



Prime Minister's Statement

Rt Hon Jacinda Ardern
PRIME MINISTER

12 February 2020

Two years ago, this Government of three parties set out an ambitious programme to tackle the long terms challenges that had been neglected for nine years.

We committed to major investments in housing, health, education, conservation, police, and infrastructure.

We committed to restoring the environment, creating more jobs, and lifting the incomes of families reducing child poverty, and lifting family incomes, while running sustainable surpluses across the economic cycle and paying down debt.

We sent a clear message - that we would be a government of inclusion, transformation, and aspiration.

Two years on we have made excellent progress. This year, the Government will continue to build on that progress.

Our priorities for 2020 include:

- Fulfilling our commitments in the Speech from the Throne, coalition, and confidence and supply agreements
- Delivering our second Wellbeing Budget and making further investments in five Budget priority areas
- Furthering our work to end child poverty
- Rolling out our investment in frontline mental health services
- Responding to the review of our health and disability systems
- Reforming the skills sector and promoting skills and trades
- Investing in vital infrastructure across transport, health and education systems
- Rolling out measures to reduce homelessness, increase public housing, and support more people into owning their own home
- A focus on growing trade opportunities, in particular with the EU and UK
- Passing legislation to reform the Emissions Trading Scheme
- Progressing the freshwater reforms to stop the degradation of our waterways and clean up our rivers and lakes within a generation
- Improving competitiveness and transparency in the retail fuel market
- Continuing our record as a stable and responsible government

In the last twelve months, our country has been tested in ways that would have seemed unimaginable just two years ago. We have emerged saddened but resolute, forever changed but optimistic.

We are well placed to meet any challenges that may come our way.

Despite a declining global economy, our economy remains in good shape compared with much of the rest of the world.

Our annual GDP growth is at 2.7%. We are growing faster than Australia, the US, the UK, Canada, the Euro Area, Japan, and the OECD average.

More New Zealanders are now in work than ever before. Unemployment is down to 4%, amongst the lowest in over a decade.

Wages are growing at near decade highs, with average hourly wages up 3.6% from a year ago.

Dairy prices have continued their positive start to 2020 and look set to stay strong for this season, which is hugely important for our rural community and flows through to the whole economy.

There are plenty of reasons to be optimistic as we look ahead.

The Government books are in a strong position.

Our net debt is currently 21% of GDP – one of the lowest amongst developed economies, and well below the 22.9% we inherited from the previous Government.

We've run \$13 billion of surpluses in our first two years in government. Treasury is forecasting a further \$11 billion of surpluses over the next five years.

This gives us the flexibility to make important long-term investments, like infrastructure.

But GDP and surpluses are not ends in themselves. Rather, they are a means to an end.

Last year we delivered our first Wellbeing Budget. It showed how we have broadened our definition of success to one that isn't just about the health of our finances, but also of our people, environment, and communities. We know we cannot measure success by looking to one statistic alone.

We have implemented the Living Standards Framework and Indicators Aotearoa New Zealand to ensure government monitors progress against inter-generational wellbeing measures. This work takes a broad view, looking across social, economic and environmental wellbeing to help guide government work to ensure we're measuring success beyond GDP.

This year we will pass the Public Finance (Wellbeing) Amendment Bill, to establish annual reporting on the wellbeing objectives in the Budget and for Treasury to report periodically on the state of wellbeing in New Zealand. We will also modernise the public service by replacing the 1988 State Sector Act with a new Public Service Act.

In our last two Budgets, we have funded significant advances for the wellbeing of New Zealanders: more houses and classrooms, increasing the number of trained police and teachers and nurses, and reducing the number of children living in poverty.

The 2020 Wellbeing Budget will build on these priorities and continue the work we have begun, including:

- Just Transition – Supporting New Zealanders in the transition to a climate-resilient, sustainable, and low-emissions economy
- Future of Work – Enabling all New Zealanders to benefit from new technologies and lift productivity through innovation
- Māori and Pacific – Lifting Māori and Pacific incomes, skills, and opportunities
- Child Wellbeing – Reducing child poverty and improving child wellbeing
- Physical and Mental Wellbeing – Supporting improved health outcomes for all New Zealanders

Infrastructure will also continue to be a significant part of our economic plan.

When we came to office we were left with an infrastructure deficit. While the previous government spent a large amount of money on a few roading projects, it neglected the rest of our infrastructure such as our schools, hospitals and railways.

For example, in 2016 no new money was put aside for health capital expenditure. In 2017, it was just \$150 million. We saw the product of this underinvestment in the stories of sewage and mould in the walls of Middlemore hospital.

In our first two years, we began the work to close that deficit. Across our first two Budgets our investments have included \$2.5 billion in health infrastructure, more than \$1.5 billion in schools, and \$1 billion to support the redevelopment of KiwiRail. This money is going directly into projects that are being delivered and improving the lives of New Zealanders.

In education, this money has gone to implementing the first-ever long-term plan that gives a clear picture of where new schools and extra classrooms are needed to meet demand for about 100,000 extra student places over the next 10 years.

We have also established the Infrastructure Commission to develop the long-term pipeline of infrastructure projects to give industry certainty. This year will progress the Infrastructure Funding and Financing Bill to support the provision of infrastructure for housing and urban development.

Just a few weeks ago, the Government committed to the largest infrastructure spend by a New Zealand government for a generation.

