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THURSDAY, 30 MAY 2024

The Speaker took the Chair at 2 p.m.

KARAKIA/PRAYERS

SPEAKER: Almighty God, we give thanks for the blessings which have been bestowed on us. Laying aside all personal interests, we acknowledge the King and pray for guidance in our deliberations that we may conduct the affairs of this House with wisdom and humility for the welfare, peace, and compassion of New Zealand. Amen.

VOTING**Correction—Sale and Supply of Alcohol (Winery Cellar Door Tasting) Amendment Bill**

SPEAKER: Members, on 29 May 2024, when the committee of the whole House was considering the Sale and Supply of Alcohol (Winery Cellar Door Tasting) Amendment Bill, the result of the vote on the Hon Dr Duncan Webb's Amendment Paper 30 was incorrectly announced as Ayes 28, Noes 77. The correct result was Ayes 38, Noes 77. The record will be corrected accordingly.

PETITIONS, PAPERS, SELECT COMMITTEE REPORTS, AND INTRODUCTION OF BILLS

SPEAKER: A petition has been delivered to the Clerk.

CLERK: Petition of Entrust requesting that the House change the Income Tax Act to enable it to become a listed portfolio investment entity.

SPEAKER: That petition stands referred to the Petitions Committee. Ministers have delivered papers.

CLERK: Government responses to the petitions of Mohamed Soliman, Kate Stone, and David Cumin.

SPEAKER: Those papers are published under the authority of the House. Select committee reports have been delivered for presentation.

CLERK:

- Report of the Education and Workforce Committee on the review briefing on the 2022-23 annual review of the New Zealand Qualifications Authority
- reports of the Finance and Expenditure Committee on the:
 - Controller and Auditor-General draft annual plan 2024-25, and the
 - Reserve Bank of New Zealand Financial Stability Report, May 2024
- report of the Regulations Review Committee on the complaint about the E-Scooters (Declaration Not to be Motor Vehicles) Notice 2018.

SPEAKER: The reports are set down for consideration. The Clerk has been informed of the introduction of a bill.

CLERK: Appropriation (2023/24 Supplementary Estimates) Bill, introduction.

SPEAKER: That bill has been set down for first reading.

SUPPLEMENTARY ESTIMATES DOCUMENTS

Hon NICOLA WILLIS (Minister of Finance): I present the Supplementary Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2024.

SPEAKER: That paper is published under the authority of the House.

BUDGET DOCUMENTS

Hon NICOLA WILLIS (Minister of Finance): I present the 2024 Budget speech, the *Budget at a Glance 2024*, the *Tax at a Glance 2024*, the Fiscal Strategy Report 2024, the Child Poverty Report 2024, the Budget Economic and Fiscal Update 2024, the Summary of Initiatives 2024, and the Estimates of Appropriations for the Government of New Zealand for the Year ending 30 June 2025.

SPEAKER: Those papers are published under the authority of the House.

APPROPRIATION (2024/25 ESTIMATES) BILL

Introduction

CLERK: Appropriation (2024/25 Estimates) Bill, introduction.

SPEAKER: The Appropriation (2024/25 Estimates) Bill is set down for first reading immediately.

First Reading

Hon NICOLA WILLIS (Minister of Finance): I move, *That the Appropriation (2024/25 Estimates) Bill be now read a first time.*

A party vote was called for on the question, *That the Appropriation (2024/25 Estimates) Bill be now read a first time.*

Ayes 68

New Zealand National 49; ACT New Zealand 11; New Zealand First 8.

Noes 49

New Zealand Labour 34; Green Party of Aotearoa New Zealand 15.

Motion agreed to.

Bill read a first time.

BUDGET STATEMENT

Second Reading

Hon NICOLA WILLIS (Minister of Finance): I move, *That the Appropriation (2024/25 Estimates) Bill be now read a second time.*

Tēnā koutou katoa. E mihi ana ki a Ahumairangi, ki a Tangi-te-keo, ki Te Whanganui-a-Tara. Tāne whakapiripiri e tū nei, e ngā tāngata whenua o te rohe, e ngā mema o te Whare Pāremata, kia ora. Nōku te Hōnore, ki te whakarewa i te Tahua mō te tau nei, rarau mai.

[Greetings to you all. Acknowledgments to Ahumairangi, to Tangi-te-keo, to Te Whanganui-a-Tara. Tāne the uniter, standing here, the indigenous people of this region, the members of this Parliament, kia ora to you all. It is my honour to speak to this Budget this year. Welcome.]

As I said in te reo Māori, it is an honour to announce this year's Budget. The Budget delivers on key commitments. For the first time in 14 years, hard-working New Zealanders will get to keep more of their own money through our Government's tax relief. We are shifting resources out of the back office of Government and into the front line. We are investing in healthcare, in schools, and Police. We are putting New Zealanders' money where it can make the biggest difference. What's more, our commitments are delivered within an operating allowance that is the lowest, in real terms, since Steven Joyce's Budget in 2017. In other words, this is a fiscally responsible Budget—the most fiscally responsible in seven years.

On Budget day, it's easy to get caught up in the analysis, the commentary, and the voices in the lobby. Actually, that is not what the Budget is about. This Budget is for everyday people getting on with their lives—the mums and dads rushing the kids to daycare or kōhanga, working hard, waiting in traffic and watching the petrol light flash again. This Budget is for the people whose doors I knocked on in the election campaign, who said \$20 a week would be the difference between staying on top of the bills and being in overdraft. It's for the man who told me he picked up a second job driving an Uber to pay the rent. It's for every New Zealander, from every walk of life, who gives their best and wants a fair deal in return. This is a Budget for the squeezed middle of New Zealand—the shift workers, the people working two jobs, the families making sacrifices for their kids. Parliament's focus today, and every day, should be the results we deliver for people like them. Because the right measure of success is whether Government is making a positive difference to the lives of New Zealanders and their families, not how many times it claims to care, and not how much money it spends.

The creation and passage of a Budget each year is at the heart of stable Government. This Budget is a team effort. In particular, I want to acknowledge and thank the Associate Ministers of Finance—David Seymour, Shane Jones, and Chris Bishop—who were heavily involved in putting this Budget together. It has benefited considerably from their ideas, advice, and input. The other Budget Minister in this process was the Prime Minister. I am grateful for his leadership, support, and wise counsel, as always.

I want to acknowledge how challenging economic conditions are for many Kiwis right now. New Zealand is experiencing a very difficult downturn. It suffered an acute cost of living crisis in 2022 and 2023. The Reserve Bank responded by raising interest rates. The official cash rate went from 0.25 percent to 5.5 percent and has remained there for a year. That hurts. I get regular updates from the Treasury about the state of the economy. What is apparent now, compared to six months ago, is that the current downturn started earlier, has been deeper, and is expected to last for longer than previously thought. In this environment, I feel for families and businesses across the country who are doing it tough. What I can say to them is that better times lie ahead. The economy is robust and it will recover.

Forecasts in the Budget update indicate that current weakness in the economy will reduce inflation pressures and lead to a gradual easing of interest rates. The Treasury expects the unemployment rate to peak at the end of 2024 and start of 2025, before beginning to fall. As interest rates ease, economic growth is forecast to pick up over the second half of this year and to continue into 2025. The Government's job is to help that recovery, not hinder it.

