



**Andrew LITTLE**  
Leader of the Opposition



# STATE OF THE NATION



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Andrew Little, Leader of the Opposition

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### CHECK AGAINST DELIVERY

In 2005 when I led the EPMU we worked together with Air New Zealand to find a way to keep engineering jobs that were heading overseas. A lot of these workers were people I'd known for years and they were facing not just losing their jobs but not being able to find the kind of work they do without going overseas. A lot of people were facing personal and financial upheaval.

It was hard work but in the end we kept more than 300 skilled and well-paid jobs in New Zealand.

And we managed to benefit Air New Zealand and its workforce with productivity gains too.

As a union leader I was always conscious that wealth had to be created first before it could be shared. We need to do what's right for business so we can

do what's right for workers and their families and to keep skills in New Zealand.

My driving motivation for coming into politics was that I could see that without real change, working New Zealanders, whether on a wage or salary or working under a contract or in their own small business, would be left arguing over how to share an ever dwindling national income.

As a new leader at the start of the parliamentary cycle I'm fully aware of the task I have ahead to build our organisation and the policy platform we will take into the next election. This will be a major job.

I'm also aware of how important it is to be very clear about what kind of future Labour stands for and the direction I intend to take us in as leader.

So today I'm not going to focus on policy detail.

I'm going to tell you about the challenges New Zealand faces as I see them, how we will solve them, and what that means. I'm going to talk about our goals for New Zealand and our vision.

Labour's vision is that New Zealand will once again have the lowest unemployment in the developed world.

When people have jobs, they have dignity, they have self-respect, and their families have the best future. And here's the next thing. The engine room of this job growth will be small business.

I want to talk about what I think remains one of the biggest long-term challenges for our country; and that is, where the next generation of wealth creation will come from.

Not because wealth creation is an end in itself. But because a good quality of life for all of us needs strong economic performance.

Globally, the combined wealth of the richest 1 percent will be greater than that of the other 99 percent of people next year unless the current trend of rising inequality is reversed.

Right now many New Zealanders don't have a good enough quality of life. In fact since this government was first elected there are 20,000 more children living below the poverty line. Those kids would fill 95 primary school halls. And 40% of them come from working families.

In New Zealand, the incomes of the top 10 percent are nine times the income of the bottom 10 per cent.

In fact at the end of last year, the OECD told us that in New Zealand the level of inequality is now holding back economic growth.

Of course, this isn't just an economic issue, it's bad for our communities too. Inequality robs people of opportunities. It stunts potential. It's wrong and it's not the Kiwi way.

The social inequality we suffer today, built up over the last 30 years or so, must be the driving force for the change we need to make.

It's a vicious circle. More inequality, slower growth, more inequality. It is so important that we all understand this: more inequality, slower growth, more inequality.

We have to break that cycle if we want to succeed. And working on how we do that will be the priority for me as the new leader of the Labour Party.

Part of that means recognising a world where technology is rapidly changing the nature of work and the opportunities for work.

In this regard I have already announced Labour's Future of Work Commission to be led by Grant Robertson. This is a large and serious task and will be a major project for Labour over the next two years as we get around the country talking to New Zealanders about what that means.

Meeting the challenge of future wealth generation is getting harder.

As a party and as a country we need to be thinking about how we will deal with the change ahead of us. And we need to be thinking now.

The truth is stark. Doing more of what we're doing today won't support the standard of living we as New Zealanders want in the future.

As a country we need to do things differently. That is going to take courage.

Government can provide some of the leadership to make a difference. But nothing will change unless we are all in it together.

Because as a party committed to creating good jobs for New Zealanders, we know that many of the jobs we want to create will come from businesses like those represented here today. That is the only way to drive down unemployment. We can only do this if we're all in it together.

I've seen this in my own working life.

I've seen how good management and a well led workforce working together can face difficult challenges, draw on each others' strengths and insights, and create gains for both.

The best changes happen when we bring workers and businesses together, so that everyone can win.

During the time I was a union secretary, Fonterra embarked on a project to increase the productivity of their plant and machinery. They realised that for every 1% increase in plant reliability - that is, the time that the plant is operational - they could add an extra \$100 million to their bottom line.

At the EPMU, we worked alongside Fonterra to help them change the way they managed engineering maintenance to deliver better results. It wasn't about cutting wages, or insisting on longer hours. The upshot was they gave frontline maintenance engineers more responsibility and they increased the incomes of those workers. The jobs were actually more satisfying at the end of it.

Maintenance crews saw their pay increase substantially and they lifted plant productivity to levels even the plant manufacturers thought weren't possible.

But working together, we did it.

That meant Fonterra was getting world leading levels of productivity. That meant better pay-outs for farmers, better staff retention, and more security for the families of those staff.

Everyone came out better off.

And just as importantly it gave everyone a stake in doing better and a sense that their contribution counted. Which is how it should be. Because work isn't just about money. It's about respect and dignity.

Too often that's forgotten. Too often the government sees work as transactional and contractual and they legislate for it that way. Like hiring people is like buying stock or selling product.

