

THIS AGREEMENT made this

day of

1996

BETWEEN NEW ZEALAND FIRST Political Party registered under the Electoral Act 1993 (hereinafter referred to as "New Zealand First")

AND The NEW ZEALAND NATIONAL PARTY duly registered under the Electoral Act 1993 (hereinafter referred to as "National")

BACKGROUND

- A. In 1993 the people of New Zealand chose mixed member proportional as an electoral system to replace the first past the post electoral process. That was a decision made after lengthy debate and as such represented the will of the majority of New Zealanders who desired a new electoral system thereby permitting greater participation in the electoral process.
- B. A feature of MMP is the necessity for parties to consider coalition arrangements to enable the formation of a stable government. The experience of similar democracies to New Zealand with coalition governments is that policy is developed by consensus it being recognised that co-operation is critical to the long term stability of coalition government.
- C. Even though parties form coalitions the identity of each coalition partner is recognised as being legitimate. It is accepted that circumstances dictate that political parties going into coalition should focus on their similarities, on what they have in common and how they can bridge the gap between them in the interests of the country as a whole. It is an extension of this process that parties are able to co-operate in policy development and administration to ensure the greater public good.
- D. The parties recognise that no party has an absolute mandate to put its own promised policies in place. The advancement of administration and policy positions requires negotiation, understanding and practical resolution of differences to achieve an acceptable position for the enduring of a coalition. Development of policy is achieved through consensus and good sense.
- E. The parties have conducted negotiations with respect to the formation of a Coalition Government for the period post-election 1996. The parties have agreed to the formation of a coalition subject to the terms and conditions of this agreement.
- F. Notwithstanding the formation of a Coalition Government, each party will preserve a separate identity and operating procedures in every respect, save and except where such procedures are incompatible with this Coalition agreement whereupon the letter and spirit of this coalition agreement shall supercede each individual party's procedures.

1. INTERPRETATION AND DEFINITIONS

1.1 Definitions

In this agreement, and any schedules to it, the following terms shall, unless the context otherwise admits or requires, have (with or without the definite article) the following meanings:

"Coalition" means the arrangement agreed upon between New Zealand First and National in terms of the agreement set out herein.

"Cabinet" means those Ministers inside Cabinet.

"Commencement Date" means the 10th day of December 1996.

"Fundamental Dispute" means a dispute as defined in clause 13.

"Ministers" shall mean such persons appointed as Minister of the Crown by the Governor General.

"Parties" means New Zealand First and National.

"Select Committees" shall mean those Committees established under the Standing Orders of the House of Representatives.

1.2 In this agreement reference to the plural includes reference to the singular and vice versa.

1.3 Headings

Headings inserted in this agreement are for convenience of reference only and do not affect the interpretation of this agreement.

2. THE POLITICAL PURPOSE OF THE COALITION

2.1 The purpose of the Coalition shall be to provide sound and stable Government for New Zealand for a three year term concluding with the 1999 General Election or such later time as the parties may agree.

3. POLITICAL DIMENSION OF THE COALITION

3.1 The parties shall at all times act in accordance with this agreement and in the best interests of the New Zealand people on sound economic and social principles endeavour to provide good Government for the people of New Zealand and in particular to govern according to the fundamental principles of the Coalition as set out in paragraph 3.2.

3.2 Fundamental Principles for Coalition

It is hereby agreed that the Coalition accepts that there are some fundamental principles by which the Coalition should govern. To that extent the Coalition has a commitment:

- (a) To act at all times in accordance with the letter and spirit of this agreement and endeavour with co-operation and consensus to fulfil the policies set out, putting aside the personality, party philosophical and day to day differences to give overriding priority to the interests of the Coalition.
- (b) To recognise the crucial role of our cultural heritage, our shared history and that differences and diversity have developed which represent both challenge and opportunity. This heritage has forged a special New Zealand identity, has been the source of our values and determines the direction we should be taking.
- (c) To provide sound, stable government on an agreed basis, implementing orthodox economic policies in line with or better than the best international practice for a forward looking, successful democracy.
- (d) To ensure there is an economic climate that is conducive to sustainable development and growth, to achieve more employment opportunities, high quality education and social services, through a strong commitment to low inflation, prudent and conservative fiscal management and over time, lower taxes and reduced public debt.
- (e) To maintain an open, internationally competitive economy, to support a strong export sector, particularly by managing cost structures downwards and continuing deregulation and policies to stimulate private sector and individual performance.
- (f) To plan for the country's future not only by ensuring that a strong economy is central to the coalition policies but also by placing emphasis on intergenerational fairness and increasing the national savings rate by the most effective means possible.
- (g) To undertake government in a manner that generates pride in New Zealand values and character, that emphasises the interest of New Zealanders and builds on the benefits of the New Zealand environment and our opportunities to enhance the quality of life for people.
- (h) To adopt sound economic management in order to provide resources to improve our education system, to improve the opportunities of young people to prepare themselves for life and employment and to secure second chances and enhanced opportunities for older people.

- (i) To provide health and social services vital to the well being of a fair and compassionate society and in particular focus on those who through misfortune or bad luck become over-represented in the statistics of dependency, educational failure, ill-health, child mortality and law breaking.
- (j) To encourage the maintenance of values in society that support family units, respect for one another and the fundamental institutions of society.
- (k) To continue to settle as expeditiously as possible, in a spirit of goodwill and integrity, outstanding Maori claims and grievances, having regard to the nature of Treaty settlements already made and to respect the spirit and letter of the Treaty of Waitangi as a founding document in New Zealand.
- (l) To provide adequate security within the country and abroad to ensure people feel safe in their homes and communities and that New Zealand contributes responsibly to international defence and peace-keeping.

4. Parties Obligations

4.1 Each party shall:

- (a) Diligently attend to and devote as much time and attention as required as shall be necessary for the efficient carrying on of a Coalition Government and will co-operate in all reasonable ways to ensure sound, stable and effective government is maintained in the best interests of the people of New Zealand.
- (b) Disclose to each other any associations with interest groups, lobbyists or any other entity or body likely to influence one or other party in the formulation of policy for or administration by the Coalition.

4.2 Prohibitions

Neither party shall:

- (a) Neither party to the Coalition shall in any way support any policy advanced by any other non-Coalition party or private member and, if a bill is introduced to the House, shall not vote in favour of such bill or abstain upon the vote unless and until the consent in writing has been obtained by both parties to the Coalition.
- (b) Do anything which directly or indirectly competes with the Coalition whereby the interests of the Coalition contemplated by this agreement may be prejudiced.

5. Policy

5.1 It is agreed that as a starting point the policies and processes in place on the 12th of October 1996 shall be supported unless amended by the policy agreements set out in Schedule A, or subsequently amended in accordance with the terms of this agreement.

5.2 The parties adopt the broad principles, policies and priorities as set out in Schedule A.

5.3 It is acknowledged that the Coalition requires a process for reconciliation and promotion of policy during the term of any Coalition Government. Such process will include:

- the requiring of the policy for consideration to be submitted to the other party for their deliberation immediately such policy is formulated with any definitive detail.
- in circumstances where the party receiving the policy seeks clarification and/or amendment to the policy then in such case they shall be given reasonable opportunity to debate such objection or amendment with that party promoting the policy.
- neither party to the Coalition shall in any way support any policy advanced by any other non-Coalition party or private member and, if a bill is introduced to the House, shall not vote in favour of such bill or abstain upon the vote unless and until the consent in writing has been obtained by both parties to the Coalition.

6. Budgetary Programme

It is acknowledged that certain policies agreed by the parties will require additional spending not anticipated in the 1996 budget. To that extent the parties are agreed that a budgetary programme prioritising expenditure will be prepared with the consent of both parties, such programme being within the fiscal parameters as set out in Schedule B.

7. STRUCTURE OF ADMINISTRATION

7.1 It is accepted that the constitutional requirements of the Constitution Act 1986 and Standing Orders will require the retention of existing Executive structures subject to amendment as set out in this agreement.

7.2 In particular, the parties agree that:

- that Executive is to be comprised of those inside Cabinet and those outside Cabinet in numbers to be agreed by the Coalition parties.

Ministers shall be supported by Cabinet Committees to consider Cabinet papers.

7.3 Membership of the Executive

- (a) It is acknowledged and agreed that the Executive shall be filled by twenty Ministers inside Cabinet and six Ministers outside Cabinet.
- (b) Upon commencement of the Coalition, National shall have fifteen inside Cabinet and two outside Cabinet, with New Zealand First having five inside Cabinet and four outside Cabinet. By 1st of October 1998 the composition of Cabinet shall be changed to the extent that National shall have twelve inside Cabinet and three outside and New Zealand First shall have eight inside Cabinet and three outside.
- (c) The New Zealand First Leader as at commencement shall hold the position as Treasurer, a newly created position which will be the senior position of the finance portfolio. He shall also be the Deputy Prime Minister.
- (d) All members appointed to the Executive shall be parliamentarians and comply with the requirements of the Cabinet Office Manual (August 1996) and associated Cabinet Office circulars and will accept the conventions of Cabinet responsibility and Cabinet confidentiality, save and except as otherwise provided for in this agreement, it being acknowledged that general procedures to be retained are:
 - (i) Cabinet to meet at fixed times agreed.
 - (ii) Cabinet meetings to be chaired by the Prime Minister, or in the Prime Minister's absence the DPM, or in the DPM's absence the most senior Minister.
 - (iii) all Ministers are required to attend Cabinet unless prior leave is given by the Prime Minister in consultation with the other Coalition Party Leader.
 - (iv) agendas are to be drawn up by the Cabinet Office, submitted for approval to the Prime Minister for approval in consultation with the other Coalition party Leader in advance of Cabinet meetings.
 - (v) as a general rule Cabinet papers are to be considered by Cabinet Committees before reference to Cabinet (and the Leaders of both parties).
 - (vi) as a general rule Cabinet papers are required to have been through formal consultation procedures among the Coalition partners before being placed on the agenda.