In recent years, big Government spending has fuelled inflation. It has also caused a significant deterioration in New Zealand's fiscal position. The operating balance before gains and losses (OBEGAL)—the difference between Government revenue and spending before gains and losses—has been in deficit since 2019-2020. For the most part, this is a result of continued spending increases. Some of these increases were temporary—in response to COVID-19, for example—but others were not. After stripping out large one-off expenses and adjusting for the economic cycle, Treasury estimates a structural operating deficit of around 1.5 percent of GDP this financial year.

“Structural deficit” is a technical term. To put it less formally, New Zealand has been borrowing to pay for the groceries. This borrowing has contributed to rapidly rising debt. In 2017-18, net core Crown debt was under 20 percent of GDP. It is now over 43 percent of GDP.

The solution is clear. Revenue and expenses must be brought back into balance. Debt must come down. This task is challenging. It has become even more challenging as the economic forecasts have deteriorated. Compared to the half-year update, the Budget update

expects core Crown tax revenue to be lower by around \$18.5 billion across the forecast period as a result of lower GDP and lower business income tax. That is a significant revenue downgrade, leading to a lower operating balance and higher debt.

To bring revenue and expenses back into balance, the Government has a choice. It can manage its spending, or it can raise additional revenue. Given that choice, this Government's focus is squarely on managing spending. The key top-down tool for this is operating allowances—that is the amount set aside for discretionary new spending in each Budget. We are setting tight but realistic operating allowances in this Budget and in future Budgets. We intend to stick to them.

I said in the Budget Policy Statement that the final operating allowance for Budget 2024 would be less than \$3.5 billion, which was the allowance set by the previous Government. The final allowance in this year's Budget is in fact \$3.2 billion. This is the lowest allowance in nominal terms since Budget 2018 and the lowest in real terms—that is, adjusting for inflation—since Budget 2017. Operating allowances for Budgets 2025 to 2027 will be even lower, at \$2.4 billion per Budget. These are considerably lower than the allowances presented in the half-year update, which were set by the previous Government, and they are lower than those set out in National's fiscal plan.

By comparison, the final operating allowances for the last two Labour Budgets were \$5.9 billion in 2022 and \$4.8 billion in 2023. Managing within future allowances of \$2.4 billion will be challenging. Savings and reprioritisation will be a feature of future Budgets, just as they are in Budget 2024. They will be a business-as-usual activity.

The Fiscal Strategy Report sets out the Government's fiscal intentions and objectives. These remain as they were in the Budget Policy Statement, with one addition: the Government intends to get back to surplus in 2027-28. This is one year later than forecast in the half-year update, which showed a microscopic surplus of \$140 million in 2026-27. As I have mentioned, a weaker outlook for tax revenue has flowed through into lower OBEGAL balances and a higher debt track. The Budget update now shows a \$3.1 billion deficit in 2026-27 and a \$1.5 billion surplus in 2027-28.

Projections in the Fiscal Strategy Report show the Government is also on track to meet its other key objectives: to reduce net core Crown debt to between 20 percent and 40 percent of GDP, and to reduce core Crown expenses towards 30 percent of GDP. I would like to achieve those goals faster than the current projections show. But the Government is not planning an aggressive fiscal consolidation. We are taking a deliberate, medium-term approach and we will not overreact to movements up or down in the forecasts. We will be making difficult decisions and trade-offs to turn the fiscal situation around, get back to surplus and reduce debt, because that is what is required. But New Zealanders should know this: we will look after them along the way.

When analysing changes in the fiscal forecasts, it's important to distinguish between economic forces beyond the Government's immediate control and Budget decisions that clearly are in our control. Downgrades to the GDP and revenue forecasts fall into the first group. As I said, the weaker outlook for revenue—all else being equal—reduces the operating balance and increases debt across the forecast period. Also, because the economy is smaller, Government spending makes up a larger proportion of the economy. Consequently, the fiscal stance has been making, and will continue to make, a greater contribution to inflationary pressures than previously assessed. Those are facts. They would apply no matter which parties made up the Government.

Then there are the Government's fiscal policy decisions. This Government has reduced the operating allowance in Budget 2024 and significantly lowered it for the next three Budgets. Overall, these lower allowances result in a cumulative total improvement in OBEGAL of approximately \$5.5 billion across the forecast period compared to the allowances in the half-year update. That lower spending will improve the debt track and

reduce inflationary pressure over the forecast period, compared to what would otherwise be the case.

In addition, modelling from the Treasury suggests that the impact of tax reductions offset by spending is also likely to modestly reduce pressure on interest rates. So, yes, the fiscal forecasts have deteriorated since the half-year update, but not as much as they otherwise would have in the absence of the Government's Budget decisions.

The best illustration is this: if the Government had retained the operating allowances from the half-year update—those that were set by the previous Government—the operating balance would not return to surplus until at least 2031. The Budget allowances I talked about are a net concept. They encompass spending, saving, and revenue measures. The \$3.2 billion allowance in this year's Budget—as I said, the lowest allowance in real terms since Budget 2017—includes the cost of tax relief. This tax relief is long overdue. A visitor from the year 2010 would recognise the current personal income tax rates and thresholds, because apart from a new top rate, they are exactly the same. And, yet, since 2010, inflation has pushed up wages in nominal terms. And, as a result, people pay more of their income in tax.

The median full-time wage and salary earner now earns \$73,000 a year and is in one of the highest tax brackets. A minimum wage worker can face a marginal tax rate of 30 percent. Fortunately, the parties in this coalition Government are the parties of the worker. We want working people to keep more of what they earn. We want to ease the cost of living pressures people have been under for so long.

From 31 July, personal income tax thresholds will rise. They will rise from \$14,000 to \$15,600; from \$48,000 to \$53,500; and from \$70,000 to \$78,100. This reduces income tax for anyone earning more than \$14,000. From 31 July, the eligibility for the independent earner tax credit will be extended from \$48,000 a year to \$70,000 a year of income. This will help an estimated 420,000 additional people, most of whom will get the full \$20 boost a fortnight. And from 31 July, the in-work tax credit, which helps support low to middle income working families with children, will be increased by \$50 a fortnight.

Families with young children will also benefit from the new FamilyBoost childcare payment I announced in March. From 1 July 2024, parents and caregivers can get back up to 25 percent of their early childhood education fees, to a maximum fortnightly amount of \$150. This maximum amount reduces for family incomes over \$140,000 a year, and families with an income of \$180,000 or more aren't yet eligible.

This package of tax relief is identical in most respects to that set out in National's election tax plan. The implementation date for the changes, other than for FamilyBoost, has been pushed out by around four weeks, after advice from Inland Revenue that payroll providers required more time to make the necessary changes. We did test this package. In particular, I engaged closely and constructively with my colleague David Seymour on the ACT Party's idea of flattening the tax scale. This has a lot of merit but it was not possible to achieve in a way that benefitted people as the National plan did. It remains, however, an idea for the future.

In total, what will people get from tax relief? The Budget material contains various scenarios. For example, a couple earning an average household income of \$125,000 a year will benefit by up to \$102 a fortnight. If they have four or more children—four is a good number of children to have!—they could actually get slightly more than that, as they would still be eligible for Working for Families. And if they have children in early childhood education, they could get up to \$150 a fortnight from FamilyBoost.