Through the New Zealand Upgrade Programme we are investing \$12 billion in projects across New Zealand to future-proof our country.

We have committed:

- \$6.8 billion for new transport projects, with a significant portion of that going to roads and rail;
- \$300 million in health, focused on children and maternity, mental health, and the regions
- \$200 million for a clean powered public sector
- \$300 million for regional investment opportunities; and
- \$400 million one-off increase to schools' capital funding.

Cabinet will also this year work with stakeholders on the future of the Ports of Auckland. We know that the current location of the Ports of Auckland is not viable as the upper North Island's key import port in the long term, but the question is not if, but where and when it will move. Shifting Auckland's Port will be a huge undertaking, and if done right, will have benefits for all of New Zealand.

The Government will also make decisions on light rail for Auckland. This is a long-term, transformational project that make a significant difference to the lives of Aucklanders.

We are also working closely with industry to deliver the workforce needed to support this investment in infrastructure, including through the Construction Sector Transformation Plan launched earlier this year.

Alongside our investment in infrastructure, we are partnering with business to encourage innovation and productivity, and to build a skilled workforce through our vocational education reforms and greater promotion of the trades as careers in schools. We have introduced a

15% R&D tax credit, and changed the way we do procurement to help New Zealand businesses obtain government contracts.

We've also launched a new approach to industry policy, working in partnership with industry to develop long-term Industry Training Plans. This year we will finalise a plan with the Agritech sector, and advance plans with the food and beverage, digital technologies, and forestry and wood processing sectors. These plans are aimed at growing more innovative industries and lifting the productivity of our key sectors.

Through the Small Business Strategy we're supporting efforts to build capabilities and skills amongst small business owners, including with government taking the lead on prompt payment practices to support small business.

We have established the Venture Capital Fund, which this year will begin matching private investment in supporting innovative businesses with the potential to grow. This \$300 million fund fills a gap we've always had in this country to help emerging businesses to grow.

New Zealand Green Investment Finance Limited is also up and running, focused on accelerating investment in projects that reduce New Zealand's greenhouse gas emissions, including transport and agriculture.

Our Government is also committed to **easing the financial pressure for people, particularly families.**

The work we are doing is making a real difference to people's lives. More New Zealanders are in work than ever before and over 87,000 new jobs have been created. The number of Māori in employment rose by 4,900 in the year to 322,600. We have overseen an increase in the weekly average wage of around \$80, and the incomes of over 240,000 New Zealanders have been lifted with our increases to the minimum wage.

Our first act in Government was to raise the incomes of 384,000 families through our Families Package, and we have continued this priority work over the last two years with changes including raising the minimum wage from \$15.75 to \$17.70, and increasing paid parental leave.

We restored the right to rest breaks and meal breaks, removed the 90 day trial periods for larger businesses, and made changes to protect vulnerable workers.

We are committed to pay equity and lifting wages, particularly for our lowest paid workers. Since we came to office we have introduced the living wage for public servants, teacher aides and school support staff.

We have reached pay equity settlement agreements for around 5,000 mental health and addiction support workers, more than 1,300 Oranga Tamariki social workers, and 329 support workers for very young children in early childhood and primary schools. Our hard-working nurses also reached a settlement, delivering the biggest pay increases nurses have seen in a decade.

This momentum will continue in 2020. This year we will progress the Equal Pay Amendment Bill to introduce a simple and accessible process for women to make a pay equity claim.

When we came to office, progress had stalled on closing the gender pay gap, especially in the public sector.

The gender pay gap in the public sector has been reduced to the lowest level since we started measuring it and we have real momentum to keep pushing.

This year we will look to progress improved protections for dependent contractors, as well as minimum employment standards through advancing Fair Pay Agreement changes.

We will also pass legislation extending collective bargaining rights to workers in the screen industries, following the unanimous recommendation of the major players in these industries.

This year the minimum wage will again be raised, reaching \$18.90 on the 1st of April. This will increase the incomes of an estimated 242,000 New Zealanders, and will mean an extra \$48 per week before tax for Kiwis who work for 40 hours. This will bring the total increase for a person on the minimum wage to since we took office to \$126 per week.

On taking office, we increased paid parental leave by four weeks to 22 weeks. This year, paid parental leave will increase again from 1st July, up to 26 weeks. We know how important those first few months of a baby's life are, and what a difference the extra weeks at home will mean for New Zealand families.

Our Winter Energy Payments have benefitted over 1.2 million New Zealanders through extra money over the winter months to help with the cost of heating and we have enhanced the SuperGold even further.

This year a significant priority will be to progress reforms to the fuel sector to increase competition in the market, following the findings of the Commerce Commission's study in 2019.

Last year we implemented key changes in response to the Welfare Expert Advisory Group report, including indexing main benefits to average wage increases. This will come into effect on the 1st of April this year, and will help further reduce poverty for those living on benefits and ensure that the incomes of people needing to access main benefits do not fall further behind.

This year we will continue the transformation of the welfare system, with key priorities over the next year to reduce barriers to employment and training, provide better support for parents, ensure income support is accessible, and provide better support for disabled people and people with health conditions.

We will pass legislation to repeal Part 4A of the New Zealand Public Health and Disability Act to restore the right of family carers to take discrimination claims, showing we are serious about treating family carers with the respect they deserve. This is in addition to expanding the eligibility of family carers to spouses and partners as well as 16-18 year olds, and lifting their pay rates that will see an annual average pay boost of \$2,246 for family carers.