- (vii) papers for the Cabinet agenda must be submitted to the Cabinet Office no later than two days prior to the Cabinet meeting.
- (viii) Cabinet papers are to be distributed to all Ministers of Cabinet.
- (ix) attendance at Cabinet meetings limited to Ministers, the Secretary of Cabinet and any assistant as necessary.
- (x) quorum of Cabinet to be at least one half of each Coalition partners appointees to inside Cabinet Ministerial positions.

7.4 Cabinet Committees

As it is acknowledged that Cabinet Committees should consider issues in advance of Cabinet, protocols are required as to the composition and consultative role of those Committees. To that extent it is agreed:

- (i) The parties will agree to establish an appropriate number of Committees and sub-Committees that reflect the core functions of the Cabinet.
- (ii) Cabinet Committees will comprise at least two members, one from each party, with additional members as agreed by the Coalition partners from time to time.
- (iii) Officials as necessary shall attend Cabinet Committee meetings.

7.5 Voting in Cabinet or Cabinet Committees

It is agreed that every endeavour shall be made for decision making in Cabinet to be on a consensus basis. In respect of Cabinet Committees it is acknowledged that competing points of view, if any, will be submitted to Cabinet unless same is agreed unanimously by the Cabinet Committee.

7.6 Collective Responsibilities

The established conventions of collective responsibility and confidentiality are accepted.

8. Major Policy Issues

- 8.1 The Prime Minister shall speak for the Government on major policy issues agreed by the Coalition parties.

8.2 Cabinet Ministers

For the term of the Coalition portfolio responsibilities will be agreed between the party Leaders as per the proportions set out in paragraph 7.3. The party Leaders shall also agree on the rankings inside and outside Cabinet to be allocated to each party and party Leaders shall then rank his or her nominee to

these rankings. A party Leader may dismiss a Cabinet Minister from their party and replace with another.

8.3 Leader of the House

The Leader of the House shall be chosen by agreement between the Coalition party Leaders.

8.4 Appointment of The Speaker

The nominee for Speaker of the House will be agreed by the party Leaders.

8.5 Whips

Each Coalition partner shall appoint one Whip for the orderly administration of the Coalition Government in the House.

8.6 Political Appointments

Political appointments whether by way of review or new appointments shall be made with the joint consent of the Coalition parties or party Leaders pending the establishment of an independent body.

9. MANAGEMENT OF COALITION

9.1 The parties shall each appoint three persons to represent each party on a joint committee, such committee to have the role of managing the Coalition to reflect the intent that the committee shall ensure the effective administration of the Coalition on a party to party basis and to that extent the committee members shall:

- meet with sufficient regularity to ensure the proper and efficient administration of the Coalition.
- identify any points of contention likely to arise between the Coalition partners and develop a mechanism for resolution of such points in dispute.
- generally assist the flow of information and resources to each party to ensure the stability of the Coalition Government.
- act as the communication centre for the development of new policy.

10. PUBLICITY

All public statements regarding the Coalition, as distinct from the administration of Government, shall be authorised jointly by the Leaders of the Coalition partners.

11. TERM OF COALITION

11.1 This agreement shall have effect from the Commencement Date and shall remain in effect until the earlier of:

- (a) a general election.
- (b) the expiry of the written notice given with respect to the inability to resolve a fundamental dispute.
- (c) an agreement to terminate signed in writing by every party to the Coalition.

11.2 In the event of the Coalition terminating, formal notice to that effect shall be given by the Prime Minister within forty-eight hours to the House or, if the House is not sitting, to the Speaker.

12. CONFIDENTIALITY

12.1 Confidential Information

All records, reports and other documents relating to the Coalition are confidential whether oral, written or embodied in any other physical form except if:

- (a) the information was known to the receiving party on the date of its receipt; or
- (b) the information was in the public domain on the date of its receipt; or
- (c) the information had entered the public domain after the date of its receipt other than by unauthorised disclosure by a party or any other person.

12.2 Neither party shall disclose in whole or in part any confidential information received except as approved in writing by the other party, or where necessary to carry out the terms of this agreement.

12.3 Before any confidential information is disclosed to a third party the party about to so disclose shall inform the other party of its intention to disclose, and shall inform such third person of the confidentiality obligations under this agreement, and require such third person to be bound by the same confidentiality obligations.

13. DISPUTES

13.1 Fundamental Dispute Defined

The words "Fundamental Dispute" for the purposes of this clause include any dispute involving matters which could lead to substantial injury to the Coalition

and which appear on reasonable grounds to be incapable of satisfactory long term resolution by negotiation.

- 13.2 It shall be the responsibility of the party Leaders to endeavour to resolve any dispute that may arise relating to the interpretation of this agreement or the obligations under it, or any other matter which may prejudice the Coalition.

13.3 **Dispute Resolution**

If a Fundamental Dispute arises in the opinion of one party the dispute shall be referred to a Coalition Dispute Committee comprising the Leaders, Deputy Leaders, and Presidents of every party to the Coalition. The Coalition Dispute Committee will negotiate in good faith to resolve the dispute.

- 13.4 Where resolution of a Fundamental Dispute cannot be resolved by the Coalition Dispute Committee, any party to the Coalition may give to every other party to the Coalition written notice that unless the matter is resolved within a period of seven days the Coalition will be terminated.

14. **Exclusion of Courts**

The parties agree that this agreement shall not be justiciable in the Courts of New Zealand.

15. **Additional Signatories**

The parties may agree, after due consultation with their respective Caucus and party organisation, to invite another political party represented in Parliament to become a member of the Coalition. Any such party shall first sign this agreement and be bound by its terms as modified by agreement.

IN WITNESS WHEREOF these presents have been executed the day and year first hereinbefore mentioned.

SIGNED for and on behalf of
NEW ZEALAND FIRST by
WINSTON R. PETERS in
the presence of:

SIGNED for and on behalf of
the NEW ZEALAND NATIONAL
PARTY by JAMES BRENDON
BOLGER in the presence of:

SCHEDULE 'A'

6 December 1996

Policy Area: ACC

Statement of General Direction:

Rebuild public confidence in ACC by restoring it to a world-leading, 24 hour, comprehensive but affordable accident cover.

Key Initiatives of Policy:

The provision of publicly owned comprehensive ACC services by the ARCIC.

Controlling the cost of ACC on workers and employers with the intention of retaining levies at current levels. Any future increases arising from full risk ratings must not exceed 25%.

Replacing the harsh and unfair aspects of existing legislation and regulations allowing for further amendments should greater flexibility be required.

Providing greater flexibility to meet individual circumstances and expedite effective social and vocational rehabilitation.

Modernising the administration and management of ACC.

Consider the implementation of an Employer's Code of Practice to enable the achievement of observable safety standards upon which to base risk/experience ratings.

Commitment to periodically reviewing the level of compensation and independence allowances.

Work-ready clients should be available for part-time community work or training.

Reducing cost growth by a fair but responsible approach to returning work-ready clients to the work force.

Completing a major review of the up to 4 week entitlements, with a view to moving resources to helping those with serious injuries.

Fiscal Implications of this Policy Agreement:

Nil

(All funding proposals subject to being considered within the agreed spending policy parameters).

Legislative Implications of this Policy Agreement:

Legislation required for the Code of Practice.

6 December 1996

Policy Area:

Agriculture

Statement of General Direction:

Through maintaining a sound economic framework, enable the agricultural sector to extract the maximum sustainable value from the international marketplace, and return to the farm gate an increased share of that value, bring confidence and vigour to the farming sector. To ensure that rural communities have access to the full range of good quality essential services.

Key Initiatives of Policy:

A number of initiatives are covered in the Economic, Trade, Research, Science and Technology and Taxation policy areas. These include Fiscal Policy, RBA, Export Credit Guarantee Scheme, Venture Capital Fund, Technology Transfer Agency and Taxation Issues.

Sales of rural land to foreigners.

Ensure focused case put before Public Good Science Fund for research funding, assist with dissemination of information from research right along the value change from the supermarket to the soil, including organic farming.

Support Producer Boards for as long as they retain supplier support, provide enforcement procedures for Biosecurity Act, align agricultural compounds legislation with new HASNO Act, update meat legislation and address animal welfare issues.

National Pest Management Strategy for the Control of Bovine TB and associated possum control research.

Customs and Border Control resources to counter importation of biological threats to farming industry.

Green Package for Weed & Pest Control (including possum control research), and Sustainable Land Management Package including Land Care Trust. Community work for unemployed.

Commitment to consult with rural communities on social services - hospital access, rural schools and rural mail.

Rural mail delivery free and 0800 telephone service to key government services.

Farm Debt Mediation Act.

Summit on kiwifruit industry.

Hold a summit on the Meat Industry.

Fiscal Implications of this Policy Agreement:

Prepared to invest up to \$30M over 3 years on organic farming research in the context of the overall Science Policy setting process.

Possum Control research - \$10M pa (\$3.75M more than National policy).

(All funding proposals subject to being considered within the agreed spending policy parameters).

Legislative Implications of this Policy Agreement:

Producer Board Acts Reform Bill - retains Meat and Wool Board providing for close relationships between producers and exporters.

Agricultural Compounds Bill - links in with HASNO legislation.

Biosecurity Amendment Bill No 4 - provides enforcement provisions for Biosecurity Act.

Meat Amendment Bill - picks up all the issues of meat inspection.

Farm Debt Mediation Bill - establishes mediation process between farmer and financial institutions - remains controversial.

5 December 1996

Policy Area: Broadcasting

Statement of General Direction:

To ensure there is an impartial, quality public owned broadcasting regime operating in a competitive market with private sector participants.

To ensure broadcasting maintains, promotes and protects the Maori language.