These have always been “up to” examples. People's individual and family circumstances differ widely, so I encourage people to look at the tax calculator on the Budget website and enter their details. Analysis from Treasury shows that an estimated 727,000 households

will benefit by at least \$75 a fortnight, and 187,000 will benefit by at least \$100 a fortnight. On average, households will benefit by \$60 a fortnight, and households with children by \$78 a fortnight.

I have occasionally heard people say in this House that tax relief only benefits the well-off. Well, that is not true of this tax package. Our changes to the in-work tax credit, and introduction of FamilyBoost, tilt the benefits of the tax package to low to middle income working families with children. Tax relief in this Budget puts \$3.7 billion a year back into the pockets of New Zealanders. This tax relief is fully funded. Some of the funding is from revenue measures, but mostly it comes from savings.

The funding is broadly as set out in the National Party fiscal plan, with a handful of changes to reflect coalition commitments. These include, for example, a greater investment in tax compliance—an initiative proposed by New Zealand First.

There are other savings in the Budget. They go well beyond the funding of tax relief. The Government has chosen to stop some areas of spending, and re-deploy resources to public services where they will have a bigger impact. Ministers and their departments have gone line by line through the spending areas they are responsible for. This scrutiny has resulted in more than 240 savings initiatives. Some amount to a few hundred thousand dollars a year, while others save tens of millions. Some reduce the amount of funding available for a particular activity, while others stop things completely.

The biggest part of this Budget in dollar terms is not, in fact, tax relief; it is actually investment in public services. I am proud to tell the House that this Budget increases funding for hospitals and it increases funding for primary care. This Budget increases funding for schools, and this Budget increases funding for law and order to keep our communities safe. Two-thirds of the new spending in Budget 2024 goes to these three areas: health, education, and law and order, because this is a very targeted Budget. There is no money hose spraying cash around. Other targeted areas of investment include transport, defence, and disability services. But across the board, whether they have received additional investment or not, the Government has a clear expectation that public agencies must strengthen their focus on delivering results. We have set clear targets to improve results in health, education, law and order, employment, housing, and the environment, and we are focused on delivering them.

I want to take members through some of these areas of new investment. First, let me clarify that when I talk about additional funding, I am referring to operating funding over the next four years, plus capital funding.

I will start with healthcare. In Budget 2024, the Government is investing an additional \$8.2 billion in the health system, including \$665 million of reprioritisation. The single biggest portion of this is for Health New Zealand, with \$3.4 billion earmarked for hospital and specialist services, and \$2.1 billion for primary care, community, and public health. Budget 2024 also provides \$1.77 billion to Pharmac—as my colleague David Seymour has previously announced—to ensure New Zealanders can access the medicines they rely on. It still staggers me that the previous Government funded a bunch of medicines until 30 June this year only. It staggers me more that filling this fiscal hole does not cost \$700 million, as signalled in publicly available documents last year, but in fact costs \$1 billion more than that. Thankfully, this Government has fixed that appalling problem.

The Budget provides \$31 million to gradually extend free breast screening to 60,000 women aged 70 to 74. As the Deputy Prime Minister and the Minister for Mental Health announced last week, it provides \$24 million to provide young people with free mental health counselling through the Gumboot Friday initiative. For those who seek to oppose that initiative, it is my view, and the view of our Government, that counselling will change many young lives for the better.

Funding in Budget 2024 will support hospitals and specialist services. It will also support community health providers, GPs, Māori health services, mental health services, and aged-care services. It will ensure our health system continues to be there for New Zealanders of all stages and walks of life.

In addition to funding in Budget 2024, the Government has chosen to pre-commit a total of \$5.5 billion worth of new health funding against the Budget 2025 operating allowance, and another \$5.5 billion against the Budget 2026 allowance. We have done this to give the health sector confidence to plan for the future, to ensure New Zealanders can get the healthcare they need.

Education is the great liberator. It is the great equaliser. It is the most enduring gift we can bestow on our children. To my mind, improving the results we get from our education system is the single most important thing we can do to improve the future productivity of New Zealand. Our Government will improve educational achievement, not through growing the Ministry of Education but by focusing our efforts on the classroom. In Budget 2024, the Government is investing \$2.9 billion in schools and early childhood education, and that includes \$441 million of carefully sought-out reprioritisation. This includes funding for kōhanga reo, playcentres, kindergartens, kura kaupapa Māori, special schools, intermediate schools, secondary schools, charter schools, and the work that goes on in classrooms across the country. This investment includes \$1.5 billion to build new schools and classrooms, and to maintain and upgrade existing ones. We're putting the funding in to fix the mouldy classrooms.

As announced previously by David Seymour, the Associate Minister of Education, the Budget provides \$478 million to continue the Healthy School Lunches Programme for two more years, including \$8 million to introduce a targeted programme for two-to-five-year-olds. There is \$516 million in the Budget to support schools and early childhood education providers, \$153 million to establish charter schools—as championed by ACT—and \$67 million to implement structured literacy in all State primary schools.

In tertiary education, we are ending the failed policy that was first-year fees free. That policy failed its goal of lifting participation, and it failed to support students to complete their studies. In line with the National - New Zealand First coalition agreement, our Budget sets out a new approach of funding final-year fees free to encourage the successful completion of qualifications.

We have also recognised the vital role of on-the-job training by ensuring there is funding in place to keep key elements of the Apprenticeship Boost scheme going, supporting a range of employers to take on new apprentices. That initiative was left unfunded by the outgoing Government, and we are rescuing it.

This Government is committed to cracking down on crime and keeping communities safe so people can go about their lives in peace. In Budget 2024, we are investing \$2.9 billion in restoring law and order, including \$497 million of reprioritisation, other savings, and revenue. This Budget delivers on the commitment made in the National - New Zealand First coalition agreement to add 500 additional front-line police officers. Investment of \$226 million will fund their recruitment and retention, and ensure they are properly equipped to do their jobs. A further \$425 million will support front-line policing, including boosting police pay, and purchasing vehicles.

Our Government will always back the police. The Government's commitment to restoring law and order means ensuring there are serious consequences for serious offenders. As previously announced, Budget 2024 will invest \$1.9 billion in more front-line corrections officers, more support for offenders to turn away from crime, and more prison capacity, including an expansion of Waikeria Prison. The Budget also invests \$69 million to address serious youth offending, including a military-style academy pilot,

and continuing the Fast Track youth offending programme run by Oranga Tamariki and Police.

Budget 2024 provides \$1.1 billion to address demand and cost pressures on the services funded by the Ministry of Disabled People – Whaikaha. This investment will ensure that disabled people can access the services, equipment and support they need. An independent review already under way into the disability support system will help improve its long-term financial sustainability. The Budget also provides \$140 million to fund 1,500 new social housing places, delivered by community housing providers. We do not subscribe to the one-size-fits-all approach and we want to see a range of different providers delivering housing for those in need.

On coming into office, our Government was faced with a number of fiscal holes, with only short-term funding in place for what were valuable programmes. One of those was the Te Matatini regional model. Our Government is proud to have found funding of \$49 million to support Te Matatini and bring kapa haka to life in the regions. This will help all New Zealanders join in the ongoing revitalisation of te reo Māori and Māori culture. Tihei mauri ora!

As previously announced, the Budget also provides \$571 million for Defence Force pay and projects, including \$99 million of reprioritisation. A portion of this additional funding will increase remuneration for New Zealand Defence Force personnel and the rest will go towards upgrading equipment and infrastructure.

