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## Speech from the Throne

John Key

Prime Minister

*Speech from the Throne, delivered by Governor General the Honourable Anand Satyanand, PCNZM, QSO, to Members of the House of Representatives in Parliament's Legislative Council Chamber at the State Opening of Parliament.*

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 49<sup>th</sup> Parliament.

E nga mana, e nga reo, e nga rangatira ma, tena koutou, tena koutou, tena koutou katoa.

Just over four weeks ago New Zealanders elected a new Parliament.

The outcome of the election clearly demonstrated New Zealanders' desire for a new government and, in the view of my government, a desire for a fresh approach to our country's challenges.

Within two weeks of that election, negotiations between political parties enabled the formation of a new National-led Government that commands the votes of 69 Members of this Parliament on confidence and supply.

Those confidence and supply agreements are held with the ACT Party, the Maori Party and the United-Future Party. These agreements will form the basis of constructive and mana-enhancing working relationships and will enable my Government to govern in an effective, stable and inclusive manner.

Beyond these agreements, my Government anticipates co-operating with other parties in Parliament on issues of mutual interest.

Honourable members. The driving goal of the new Government will be to grow the New Zealand economy in order to deliver greater prosperity, security and opportunities to all New Zealanders.

It will be going for growth because it believes in the power of economic growth to deliver higher wages, better living conditions and, ultimately, a stronger society for New Zealanders.

My Government knows that only a strong economy will guarantee financial security for families, well paid jobs in New Zealand for our young people, and larger superannuation payments for our older people.

In pursuing this goal of economic growth my Government will be guided by the principle of individual freedom and a belief in the capacity and right of individuals to shape and improve their own lives.

My government believes that building a stronger economy in the term of this Parliament will not be without considerable challenges.

These are extraordinarily difficult times for the country and the world.

The world is experiencing what is now being described as the worst financial crisis since the Great Depression of the 1930s. Global credit flows have dried up, financial institutions have fallen over, sharemarkets have plunged and economies worldwide are falling into recession.

The New Zealand economy has been in recession this year and economic growth in 2009 is forecast to be low. Asset values are falling and unemployment is predicted to rise. The Government will run an operating deficit this year and is likely to do so for some years to come.

My government believes that in such challenging times our country can not afford its Parliament to be distracted from the issues that matter.

So my government will not seek to involve itself in decisions that are best made by New Zealanders within their own homes and their own communities. The new Government's vision is not to dictate the way in which New Zealanders should live their lives, but instead to ensure they have the opportunities they need to make the best choices for themselves.

My government will therefore, in representing the will of New Zealanders, remain resolutely focused on the issues that matter, pre-eminent of which will be the need to strengthen the economy to ensure future economic growth.

Honourable members. My government is concerned that in recent years, New Zealand's productivity growth has been poor, our after-tax wages have slipped further and further behind those in Australia, and record numbers of people have departed our shores to live permanently overseas. New Zealand's economy has slipped further behind those of other OECD countries.

It is the view of my Government that if New Zealand's past ten years were to be described as the decade of missed opportunities, then the next ten years must be the decade of maximized opportunities.

My Government intends to embrace New Zealand's clear opportunities for improved economic performance and to use them to deliver better wages and living conditions for all New Zealanders.

It commits to, amongst other steps, an ongoing programme of personal tax reductions; a step-up in infrastructure investment; a reduction in government bureaucracy in favour of frontline services; an across-the-board commitment to lifting productivity growth and a renewed effort to lift education standards.

In recognition of the current financial crisis, my Government will move quickly to provide much-needed fiscal stimulus to the flagging economy, in the form of personal tax reductions and a step-up in infrastructure investment.

My Government is today tabling a Bill to reduce personal taxes from 1 April 2009. Its intention is to pass this new tax legislation by Christmas and it believes this tax reduction will equip New Zealanders with some much needed extra cash in tough economic times.

Personal taxes will be further reduced from 1 April 2010 and from 1 April 2011. As a result, by 1 April 2011 around 80% of New Zealand taxpayers will end up paying no more than 20c in tax for every additional dollar that they earn.

This programme of tax reduction is a central part of the economic plan of my Government, because it believes in encouraging New Zealanders to get ahead under their own steam, and it views personal tax reductions as an essential step in ensuring that can happen.

In addition to this tax programme, my Government will urgently set about tackling the infrastructure blockages evident in New Zealand's economy.

