



Prime Minister's Statement

Rt. Hon. John Key
Prime Minister

28 January 2014

Presented to the House of Representatives in
accordance with Standing Order 350

Honourable Members.

The Government is continuing to implement its plan to build a faster-growing economy with more jobs and rising incomes, and to support New Zealanders and their families.

The plan involves returning to surplus and then reducing debt; pushing ahead with a wide-ranging programme of microeconomic 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 plan is working.

After much hard work, the Government is effecting a remarkable turnaround in the books, with the latest forecasts showing a budget surplus in the next financial year – 2014/15 – after which government debt begins to fall.

The New Zealand economy continues to stand out amongst developed countries, growing 3.5 per cent between September 2012 and September 2013. The Treasury's latest forecasts show the economy growing at a similar rate in 2014.

On average, wages are growing faster than inflation. Business confidence is at its highest level since 1999 and the terms of trade are expected to remain high. There are 53,000 more people employed now than there were a year ago, and the unemployment rate is expected to drop further as the economy continues to gather strength.

Alongside our economic agenda, we are also driving results from our public services. Recorded crime is at a 33-year low, for example, welfare dependency is reducing, and more elective surgery is being performed in the public health system.

The Government has also been working hard to support Cantabrians through the aftermath of the earthquakes and the rebuilding of their city.

Our approach is always to take the public with us by clearly outlining our actions and priorities, and always keeping in mind why we are in government – to make this country a better place for New Zealanders and their families.

In the coming years we need to lock in the hard-won gains that have been made and reject the alternative prescription – high spending, untried economic experiments and a lack of focus on what really matters.

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

We look 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 exists between us, will enable the Government to operate in an effective, stable and inclusive manner.

The Government's policy agenda and legislative programme reflects our four priorities:

- 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
- 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.

Budget deficits, and the subsequent increases in government debt, have been appropriate responses to the recession, the global financial crisis and the Canterbury earthquakes.

However, that build-up of debt could only be temporary. Returning to an operating surplus, and bringing debt down to more prudent levels, allows the Government to build New Zealand's resilience to future shocks, lifts national savings and reduces future finance costs. Government spending restraint also frees up resources in the domestic economy for more productive uses.

On coming into office in late 2008, the National-led Government was presented with fiscal forecasts and projections showing – in the absence of policy changes – permanent structural deficits and ever-increasing government debt, reaching 60 per cent of GDP by the early 2020s.

The Government has worked hard to turn that situation around by reining in spending, improving public sector productivity, and getting on top of the longer-term drivers of government spending.

Forecasts presented in the most recent Treasury update show the Government is on track to meet its fiscal targets.

The operating balance before gains and losses is forecast to be a surplus of \$86 million in 2014/15. Net core Crown debt is projected to peak at 26.5 per cent of GDP in 2014/15 and thereafter falls to around 16.9 per cent of GDP in 2019/20. This is in line with our target of reducing net debt to below 20 per cent of GDP by 2020.

This demonstrates a remarkable turnaround in the Government's books. That turnaround has been achieved without slashing public spending, or increasing taxes, as other countries have been forced to do. And it has been achieved despite the significant costs incurred by the Government in responding to the Canterbury earthquakes.

Nonetheless, there is still a lot of work to be done to make the forecasts and projections a reality. This year the Government is still borrowing a net \$78 million a week and, in dollar terms, debt is expected to peak at \$64.5 billion in 2015/16.

The 2014 Budget will set out the Government's revenue and spending intentions.

The allowance for new operating spending will be \$1 billion for Budget 2014, growing at a rate of two per cent a year for subsequent Budgets. 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.

New capital spending in coming Budgets will continue to be funded from reprioritising existing capital. In particular, the proceeds of the Government share offers will be put into the Future Investment Fund and used to invest in new public assets. This investment will support jobs and provide long-term physical and social infrastructure.

Budget 2014 will set out more details of allocations from the Future Investment Fund for capital investment in priority public assets, such as schools and hospitals. As with operating spending, the Government will also focus on the performance of baseline capital expenditure rather than just looking at the margins.

The Government continues to support a broad-base, low-rate tax system. This year we will continue to fine-tune the system to ensure it remains fit for purpose and is able to deal with new challenges. This includes maintaining a focus on domestic and international efforts to combat profit shifting by multinationals.

