

Vice Regal

Speech from the Throne.

*premier & prime
ministers*

Honourable Members of the House of Representatives.

It is a privilege for me to exercise the prerogative of Her Majesty the Queen and open the 47th Parliament.

On 27 July, the people of New Zealand voted to return a Labour-Progressive Coalition government. That government is a minority one. That will mean that by the end of this three year term, seven of the first nine years under the Mixed Member Proportional system will have been spent under minority governments. This may well be the way of the future as well.

Nevertheless it is clear that the people of New Zealand voted for a continuation of the general policy direction followed since 1999. There was very limited support either for a reversion to the policies of the 1990s or for any radical change in direction.

This is not a reason for complacency or self-satisfaction. My government has set itself tough goals to achieve over the next three years and into the longer term future. But the people have signalled that they wish those goals pursued in a way consistent with New Zealanders' underlying values of fairness and justice, security and opportunity.

My government is committed to following an inclusive agenda which enables all New Zealanders to be valued and encouraged to contribute to the richness and wellbeing of our nation.

My government recognises that to move New Zealand towards those goals requires active cooperation with other political parties as well as with key stakeholding interests in the wider community.

Honourable Members,

My government's stability is underpinned by three agreements.

The first agreement is the coalition between the Labour Party and the Progressive Coalition. This agreement clearly states that its objective is stable government over the next term of Parliament so as to implement a comprehensive policy programme aimed at increasing economic growth, reducing inequality and improving the social and economic wellbeing of

New Zealanders and their families in a manner which is environmentally, socially and economic-sustainable.

The coalition agreement recognises and accepts the need for distinctive party political identities within government, especially in relation to the smaller party being able to maintain a separate but responsible identity.

This means that agree to disagree provisions will apply where necessary and this extends to the expression of alternative views in Parliament.

The Progressive Coalition has indicated its general policy priorities as being employment, support for low income families, health and education, and specific priorities which will be referred to shortly.

The agreement with the United Future Party is an agreement which ensures that the government has a majority in Parliament on confidence and supply motions for the next three years. Its objective is the same as that applying to the coalition agreement.

The agreement provides that my government's detailed policy programme will take account of the policy priorities of the United Future Party. Policy initiatives advanced by United Future will be considered by my government and resolved according to procedures set out in detail in the agreement.

Specifically, it is agreed that by the end of this year proposals will be developed for a Commission for the Family. Other specific agreements cover victims' rights legislation, new transport legislation, and no government legislation on cannabis.

Consultation will occur on the broad outline of the legislative programme, key legislative measures, major policy issues and the broad budget parameters.

An agreement for cooperation on a range of policy and legislative matters, but not covering confidence and supply, has been concluded with the Green Party. Under this agreement, my government will consult with the Greens on a range of issues including the broad outline of the legislative programme and the priorities within it; key legislative measures and major policy issues.

Engagement on the detail of policy will be at one of three levels. These range from full partnership by Green spokespeople with the expectation of developing joint positions down to consultation for the purposes of information sharing.

My government also looks forward to cooperation with other parties on a case by case basis.

Honourable Members,

My government sees its most important task as building the conditions for increasing New Zealand's long term sustainable rate of economic growth.

For decades our rate of economic growth per capita has been lower than that of many other countries. As a consequence, while our absolute standard of living has risen our relative standard has declined.

In addressing this problem previous governments have swung between the extremes of hands on and hands off government. It is now clear that the appropriate role for government lies between these two extremes which is where nearly all the governments of other small developed nations are to be found.

My government believes that the appropriate mix of policies can, over time, return New Zealand to the top half of the developed world.

Its ambition was stated in the Growth and Innovation Framework released in February. It is to see New Zealand as a land where diversity is valued and reflected in our national identity; a great place to live, learn, work and do business; a birthplace of world-changing people and ideas; and a place where people invest in the future.

Many of the foundations have been laid. They include conservative and predictable fiscal management. This means maintaining operating surpluses sufficient over the economic cycle to fund contributions into the New Zealand Superannuation Fund and to keep gross debt at manageable levels.