We are proud to have a strong focus on **supporting thriving, sustainable regions**.

When we came to office our regions were suffering from a decade of neglect. This Government is committed to unlocking the full potential of regional New Zealand. Unemployment rates have fallen in Northland, Bay of Plenty, Gisborne, Hawke's Bay, Manawatu, Whanganui, Otago, and Southland. Gisborne/Hawke's Bay, one of the most neglected communities, had an unemployment rate of 8.8% when we took office. This has now fallen to 4.1%.

We are working to improve local employment outcomes for young people in the regions through He Poutama Rangatahi. So far, more than 3,000 young people have been employed through this programme, which is working to enable higher living standards and improved social outcomes for regional communities.

We're changing the temporary work visa system to prioritise New Zealand workers, while ensuring temporary foreign workers can be recruited to fill genuine regional and sector shortages. Starting this year, Regional Skills Leadership Groups will help ensure that migrant labour is used only when local jobseekers don't have the necessary skills. These Groups will also support the upcoming changes to the vocational education sector.

We're also transforming our forests with the Billion Trees programme that is improving our environment, social outcomes for our people, and the economic performance of our regions. We've planted 149 million trees so far - working towards our goal of one billion trees by 2028.

This is about supporting people to plant the right tree in the right place for the right purpose.

Our commitment to the regions is most evident through the Provincial Growth Fund. The PGF is supporting people living all over New Zealand by building a regional economy that is sustainable, inclusive and productive. So far \$2.6 billion of the \$3 billion in funding from the PGF has been committed to over 530 projects, transforming regional communities across the country. The PGF is prioritising regional infrastructure projects that enable regions to be well connected from an economic and social perspective - including rail, road and digital connectivity.

Building on the success of the Provincial Growth Fund, the New Zealand Upgrade Programme will invest \$300 million in regional infrastructure, with details of that investment to be announced very soon.

Over the past year we have supported our tourism sector by launching the New Zealand Tourism Strategy and increasing funding for local tourism and conservation efforts through the International Visitors Levy. To date this has seen \$18.7 million of funding go to projects across the country, for example future-proofing Milford Sound Piopiotahi, initiatives for Westland Tourism, and the promotion of careers in tourism. We have also supported local communities facing pressure from tourism growth by investing \$45.8 million in 120 projects through the Tourism Infrastructure Fund.

We are investing in regional transport to stimulate regional economies, get trucks off our roads, and connect communities. Projects include a Regional Economic Growth Hub for Palmerston North, Taupiri Siding rail hub in Dannevirke, and improvements to the Whanganui and Castlecliff railway lines. We have given the green light for the Manawatu Gorge to reconnect communities in the central North Island, and supported the Capital Connection between Palmerston North and Wellington. With funding from the PGF, we've just announced \$110 million in spending to rejuvenate freight services between Northland and Auckland. This is on top of the \$95 million we announced as a down payment in September 2019. This year we will also finalise a national rail plan, outlining our long-term vision for a rail network.

We will continue our work in the Three Waters Review, including establishing a new dedicated regulator to ensure New Zealanders have access to safe drinking water.

Every regional community in New Zealand is also benefitting from our investment to future-proof school property. Over 2,000 schools around the country are receiving up to \$400,000

and are upgrading their classrooms, replacing roofs, and installing energy efficient heating. This investment will support local tradespeople and local communities.

The Racing Industry Transition Agency has arrested decline in the racing industry, and forecasts suggest a significant turnaround of fortunes in the 2019/2020 year. This year we will pass the second tranche of reforms to the racing industry to future-proof the industry.

Working with farmers is crucial for supporting our regions and ensuring that we are building an economy that is working for all of us.

Last year we saw the second consecutive year of substantial primary sector export growth - up nearly \$8.1 billion in the last two years.

Over the past year we have passed Farm Debt Mediation law to protect farmers facing financial problems, supported farmer wellbeing by more than doubling rural support trust funding, and boosted funding to farm extension and advisory services and tools like Overseer to help on-farm decision-making and practice. We have also launched the Primary Sector Council vision for the food and fibre sector, and developed a strategy to help the wool sector, worked collaboratively on projects to reduce emissions and improve farm practice, and progressed joint efforts to eradicate Mycoplasma Bovis.

Our Government is focused on protecting the environment alongside building our economy, prioritising our **transition to a clean, green carbon-neutral New Zealand**.

The previous Government had no comprehensive plan in place to address climate change. Our water quality was declining. Almost 4,000 of our native species are currently threatened with or at risk of extinction.

This Government has started to turn around the underinvestment and neglect of the previous government.

The Government has ended new offshore oil and gas exploration, invested a record amount in public transport and rail, provided a record increase in conservation funding to protect our biodiversity, and developed a plan to clean up our waterways.

After a record breeding season for our critically endangered kākāpō in 2019, there are now more adult kākāpō in Aotearoa than there have been since the 1950s.

In 2019, we passed the Zero Carbon Act, putting in place a legal framework to guide the transition to a low emissions economy. We've also developed a world-leading approach with farmers to be part of the solution to climate change.

This year we will pass reforms to the Emissions Trading Scheme to enable the ETS to cap and reduce emissions to help New Zealand reach its domestic and international climate change targets and ensure polluters pay a fair price. The ETS changes will also improve certainty for businesses, make the scheme more accessible, and improve its administration.

