



# Prime Minister's Statement

Rt. Hon. John Key  
**Prime Minister**

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Honourable Members.

The National-led Government was re-elected in 2011 with a clear plan to build a faster-growing economy supporting more jobs, rising incomes and better public services.

The Government's plan involves returning to surplus and reducing debt; pushing ahead with a wide-ranging programme of reforms to create a more productive and competitive economy; driving better results and better value for money from public services; and supporting the rebuilding of Christchurch.

This programme is helping New Zealanders and their families get ahead, encouraging personal responsibility, and rewarding people for hard work and enterprise.

It is helping give businesses the confidence to invest and expand, which is the prerequisite for economic growth and new jobs.

A strong economy in turn provides the resources necessary to protect the vulnerable in society, maintain the rule of law, provide high-quality public services, look after the environment, and provide opportunities for young people.

Over the next year, the National-led Government looks forward to continuing strong and effective relationships with our confidence and supply partners, the ACT, United Future and Maori parties.

The agreements we have with these parties, and the goodwill and respect that exist between us, will enable the Government to operate in an effective, stable and inclusive manner.

That stability is all the more important given the backdrop of an unsettled and uncertain global environment.

The Global Financial Crisis has had a profound and lasting effect on economies in the developed world.

Developed countries have not had such a difficult recovery from a downturn since the Great Depression of the 1930s.

Forecasts of growth in the world's biggest economies have been progressively revised downwards.

And these global factors will continue to affect New Zealand, which makes up just a quarter of one per cent of the world economy.

An increased level of household saving has also weighed against economic activity in the short term, although it is a necessary foundation for more sustainable growth in the medium and longer terms.

Yet none of these factors has knocked the economy for six.

Despite setbacks, the New Zealand economy continues to perform better than many others around the world.

Since the lowest point of the recession, in the June quarter of 2009, the economy has grown at an average of just under 2 per cent a year in real terms.

Both the Treasury's Half-Year Economic and Fiscal Update and the Reserve Bank's Monetary Policy Statement show the economy growing at an average of 2½ per cent a year over the next three years.

At that rate, New Zealand is expected to grow more strongly than the Euro area, the United Kingdom, Japan and Canada.

New Zealand's employment rate is very high in comparison to other countries, with over three-quarters of all New Zealanders aged 20 to 64 in work.

There are still too many people looking for work who can't find it. But forecasts show employment continuing to increase and unemployment falling, as the economy picks up.

New Zealand has a number of positive opportunities over the next decade.

Our trade and investment links are increasingly with Asia, which is the fastest-growing region in the world. Since 2008, our exports to China have trebled. And in the next five years, developing countries in Asia such as China, India and the ASEAN countries will increase their share of world GDP by nearly 20 per cent.

Our terms of trade remain high, despite coming off near-record levels as global growth slows.

New Zealand also faces a domestic construction boom. That will be centred, of course, on Christchurch, where the total spend is now estimated to be around \$30 billion. And an increase in construction has impacts across the whole country, particularly as manufacturing gears up to supply materials.

Overall, the Christchurch rebuild is forecast to contribute 0.7 per cent a year to growth over the next few years.

New Zealand is in a strong position to translate these opportunities into more jobs, higher incomes and better living standards for New Zealand families.

Over the next year, the Government has a comprehensive policy agenda, and a substantial legislative programme that it intends to put before the House.

That policy agenda and legislative programme reflects the Government's four priorities for this term of office:

- to responsibly manage the Government's finances
- to build a more competitive and productive economy
- to deliver better public services to New Zealanders, within the tight budgets the Government is operating under
- and to support the rebuilding of Christchurch.

Honourable Members.

## **RESPONSIBLY MANAGING THE GOVERNMENT'S FINANCES**

The Government's first priority is to responsibly manage its finances.

Operating deficits, and the subsequent increases in government debt, have been appropriate responses to the recession, the Global Financial Crisis and the Canterbury earthquakes. The Government has absorbed much of the shock of these events on its own balance sheet.

However, that build-up of debt could only ever be temporary. Returning to an operating surplus, and starting to bring debt down to more prudent levels, will allow the Government to build New Zealand's resilience to future shocks, help lift national savings and reduce future finance costs.