This needs to be accompanied by sensible monetary policy which aims for price stability while being sufficiently flexible in its operation to accommodate the maximum sustainable rate of economic growth. A new Governor of the Reserve Bank is in the process of being appointed. This appointment will be accompanied by the negotiation of a new Policy Targets Agreement. It is my government's intention that this will express clearly its intended monetary policy position which will more explicitly move New Zealand closer to the practice of the Reserve Bank of Australia.

This will assist in providing a framework within which higher sustainable growth can occur. But achieving that higher growth will require careful attention and energetic promotion of the key elements of economic transformation: human capital development, investment, innovation, export promotion and business and regional development.

Increasing the quality and quantity of our human capital is the highest priority.

In this respect my government will be building on the foundations laid in the last two and a half years. Already the median performance of our children in maths, science and reading ranks in the top handful of developed countries.

But we have a much larger tail than many other such countries. Lifting our overall performance in economic terms means ensuring that we rank higher internationally in total functional literacy rates.

Significant resources have been invested to meet this challenge with the Numeracy Development Project expanded to another 17,000 primary teachers, new literacy and numeracy assessment tools developed for students in Years 5 to 7, and the number of Resource Teachers of literacy doubled.

Further progress will be made by improving staff: child ratios in early childhood education, undertaking further policy work on rolling out the early childhood strategic plan, expanding such proven programmes as the early Numeracy Project and the Early Childhood Primary Links project, and extending the use of numeracy and literacy assessment tools to Years 8, 9 and 10.

Equally, more attention needs to be paid to stretching the capabilities of our most gifted children. An Advisory Committee on Gifted Education will be established to advise on areas related to gifted and talented education. A professional development programme on gifted and talented education will be made accessible to all schools over a three year period.

Such professional development programmes are central to improving the quality of our teaching. In its previous term, my government established the New Zealand Teachers' Council as an important catalyst for focussing on professional standards. This will be encouraged to enhance the quality of initial teacher education and ongoing professional development.

My government will work with the Council and teacher education providers to define specific areas of skill and knowledge that are required for the registration of graduating teachers.

Within ten years, all staff in early childhood education centres will be required to be qualified and registered teachers.

The early childhood and compulsory education sectors lay the broad base for the development of the human capital which is the most important element of economic growth in the 21st century. The tertiary education and training systems must build on that base to support New Zealand's economic and social development.

Our tertiary education system will be driven by, and rewarded for, a focus on excellence, relevance and success. This includes a commitment to removing barriers to participation.

Four key elements will together undertake this crucial task. They are: the overarching role of the Tertiary Education Commission; the use of charters and profiles for all publicly funded tertiary education organisations to steer the system; the development of a Tertiary Education Strategy which incorporates the views of key shareholders; and a new funding system that rewards performance and reflects strategic priorities.

My government will seek to improve accessibility to tertiary education through undertaking a thor-

ough review of student support. Particular attention will be paid to extending student allowances and developing a system of maximum fees. Scholarship and bonding arrangements will be introduced to address pressing recruitment and retention issues.

Almost by definition, growing more and better quality human capital through the formal education system is a long term project with respect to lifting our economic performance. Bold moves in industry training will accelerate the process.

My government has already introduced the Modern Apprenticeship scheme. It plans to double the number of people participating in the scheme by the end of next year. More generally, the goal has been set of having 250,000 people participating in industry training within five years.

Within the same timespan an education and training leaving age strategy will be fully implemented. This will involve the expansion of the Gateway programme for senior secondary school students to all decile one to five high schools; funding post compulsory schooling training for all youth trainees; further expanding the Modern Apprenticeship programme; and encouraging more Maori participation in trade training initiatives.

However good our tertiary education and trade training initiatives are, New Zealand will continue to need migrants to fill skills gaps for the foreseeable future. Changes have already been made to help employers find the skilled people they need more quickly. My government will develop further New Zealand's capacity to recruit actively talented and skilled migrants.

Migrants are valued not just for the skills they bring. They are also valued for the diversity and dynamism they bring to our society. My government remains committed to celebrating that diversity and dynamism and will resist and oppose any attempts to make migrants the scapegoats for whatever social and economic problems we face.