Key Initiatives of Policy:

1. Consider TV1 becoming only partly commercial with maximum advertising time of 10 minutes in any one hour with TV2 retained in public ownership but with commissioned management to the private sector. Revenue raised by TV2 to support TV1.
2. Government to monitor the financial performance of regional television with the ultimate goal of improving that performance.
3. Ensure that the TVNZ Board has adequate representation from industry and users.
4. Respect existing contractual arrangements but on expiration to approach major sporting organisations to investigate possibility of 'free to air' broadcast of certain major sporting fixtures.
5. Review of Te Mangai Paho and its functions.
6. Review the structure of Radio New Zealand and increase public radio funding by \$3M.

Fiscal Implications of this Policy Agreement:

\$30M loss of dividend revenue from TVNZ used to support TV1 (part commercial).

\$3M public radio funding.

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Nil

5 December 1996

Policy Area: Child Support

Statement of General Direction:

A major review of both DPB and the Child Support Act to be carried out with a view to making parents who desert their families take greater responsibility for their children.

Key Initiatives of Policy:

A major review of both DPB and the Child Support Act to be carried out with a view to making parents who desert their families take greater responsibility for their children.

Fiscal Implications of this Policy Agreement:

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Dependent upon review outcomes.

6 December 1996

Policy Area: Commerce and Industry

Statement of General Direction:

To maintain a strong open and internationally competitive economy which encourages export growth

Key Initiatives of Policy:

Form active partnership with export sector establishing Export Guarantee Scheme. (Economic)

Venture Capital Fund to provide venture capital finance for exports. (Economic)

Tradenz - create technology transfer agency and increase funding to expand operation - \$2M 1997/98 to be reviewed in March 1998.

Review tax act to deny tax driven transactions which lack commercial substance or justification. Omit policies of the present tax act that are capable of distorting commercial decision making. Injunction and prosecutions to prevent continuation of harmful tax practices and schemes. (Taxation)

Other Issues Raised at Bilateral:

1998 Tariff Review to proceed in line with current policy, taking into account the policies and progress of other trading partners.

Commercial policy to support light handed regulations with power to regulate if necessary.

Fiscal Implications of this Policy Agreement:

M

\$2M 1997/98 review in March 1998.

Uncertain, see exports policy.

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Potential legislation changing:

- Taxation
- Those issues covered in other bilaterals.

5 December 1996

Policy Area: Conservation/Lands

Statement of General Direction:

The preservation and enhancement of the environment is sound economics. Our vision is to create a clean, healthy and unique environment sustaining nature and people's needs and aspirations.

Key Initiatives of Policy:

Increase funding to DoC by additional \$17M in each of the next three years, and allow \$3M for completion of Pastoral Lease Review (throughlands).

Establish Tongariro and Longwoods Conservation Parks by the end of 1997 and gazette West Coast Accord reserves.

Recognise the importance to New Zealanders of rights of access to the Conservation Estate.

Establish Hauraki Gulf Marine Park by end of first term. Use marine reserves for replenishing fish populations.

Establish a Kauri National Park.

Consult on adding Waitutu to Fiordland National Park and extending Whanganui National Park.

Fund threatened species recovery programmes and encourage further partnerships with private sector. Additional \$5M per annum (funded through DoC).

Belief in principle that mining should not occur on Conservation Land. Mining should be subject to strict environmental criteria.

Clarify and strengthen legislation protecting heritage sites, buildings, objects including improved documentation of important Maori sites. Ensure heritage buildings etc have affordable/reasonable access to earthquake protection insurance.

Seek to resolve Treaty grievances without compromising environmental protection, whilst recognising importance of Maori customary use of certain materials.

Sub Antarctic Islands for World Heritage status.

Use tourism industry as tool for marketing philosophy of "guardianship" over environment to overseas visitors.

Additional Issues Raised by New Zealand First

Thorough census of Kaimanawa horse population followed by population control strategy comprising contraception and muster for sale, thereby allowing native tussocks to rejuvenate.

Active pest management strategies to be pursued and adequately funded.

LANDS - High Country Leases: Ensure public consultation on the issue of high country leases to preserve land with high conservation values prior to any amendments to the law proceeding beyond the report back of the Select Committee. Thorough consideration of this issue and further negotiation required.

Fiscal Implications of this Policy Agreement:

Additional funding required for Department of Conservation pest management and threatened species programmes.

Funding required for proposals:

\$17M for additional DoC funding
 \$3M for Pastoral Lease Review
 \$3M for pest management strategy
 \$5M for threatened species management

\$28M

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Possible legislation for Hauraki Gulf Marine Park.

Pastoral Lands Bill currently in Select Committee. Requires negotiation to reach an agreed position.

10 December 1996

Policy Area:

Corrections

Statement of General Direction:

Contributing to safer communities through reducing the rate of criminal re-offending. To this end, the Government is committed to policies which improve the management of the corrections system and which effectively identify and address the underlying causes of criminal offending.

Key Initiatives of Policy:

Improve inmates' education and social skills.

Drug testing in prisons.

Prisoners work 6am to 6pm, six days a week. Earnings compensate victims, family and state.

Electronic detention as alternative to prison.

Further alternatives to prison together with youth training (military) and educational opportunities preclude need for further prisons.

Prohibition on privatisation of existing prisons.

Fiscal Implications of this Policy Agreement:

Within existing baseline.

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Drug testing legislation presently before Parliament (committee stage).

5 December 1996

Policy Area: Defence

Statement of General Direction:

New Zealand First and National are committed to maintaining a skilled, professional and well-equipped Defence Force to protect our nation's sovereignty, to provide national security and make an appropriate contribution to regional security.

Key Initiatives of Policy:

Extend and encourage the NZDF's role in assisting disadvantaged youth and the unemployed.

Undertake a full review of Defence's Capital Acquisition Plan, including a review of the requirements for maritime defence and surveillance, acknowledging there is no commitment to purchase the third and fourth frigates.

Fiscal Implications of this Policy Agreement:

Further funding is likely to be required for FY 98/99 and out years (details have already been supplied).

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Nil

5 December 1996

Policy Area: **Education**

Statement of General Direction:

Our goal is to become the most highly skilled nation in the world, with relevant skills and academic acumen widely distributed throughout the community. We believe that education is the single most important investment we can make in New Zealand's future and as a priority see the focus on early childhood education, the formative years and the compulsory sector generally. Education and training should be seen as lifelong exercise by New Zealanders.

Key Initiatives of Policy:

Early Childhood

1. Significant additional funding (minimum \$10M) over and above current levels of expenditure will be made available to support further development of the early childhood education sector.

Compulsory Sector

1. Urgency will continue to be given to addressing the problems of teacher supply and accommodation for the compulsory sector.
2. Alternative forms of professional leadership and administration in clusters of small schools will be piloted.
3. The Government will support the development of middle schools for communities wishing this form of schooling structure by removing obstacles to such developments.
4. Legislation will be introduced to support the concept that priority for attendance at neighbourhood schools will be given to those living in the local area.
5. The parties will agree to continuation of the status quo policy (dual system) for the staffing of schools in the compulsory sector. A review of the formula will be undertaken to remove anomalies.
6. Present government policy will be continued in regard to independent schools.
7. The Private Schools Conditional Integrated Act will be reviewed to update it for the present circumstances.
8. The integrated teaching service with a unified pay system will be pursued with vigour.
9. The Ministerial Schools Consultative Group process on workload will be carried through.
10. There will be a review (carried out in the first year of the term of the Government) of the decision-making structures of the compulsory sector to examine the feasibility of regional structures with a view to modifications which will reduce workloads of principals and Boards of Trustees.
11. Establish a Maori Education Commission to monitor progress in Maori education and design initiatives to graft on to mainstream departments. [Vote: Maori Affairs]
12. There will be a review of the Education Review Office to ensure an audit/monitoring system for schools that best serves the needs of the modern education system.
13. To maintain quality, the Government will move to introduce Education Review Office reviews of homeschooling.

14. A review of the procedures under which school closures are permitted will be conducted.
15. To deal with staffing pressures in defined rural schools, the Maximum Average Class Size (MACS) for this group of schools will be reviewed.

Tertiary Sector

1. A comprehensive review of all aspects of the tertiary sector will be carried out.
2. The Government will work, within its first term of office, towards a universal system of living allowances for tertiary students as part of a comprehensive system of youth income support that gives comparability between unemployed job seekers and students.

General

1. An Education Amendment Bill will be introduced to update the Education Act. The rewrite will endeavour to put in place enabling legislation. Adequate resources will be provided for the timely drafting of this education legislation.

Fiscal Implications of this Policy Agreement:

	1997/98	1998/99	1999/2000
Compulsory Sector	242	366	393
Early Childhood Sector	20	25	30
Tertiary Sector	97	188	352
Other	25	35	50
	—	—	—
Amount over current baseline	384	614	824
	—	—	—
Increase over updated baseline		230	210
		—	—

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

The above policy commitments involve significant amendment to education legislation.

6 December 1996

Policy Area: Employment

Statement of General Direction:

- The key objectives of the National/NZ First Government's employment policy will be reducing the percentage of job seekers who are long term unemployed, and involving job seekers while they are unemployed in part-time community work and training. Regions will be given greater influence over how these and other employment goals are met.
- It is accepted that as a general principle, it is economic policy, as distinct from employment policy, that determines the numbers of employed.

Key Initiatives of Policy:

Introduce programmes over the term of the Parliament that require registered unemployed to undertake a prescribed level of work or training in return for the unemployment benefit by replacing the unemployment benefit with an equivalent community wage or training allowance. The first priority for the programme will be addressing long term unemployment.

Accept in principle the integration of the NZES, the unemployment benefit division of NZISS, the Community Employment Group and the TOPs resources of the Education and Training Support Agency into one Employment Service. Other employment focused resources may also be absorbed. Whether this is a stand alone service or part of the DSW shall be considered as options.

To assist in the development of a more regionally driven approach to achieving employment policy objectives, Regional Employment Commissioners will be established. The Regional Commissioners will be responsible for producing Regional Employment Plans. They will be advised by Regional Employment Committees.

The main outcomes sought by this approach will be on reducing the percentage of long-term unemployed, and maximising the involvement of jobseekers in suitable part-time community work or training.

