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## Speech from the Throne

Helen Clark

Prime Minister

*Speech from the Throne, delivered by Governor General Dame Silvia Cartwright PCNZM, DBE, to Members of the House of Representatives in Parliament's Legislative Council Chamber at the State Opening of Parliament*

It is a privilege for me to exercise the prerogative of Her Majesty the Queen and open the 48th Parliament.

On 17 September the people of New Zealand voted for the fourth time under the MMP electoral system. Negotiations since then have resulted in the formation of a third term Labour-led government with a majority in the House on confidence and supply.

All parties involved in this process were looking forward to making a contribution to the new Parliament. It was therefore a tragedy to learn of the untimely death of Mr Rod Donald MP, the co-leader of the Green Party. Mr Donald had been instrumental, not only in building support for the electoral system by which New Zealanders now choose governments, but also in the Green Party making such a strong contribution to Parliament in recent years. He will be sorely missed.

My government's overall objective for the next three years is to continue New Zealand's transformation to a dynamic, knowledge-based economy and society, underpinned by the values of fairness, opportunity and security.

In the last six years my government has sought to lay the foundations for this transformation.

A great deal has been achieved. My government has implemented a framework for growing a higher value economy. It has invested heavily in education and skills development. It has refocused our system of social assistance. It has supported creative New Zealanders.

Ours is now a country more confident of its economic future and more secure in its sense of identity.

In the past six years New Zealand has enjoyed economic growth above the rate of our major trading partners. We have seen a significant decline in poverty levels and we have recorded the lowest crime rates in 20 years.

Unemployment has been reduced to the lowest rate in the OECD. Solid progress is being made towards the goal of eliminating child poverty.

Honourable Members,

Over recent years, my government has set about developing a distinctive New Zealand way of responding to the challenges and opportunities of the 21st century.

This is an approach founded on New Zealanders' creativity and innovation, on valuing both inspiration and aspiration, and on seeing our size and place in the world not as a limitation, but as offering opportunities to succeed.

The New Zealand way is much more than the clichés of 'number eight wire' or 'punching above our weight'. It is based on the belief that as a confident, diverse, inclusive Pacific nation, we can work together to find new opportunities and market our best ideas profitably to the world.

This approach will continue to be applied to a range of policies and programmes aimed at lifting the quality of life and standard of living for all New Zealanders.

My government believes that the talents of all must be deployed in the drive to transform our nation.

It is important to build a broad consensus about the way ahead. Divisions within the community, perceived or otherwise, must not be allowed to get in the way of the transformation of New Zealand, to a prosperous, confident 21st century nation.

My government intends to work - as it has over the last six years - in partnership with people from across sectors and communities to advance New Zealand's interests.

Honourable members,

The strong economic growth of the last six years has seen the emergence of significant skill shortages in key sectors of the economy.

In more recent years, growth has been led by domestic demand. That has been further fuelled by bank lending based on offshore borrowing. This in turn has helped to keep the New Zealand dollar at high levels for much longer than in any previous cycle since the dollar was floated. That has further increased consumption and inflationary pressures, translating into the need for tighter monetary policy.

Breaking this cycle is not going to be easy. It certainly means that significant fiscal loosening - either by way of large expenditure increases above those already signalled or by way of significant tax cuts - cannot be considered. The government will continue to maintain over the short to medium term a firm fiscal stance with substantial operating surpluses.

In these circumstances, the most effective contribution my government believes it can make to improving economic performance is to place even greater emphasis on the importance of savings, productivity, education and skills, science and innovation, and export growth.

The KiwiSaver scheme will be established in 2007 and legislation to that end will be submitted to Parliament early next year. Work will continue on relevant taxation regimes to ensure that they are conducive to the promotion of savings, while also paying appropriate attention to the maintenance of the tax base.



New Zealand is not aiming to compete with the low-cost manufacturing giants of China and India. The security of the New Zealand economy in the 21st century will come from the ability of our firms to be part of a high skill, high productivity, and high wage economy. New Zealand's transformation demands the move to new business models of higher value and more sophisticated products.

