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SPEECH FROM THE THRONE

DELIVERED BY THE GOVERNOR-GENERAL
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HONOURABLE Members of the HOUSE OF REPRESENTATIVES. It is a privilege for me to exercise the prerogative of Her Majesty and open the 46th Parliament.

On 27 November the people of New Zealand voted for a change of government and a change of direction in economic and social policy.

Negotiations to form a new government were entered into immediately and concluded within a week. My government is conscious of the fact that this speedy conclusion to negotiations is part of a second chance for the new Mixed Member Proportional electoral system to prove itself capable of delivering stable and effective government for New Zealand.

That system continues to broaden the base of electoral representation and to produce a House of Representatives which is more truly representative of New Zealanders in all their diversity.

As required by the Electoral Act 1993, a review of the MMP system will be undertaken by a parliamentary select committee which will take into account the result of the indicative referendum on the size of Parliament.

My government recognises that there is deep public concern with a number of aspects of the operations of our political system in recent years. In particular, my government believes that the public is not prepared to countenance any repetition of the level of defection by Members of Parliament from their parties which has occurred in the last two parliaments.

Accordingly, legislation will be introduced to provide that, for this and the next parliament at least, such a practice will be outlawed. Members of Parliament will, therefore, be reminded of the obligations they have to the people of New Zealand when they seek and gain election under the banner of a political party.

HONOURABLE MEMBERS. The broad aims of my government are set out in the coalition agreement signed on 6 December. They are:

- To implement a policy platform which reduces inequality, is environmentally sustainable, and improves the social and economic wellbeing of all New Zealanders
- To restore public confidence in the political integrity of Parliament and the electoral process
- To provide stable and effective long term government for New Zealand without compromising the distinctive political identity of either party
- To act in good faith between the coalition partners.

This coalition agreement recognises that if multiparty government is to work effectively there has to be room for the parties involved to maintain their separate identities. It will provide specific procedures to implement and manage this aspect of the agreement. In particular, the cabinet manual will be reviewed within the first six months of the government's term to ensure that the procedures outlined within that manual effectively facilitate the management of the coalition government.

The coalition government is between two parties. The government looks forward to co-operation with other parties in Parliament on matters of mutual concern and interest.

That cooperation will be particularly strong with the Greens who have indicated their support for the Government on confidence and supply. The two government parties will establish a cooperative and durable relationship with the Greens, based on a negotiated protocol.

That will include consultation at the leadership level and between Ministers and spokespeople on a range of matters, particularly the content and the means of progressing the government's legislative intentions.

HONOURABLE MEMBERS. My government recognises that the Treaty of Waitangi is New Zealand's founding document. Article II of the Treaty commits the Crown to duties and obligations which have often been breached in the past. The righting of those wrongs is a process to which successive governments have been committed since 1985. This process will and must continue to its conclusion in a measured and considered way. Undue haste, pressure, or lack of good faith will not lead to genuinely lasting settlements.

Article III of the treaty implies equality in the rights of citizenship. My government is committed to ensuring that this right is maintained, but it goes further than the rights enshrined in the treaty. As long as the economic and social gaps between Maori and other New Zealanders remain large, the government of New Zealand cannot claim to have addressed the needs of all New Zealanders. My government is committed to closing the gaps.

The economic, social and educational needs of our Pacific communities are also of particular concern for my government and will be similarly addressed. New Zealand celebrates its Pacific location and the special contribution to our culture from its peoples, as it welcomes the contribution now being made by the many other ethnic communities which have been established in our country.

Overall economic and social advancement for New Zealand cannot proceed satisfactorily without improvement in the country's overall economic and social performance.

During the 1990s, the economy has experienced great volatility. A recession in 1991 was followed by a recovery which quickly overheated. The recession of 1998/9 is being followed by a similarly unsustainable short term expansion of the domestic economy.

Underlying this volatility are major structural problems which have not been addressed by the radical reforms undertaken since 1984. The current account deficit is very large, reflecting both mediocre export performance and poor levels of savings.

New Zealand remains overdependent upon the production and exporting of commodities. Increases in commodity prices provide welcome increases in rural incomes. But they are quickly followed by appreciation

in the value of the New Zealand dollar which places extreme pressures on the remainder of the tradeables sector.

At the same time, New Zealand's skills production in those areas relevant to the new knowledge-based industries has been inadequate. A competitive model in tertiary education has led to unsatisfactory outcomes in terms of both the quality and the appropriateness of the skills produced.

New Zealand has one of the highest levels of national debt in the developed world. We have one of the lowest levels of private sector research and development. Our living standards continue to fall behind those of most other developed countries, including Australia.