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.

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.

In the first half of 2014, the Government will produce a revised and refreshed Agenda, which will build on the success we have had to date and outline a range of new initiatives to help lift New Zealand's long-term economic growth rate.

EXPORT MARKETS

The Government will this year work to expand market access and create better commercial conditions for New Zealand exporters.

Our top priority will be to seek an outcome to the Trans-Pacific Partnership negotiations, consistent with the vision agreed in the 2011 Honolulu statements. This includes comprehensive duty-free access to markets together with improved conditions for services, investment and government procurement markets. Successfully concluding the TPP agreement would significantly improve New Zealand's access to some of the world's largest economies, including the United States and Japan.

The Government will also pursue opportunities to improve New Zealand's access to other overseas markets, including through trade negotiations with Korea, India, the Russia/Belarus/Kazakhstan Customs Union, and the 16 countries that make up the Regional Comprehensive Economic Partnership.

Building on the recently agreed Bali package, New Zealand remains committed to working towards the eventual conclusion of the World Trade Organisation's Doha Round.

Ministers will continue their comprehensive programme of trade delegations focused on Asia. New Zealand Trade and Enterprise will continue to provide intense account management and a customised set of services to around 500 business customers, and a lighter touch engagement to over 3,000 companies.

The reputation of New Zealand's food sector for quality and safety is critically important for our success as an exporting country. While the whey protein concentrate inquiry confirmed that our regulatory processes are among the best in the world, the Government is committed to ensuring the system can respond to challenges that may lie ahead. This year we will implement the recommendations of the inquiry, including investing more in food safety, and look to establish a centre for food safety science and research.

Implementation of the Joint Border Management System will be further progressed. The Trade Single Window will be fully rolled out, enabling more traders to meet New Zealand's border requirements through a single point of access to government.

A review of the Customs and Excise Act will be undertaken during 2014 to ensure we have a fit-for-purpose and flexible legislative framework.

The Government will work to further streamline passenger processing at international airports and, in particular, will evaluate the trial of SmartGate Plus – the next generation of automated border control technology.

The Government will continue to work towards the liberalisation of international air service agreements. This year the Ministry of Transport aims to hold at least seven further air service negotiations, building on the 29 new or amended agreements put in place since 2011.

In terms of export education, a number of initiatives are being implemented to attract more international students to New Zealand. These include making it easier for international students to work in New Zealand while studying, and marketing and promotional activities to highlight New Zealand as an education destination.

Tourism New Zealand will continue to implement its new marketing strategy involving increased investment in emerging and existing tourism markets, leveraging international business events and helping businesses capture greater value from tourism. The Hobbit movies are again showcasing New Zealand as an attractive destination.

Fifteen trails in the New Zealand Cycle Trail network have been completed and are in operation. The remaining trails, bar one, will be completed by the end of this summer's construction season.

INNOVATION

Successful, on-going innovation by New Zealand firms is a crucial prerequisite for economic growth.

Government investment in research and innovation will be greater this year than it has ever been, with funding reaching \$1.36 billion in 2013/14.

In February, the Government will seek research proposals for the second tranche of New Zealand's National Science Challenges. The Challenges cover research to protect our environment, lift economic growth, and improve the health of New Zealanders.

Responding to a call by the National Science Challenges panel, the Government will this year introduce a range of initiatives to lift engagement and achievement in science, technology, engineering and mathematics by our young people, and more generally to improve science literacy across the population.

The Government's new high-tech HQ for innovative businesses, Callaghan Innovation, will this year work across the whole innovation system to accelerate the growth, scale, intensity and success of innovation in New Zealand firms. Callaghan Innovation will award and administer the Government's new suite of business R&D grants, which total \$566 million over four years.

The Government will this year introduce a new approach to growing innovative start-up technology companies. This approach will involve repayable government grants alongside support from new technology incubators led by the private sector.

The technology incubators will be modelled closely on a successful Israeli programme. The Government will continue to share ideas with other similar countries through participation in the "small advanced economies" initiative, alongside Denmark, Finland, Ireland, Israel and Singapore, all of which have successful histories of innovation and export-led growth.

The Government will continue to support the Primary Growth Partnership, which drives innovation in primary industries through long-term research programmes, jointly funded by government and industry. A total of 17 programmes have been announced, with a total funding commitment from government and industry of \$700 million.