Honourable Members,

Increased investment in skills and talent needs to be matched with increased investment in infrastructure and innovation and building New Zealand's global connectedness.

My government will, as a matter of priority, introduce legislation to implement major changes to land transport. The legislation will include provisions for public-private partnerships, where appropriate, to finance large projects.

Transit and Transfund will be required to take a longer-term view of land transport and to ensure that government priorities are reflected better in their funding decisions. All currently planned major projects will be reviewed to ensure they meet the government's strategic objectives.

Legislation will be introduced to consolidate and update road management powers, remove legislative barriers to greater cooperation between road controlling authorities, and allow regional councils to fund and, under certain circumstances, both own and operate public transport infrastructure and services.

My government also recognises the importance of rail in New Zealand's land transport infrastructure. It will implement policies to improve the long-term management of the New Zealand rail network.

Internationally, air services are of increasing importance for both trade and tourism. Air New Zealand remains central to the maintenance and expansion of these services. My government remains committed to maintaining long-term majority ownership and control of Air New Zealand. Within these constraints, any proposal from the board of Air New Zealand for changes to its present ownership profile will have to meet national interest tests and pass existing competition tests without any form of intervention by the government.

On energy infrastructure, new electricity generation capacity is needed and better gas arrangements are required for the long term. We need certainty of supply at reasonable prices, taking into account the need for energy efficiency and conservation. The government will be taking steps to ensure that appropriate industry structures, governance and rules are working to manage the electricity and gas industries effectively.

Regional and local infrastructure is also under pressure from our high number of tourists. Often local authorities are not able to raise sufficient revenue to develop and maintain the infrastructure for such large numbers of people. My government will develop policy for addressing this issue.

My government also seeks increased capital for investment. The existing investment agencies are being brought together into a single investment promotion agency, Invest New Zealand, to attract more productive foreign direct investment.

The new agency will be backed up with more targeted programmes designed to increase inbound greenfields investment with a focus on the biotechnology, ICT and creative industries areas. The taxation issues relating to inbound investment will be dealt with. On these matters a more pragmatic stance will be taken focussing on what works in practice using overseas as well as New Zealand experience.

My government will also continue to build up the New Zealand Superannuation Fund and promote diversification of the Government Superannuation Fund and the Natural Disaster Fund to assist the deepening of capital markets.

Investment needs to be attracted, in particular, into areas of innovation. The Growth and Innova-

tion framework was released earlier this year. The next three years will see more progress in filling out the details of the strategy and implementing it.

The full potential of our economy will only be realised if we build on our sources of natural advantage and deepen the competencies that are associated with them. This means putting extra resources into enhancing capability and connectedness in the areas of biotechnology, information and communications technology and the creative industries.

My government will, therefore, work with the Growth and Innovation Advisory Board to provide ongoing advice on initiatives needed for effective implementation of the Growth and Innovation framework. It will also support the work of the taskforces in the three identified key strategic areas.

In addition, increased funding will be provided for basic research through the Marsden Fund, the New Economy Research Fund, and support for Centres of Research Excellence. Increased funding will also be provided for consortium funding in conjunction with the private sector and Technology New Zealand.

Biotechnology is one of the three identified areas of strategic priority. It is an area of both natural and acquired comparative advantage for New Zealand. It will be crucial to assisting in meeting our Kyoto obligations with respect to greenhouse gas emissions from the primary sector where, indeed, the opportunity is available for New Zealand to be a world leader in applied research.

By no means all of biotechnology research involves genetic research and by no means all of the latter involves genetic engineering or modification. But the importance of genetic engineering and modification is increasing in a range of areas.

The Royal Commission on Genetic Modification recommended a precautionary approach which preserved options for the future. My government endorses that approach. For that reason, the existing legislation with respect to the moratorium on the commercial release of GM organisms will not be extended but a strict regulatory framework will be maintained.

The effectiveness of the Environmental Risk Management Authority is a key element in this regulatory framework. The government therefore believes it is appropriate to review certain aspects of the capability of the Authority to fully implement those parts of the Hazardous Substances and New Organisms Act relating to new organisms.

