again, I've given a very clear position on this. First of all, you're asking me to make judgments on issues that at the moment are built around information on a blog I've already said I have a distaste for and one tweet. And so I'm not going to draw all of those moral conclusions based on that. Secondly, I see those as issues for New Zealand First, not for me as Prime Minister of this Government, and I'm focused on issues like the economic impacts of coronavirus right now.

Media: Winston Peters admitted on the record on radio: "We took those pictures".

PM: And then stated in a tweet that it was a supporter. Again, these are all questions better directed to the leader of New Zealand First. And, as I've said many times before, at Cabinet today my focus was on the economic impacts of coronavirus, not on that blog and not on a tweet.

Media: Could you encourage him to step forward and answer our questions directly?

PM: Oh, ultimately, again, for every political party leader, the way they choose to engage with you in the media is a matter for them, and they're answerable, obviously, to you, the public, and others, and it's up to them to determine how they do that.

Media: Are you concerned that this is eroding public confidence in the coalition Government?

PM: No. No, I'm not

Media: Prime Minister, the Children's Commissioner has come out against the right to silence laws. What is your stance?

PM: Look, it won't sit well, I think, with any New Zealander to see a repeat of something that we've seen before. We have had a case in the past where there's been essentially stonewalling, which has made it very difficult for anyone to be held to account, and here I share the same discomfort as the Children's Commissioner. Something happened to this boy—that is patently clear, and now someone needs to be held responsible. When it comes to how we do that, I've had a brief conversation with the Minister of Justice today. He's going to undertake to go and have a look, obviously, at the current law. There were changes made—forgive me; I believe it was 2011. Ultimately, though, that was about individuals being held responsible for keeping a child safe, so it didn't directly relate to this—necessarily, solve this problem that the police now have.

Media: Sorry, shifting tack just a little bit. In a *Guardian* article last year, Elton John was full of praise for you and said you're one of the few politicians that he respected and loved. I was just wondering, since he's been in New Zealand have you caught up with him?

PM: Yes, I did actually meet him.

Media: What happened?

PM: We didn't sing a duet if that's what you mean. We talked like normal people, but very briefly. It was—

Media: Was it over a meal?

PM: No, no, nothing like that. It was before his show and as you can imagine, he was busy preparing for his show, but I thought it was incredibly kind of him to give some time like that given that he obviously felt incredibly unwell as well.

Media: So what's your message to him now that he's obviously left the show because of illness and is—

PM: I think what everyone would want to say: get well soon. And I think given he had what they call walking pneumonia, the fact that he spent roughly two hours on a stage giving such a huge performance I think was incredible and very generous. The fact that he's also

travelled from New Zealand back to receive his Oscar, then back to New Zealand also demonstrated the commitment he has to people here, which was really clear given he gave it his all yesterday.

Media: Did he seem unwell when you met him?

PM: Yeah, you could tell that he wasn't feeling well, and he said he wasn't feeling well. So I think you could see that on the stage last night, which I think is just a credit to his commitment to his fans.

Media: What did you discuss when you talked to him?

PM: Oh, you know, just a bit of politics. I might have commented on how Neve loves to dance to his music—just things that you'd have a normal conversation about.

Media: How did the meeting come about? Did he approach you or—

PM: I was going to the show. I don't know whether or not he knew I was going to the show. I would actually have to go back and check, but, yeah, then the chance to meet him came up.

Media: The show last night?

PM: Yes.

Media: And what—like five minutes, 10 minutes?

PM: Yeah, very brief. Five minutes or so.

Media: Is the Government doing enough to make renting more affordable?

PM: Of course, I keep a close eye on rental data, and what we can see is actually rental increases have been fairly consistent, actually, over the last five years. We want that to come down, though, and the most important thing we can do is increase the supply of houses, and that's why having, for instance, over 3,000 houses under construction and the largest Government build programme of any Government since the 1970s can only help.

Media: Simon Bridges says he's going to unwind a lot of the rental and tenancy regulations—

PM: Yeah. So I would say that, unfortunately, the National Party created the housing system and the housing crisis that we are still trying to fix. So if he believes that he is the one to fix it, I have to say I find that ultimately questionable, at best. We are trying to still fix the problem he created.

I also heard he wanted to cancel the \$300 million investment in homelessness. That's to create extra transitional housing places so people don't live on the street. So my question is: what is his plan on housing? Because I know what it looked like last time.

Media: Will you be offering tax cuts?

PM: I know I will continue to be asked this question frequently, given it's election year. For us in Government, you can see what our agenda is. It's clear in our Budget and the policies that we deliver. When it comes to the Labour Party's policy, we'll be delivering that closer to the election, but that's not something we've worked up yet.

Media: Tomorrow, abortion law advocates will be marching on Parliament as part of coordinated marches around the country. What's your message to them, and are you confident that the best chance to move that out of the Crimes Act is now?

PM: I do. It is absolutely now, and the fact that we had such significant support from across the House I think is the best indication of that. Granted it was first reading, but I was still very heartened by those numbers. So, you know, there will be people on both sides of the argument who won't be 100 percent happy with the final version of the bill, but it is a huge improvement on what we have had in the past, and so I do think it will garner the majority support of this House.

Media: Which revisions to GDP growth will have an effect on the operating allowances—the Budget, I imagine—are you revising the Budget to take that into account?

PM: Oh, look, again, I think the caveats that I gave is that these are very early predictions, and this is a briefing that was received today and that I'm now sharing with you. Ultimately, those will all be matters for later on. OK. Thank you, everyone.

Media: Can you do one more?

PM: Oh, look, there's one minute left on the clock.

Media: On housing, do house prices need to fall?

PM: We have seen significant stabilisation in the Auckland market, and this is something that I do keep a close eye on. But not just that; the percentage of first-home buyers in that market, which we've seen move from roughly 18 percent to 24 percent—that's exactly the kinds of signs we wanted to see of first-home buyers being able to access the market, and a sign that, for instance, our ban on foreign buyers in our residential market is having an effect. OK.

conclusion of press conference