The Government will complete consultation on policy proposals to provide relief for "black hole" business expenditure on R&D, and allow R&D intensive businesses to access their tax losses early.

The Government is also boosting funding for tertiary education-led research, so 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.

The Government will continue to focus on its target of having 55 per cent of 25- to 34-year-olds with advanced trade qualifications, diplomas and degrees by 2017.

Funding for apprenticeships will be boosted this year, and their educational content lifted. From the beginning of this year, all apprenticeships will be brought together in a single nationwide scheme – New Zealand Apprenticeships – which provides the same level of support, regardless of age.

The apprenticeship reboot, which provides a grant for new apprentices and their employers, will be expanded this year. The reboot scheme has seen a 67 per cent increase in the numbers starting apprenticeships, compared to normal start-up rates. It will now continue until 30 June 2014 and be extended from 10,000 to 14,000 apprentices.

The Government will progress legislation to, among other things, refocus the role of industry training organisations on standard-setting and arranging training, and strengthen quality assurance.

The Government will continue the roll-out of NCEA vocational pathways that clearly signpost the subjects young people should study at school to prepare for vocational careers. This year a new vocational pathway will be launched for the creative industries.

This year there will be 4,500 places available in trades and services academies, allowing young people to explore vocational career opportunities while still at school. And there will be over 10,000 places for young people to study fees-free at Youth Guarantee providers, which has been extended to 18- and 19-year-olds.

The Government will ensure foundation level education will be fees-free for 20- to 24-year-olds. Along with the extension of Youth Guarantee, this means everyone under the age of 25 will be able to study fees-free towards a level 2 qualification.

The Government is on track to meet its target of reducing the number of qualifications to around 1,300 at levels 1 to 6 by the end of this year, down from 4,600 in 2008. This will ensure continued confidence in the value and relevance of qualifications.

This year the Government will publish a new Tertiary Education Strategy, designed to make the tertiary system more outward facing and engaged, with stronger links to industry, community and the global economy.

This year the Government will progress legislation to ensure more fairness and flexibility in employment law. This includes extending flexible working arrangements, speedier resolution of employment disputes and improving collective bargaining rules.

The Government will also 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.

WorkSafe New Zealand – the new stand-alone agency responsible for workplace health and safety – will this year work with businesses and workers to improve the culture in New Zealand around health and safety. In particular, it will work with high-risk sectors, including forestry, agriculture, manufacturing, fishing and construction. The Government will also progress legislation to implement the recommendations of the independent taskforce on workplace health and safety. In total, this constitutes the biggest change to the health and safety regulatory environment in 20 years.

The Government has committed over \$7 million to the recovery of the drift at the Pike River mine and this project is being progressed.

Immigration New Zealand will move towards a new immigration management system from 2014 that will enable online applications and quicker, electronic processing of visas. The Government will progress legislation to crack down on employers who exploit migrant workers and to improve the effectiveness of the immigration system.

The Government has been ensuring over the past few years that ACC is a high-performing accident insurance scheme able to meet future liabilities. As a result, ACC levies on workers and employers will be reduced by \$387 million in 2014/15. The Government will look to make larger reductions in the following year while maintaining the public's trust and confidence in ACC.

INFRASTRUCTURE

In 2014, the Government will continue its multi-billion dollar programme of investment in modern infrastructure.

Construction of Transmission Gully, through a Public Private Partnership, will begin this year. The Wellington Northern Corridor – of which Transmission Gully is a part – will strengthen the region's links with the rest of the country and vastly improve the daily commute.

This year will also see construction begin on various sections of the Christchurch Western Corridor (subject to the granting of regulatory consents), the McKays to Pekaepka section of the Wellington Northern Corridor, and the Huntly section of the Waikato Expressway. On current forecasts, around \$13 billion will be invested over the next 10 years in new state highways.

Auckland transport initiatives will be progressed this year. In particular, work will continue on the Waterview Connection which, when completed, will transform the roading network in Auckland. The Government also intends to revamp regional funding arrangements this year.

The Government will continue to work hard to make New Zealand roads safer. The road toll is now the lowest it has been since the 1950s. In 2014 we will build on this work, and in particular will progress legislation to introduce an infringement regime for drivers with blood alcohol between 250 mcg and 400 mcg.