This will involve a stepped-up programme of Crown infrastructure investment, with many overdue projects brought forward.

This infrastructure programme will in the short-term create much-needed jobs and economic stimulus, while in the medium-term it will help unclog the arteries of the New Zealand economy and improve economic productivity.

Of particular focus will be the development of new roading and public transport projects, the improvement and expansion of school property in a 21<sup>st</sup> Century school-building programme and the accelerated roll-out of an ultra-fast broadband network across New Zealand.

The development of this ultra-fast broadband network will be critically important to New Zealand's growth prospects, as it will provide New Zealanders with high-speed, real-time Internet connections to the world, and will give rise to new enterprise and innovation.

In this area of infrastructure investment, as in others, my Government will work constructively with the private sector in order to maximize the impact of public investments.

In parallel with this commitment to infrastructure investment, my Government will undertake a two-step reform of the Resource Management Act.

The first stage of this reform will be focused on improving the consent process and will include amendments to streamline and simplify the Act, including priority consenting for projects of national significance.

The second stage of this reform will focus on improving decision-making around infrastructure, water and urban design.

The goal of both stages of reforms will be to reduce the costs, delays and uncertainties in current law that my Government believes are holding back development and job creation.

My Government is acutely aware that despite the measures I have just outlined, the enormity of the economic challenges that New Zealand faces today are such that unemployment is forecast to rise in the months ahead.

It believes that the economic crisis will not be averted by cutting government spending and social support, but rather by backing the everyday New Zealanders who, through their hard work and resilience, will power New Zealand through this recession.

In what may be particularly tough times, my Government is determined to 'stay the course' with New Zealanders, by giving those who have lost their jobs the support they need to get back on their feet.

Before Christmas my Government will announce the details of its transitional relief, 'Re-Start', package to help those New Zealanders worst hit by redundancy.

This package will be carefully targeted and designed to help people who have worked hard and who have big aspirations for the future but who will be, through no fault of their own, coping with a big financial blow.

In this area, as in all others, my Government intends that its actions reflect the belief that New Zealand is a country built on a sense of fairness and a sense of our obligations to each other.

It is confident that as the steps I have just outlined are taken, the country will be able to push through this downturn and onto a longer-term pathway to stronger growth.

In the short-term, my Government is committed to shoring-up the liquidity of the financial system. It will continue to support the retail deposit and wholesale banking government guarantees currently backing our financial sector. Its intention is to continue those guarantees for as long as - but no longer than - they are needed to ensure the effective operation of our banking system.

The new Government notes that of the \$14 billion of assets in the New Zealand Superannuation Fund, less than 25% is currently invested in New Zealand.

It believes this Fund should be used to invest in our country's future growth and to underwrite our future prosperity. My Government will therefore set a target of at least 40% of the Super Fund to be invested in New Zealand.

In addition, it will take steps to ensure that saving is a more affordable choice for more New Zealanders by reducing the minimum employee contributions to Kiwisaver to 2% of an employee's gross salary.

My Government also wishes to address the issue of New Zealand's low productivity growth and intends to lead by example, by carefully examining public spending.

It will require that public agencies focus taxpayers' money on the frontline services they have a right to expect and that public spending is scrutinized to ensure sure it is deployed to good effect.

My Government is concerned that for the past several years the number of people employed in the public service has grown at a rate that has not been matched by a commensurate increase in the level of services provided to the public.

Its focus therefore will be on improving services to the public and not on increasing the number of public servants engaged in government administration. To that end, it will halt the growth in government bureaucracy and ensure that resources are focused on the provision of frontline services.

My Government recognises that the public accounts leave little room for new spending over the next few years. It will work hard to make the most out of every dollar, so as to deliver high-quality public services and to protect the vulnerable from the sharp edge of a recession.

Furthermore, in order to help businesses and employers through this downturn and onto a stronger growth pathway, it will focus on reducing the regulatory and compliance demands that get in the way of productivity growth.

In addition to the reforms to the Resource Management Act I outlined earlier, my Government will undertake a regulatory review programme.

This review will identify and remove inefficient and superfluous regulation and it will ensure that regulations are used sparingly and effectively.

As signaled in its confidence and supply agreement with the ACT Party, the Government will undertake a review of the Emissions Trading Scheme (ETS).