On coming into office in late 2008, the National-led Government was presented with forecasts showing permanent structural deficits and ever-increasing government debt. The Government has worked hard to turn that situation around by reining in spending, despite the significant additional costs from the Canterbury earthquakes.

Our target is to return to an operating surplus in 2014/15 then start to reduce debt as a proportion of GDP. The Half-Year Economic and Fiscal Update shows the Government remains on track to do that, albeit with a modest surplus of \$66 million in 2014/15.

The Government remains focused on keeping its spending under control, while being aware that its revenue may vary according to global economic conditions over the next few years.

This will require responsible fiscal and economic management well beyond 2014/15, so we can build a buffer against future shocks, restart contributions to the New Zealand Superannuation Fund, and invest in priority public services.

The 2013 Budget will set out the Government's revenue and spending, and show exactly what we are doing to meet our fiscal targets, get back to surplus and start reducing debt.

The Government has set an allowance for new operating spending in 2013/14 of only \$800 million. To keep to this allowance, we will continue to reprioritise spending into higher-priority areas and require government departments to find efficiencies as part of their four-year budget plans.

Government spending is forecast to fall from 35 per cent of GDP in 2010/11 to 30 per cent in 2015/16.

As has previously been signalled, there will be no allowance for new capital spending in Budget 2013, or for the following three Budgets.

Instead, new capital spending will be funded from reprioritising existing capital and, in particular, from the proceeds from the Government's share offer programme, which is expected to raise between \$5 and \$7 billion in total. That is \$5 to \$7 billion the Government would otherwise have to borrow.

In the first half of this year, subject to the Supreme Court's decision, the Government intends to offer shares in up to 49 per cent of Mighty River Power.

The Crown will retain at least 51 per cent of the company, and New Zealanders will be at the front of the queue for shares.

We also want to proceed with another IPO later this year.

The proceeds from each of the share offers will be put in the Future Investment Fund and be used to invest in new public assets. This investment will support jobs and provide long-term physical and social infrastructure.

Budget 2013 will set out more details of allocations from the Future Investment Fund for capital investment in priority public assets, such as schools and hospitals.

Honourable Members.

## **BUILDING A MORE COMPETITIVE AND PRODUCTIVE ECONOMY**

The Government's second priority is to build a more competitive and productive economy.

The Government is pressing ahead with a wide range of measures to build a more productive and internationally competitive economy – an economy where growth is based on the solid foundations of investment, exports and savings.

In contrast, and through poor policy decisions, the New Zealand economy lost competitiveness in the mid-2000s when growth was built on debt, consumption and large increases in government spending.

Investment is crucial to building a stronger economy, because jobs and growth depend on people investing money, at their own risk, in setting up a business or expanding an existing business.

So New Zealand has to be a magnet for investment. That includes investment by individuals and small businesses as well as big businesses, and investment by people from overseas as well as New Zealanders. The more investment we get, the more jobs will be created.

That is why the Government's policy focus is on areas that will help businesses invest, grow and create more jobs.

Our work programme for this year and beyond is set out in our Business Growth Agenda, which details a large number of initiatives in the following six areas:

- export markets
- innovation
- skilled and safe workplaces
- infrastructure
- natural resources, and
- capital markets.

## EXPORT MARKETS

In terms of export markets, the Government will this year continue to pursue high-quality trade agreements to ensure improved market access for New Zealand's goods and services.

We remain committed to opening markets through the World Trade Organisation. While negotiations in Geneva are at a standstill, we must not lose sight of the significant benefits that would flow from a successful conclusion of the Doha Round.

In addition, the Government is currently negotiating free trade agreements with 11 countries in the Trans-Pacific Partnership, including the United States, and separately with a number of other countries including India, Russia and Korea. TPP negotiations are well advanced and negotiators have been asked to try to conclude the broad outline of an agreement by October this year.

This year we will also begin negotiations for a new 16-nation regional free trade agreement – the Regional Comprehensive Economic Partnership – that involves the 10 ASEAN countries, Australia, China, India, Japan, Korea and New Zealand.