New Zealand First initiatives "in"

As above

New Zealand First initiatives "out"

Nil

Fiscal Implications of this Policy Agreement:

1997/98 - \$60M

1998/99 - \$80M

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

6 December 1996

Policy Area: Energy

Statement of General Direction:

To ensure the continuing availability of energy services, at the lowest cost to the economy as a whole, consistent with sustainable development.

Key Initiatives of Policy:

No privatisation of ECNZ

No privatisation of Contact Energy

No privatisation of Trans Power

Overhaul energy pricing

Improved efficiency and conservation

Projected cost arrangements with regard to the Cook Strait Cable to be reviewed with the fairness of both Islands in mind

Fiscal Implications of this Policy Agreement:

\$3 million to maintain EECA funding.

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Appropriate changes to regulation under the Electricity Act to implement changes to fixed line charges and to ensure non-discriminatory access over spur lines.

5 December 1996

Policy Area: **Environment**

Statement of General Direction:

The preservation and enhancement of the environment is sound economics. Our vision is to create a clean, healthy and unique environment sustaining nature and the needs and aspirations of New Zealanders.

Key Initiatives of Policy:

Develop "State of the Environment" reporting & amend Companies Act to require statutory disclosure of environmental impacts by companies.

Prepare national policies on sustainable land management and indigenous biodiversity.

Ensure progress on climate change and energy issues by pursuing coherent policies taking public consultation on these matters into account. Implement legislation if necessary to give real effect to such policies.

Develop national standards and guidelines for landfills, solid waste disposal, hazardous substance disposal including timetable for phasing out hazardous, toxic and bioaccumulative substances.

Work with waste producers to reduce waste at source - seek to reduce annual solid waste production to 50% 1990 level by turn of century. Encourage reuse and recycling.

Actively pursue measures to reduce land/sea based sources of marine pollution from human activities.

Effort to return all rivers, lakes coastal waters to natural unpolluted condition.

Phase out persistent chemicals such as organochlorines by year 2000 - work with the agricultural sector to develop alternatives.

National register to record use of pollutants and chemicals in agriculture, horticulture and industry.

Atmospheric discharge subject to stringent controls under the Resource Management Act.

Every effort will be made to ensure the implementation of a coherent plan to reduce gross CO₂ emissions and make significant progress towards meeting international obligations.

Retain non greenhouse gasses below 1990 levels by 2005.

Require Regional Councils to implement monitoring and reporting system for air quality.

Legislative control of domestic pet access to vulnerable native species areas.

Ensure adequate protections against undesirable species from ship ballast discharge.

Effects-based intent of Resource Management Act. Monitor and review the Resource Management Act outcomes to ensure appropriate.

Review Resource Management Act For clarity and expedition in decision making.

Additional Issues Raised by New Zealand First:

Limit the awarding of expenses to vexatious claims.

Population policy to be developed.

Encourage the development of environmental education modules.

Empower the Ministry for the Environment to make public assessments of policy, initiatives, legislation and government functions which may impact on the environment.

Community Employment Programmes to assist beautification and clean-up projects.

Comprehensive "polluter pays" / "degrader pays" strategy to be progressed with a view to implementation before 1999.

Fiscal Implications of this Policy Agreement:

There will be low fiscal cost. Estimate \$2.0 - \$5.0 million.

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

None.

5 December 1996

Policy Area:

Exports and International Trade

Statement of General Direction:

To optimise New Zealand export returns, underpinning a positive partnership between the State and the private sector to achieve this. Government will continue to actively pursue the border liberalisation and other agreed positions taken in the Uruguay Round through the World Trade Organisation. In line with current policy, the 1998 Tariff Review will take place and any future progress in this regard will be consistent with the policies and progress of New Zealand's trading partners.

Key Initiatives of Policy:

The parties will establish an Export Credit Guarantee Scheme and will immediately develop criteria for such a Scheme on the basis that the Coalition partners agree mutually on the criteria and implementation of same. Up to a \$50M pa guarantee line is committed for a period of three years dependant on the favourable performance of the scheme, and within the overall spending parameters agreed to by the parties to the agreement.

In view of the existence of the Government's Venture Capital (Greenstone) Fund agree to lift the Government's capital by taking up the \$5M rights issue (to be \$30M in effect).

Further funding of \$2M for the Technology Transfer Agency.

Boost Tradenz funding by \$5M.

The 1998 tariff review to proceed in line with current policy, taking into account the policies and progress of other trading partners.

Fiscal Implications of this Policy Agreement:

1997/8	\$62M
1998/9	\$57M
1990/0	\$57M

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Not necessary but could be appropriate for Export Credit Guarantee Scheme.

5 December 1996

Policy Area:

Fisheries

Statement of General Direction:

Sustainability is the underlying principle in managing the fish stocks on behalf of New Zealanders. To this end, government is committed to bringing all species under QMS in the shortest possible time frame and enhancing recreational fishing areas.

Key Initiatives of Policy:

To implement 1996 Fisheries Act to advance:

- sustainability
- maintenance of fish stocks
- complete obligations to Maori
- the New Zealandisation of the commercial fisheries

Complete regulations for Maori customary fishing

Review quality of information in setting TACCS

Review of the rule against aggregation in deep sea fishing in terms of impacts of iwi fishing

Enhance recreational fishing areas

Provide appropriate funding for recreational participation into fisheries management

Further develop cost recovery model to ensure equitable payment of levies between fishers

Review of the framework and appointment process for the Maori Fisheries Commission

Review the 1988 and 1992 amendments to Maori Fisheries legislation on issues of distribution

Facilitate current restructuring of fishing industry organisations

Agree to review the make-up and brief of the Fishing Industry Board with a view to promoting 75% New Zealandisation of the industry and protecting New Zealand fish stocks

Fiscal Implications of this Policy Agreement:

\$100,000 for recreational input to fisheries' management.

(All funding proposals subject to being considered within the agreed spending policy parameters).

Legislative Implications of this Policy Agreement:

Amendments to Maori Fisheries legislation resulting from review process.

3 December 1996

Policy Area: Foreign Affairs

Statement of General Direction:

The parties to the Coalition Agreement acknowledge that New Zealand must maintain an international profile.

Key Initiatives of Policy:

Protect our global economic and political interests in more than 165 countries.
Play our part in reducing international conflict, promoting peace and encouraging unrestricted international trade.

Strengthen our commitment to the Asia/Pacific region as our priority area in foreign relations while maintaining an active representation in Europe and North America.

Play an effective role in international organisations, particularly contributing to and in other ways supporting the role of the United Nations in its peacekeeping and humanitarian activities.

Reinforce the special obligations New Zealand has to assist the small independent Pacific Island states, particularly with economic, trade, training and development aid programmes, obligations that have evolved through a long history of immigration and cultural linkages.

Continual increase in NZ ODA commitments (currently at 0.24% of GDP), the greater proportion to be directed to the South Pacific (as above). The cost of the delivery of health services to citizens of countries which are the recipients of ODA which creates outstanding debts in the CHEs shall be met from funds withheld during ODA bilateral negotiations.

Fiscal Implications of this Policy Agreement:

Nil

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

None

10 December 1996

Policy Area: Foreign Investment

Statement of General Direction:

While recognising the need for overseas capital and the need to maintain investor confidence and without eroding any existing ownership rights the Coalition agrees that as a statement of general principle it is desirable that the control and ownership of important New Zealand assets and resources be held by New Zealanders.

Key Initiatives of Policy:

Sale of Farm Land

Reduce foreshores requiring approval from 0.4 ha to 0.2 ha.

Strengthen "national interest" by:

Amending s14 (2)(a) to read

"Whether the overseas investment as a primary consideration will or is likely to result in substantial and identifiable benefits to New Zealand and....."

Require an individual purchaser to hold and continue to hold permanent residence status; or the purchase, by an individual or otherwise, will make a material contribution to the local or New Zealand economy.

Require evidence either that the property has been offered on the open market or that the proposed sale has been publicly notified and offers invited but no satisfactory offer has been received.

Greater monitoring of compliance of conditions imposed by requiring the purchaser to file a declaration after two years or end of project that all conditions complied with.

Strategic Assets

Presently owned by Government

Electricorp

Contact

Transpower

New Zealand Post

TV1

Radio NZ - National Programme - Concert FM

The above assets will not be sold.

Presently owned by local bodies or consumer trusts

Power and gas utilities

Airports

Ports

Any sale of over 24.9% would require prior approval of ratepayers or consumers.

Fiscal Implications of this Policy Agreement:

None

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Amendments to the Overseas Investment Act

5 December 1996

Policy Area: Forestry

Statement of General Direction:

Maintain economic policies creating investment, opportunities and growth in forestry, and encourage forestry and agricultural sectors to work closely together to achieve integrated sustainable management

Key Initiatives of Policy:

Employment opportunities created by afforestation projects, in particular the East Coast forestry project

Encourage planting of native trees on commercial basis and to protect the property rights of those who do so

Review the Timberlands Management of West Coast Accord Beech forests

Negotiate to end clearfelling of indigenous forests in Southland and Otago by South Island Landless Maori

Phase out woodchip exports from Southland

Consultation with South Island Landless Maori on the issue of compensation arising out of the prevention of clearfelling of indigenous forests

Fiscal Implications of this Policy Agreement:

There is a recognised fiscal cost for compensation for ending clearfelling of SIMLA Lands.

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Legislation may be required to achieve sustainable management of SIMLA forests.