My Government believes that New Zealand as a responsible international citizen, and as a country that values our clean, green environment, must act to reduce greenhouse gas emissions and to confront global climate change.

In this area, as in others, it will pursue an appropriate balance between meeting our environmental responsibilities and taking up our economic opportunities.

The purpose of the ETS review will therefore be to ensure the reduction of emissions in ways that result in the least cost to New Zealand's society and economy.

My Government acknowledges that efforts to reduce emissions at home must be matched by efforts to reduce emissions abroad.

It will honour its Kyoto Protocol obligations and it will work to achieve further global alliances that build on the goals agreed to at Kyoto. In approaching future international climate change negotiations it will work with fellow countries on finding a pragmatic way to include large emitters like China, the United States, India and Brazil.

My Government will also advocate firmly in international negotiations for the appropriate recognition of New Zealand's unique agricultural-emissions-profile. This push will be buttressed by increased public investment in research and development to reduce greenhouse gas emissions from livestock.

Honourable members. An unwavering focus on lifting education standards will be a critical aspect of the Government's plans for strengthening New Zealand's economy.

It will work to modernise New Zealand's school system to ensure it responds to the varied needs of our young people and that it prepares them for the demands of tomorrow's employers.

Of particular concern to my Government is the long tail of underachievement that it sees in our schools, with as many as one in five young New Zealanders leaving school without the skills and qualifications they need to succeed.

Steps will be taken across the board to confront this problem.

In early childhood education particular focus will be given to ensuring early childhood providers respond to the needs of New Zealand families and that children from less privileged homes are better engaged in pre-school education.

In primary schools, the introduction of National Standards in literacy and numeracy and the new requirement that every pupil's progress be assessed against these standards will ensure that problems are identified early and confronted.

In addition, parents will be better informed about their children's literacy and numeracy progress through a new requirement that National Standards results be reported in Plain English.

These steps will be critical parts of my Government's intended crusade to improve literacy and numeracy standards throughout New Zealand's school system.

In secondary schools, many students will get more out of their education as a result of my Government's 'Trades in Schools' policy. This will include the development of specialised Trades Academies, expanded opportunities for school-based apprenticeships and enhanced trades and technology-based learning opportunities.

At the senior end of secondary school the newly elected Government will introduce a Youth Guarantee. This will provide 16 and 17 year olds with an entitlement to free school-level education at a wider range of institutions including polytechnics, wananga and private training establishments.

In tertiary education, my Government will work to streamline the bureaucracy, ensure course quality, and to respond better to employers' and students needs.

In recognition of chronic workforce shortages, it will introduce voluntary bonding schemes, based on student-loan write-offs, for graduates in hard-to staff areas across a range of professions, including doctors, nurses, midwives, vets, and teachers.

Honourable members. I have outlined today a number of steps my Government will take to strengthen the New Zealand economy both for today and for the years ahead.

My Government has made it clear that its plans for the economy set the foundation for a wider set of aspirations. The new Government is committed to improving the lives of New Zealanders across a range of fronts, and its policies will reflect this.

In particular, it will address the frustrations shared by many New Zealanders who have conveyed to my Government their concerns at the high and climbing levels of violent crime throughout the country.

My Government has a number of policies and approaches for reducing violent crime and making our communities safer.

Criminal gangs and the "P" trade they support will not be tolerated.

Youth offenders will be targeted earlier and more effectively through a new and expanded range of interventions and Youth Court sentences, including 'Fresh Start' programmes incorporating military-style training and intensive mentoring.

Sentencing, parole and bail laws will be strengthened to ensure that sentencing decisions reflect my Government's view that public safety should be paramount and that parole is a privilege, not a right.

Additional police officers will be recruited and a greater proportion will be deployed to South Auckland.

Police will be given new and enhanced powers. These will include the ability to issue on-the-spot-protection orders to protect victims of domestic violence and the ability to take DNA from offenders at time of arrest.

Victims of crime will be provided with enhanced rights, support and follow-up services from the Government.

New focus will be brought to rehabilitation within prisons, with enhanced provision of drug and alcohol services and the introduction of compulsory work programmes for prisoners.

Honourable members. My Government is also committed to improving the efficiency and effectiveness of the public health system.

It observes that in recent years a significant increase in public health spending has not been matched by improved or increased health services to New Zealanders.

My Government intends to reduce surgery waiting lists, to cut wasteful bureaucracy, and to address the health workforce crisis.