My government is determined to address these structural failings in order to improve real incomes and provide the means to restore our social services to being amongst the best in the world.

It is crucial that government policies ensure that New Zealand transforms the base of its economy much faster than has been the case in recent years. The future must be one of a high skills, high employment, high value added economy. We need to be innovative and adaptive to changing international demands.

My government recognises that simply relying upon market forces will not deliver these changes. A new partnership needs to be built with business and local communities.

My government will support and work in partnership with local government to develop job opportunities using available resources in a sustainable manner.

New partnerships with local government, businesses, communities, and the voluntary sector will be developed to revitalise regional economies. My government will have programmes to assist new businesses establish and develop their full potential, to help existing businesses to expand, and to enable local communities to develop effective economic development strategies.

Overall responsibility for the delivery of the new business development programme will lie with a new organisation, Industry New Zealand. The Minister for Economic Development will be moving quickly to set up Industry New Zealand.

Industry New Zealand will have the role of providing policy advice on strategic economic development issues as well as programmes in enterprise financing, local economic development, innovation, workplace productivity, ecological sustainability, and procurement policy.

My government will also provide new assistance for exporters. Addressing New Zealand's serious current account deficit requires us to improve our export performance on a long-term sustainable basis.

At the same time, my government will take a firm line in international fora in support of New Zealand's trading interests. New Zealand cannot accept that improved access for agricultural products will not be part of any new

world trade negotiations. Equally, legitimate issues of labour standards and environmental concerns need to be integrated better with trade agreements. Those concerns, however, should not be used as devices to protect against fair competition from developing countries.

New Zealand needs to see greater reciprocity from some of our trading partners on tariff reductions. The costs and benefits of the progressive tariff reduction will be properly examined. A more considered and balanced approach to tariff reduction will be taken.

Improving New Zealand's level of savings is also crucial to reducing our national debt as a proportion of Gross Domestic Product. My government is committed to putting New Zealand Superannuation on a sound and fair basis for the long term. The level of payment in relation to other incomes will be restored to that agreed in the multiparty accord in 1993. Discussions will be undertaken on moving to a dedicated tax and fund basis for New Zealand Superannuation which will create greater certainty as to long term provision.

Measures to improve private savings will also be considered, including reducing compliance costs and providing an alternative tax regime more conducive to encouraging superannuation savings.

The general issue of lifting our savings performance will be part of the broad structural review of the taxation system which will be undertaken. This review will involve a careful consideration of the present structure of the taxation system and of various options for changes to it.

The purpose of this review is to make suggestions to improve the robustness of the taxation system in order to ensure the challenges of changing technology, growing globalisation, and increasing complexity can be met in a fair and efficient way. The review will take into account the promotion of sustainable growth and increased equity.

An independent review will also be undertaken of the operation of monetary policy since the passing of the Reserve Bank Act in 1989. The review will focus on how the actions of the Reserve Bank have contributed to, or detracted from, maintaining a high and consistent level of growth in the New Zealand economy, especially the tradeables sector.

HONOURABLE MEMBERS. My government has a mandate from the people for repealing the Employment Contracts Act and replacing it with fairer and more balanced employment relations legislation.

This legislation will preserve the freedom to choose whether or not to join a union. It will mandate good faith bargaining. The legislation will enable New Zealand, for the first time, to observe fully the International Labour Organisation conventions 87 and 98 with respect to freedom of association.

The minimum code will be reviewed and strengthened. Greater enforcement will be undertaken of the provisions of the minimum code to ensure they are not flouted. A review of the minimum wage has been undertaken as a matter of priority and an increase has been announced.

Discussions will take place in order to institute a new system of paid parental leave.

My government's aim is to build a modern, progressive system of employment relations which is responsive to both human needs and the demands of a rapidly changing economy.

Central to the new information-based economy which is emerging is the growth of human capital. We need to improve substantially both the quality and the nature of the skills that our people possess.

The development of skills starts in the earliest stages of life. Getting a good start is crucial to later success. My government will expand early intervention programmes. The first step will be to fund the Plunket Line service on a 24 hour a day, seven days a week basis.

Increased assistance will be made available to the early childhood education sector. My government will require teacher registration and ongoing professional development in this sector. Eventually, the government will need to turn its attention to the question of pay parity for kindergarten teachers. Kindergartens will also be returned to the state sector.

In the compulsory education sector, my government's top priority is to close the gaps in opportunity which have opened up between children in schools in our different communities. My government considers that bulk funding has been both divisive and unfair. It will end, and funding budgeted for it will be redistributed to all schools on a fair basis.