The Government continues to invest in public transport, including commuter rail, and the first of Auckland's new electric trains will enter operational service early this year.

Public investment in infrastructure is being done in a way that involves private sector disciplines as much as possible. Construction on the Wiri Prison PPP project is well underway, with the new 960-bed prison set to open in 2015. The Government has also agreed to build and finance a new maximum security prison as a PPP, with the facility being operated by the Department of Corrections.

By the end of this year, a third of the ultra-fast broadband network will be built and nearly half a million households and businesses will be able to connect to fibre. Three-quarters of all businesses will be able to connect to the fibre network as well as nearly all urban and rural schools and healthcare centres.

Uptake continues to grow in line with expectations, and we expect this to continue to grow as the reach of the network encourages greater investment in marketing by telecommunications companies.

In addition, over 200,000 rural homes and business will be able to access faster broadband through the Rural Broadband Initiative.

This year we will also see telecommunications companies begin to upgrade their mobile networks to 4G technology using the 700MHz band, providing mobile data speeds close to that of ultra-fast broadband.

This year legislation will be introduced to implement the review of trans-Tasman cellular roaming. This will ensure that New Zealanders travelling to Australia get access to competitively priced roaming services.

This year the Government will continue to address the underlying factors that make New Zealand houses so expensive to build and buy: constrained land supply, building material costs, productivity in the building industry, excessive development charges and regulations that inhibit housing development.

We will continue working with Auckland Council on the implementation of the Auckland Housing Accord, which sets out special housing areas where planning and consenting processes will be streamlined. We will also look to establish housing accords with other councils in areas with significant housing shortages.

The Government will progress legislation to better regulate the system of development contributions.

The provision of housing in Christchurch is a priority and Government will work with private sector partners and the Christchurch City Council to lift the pace of residential building to match the increased momentum of earthquake recovery efforts.

Government funded housing projects at Hobsonville and Tamaki will be accelerated. These, together with the redevelopment of Housing New Zealand Corporation properties in Auckland to deliver mixed tenure developments, will contribute to an increase in residential housing supply.

The Government will continue its investigation of the building materials market and will develop proposals to improve the building consent regime. The Government will also follow through on recommendations made by the Canterbury Earthquakes Royal Commission.

This year will see construction continuing on the Justice and Emergency Services Precinct in central Christchurch and on the \$670 million redevelopment of the Canterbury District Health Board's hospitals.

The Government will be investing more than \$1 billion over the next 10 years to rebuild, repair and renew 115 schools in the greater Christchurch area. The Government will also continue its school building programme across the rest of the country and is investing over \$500 million this year to upgrade and expand the school property portfolio. The Hobsonville Point Secondary School, procured through a PPP, will open its doors in February.

In addition, the Government is investing \$260 million to enable Canterbury University to rebuild its science and engineering facilities.

NATURAL RESOURCES

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 will progress the remainder of its resource management reforms which, among other things, will reduce the number of consent applications that are required, reduce costs and reduce the length of time involved in processing consents. The reforms will ensure our planning framework is more proactive and avoids the consistent litigation and uncertainty of the current regime. At the same time, the reforms maintain a strong focus on environmental protection.

Resource management reforms will also help to deliver on our plans for improving New Zealand's precious freshwater resources. Building on the recommendations of the Land and Water Forum, the Government intends this year to introduce a national objectives framework for water quality. This framework will provide councils with both a clearer process for setting quality limits, and a scientifically informed basis for doing so. The framework includes two national "bottom lines" for water quality across the country.

The Crown Irrigation Investment Company is in a position to invest in rural water storage schemes that meet its strict criteria and is likely to secure its first investment this year.

The Government will this year progress legislation to provide for comprehensive, mandatory and independent environmental reporting so New Zealanders are better informed about the state of our environment than they have ever been.

The Government will this year continue to encourage development of New Zealand's oil and gas resources, within rigorous environmental and safety regulation.

Our previous efforts have contributed to an active oil and gas exploration programme in 2014. The current summer is to be the most active exploration season ever, with the industry expected to spend between \$600 million and \$750 million this year, and around \$2.5 billion over the next three years.

This Government is strengthening the regulatory regime that governs drilling, so it is done safely and within environmental constraints. In particular, legislation governing oil and gas exploration in New Zealand's exclusive economic zone will come fully into force this year.