POLICY AREA: HEALTH

Monday, 9 December 1996 4.30pm

GENERAL POLICY DIRECTION

- a) Government is committed to providing a flexible, modern, properly funded, accessible health service that meets changing public needs and expectations. The Coalition Government's health policy has the overriding goal of ensuring principles of public service replace commercial profit objectives for all publicly provided health and disability services.
- b) The Coalition Partners are committed to publicly funded health care that encourages cooperation and collaboration rather than competition between health and disability services.
- c) By July 1998 there will be one funding body separate from the Ministry of Health which will carry out functions determined after consultation with the health sector and a review of the current system.
- d) Public health providers (CHE Services) will be required to function in a businesslike manner. The new focus will be on achieving health outcomes and improving the health status of the populations they serve. Private sector involvement in services usually provided by the public sector will be subject to criteria set by Government.
- e) Every effort will be made to minimise disruption to the health sector by progressively introducing any changes to health service referred to in this document. In most circumstances current arrangements will continue until 1 July 1998 when new policies and legislation will be in place.

KEY POLICY INITIATIVES

1. General:

- a) The Minister of Health will be responsible for the whole publicly funded health sector and the publicly owned health providers.
- b) Vote Health funding will be increased. Extra funding will be available to reduce waiting times for hospital treatment. Guaranteed maximum waiting times for various procedures will be introduced.
- c) Health and disability services for children will be boosted to ensure children receive the care and protection they need for the best possible start in life.

- d) Equity of access to health and disability services across generations will be assured by removing income and asset testing for older people needing long stay geriatric public hospital care services and asset testing for long stay geriatric private hospital care.
- e) By 1999/2000 introduce an exemption of \$100,000 on the family home on the income and asset test on rest home care for single people and for married couples where both are in care.
- f) Increased resources will be made available to address major issues in delivery of mental health services.
- g) In recognition of Government's commitment to improving the status of Maori health, increased resources will be made available to provide Maori leadership within the health sector, and to enable the continuing growth and development of Maori health service provision by Maori.

2. Changes to CHE Health and Disability (Regional Hospital and Community) Service Provider:

- a) Replacing Crown Health Enterprises with Regional Hospital and Community Services which will deliver those services currently provided by CHEs. They will report directly to the Minister of Health through the Ministry of Health.
- b) Removing the competitive profit focus for Regional Hospital and Community Services, replacing it with a requirement to carry out its activity in a businesslike fashion. The principal goal will be achieving improved health outcomes to contribute to the health status of the populations they serve. Legislative and administrative arrangements that will achieve these goals will be completed during 1997.
- c) A commitment will be demonstrated to publicly provided health and disability services, with long term contractual agreements with Regional Hospital and Community Services for a range of services with the intention of providing the maximum amount of health care to patients for the taxpayers' funds available. Services will cover the following range:

community and rural health
 mental health
 Maori health
 dental health
 public health (including health protection and promotion)
 intellectual, age related, physical/sensory disability support services
 maternity (including pregnancy and childbirth services)
 wellchild services
 A&E
 secondary/tertiary medical and surgical services

diagnostic services

- d) i) Publicly provided health and disability services are complemented by a wide range of non-government health service providers. Regional Hospital and Community Services may form joint ventures with these non-government providers or other Crown providers, working collaboratively with them, when this is consistent with health gain priorities and with the criteria in d ii).
- ii) Current contractual arrangements involving the private sector in CHE based services will continue. However, any new joint venture, subcontracting or private work undertaken, or involvement by private companies in CHE based services will be limited. Private sector involvement must result in improvements as defined in health outcomes, pose no increase in financial risk to the Crown assessed over the next ten year period, and must be approved by the Minister of Health after consultation with Coalition Partners.
- e) Regional Hospital and Community Services will be required to develop initiatives in partnership with Maori, which lead to demonstrable improvements in Maori health status.
- f) The Coalition partners have agreed to make minor amendments to the Commerce Act as it relates to some parts of the Health sector.
- g) Ensure accountability and performance of Regional Hospital and Community Services receive high priority in their funding agreements.
- h) Review after consultation the number of Regional Hospital and Community Services adjusting service boundaries to the optimum configuration to achieve health outcome goals.
- i) Elected community representation will be considered by a joint working party of Coalition MPs as to the most appropriate place for public representation in the health sector.
- j) The health sector will be consulted on changes to current arrangements in administration and legislation, governance and reporting.
- k) In the case of general practice any GP budget holding beyond GMS, primary laboratory and pharmaceutical budgets must result in improvements in defined health outcomes, pose no increase in fiscal risk to the Crown assessed over a ten year period, and must be approved by the Minister of Health after consultation with the Coalition Partners.
- l) Reconsider the decision to unbundling ACC funding from CHEs for acute and some elective surgery.

3. Funding Arrangements:

- a) By July 1998 there will be one funding body separate from the Ministry of Health which will carry out functions determined after consultation with the health sector and a review of the current system.
- b) Public health services will no longer be competitively purchased by RHAs. Providers of public health services will be required to comply with stringent contractual funding agreements with clear health outcome goals.
- c) A review of the most appropriate structure to carry out these changes in policy will be conducted and concluded by May 1997. The Coalition will consider all significant developments and agree on all aspects of implementation arising from the review.
- d) Implementation of the changes necessary to meet the policy objectives will be completed by March 1998 in order to minimise the disruption to health services delivery to New Zealanders and to manage a smooth transition to the new arrangements.

The six principles below are agreed as non-negotiable:

- I. Retaining the separation between the structure that replaces RHAs as funder and all health service providers including CHEs/Regional Hospital and Community Services, IPAs, GPs, Disability Services, rest homes etc.;
- II. Limiting bureaucracy where possible;
- III. Removing the 'for profit focus' from the CHEs but require them to work in a businesslike fashion.
- IV. Giving greater emphasis to health gain.
- V. RHA purchasing from providers on a competitive price volume basis will be replaced with contractual funding agreements between the structure replacing RHAs and all providers based on historic funding information and levels, benchmarking information, changes in technology and comparative data to provide a cost effective health system that delivers the maximum amount of health care to patients for the taxpayer funds available.
- VI. The structure replacing RHAs will undertake monitoring, auditing and reporting functions to enhance health gain and financial accountability.

4. Increase health sector resources and remove financial barriers to people needing to access health and disability services including:

- a) Increase baseline funding to Vote: Health after full consideration is given to the sustainable funding work being undertaken.

- b) Increase the waiting time fund by \$50M in 1997/8.
- c) Establish guaranteed maximum waiting times for surgical and specialist treatment.
- d) Remove hospital user part-charges.
- e) Providing free doctors visits and prescription medicines for children 5 years and under.
- f) Remove income and asset testing for long stay geriatric public hospital care services and asset testing for long stay geriatric private hospital care.
- g) By 1999/2000 introduce an exemption of \$100,000 on the family home on the income and asset test on rest home care for single people and for married couples where both are in care.

5. Pilot a community based family health team approach for the delivery of some primary healthcare services by Regional Hospital and Community Services:

- a) Regional Hospital and Community Services family health teams coordinate and in some instances integrate primary healthcare with the delivery of the following services:

community health
 mental health
 Maori health
 dental health (including school dental services)
 public health (including health protection and promotion)
 intellectual, age related, physical/sensory disability support services
 maternity (including pregnancy and childbirth services)
 wellchild services
 hospital secondary and tertiary services

- b) Family health teams will facilitate access for people needing hospital care taking responsibility for their transition through health and disability services. Family health teams will be involved in providing some child health and disability services. They will act as a referral agency for other child health service providers monitoring service delivery for at risk children.

6. Maori Health

a) Development of competent Maori Health providers is a critical requirement to support improvements in Maori health status. The following initiatives will be undertaken:

I. accelerated development of the professional Maori workforce

II. development of administrative and organisational expertise

III. Maori leadership within the Ministry of Health with dedicated provider approval, monitoring and evaluation functions

IV. increased public health resources for Maori provider development both directly to Maori providers and as a service obligation of Regional Hospital and Community Services

b) referred Maori service providers who meet minimum standards as set by the Ministry will be funded to provide a comprehensive range of primary healthcare, community based health and disability services and identified secondary health and disability services.

7. Child Health

a) In order to ensure a greatly enhanced focus on the health and protection of children the Ministry of Health will be required to appoint a senior person whose responsibility it will be to oversee, coordinate, motivate and lead in the area of health gain priority areas, i.e.:

child health

Maori health

mental health (Commissioner and Director of Mental Health already in place)

waiting list/waiting times

These people will report to the Director-General and Minister on progress or the lack of it in these areas.

b) During 1997 all child health programmes currently in operation will be reviewed with a view to building on those that deliver the best health gain and improved family function thus reducing risk to children.

8. Mental Health

- a) The recommendations of the Mason Report are to be fully funded and implemented.

LEGISLATIVE IMPLICATIONS OF THIS POLICY AGREEMENT

- a) Significant amendments to Health and Disability Act.
b) Minor amendments to the Commerce Act as it relates to the health sector.

FISCAL IMPLICATIONS

	Over and above current baselines		
	97/98	98/99	99/20
• Likely increased baseline funding based on current information	\$156m	\$291m	\$490m
• Additional resources for elective hospital treatment	\$50m	\$50m	\$50m
• Remove hospital user part charges	\$7m	\$7m	\$7m
• Free doctors visits and prescription medicines for children 5 years and under	\$65m	\$65m	\$70m
• Remove income and asset testing for continuing care in public and the asset test for private hospitals	\$45m	\$40m	\$40m
• In 1999/2000 exempt house to \$100,000	-	-	\$67m estimated
• Establish "safety net" child health and disability services	\$30m	\$30m	\$30m
• Maori health provider development	\$10m	\$10m	\$10m
• Additional Mental Health funding	\$15m	\$30m	\$45m
	\$378M	\$523M	\$809M

6 December 1996

Policy Area: **Housing**

Statement of General Direction:

To ensure all New Zealanders have access to good quality, affordable housing.

To improve access to affordable accommodation through increased Income Support payments and improved participation in housing provision.

To especially assist those with disabilities into suitable accommodation.

Key Initiatives of Policy:

Institute an interim freeze on Housing New Zealand rents pending a review of affordability issues, including a review of the Accommodation Supplement and the Special Benefit.

Accept in principle the merger of Housing Corporation, Community Housing Ltd and Housing New Zealand under a single structure. Replace the profit focus of Housing New Zealand with a new brief to meet the Crown's social objectives in a businesslike manner.