As highlighted in its agreement with United Future, my Government will make better use of the private sector to deliver public health services, including reducing elective surgery waiting lists.

It will also give health professionals a greater say in the running of the health system and it will require District Health Boards to work more collaboratively to improve patients care.

The Government's welfare policies, like all its policies, will help people to help themselves. They will reflect its belief that paid work is the route to independence and well-being for most people, and that it is the best way to reduce child poverty.

In this area, as in all areas of social policy, my Government will establish new relationships with the non-government and voluntary groups that are so important to the functioning of a healthy society.

By working more closely with these groups and turbo-charging their efforts, my Government will tap into the resources, ideas and collective goodwill of New Zealand communities.

Honourable members.

My Government is impatient to see Maori standing strong, economically independent and fulfilling the complete promise of their potential.

For New Zealand to move forward as a nation, the settlement of historical Treaty grievances will be vitally important.

My Government is committed to the expeditious completion of final, durable settlements of historical grievances. Accordingly it will devote fresh energy to this important area. This will be essential to reaching its medium-term goal of achieving just and durable settlement of all historical Treaty claims by 2014.

In addition to these ongoing settlement negotiations, and in accordance with the confidence and supply agreement with the Maori Party, my Government will undertake a review of the Seabed and Foreshore legislation to ascertain whether it adequately maintains and enhances mana whenua.

If repeal is necessary it will ensure there is appropriate protection in place to ensure all New Zealanders enjoy access to the foreshore and seabed, through existing and potentially new legislation.

My Government's confidence and supply agreement with the Maori Party further sets out its intention to establish a group to consider constitutional issues including Maori representation.

In addition to a consideration of these issues, it will give New Zealanders the chance to have their say on the Mixed Member Proportional representation system that has formed the basis of this country's parliamentary elections since 1996.

This will take the form of a binding referendum, and if a majority of voters decide they want to consider other electoral systems, the new Government will offer them a choice of a range of systems to replace it.

My Government will repeal the Electoral Finance Act. This reflects a concern on the part of my Government that this piece of legislation can be viewed as placing a yoke on free speech and thereby eroding the democratic principles that underpin our country.

As an interim measure it will return to the Electoral Act 1993, with the parts of the Electoral Finance Act dealing with donations added in. It will then work across the Parliament to create durable and effective electoral law that enjoys the support of the New Zealand public.

Honourable members. My Government will ensure that New Zealand exercises a free, independent foreign policy that reflects the best interests of New Zealand.

It will have a bipartisan approach to foreign policy and it will be driven by a considered evaluation of New Zealand's evolving international interests.

This will include an ongoing commitment to trade liberalization and the pursuit of bilateral, regional and world-wide free trade agreements.

In the course of this Parliamentary term other matters, and other measures, will be laid before you. That is as it should be.

While I do not seek to lay out all aspects of the new Government's proposals today, it has made it very clear that at all times strengthening the economy will be front and centre of its priorities. For it is this growth agenda upon which my Government's vision for New Zealand rests.

It aspires to see New Zealanders becoming more prosperous, to see them taxed less and paid more. It wishes to see our people living in safer communities, and to ensure that they have access to world-class educational opportunities and improved health services.



Without economic growth my Government's objectives will be compromised, with stronger economic growth, its objectives will be realized more fully.

My Government will aim to raise New Zealander's sights, and encourage them to set their aspirations higher - for themselves and for their country.

Honourable members. In going for growth my Government will be acutely conscious of the fact that it is in the interests of no New Zealanders, and to the detriment of us all, to allow an underclass to develop in New Zealand.

It will take seriously its duty to protect our most vulnerable citizens.

It will take seriously the importance of the obligations and ties we each, as citizens and as communities, have to each other.

Most importantly, it will seek to give all New Zealanders the confidence that this is a country where you can get ahead - and that the State, through its agencies and through this Parliament, should reward rather than discourage effort.

My Government views economic growth as the platform upon which a stronger New Zealand will be built. It views political leadership from this Parliament as essential to achieving that goal. But it is It is under no illusion about who the real builders of a stronger economic future will be.

The true builders of that future are not sitting in this Chamber today.

The true builders of that future are the millions of New Zealanders working in the homes, the businesses, the industries of our country.

It is they who make this country strong.

It is they who have placed their trust in us their Parliament.

And it is they, our fellow New Zealanders, that my Government will ever seek to serve.

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