Exploration activity will continue in the future, with 10 new oil and gas exploration permits awarded in December last year. Later this year, another block offer round will be completed. The Government will also announce the results of the Central North Island gold tender and the South Island platinum tender.

This year the Electricity Authority will continue its programme to promote increased competition in the electricity market for the benefit of consumers.

The Government intends to progress legislation to establish a flexible, risk-based food safety system that can meet the needs of consumers as well as the diverse range of businesses operating in the food industry.

The Government will progress legislation to improve the enforceability, clarity and transparency of New Zealand's animal welfare system.

The Government will also continue to increase the number of frontline biosecurity officers and progress agreements which will allow government and industry to jointly manage biosecurity risks.

CAPITAL MARKETS

The Government's share offer programme is giving New Zealand savers an opportunity to invest in big New Zealand companies, making better use of the Crown's capital, adding depth to capital markets, and bringing to companies the market discipline and oversight that comes from being listed on the stock exchange.

Last year, Mighty River Power and Meridian Energy were listed, and the Government sold down its stake in Air New Zealand. Mighty River Power now has the largest number of shareholders of any New Zealand company on the stock exchange.

The share offers have so far raised \$4 billion which has been put into the Future Investment Fund to be spent on new public assets like schools and hospitals. The Government therefore does not have to borrow to provide new capital investment over the next few Budgets.

This year the Government intends to complete the share offer programme by selling up to 49 per cent of its shares in Genesis Energy. Again, New Zealanders will be at the front of the queue for shares, and we expect 85 to 90 per cent New Zealand ownership of the company when listed.

The Government will continue this year to encourage a more positive environment for international investment, because overseas investment in New Zealand adds to what New Zealanders can invest on their own. Overseas capital can 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.

This year the Government will look to progress legislation to, among other things, deter cartel behaviour and encourage pro-competitive collaboration; strengthen New Zealand's company registration system; target loan sharks and change repossession laws; and enable the accounting and audit industry to be more efficient and effective.

The Government will introduce regulations to give effect to the new Financial Markets Conduct Act, and KiwiSaver default providers will be announced.

Honourable Members.

DELIVERING BETTER PUBLIC SERVICES

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

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

We have set 10 results for the public service to achieve over the next few years:

- to reduce the number of people who have been on the Job Seeker Support benefit for more than 12 months
- to increase participation in early childhood education to 98 per cent
- to increase infant immunisation rates and reduce the incidence of rheumatic fever
- to reduce the number of assaults on children
- to have 85 per cent of 18-year-olds getting NCEA level 2

- to increase the proportion of 25-34 year olds with advanced trade qualifications, diplomas and degrees
- to reduce the rate of crime by 15 per cent, the rate of violent crime by 20 per cent and the rate of youth crime by 25 per cent
- to reduce reoffending by 25 per cent
- to ensure businesses have a one-stop online shop for all government advice and support; and
- to ensure New Zealanders can complete transactions with government (like paying tax or renewing a passport) easily in a digital environment.

Achievements so far have been encouraging, and the targets have been successful in changing in the way government agencies work together. This year we will continue to report every six months on progress towards these results.

The Government will continue to focus on improving procurement in the public sector, including reducing the size and cost of public service office accommodation. In the next three to four years we expect to reduce the Government's office space occupancy by around 25 per cent, producing annual savings of \$110 million.

SOCIAL DEVELOPMENT

The Government has a clear focus on supporting people to come off benefits and into work. This year we will continue to progress our reforms to the welfare system. Welfare reform is already working, with more than 17,000 fewer people on a benefit in December 2013 compared to December 2012.

The Government will this year progress legislation to make spouses and partners, as well as beneficiaries, accountable for fraud, and to enable the Ministry of Social Development to recover debt more effectively.

The Government will continue to implement the action plan arising from the White Paper on Vulnerable Children. This year the Government will progress legislation which, among other things, will create new child harm prevention orders and ensure that people who work with children are subject to robust screening and vetting. We will also launch further multi-disciplinary children's teams to work with vulnerable children and their families.

The Government will work this year to improve the transition to independence for children in state care and provide better support to Child, Youth and Family caregivers.

The Government will pilot a micro-finance scheme to help low-income people avoid debt traps. We will also be investing in budgeting services to make sure people on low incomes get good financial advice.