Increase numbers of community houses and ensure that there are sufficient community houses available.

Provide for a single lead agency to deliver Community Housing to improve coordination and delivery.

The government will provide encouragement and practical assistance to allow State house tenants to purchase their own homes through a Right-to-Buy scheme and further review this policy to ensure it has practical effect.

Recognise the special pressure in the Auckland region by significantly increasing Housing New Zealand stock in that region and initiating special arrangements to manage hardship cases.

Fiscal Implications of this Policy Agreement:

Up to \$110M in AS and special benefits (see Social Welfare) review and possibly more depending on balance between rent freeze and AS increases.

Possible cost of up to \$1B cost of repaying HNZ debts bonds if structural changes to HNZ are not managed in accordance with contractual arrangements.

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Possible need to legislate HNZ and Accommodation Supplement changes, dependent upon advice.

Right-to-Buy scheme may require legislation.

Merging of Housing New Zealand, Housing Corporation and Community Housing may require legislation.

6 December 1996

Policy Area: Immigration

Statement of General Direction:

The goal is to have an immigration policy that reflects New Zealand's needs in terms of skills, ability of the community to absorb in relation to infrastructure and recognising the diversity of the current New Zealand population. Such a policy will take into account the capacity of this nation to meet the general economic and social needs of New Zealanders.

Key Initiatives of Policy:

To maintain current immigration flows as per the last quarter of 1996 until the Population Conference has been held in May 1997.

Introduce a strict four year probationary period.

Introduce a limited overstayer amnesty following agreement upon appropriate definition and objectives of the amnesty.

Health screening of overseas visitors.

Population Conference/strategy.

Clamp down on refugee scams.

Increased resources to policing immigration policies.

Fiscal Implications of this Policy Agreement:

None significant but revenue to NZIS would be reduced. Could be greater bureaucratic costs.

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Likely to require amendment to the Immigration Act and Health Act.

6 December 1996

Policy Area:

Industrial Relations

Statement of General Direction:

The industrial relations environment desired by the parties is one based on fairness, flexibility and neutrality, recognising that the environment plays an important part in achieving high sustainable economic growth rates in New Zealand.

Key Initiatives of Policy:

1. Retain the principle of voluntary unionism and the no strike/no lock-out provision in pursuit of multi-employer collective contracts.
2. Raise the adult minimum wage to \$7.00 from 1 March 1997, and decide whether to increase further towards NZ First objective of \$7.50 per hour from 1 March 1998 following annual review, together with the related below adult minimum rates, in paragraph 3 below.
3. Immediate review of under 20 year old minimum wage rates.
4. Immediate review whether, and how, decisions of the Employment Court and the Court of Appeal with respect to personal grievance and procedural matters under the Act can be codified into legislation.
5. In meantime, retain the separate jurisdiction of the Employment Court but conduct a formal study of the Court's decisions to establish whether Parliament's intentions have been clearly expressed for the purposes of minimising judicial activism in the employment area.
6. Boost resources of the Employment Tribunal and Employment Court if, following a review, it is found justice is being denied because of delays.
7. Strengthen the ability of bargaining agents to obtain fair access to workplaces by incorporating the relevant case law into the Employment Contracts Act (especially section 12).
8. Introduce the concept of "fair" bargaining into the Employment Contracts Act, by describing areas where compliance is necessary to abide by the principles underlying the Act (eg the obligation to respect the choice of the bargaining agent and not undermine the bargaining process by bypassing the agent).
9. Investigate whether employment casualisation is being used to undermine the development of competition in some industries (eg waterfront) and whether the Commerce Act or the Fair Trading Act provides adequate protection.
10. Fixed Term Contracts - can be dealt with under item 4.
11. Bring under the umbrella of the Employment Contracts Act closely related legislation such as Wages Protection Act, Minimum Wage Act, Holidays Act. Each Act brought under the Employment Contracts Act will be reviewed by the coalition government and/or a select committee before legislation is introduced.
12. Resource ways and means of proactively promoting the rights and responsibilities of employees and employers under the Employment Contracts Act, especially new entrants to the workforce.
13. Retain the Act but keep under continuous review as to security of employment and fairness to employers/employees the Act offers.

Fiscal Implications of this Policy Agreement:

None

(All funding proposals subject to being considered within the agreed spending policy parameters).

Legislative Implications of this Policy Agreement:

As covered above to a number of Acts.

2 December 1996

Policy Area: Justice

Statement of General Direction:

Modern and progressive legislative measures to update public law.

Key Initiatives of Policy:

1. Identify causes of crime by continuation of existing project
2. Review CYPF Act to target repeat juvenile offenders
3. Confiscation of motor vehicles for repeat drink driving offenders
4. Reparation to be deducted from benefits
5. Review legislation concerning confiscation of motor vehicles for repeat offenders and stiff new penalties with a view to toughening
6.
 - Review of Victim Support
 - Increase Victim Support resources by 50% in 97/98 Budget
 - Review of legislation to ensure that criminals are made financially accountable for their criminal actions
7. Victims to have right to be informed of parole hearings to enable submissions
8. Review permitting victim impact reports being made available to defence counsel
9. Establish capital fund to resource victim support facilities
10.
 - Pursue wider use of electronic surveillance against organised crime
 - Ensure both police and local authorities have greater powers to remove gang fortifications without delay
 - Ensure that the police have the ability to examine all relevant material provided to the court before bail is granted.
11. Review bail laws
12. Review of penalty for murder
13. Mandatory minimum sentences for repeat violent offenders
14. Strengthened provisions on criminal consorting

Fiscal Implications of this Policy Agreement:

Not determined.

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Possible:

- CYPF Act amendments
- Victim restitution
- Criminal consorting laws
- Bail laws

6 December 1996

Policy Area:

Law & Order and Police

Statement of General Direction:

A stronger approach to law enforcement and the development of additional strategies to attack crime at its roots. Our policy approach will also aim to inhibit the growth of a societal underclass.

Key Initiatives of Policy:

Return to dedicated traffic safety squads within the Police.

Review the CYPF Act to especially include stronger targeting of juvenile repeat offenders.

Consider the integration of emergency services. Civil defence, Ambulance Service and Fire Service under one umbrella.

Review legislation concerned with the confiscation of motor vehicles for repeat offenders with a view to toughening the penalties.

After the Review on firearms legislation is completed, consider the licensing of both firearm and owners.

- Review of Victim Support
- Increase Victim Support resources by 50% in 1997/98 Budget
- Review of legislation to make criminals more financially accountable for their criminal actions including deductions at source
- Right of victims to be heard at parole hearings.

Create 500 new Police positions (over first 3 years).

The aim will be:

- To boost frontline Police personnel numbers
- To establish or enhance designated squads to confront organised crime
- To boost designated traffic safety and patrol teams
- To boost the Police capacity to deal with juvenile crime
- To boost community oriented policing
- To ensure a greater emphasis on policing gangs
- To enhance designated drug squads.
- Review the manner in which Police resources are utilised.

Consider a discretionary power to the Police to require 3 days notification of a defendant's intention to apply to the Court for bail and a copy of the grounds supporting that application.

- Pursue the widening of the Police capacity to use electronic surveillance against organised crime.
- Ensure that the Police and local government have the powers to remove gang fortifications without delay.
- Ensure laws to effectively deal with criminals consorting.

Reform speed camera policies and practices so as to direct their revenue into policing roads, driver education and safety promotion.

Emphasise covert as opposed to overt speed camera siting.

Fiscal Implications of this Policy Agreement:

National estimate	97-98 = \$50-60M
	98-99 = \$80-90M
	99-00 = \$110-120M

New Zealand First estimate	\$96M over next 4 years based on
	349 new sworn established positions
	580 new actual sworn members (over and above
	attrition)
	Victim Support to be costed

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Review of CYPF Act will result in amendments.

Possible legislation covers:

- Firearms
- Drink driving
- Victim restitution
- Criminal consorting laws
- Bail laws

6 December 1996

Policy Area: **Local Government**

Statement of General Direction:

To maintain the framework local government to operate according to the principles of democracy, accountability and economy

Key Initiatives of Policy:

Undertake regular audits of economy, efficiency and effectiveness of local government units.

This will include - inter alia:

- Numbers of elected politicians
- Charging systems and levels
- The separation of regulatory and service provision functions
- Competitive tendering and contracting of appropriate services
- Use of RMA legislation - note this implementation of recommendations may require Ministry for the Environment to develop and impose guidelines

The role and relevance of regional government units

Agree to study the following issues to ascertain whether better options are available than present practices:

- Dog control
- Noise control

Implications of Court decisions on GST on local body rates

Fiscal Implications of this Policy Agreement:

Possible future implications on questions of GST on rates.

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Resource Management Act may need to be amended if the role of Ministry for the Environment is altered.

6 December 1996

Policy Area: **Maori**

Statement of General Direction:

The Treaty of Waitangi is fundamental to the relationship between Crown and Maori. Within that broad framework, government is committed to working with Maori to achieve full and active participation in NZ society. Maori have dynamism and vitality to determine own social and economic development. Justice and equity are over-riding principles in improving education, health, housing and economic outcomes, and in settling Treaty claims.

Key Initiatives of Policy:

Establish a Maori Education Commission, a Maori Health Promotion Unit, a Maori Economic Development Unit and a Maori Employment and Training Unit, each a 'think tank' to monitor progress, design initiatives to graft onto mainstream Departments. Structures and location of units to be developed.

Implement Ka Awatea as amended.

Establish multiple ownership review committee.

Retain TPK.

Support marae development programmes funded through Lotteries.

Review the regional Maori Business Development Boards and Poutama Trust re delivery to Maori.

Support and adequately resource Te Kohanga Reo, Kura Kaupapa etc.

Introduce effective and focused Trade Training Schemes following discussion with the training sector and Maori.

Review representation on various government bodies.

Treaty Settlements

Adequately resource Waitangi Tribunal.