And ministers will continue their comprehensive programme of trade delegations focused on Asia. The Government has been ramping up its engagement with that region, because we see huge opportunities there for New Zealand businesses.

The Government will this year complete the trade single window system to make dealing with border agencies easier and more efficient for exporters and importers.

Tourism New Zealand will continue to engage with the industry in developing its next three-year marketing strategy, The Hobbit movies will showcase New Zealand as an attractive destination, and almost all of the New Zealand Cycle Trail network will be completed.

We will keep working to further streamline passenger processing at international airports, building off the success of SmartGate.

And we remain convinced of the significant benefits to the tourism industry and the national economy that would flow from the development of a national convention centre in Auckland.

## INNOVATION

In terms of the innovation system, government funding for research and innovation will be greater this year than it ever has been.

In particular, this year will see Callaghan Innovation, the new advanced technology institute, up and running. Callaghan Innovation will work with firms in the high-tech manufacturing and services sectors, and will be based in Auckland, Wellington (including the Hutt Valley) and Christchurch.

The National Science Challenges will be finalised in the next few months, following advice from an expert panel, and the science funding system will begin to be realigned to steer a greater proportion of resources toward addressing those challenges.

The Government is also boosting funding for university-led research, so that the Performance Based Research Fund will reach \$300 million by 2016.

## SKILLED AND SAFE WORKPLACES

The Government is taking a number of important steps to increase skills and support jobs, as well as supporting safe, fair workplaces.

In terms of skills, the Government is this year focusing on what people are studying, ensuring a simpler track from school to tertiary study for vocational learners, and boosting the apprenticeship system.

Shortly we will launch five new NCEA vocational pathways that clearly signpost the subjects young people should take at school, or as part of the Youth Guarantee, to prepare for vocational careers in construction, manufacturing, the primary sector, the service sector and social services.



This year the new Youth Service will be fully up and running. Young people who have left school, and who don't look like they are heading into employment or training, will be referred to a local Youth Service provider. Those community providers will work with the young people to get them into education, training, or work-based learning, and they will get paid on the basis of results.

This year there will be over 4,000 places available in trades and services academies, allowing young people to explore vocational career opportunities while still at school.

And there will be around 8,700 Youth Guarantee places for young people to study fees-free outside the school environment.

In universities and institutes of technology, the Government is directly funding 700 extra places nationwide for engineering students in 2013, while the institutions themselves are re-prioritising to create a further 300 places.

The Government is strengthening the quality of industry training.

We are committed to reducing the number of qualifications to around 1,300 at levels 1 to 6 by the end of 2014, down from 4,600 in 2008. This will ensure continued confidence in the value and relevance of qualifications and clarify pathways to higher qualifications.

Last week I announced a package of further changes to industry training and in particular to apprenticeships.

We are introducing an expanded and improved apprenticeship scheme called New Zealand Apprenticeships. These new apprenticeships will provide the same level of support, and the same level of subsidy, for all apprentices, regardless of their age. We will boost overall funding for apprenticeships and lift their educational content.

As a result of these changes, and stimulated by the boom in construction and other trades that is already underway in Christchurch, we estimate that around 14,000 additional apprentices will start training over the next five years, over and above the number previously forecast.

The Government will this year introduce legislation to boost labour market flexibility, including improvements to collective bargaining rules and extended flexible working arrangements. It will also progress legislation to introduce a new starting-out wage, to prevent young people being shut out of the labour market.

The Government will progress legislation that regulates the operation of foreign charter vessels, provides protection for crew, and protects New Zealand's international reputation as a responsible and sustainable fishing environment.

The Government has committed to acting on all the recommendations of the Royal Commission on the Pike River Tragedy. As part of this, we will progress legislation which, among other things, strengthens the mine permitting process and requires applicants to demonstrate that their mine will be safe.

We have also set up an independent taskforce to review health and safety, and are expecting its recommendations in the first half of this year.

Following the report of this taskforce, the Government intends to introduce a Bill to amend the Health and Safety in Employment Act.

## INFRASTRUCTURE

In 2013 the Government will continue its multi-billion dollar programme of investment in modern infrastructure.

After years of under-investment, this Government has been investing in infrastructure to enable economic growth, support thousands of jobs, and help provide better and more modern public services.