From this year, the potential impact of major government decisions on climate change will be carefully considered with the new Climate Impacts of Policy Assessment so all relevant Cabinet papers include an analysis of their effect on our climate. We will also progress work to require financial institutions to disclose their climate-related financial risks, and will progress further actions in the Cross-Government Climate Action Plan.

The Government's clear and consistent commitment to reducing emissions is sending the right signals to businesses. We are seeing new wind farms being built and more electric vehicle chargers rolled out. But we know there is more work to do.

For a nation of exporters who earn a living selling to the rest of the world, the previous Government's environmental neglect undermined the very value of our country's brand. We are working to restore that.

We've worked with other sectors and communities on the transition to a low-carbon economy that works for all New Zealanders, particularly within energy and transport.

In energy, we saw renewable energy rise to 40% of our total energy use in 2018 - the highest level since records began in 1990 and the fourth highest of any OECD country. This year we will deliver our Renewable Energy Strategy, which is focused on encouraging increased investment in low emissions technologies and creating new opportunities for business and consumers. We are also switching some of our most important public buildings, like schools and hospitals, to clean energy. Our just transitions work will continue this year, including with the opening of a new Energy Development Centre in Taranaki.

The review of the Crown Minerals Act will also be completed this year, to ensure it is fit for purpose as we transition to a net zero carbon economy.

Including the New Zealand Upgrade and Budget 19, we are also investing a record \$5.73 billion in New Zealand's rail and public transport - an increase of \$4 billion on the previous three years - so that hundreds of thousands of people who use buses and trains to get to work and school can do so more cheaply, more reliably and in more comfort.

We are making our roads safer for everyone who uses them - in the regions and in the cities, especially near schools. 43,000 children across 120 schools will be trained on how to bike safely.

As well as the focus on safety and low-emissions transport options within our New Zealand Upgrade Programme, including the SkyPath and SeaPath in Auckland, and the electrification of rail, other transport projects will get moving this year, including the Hamilton to Auckland train commuter service.

Protecting our environment for future generations also means prioritising our unique landscapes and biodiversity, focused on nature, water and waste.

This Government has phased out single-use plastic shopping bags, given the biggest boost to DOC's funding since 2002 enabling the largest ever predator control efforts to protect native forests and wildlife, and grown our national parks with the single largest addition ever to a national park.

In 2020, we will act further to protect nature by finalising the freshwater package. We know that the overwhelming majority of New Zealanders want us to act to clean up our waterways - so we can swim in our local rivers, gather mahinga kai - without getting sick. This Government's shared goal is to stop the degradation of our rivers and lakes, achieve a noticeable improvement in five years, and to restore our waterways in a generation.

We will further safeguard biodiversity through increased protection of our indigenous forests and oceans, and launch the new strategy for Predator Free 2050.

Our comprehensive overhaul of the Resource Management Act will continue this year, seeking to cut complexity and costs, and better enable urban development, while also

improving protection of the environment. We will also pass the Resource Management Amendment Bill currently before the House to address urgent issues while the wider review is taking place.

Reducing waste will continue to be a government priority, through the design of a container return scheme, expanding the landfill levy and recycling more revenue back into recovering resources and processing them here in New Zealand. We are also working on designing waste out of the system with new product stewardship schemes for tyres, packaging, refrigerants, agricultural containers, eWaste and batteries.

A goal for this Government is to **ensure everyone who is able to is earning, learning, caring or volunteering.**

Under this Government, unemployment and underutilisation rates have fallen to levels not seen since the Clark Government. Cost barriers to education have been removed through ending NCEA fees and making the first year of post-secondary education fees free.

We are focused on modernising education to give our children the best possible chance of success in a rapidly changing world. This means ensuring they can achieve their potential in developing skills, finding secure employment and fulfilling careers.

We have launched our Employment Strategy that sets out a roadmap, targeting the barriers faced by our most vulnerable groups. In August, we released our Youth Employment Action Plan to support our young people onto a stronger pipeline to rewarding careers with decent wage. The plan is supported through initiatives including He Poutama Rangatahi and the Limited Service Volunteer youth development scheme, which we are doubling in size to 1,600 places.

The Government has already invested significantly in boosting skills and training to grow the workforce we need to build the roads, rail, schools, homes, and hospitals. We're making progress with 11,000 more Kiwis working in the construction sector. The number of construction apprenticeships in industry training is also up 20 percent since 2017, with 4,700 additional apprentices being trained in the construction trades at any one time. Our Government has made trades training fees-free for the first two years and over 3,900 Kiwis have taken up the opportunity to learn a construction trade with this programme.

We are also tackling the long term challenges. When we came to office we inherited a failing vocational education sector. The Government had to bailout polytechs around the country, including Unitec, Whitireia, and Tai Poutini. This Government is committed to reforming the vocational education system so employers get the skills they need and New Zealanders are better equipped for the changing nature of work, with legislation to pass early this year.

Under this Government there has been a huge boost to vocational education in schools, including 4,000 more trades academy and gateway places. We have also established a new education-to-employment brokerage service to strengthen connections between local employers, and the Mana in Mahi programme is connecting employers with young people on a benefit to provide employment and industry training qualifications.