Attention will be paid to the improvement of quality and standards. Homework centres will be trialed to boost educational achievement. The training and professional development of teachers will be improved. Problems with the provision of special education services will be tackled.

A new approach will be taken to strengthen education in rural areas as part of a general upgrade of rural services. Incentives will be provided to attract staff to rural schools. Where the future of any school comes into question, there will be genuine consultation with the local community and local views will be respected in any decision that is made.

My government will launch major new initiatives in post-compulsory education. A new Apprenticeship Act will be introduced. Amended industrial training legislation will be passed to encourage continuous upskilling of the workforce.

The present competitive model in tertiary education will be abandoned. My government will take steps to produce a more differentiated tertiary education sector where the emphasis is on excellence, on the production of the skills required to lift our economic and social performance, and on the intrinsic benefits of education to society. A Tertiary Education Commission will be set up to begin rebuilding a collaborative and cooperative tertiary sector.

In order to improve access to tertiary education, major changes will be made to the student loans scheme. Interest will not be charged on loans for

full time and other low income students while they study. My government will also be conducting a full review of overall student financing systems.

It is my government's intention to fund tertiary education providers at a level sufficient to enable fees to be reduced over time. A new long term funding system will be introduced to give the providers greater financial certainty.

For those who have left school without basic skills, increased support will be made available to acquire those skills, especially that of literacy.

HONOURABLE MEMBERS. Tertiary education, especially university education, is closely linked to the future of research. Research funding will be increased. Business investment in research, particularly by small and medium-sized firms, will be encouraged through the establishment of a small business research fund.

The most important need is to boost research in science and technology. A high level Science and Innovation Advisory Council will be established to report to the Prime Minister to ensure that this occurs.

The economic potential of research is only fully realised if development follows. New Zealand's record in this respect is not good. My government will change the taxation regime to ensure that it is more favourable in its treatment of research and development costs. This will be accompanied by a review of the depreciation regime to encourage investment in new plant and equipment.

My government will also work with business to extend the Government Research in Industry Fund. Centres will be established to enable graduate students and staff, whose work has commercial relevance, to prepare their work for transfer to the marketplace.

It is recognised that one area of research and development has led to significant public concerns. That is the area of genetic modification. A Royal Commission into Genetic Modification will be established. Until it has reported, a moratorium will be imposed on the commercial planting of genetically modified crops. Very strict conditions will apply to the consideration of any application for field trials until such time as the Commission reports on the wider issues.

My government will require a simple and comprehensive system of labelling of genetically modified food, whether "substantially equivalent" or not, and of any food derived from genetically modified organisms.

HONOURABLE MEMBERS. The concerns about genetically modified foods and organisms reflect wider public interest in environmental and conservation issues. My government shares that interest.

The proposed amendments to the Resource Management Act at present before the House will be revisited. Those amendments which weaken the Act will be dropped. Those that do not will proceed.

Issues of cost, delay, and unevenness in implementation of the Act will be addressed. Additional national policy statements will be prepared and co-

operation with local government will be sought in order to get greater standardisation and more efficiency in the processing of resource consents.

Waste management is an environmental matter which needs stronger action. It will be a requirement that by the year 2010 all waste management shall be on a full cost recovery basis and all existing landfills are upgraded or closed. It is my government's objective to reduce significantly the waste stream.

New Zealand also needs to improve its record in greenhouse gas control and its knowledge of the impact of climate change. Measures that will be taken will include an inquiry into the impact of climate change and ozone depletion, increased public education programmes, greater investment in public transport, and stronger measures on energy efficiency.

New Zealand is the most recently settled country of its size in the world. Most experts agree that human habitation dates back only a thousand years or so. Yet we have greatly modified our natural environment, especially over the last 150 years.

Much of our natural heritage has gone. We must protect what remains. Steps to stop the remaining native timber logging on crown land of significant conservation value have already been taken.

High priority will be given to funding for rescue programmes and habitat protection for the kiwi and other threatened species. More marine reserves will be created with the aim of covering ten per cent of the coastline by 2010. The proposed Hauraki Gulf Maritime Park will be created and the Bill before the House will be amended.

New Zealand's natural heritage is part of our national identity. The image that foreigners have of us is often one of soaring mountains, deep fiords, thermal activity, braided rivers and all that we are so familiar with.

But a nation is not just a physical environment. It is also a culture, the identity that makes each of us a New Zealander wherever we are. Much of that identity has been bound up with our sporting prowess.

