

***Appropriation (2010/11 Estimates) Bill — Third Reading, Imprest Supply  
Debate - 3 August 2010***

Hon Sir ROGER DOUGLAS (ACT): The Budget is now more than 2 months old, and it is becoming more obvious why the Government did not tackle some of New Zealand's main economic problems, including a lack of economic growth, in that Budget. It is clear that the Government goes about its decision-making process in much the same way as Labour did over its 9 years in Government.

The big problem we have is that the Government always asks the wrong question. When faced with a major issue, the Government asks what it can get away with; what it can sell to the public. When one asks that question, one will always come up with the wrong answer. The real question that should be asked is what the Government should do in relation to the particular policy area in the interests of the country. Having decided what one should do in the interests of the country, one then asks how one markets that decision to the public.

Getting that round the wrong way has serious consequences, and I want to talk today about one of the consequences of that approach—that is, the consequence for the poor and disadvantaged. I believe it is extremely harmful. In fact, what makes me more cross than anything else is the way that National, Labour, the Māori Party, and the Green Party claim to want to help the poor and disadvantaged, then implement or advocate policies that do absolutely the opposite.

This afternoon I would like to discuss how we deal with the issue of disadvantage. I agree with the other parties when they say that the key issues faced by the country include unemployment, race, crime, health, education, housing, welfare, and the economy. Where I disagree with the other parties is the way in which we solve these problems. The country simply cannot solve these issues by seeking short-term solutions over the next 3 months or 18 months. None of these issues can be resolved, in my view, to the satisfaction of the public unless they are placed in a medium-term context.

Because these issues are linked fundamentally, and voters know it, they cannot be solved if we look at them in isolation, as we have done over the last 15 years. Poor parenting, lack of motivation, inadequate skills, alienation, unemployment, and delinquency all reinforce each other. Low incomes, inadequate housing, poor health, lack of opportunity, and lack of economic growth are all part of the same syndrome. In these circumstances, delivering real gains to disadvantaged people is crucial because that automatically delivers something of value to everyone else.

Although income is obviously important to disadvantaged people, income in itself is not enough to remedy their situation. Their deeper need is for the incentive and the opportunity to contribute more to society through their own efforts. By helping them to achieve independence and contribute more to society, we not only transform their future but improve everyone else's.

These gains have an important role to play in creating a dynamic growth economy, higher incomes for everyone, and a fairer society. The alternative is a society with a permanent

underclass—alienated people with no stake, prosperity, or social harmony. That is one reason why the community as a whole is desperate to see a recovery of the growth and investment needed to develop our future potential.

The social cost of very low growth over the last 15 years has damaged the security and well-being of people at every level of society. Those costs, however, hit the disadvantaged harder than anyone else, but their reaction to disadvantage has an impact on everyone. Deep down, the public knows that growth is the only way to get sustainable jobs and avoid an ongoing erosion of living standards and well-being. That necessarily involves a reduction in waste, inefficiency, and avoidable burdens on those who create and contribute to growth, yet Labour, National, and other parties see any proposal to eliminate waste as a negative, and as one to be avoided at all costs. In other words, there will never be a solution to our problems while this mentality actually exists.

If we truly want to help disadvantaged people, we need to end the vicious cycle we have at the moment, where the disadvantaged are often forced into education in which they learn nothing, live on a benefit, or unproductive jobs that simply perpetuate their problem. Until we recognise that scope for constructive personal choice is the basis for the dignity of human beings, we will simply not move ahead.

The central feature of disadvantage is in fact not a lack of money or housing, and so on; it is a total lack of choice. The disadvantaged need the kind of help that puts people on their feet, able to make a contribution and make gains for themselves in doing so. We ignore the policies that can do that, at our peril.

The Government has increasingly allowed over the last 18 months, in my view, Labour and others to portray even the smallest attempt to change as the seeking of heartless efficiency at the expense of equity. Let us be clear about this: without improvements in efficiency, improved equity is in fact impossible to achieve, and even existing levels of equity come under increasing threat. Until New Zealand realises this economic fact, then New Zealand's relative decline of the last 15 years will continue.

The fact is that waste consumes resources that could otherwise have been available to improve equity levels throughout the community. Certainly, everyone involved in wasting resources collects a rent, dividend, or pay packet, but they do so at the expense of the whole community. We need to be very clear about this: the benefits of privilege are concentrated in the hands of well-organised groups. For example, a lot of the help that this House and the country provide to Māori goes to a few and not to the many, and that needs to change.

The issue of helping Māori people is deeply interlocked with all the other issues of disadvantage, at every level. Perceived equity in these circumstances is critical. The objective for Māori people must be to open up effective opportunities for them to share fully in the nation's future. Moreover, the need is to place them in a position to do so in a self-sustaining way, based on their own skill and their own initiative. That is not simply or even fundamentally a question of righting past wrongs or of restoring lost lands and fisheries to them.

Complete justice based on the past, in my view, is impossible, and in attempting to restore it, we must take care not to make bitterness a permanent feature of our race relations. Justice for Māori people has to be based on what will work best for them and the community for the rest of the century. Their central problem is a lack of knowledge and skill, which are essential for self-esteem and success in the year 2010 and beyond. Unless that deficiency can be remedied, the Māori people will remain as they are at the moment—at a permanent disadvantage.