In April this year, MSD will take over housing needs assessments from Housing New Zealand Corporation, allowing it to have a full picture of the needs of individuals and their families.

The Government will progress legislation this year to give better support to current and future veterans.

The Government wants to continue making a real difference in people's lives by improving the quality of services we purchase and increase access to those services. In particular, we will be working with social services NGOs over the coming year to reduce compliance, free up resources to deliver services, and shift to a focus on delivering outcomes.

This year three non-government commissioning agencies will take over the responsibility for purchasing Whanau Ora services, to improve the scheme's responsiveness to communities in each area and create more opportunities for whanau and family capability building.

EDUCATION

The Government will continue its focus on lifting the performance of the education system, raising student achievement, and valuing and strengthening the teaching profession.

As recently announced, the Government intends to introduce new positions in schools to recognise excellent teachers and principals, keep good teachers in the classroom, and share expertise across schools and amongst teachers and principals. These new positions are for Executive Principals, Expert Teachers and Lead Teachers. A new position of Change Principals will also be introduced to help attract excellent principals to work in struggling schools. Work to establish these positions will be undertaken in 2014 and the first appointments made in 2015.

This year the Government will progress legislation to establish a new professional body to lead and regulate the teaching profession, replacing the current Teachers Council. This body will take on a broader mandate to lead the teaching profession and drive innovation and improvement in teacher quality initiatives and professional development.

This year will also see the inaugural Prime Minister's Education Excellence Awards which aim to recognise and celebrate excellence in teaching, leadership, community engagement and governance. In March, New Zealand will host the fourth International Summit on the Teaching Profession.

The Government will continue to lift the quality of initial teacher education, with new postgraduate teacher training being introduced progressively from 2014.

A new computer-based tool will be offered to schools this year to support teachers to make judgments on their students' achievements in reading, writing and mathematics as part of National Standards. This will help to improve the consistency of teachers' assessments.

Schools will report publicly on their achievements against National Standards. Student achievement information – from both National Standards and NCEA – will again be made available, at a detailed level, on the Ministry of Education's "Education Counts" website.

The Government will continue to ensure that parents have access to public achievement information to enable them to better support their children and schools. The Government has also invested \$14.5 million to support Boards of Trustees, many of whom are parents working hard for their local schools.

Five partnership schools will open at the beginning of this year, providing further options for young people and their families around the type of education that best suits their learning needs. The Government has invited applications for a further round of partnership schools which, if approved, would open in 2015.

The Government is continuing to invest in modern learning environments, including the online network for schools so they can take advantage of the opportunities from ultra-fast broadband.

The Government has invested over \$700 million to connect schools to fibre or rural connections to the internet, and set up the Network for Learning so that every school in New Zealand can be connected to affordable, safe, quality, fast connections and uncapped data by 2016.

This year the Government will continue to lift participation rates in early childhood education. These rates are already rising, and our target is that by 2016, 98 per cent of children starting school will have participated in quality early childhood education.

LAW AND ORDER

In 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 continue its work to improve support for victims. We will progress a number of pieces of legislation to, among other things: strengthen and expand the rights of victims; reduce stress on victims by providing longer periods between parole hearings for prisoners less likely to be released; and introduce a new type of restraining order to reduce the likelihood of serious offenders coming into contact with their victims. Legislation will also be introduced to make it easier for child witnesses and rape victims to give evidence in court.

The Government will progress legislation to address cyber bullying and other forms of harmful digital communications, and legislation to increase the penalties for online child sexual abuse and create a new offence of indecent communication with a young person.

The Government will also progress legislation to keep offenders who are at a very high risk of imminent serious sexual or violent re-offending detained on public protection orders.

Legislation will be introduced to further strengthen New Zealand's response to crimes such as money laundering, identity theft, human trafficking and corruption.

Family Court reforms will come into force this year, to speed up the system, encourage better resolution of family disputes, and reduce the stress on children and families. The use of technology in the court system, including audio-visual links, will be increased. Legislation to modernise and bring New Zealand's courts into the 21st Century will be progressed. The Government also intends to introduce legislation to make the coronial system faster, fairer, and more user friendly.

The Government is well on track to meet or exceed its crime reduction targets. Recorded crime is at a 33-year low and this year Police will continue to focus on embedding their Policing Excellence strategy, which aims to stop crime before it occurs. In particular, Police will continue to make more use of technology that allows them to spend more time working with the public and less on time-consuming processes and paperwork.