Particular attention will be paid to the promotion of productivity growth. Over recent years New Zealand's GDP growth rates have been above the OECD average. But this has been achieved primarily by more people working, and by people working more hours than in most comparable countries. The emphasis must now switch to producing more per worker, or, in other words, lifting productivity growth rates. This will require a wide range of policy initiatives. The review of the structure of corporate taxation, as referred to in the agreements with New Zealand First and United Future, and supported by the Progressives, will also be designed to take a wide-ranging look at our current system of corporate taxation with an emphasis on practical signals to lift productivity.

My government believes that science and innovation are critical to driving our prosperity.

As part of this, a multi-year funding path for research, science, and technology will be developed. A greater proportion of research investment will be moved into longer term funding arrangements.

Compliance costs will be reduced by acknowledging the trust that research organisations with proven track records have earned.

Key areas of national research excellence will be identified, and then, for each area, my government will set out how it intends to maintain and develop long-term capability.

Particular attention will be paid to the commercialisation of innovation. This will involve acceleration of the commercialisation of research generated from within the public sector, more support at the seed and pre-seed stages, and better addressing capital market or funding gaps.

The agreement with New Zealand First commits my government to preparing for 2007 to be a specially designated "Export Year". The work of New Zealand Trade and Enterprise will be refocused more on exporting, especially of higher value goods and services, with a client-centred approach and a stronger presence in key offshore markets.

My government will continue to advocate for a fair and open global trading environment. That means taking an active role in the Doha Development Round negotiations of the World Trade Organisation, especially to secure fairer rules for agricultural trade.

Bilateral and regional trade agreements which are consistent with WTO rules and agreements will be advanced. Negotiations are under way with China, Malaysia, and ASEAN.

The backbone of the New Zealand economy will continue to be our primary industries. The Hon Jim Anderton, as leader of the Progressive Party in the coalition government will take responsibility for the agriculture, forestry and fishing portfolios with the objective of ensuring that these sectors lead the way in improving productivity and in innovation.

The agreement with the Green Party includes a commitment to developing a 'buy kiwi made' initiative to promote local goods and services to both the public and private sectors. New Zealand First is also supporting this initiative.

Honourable members,

New Zealand's growing economy relies on strong foundations. The foundations of a 21st century economy must include world class education, infrastructure, healthcare, and social services.

Education lies at the heart of my government's vision for economic and social development.

It is my government's intention that by July 2007 funding will be provided for 20 hours of free early childhood education for three and four year olds attending licensed, teacher-led services. Ensuring that



all young children have the best possible start in life with quality education is essential.

Over the next three years, around 1300 extra primary teachers will need to be employed in Year 1 classes to implement a 1:15 teacher-pupil ratio for new entrant classes. The highly successful numeracy and literacy initiatives in our schools will be extended to reinforce the gains that have been made in the last few years in the foundation skills of young students.

At the secondary level, my government will work for full implementation of the School Staffing Review Group and the Ministerial Taskforce on Secondary Teacher Remuneration.

Over recent years there has been a significant increase in participation in post compulsory education and training. This has included the establishment and development of the Modern Apprenticeship scheme, and much higher numbers enrolled in industry training. My government's goal is to have all 15-19 year-olds in some form of work, training or other income generating activity.

My government will continue to invest in these areas, in particular through funding an additional 5,000 Modern Apprentices by 2008, and continuing to work towards the target of 250,000 people in industry training overall.

Even with the significant increase in participation, the number of skilled graduates and of those with trade and technical skills has not been able to keep pace with the growing demand in the economy. There is also a concern among some businesses that young people emerging from education and training are insufficiently prepared for the labour market.

My government is determined to improve the quality and relevance of tertiary education in New Zealand. While the general standard of tertiary education here is high, some high profile examples have demonstrated that a system which puts too great a concentration on increasing participation can lead, in some instances, to poorly designed courses and misuse of public money. Changing the system to prevent such outcomes will require a significant adjustment in parts of the tertiary sector.

The introduction of interest free student loans, which will be legislated for before Christmas, will also ensure that young people find it easier financially to acquire tertiary qualifications.

Over the next three years, eligibility for student allowances will also be extended, in accordance with my government's own policy and its agreements with other parties.