On current forecasts, \$12 billion will be invested over the next 10 years in new state highways and, in particular, in the Government's Roads of National Significance.

This year will see construction begin on the Sawyers to Harewood section of the Christchurch Western Corridor, the Rangiriri and Tamahere-Cambridge sections of the Waikato Expressway, the MacKays to Peka Peka section of the Wellington Northern Corridor (subject to the granting of regulatory consents) and the Buckle Street underpass in Wellington.

The Government will progress the Maritime Legislation Bill, continue to support KiwiRail's Turnaround Plan, and continue to investigate the use of Clifford Bay as a new ferry terminal.

Public investment is being done in a way that involves private sector disciplines as much as possible.

The first major public-private partnership ever undertaken in New Zealand will open this year, with the first group of students attending the new Hobsonville Point primary school.

Construction will also continue this year on the new Hobsonville secondary school and on the new prison at Wiri, both of which are being undertaken as a public-private partnership.

And this year the Government will progress the procurement of Transmission Gully through a public-private partnership.

The roll-out of ultra-fast broadband and the Rural Broadband Initiative will continue. By the middle of this year, around 300,000 businesses and homes will be able to connect to ultra-fast broadband, and around 1,300 schools and 30 hospitals will have fibre to the gate. In addition, almost 100,000 rural homes and businesses are expected to have access to faster broadband.

The digital switchover is scheduled to be completed this year and the 700MHz spectrum will be auctioned to enable 4G mobile technology.

The Government is also continuing to support the development of water infrastructure. Last week we announced we would be establishing a new Crown-owned company to invest in commercial-scale water storage and irrigation projects, and we have set aside \$80 million for the initial stages of its operation.

The Government has approved the redevelopment of the Canterbury District Health Board's hospitals and will consider a detailed business case this year. With the final cost likely to be more than \$500 million, this will be the largest hospital build in the history of New Zealand's public health system.

This year the Government will also progress the development of a justice and emergency services precinct in Christchurch, and the development of a new Christchurch convention centre.

In terms of housing, the Government is itself planning to build more than 2,000 houses over the next two financial years but, more importantly, wants to work with local councils on the underlying issues that are driving up land and building costs.

We need more houses built in New Zealand, at a lower cost. That means we need more land available for building, more streamlined processes and less costly red tape.

In response to the report of the Productivity Commission, the Government is undertaking work that has four aims: increasing land supply; reducing delays and costs of consent processes associated with housing; improving the timely provision of infrastructure to support new housing; and improving productivity in the construction sector.

Other proposals that don't do anything to fix the actual cost of building will either fail miserably, deliver dwellings that people don't want to live in, or require massive taxpayer subsidies.

The Government wants to work co-operatively with councils but will be a lot more proactive if that approach does not prove to be fruitful.

## NATURAL RESOURCES

New Zealand's economy and natural resources are closely linked – our resource base is a significant source of jobs, wealth and competitive advantage.

New Zealand is rich, for example, in minerals.

The Government will this year continue to encourage development of New Zealand's rich oil, gas and mineral resources.

Our previous efforts have contributed to an active oil and gas exploration programme this year, both in Taranaki and elsewhere, with 10 new exploration permits awarded last December.

This year the 2013 block offer will be completed. The Government is proposing significant new offshore acreage in the Northland/Reinga Basins, Taranaki Basin and Canterbury/Great South Basins.

That is simply one example. Over the coming year, the Government will remain focused on opportunities to use New Zealand's natural resources productively while maintaining environmental standards that preserve and enhance the quality of our environment.

This year the Government is pushing ahead with policy development in a number of areas that have in common the need for a better functioning system of planning and resource management – one that enables growth and provides strong environmental outcomes, and does so in a timely and cost-effective way.

These include work on the processes used to manage the quality and allocation of fresh water; reform of the Resource Management Act, housing affordability (as previously mentioned) and the Better Local Government reforms.

The RMA is constantly cited as a source of frustration, both by investors wishing to develop on their land, and by communities left waiting for years to know the outcome of a project.