I am determined to push forward with the social investment approach—using hard evidence to invest in what works to improve outcomes for vulnerable New Zealanders. Budget 2024 creates a tagged contingency of \$51 million to accelerate social investment. Part of this is to establish a social investment fund to directly commission outcomes for vulnerable New Zealanders, and work with communities, non-Government organisations and iwi providers. Another portion will be used to support the standalone Social Investment Agency, which will be in place from 1 July this year.

It is part of the Kiwi character to want more for those whose lives are most difficult. Our Government understands that it is not enough to simply open our hearts to those in need. Truly solving the complex challenges of our most vulnerable requires that we apply our heads as well. The social investment approach will allow the Government to match good intentions with effective results. It will shift resources to the grassroots and drive innovation to more effectively help those in need.

Budget 2024 lays the foundations for a better performing infrastructure system. The Government is determined to address New Zealand's infrastructure deficit, while also being a careful manager of public finances. In 2024, the Government is overseeing a record level of capital investment to deliver the infrastructure on which New Zealand's growth depends. More than \$68 billion is forecast to be spent on infrastructure by the Crown, Crown entities, and KiwiRail over the next five years.

I have already mentioned some of the infrastructure investment in this Budget—school property, Waikeria Prison, and Defence equipment and infrastructure. In addition, Budget 2024 invests \$1 billion more to accelerate land transport projects including roads of national significance. This is on top of the \$3.1 billion Budget 2024 commitment already signalled in the Government policy statement. Other transport investments include \$939 million to repair roads damaged by last year's severe weather events in the North Island, and \$200 million for maintenance and renewals on the national rail network.

Budget 2024 also invests \$1.2 billion over three years in the new Regional Infrastructure Fund, as championed by New Zealand First. The fund will invest in resilience infrastructure and regional projects that support economic growth. Among the first projects to be funded and announced today to get under way will be flood protection and resilience projects across the country. We are also providing funding to establish a

National Infrastructure Agency to act as New Zealand's "front door" to connect domestic and offshore capital to New Zealand's infrastructure opportunities. What's more, we're fixing the Resource Management Act, so that instead of spending months and millions in court, those who want to build nation-changing projects can get on and build them.

The Government has ensured it has fiscal headroom to fund infrastructure needs. In Budget 2024, it has topped up the multi-year capital allowance by \$7 billion. As a result, \$7.5 billion remains in the allowance to be allocated to future projects, so New Zealanders can have confidence that where capital investment is needed from the Government, we can fund it.

The Government will invest responsibly to support New Zealand's transition to a low-emissions economy and climate-resilient future. I have mentioned, for example, climate resilience projects funded from the Regional Infrastructure Fund. Around \$2.6 billion of climate initiatives funded from the previous Government's Climate Emergency Response Fund will also continue because we have judged that those projects represent good value for money. New Zealand remains on track to reach the emission reduction goals of our first emission reduction period. Later this year the Government will consult on plans to deliver emissions reductions over the second emissions budget period. Looking ahead, we expect the emissions trading scheme to play a vital role in reducing emissions. We will also consider future climate and resilience investment proposals through the normal Budget process, and manage them against Budget operating and capital allowances.

This year's Budget is the clean-up job New Zealand needs. After six years of economic mismanagement, we are welcoming in a new era of careful Government spending, lower taxes for hard-working New Zealanders, and a strong focus on rebuilding the economy. Almost all the challenges New Zealand faces will be made easier if the economy grows faster. It's how we give New Zealanders the improved choices, the better public services, and the higher incomes they deserve. Economic growth is what will give all our children a reason to stay here in New Zealand. In this Budget we are getting the country's finances under control and establishing foundations for growth.

There is much work ahead. Lifting productivity will be our Government's focus, whether that be through raising educational achievement, delivering better infrastructure, enabling investment, or any of the multitude of areas that need addressing. This Budget shows what is possible with care and with discipline. Our approach means New Zealanders can look forward with confidence, knowing the Government backs them. I commend this Budget to the House.

SPEAKER: The question is that the motion be agreed to.

BUDGET DEBATE

Rt Hon CHRIS HIPKINS (Leader of the Opposition): I move, *That all of the words after "That" be deleted and replaced with "this House has no confidence in the Government because it is taking New Zealand backwards, it has no plan to tackle the cost of living crisis, it has failed to deliver on the promises it has made to New Zealanders, and it is prioritising the interests of landlords and property owners over hard-working Kiwis."*

There was one major test that Nicola Willis had to pass in today's Budget: to demonstrate clearly that she was not borrowing to pay for tax cuts. And this Budget fails at the first hurdle: \$10 billion worth of tax cuts; \$12 billion worth of borrowing. You don't need an abacus to figure out that this is a Government borrowing to pay for tax cuts. At a time when the Reserve Bank is trying hard to bring inflation down, the fiscal impulse in this year's Budget is positive. The fiscal impulse next year, as a result of this Budget, is positive. In other words, at a time when the Government says it's trying to help the Reserve Bank bring inflation down, it is doing the opposite. The fiscal impulse this year

and next year, as a result of this Budget, is positive. This is a Government that is fuelling inflation through tax cuts rather than helping to get inflation back down and interest rates back down again.

Are New Zealanders getting the tax cuts they were promised? No, they are not: \$250 per fortnight, the average family with children was promised by this Government, and what are they getting? Sixty dollars per fortnight under the tax cuts that the Government has delivered. But let's look at some of the other people who are missing out the most. I was somewhat surprised by this one: superannuitants—a couple on superannuation—promised \$13 a week by National before the election gets \$4.30. That's \$2.15 per person. That's less than a packet of chewing gum. I am astounded Winston Peters agreed to that. Perhaps he wasn't paying attention when he realised that superannuitants were going to get a third of what they had been promised. The \$250 a fortnight promised by National during the election campaign undoubtedly has not been delivered. The tax cuts that have been delivered won't keep up with the increasing cost of living, and the changes made in this Budget will see Kiwis paying more. New Zealanders will be worse off.

Let's go back to the Reserve Bank and what it said, just in the last week, about what's keeping inflation higher for longer and run this Budget up against those tests. Rates are going up at astronomical levels; nothing in this Budget will tackle that. Rents are going up at high levels; nothing in this Budget is going to tackle that. The \$2.9 billion in tax breaks for landlords has so far resulted in rents going up more. Insurance is going up because of the increase in natural disasters we're seeing in New Zealand, among other things, and nothing in this Budget is going to address that. This is a Budget that is going to leave New Zealanders worse off. But let's look at it against some of the other commitments that the National Party have made. They made much of this notion of fiscal cliffs—that time-limited funding was such a terrible thing. Are there new fiscal cliffs in this year's Budget? Yes; there are seven. It turns out that Police operational funding is now a fiscal cliff under this year's Budget.

The Government said that it was going to be increasing health and education spending at least by the level of inflation. Remember that? Nicola Willis said that during the election campaign: "at least by the level of inflation". I think her calculator must be broken, because when early childhood education providers get an increase of just 2 percent and schools get an increase of only 3 percent—for some schools and not for others—that's not keeping up with inflation. In fact, as a former Minister of Education, I can tell you this means that schools will be laying off teacher aides as a result of this year's meagre Budget increase. That's more jobs that are going to be cut because the Government is effectively cutting funding for schools and cutting funding for early childhood education providers.