The co-operation agreement with the Green Party notes this and my government has agreed that it will initiate such a review and will consult the Green Party on the terms of reference and the personnel for it.

The innovation which comes out of our laboratories and research facilities has to be translated into commercial realities if we are to receive the full economic benefits. The Crown Research Institutes are an important part of the innovation system and they have now been in operation for ten years. It

is timely to appraise their progress in this regard and my government will take whatever action is appropriate following that appraisal.

My government will pay particular attention to identifying and addressing remaining capital market or funding gaps in the innovation system. It will also further promote the role of incubators in high value business formation.

Many of the new and growing businesses in New Zealand will need to find markets overseas. The New Zealand domestic market is too small to allow for significantly higher rates of economic growth based on it alone. Expanding our exports is crucial to economic success.

New support mechanisms will be introduced for exporters. A "beach head" programme will be established in targeted overseas markets to create incubators for small or medium sized businesses trying to establish themselves in offshore markets and to create forward marketing bases for new exporters in strategic offshore markets.

Existing programmes will be monitored and evaluated to ensure they are meeting market needs. Trade New Zealand and Industry New Zealand's operations will be integrated progressively. Government support for trade missions and delegations will be increased.

These will be the first steps in a more active export promotion programme.

They will be underpinned by the development and promotion of a contemporary and future-focused Brand New Zealand which projects New Zealand as a great place in which to invest, live and visit.

Trade policy will continue to emphasise New Zealand's commitment to a global trading system that is fair, free and transparent. My government recognises that trading systems do not exist in a vacuum and that they have an impact on social, environmental and human rights issues.

Consistent with these objectives, my government will push for bilateral and multilateral trade liberalisation. In particular, my government will continue to promote the completion as quickly as possible of the Doha round of trade talks while continuing to oppose potentially trade distorting measures such as the recent United States Farm bill and European Union wine-labelling regulations.

This advocacy of comprehensive, multilateral trade liberalisation will be accompanied by strong advocacy that the rules of free and fair trade should be consistent with the rules of the International Labour Organisation, decent environmental standards, and human rights standards.

In addition, the 20th anniversary of Closer Economic Relations next year provides an opportunity to deepen our relationship with Australia. My government will explore further opportunities for

trans-Tasman cooperation within the CER framework to enhance economic growth and innovation in both countries.

In order to assist with business competitiveness, it is important to ensure the cost of doing business is minimised. This is especially so with respect to international markets given the other impediments that New Zealand's small size and distance from key markets put in the way of small to medium sized businesses in particular.

Over the next three years, my government will continue to follow through with the implementation of the recommendations of the business compliance costs panel to minimise the costs of those regulations that impact most on innovation. At the same time, we will continue to examine the main legislative requirements that impact on business, and help to build business' skills to understand and manage within the regulatory environment.

Honourable Members,

Economic growth is a means to an end, not the end itself. It is about creating real opportunities for all, a richer, inclusive more diverse and more dynamic nation, and about creating the resources to enable governments to provide better social services.

In the previous term my government gave priority to developing our arts and culture and this will continue.

It is important that the fruits of economic growth are used to underpin the development of our national identity, the preservation and enhancement of our natural and historic heritage, and social provision.

The process is mutually self-reinforcing as long as appropriate strategies are followed. My government has already identified the creative industries as one of the three key sectors and areas of competency to receive special support. This will be reflected in the work of the Creative Industries taskforce in order to ensure that a strategic approach is taken to the development of the sector. Particular attention will be paid to identifying skills shortages and professional development needs and supporting industry training. The government's economic development and support agencies will assist artists to set up and develop their own businesses.

Our creative industries often draw on our natural and historic heritage for inspiration. Much has been achieved in terms of preservation and conservation, including the ending of the logging of indigenous forest in the public estate.

But much remains to be done and preserving our heritage is a never-ending task. In particular, maintaining our biodiversity and enhancing our biosecurity will require continuous attention, vigilance and increased resources. Issues related to the protection of high country land with significant

ant conservation values also need to be addressed.

Freshwater conservation is of growing concern. My government will provide guidance and assistance to decision makers and management agencies on the protection of priority representative freshwater habitats. A national approach will be developed to protect the quality and the natural character of rivers, lakes and wetlands.

