

05WELLINGTON96

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12958: DECL: 02/01/2015 TAGS:..

C O N F I D E N T I A L SECTION 01 OF 02 WELLINGTON 000096 SIPDIS DEPT FOR EAP/ANP NSC FOR GREEN E.O

12958: DECL: 02/01/2015 TAGS: PGOV, PHUM, PREL, NZ SUBJECT: NEW ZEALAND PRIME MINISTER CLARK IN STATE OF THE NATION: "NO WORRIES"; MEDIA REACTION MUTED REF: WELLINGTON 78 Classified By: ACTING DEPUTY CHIEF OF MISSION KATHERINE B

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HADDA, FOR REASONS 1.4(B,D) 1

(C) Summary: In her opening speech of the year, PM Helen Clark launched the opening salvo of her election campaign

She indirectly countered Opposition leader Don Brash's welfare policy speech (reftel) by outlining childcare and

other policies she defined as the best way to encourage women to return to the workplace

While the Prime Minister affirmed her interest in a US FTA, in almost the same breath she took a swipe at the National Party (and no doubt at the Embassy and other U.S

officials) by reiterating her Government's support for NZ's iconic anti-nuclear legislation

Labor productivity and economic growth were a common thread throughout the speech, with special focus on the "ownership society" and increasing productivity to OECD standards

PM Clark pointed to Asia as the way forward for NZ economically and politically, but aside from declaring interest in FTAs did not go into detail on the country's role in the region

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(C) Opposition party MPs, who like the rest of New Zealanders knew most of the content of the heavily-leaked speech before it was delivered, immediately criticized the Labour Government as complacent, greedy, and out of touch

But reflecting the speech's failure to break new ground, an internal rift in the Opposition National Party dominated the next day's headlines, relegating Clark's presentation and the opposition response to a media byline

End Summary

Foreign Policy Pro-NZ or anti-US? -----2

(C) While Clark's State of the Nation address focused almost exclusively on the domestic agenda, Clark made a point of celebrating NZ's independent foreign policy, with its focus on human rights, disarmament and peacekeeping

As part of this "independence," Clark again utilized her party's misquote of National Party leader Don Brash by declaring that NZ's iconic "nuclear-free status won't be gone by lunchtime with a Labour-led government." Consistent with the GoNZ's recent foreign policy focus, Clark called for a continuation of NZ's dynamic trade agenda, together with a call for increased (and unspecified) engagement with Asia

Making clear that the GoNZ's priorities were to continue its robust pace of negotiating free trade agreements (FTAs,) Clark pointed proudly to positive developments in FTAs with Thailand, China, Singapore and Chile, ASEAN and Malaysia

Clark noted "we remain ready to enter negotiations with the United States. The mutual benefits of an FTA between us are clear." Policy Highlights -----3

(U) Domestically, Clark hammered home Labour's achievements in economic growth, health, education, and reduction of crime

While leaving major policy announcements for the 2005 budget and future election pledges, Clark delineated eight "key areas of activity and policy development," largely listing on-going GoNZ programs and previously announced initiatives

The areas included: lifting labor productivity, lifting participation rates in the workforce, infrastructure development, new savings initiatives, Maori development, a dynamic trade agenda, increased engagement with Asia and building national identity and pride.

Securing NZ's Economic Growth -----

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(U) Labour productivity and economic growth were a common thread throughout the speech, with a special focus on the "ownership society." While driving home NZ's low unemployment, high economic surplus and strong GDP growth, Clark outlined policy areas designed to expand and secure recent economic benefits across a broader portion of society

Striking back at Opposition leader Don Brash's criticism of Labour's welfare policies (reftel), Clark pointed to Labour's changes to the Superannuation scheme and mortgage insurance programs as first steps in encouraging incr

eased savings rates

She hinted at future policies designed to "encourage a co-coordinated lifetime approach to savings." To lift labor productivity Clark announced continued investment in skilled migration and a proposal to encourage expatriate NZers to return home

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(U) In her most controversial policy, Clark announced a need to increase women's participation in the workforce, which currently lags behind OECD averages

Here Clark highlighted the Working For Families package in the 2004 budget, with its paid parental leave and additional childcare subsidies, as offering assistance to working mothers

By stressing that such assistance would also enable mothers receiving state benefits to return to the workforce, Clark also took an indirect jab at Brash's welfare critique

Admitting that childcare was not the only obstacle to returning to work, Clark also pointed to the GoNZ's program to address pay equity issues in the public sector

United Future leader Peter Dunne, whose party is in an alliance with Labour, called this policy "neo-Soviet," asking why women should sacrifice quality of life for the good of national productivity

Rebuttals: Overshadowed By Scandal -----5

(U) Opposition leader Don Brash gave an articulate rebuttal to Clark's comments, claiming that this was a classic tax and spend government

He condemned Clark for merely "outlining what the Government will do with taxpayer's money." Brash reiterated National's mantra of personal responsibility, and summarized his recent policy statements on welfare, race relations and economic development

Despite his detailed response, Brash's remarks were completely overshadowed in the next day's media reports by his decision to remove MP Katherine Rich's from her welfare portfolio, after she publicly disagreed with aspects of his recent welfare speech

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(U) ACT Party leader Rodney Hide provided the sole foreign policy commentary of the day, rebuking PM Clark for her statements on the FTA, noting that Clark would "stand ready" to negotiate an FTA until "hell froze over" since she didn't like the Americans

Noting Clark's decision to begin her speech with references to NZ's post-tsunami aid package, Hide reprimanded Clark for not mentioning the US' substantial support to the affected region

He also bemoaned that her speech and the remarks of other opposition MPs h

ad failed to  
mention the successful elections in Iraq, which were a great step forward for democracy in that country  
Comment -----7

(C) Comment: Clark is sticking to her trademark approach ) a gradual development of policies, with no surprises - but it appears she may have erred on the side of caution

While media reporting on in the past week was substantial, with all key elements of the speech leaked early, reporting on the State of the Nation speech was minimal

National's "sacking" of Katherine Rich dominated public discussion