Through Budget 2019 we invested in supporting people into meaningful and sustainable employment through funding up to 263 new frontline staff in MSD, boosted places in Mana in Mahi from 150 to 2,000, and provided additional funding to support disabled people and people with health conditions into employment through Oranga Mahi, disability Employment Services and Support Funds.

Initiatives to further advance Youth Employment, Training and Education will continue, and this year we will deliver a Disability Employment Action Plan.

We have also made important changes to make education more affordable and accessible.

We have removed NCEA fees and provided additional funding for schools to replace parental donations, abolished national standards and charter schools, and launched the Early Learning Action Plan.

This year we will pass the Education and Training Bill, which proposes the biggest education changes in decades. It's an important step towards ensuring a stronger, higher quality and more responsive education system for all our learners, and includes the implementation of recommendations from the Tomorrow Schools' Review.

We have launched the first ever Learning Support Action Plan for New Zealand, and the first tranche of our Learning Support Coordinators will be on the ground in schools this year, providing real support for those children with mild to moderate and neurodiverse learning needs within our schools.

We've taken action to address the teacher shortage by funding free refresher training, introduced more support for beginning teachers, increased financial incentives for those entering teacher training, started a major recruitment drive, and provided recruitment and relocation support for schools seeking to attract teachers. These efforts have helped grow the number of teachers by an estimated 2,000 in the last two years.

We are also investing in creating better schools. Our New Zealand Upgrade Programme includes the biggest capital injection for school maintenance funding in at least 25 years, with \$396 million to be spent over the next two years by schools on urgent school property improvements.

This Government cares about **supporting healthier, safer, and more connected communities.**

We want all New Zealanders to have better access to healthcare and better health outcomes, which is why we have invested in cancer care and prevention by putting more funding into PHARMAC so that it can buy more medicines for New Zealanders. This funding saw five new cancer medicines funded last year and already this year PHARMAC has started consulting on new drugs for breast cancer, cystic fibrosis and diabetes.

We are also rolling out our National Bowel Screening Programme to five more DHBs, purchasing 12 new linear accelerator machines and putting them into the Hawke's Bay, Taranaki and Northland for the first time ever, and opening the new Cancer Control Agency.

We have also passed legislation making medicinal cannabis more readily accessible and affordable for those who need it, and made changes to treat drug use as a health issue to ensure people get the support they need.

We have provided increased funding for Veterans' Affairs New Zealand, and to veterans support organisations, to better support the wellbeing of veterans and their families.

We inherited a crisis in mental health and addiction services, which is why we have re-established the Mental Health and Wellbeing Commission. We invested more than \$1 billion in mental health in last year's Budget, which included increasing access and choice for Mental Health and Addiction Support in the community, expanding telehealth and digital support for mental wellbeing, rebuilding mental health and addiction facilities in Hamilton,

Gisborne, and Palmerston North, funding for Mana ake and Piki, and establishing a Suicide Prevention Office. Continuing the rollout of this will be a major focus this year.

This Government has also made primary health care more affordable by reducing the cost of GP visits to under \$20 for 540,000 community service card holders, and extending the zero fees scheme to under 14s, meaning 56,000 more young people will have free access to their GP.

One year after we made it cheaper for Kiwis to visit their doctor, results of the New Zealand Health Survey show that 57,000 fewer adults are now putting off visiting the doctor due to cost compared to the year before. That's close to a 10% reduction. It also showed that 33,000 fewer adults are putting off after-hours visits and 50,000 fewer New Zealanders reporting cost as stopping them from picking up their prescriptions.

We have also increased our health and disability workforce by over 3,000 medical professionals, including 1699 nurses, 736 doctors and 659 allied health workers.

We have worked closely with communities within Māori and Pacific health by working with Māori on developing a Māori Health Action Plan, and Pacific peoples to refresh the Pacific Health Action Plan. This work will continue this year.

We have invested in rebuilding aging hospitals and building new health facilities. We invested \$2.45 billion in our first two Budgets, which is more than the previous government in nine years. That's a reflection both of the scale of the challenges we inherited, and the importance this Government places on health and wellbeing.

We've also just announced a further investment of \$300 million into areas we know will make a real difference to people's lives through the New Zealand Upgrade Programme, which will see projects in child and maternal health, mental health and addiction, and regional and rural service projects across the country get moving.

This year we will receive and respond to the review of the Health and Disability Systems, which has been looking at the overall function of our health system to ensure it is better balance towards wellness, access, equity, and sustainability.

As well as improving health, the Government is focused on making our communities safer and taking steps to prevent crime and reoffending.

Before the Government came into office, the number of Police Officers in our communities decreased considerably. The first of the Australian gangs began arriving in 2008 and by 2011 they were well-established. The following financial year, Police numbers fell.

We have turned that around. Later this month, we will pass the milestone of 2,000 new Police to be deployed since the coalition government took office. We've surpassed records for Police numbers, and this underlines our commitment to crime prevention and community safety.

The increase in frontline officers is making a difference - for example by providing the additional resource needed for a dedicated Gang Focus Unit in the Eastern Police District to help in the drive against organised crime.

Since 2017, Police have seized more than \$100 million in assets from gangs and organised crime networks, as well as prosecuting those who are supporting gangs with money laundering.

We are tackling the drug trade by focusing on importers, manufacturers, and dealers, and by investing in mental health and addiction services to break the demand. Last year we passed law changes to give Police stronger powers of search and seizure to crackdown on synthetic drug dealers to get the harmful substances off our streets. Alongside the increased penalties, the law change also legislated for a harm minimisation approach to ensure that those who need it get the treatment and education they need.