Social services are going backwards. Health and education are going backwards. The increases in this year's funding are less than those required. Te Whatu Ora made it very clear, before the election, to any incoming Government what was going to be required just to meet cost pressures, and this Government's Budget does not meet those requirements. They have not allowed additional funding to meet their new targets that they have set; so they can have no credibility. No funding to meet the targets that they've set the health system; in fact, the health system is going to be expected to meet those at a time when its funding in real terms is going backwards. What does that mean? It means other front-line health services will have to be cut in order to meet the targets that the Government has set. And we have seen that before. We saw that under the Key Government. When targets for the health system were set and not properly funded, other front-line health services suffered as a result of that.

No responsible modern Government in 2024 would be cutting the level of investment that we make as a country in tackling climate change, and yet that is exactly what this Government

is doing. One of the things you won't see in this year's Budget is accounting for the massive financial liability that is coming down the pipeline at us if we don't meet our emissions reductions targets. Billions of dollars will need to be paid out by the New Zealand Government if we fail to meet our emissions reductions targets. Not one dollar has been provided for that in this year's Budget. They are simply kicking that can down the road, increasing the liability the New Zealand Government will face in the future, potentially by billions of dollars, and just forgetting about that in this year's Budget. And, in fact, they're doing worse than that; they're cutting the very things that would help us to avoid that future liability by decreasing our emissions. Cutting the initiatives designed to reduce our emissions is not the thing that responsible 21st century Governments do.

Another thing that the Government has been very quiet on is the issue of child poverty. I'm not surprised, because this year's Budget makes it clear that child poverty in New Zealand is increasing, and it is going to continue to increase and the measures that the Government has implemented in this Budget mean more children are going to be pushed below the poverty line. Here's another thing that responsible 21st century Governments don't do: they don't celebrate more children being forced below the poverty line, as this Government is. The Government has choices. The Government could choose to prioritise keeping New Zealanders in work. It could choose to prioritise lifting children out of poverty rather than forcing more children into poverty. It could choose to prioritise tackling climate change. It is not making those choices. Instead, it is choosing to prioritise tax cuts that are going to lead to higher inflation for longer.

Let's talk about what that actually means for the recipients of tax cuts. A minimum-wage worker will be lucky to get 30c an hour extra in their pay as a result of the tax cuts. That's not even going to compensate for the fact that the Government lifted the minimum wage by less than the rate of inflation in the most recent adjustment. Minimum-wage workers are going backwards under this Government. A Government that is pro-worker does not leave minimum-wage workers behind. A Government that's pro-worker does not celebrate 27,000 more people going on to the Jobseeker benefit, which is what this Government's Budget is forecasting. A responsible Government does not prioritise \$2.9 billion in tax cuts for landlords while hard-working New Zealanders are worse off as a result of this Government's Budget.

Backing out of their promises to New Zealanders, this Government is going back to the notion that if the rich get richer and everybody else gets pennies, somehow those at the bottom of the heap should be grateful for that. As the number of people being left behind in the modern economy grows and grows, this Government is reverting back to trickle-down economics—the idea that if you give more people at the top more money, everyone else will benefit; despite 40 years of very clear evidence that that simply is not the case.

There are plenty of other New Zealanders being left behind by this Budget, but, actually, it's future generations that will be worse off: more children in poverty, and young New Zealanders working hard to create a better future for themselves. All those students who are in years 11 and 12, getting ready to do their NCEA exams this year, will now know that when they go on to tertiary education, they will pay more under this Government. This Government's Budget stacks more cost on to today's secondary school students for their study. There is no getting past that. Those same young people will also have more costs stacked on to them for public transport. They'll have more costs stacked on to them in rent, because rents are continuing to go up and the Government is doing nothing about that. And, of course, those same students, if they're in lower socio-economic areas, will find that the free and healthy school lunch programme they currently benefit from is turned into little more than an unhealthy snack under this Government's Budget cuts, because, let's be clear, that's exactly what they will get.

Let's compare that with what they're doing for those on some of the highest incomes. A high-income person who has just one investment property will be getting an extra \$2,085 a year in tax cuts, and an extra \$15,000 a year in the tax breaks that are being dished out for landlords; \$330, at least, a week better off compared to a minimum-wage worker, who gets just 30c an hour.

Where is the Government relying on this extra revenue? Well, they're going to be taxing more on gambling. They're going to be taxing more on tobacco. A Government that wants to fund tax cuts by increasing gambling and increasing the smoking of tobacco has certainly lost its moral compass. Every time you hear the Government saying, "We couldn't afford that; we had to make tough choices.", just remember: \$2.9 billion in tax breaks for landlords was the number one priority that they had in this year's Budget.

I want to speak to the Kiwis who feel forgotten and left behind by this Government: the parents who are working hard to create a better future for their children, who are finding that the public transport subsidies their kids relied on have been slashed, the free and healthy lunches programme is gone, and they are undoubtedly going to have to take more money out of their own pocket to make up for the shortfall in education funding as a result of this Budget.

To the disabled people who have been left behind by this Government, I want to say to them that we see you and we hear you, and we absolutely recommit to the notion that nothing about you should be done without you—something that this Government has failed to do.

I also want to acknowledge the tangata whenua and others who stand with the tangata whenua who are out on the forecourt of Parliament today, and I want to acknowledge Māori all up and down the country who have felt attacked, demeaned, and belittled by this Government. When Māori in New Zealand thrive, the whole country will thrive, and non-Māori New Zealanders have nothing to be afraid of from that.

To the reading-recovery teachers who are losing their jobs as a result of this year's Budget: we see you and we hear you.

To the scientists who see their funding drying up and disappearing: we see you and we hear you, and we thank you for the contribution that you are making not just to this country's future but to the future of our planet.

To the public servants who have been demeaned and maligned over recent months: we see you and we hear you.

To those who are working to prevent child exploitation who are finding their jobs disappearing: we thank you for the hard work that you do. You deserve better, and the victims of child exploitation absolutely deserve better.

To those who work to prevent family and sexual violence who are also finding their jobs disappearing: we thank you and we hear you as well.

To the children in the care system, who are finding supports provided through Oranga Tamariki—like lawyers—being laid off: we see you and we hear you.

To the people working to prevent suicide: we see you and we hear you.

To the Customs officers, those at the border, those working in biosecurity, who work to keep New Zealand safe, who have had their work demeaned by saying that they are "back office": we see you and we hear you as well, and we thank you for the hard work that you have done.

To those who work so hard to eradicate *Mycoplasma bovis*: we celebrate the contribution that you have made, as does the primary sector. What's very clear from this year's Budget is that that Government would not have made the tough choice to eliminate *Mycoplasma bovis*; they just would have let it rip and let the devastation take hold in our primary sector as a result.

To the Department of Conservation workers and the WorkSafe staff, to those who are working on climate change, and to others who find their jobs under threat: we celebrate the work that you have done and we thank you for it.

To first-home buyers who are finding that the dream of first-home ownership is being ripped away from them by this Government: we see you and we hear you as well. You deserve better than you are getting from this Government.

To all the community organisations out there working on the front line, who asked for more funding certainty: we see you and we hear you. We also say that funding to your organisations should not be contingent on your support for the current Government.

Five-thousand jobs cut and counting—that's just in the public sector—with tens of thousands of jobs across the country going under this year's Budget. Rising unemployment. Higher inflation. More borrowing. A longer time to repay debt. Business confidence down. The infrastructure sector left in ongoing limbo, laying off staff who are leaving the country because of the actions of this Government. We absolutely recognise you.

