

Appropriation (2009/10 Supplementary Estimates) Bill, Imprest Supply (First for 2010/11) Bill
— *Second Readings - 22 June 2010*

Hon Sir ROGER DOUGLAS (ACT): The Budget is now a month old. Frankly, the more one looks at its detail, the more inadequate it becomes.

After 20 months in power, the Government has a number of obvious traits—none of them particularly good. It intends to run the business of Government better than the previous Labour Government did—hardly a hard task or an ambitious goal. It is clear that National no longer believes very strongly in what it declares to be its principles—freedom, choice, individual responsibility, or limited Government. Its decision-making process is very clear. When faced with an issue that needs to be resolved, the first question it always asks is what the public will accept on this issue. There is no leadership; we are run by focus groups. The question the Government should be asking is what policy is in the best interest of the nation; then and only then should it ask the question of how to sell those policies to the public.

The difference between the two approaches is hugely significant. Under National's current approach, we will never reverse Labour's terrible policies. We will never catch up with Australia, and the Prime Minister, John Key, will be in danger of going the same way that Kevin Rudd has gone. In the end, only quality policies bring real returns to the people of New Zealand. The second question—asking what should be done in the best interest of New Zealand—would mean that catching up with Australia was only a matter of time.

We can turn New Zealand's current problems, including lack of growth, into opportunities if we define clearly what we want to deliver to the people of New Zealand and how we intend to deliver it. The key issues facing this nation are the same that have faced this nation for 40 years—health, education, welfare, unemployment, crime, housing, etc. For 70 years Governments have tried to run these areas of people's lives, with disastrous consequences. Public expenditure has expanded to over 50 percent of GDP, and as a result it has caused low productivity and an excessive strain on taxpayers. At the same time, the Government's management of people's lives has stripped them of the possibility of getting ahead. Despite increases in our nation's wealth, we see more people relying on the State for assistance.

Offering short-term answers to these problems will never solve them, nor will examining each of them in isolation work. The issues are fundamentally linked, and I believe that the people of New Zealand know it. The problems of poverty, lack of motivation, inadequate skills, alienation, and unemployment all reinforce one another. These problems create the conditions that lead to health problems, a lack of opportunity, and a lack of economic growth. These issues are central to any recovery in New Zealand, because they act negatively on rich and poor alike. They focus on the plight of the disadvantaged and the adverse impact that their situation has on the rest of us.

The only way of satisfying both sides of this equation is for New Zealanders to agree on some overriding objective. That objective would need to include the following element: an improvement in the living standards of all New Zealanders, particularly the disadvantaged. Such an objective would then allow any political party that wanted to, to integrate its thinking on growth, investment, health, education, welfare, jobs, equity, security, and social

harmony. Such an objective also has the virtue of putting all New Zealanders, hopefully—and, hopefully, also the political parties—on the same page. We all want to help New Zealanders, especially the disadvantaged. We all share the same goal. Where we differ is over the means we adopt to help them.

This is where we can have our arguments. ACT likes choice in education, health care, and welfare. For example, we like people to be free to choose which school they send their children to. National, Labour, the Greens, and the Māori Party favour compulsion. They say that people can send their children to the school of their choice only if they are rich enough to pay private school fees or to move into their preferred school zone. ACT likes competition, because it promotes efficiency, better use of resources, and higher incomes, while giving people choice. National, Labour, the Greens, and the Māori Party favour monopoly. They like to have monopolies in health, education, and the welfare system—only one place to choose from and no incentive to improve efficiency. ACT likes self-reliance, whereby people are allowed to keep their own money through lower taxes or tax credits, which enables all New Zealanders to purchase their child's education, health care, or welfare insurance. National, Labour, the Greens, and the Māori Party prefer dependency. After the people of New Zealand have paid their taxes, they simply do not have enough money left over to be self-reliant, so they are forced to vote for the party that they believe offers them the best handout. ACT believes that people should be able to get ahead through hard work, while the rest of the political parties want to tax success hard in order to create dependency.

Although income is important to the disadvantaged, it is not enough to remedy their situation. Their deeper need, which I believe that only ACT offers, is to have the incentives and opportunity to make real advances for themselves through their own effort. By helping them to achieve independence and to contribute to society, we can transform their future and everyone else's with it. Disadvantaged people need access to education, health care, housing, and benefits that guard them against emergency, adversity, and disability. But forced education, where they learn nothing, life on a benefit, or Government-created jobs simply perpetuate their problems. Scope for constructive personal choice is basic to human dignity. The disadvantaged need the kind of help that puts people on their feet and able to make decisions for themselves.

The social cost of very low productivity growth in New Zealand over a long period of time has damaged the security and well-being of people at every level of New Zealand society. It is about time we did something about it. We need to stop worshipping sacred cows that do not exist. We need to understand that without efficiency, improved equity, for example, is impossible to achieve. We need to understand that waste consumes resources that would otherwise have been available to improve equity levels throughout the community. Certainly, everyone involved in wasting resources—and there is plenty of that—collects a rent, dividend, or pay packet, but does so at the expense of the whole community, and we need to understand that. If we eliminate that waste, people, as well as money and physical resources, are forced to relocate in activities that produce a benefit for the community, but it is a nonsense to pretend that such a change to the status quo for them is a reduction in the overall levels of equity. The interest groups that make that argument are stating a case for gains to them at the expense of everyone else's well-being. I think it is time we examined the \$3 billion of special privileges in the Budget that go largely to businesses. If we got rid of

those \$3 billion of handouts—like film industry grants, etc.—we could reduce taxation dramatically in this country.