Ensure proper trusteeship obligations (with full accountability to and voting rights for beneficiaries) to Treaty settlement assets.

Discontinue the fiscal envelope on the basis that:

- there is respect for the settlements already effected, which would not be reopened
- the Parties confirm that the Crown will endeavour to settle claims on their merits using the settlements already effected as benchmarks
- be fiscally responsible.

Review of Government policy on natural resources and funding of research and negotiating costs.

Institute a review of the performance of the Crown Forestry Rental Trust to ensure accountability, and representation frameworks are implemented and effectively utilised.

Consult fully on Maori Reserved Lands, leases and rental policy

Fiscal Implications of this Policy Agreement:

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Depends on outcomes of reviews.

29 November 1996

Policy Area: Reserve Bank Act

Statement of General Direction:

To ensure monetary policy can make its maximum contribution to sustainable economic and employment growth, and development opportunities in New Zealand.

Key Initiatives of Policy:

1. To raise 0-2% target range to 0-3%
2. To refer to sustainable economic growth and employment in Policy Targets Agreement
3. To make no changes to the Reserve Bank Act 1987

Fiscal Implications of this Policy Agreement:

None

Legislative Implications of this Policy Agreement:

None

Agreed by NZF
28/11/96

Policy Targets Agreement

This agreement between the Minister of Finance and the Governor of the Reserve Bank of New Zealand is made under section 9 of the Reserve Bank of New Zealand Act 1989 (the Act) and replaces that signed on 16 December 1992.

1. Price Stability Target

Consistent with section 8 of the Act and with the provisions of this agreement, the Reserve Bank shall formulate and implement policy with the intention of maintaining stability in the general level of prices, so that monetary policy can make its maximum contribution to sustainable economic growth, employment and development opportunities within the New Zealand economy.

2. Measurement of Price Stability

Amendment to 2(b) -

For the purposes of this agreement, 12-monthly increases in the CPI of between 0 and 3 percent will be considered consistent with price stability.

3. Deviations from the Targets

Amendment to 3(b) -

This approach means that the CPI inflation rate can be expected to move outside the 0-3 percent range in response to particular shocks.

Amendment to 3(c) -

In the event of such shocks, the Reserve Bank shall be fully accountable for its handling of the price effects, and, in particular, for any movements outside the 0-3 percent band.

6 December 1996

Policy Area: Senior Citizens

Statement of General Direction:

To ensure that retired persons live in the relative comfort and dignity that their age, experience and previous labour clearly justifies and that they are not discriminated against but encouraged to contribute their knowledge and endeavours to the general community.

Key Initiatives of Policy:

Abolition of superannuation surcharge in first Budget of Coalition Government, to come into effect on 1 April 1998.

Work with the private finance sector to develop a "Home Equity Scheme" for persons solely reliant on New Zealand super. The objective is to allow these people to borrow up to 20% of value, repaid when home is sold with interest.

Remove income and asset testing for long stay geriatric public hospital care services and asset testing for long stay geriatric private hospital care.

By 1999/2000 introduce an exemption of \$100,000 on the family home on the income and asset test on rest home care for single people and for married couples where both are in care.

Fiscal Implications of this Policy Agreement:

Surcharge abolition.

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Changes to the superannuation surcharge will require an amendment to the Income Tax Act while any variation to the method of indexation of superannuation will require amendment to the Transitional Retirement Provisions Act. Indexation of benefits is not subject to legislation and the proposed Home Equity Scheme would probably require a new Act.

5 December 1996

Policy Area: **Social Welfare**

Statement of General Direction:

Based on principles of compassion and responsibility to restore integrity to the Welfare system by responsible spending. A close focus to be given to targeting resources towards families facing difficulties.

Key Initiatives of Policy:

To institute a family service in the Department of Social Welfare with the intention of focusing on children 0 to 8 years and coordinate health, education, welfare, police, justice etc under this heading. Flagged to spend \$70M in first year

Make changes to Special Benefit to
(a) remove \$10 per week shortfall and
(b) review formula for living costs

Raise Accommodation Supplement by 10% to meet 75% housing costs above 25% of income

Fiscal Implications of this Policy Agreement:

Family Service	\$70M pa
Special Benefit changes	\$110M pa to cover SB and AS
Accommodation Supplement changes	\$110M pa to cover SB and AS

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

In terms of the policies being considered under Social Welfare, the proposed changes to Accommodation Supplement would require amendments to the Social Security Act 1964. The other proposals under this heading, including instituting a family service within the Department of Social Welfare, could be implemented without legislative change. However, specific proposals involving the additional expenditure of \$70M in the first year on family related initiatives, could require a legislative amendment.

9 December 1996

Policy Area: **State Services**

Statement of General Direction:

Both parties recognise the need for a strong, committed Public Service designed to efficiently and effectively meet the needs of the New Zealand public and to advance the policy and programmes of the Government.

Key Initiatives of Policy:

A review of the practice and principles of accountability in the Public Service particularly having regard to the independent status of senior management in the public sector.*

Review the Official Information Act with a view to increasing the availability and transparency of official documents.

When the review on the performance of MMP is undertaken the possibility of reducing the number of MPs will be investigated.

Work towards the development of a Citizen's Charter to identify the public services delivered by government/state-owned agencies and the quality standards required.

Fiscal Implications of this Policy Agreement:

Nil.

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Legislative change may be required, dependent upon the above review.

- * Earlier this year the State Services Commission was asked to examine and report on responsibility and accountability in the public sector. Further work is under way in areas such as:
- a review of the legal, contractual and administrative instruments which pertain to chief executives, with a view to making clear their overall responsibility for departmental management;
 - a review of the processes for investigating and dealing with serious management failures in the Public Service to ensure they are, and are seen to be, fully informed, fair, effective and impartial.

9 December 1996

Policy Area: **Superannuation**

Statement of General Direction:

Recognising the need to plan for an aging population so intergenerational affordability problems are minimised, the Parties agree to place a proposal for a compulsory superannuation scheme before the New Zealand public to endorse or reject.

Key Initiatives of Policy:

1. To begin the immediate design work for a compulsory savings scheme suitable for New Zealand, drawing on the Superannuation policy announced by New Zealand First and the principles outlined by the Todd Taskforce on Private Provision for Retirement.
2. To engage the best possible independent advice from the public and private sectors in designing the scheme.
3. To conduct a Referendum on the compulsory savings scheme, once the design of the scheme is complete, for implementation on 1 July 1998. All aspects relating to the design of the Superannuation scheme must be mutually agreed by the Coalition partners, including:
 - Preparation
 - Membership of the Review Team
 - Design
 - Terms of Reference
 - Public information
 - Campaign costs
 - Timing of Referendum.
4. That notwithstanding the Coalition Government's commitment to ensure the best scheme is designed for the Referendum, it is acknowledged that individual MPs of the Coalition caucuses will have the right to argue for or against the Referendum question in the public debate over the compulsory savings scheme. All Coalition MPs are bound to implement a Referendum result that is positive.
5. The Parties agree to defer the implementation date for the 1997/98 tax cuts from 1 July 1997 to 1 July 1998, except for the Independent Family Tax Credit and Family Support proposals which will apply from 1 July 1997.

6. Should the compulsory superannuation scheme proceed, it is agreed the contribution rates will be:

1998/99	3%
1999/00	5%
2000/01	6%
2001/02	7%
2002/03	8%

Subject to the continued availability of adequate surpluses in the Coalition Government's accounts, there will be an equitable programme of tax cuts to broadly match the increase in compulsory superannuation contribution rates set out above.

Fiscal Implications of this Policy Agreement:

Deferral of Tax Cuts - \$1.0 billion savings (not including cost of IFTC and Family Support, which cost \$105M pa).

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Income Tax Act - change of date to defer tax cuts.

Compulsory Superannuation Savings (Referendum) Act.

9 December 1996

Policy Area:

Taxation

Statement of General Direction:

Underpinning a strong economy must be a fair regime of taxation, promoting so far as is possible voluntary compliance by tax payers, with strong enforcement, and heavy penalties for non-compliance. The way in which tax laws are implemented also requires attention.

Key Initiatives of Policy:

As a matter of urgency, establish a committee of experts as agreed by the parties to recommend to the Coalition Government on these issues:

- use of tax driven structures lacking business reality
- the adequacy of penalties, including criminal penalties, for tax evasion
- the coherence of the tax system
- abuse or complicity by advisors
- high compliance costs
- lack of prosecutions to prevent harmful tax practices and schemes
- treatment of failure to disclose (or falsification of material facts) by a person experienced in tax matters as a serious criminal offence, and establish it as punishable by a maximum penalty of 10 years imprisonment where more than \$5M in tax revenue is involved
- concealment and other tax related offences
- recovery from large scale tax evasion schemes (say \$100,000 and over) and those who aid them, of profits attributable to the use of unpaid tax (unjust enrichment)
- how to achieve disclosure of tax schemes affecting the instance of tax payable by greater than \$100,000
- any other matters the committee considers relevant to their examination.

The committee of experts will, in due course review the recommendations of the Davison Commission so far as they relate to tax matters and incorporate their views as part of their own report.

Where companies have been involved in concealment of profits and income to the disadvantage of New Zealand's revenue pool, any assets which are attributable to the use or availability of unpaid taxes ought to belong to the people of New Zealand. Not only should the tax be returned to the nation, but equity and assets that have been acquired as a result of tax evasion should also be confiscated.

Establish a specialist taxation prosecution unit within the Inland Revenue Department, whose mandate shall be to investigate and prosecute tax evasion.

Standards of conduct will be established between persons giving tax advice and the Inland Revenue Department.

Taxation issues currently dealt with by the Serious Fraud Office will be transferred to a special unit with the IRD and/or Police.

The Inland Revenue Department will be resourced adequately to investigate complex taxation criminality where it exists.

Fiscal Implications of this Policy Agreement:

Indeterminate: could be substantial additional revenue.

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Possible amendments to Tax Acts and the Serious Fraud Office Act 1990.