The Government will this year continue its focus on reducing re-offending. Re-offending rates have already fallen by over 11 per cent and this year we will be continuing to expand alcohol and drug treatment, education and work programmes in prison.

The Government will also be focused on making the public safer by improving the management of offenders in the community. Legislation will be introduced this year allowing the Department of Corrections and New Zealand Police to undertake alcohol and drug testing of high-risk offenders in the community. This would allow remote testing of offenders and people on bail who are prohibited from using alcohol and drugs, for example through the use of alcohol bracelets.

The Government will also introduce legislation to overhaul extended supervision orders. New legislation will see these orders expanded to include violent and adult sex offenders and to be made renewable.

HEALTH

The Government will this year further improve access to hospital services, and continue to focus on prevention and early intervention.

More patients will continue to get the treatment they need, and will get this sooner. Access to elective surgery has been improving, with procedures up 34 per cent over the past five years. This year, we aim to increase the volume of elective surgery by at least 4,000.

We will deliver more and faster access to diagnostics, including important pre-operation tests such as MRI and CT scans, angiograms and colonoscopies. All cancer patients who are ready for treatment will continue to receive their radiotherapy or chemotherapy within four weeks.

Alongside this focus on improving access to hospital services, new initiatives and resources are being focused on preventative health measures to help families stay well.

A new community-level health promotion and prevention strategy, Healthy Families NZ, will be launched. Community-led local health promotion activity will take place to help families make healthier choices, and reduce risk factors for chronic disease, such as unhealthy weight.

More New Zealanders will receive heart and diabetes checks, after additional funding was provided in last year's Budget.

The Government will continue its 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 over 50,000 children. With immunisation rates over 90 per cent already, we are also on track to immunise 95 per cent of eight-month-olds by the end of 2014.

The Prime Minister's Youth Mental Health Project is working to ensure that young people with mild to moderate mental health issues get the help they need. This year school-based services will be rolled out to more secondary schools, young people will have easier access to health services and an e-therapy tool will be launched.

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 and finalise the implementation of the regulatory regime for psychoactive substances.

SOCIAL HOUSING

The Government will continue with social housing reforms to get better value from its \$16 billion investment in social housing and provide better housing to those in need, for the duration of their need.

In April this year, the most far-reaching social housing reforms in decades will begin. The Government will extend eligibility for Income Related Rent subsidies to tenants of houses owned by registered community housing groups. At the same time, the Ministry of Social Development will assume responsibility for housing needs assessment. These measures will help to grow the community housing sector and develop the market for social housing.

In addition, the Government will introduce reviewable tenancies for all social housing tenants, so people regain independence and self-sufficiency as their individual circumstances permit and as alternatives allow.

The Government will trial a warrant of fitness for Housing New Zealand Corporation houses, as another step to ensuring that families most in need have a warm, dry and safe house to live in. Last year we completed our programme of insulating every state house that could be insulated. These are part of the Government's moves to reverse years of neglect in maintaining the quality of state houses.

INTERACTING WITH GOVERNMENT

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

This year progress will be made on the new immigration management system, and the roll-out of the New Zealand Business Number means that, over time, businesses will only have to provide government with their information once. The take-up of the online identity service RealMe is expected to increase this year.

Honourable Members.

REBUILDING CHRISTCHURCH

The Government's final priority is to support the rebuild of Christchurch.

This year we will continue to lead and drive momentum in that rebuild – which is now estimated to have a total cost of around \$40 billion. The Government's total contribution to the rebuild is expected to be around \$15 billion, of which half is from the Earthquake Commission, net of reinsurance proceeds.

As the third anniversary of the 22 February earthquake approaches, it is important to maintain that momentum.

Growth in Canterbury has been strong. A total of 4,200 construction jobs were created in the year to September 2013. But the recovery is much broader than that. Over the same period, 9,900 new jobs were created in retail trade, accommodation and food services. The return of retail and hospitality services to Christchurch will continue to be a big contributor to the recovery and life of the city.

Exports going through Lyttelton Port increased 15 per cent in the year to August 2013. The settlement of the Port's insurance claim in December will bring nearly \$440 million into Canterbury, which will be used to renew and reinstate the Port's facilities.