Honourable Members,

Another key foundation for our growing economy is modern infrastructure. In this regard, New Zealand not only faces major challenges with respect to energy and transport policy and delivery, but also in ensuring that our ICT infrastructure is capable of supporting a dynamic 21st century economy and society.

It seems very likely that while the present high oil prices will fluctuate, there will not be a return to the low prices of the previous decade or more. This makes having efficient transport infrastructure more important than ever. My government will continue to invest heavily in that, including in public transport. During this term my government will explore a wide range of potential energy scenarios in order to develop a National Energy Strategy. Priority will be given to renewable energy sources.

A more aggressive approach will be taken with respect to energy efficiency, in order to reduce the growth in demand, while also meeting the needs of households and businesses. This will be developed in co-operation with the Green Party. Measures will include increased support for solar water-heating, the introduction of a Home Energy Rating Scheme, improved building standards, use of passive solar design systems, and other mechanisms to achieve a sustainable path forward.

Progress will continue on the completion of Auckland's roading network in the next ten years with attention being paid to ensuring a smooth flow of projects and flexibility around their management.



The preferred solution to Wellington's western corridor issue will be advanced as identified in the agreement with United Future.

Along with such investment, increased funding will be provided to encourage more people to switch to public transport.

With respect to ICT, my government will be advancing policies to ensure that the telecommunications sector becomes more competitive and that we achieve faster broadband uptake in line with our competitors.

Honourable Members,

New Zealand's transformation must be based on opportunity and security for all. Unlocking the potential of all New Zealanders is an imperative, not an ideal, in a dynamic modern economy.

Over the last six years my government has transformed our system of social assistance so that it is focused on assisting people to find sustainable employment. The social welfare system will continue to provide a base of security for all New Zealanders, alongside the provision of opportunities for work.

During this term further action will be taken to encourage and support those on Sickness and Invalids Benefits to participate in the workforce. Further development will also be undertaken on the evolution of the new benefit structure focused on providing work opportunities for all New Zealanders.

My government has also prioritised lifting living standards for families.

Working for Families represents the biggest boost for families on low incomes in over thirty years, and the biggest offensive on child poverty New Zealand has seen for decades. The decision to have children, and to raise a family, must not prevent New Zealanders sharing in the success of a growing economy.

Starting next year, my government will provide additional targeted tax relief to many families with children, as well as additional support for childcare. It will mean tax relief for every low and middle income family with children in New Zealand, as well as for many larger families on higher incomes.

My government is also committed to supporting New Zealanders find a better work-life balance. From 2007, all workers will be entitled to four weeks' annual leave.

My government will continue to ensure that we have a fair system of industrial relations. In line with the support agreements with other parties, the minimum wage will continue to be increased, with a view to the adult rate being set at \$12 per hour by the end of 2008 if economic conditions permit. Initiatives will also be taken to remedy the difficulties which have arisen with the Employment Relations Act provisions relating to vulnerable workers.

Honourable members,

Along with providing opportunities for all New Zealanders, my government is committed to ensuring security for those who need it. Decent health care, superannuation, and the social security system are central to our people's sense of security.

My government's priorities in health are to focus on primary health care through the continued roll out of accessible and affordable primary services; the implementation of preventative health care services; and increasing elective surgery numbers through initiatives such as the orthopaedics and cataracts projects.

Special attention will be paid to children. My government will work actively with other parties towards the objective of free primary health care for all under six year olds. Access to Well Child checks for pre-school children will also be extended.

A free "School Ready" check for all children before starting school will be implemented, including access to immunisations, and hearing and vision checks. All newborn children will be provided with a free hearing test, and there will be significant investments in improving dental services for children and



young people over the next three years.

As part of the agreement with United Future, my government will develop a long-term medicines strategy to ensure quality pharmaceutical usage in the health sector.

Measures will be taken to strengthen the health sector workforce. Particular attention will be paid to the aged care sector.

My government will continue to focus on the security and well being of older New Zealanders.