To local authorities up and down the country who have been lumbered with the huge bill for upgrading water infrastructure, because this Government have simply abandoned any notion that they could have a role in fixing up the country's water infrastructure: we recognise the pressure that you are under, and we particularly recognise the pressure that ratepayers are now going to be under as a result of this Government's decision.

To those who support Smokefree Aotearoa and see that smoking has no role in New Zealand's future: we recognise you too, and we will continue to fight for that.

There are tough choices to be made. This is a difficult point in the economic cycle. But this Government's choices are making things tougher for the majority of hard-working New Zealanders. They are taking New Zealand backwards.

I note that Nicola Willis and Christopher Luxon said that they would resign if they didn't deliver tax cuts. They've clearly chosen to prioritise their jobs over the jobs of the thousands of New Zealanders whose jobs are now at risk as a result of this year's Budget.

On the number one test that was set for this Budget by the Government themselves, not borrowing for tax cuts, they failed. Let's look at the numbers, stark as they are, again: \$10 billion worth of tax cuts; \$12 billion worth of borrowing.

A fiscal impulse that is positive—i.e., the Government's injecting more stimulus into the economy at a time when the Reserve Bank is trying to bring inflation down. This Government's Budget will result in interest rates staying higher for longer. The warnings issued by the Reserve Bank just in the last week have been completely ignored.

The big cost of living challenges faced by New Zealanders, like increased rents, like increased insurance, like increased rates—those things haven't been tackled in this year's Budget. The cost pressures faced by our public services: not addressed by this year's Budget. Health and education: going backwards.

Future generations of New Zealanders: left undeniably worse off as a result of the changes made in this year's Budget—future generations of New Zealanders who have been forgotten. The children being forced below the poverty line, and the young New Zealanders who will pay more for their education, more for their public transport, more for their rents: left behind by this year's Budget. Their families who work so hard to support them: forgotten by this year's Government Budget. The New Zealanders promised \$250 a fortnight by this Government before the election, getting a fraction of that: forgotten by this year's Budget.

New Zealanders could and should have had much better in this year's Budget. It is a Budget that is taking New Zealand backwards. It is a Budget full of broken promises. It is a Budget that will leave the majority of New Zealanders worse off.

SPEAKER: The question is that the amendment be agreed to.

Rt Hon CHRISTOPHER LUXON (Prime Minister): Well, I have to say that that was quite a sad, pathetic, and embarrassing speech from Chris Hipkins, wasn't it? I've got to level with you: I'm not sure he actually wrote that speech, and I'll tell you why. It's because Helen Clark is writing the foreign policy stuff, we've got David Parker and the "Piketty Pirates" writing all the tax policy, and we've got Michael Wood and Craig Renney doing everything else. But the one thing we know for sure is that Kieran McNulty is writing Chris Hipkins' valedictory speech, and what I'd say to Kieran McNulty is that it's not long, son—your shot and your time is coming.

Now, you can see that they're not happy campers on the Labour side. You can see it up here, real close and personal, and you know that that's the case when Carmel Sepuloni, the deputy leader, takes time off to go on *Celebrity Treasure Island*, which, when you think about it, is a bit like the Labour Party, isn't it? It's a lot less drama, but a lot more time on TV, when you think about it.

But for Chris Hipkins, his life is more like *Survivor*, because he has been hanging on to power, doing anything he can to maintain his role. Last year, he was campaigning against David Parker and against Grant Robertson on having a capital gains tax; now, he's miraculously for it. Just six months ago, he thought that exploring AUKUS pillar 2 was a good idea, just like our Government did, and now, no, he's not doing that.

But I'll tell you what was interesting: last year, he was campaigning and supporting Michael Wood in Mt Roskill, and he's not doing any of that at this point in time. I've got to tell you, Carlos Cheung, the great National MP who won it for National for the first time ever—he actually didn't count on Chris Hipkins being his greatest ally for re-election in 2026.

I've got to say that it was a sorry, sorry sight, seeing Chris Hipkins deliver that speech. It was sorry, because here's the truth: he had six years in power—six years in power—and, deep down, when he looks in the mirror each morning, he knows that he messed it up and he blew it big time. That's what he did. Once again, as I said, that speech, as I've said before, illustrated Chris Hipkins: he is the arsonist that returns to the scene of the fire that he lit, and then he tries to criticise us as a fire brigade putting it out—and that's exactly what happens.

But let's remind New Zealanders as to the firestorm that Chris Hipkins and Labour created, because here's the record—here's the record. They hired 18,000 more public servants, and yet they delivered worse results. I've got to tell you that that's a special and a unique skill set to be able to deliver that. He increased Government spending by 84 percent, and he taxed everyone a lot more in the process. He borrowed more. We went from \$5 billion to almost \$100 billion worth of debt. We're now paying \$9 billion in interest payments, and that's \$9 billion we don't have to spend on schools and hospitals and infrastructure, and on our kids in New Zealand. Inflation hit a 30-year high, interest rates went right through the roof, we've had the economy in recession for four of the last five quarters, and we've got Kiwis losing their jobs and getting out of work.

I've got to say, regardless of the leader of the Labour Party and regardless of the finance spokesperson, it's the same economic strategy and plan, and it's pretty simple: it's spend more, it's borrow more, it's tax more, and it's worse outcomes. That's what it's going to be. The problem with that is that it's pain and suffering for everyday New Zealanders—that is what the legacy of the Labour Government will be. New Zealanders are having to battle with high inflation, high interest rates, economic recession, and losing their jobs—losing their jobs.

So I want to say that it should have been a much shorter speech. It should have been much, much shorter. It should have just been two words—just two words—long, and the two words should have been "Thank you." It should have been "Thank you, coalition Government, and thank you, Nicola Willis."—"Thank you, Nicola Willis and coalition Government, for

putting out the fire. Thank you for cleaning up my ungodly mess. Well done, coalition Government.” That would have sufficed, and that’s all it needed to be.

But I’ve got to say, wasn’t that a brilliant Budget—a brilliant Budget—from Nicola Willis? I’ve got to say that if the last few years have shown us anything, it’s actually that we need a caring, intelligent, thoughtful, hard-working finance Minister, and thank goodness we’ve got one in Nicola Willis—an outstanding finance Minister.

Our economic plan is very simple, with this Government. It’s about rebuilding the economy so that we can get rid of inflation and reduce the cost of living; it’s about restoring law and order so that Kiwis feel safe in their homes, their businesses, and their communities; and it’s about making sure we deliver better public services on education and healthcare. That is how we get New Zealand back on track.

But despite all the wittering we heard from Chris Hipkins and Labour, do you think they’re actually interested in restoring and rebuilding our economy?

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: No. Do they support fast-track legislation so that we can actually get things done in this country?

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: No. After spending \$1.2 billion, do you think they’ve fixed three waters?

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: No. Do they support roads of national significance and regional significance?

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: No. Do they support reversing the oil and gas ban so we’ve got energy security?

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: Do you think they support giving working Kiwis—the people they used to care about—tax relief?

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: No, no—absolutely not. Now, we have more wittering from Labour and from Chris Hipkins, but do you think they’re interested in restoring law and order?

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: No. Do they want to abolish the prisoner reduction target?

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: Do they want to give more powers to police to go after our gangs?

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: Do they support cracking down on youth offending?

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: No. Do they support three strikes?