Last year we took immediate steps to ban semi-automatic weapons and military style semi-automatics, and undertook a buy back and amnesty to reduce the number of these dangerous weapons in our community. Every month, Police turn up to 200 incidents where a firearm is involved. Every year, around 900 firearms are reported stolen. They disappear into the black market, many ending up in the hands of gangs. This year the Government will pass the Arms Amendment Bill, which will include a register to track firearms through the community and introduce tougher penalties for gun crime.

Last year we marked the milestone of the 500th fog cannon being installed, meaning now over 500 small businesses around New Zealand can feel safer at their workplace knowing they have on hand a significant deterrent to aggravated robberies. It was this Government who fixed the scheme when we came to office to make it an affordable option for shop owners. We will shortly be announcing a further rollout of the scheme.

We have created the Safer Communities Fund, increased funding to Community Law Centres, established the Hokai Rangi and Māori Pathways initiatives to stop the cycle of reoffending, and boosted mental health and addiction services for offenders. This year we will work across Government on Hāpaitia te Oranga Tangata to reform the justice sector, deliver the Hokai Rangi corrections strategy, continue work on the implementation of the Māori Pathways programmes, and progress the Family Court reform.

Our Government has also made the most significant investment toward the prevention and response to family violence and sexual violence ever, with more new funding committed in Budget 18 and 19 than the nine years of the previous government.

We are currently implementing the Family Violence legislative changes we made last year to improve the focus on victims, and will this year progress the Sexual Violence Legislation Bill. We will also progress the national strategy, working across government, to work towards eliminating family and sexual violence.

We are delivering to ensure **every New Zealander has a safe, warm, dry home** to call their own.

When we took office New Zealand was experiencing a housing crisis as a result of nine years of neglect. Homelessness here was one of the highest rates in the OECD and homeownership was at its lowest level since 1951 as a result of rapidly increasing house prices. Families with children were living in cold, damp homes.

Nowhere is the failure of the previous Government's policies clearer than with homelessness. The past Government ran down the total stock of state housing by 5,000 while they were in office. We inherited a ballooning motel scheme. When National introduced the policy in 2016, it budgeted just \$2 million a year for the scheme. In its first year alone, it cost \$38 million.

We took immediate action.

We stopped the sell-off of state houses, and since we took office we have delivered 4,258 additional public housing places. This is the biggest increase to public housing in two decades.

We are set to release our long-term homelessness prevention plan this week. This is the first time in New Zealand that a comprehensive, cross-agency plan has been developed to prevent and reduce homelessness. It will include both short and long-term actions, centred around prevention, supply, support, and system changes.

Already this Government has worked with 1,103 households through the Housing First programme to help people stay in their homes. We have significantly increased the number of transitional housing places and expanded and increased the Housing First programme in areas of high demand.

We are committed to building more public and affordable houses, and have made other structural changes to make that happen.

In the last two years under this Government, the proportion of first home buyers in the market has lifted to 24%.

We've started to deliver affordable homes for first home buyers through Kiwibuild. As at 31st December last year, we'd built 315 Kiwibuild homes, with another 728 houses under construction. In total across the whole Government build programme, there were 3,480 homes under construction at the end of the year.

We will also announce details of a progressive home ownership scheme this year, which will provide a pathway to home ownership for New Zealanders who would otherwise be unable to afford to.

We will also issue the National Policy Statement on Urban Development and pass the Urban Development Bill to transform our urban areas and create sustainable, inclusive and thriving communities.

The Government is supporting low and middle income homeowners by funding insulation through the Warmer Kiwi Homes programme and lowered the FirstHome Loan deposit requirement and allowed friends and family to pool together to make it easier to get a deposit. We've also banned overseas speculation in the housing market and removed unfair tax advantages for property speculators.

We have strengthened the rights of renters by removing letting fees for tenants, progressed reform of the Residential Tenancies Act to improve security of tenure for renters and limit rent increases to once per year, and developed healthy homes standards that aim to make rental homes warmer and drier. From 1 July this year, all tenancies will now include a statement from the landlord on how the home complies with the healthy homes standards. This year we will continue legislative reforms of the Residential Tenancies Act to make renting fairer and more secure.

One of our toughest long-term challenges is tackling child poverty. When we took office, 183,000 children were living in poverty, before accounting for housing costs, and 254,000 after accounting for housing costs. 148,000 children were living in material hardship.

That is simply too many. No child should be living in poverty.

I'm proud that we've made a good start on our plan to ensure families can **give their kids the best possible start at life**. In Budget 2019, we invested \$3.5 billion focused on improving child and youth wellbeing. The changes we have made through the Families Package and Budget 2019 are estimated to lift 50,000 - 74,000 children out of poverty when fully rolled out.

We won't get the complete picture of the difference this has made for several years, but I know it's making a difference to the lives of New Zealand families.

After passing the Children's Amendment Act, requiring successive Governments to develop and publish a Strategy focused on improving wellbeing for all children, last year we adopted New Zealand's first Child and Youth Wellbeing Strategy. It sets out a shared understanding of what's important for child and youth wellbeing, what government is doing, and how others can help. It puts children and young people at the centre, and is transforming the way Ministers and agencies work together to improve the wellbeing of children. This year we will begin progressively releasing detailed information on the 36 Child and Youth Wellbeing indicators that underpin this strategy, and continue rolling out actions to ensure that New Zealand really is the best place to be a child.