In terms of marine conservation, the priority will be to enact the Marine Reserves Bill and to reform aquaculture legislation to give greater certainty.

It is intended by 2010 that 10 per cent of New Zealand's marine environment will be included in a network of protected marine areas.

The Treaty of Waitangi has significant implications for the preservation and conservation of our natural and historic heritage. My government will continue to build and support cooperation between management agencies and iwi and hapu in relation to the management of habitat and native species within rohe or tribal areas.

Honourable Members,

My government takes New Zealand's responsibilities as a member of the world community seriously. In this term it will continue to play a constructive role as a member of the United Nations. It will participate actively in peacekeeping and will continue to advocate vigorously for best practice internationally on environmental and social issues.

In the previous term my government undertook a substantial review of our defence priorities and implementation of the re-equipment programme is well under way.

The international community faces many threats. One of the most pressing of these is climate change. Human-induced greenhouse gases accumulating in the upper atmosphere are leading to changes in the world's climate. This is likely to lead to sea level rises, changes in average rainfall patterns and more extreme weather events.

New Zealand's economy, with its reliance on land-based industries, is particularly vulnerable to the effects of climate change. Only concerted international action with respect to climate change will have any effect. Hence my government's commitment to ratifying the Kyoto Protocol.

The preferred domestic policy framework has already been announced. The consultation process with sector groups and the community on the preferred policies to give effect to our Kyoto obligations will be completed. Any required legislation to give effect to those policies will be enacted.

My government sees real economic opportunities as well as potential costs arising out of the Kyoto

Protocol coming into force. Business will be assisted to identify such new opportunities with supporting research aimed at achieving emissions reductions for agriculture.

Energy efficiency and the development of renewable energy resources will be promoted. While recognising the need for improving the roading infrastructure and reducing congestion, investment will be targeted into roading alternatives, including walking, cycling and public transport.

Honourable Members,

The protection of the environment and our natural and historic heritage is part of moving on to a path of sustainable long term development as a nation and as a member of the world community. The security that this affords us in an economic and environmental sense needs to be matched by greater security in a social sense.

Already my government has moved decisively with respect to New Zealand Superannuation. The same sense of purpose and stability is also needed with respect to other aspects of our social and physical security.

The biggest challenges in that respect in nearly all developed countries are to be found in health and law and order.

Health presents particularly difficult challenges because demand can so easily outstrip capacity to pay. Yet, rightly, our people demand access to affordable and timely high quality health care.

It is, therefore, essential that we simultaneously seek to improve the efficiency of the system as well as improve the services provided.

Improving primary health care is an important part of my government's policy in this respect. It is estimated that up to a third of hospital admissions for people under 75 are avoidable and of those, two thirds could have been avoided with earlier access to primary health care. Initially, the cost of primary health care will be reduced for high health need, low income people. This will be followed by the extension of cost reductions to more children and to older people.

Spending on primary health care will be increased substantially. Primary Health Organisations will be established as the key mechanisms for District Health Boards to ensure the needs of their populations are met. All health professionals will be encouraged to work together in those organisations to provide quality coordinated care for the populations enrolled with them. There will be support for the development of Maori and Pacific providers.

My government will continue to increase its investment in mental health services. In response to the policies of the Progressive Coalition and United Future, the leader of the Progressive Coalition will be responsible for implementing a comprehensive drug strategy aimed at protecting young

people and educating them in the dangers of drug use and a youth suicide prevention strategy.

More effort now in these areas will both save lives and reduce costs in the longer term to government.

Similarly, in law and order it is important that we invest in early intervention and prevention and not simply respond after the event. My government will implement the Crime Reduction Strategy which takes an integrated approach to crime through recognising and tackling its root causes. The strategy targets family violence and child abuse; other violence, including sexual violence; burglary; theft of and from cars; serious traffic offending; and youth offending and re-offending.

Special emphasis will be placed on the importance of reducing youth offending. Today's youth offenders are all too often tomorrow's hardened criminals. It is crucial to turn young offenders into productive members of society and away from a life of adult crime.