In line with the agreement with New Zealand First, next year's annual adjustment to the rate of New Zealand Superannuation will lift the married couple rate to 66 per cent of the net, average, ordinary time weekly wage. Work will also be undertaken to investigate ways to improve options for senior citizens who may be eligible for foreign pensions as well as New Zealand Superannuation. Ways to give better recognition to veterans of active overseas service will also be investigated.

The other element of the agreement with New Zealand First on senior citizens commits my government to developing a Senior's Card to identify the holders' eligibility to a range of entitlements.

Many superannuitants will be eligible for the extended rates rebate scheme to be introduced from 1 July next year. The mandatory over 80 driving licence test, a cause of so much stress to older people, will also be abolished.

Honourable members,

Providing security for all New Zealanders, young and old, also requires a continued focus on reducing crime. Progress has been made on reducing the rate of crime and increasing police crime resolution rates.

Now, pursuant to the agreement with New Zealand First, my government is committed to providing funding over the next three Budgets for an additional 1000 police staff.

Early intervention has the potential to achieve long term reductions in crime. Subject to positive evaluation, my government will expand successful early intervention programmes. It will support and further develop Youth Offending Teams. Further resources will be put into residential rehabilitation, and new initiatives to discourage youth involvement in criminal gangs will be developed. The home detention system will be reviewed.

A range of legislation will be introduced into the House covering an independent prison complaints authority, reforming pre-trial processes, improving Family Court procedures, overhauling the coronial system, and amending the Privacy Act.

Honourable Members,

I have outlined so far the government's priorities across the economy, education, healthcare, and social services.

Underpinning each of these priorities is an approach founded on a distinctly New Zealand way of working. This approach aims to be inclusive, forward looking, and focused on lifting the aspirations and developing the abilities of all New Zealanders. This is critical to our nation's success.

Honourable Members, one of the most distinctive features of the emerging New Zealand way is our sense of national identity, confidence, and creativity.

New Zealanders are holding their own alongside the best writers, musicians, and artists anywhere in the world. Our communities now fully embrace and support their creative members. We New Zealanders expect to see our stories and perspectives reflected on our airwaves, on film screens, in our literature, and throughout the creative spectrum.

My government will continue to support the creative sectors, knowing that they are helping to profile New Zealand very positively in the wider world, and that they play a critical role in nation building.

New Zealand has also gained enormous benefit from the many achievements of our sportsmen and women. My government will continue to work with the sports sector to build on its achievements and to increase participation of New Zealanders in physical activity. In this regard my government will support the Department of Conservation putting increased emphasis on opportunities for physical recreation in the outdoors.

New Zealand's sense of national identity is also underpinned by our position as an independent and principled player on the world stage.

My government will continue to ensure that New Zealand contributes positively to the resolution of the many challenges our world faces. Resourcing for our diplomatic, aid, and defence infrastructure is being significantly increased to that end.

My government is also committed to maintaining the quality of our environment and the preservation of New Zealand's unique biodiversity.

Clean air, open space, and good water quality are seen as part of our birthright. Yet our reality does not always conform to this ideal.

A vision and strategy for ensuring long term water quality and management will be developed. National policy statements and national environmental standards will be used to achieve the desired goals.

My government will continue to implement the New Zealand Waste Strategy and provide extra funding for the Contaminated Sites Remediation Fund.

My government will also continue to work with local authorities to improve the working of the Resource Management Act. Recent amendments to the Act should lead to significant improvements, and my government will ensure that the potential gains are achieved.

Climate change is a big threat to New Zealand's land-based industries. The evidence worldwide of the adverse impact of human activity on climate is now overwhelming. My government believes it is important for New Zealand to move with the mainstream of international opinion in finding solutions to this problem.

Honourable Members,

One of the most distinctive features of contemporary New Zealand is our increasingly diverse population.

As New Zealand moves forward, we must address needs across a range of communities and ethnicities.

Social solidarity will be critical to our country's success. My government will continue to promote tolerance and understanding between all those who make up our nation. The New Zealand way has always been to move forward together, recognising the independence of individuals, while pooling our collective talent for the good of our economy and society.

The place of Maori in contemporary New Zealand has been a matter of much controversy in recent times.

My government seeks to encourage rational and informed dialogue on the role of the Treaty of Waitangi, and on the rights and responsibilities of the Crown and Maori, and, indeed, of all New Zealanders.