This year the Government will progress the Resource Management Reform Bill, which sets a six-month time limit on the processing of medium-sized consents by local councils, and establishes a streamlined process for Auckland's first Unitary Plan.

The Government will also develop a more comprehensive package of reforms to the resource management system, which will be released in the next few months.

In parallel, the Government will also introduce a package of reforms aimed at improving our water quality and the way we manage freshwater, building on the work of the Land and Water Forum.

The Government will also progress phase two of the Better Local Government reforms, including examining the balance of functions between local and central government, the efficiency of infrastructure provision and specific issues such as development contributions.

## CAPITAL MARKETS

In terms of capital markets, the Government's share offer programme is designed to give New Zealand savers an opportunity to invest in big New Zealand companies, and to bring to those companies the benefits of private sector disciplines and increased monitoring.

The share offer programme as a whole will be a shot in the arm for New Zealand's capital markets.

New Zealanders will be at the front of the queue for shares in these particular companies but, in general, we continue to welcome foreign investment in New Zealand.

That's because overseas investment in New Zealand adds to what New Zealanders can invest on their own.

Overseas capital can make things happen here that wouldn't otherwise happen, grow businesses that wouldn't otherwise have the means to grow, create jobs that otherwise wouldn't exist, and pay wages that are higher than they would otherwise be.

The Government will this year push ahead with its overhaul of financial markets legislation.

We will also progress legislation aimed at deterring cartel behaviour and encouraging pro-competitive collaboration; legislation to strengthen New Zealand's company registration system; and legislation that will substantially reduce compliance costs for medium-sized companies preparing financial reports.

The Government will introduce tougher consumer credit legislation to target loan sharks and change repossession laws.

KiwiSaver contributions from both employees and employers will increase on 1 April this year from a minimum of 2 per cent of gross salary to a minimum of 3 per cent.

Regulations are being developed to ensure that KiwiSaver providers report accurate and comparable information about fees and returns on KiwiSaver funds so investors can make better informed investment decisions.

In addition, the Government is currently reviewing the KiwiSaver default arrangements.

Honourable Members.

## DELIVERING BETTER PUBLIC SERVICES

The Government's third priority is to deliver better public services to New Zealanders, within tight financial constraints.

New Zealanders rightly expect a world-class health service, an education system that delivers for every child, a strong and effective justice system, and social services that protect our most vulnerable and provide children from all walks of life with the opportunities they need to succeed.

### PUBLIC SECTOR RESULTS

The public sector represents a quarter of New Zealand's economy and has a big influence on how our society, and economy, performs. Public agencies are developing new and different ways of working together with little or no extra resources to deliver better results for New Zealanders. But there is still scope for significant improvements in the way the state sector delivers or purchases services and organises back office functions.

The Government is focused on achieving results, seeking new and better ways to deliver public services, and continuing to contain and reduce costs.

To reinforce the Government's expectations, I have personally set 10 challenging results for the public service to achieve over the next five years. These are:

- to reduce the number of people who have been on a working age benefit for more than 12 months
- to increase participation in early childhood education
- to increase infant immunisation rates and reduce the incidence of rheumatic fever
- to reduce the number of assaults on children
- to increase the proportion of 18-year-olds with NCEA level 2 or equivalent qualification
- to increase the proportion of 25-34 year olds with advanced trade qualifications, diplomas and degrees (at level 4 or above)
- to reduce the rates of total crime, violent crime and youth crime
- to reduce reoffending
- to ensure that New Zealand businesses have a one-stop online shop for all government advice and support they need to run and grow their business, and
- to ensure that New Zealanders can complete their transactions with government easily in a digital environment.

These targets squarely focus the public sector on delivering results. They are by no means everything the Government is doing to improve public services, or everything the Government thinks is important. But they are areas where the Government expects real progress.

This year we will report on progress towards these results, and the specific targets that underpin them.

We didn't pick the targets to be easy. And the process of measuring things thoroughly can often result in better reporting and therefore a seeming deterioration at the outset. As a consequence, I expect that at this early stage there will be an improvement in some of the measures but not in others.

Achieving the results means changing the way the public sector works. This year the Government will progress legislation to amend the State Sector Act and the Public Finance Act to strengthen leadership and accountability in the public service, provide more flexibility to operate in different ways, and support the delivery of better public services.