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: No, no—they didn’t. That’s right—they didn’t do that. I’ve got to say that after all that wittering—again, a long speech, a sad speech, from Chris Hipkins—do you think they’re actually interested in delivering better public services?

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: No, no, of course not—of course not. Do you think they supported banning the mobile phones in schools?

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: No. Great idea—don't know why. Do you think they support having an hour of maths, an hour of reading, and an hour of writing in our primary and intermediate schools?

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: No. Do you think they support delivering structured literacy so our kids can learn to read?

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: Definitely not—no. No—no way. No way. Do you think they support rights and responsibilities in welfare?

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: No, they don't do that. Do they deliver better health outcomes for Māori? They definitely didn't do that.

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: No, and do they fund Pharmac's medicines in the Budget properly?

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: Definitely not. Do you think they got more security into our emergency departments? Shane Reti did that in a couple of weeks—yeah, Shane got it in there—and do you think they support public sector reform?

Hon Members: No!

Rt Hon CHRISTOPHER LUXON: No. So not one—not one—initiative do they support to make sure they'd rebuild the economy, restore law and order, and deliver better health and education.

But this Budget had three key objectives. The first was to cut the wasteful spending and the dumb programmes, the second was to invest in the front-line services that Kiwis value and need the most, and the third was to deliver tax relief to the squeezed middle. So I've got to say to you that this is a responsible Budget. This is a careful Budget. This is a Budget for the squeezed middle and it is a Budget for difficult times.

It is a Budget under pressure, and I've got to tell you, under pressure makes diamonds. Isn't it a Budget that Nicola Willis did such a great job with, delivering so much for the New Zealand people? Look what's being delivered—look what's being delivered. There is more money for health, there is more money for education, there is more money for disability services, there's more money for police, there's more money for corrections, and there's more money for defence.

Above all, I have to say that this is a good Budget because we are keeping our word and our promise to New Zealanders. Nicola Willis said it, but after 14 long years, this Government is delivering personal income tax relief to working Kiwis. It is fiscally neutral tax relief funded from savings and new revenue measures—exactly as we promised—within the spending limits that we campaigned on. From 31 July, 94 percent—94 percent—of all New Zealand households are going to receive some tax relief from this year's Budget. That's right—up to \$102 for an average-income household, who may well then be eligible for up to another \$150 of FamilyBoost support to offset early childhood education expenses.

This is great news. It's great news for the squeezed middle, those low and middle income working families—the folk that Labour purported to care about, but don't any more—battling to get through from pay cheque to pay cheque, who actually are going to benefit from tax relief in this year's Budget.

So whatever the conditions, whoever is the leader, let's just be clear: it's more of the same from Labour: more spending, more tax, more borrowing, and worse outcomes.

Now, you heard it from Nicola Willis that our priority is to rebuild the economy, and this is a Budget that delivers on that objective. It's a Budget that charts a pathway back to surplus, it's a Budget with a plan to get the debt down, and it's a Budget that shows that inflation is going to come down. We want it below 3 percent by the end of the year. We'll have interest rates cuts after that so we can get the show on the road and get the country growing.

I've got to say that it is a Budget that when I talk with those families that I've sat with at budgeting services who are risk of losing their homes because of high mortgages and because of high inflation and because of ridiculous spending—they're going to really appreciate that.

That's a Budget, when I meet the families out in foodbanks who actually never imagined they'd be there and they're there in record numbers because they can't afford the groceries, because of the mismanagement from the previous Government—they're going to love this Budget; they're going to love it. This is a Budget that actually also creates the foundations for further economic growth. That's what it does—economic growth to be created so we can end Labour's recession.

We said it before but we are going to be an infrastructure Government. We are going to have world-class, modern, reliable infrastructure in this country because we are going to get Kiwis moving and we're going to get this economy growing again. That's what it's about.

So there's a lot of money for fantastic new roads of national significance. And we know the power of roads. We've seen great roads: the Waikato Expressway, the Kāpiti Expressway, Pūhoi to Warkworth—fantastic roads. But, of course, Labour and the Greens don't like roads. I don't think they even like tunnels—that's the reality of it. But, more importantly, they don't like building anything—they don't like building anything. Do you think they actually built Auckland light rail? No. Do you think they got Wellington moving? No. Do you think they solved three waters with \$1.2 billion of taxpayers' money? No, they didn't—no, they didn't.

Well, here's the deal. We're going to get things done in this country because this is a coalition Government that knows how to build things and get things done. We want to see more wind farms. We want to see more solar farms. We want to see more geothermal. We want to see more natural gas. And so there's going to be more homes, there's going to be more businesses, and there's going to be more infrastructure—more of everything that we need to get this show on the road and get this country growing again.

I want to put a serious challenge to the Labour Party and to the Green Party and just say very simply that if you cared about housing affordability—if you genuinely cared about it—if you genuinely cared about climate change, and if you cared about energy independence, rather than importing coal from Indonesia, you would back these reforms. You honestly would. You would back these reforms if you cared about those things. But you don't want to get anything done in this country, and you just want to keep playing student politics. Well, we are serious people on this side, and we are seriously going to get things done.

Now, I have to say, this is a Budget that is about driving better value from every dollar that we spend. And you heard great examples, from Nicola Willis, that we spend on behalf of taxpayers and we will spend carefully and responsibly and with good discipline—that's what it's about. We know it's not just how much you spend but it's actually how you spend it and, importantly, what results and outcomes are delivered. That's what matters to the New Zealand people—that's what matters to them.

So I want us to take law and order, because we have some great Ministers doing amazing things to get more cops on the beat, to make sure we get more corrections officers, more funding for rehabilitation services, more consequences for serious youth

offenders. Cracking down on our gangs—that's what they're doing. And we're able to do that because we saved hundreds of millions of dollars in savings to actually support our fight to restore law and order. That's what we did. So we're targeting the programmes—the actual programmes—that work, and we're shifting money from the back-office bureaucracy out to the front-line services.

And that means that we can make some real choices—real choices—in law and order, things like actually expanding rehabilitation services to remand prisoners. These are people with substance abuse and serious trauma in their life, and that's going to be a success story because of the savings that have been made by this Government to support those front-line services.

We can take education, because, I've got to tell you, Erica Stanford is doing a great job fighting for the future of our kids and making sure they get the education they need. She's done an incredible job moving hundreds of millions of dollars from the back office of the Ministry of Education out to the front-line services.

We've got nearly \$1.5 billion in this Budget to fund and build new classrooms and maintain existing ones—well done—\$67 million to support structured literacy so we teach our kids the same way, every day, how to read and how to write. We know it from the Labour side. We heard it this week, didn't we, from Jan Tinetti that they don't like structured literacy. No they don't like it—they don't like it. And if they could just get past the ideology and actually take an evidence-based approach to education, I'm telling you right now, the kids of New Zealand would be reading better, and the future would look so much brighter, wouldn't it?

And I have to say, evidence in education kind of matters. It really matters because, actually, when you look at it, the evidence from Chris Hipkins' time as education Minister for five years in the last Government is pretty bad. Half the kids show up at high school not ready to go. They don't know the basics well enough. Over half the kids aren't attending school 90 percent of the time—incredible. And, actually, we just lost half a decade with Chris Hipkins as education Minister where nothing was achieved.