It is time to recognise the emergence of a new, dynamic, confident Maoridom. It is time to lift aspirations, celebrate and encourage success, and not dwell on past failure. Pride in the achievements of all New Zealand communities and peoples must be seen as a cornerstone of the New Zealand way.



Success for Maori will come from utilising the many opportunities now available. Implementation of the Maori Fisheries Act, the acceleration of the registration of Maori Land Court Orders in the land transfer system, the expansion of the Maori Business Facilitation Service, the acceleration of the Treaty settlement process, and the continued expansion of educational opportunities will all assist.

My government is also working to conclude agreements on foreshore and seabed issues with both Ngati Porou and Te Whanau a Apanui over the coming period. These agreements will demonstrate that the Foreshore and Seabed Act does both protect the interests of the general population and recognise the special interests of Maori where those can be demonstrated to exist.

As well my government will be setting a final date for the lodging of historical Treaty claims by 1 September 2008 with the objective of having claims settled by 2020.

Honourable Members,

The election result has given my government the opportunity to build on the New Zealand way of working that has emerged over the last six years.

With the announcement of the final vote count on 1 October it was clear that the Labour Party held the largest number of seats. With other parties committed to discussing the formation of a government first with the party with the largest number of seats, negotiations were able to commence. This led to the Prime Minister being able to inform me some two weeks later that she was in a position to form a government with a secure majority in the House on confidence and supply.

The Labour-led government is a minority one, thus continuing what is now emerging as a normal feature of our political system. It rests on three layers of agreements.

The first is a coalition agreement with the Progressive Party. As with previous Labour-led coalition agreements, this provides for the maintenance of distinctive political identities in government and Parliament, and a commitment to focus on building a prosperous, safe, and sustainable New Zealand.

The Progressives are keen to bring to the government in this term their vision for both economic growth and greater ecological sustainability in agriculture, forestry and fisheries, as they see that as essential to preserving the natural capital upon which these industries rely. Improving the fisheries management framework through a network of marine protected areas is a key priority for them. In agriculture the twin challenges of increasing irrigation and avoiding nutrient build up in waterways are issues the Progressives intend addressing.

The biosecurity portfolio held by Hon Jim Anderton will continue to make an important contribution to ensuring the protection of our natural resource base, and will support the continuing economic development of the primary sectors.

The Progressives will also be continuing to pursue their key policy priorities around the misuse of drugs, better skills training and more support for families and senior citizens.

The second layer of agreements comprises the two confidence and supply agreements with New Zealand First and United Future respectively. These provide for positive votes in support of the government on confidence and supply.

The leaders of those two parties, Rt Hon Winston Peters and Hon Peter Dunne, hold ministerial portfolios outside Cabinet. They are bound by the conventions of collective responsibility with respect to those portfolios, but not otherwise.

There is also a list of detailed policy matters for action or development in both confidence and supply agreements.



The third layer is a co-operation agreement with the Green Party. As with the agreements with New Zealand First and United Future, provision is made for consultation on the broad outline of the legislative programme, on key legislative measures on which support is being sought, on major policy issues, and on broad budget parameters.

The Green Party will have full involvement in the detailed development and implementation of policy proposals for an enhanced energy efficiency programme and a 'buy kiwi made' programme. There will also be co-operation on two other levels of issues.

These agreements are an expression of my government's desire to continue with the broad and inclusive approach which New Zealanders opted for when they replaced the winner-takes-all attitudes of the first past-the-post system with MMP.

Of necessity, the longstanding constitutional conventions associated with the consequences of the old electoral system are evolving to respond to the challenges of MMP. The fact that we have enjoyed stable minority government for the last six years, and can look forward to a further three, is a tribute to the adaptability of our constitution.

Honourable Members,

My government is deeply conscious of the honour bestowed on it in taking office again. Its mission is to lead the economic and social development of our proud, independent South Pacific nation. It seeks to work alongside a broad cross section of New Zealanders to achieve the best results for New Zealand. I wish you well in your deliberations. You have been charged by your fellow New Zealanders with great responsibilities. I am sure you will do your best to fulfil them.

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