Well, it's not. At its best, like it was at Fonterra, it's about a shared purpose.

That's the philosophy we need to bring to Government.

For political parties occupying the Treasury benches, the choice is whether they want to be a small beer government or a government prepared to face up to the long term challenges.

Tinkering with the RMA instead of building houses, setting more hurdles for people out of work instead of creating jobs, and endlessly restructuring the bureaucracy.

These are the hallmarks of small beer government. It's not what we will do.

It's not where the Labour Party is going.

We all understand that strong businesses and strong communities are two sides of the same coin. You can't have one without the other.

For a political party with social democratic values at its heart, like the Labour Party, there is one crucial question. How do we create wealth generation that means everyone gets to fairly participate and share? Which is to say, wealth generation that is inclusive.

And when we talk of inclusiveness, we also have to include future generations. Because sharing with future generations means preserving and protecting our natural environment.

This isn't just about businesses and consumers and the markets they make up. This is equally about citizenship and the proper role of government.

Our focus must be on what best suits New Zealand. On what honours our values and what best achieves the kind of country we all want to live in and want to pass on to our children and grandchildren.

That country must be even better than the one we inherited. The country we received from the sons of Gallipoli has for a long time been the envy of the world.



In this special year of commemoration for New Zealand, we honour the sacrifices of previous generations when we staunchly defend the incredible, progressive freedoms we enjoy today. This lies at the heart of the Kiwi tradition of a fair go and a fair share.

We are a pioneering nation. From the first of us who navigated the Pacific, pulling their waka ashore in search of a new life, to those trying to shuck off the class-ridden world of old Britain, and forge new opportunities and a fairer way of living together.

Part of that was the Treaty of Waitangi, an agreement that is now vital to creating a New Zealand which is proud and unified. We may still be searching for its full meaning, even its true meaning, but it is inextricably a part of New Zealand and being a New Zealander.

We pioneered the idea of the state sustaining the poorest and most vulnerable with pensions.

We pioneered social security and a high quality public health and education systems.

We pioneered the idea of orderly and fair industrial relations, from the forty hour week onwards.

We pioneered citizenship rights when women won the right to vote.

We pioneered state housing and the idea that when everyone has a good home to live in we can do better as individuals and as a nation (something this Government seems to have forgotten, and has gone back on with its secret plans to sell off our state houses).

In the 1980s we took a world-leading stand on nuclear weapons.

We pioneered. New Zealand pioneered again and again.

We didn't look around to see what others were doing. We did what was right and fair.

The reason we did all this was because we wanted to build a better society where tomorrow is better than yesterday for everyone.

This is the spirit we must follow. In an ever changing, more open world, these values should still guide us.

A nation's economic security is one of the government's most important duties, next only to protecting its citizens from physical harm.

The right to live in dignity is as basic a human right as any.

How do we provide for economic security for New Zealand - for businesses, for households and individuals? Security that means Kiwis can enjoy the standard of living we have long aspired to. A standard of living which a growing number of New Zealanders are missing out on.

Our economic security is our greatest risk long-term.

We will hear from government representatives and some commentators that economically we are doing well. That the economy is growing. That the prospects look bright.

But this doesn't tell the full story.

We will be told that GDP has grown by 3%. But GDP isn't the last word. The problem with GDP as a measure is it doesn't measure everything that is happening.

It doesn't measure the loss of capability from businesses that have closed down and the loss of good, stable, skilled, well-paid jobs that we've seen; like those lost last year at Fitzroy Yachts and Tenix in my hometown of New Plymouth.

It knows nothing of New Zealand's incredible volunteer sector, the strain on our social services, or the state of our environment.

GDP simply doesn't tell us everything we need to know.

The reality is we have major issues we are not facing up to.

As I've said, the OECD told us at the end of last year that the level of inequality in New Zealand is holding back economic growth.

Already this year, the government has told working people not to expect a decent pay rise.

The truth is, it's pretty obvious that this government has given up on fair wage growth and a fair share of the gains of a growing economy. They've just given up.

Well that's not good enough. And it won't be good enough for a Labour Government. We won't give up.

The Government has given up on the chance to turn those gains into long term wealth and wellbeing for all New Zealanders.

Our economy is dependent on commodity exports, and on too few markets. Dairy, timber and minerals have been strong sources of income for us when prices are high, but as they fall the impact on our economy is significant. We have grown our trade with China enormously, so that it has surpassed our

trade with Australia. But between those two countries, they alone now represent about 40% of our exports.

When it comes to the workforce, we still have unemployment of around 5.5%, even after GDP growth and the continual claims that we are “on the cusp of something special”.

And too many jobs - especially the new ones - are part time, low paid, or under arrangements that provide no protection.

Like the alarming spread of zero hour contracts. Under Labour, those contracts will spread no more. They will be gone. We should not tolerate them and we will not tolerate them.