New programmes will be established to change the behaviour of high risk young offenders. These include a pilot residential programme; day reporting centres and a Youth Drug Court; early intervention programmes for children and youth at risk; improvements in the effectiveness of family group conference; and the establishment of a youth crime information database.

Consistent with the confidence and supply agreement with United Future, my government will seek the cooperation of all parties to pass the Victims Rights Bill this year. Other measures to support the victims of crime will be implemented, including ensuring the security needs of victims are met.

Further expansion of the restorative justice pilot programme will ensure victims a greater voice in responding to offending against them and reduce the prospect of offenders going on to commit further crimes

Honourable Members,

Health and law and order are not the only significant areas of personal and social security that my government will focus on. Housing, social security and employment rights also figure prominently in its plans.

The state housing stock will continue to be increased, reversing the decline of the 1990s. The existing stock will be modernised and upgraded. The Special Housing Action Zones initiative will be enhanced.

Work will be undertaken to develop partnerships with local government in housing provision and to encourage retention of local authority owned housing stock.

My government's approach to the wider areas of social assistance will focus on better supporting families and children, simplifying the system, and improving opportunities to move into paid employment. It is intended to move towards annual reviews of Family Support and Family Tax Credit rates and thresholds.

Priority will also be given to increasing the maximum number of subsidised childcare hours to support parents moving into employment and the introduction of an "abatement free zone" for people receiving income support and accommodation supplement, encouraging and rewarding movement into employment.

These moves will be backed by improved case management for sole parents, improved programmes to help people moving into work, including better case management and employment programmes to assist people to gain skills.

Security is at least as important for people in work. The modern economy cannot guarantee a job for life, either in a single occupation or a single firm. But in a civilised society an appropriate employment relations framework will continue to emphasise the dignity of labour, and recognise the important role unions can play in promoting the interests of workers.

In particular, my government believes that work is but one dimension of living and should not crowd out and distort family life, recreation and personal development. An integrated and balanced family-friendly work/life programme will be developed and employers and unions encouraged to have regard to its basic principles when negotiating collective agreements and designing work practices. This reflects the policy positions of the government coalition partners.

My government will also review the operations of the Employment Relations Act to identify if any fine-tuning is needed either in the law or in the administrative supports that operate to implement the law.

Other legislative matters will include amending the Holidays Act to provide for an additional payment for those who work on statutory holidays, separating out rights to sick and special leave, and to bring the provisions of the Act into line with the realities of modern employment practice.

The Paid Parental Leave Scheme will be comprehensively reviewed after one year's operation, with a view to expanding the scheme as resources permit. Priorities will include extending coverage to those with more than one employer in the previous year, the self-employed, and extending the period of leave.

Comprehensive measures will be taken to ensure there is protection of employment conditions and continuity of employment in the event of the sale of a business, transfer of undertakings, and contracting out.

Honourable Members,

In this Parliament you will be asked to consider constitutional changes with the proposal to establish a final court of appeal in New Zealand. My government sees this as a crucial affirmation of New Zealand's sovereignty and national identity and self-reliance.

The basis of constitutional government in this country is to be found in its founding document, the Treaty of Waitangi. My government values and remains committed to strengthening its relationship with tangata whenua. That means fulfilling its obligations as a Treaty partner to support self-determination for whanau, hapu and iwi.

In this parliamentary term the issue of fisheries allocation must finally be settled. Work will also be progressed on the Crown forests. The process for Treaty settlements will be improved while recognising that the integrity of the process must not be compromised by speeding it up beyond the capacity of those involved.

Honourable Members,

My government has placed before you today a very full and ambitious programme for the next three years. The consideration of the details of this programme will require a heavy commitment of time, energy and intelligence from all of you. You are privileged to be members of this House, to succeed and honour those who have gone before you, and to lay the ground for those who will come after.

The people have placed in you their trust for the next three years.

Na reira, me maumaharatia te mahi a ratou i muri ake, me te mahi a ngakau a ratou i mua iho, ko te tumanako nei kia mahi tahi koutou mo te oranga tonuitanga o Aotearoa, mo nga hapai o hoki kua piki ake koe ki te taumata Paremata.

Kia ora tatou.



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