We know that fixing all the things that cause child poverty will take time. But one thing we can do is make sure kids get at least one decent meal a day. When we were working on developing the Child and Youth Wellbeing Strategy we heard from kids directly that going to school hungry was a barrier to learning. Starting right now, term 1 of this year, children in 24 schools across Bay of Plenty, Wairariki, Hawke's Bay, Tairāwhiti and Otago/Southland will get the opportunity of a free lunch at school. This pilot programme will extend out to 21,000 children in 120 schools by the beginning of 2021.

As a Government we have also made the important structural and legislative changes needed to recognise child poverty. We have passed Child Poverty Reduction legislation, which aims to halve child poverty in a decade, and gazetted child poverty reduction targets for the next three years. For the first time, we are reporting official child poverty definitions and child poverty statistics.

Child wellbeing will continue to be a priority for this year's Wellbeing Budget. We are committed to reducing the number of children living in poverty, in line with the Government's three year targets.

In 2019, our Government made the single largest investment that New Zealand has ever seen into child protection services.

We are focusing more on intervening early and getting children and whānau the help they need before children may need to come into the care of Oranga Tamariki. We are working with iwi and local communities to help them develop and provide early intervention, because they know the needs of their whānau and communities best. We know we have more work to do around Oranga Tamariki. It is particularly important that the system works better for Māori children and families, which is why the partnerships Oranga Tamariki has entered into with four iwi are so promising.

We are focused as a government on building a New Zealand we can all be proud of, through modern, compassionate leadership that recognises the value of every New Zealander and the importance of our place in the world.

I am proud to lead an **open, transformative and compassionate government**.

Since the Government took office we have required Cabinet papers be proactively released within 30 days, have started to proactively release Ministerial diaries, and have sought to engage the public more through consultation on policies being developed. To date this term we have released 696 ministerial diary summaries, and have answered over 98,000 written questions.

We have boosted the number of women on state boards, and are on track to get back up to 50%. We have just regained our position as one of the least corrupt countries in the world, sitting first equal with Denmark on Transparency International's Corruption Perceptions Index.

We've also banned foreign donations, and this year we will pass the Electoral Amendment Bill to improve enrolment and voting processes. In the first part of this year we will release the final information for New Zealanders to make an informed decision on the cannabis referendum that will also take place at this year's General Election.

We are working hard to address issues of the past with the Royal Commission of Inquiry into Historical Abuse in State Care and Religious Institutions, and Operation Burnham.

We are continuing our work to re-enter and recover the Pike River Mine Drift. Last year we also stood with Air New Zealand and apologised to the families of the 257 people who died in the Erebus disaster.

In 2019 we saw one of New Zealand's darkest days with the attack on the Christchurch mosques, with 51 people losing their lives. As a response, we are progressing our domestic work programme to help prevent violent extremism online, and working with overseas Governments and tech companies on the Christchurch Call to eliminate terrorist and violent extremist content online. In April this year we will also receive the findings from the Royal Commission into the Attack on Christchurch Mosques, focusing on what happened and what we can do to try and ensure our nation never experiences a terror attack like it in the future.

This Government is committed to building a new, **enduring relationship between Māori and the Government.**

When we were elected into Government we said we would do things differently. It was clear to me that if we were continued down the same road, settled on the status quo, we would fail to turn things around for Māori. This Government is committed to working to change.

I have committed to going to Waitangi every year I am Prime Minister, and that is one place where we acknowledge our past. But it cannot stop there.

We created Te Arawhiti which as a bridge between two worlds - the Māori world and the Pakeha world - helps us move to a new phase in our relationship with Māori.

Our Māori MPs, our Māori Ministers, they cross that bridge every day. But so must all of us. One way of helping us cross the bridge is to improve the way we partner and work with Māori.

We want to ensure Māori have a seat at the table. In health for the first time, the number of Chairs and Deputies on our DHBs reflect the Māori population and 50% of our appointments were Māori. We want to continue to build on this.

Already by talking, partnering and working together on our shared aspirations we have achieved great outcomes for Māori.

Together, we have established Te Kāhui Kāinga Ora – a Māori Housing Unit that will lead work to lift housing and urban development outcomes for Māori. We've launched Pae Aronui, testing innovative approaches to improve education and employment outcomes for Māori.

We are working together to build Māori pathways through our corrections system, and we have strong and valuable accords, like the refreshed Te Hiku Accord, that are flourishing.

But it isn't just partnering that will benefit Māori. We've also increased funding for whanau-centred policies, including boosting Whanau Ora by \$80 million over four years. We know that Whānau Ora works and is changing lives, which is why we've given it the boost it deserves.

To help Government policy makers Cabinet has also approved a set of guidelines to help them to consider the Treaty of Waitangi in policy development and implementation.

We know there is more to do, but we are seeing our work pay off. Some examples include, the recently released employment data which shows the number of Māori in employment rose by 4,900 in the year to 322,600. Or the over 8,000 Māori who are now in industry training apprenticeships.

We have also invested up to \$100 million to unlock the economic potential of whenua Māori and build prosperity in our regions.