This government says all is well in New Zealand. But their dry statistics don't tell you about the hundreds of thousands whose work is less secure than ever before, whether it is a skilled tradesman forced to do unskilled work on casual hours, or the new hire stuck on a zero hour contract.

They won't tell you about the fact that a well-paid young couple in Auckland now has a harder time buying a house than they would in New York.

And they won't tell you about the kids who fall into poverty and have to rely on charity for breakfast. Or a pair of shoes. Or a raincoat.

I'm here today to make one thing very clear.

The Labour Party I lead is about jobs. Good jobs. Skilled jobs. Well paid jobs.

That's what a good, fair and wealthy society is based on. And it's what Labour stands for.

A job is about more than just an income. It's about dignity.

Good jobs provide economic security, they sustain our communities. They are a source of pride and confidence.

More than anything else they are the path to well-being, to living a good life and creating an even better life for your family.

Ten years ago, New Zealand had the lowest unemployment in the developed world. Today, we've slipped to ninth.

It's no good blaming the financial crisis. Eleven OECD countries have lower unemployment now than they did at the start of the global financial crisis - ours is a quarter higher. And we hit the crisis in better condition than most of them.

High unemployment is a cost to our economy, it's a cost to our communities, and a cost to the government. We spend around \$300 million a year more on unemployment benefits now than we did six years ago - money we could be using to drive growth instead.

And it's why the next Labour government will make sure New Zealand has the lowest rate of unemployment in the developed world.

Let me say that again - the next Labour government will make sure that New Zealand has the lowest rate of unemployment in the developed world.

New Zealand has always been a nation of world leaders and we can lead the world on jobs and employment.

We've done it before. Just ten years ago. And we'll do it again. Because that's the single best thing we can do to ensure New Zealanders have wealth, security, and dignity.

I know that to achieve goals like this we will all need to work together: government, business, and workers. And by business I don't just mean large corporates. I mean placing small firms, small businesses, at the centre of growth and job creation.

This year, I will be talking about several things I believe need urgent attention to help grow our wealth:

- Harnessing the power of small businesses.
- Getting serious about housing affordability.
- Ensuring Auckland operates as an internationally competitive city, breaking free of the gridlock which is holding it back.
- Developing a manufacturing sector fit for the 21st century.

I will expand on these final three points in later speeches in the coming months.

Today I want to focus on how we help our small businesses get ahead so we can drive job growth up and unemployment down.

New Zealand is a pioneering nation and it is this spirit of innovation which drives our small businesses.

A lot of people don't know that small businesses were responsible for nearly one third of New Zealand's economy last year.

And that 41% of the jobs created last year were created in firms with fewer than 20 employees.



And yet the question of how we can help these vital businesses to grow is very rarely at the top of the political agenda.

Well, I want to change that.

Because as much as small business does now, I want them to do more.

As successful as many firms are, I want them to do even better.

Because I know there are huge opportunities for our economy in having a stronger small business sector.

In having more businesses that are nimble, flexible and innovative.

And I want to see us do more to promote entrepreneurship.

I want to make sure that when working people take up the opportunity to be their own boss and to make a living off their own ideas and ambitions, their own energy, they won't face unnecessary hurdles to do so.

To do that, Labour will ensure the Government does more to support our small businesses.

I've seen first-hand how - through working together with their employees - businesses like Fonterra have created wealth in a way that benefits everyone.

Labour will work with small businesses to draw on this best practice from some of our most successful enterprises.

We will make sure that small business owners get to spend more time focussed on making their business work, instead of working out how to fill out their tax forms.

We will make sure that more training is available to new business owners so that someone who has never owned a business before can get up and running without too much red tape.

And we will make sure that there is more investment capital than ever to support our small businesses by finding ways for our major investment funds like the NZ Super Fund to support promising local start-ups.

We will do more to use our tax system to support investment in innovation and Research & Development, so that more Kiwi businesses can compete on the world stage in the cutting edge industries that make up the 21st century economy.

We will help businesses that want to diversify their offerings because we know that it's better for our economy when we don't have all our eggs in one basket.

With Labour, it will be easier than ever to start a business and make it succeed.

Labour will make small business a priority.

Over the next two years, I've tasked our spokespeople with developing a programme of action in government that will make growing our small business sector a major part of our long-term economic plan.

We'll do it by listening to business, communities, and workers and by acting to get the job done.

That's how we can create better, higher paid jobs for everyone.

We will be a strong and pioneering government that works to grow our wealth and to do that fairly. And, most importantly, to do it together.

Over the next three years, that will be Labour's mission.

To work with New Zealanders from every walk of life to build a long-term plan for the long-term challenges we face.

To tackle the rising inequality that is holding our economy back and build a New Zealand where everyone can get ahead.

To support our businesses to grow new wealth and protect our standards of living.

We can do this together. And we will.

Because if we don't we will be poorer as a nation. Not just economically, but socially – in our communities – as well.

Labour stands for a better way. We stand for a wealthier, fairer New Zealand.

We stand for real solutions to the big challenges that lie ahead.

We stand for the future.

And above all,

We stand for jobs.