Fiscal Implications of this Policy Agreement:

Nil

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

Indeterminate, but could be significant.

29 November 1996

Policy Area: Tourism

Statement of General Direction:

To maximise foreign exchange and employment benefits to New Zealand from the development of quality, sustainable tourism.

Key Initiatives of Policy:

To ensure that the New Zealand Tourism Board is appropriately resourced to meet its year 2000 targets for new job opportunities and foreign exchange earnings from tourism, having regard to the massive potential of the industry to deliver business and job opportunities for Maori and in the regions.

To ensure an appropriate weighting of skills and interests on the Board reflecting New Zealand's unique cultural and conservation dimensions, in addition to commercial and industry representation.

To maximise the extent to which the benefits of tourism growth flow to New Zealanders and to ensure that all regions are given the opportunity to participate.

To enhance the Kiwihost programme as a key contributor to tourism growth and ensure that it reflects the special identity of New Zealand tourism.

To ensure that NZQA expedite the inclusion on the framework of the tourism units and that our education system gives appropriate weight to the recognition of skills related to the tourism sector.

To encourage the development of the infrastructure required to resource the tourism sector, especially by local authorities, in a way which imposes reasonable cost on users.

To ensure that the long term sustainable future of tourism is protected by placing appropriate weight on cultural, conservation and environmental concerns.

Fiscal Implications of this Policy Agreement:

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

6 December 1996

Policy Area:

Transport

Statement of General Direction:

To provide for a quality, efficient infrastructure as a priority for NZ in the 21st century.

Key Initiatives of Policy:

Work with local and regional governments and require development of longer term planning that reduces dependence on private car for inner-city transport (Environment Policy 1996).

Require emission standards and fuel efficiency standards for vehicles (as part of package of national standards for air quality), require regional councils to implement a monitoring/reporting system for air quality (Environment Policy 1996).

Tough drink/driving laws, confiscation of motor vehicles for repeat drink/drive offenders and consideration be given to impounding and/or forfeiture. Empower Police/traffic safety squads to impose instant fines/penalties standardised across the nation.

A road safety review committee to be established to specifically receive public submissions on road transport problems and respond.

Require the review of driver licences, which is currently under way, to place strong emphasis on driver competence and to recognise that competent driving is dependent upon five facts: the individual's knowledge, skill, experience, fitness and attitude, and consider introducing photos on drivers' licences.

Driving qualifications to reflect continuous measured competence and ability in all these areas. To achieve this, simulator training will be investigated and, if practicable, instigated initially for new drivers.

Similarly, there will be improved education and training systems encouraged for truck drivers and dispatchers. Consideration to be given to heavier penalties for offences.

Within a stipulated timeframe, on a prioritised and specified traffic count basis, road/rail crossings to be controlled by barrier arms.

Allow ACC the right to withhold certain benefits (eg earnings related compensation) from convicted drunk drivers who cause serious injury.

The Government to facilitate an industry conference on the state of, and future for, the shipping and ship servicing industries in New Zealand. The conference to ensure that shipping services continue to be competitive and efficient and establish how New Zealand might have a greater involvement in shipping and the future for the development of the New Zealand ship servicing industry.

Reform of speed camera policies and practices: subject to budget priorities, better resourcing of policing roads, better driver education and promotion of safe driving. Trial covert siting of cameras (Law & Order Policy '96).

Investigate the possibility of introducing Third Party Insurance as a requirement of car registration.

Within the first term of a NZ First coalition government, there will be a review of the use/effects of premium unleaded petrol and a review of future fuel options.

Following completion of the Land Transport Pricing Study, report and investigate an appropriate formula for the funding of land transport, greater transparency of the collection of revenues and the purposes of funding transport.

Fiscal Implications of this Policy Agreement:

Yet to be assessed.

(All funding proposals subject to being considered within the agreed spending policy parameters).

Legislative Implications of this Policy Agreement:

Yet to be assessed.

9 December 1996

Policy Area: **Women's Issues**

Statement of General Direction:

- Parties affirm their commitment to the MWA.
- That greater participation of NGOs in women's policy development be supported and encouraged.
- Parties are committed to the National Cervical Screening Programme.
- Parties are committed to the introduction of the National Breast Screening Programme over the next three years to cover all women from 50 to 65.

Key Initiatives of Policy:

Agree in principle to establishing a Parliamentary Officer to be known as the Women's Commissioner, whose role would be one of advocacy in co-operation with the Ministry of Women's Affairs.

Evaluate the effectiveness of the Equal Employment Opportunity Trust in terms of progress being made in advancing pay equity and consider whether any further non-legislative initiatives are required to progress the closing of the pay gap.

Review current child care policies to better integrate existing services and reduce barriers to women seeking financial independence.

Resource violence prevention and education programmes within schools and the community.

Funding increase to EEO Trust, on basis of a \$2:\$1 Government/Private Sector subsidy.

Funding of Maori Women's Development Fund is assured for continuation.

That a business plan for a time use survey is almost completed. Whether there is a funding shortfall is not yet clear. Both parties agreed this was a high priority.

Fiscal Implications of this Policy Agreement:

Increase in funding required not yet quantified:

- (a) Women's Commissioner - \$1M pa
- (b) Possible increase for Women's Ministry
- (c) Survey of unpaid work/time use - up to \$2M

Could range from \$0s to \$4M over 3 years depending on decisions taken in future budget discussions.

(All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement:

If a Women's Commissioner is established, legislation would be required.

SCHEDULE 'B'

Budget Schedule B

Fiscal Parameters

General Direction

Maintain a prudent approach to fiscal policy which balances additional spending on priority areas with tax reductions and the repayment of debt.

Key Initiatives

Additional expenses, and the abolition of the superannuitant surcharge from 1 April 1998.	Up to \$1,200 million in 1997/98; up to \$1,700 million in 1998/99; and up to \$2,100 million in 1999/00.
Tax reductions	Delay the next tax cuts by twelve months to 1 July 1998, though not the increases to the IFTC and Family Support. Subject to the continued availability of adequate surpluses, and a positive Referendum, further tax cuts on 1 July 1999, 2000, 2001 and 2002, of equivalent fiscal cost to 2%, 1%, 1%, and 1% of the base for contributions to the proposed compulsory superannuation scheme. In the event of a positive Referendum outcome on the scheme, those tax cuts would be applied as appropriate to fund the increased contributions.
Capital spending	As provided in the December Fiscal Update.

Fiscal Implications

This agreement sets the overall limits on the additional spending envisaged in other policy agreements, as well as policy changes to taxation.

The overall implications are set out in the attached table. This assumes that the economic projections in the December Economic and Fiscal Update (in particular, GDP growth of 3.4% on average over the three years to March 2000, and the underlying rate of inflation averaging 1.3% over the same period) remain appropriate.

Legislative Implications

Legislation would be required early in 1997 to delay the tax cuts. Legislation would also be required to abolish the superannuitant surcharge.

Fiscal Parameters Table

The Coalition Parties agree that the total spending of the Coalition Government during their three year parliamentary term will be contained within the overall parameters below.

	1996/97	1997/98	1998/99	1999/00
	\$ millions			
Revenue (incl SOE surplus)				
DEFU projections	35,719	35,904	37,404	39,176
Delay tax cut one year		1,100		
Further tax cut from 1-Jul-99 (1)				-1,000
Total revenue	<u>35,719</u>	<u>37,004</u>	<u>37,404</u>	<u>38,176</u>
% of GDP	37.3%	36.7%	35.5%	34.3%
Expense				
DEFU projections	33,226	32,779	32,999	33,069
Additional finance costs			100	300
Additional Coalition expense (2)		1,200	1,700	2,100
Total expense	<u>33,226</u>	<u>33,979</u>	<u>34,799</u>	<u>35,469</u>
% of GDP	34.7%	33.7%	33.0%	31.9%
Operating Balance				
DEFU projections	2,493	3,125	4,405	6,107
% of GDP	2.6%	3.1%	4.2%	5.5%
Coalition	2,493	3,025	2,605	2,707
% of GDP	2.6%	3.0%	2.5%	2.4%
Net debt				
DEFU projections	26,086	23,758	20,474	15,470
% of GDP	27.3%	23.6%	19.4%	13.9%
Coalition	26,086	23,858	22,374	20,770
% of GDP	27.3%	23.7%	21.2%	18.7%

(1) subject to the continued availability of adequate surpluses and a positive referendum outcome

(2) inclusive of cost to revenue of abolishing the surcharge

The table assumes that the DEFU economic projections remain appropriate.

The number provided for a further tax cut from July 1999 is broadly equivalent to 2% of the contribution base, for the compulsory savings scheme, in that year.

9 December 1996

Policy Area:

Telecommunications

Statement of General Direction:

Amend Commerce Act to provide for penalties when actions are brought by parties other than the Commerce Commission. Our preference is for the Commerce Commission and the Ministry of Commerce to address competition issues. However, if this does not produce effective competition, Government must be prepared to ensure it does, firstly by producing Government Policy Guidelines on interconnect, transparency and number portability and if necessary by amending the Telecommunications Act.

Key Initiatives of Policy:

Information Technology

The Parties want to ensure that all New Zealanders have access to the information tools- such as the internet- at an affordable price.

The Parties will investigate ways in which the Government can promote social cohesion by ensuring access to IT for those in the community who would otherwise miss out on the opportunities by the IT revolution.

The provision of such facilities as hardware and software, with an internet connection could, for instance be installed in public libraries throughout New Zealand.

A partnership between the Government and the private sector could be explored to achieve these mutually beneficial goals.

The Government will develop and implement "Information and Technology in Learning" strategy that will ensure that all New Zealand children are equipped for the information age by an education system which is fully attuned to New Zealand in the 21st century.

Media

Media Domination and Cross Media Ownership Issue

We will keep the situation under review. The Government could legislate to ensure that the Commerce Commission will not treat various media as separate when considering whether a proposed deal will damage competition in any given market.