## SOCIAL DEVELOPMENT

In terms of social development, the Government will this year progress the implementation of its welfare reforms. New benefit categories are due to take effect from 1 July, when a greater proportion of beneficiaries will be required to make themselves available for work.

At the same time we will do more to help beneficiaries into work through services like childcare and access to health and disability support.

New measures will be put in place to prevent and detect welfare fraud, and to speed up the recovery of money owed from welfare fraud.

This year we will also begin to implement the action plan arising from the White Paper on Vulnerable Children. Legislation will be introduced which, among other things, will create new child abuse prevention orders, enable tracking of high-risk adults and support safe and stable permanent care for children who have been removed from their parents. And the first local children's teams are being established in Rotorua and Whangarei.

The Government will consider the Children's Commissioner's Expert Group's recommendations on child poverty. Our focus is on changing the circumstances that trap people in poverty, by providing them with real opportunities to make changes and choices.

The Government will also respond this year to the recommendations of the Whanau Ora Working Group.

Legislation will be introduced to update and modernise the War Pensions Act.

## EDUCATION

This year the Government will work to lift participation rates in early childhood education. Our target is that by 2016, 98 per cent of new entrants in school will have previously participated in early childhood education.

Over the education system as a whole, the Government's focus is squarely on lifting the performance of the system to ensure every child has the opportunity to succeed, and in particular those groups of students which have historically under-performed.

We will continue to strengthen performance measurement and accountability for student achievement. This year, for the first time, schools will report on their 2012 achievements against National Standards for each of the year levels 1 to 8. This will enable more accurate tailoring of professional support to schools. By 1 March, schools will be required – again for the first time – to set and communicate their 2013 targets for each year level.

Student achievement information from National Standards and NCEA will again be made available to parents on the Ministry of Education's 'Education Counts' website.

The Government's target is for 85 per cent of 18-year-olds to have achieved NCEA level 2 or an equivalent qualification by 2017.

The Government is continuing to invest in the on-line network for schools so they can take advantage of the opportunities from ultra-fast broadband.

The Government will also take decisions this year, after extensive consultation, on the renewal of the schooling network in Christchurch. We have committed \$1 billion to repairing schools on their existing locations and building modern schools in new locations.

In the coming year, a series of initiatives will be put in place to lift the quality of teaching and improve the professional leadership of schools. The review of the Teacher's Council is a step towards this and we will be releasing it this year, together with the Government's response.

Legislation to allow for the establishment of Partnership Schools will be progressed, and there will be a tender process to establish the first round of Partnership Schools in time for the 2014 school year. The same legislation also sets out for the first time a board of trustees' core role – to raise the achievement of all students.

## JUSTICE

When it comes to law and order, the Government's focus is on reducing crime, supporting victims, and developing better, modern and more accessible justice services.



This year the Government will progress a number of pieces of legislation to, among other things: make it harder for those accused of the most serious offences to get bail; reduce the number of parole hearings for prisoners who are unlikely to be released, thereby reducing unnecessary stress on victims; and introduce a new type of restraining order to reduce the likelihood of serious offenders coming into contact with their victims.

The Government will also progress legislation to increase the penalties for child pornography, and to keep offenders who are at a very high risk of imminent serious sexual or violent re-offending detained on public protection orders.

The Police will continue to change the way they operate to be more efficient and to put prevention and the needs of victims at the forefront of policing.

The Prevention First strategy focuses on targeted policing to reduce offending and victimisation. Police will also continue to reduce the numbers of people entering the justice system, by increasing the use of alternative resolutions for minor offences.

This year our focus on frontline policing will continue, with a more sophisticated use of technology that enables officers to spend more time in the community and less time doing administrative work at a police station.

The Government will this year implement its criminal procedure reforms, which come into effect on 1 July. These changes to court processes will modernise and speed up the criminal justice system and ensure more timely justice. There will also be an increased use of technology, including expanding the use of court audio visual links, and replacing paper court records and case files with electronic filing and management.

There will be changes this year to the District Court network. Nine small courts will be used only for hearings and four small courts will be disestablished.