This year we will continue working together to improve services and outcomes for tangata whenua. Housing will be a big focus, including progressing the delivery of a Māori and Iwi Housing Innovation Framework for Action, delivering housing with and for Māori through the Iwi and Māori Partnerships Programme, and developing a kaupapa Māori Approach to Homelessness.

As a government we continue to make good progress on settling historical Treaty of Waitangi claims. In the past two years, 23 Treaty settlement milestones were achieved, and we expect to continue this momentum this year. This Government is committed to fairly settling historical Treaty of Waitangi claims, and I am pleased with the progress we are making.

As a government we also know we have to honour Settlements the Crown has signed. That is why the Minister for Māori Crown Relations: Te Arawhiti launched the Te Haeata – Settlement Portal. There are approximately 11,000 Treaty settlement commitments recorded in the portal and this is the first time we have an accessible record of our commitments.

This portal will help us to fulfil our Treaty obligations today, and into the future.

We have also put a focus on **valuing who we are as a country**.

Over the past year we have launched Maihi Karauna, the Crown's Strategy for Māori Language Revitalisation, provided a much needed boost in funding to Te Kohanga Reo, and launched Te Hurihanganui which works with schools and communities to combat racism.

This year we will continue. There is further work to come with Te Kohanga Reo, and we will launch Te Ahu o te reo to help teachers use te reo Māori in classrooms. We will also launch Te Kawa Matakura - a programme focusing on teaching mātauranga Māori to ensure traditional knowledge, at a local level is preserved.

Last year we also celebrated Tuia 250, a commemoration that helped us to grow our knowledge around the navigational history of Aotearoa.

To help build on the work of Tuia 250, we have committed to setting up a National Body of kaupapa waka hourua experts. This national body will help New Zealanders learn more about the incredible navigational and voyaging prowess of early Māori and Pacific settlers who arrived here more than seven centuries ago.

We listened carefully to the growing calls from New Zealanders to know more about our own history and identity. And with this in mind it made sense for the National Curriculum to make clear the expectation that our history is part of the local curriculum and will be taught in all schools and kura by 2022. This change will strengthen our bond as a nation.

Valuing who we are as a country also requires us to acknowledge our history, and as a Government we continue to do that. Recently in Northland we unveiled a statue of Dame Whina Cooper at Panguru, and opened Te Rau Aroha, a museum to honour Māori military service.

Budget 2019 invested in creatives in schools and fairer wages for artists, which will help encourage more New Zealanders to participate in our arts sector.

To help tell our story and celebrate who we are as New Zealand, we've invested in public broadcasting through investments in Radio New Zealand and NZ on Air. This year we will make decisions to ensure that New Zealand has a strong independent public media service for decades to come.

We are proud to have stood on the world stage over the past year, **creating an international reputation we can be proud of.**

Since taking office we have taken a strong stance on climate change. The Zero Carbon Act, for example, specifically says our climate policies must contribute to the global target to limit the average temperature increase to 1.5 degrees. We have also lifted our contribution to Official Development Assistance, started a Pacific Reset to strengthen our relationships in the Pacific, and helped reform the approach to tackling violent extremism online through the Christchurch Call.

This Government has turned around declining Official Development Assistance with ODA projected to soon reach 0.28% of GNI. We are working more closely with our Pacific partners, including through a reset of our strategic defence policy, which has raised the priority for operating in the Pacific and recognised the climate crisis as a defence issue.

We increased the refugee quota to 1,500, which will come into effect from July this year. This increase has meant new resettlement locations, and starting this year six new cities and towns around New Zealand will be welcoming refugees.

We have also repatriated our fallen heroes from overseas through the Te Auraki project.

When we took office, aging equipment and infrastructure was reducing the New Zealand Defence Force's ability to contribute globally, and to respond to disasters at home.

Since then, we have made the decision to replace the 1960s era P-3 Orion with the P-8 Poseidon maritime patrol aircraft, delivered a highly capable Navy ship focussed on the Pacific, and have released a highly ambitious and comprehensive Defence Capability Plan, looking out to 2035.

We have also made pragmatic defence deployment decisions in alignment with our independent foreign policy and values, including in regards to our missions in Iraq and Afghanistan.

Our priorities for this year are to prepare for hosting APEC in 2021, including progressing the required legislative changes.

We will progress further defence capability decisions, including to enhance our ability to monitor our maritime domain and Exclusive Economic Zone.

In trade we are leading a first of its kind agreement that will use trade rules to tackle climate change and other environmental issues. Switzerland has just joined the initiative, alongside Norway, Iceland, Fiji and Costa Rica, with negotiations on the Agreement on Climate Change, Trade and Sustainability launching early this year.

Negotiations on the China FTA have concluded, and will be signed this year.

This year we intend to make progress on the Regional Comprehensive Economic Partnership. We will also actively progress free trade agreements with the EU and UK to extend our coverage of exports and deliver benefits to all New Zealanders.

Our relationship with the United States will continue to grow, with mutual agreement to enhance the bilateral trade and investment relationship.

Underpinning all of this work is our Trade for All Agenda, which we will progress this year to ensure we share the benefits of trade with all New Zealanders.

When I came into Government I said I would be ambitious for the country. That we would build a better country for all New Zealanders through modern, compassionate leadership. That we would be a government of inclusion, transformation, and of aspiration.

This year our Government will continue to make progress on the things that matter to New Zealanders. Everything we do will continue our Government's focus to build a better New Zealand for this generation and the next.