Where To From Here - Progress On The Confidence & Supply Agreement between ACT and National

Speech by Hon Rodney Hide, ACT Leader, MP For Epsom to the New Zealand Business Roundtable retreat; Formosa Golf Resort, Beachlands, Auckland; Friday, February 20 2009.

Good afternoon.

So, after three months of working with the National Party, how is ACT doing?

What is ACT bringing to this government?

I believe we're on a roll.

Our aim is to shift the direction of this country for the better.

And, although it's early days, I think we have a good chance of doing just that.

Contrary to what many people believe, we are not in coalition with National.

We support it as the majority Party.

We support it on supply and confidence.

But we sit on the cross benches.

Heather Roy and I are Ministers but, outside our portfolio responsibilities, we and our three MPs are free to criticise Government policy.

We will do just that – but we will do it respectfully.

Our goal is not to destabilise the Government.

It is to contribute to getting better policy and better results for New Zealand.

Both National and ACT want to see a more prosperous and cohesive nation driven by the initiative and hard work of individual people.

But ACT also believes our national productivity performance will need to increase dramatically to match that of Australia.

Fiddling at the edges is not enough.

We see Australia as a benchmark – our neighbour whom we used to rival.

Until recent years, both countries had similar average incomes and a parallel standard of living.

There is now a huge difference, with the average worker in Australia earning a third more than their counterpart in New Zealand.

So ACT and National have agreed on the concrete goal of closing the income gap with Australia by 2025.

This is the key principle of our supply and confidence agreement.

Achieving it will require a sustained lift in New Zealand's productivity growth rate to three percent a year or more.

Both Parties see the need for significant changes in institutions and policies to achieve our goal.

But we have very different ideas about how to achieve it.

New Zealand is facing immediate and serious economic risks due to the international financial crisis and global recession.

It's a huge challenge.

We are already on the back foot due to our second rate economic performance and falling productivity.

We've been falling further and further behind other developed nations, and the Labour Government did nothing while this collapse was occurring.

Serious and substantial systemic changes are needed.

In order to work towards those goals National and ACT will agree to:

* The broad outline of the legislative programme

* Key legislative measures

* Major policy issues

* Negotiation on policy issues and legislative measures to which ACT is likely to be particularly sensitive.

A Leadership Council of myself and John Key has been established to regularly consult on major strategic elements of the Government's programme, review progress towards improvements in the rate of productivity growth, and consider new initiatives.

We meet once a month - or more often as required.

There are seven key elements of our agreement. Here is how they are being progressed.

First, law and order.

The country needs stricter provisions on sentencing, bail and parole.

And our ‘Three Strikes' Bill is now before Parliament.

It'll mean recidivist violent or sexual offenders will get mandatory 25 years to life if they commit a third violent offence.

National supported the introduction of the legislation, which is now going to a Select Committee.

Indications are that this clampdown will have widespread public support, as well as being a sensible and effective way of dealing with hardened criminals who need to be taken off the streets.

We will be supporting other reforms of the criminal justice system that provide more security and safety for law-abiding New Zealanders.

Second, climate change.

We campaigned to abolish the Emissions Trading Scheme, which we believe is based on doubtful science and was rushed through without any serious cost benefit analysis.

We have differences with National on this issue but it has agreed to the establishment of a special Parliamentary Select Committee to review the current Emissions Trading Scheme, including carbon taxes.

The key thing we need is a proper assessment of the costs and benefits to New Zealand of the ETS.

It's shocking that has not yet been done, with the ETS guaranteed to put up costs to families and businesses, and deepen the impact of the recession.

We want that analysis carried out.

If a rigorous Select Committee examination results in a credible case in support of the scheme, or perhaps a carbon tax, we will support it.

Third, controlling government expenditure.

We believe in small government.

Currently, Government spending is grossly excessive and needs to be brought under control.

I am now a member of the Cabinet Expenditure Control Committee.

A focus of our work is eliminating programmes that do not deliver value for money.

ACT does not want nibbling at the edges of spending.

We want whole programmes that are wasteful and unnecessary to go.

It's not just central government that is spending wildly and irresponsibly, local government is too.

In my role as Local Government Minister I will be looking at ways to reduce needless regulations and compliance costs, and encourage Councils to keep rate rises to inflation level or below.

Fourth, tax.

ACT believes that, as a timid initial step, we should align personal, trust and company taxes at a maximum of 30 percent.

National has agreed that's a desirable medium-term goal.

We remain fundamentally committed to substantial reduction in tax rates, and that involves cutting back government spending.

Fifth, reducing red tape and bureaucracy.

New Zealand businesses are being held back - if not bludgeoned to death - by a raft of unnecessary and petty restrictions, rules and regulations.

National has agreed to set up a task force to carry forward work on the Regulatory Responsibility Bill.

As the Minister for Regulatory Reform I've started a sweeping review of rules and regulations in order to cull the unnecessary, the small minded and completely outdated.

Once the initial cull is complete, we'll be holding annual reviews to make sure the improvement process is ongoing.

We will look at exploring the concept of a New Zealand Productivity Commission associated with the Productivity Commission in Australia in order to support higher productivity growth and improvements in the quality of regulation.

Six - we're reviewing and reforming the RMA.

The initial changes were announced recently. There will be more.

Beyond the short term, consideration will be given to further improvements - including better mechanisms for water allocation and compensation for regulatory takings of property rights.

High quality advisory groups will be established for such tasks.

We're also looking at changes to the Building Act and the Local Government Act.

All of these reforms will have a huge impact on productivity and benefit businesses, communities and individuals.

Finally, education.

ACT favours greater choice and competition in education.

National has said it will "work, over time, to increase the education choices available to parents and pupils so families have more freedom to select schooling options that best meet the individual needs of their children."

So we've agreed to set up an inter-Party working group to examine policy options relating to the funding and regulation of schools that will increase parental choice and school autonomy.

Ladies and gentlemen, it is vital we meet the challenge

So are we making progress?

We have our tough sentencing and parole laws going through Parliament.

We are reviewing the ETS.

We are cutting red tape and petty over-regulation, and you will see real progress in this area in the coming months.

Reforms to the RMA have already been announced, with more to come.

And that's just the first three months.

My team is making an impact as individuals.

Most recently, David Garrett has done an excellent job in promoting and speaking on our ‘Three Strikes' legislation.

Sir Roger Douglas is getting strong coverage around the country, and his Orewa speech was widely reported by the urban and provincial media.

John Boscawen has been a particularly effective performer in Parliament.

By the next election, I am planning on having 10 ACT MPs.

ACT is making real progress and there's more to come.

I love being a Minister.

I've never had so much fun in my life, and such a sense of adventure.

Thank you.