The Government will also progress legislation to reform Family Court proceedings and encourage better resolution of family disputes.

The corrections system is focused on achieving its target of reducing reoffending by 25 per cent by 2017. To assist this, there will be increased access to drug and alcohol treatment, and increased education and training opportunities for offenders.

The Government will increase employment opportunities for prisoners by establishing more of our prisons as working prisons, where all prisoners will be engaged in a structured 40-hour week of employment and rehabilitation activities.

We will expand the use of GPS technology to monitor high-risk offenders and we will further reduce levels of contraband in prisons.

## HEALTH

This year the Government will continue to deliver better, sooner, more convenient health care.

More people will get the elective procedures they need, and will get them sooner. Elective surgery volumes have been increasing, on average, by around 8,000 patients a year over the last few years.

We will be working to reduce waiting times for important diagnostic tests such as CT scans, MRI scans, angiograms, and colonoscopies. And all cancer patients who are ready for treatment will continue to receive their radiotherapy or chemotherapy within four weeks.

The Government will this year progress initiatives to reduce the incidence of rheumatic fever and increase immunisation rates. This year the rheumatic fever prevention programme – which treats a child's sore throat before it progresses into rheumatic fever – is expected to reach around 50,000 children and we are on track to immunise 95 per cent of eight-month-olds by the end of 2014.

The Government will implement the youth mental health initiatives announced in 2012, launch a new suicide prevention action plan, and begin to implement the new Mental Health Service Delivery Strategy.

A new national drug policy will be announced this year and the Government will continue to focus on reducing the use of methamphetamine in New Zealand.

## ACC

The Government is ensuring that ACC is a high-performing accident insurance scheme with stable levies that can be brought down over time. It is also important that ACC operates with the public's trust and confidence and improving this is a key focus area over the coming year.

ACC will this year continue to implement an extensive programme to improve the way it receives, manages, accesses and reports on confidential client information.

## HOUSING

In terms of social housing, the Government wants better management of its current \$15 billion investment in property, and better outcomes for those most in need.

We are committed to supporting the growth of more organisations to provide social housing. Over the next year, Housing New Zealand will continue to reconfigure the state housing portfolio so that houses are located in the areas of greatest need, and are going to families who need them most, for the duration of their need.

By the end this year, every state house that can be insulated will be insulated. The Government's Warm Up New Zealand programme will also see a total of 230,000 privately-owned houses insulated.

## **INTERACTING WITH GOVERNMENT**

As part of its push for better public services, the Government also wants to make it easier for businesses and the public to interact with government in an increasingly on-line world.

We have set a target of reducing the cost of doing business with government by 25 per cent by 2017 and challenged government agencies to deliver faster, more integrated services tailored to business needs.

We have also set a target of having 70 per cent of New Zealanders' most common transactions with government completed in a digital environment by 2017.

Initiatives like SmartGate and the new online passport renewal system are already making a difference.

New Zealand is so far the only country in the world to offer a full passport renewal service over the internet. Since this initiative was launched in November last year, more than 17,000 adult passport applicants have renewed their New Zealand passport online.

And this year the Immigration Service will begin moving to a new immigration management system that will enable online applications and electronic processing of visas.

Honourable Members.

## **REBUILDING CHRISTCHURCH**

The Government's final priority is to support the rebuilding of Christchurch, our second-biggest city.

The Government remains absolutely committed to standing beside the people of Canterbury.

Next month marks the second anniversary of the destructive earthquake that hit Christchurch on 22 February 2011. Much progress has been made over the past two years in the rebuild and recovery of the region.

This year we will continue to lead and drive momentum in that rebuild – which is now estimated to have a total cost of \$30 billion. This makes it without doubt the largest economic undertaking in New Zealand's history.

As the rebuilding grows, the demand for workers and materials in Christchurch will be huge.

Getting people to Canterbury is going to require initiative from workers, but also a good deal of innovation from businesses involved in the rebuild, and from the Government.

The Government will this year look closely at how we can encourage people to work in Christchurch. We do not intend to micro-manage that process, but we can help it – as we've done, for example with the new Canterbury Skills and Employment Hub, which provides a one-stop shop to link local employers with people looking for work.