Rebuilding of horizontal infrastructure is progressing well. The Stronger Christchurch Infrastructure Rebuild Team has 119 projects worth \$594 million underway, and 321 projects have been completed. So far, 44 kilometres of fresh water pipes, 258 kilometres of wastewater pipes and 14 kilometres of storm water pipes have been laid. In addition, over a quarter of the damage to roads has been repaired.

The Government will step up construction in the central city this year.

Construction of the \$300 million Justice and Emergency Services Precinct has already begun. When complete it will bring around 2,000 employees and visitors each day to the inner city, supporting the development of other businesses in the central business district.

The Avon River precinct is already well underway, providing a focal point at the heart of the city and attracting other developers to the area.

In addition, several anchor projects will be under construction this year including the Metro Sports Centre, Bus Interchange and Health Precinct.

Key residential projects are progressing, and housing will be a primary focus for the Government this year.

The creation of the Land Use Recovery Plan provides a framework for building and will go a long way towards easing housing pressures. The aim is for amended intensification rules to deliver 8,000 to 10,000 new dwellings in Christchurch within the next five years. In addition, as many as 40,000 residential sections could be developed by 2028 within the new greenfield priority areas.

The creation of the Red Zone, and announcement of Port Hills zoning decisions, has given certainty to homeowners. A total of 98 per cent of flat land homeowners in the red zone have settled with the Crown, enabling them to purchase new homes elsewhere.

Insurance settlements are progressing, and the Government has established the Residential Advisory Service to assist residents with their insurance claims. More than 50,000 home repairs have been fully completed under EQC's managed repairs programme.

The Government has established a constructive relationship with the Christchurch City Council, with whom we share an enormous challenge. The impact of the upcoming construction phase in Canterbury cannot be underestimated, and the amount of labour, material and effort required is unprecedented.

Now that so much of the ground work has been completed, the more tangible and visible side to Christchurch's redevelopment will become obvious.

We are entering an exciting phase for the future of the city. Construction will continue rapidly for the next several years, and there will be very obvious progress throughout 2014. Christchurch residents can look forward to watching the skyline of their new city rise around them.

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 maintain an independent and bipartisan foreign policy. We will continue to build support for New Zealand's bid to sit on the United Nations Security Council for a two-year term starting in 2015.

The Government will continue to progress the commitments it made in the 2010 Defence White Paper. This will see new capabilities becoming operational as the Defence Force builds a Joint Amphibious Task Force focused on meeting the security needs of our region. This year will also see reinvestment in people and platforms, and the building of depth and capability in the Defence Force.

The upcoming centenary of the First World War will be an opportunity for New Zealanders to reconnect with one of the most significant events in our history. This year will mark the beginning of a four-year programme of activities throughout the country and overseas. A centrepiece will be the completion of the National War Memorial Park in time for the centenary of the Gallipoli landings on April 25, 2015.

The Government is moving to safeguard New Zealand sport by taking steps this year to introduce a national match-fixing policy, in consultation with the sport sector and betting industry.

The Government will continue to progress the full and final settlement of historical Treaty of Waitangi grievances. To date, 67 deeds of settlement have been signed.

This Government has signed 41 of these in just five years. Completing all Treaty settlements has gone from an aspirational ideal to a realistic target. During 2013 the Crown signed 8 deeds of settlement and Parliament sat in extended hours to progress 17 pieces of settlement legislation. Virtually all iwi are now engaged with the Crown.

This year the Government will establish a record number of new marine reserves, with three in the Subantarctic Islands and a new reserve in Akaroa Harbour. We will also conclude consideration of marine protection proposals on the West Coast and at Kaikoura. The Government is consulting on a proposal to establish a new conservation park on Great Barrier Island, and will consider the advice of the New Zealand Conservation Authority on a new national park encompassing the Waipoua kauri forest in Northland.

Honourable Members.

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

Towards the end of this year there will be a general election.

New Zealanders will have a very clear choice.

Through difficult times, the Government has put New Zealand on a strong financial footing.

The economy is growing and creating jobs and higher incomes.

We are delivering better public services that are achieving results.

And the rebuilding of Christchurch is well under way.

This is not a time to put those hard-won achievements at risk.

As the last five years has shown, the National-led Government has delivered stable leadership and put New Zealand on the right track.

That will continue in 2014.