Clearly in that respect we are not always achieving the standards we have set ourselves. More resources will be devoted across a broad range of sports to lifting our performance.

My government has a special interest in the promotion of arts and culture. That has been signalled by the Prime Minister also being the Minister for Arts, Culture and Heritage.

A small country which exists in an increasingly globalised environment has to work hard to maintain and develop its own cultural identity.

My government will strongly support our professional, performing artists. It will nurture much stronger music, publishing, and film industries through assistance with financing investment, export development, and promotion.

Format-specific quotas will be introduced for local content on radio and free-to-air television. The National Library and the National Archives will be strengthened. Copyright protection will be enhanced. Parallel importing of CDs, videos, films, books and software will be prohibited for up to two years after first release.

A New Zealand Music Commission will be established to encourage the development of the music industry. A range of new initiatives will provide better support for established artists, community arts, and emerging artists. The aim is to expand job opportunities and wealth creation based on the arts as well as to promote New Zealand's identity.

Radio New Zealand and Television New Zealand will be maintained in public ownership. Particular attention will be paid to the development of Maori broadcasting services in order to fulfil the government's Treaty obligations.

HONOURABLE MEMBERS. Retaining public ownership of Radio New Zealand and Television New Zealand reflects a change in policy on public asset ownership. My government will not have a state asset sales programme. Accordingly, Treasury has been instructed to cease all work on options for implementing such a programme.

It will be made clear to the boards of SOEs and other commercial organisations that their job is not to prepare assets for sale but to enhance their value and ability to contribute to economic and social growth and development as state-owned entities.

This change reflects a broader change to be applied to the public sector. My government strongly backs public funding and public ownership of core social services and will not proceed with the previous government's proposals to commercialise roading.

Legislation will be introduced to abolish the private insurance market for statutory accident compensation provision. Legislation will also provide for improvements to accident compensation, including a greater emphasis on rehabilitation, and the reintroduction of entitlements to lump sum compensation.

The public has made clear its dissatisfaction with the health system. My government's top priorities are to improve the health of New Zealanders, cut waiting times for elective surgery, and put in place a co-ordinated mental health strategy.

Mental health has been a particular matter of public concern. Failures in the mental health system have contributed to too many tragedies over recent years.

Within the next three months the government will finalise a timetable with the Mental Health Commission for implementation of improved mental health services. Urgent work will be undertaken to ensure that there are adequate housing and employment strategies for people with mental health disabilities.

My government will increase funding for elective surgery. It is our objective to establish maximum waiting times for treatment.

The remnants of the failed attempt to commercialise the public health system will be removed. The Health Funding Authority will be abolished. Majority-elected boards will oversee the provision of the public health services. The emphasis will be changed to one of co-operation, not competition, in the provision of health services.

My government will place special emphasis on the health needs of women, older people, rural dwellers, and Maori.

The national cervical screening programme will be retained and its scope and effectiveness enhanced. The national breast screening programme will be extended to women with specific risk factors. Maternity services will remain free.

My government will subsidize the cost of influenza vaccination for older people. Programmes to combat elder abuse will be supported. Caregivers will have access to respite care and day care services. By the end of this term legislation will have been introduced to remove asset-testing on those assessed as needing long stay geriatric care.

For rural areas there will be a new rural health premium to enable the retention of rural health services. District health boards will be required to have transport and accommodation policies for patients and their families. A rural general practice support scheme will be created.

It is crucial that the gaps in health status between Maori and Pakeha are closed. Special attention needs to be paid to improve mental health services for Maori. My government will work alongside health services aimed at improving overall wellbeing. The key issues for rangatahi Maori will be addressed in a holistic way.

These measures will be structured around an overall programme of capacity assessment and capacity building which will be central to closing the gaps in a way consistent with Treaty obligations.

Closing the gaps for Maori and improving the nation's overall health status means tackling the poverty and associated illnesses which have reappeared in New Zealand in the 1990s.

That is one of the reasons why my government will restore income-related rents for state housing. Low income state tenants will pay no more than 25 per cent of their income in rent. Social allocation of state housing based on need will be reintroduced and the state house building and acquisition programme will be expanded.

These moves will, over time, reduce the pressure on the low income end of the private rental market thus reducing the rate of increase in spending on the accommodation supplement going to that sector.

Special Housing Action Zones will be established in areas with particularly serious housing needs where the land is predominantly in multiple ownership in order to increase the supply and quality of housing.

My government wishes to encourage home ownership. It will investigate ways of bridging the deposit gap so as to assist modest income families into their first home. The Low Deposit Rural Lending Scheme will be further developed. Self-build and sweat equity schemes will be supported.