The Government has also committed an extra \$28 million to maintain the expanded training pipeline for tradespeople for the Canterbury rebuild for 2013.

The Government's net total contribution to the rebuild will be more than \$13 billion. This includes the more than \$4 billion that the Earthquake Commission has already paid out in claims and the \$5.5 billion in the Canterbury Earthquake Recovery Fund, of which \$4.6 billion will have been allocated by June this year.

More than 30,000 house repairs have already been completed under EQC's managed repairs programme and that number is expected to reach more than 50,000 by the end of this year. And since September 2010, 5,800 building consents for new residential buildings have been issued in greater Christchurch.

The value of repair and rebuilding work by insurer programme management offices, including EQC's programme, is more than \$100 million each month. And expenditure on repairing important horizontal infrastructure will also continue at more than \$40 million a month.

As at two weeks ago, the Government had paid out nearly \$1 billion on residential red zone property settlements. Nearly 70 per cent of the homeowners in the residential red zone have now settled on their properties and 83 per cent have signed sale and purchase agreements.

In the next few weeks, we intend to go to market for the first phase of the convention centre precinct, one of the key anchor projects for the rebuilding of the central business district, which will act as a catalyst to reinvigorate the city centre.

A total of 930 full or partial demolitions have been completed in the central city. This year will be the first big year of pouring concrete in the central city as demolition turns to construction.

In the first half of this year, we will also deliver our full and comprehensive official response to the Canterbury Earthquakes Royal Commission report and the remaining 119 recommendations still to be dealt with.

This will likely involve introducing legislation establishing a mandatory national timeframe and process for dealing with the estimated 15,000 to 25,000 earthquake-prone buildings in New Zealand, making them safer for their occupants.

Honourable Members.

Alongside our four main priorities for this term, the Government has other important policies it intends to progress over the course of the next year.

The Government will continue to maintain an independent and bipartisan foreign policy. This year we will increase our activity in support of a bid to win a seat on the United Nations Security Council for a two-year term starting in 2015.

The New Zealand Provincial Reconstruction Team will withdraw this year from its deployment in Afghanistan. This follows the withdrawal of troops from the Solomon Islands and Timor Leste. New Zealand troops will remain deployed in other parts of the world, including the Middle East, Korea and South Sudan.

The Government will continue to progress the review of constitutional arrangements.

It will also continue to progress the full and final settlement of historical Treaty of Waitangi grievances. Since the process started over 20 years ago, 59 deeds of settlement have been signed. My Government has signed 33 of these in just four years. Last year alone, the Crown signed 12 deeds of settlement and passed 11 pieces of settlement legislation. The Government's commitment to addressing historical injustices will enable all New Zealanders to move forward together.

This year the Government will look to introduce a new Marine Reserves Bill and gazette three new marine reserves around the Subantarctic Islands.

We will progress legislation to increase penalties for poaching and smuggling protected wildlife, and make progress towards establishing a new National Park in Northland, encompassing the Waipoua's great kauri forest and New Zealand's most famous tree – Tane Mahuta.

Finally, Tuesday, 5 March will be Census day. It is likely the Census will be the largest activity undertaken by a Government department in 2013. Everyone in New Zealand on that day, including visitors, will be required to take part. The regular Census programme was disrupted by the Canterbury earthquakes, so this will be the first Census since 2006.

Honourable Members.

Over the course of this year other legislation will be put before you and other policy initiatives will be pursued.

We do not know for certain what 2013 will bring, but it will no doubt be another challenging year.

The global economic environment will remain unsettled and uncertain. And the Government's finances will remain tight.

But the country is on the right track. The Government has had a plan to strengthen the economy and boost jobs – we have stuck to it and we will continue to stick to it.

The Government's economic programme is laying the foundations for a stronger economy, sustainable jobs and higher incomes. It will leave New Zealand well-placed to take advantage of the many opportunities available over the next few years and to withstand future global shocks when they come our way.

Our programme to deliver better public services is bearing fruit.

And the rebuilding of Christchurch is well under way.

The past four years have shown that the National-led Government can provide stable leadership in difficult times, and take New Zealand forward.

That will continue in 2013.