Work will be undertaken to determine the best ways to support the voluntary sector and housing associations which are engaged in the development and promotion of not-for-profit housing initiatives.

HONOURABLE MEMBERS. One of the great achievements of the century now ending has been the development of means of ensuring social security in times of need. As society has become more complex and the economy more open and diverse there have, inevitably, been questions raised about some aspects of social security.

In answering these, it is important that we do not forget that social security was a systematic answer to the failure of purely market-based or voluntary responses to meet the social needs of many. In resolving one set of problems it is crucial we do not recreate another, older, and more devastating set.

People in genuine need who are seeking help from the state deserve to be treated with respect and have their needs met. They are exercising their rights of citizenship. My government will urgently review aspects of the benefit system, such as abatement levels, to ensure there are not disincentives for beneficiaries to re-enter the workforce. My government will institute an enquiry into the administration of Work and Income New Zealand. In the meantime, a clear signal has been sent that there has to be an end to the culture of extravagance wherever it has developed in government agencies.

My government's aim is to ensure that people have the opportunity to earn income over their lifetime sufficient to meet their needs.

Individual needs for job-seekers will be identified through new programmes which will ensure quality case management. It is the intention to ensure that no young person leaves school to go on the dole.

The work capacity assessment pilot will be dropped. A sickness benefit will be reestablished as a non-work tested payment.

The voluntary sector is an essential component of social services. It is good both for what it does and for what it is: a sign of a healthy civic society.

My government wishes to develop a compact with the voluntary sector to facilitate and guide the relationship between us.

HONOURABLE MEMBERS. Security is more than just the provision of adequate social services. It is also about personal security and the security of the nation.

Burglary and youth crime will be targeted. My government will provide legal recognition for victims' rights, including the right to be heard and to be informed. Court support for victims will be improved.

Early intervention programmes will help children to get off the path to a life of crime. Every school will be required to enforce an adequate truancy policy. Successful community-based responses to youth at risk will be built upon.

Bail provisions will be reformed. Hardcore offenders charged with serious crimes who have a record of breaching bail will have to show why they should get bail. My government will promote alternative sentences for offenders based on restorative justice.

New Zealand's security in the world requires the most effective use of our diplomacy and limited capacity to support international peacemaking and peacekeeping. My government sees New Zealand's role as being primarily to assist the United Nations in the latter endeavours and looks forward to assisting the United Nations Constitutional Administration in East Timor in this regard.

New Zealand's defence capabilities at the moment represent a confused view of the likely roles our armed forces are likely to be called upon to perform. The key element which has been most used in recent years is the army. Yet this has been the least well-treated of the three services in terms of equipment.

Meanwhile, the announced capital expenditure plans for the armed forces would cost substantially more than has been allowed for in forward estimates of expenditure.

My government will, therefore, begin a reanalysis of these plans taking into account the recent recommendations of the Foreign Affairs and Defence Select Committee. A third ANZAC frigate will not be purchased. The recent contract to acquire 28 F-16s will be reviewed to determine whether it can be cancelled. New equipment purchases will, in future, be based on a more coherent and realistic view of our needs and the roles we can most effectively perform.

HONOURABLE MEMBERS. New Zealand is often described as a young nation. Geologically and in terms of human habitation that is so.

But we are one of the world's oldest and most stable democracies. Yet again we celebrate a peaceful change of government, brought about by the people according to the rule of law and without any loss of life or injury. The worst we have suffered is inefficiency in the organisation of the election and these administrative shortcomings will be addressed by my government.

That precious achievement of peaceful democratic change — still the exception rather than the rule in the world — must be reinforced by a more acceptable process of government over the next three years.

My government is also conscious that the ambitious programme it has announced will not be easy to achieve. It is committed to maintaining tight fiscal discipline and has begun with itself. Extravagance in the public sector will not be tolerated.

New Zealanders have voted for a change but are weary of radical restructuring. It is my government's intention that the next three years will be marked by responsible, pragmatic change in the interests of the many.

In an ever-changing world we cannot stand still and prosper. Nor is simply keeping up good enough. Our aim must be to restore our position as a country with one of the highest standards of living in the world.

My government will work with all New Zealanders to that end to create a rich, vibrant, confident nation. It reaches out to local government, to business, to teachers, to scientists, sportspeople and artists; it reaches out to our many different peoples to join with it to make New Zealand a better place for all.

Noreira,
me hikoi ngatahi tatou
hono i te motu katoa
haere ngakaunui ai ki mua
Tena koutou, tena koutou, tena koutou katoa.