I want to talk quickly about health in the time that I've got, because we are going to have to fix the healthcare system too—that's what we're going to do. Labour spent truckloads, didn't they? They spent truckloads. They restructured the healthcare system, they moved the bureaucracy around, and they shuffled paper and people. But, at the end of the day, what have we got to show for it? What have we got to show for it? Nothing. Nothing—that's right. We've got increased wait times for emergency departments, and we've got increased wait times for first specialist appointments and elective surgeries. We've got less kids being immunised under the age of two, so they're not protected, and we're going to fix it. And we're going to have Dr Shane Reti shake it up, and that's what he's going to do.

And that's why we've brought back targets; that's why we're changing the leadership. And, in this year's Budget, we are going to make big investments that are focused on the front line—billions of dollars to health to fund nurses and doctors so that Kiwis can get those services when they're unwell and when they need it. So \$1.8 billion to lock in permanent funding for Pharmac after Labour put those medicines at risk for everyday Kiwis.

I've got to say, it's about the little things too, right? It's about the little things. The \$24 million going to Gumboot Friday to help 15,000 kids—15,000 kids who desperately need those free counselling sessions—so that they can move forward with their lives and deal with their mental health challenges. We are all proud of that commitment on this side—we are proud of that commitment. So what did Labour say about that? Oh, they said it was tin-pot politics. They said it was disturbing. They said it diminished trust in the democratic process. Well, here is what I think erodes trust in the democratic process:

it's a useless previous Government that didn't deliver anything for New Zealanders. That's what erodes trust in the democratic process. That's what does it. What Labour didn't learn in six years was that Kiwis don't just want activity; they want achievement, they want delivery, and they want a Government to get things done, and that's what we're doing here.

I have to say, I want to thank our coalition partners, who have worked incredibly hard on this Budget—incredibly hard. David Seymour and the ACT Party—we have a Minister who actually gets that red tape is creating our obstruction economy, and he gets the impact that charter schools are going to have and the difference they're going to make for kids across New Zealand. And it's great to see those things funded in this Budget.

And we've got Winston Peters and New Zealand First. And I want to say thank you for what they've done as well, because we finally have a foreign Minister, now, who's out there championing for New Zealand on the world stage after three years of Labour sitting here at home and sitting on their hands. And New Zealand First believe in economic development—they do. And that's why we're seeing a regional infrastructure fund that's going to deal with things like flood protection. We're seeing them make sure that they accelerate fast-track consenting so we can get things done. So I want to say thank you to our partners there as well.

Well, I have to say, this is a very good Budget. It is a very good Budget from a very good finance Minister, Nicola Willis. And we are so proud of her—we are so proud of Nicola Willis. And, I'm telling you, New Zealand is damn lucky to have her in this role, and she is an excellent finance Minister, and we just saw that today.

This is a careful Budget. This is a Budget for the squeezed middle. This is a Budget for difficult times. And it's a Budget that, despite the mess and the difficult economic conditions that we've inherited from the previous Government, actually has still found a way to spend more money on health, more money on education, and more money on law and order. And those are the things that New Zealanders care about. Those are the things that New Zealanders want us to deliver for them. So it is a Budget that is actually for all those Kiwis and all those families who've had to tighten their belts over the last couple of years, all those businesses that have done the same thing, and now they have a Government, with good financial management, tightening its own belt as well.

Can I just say in closing, this is a Budget that starts to restore the promise of New Zealand, and that promise is pretty simple: it's that if you're prepared to work hard in the best country on planet Earth, you deserve and should be able to get ahead. So I just say to you, this is a Budget that is going to start to get New Zealand back on track.

Hon MARAMA DAVIDSON (Co-Leader—Green): E te Māngai, tēnā koe. Today, the coalition Government showed us their true colours. It's a mean and nasty Budget. That's what it is. They had the choice to be bold and invest in our people and our planet, but instead they have actively undermined our collective ability to support each other and restore Papatūānuku. This is a cynical Budget that serves mostly the short-term interests of a few and ignores the long-term challenges that we all face in Aotearoa. The Government has chosen to preserve poverty and remain a not-so-innocent bystander to the unfolding climate crisis with an incredibly unambitious Budget for Aotearoa.

We have everything we need in Aotearoa to make sure everyone—everyone—can live in dignity. There is enough to make sure everyone—everyone—has a warm, dry, affordable, accessible home, food on the table, and enough money left over at the end of the week to not worry about the power bill. And we have everything we need to restore our living systems, our biodiversity, and take climate action that our mokopuna will be proud of.

The Government could have chosen to rebalance how we share the benefits of this country's success, shifting the tax burden from those who earn the least and making sure

that those accumulating huge wealth pay their fair share—just their fair share. It could have. This Government could have put in place an income guarantee so that, no matter what, everyone has what they need to live a quality life—everyone. It could've given everyone free dental care—it could have—and yet the Government has prioritised trickle-down tax cuts for landlords. We see who they are governing for; it is for their uber-wealthy mates.

But the Greens are here for the many and not just the few. We are here for Te Tiriti o Waitangi, and we are here for Papatūānuku. Mō te mana o te Tiriti, mō te oranga o te taiao, mō ngā tūmanako o ngā Tamariki me ngā mokopuna. [*For the mana of the Treaty, for the welfare of the environment, for the aspirations of our children and our grandchildren.*]

It is plain to see in today's Budget that the coalition Government simply does not care about environmental impact, does not care about everything that sustains us—our forests, our beaches, our rivers—and that mean so much to all of us as citizens, as people of Aotearoa. They have gone and neglected them completely in this Budget. That is a choice this Government made. Four thousand—4,000—of our native species are threatened with extinction, and yet there is no new funding to protect them. It is a tragic truth that based on the choices that Government has made in this Budget, our taonga indigenous native species are a step closer to extinction—for shame.

They are cutting the conservation budget—cutting it. The Department of Conservation manages a third of our country's whenua, and yet funding is being cut in the Government's relentless, ideologically driven push to reduce public spending, regardless of its consequences. Initiatives that protect the environment have been gutted to free up money for tax cuts, and the waste disposal levy is being hijacked for use in disaster response.

Sixty-three thousand—63,000—tamariki woke up in poverty this morning in Aotearoa. Now, this Budget could've changed that, could have ended children living in poverty in this country. But this Budget will not do that. The Child Poverty Report, a whopping four whole pages—that's right, a whopping four whole pages is the Child Poverty Report—is clear that this Budget will see child poverty flat-line. That's what this Government chose. They chose for child poverty to flat-line—not to eliminate it, not even to lessen it, but to just accept it as it keeps going. For shame.

This Government could have invested in many more public houses so that every single child in Aotearoa can thrive. It could have lifted the incomes of the people who need it the most, those who are relying on our social safety net. But the Government has chosen not to make that vision a reality. A warm, dry home—pretty simple—is the foundation of a good life, and the Government's choices in today's Budget are undermining that foundation, bulldozing the basic needs of our communities. They have taken funding away from emergency housing. They have gutted the funding for the homelessness services and the Homelessness Action Plan. They have stopped the plan to contract new transitional housing places for rangatahi—

Hon Member: For young people—yep.

Hon MARAMA DAVIDSON: —wait—they have stopped the funding and have pulled back some of the previously granted funding for youth and rangatahi transitional housing. The cruelty and the nastiness of that. The cruelty and the nastiness of pulling away funding from the very people—the very people—who need it the most. What is youth and rangatahi housing if not crime prevention, if not health services, if not education services? They have gutted funding for housing—for Māori housing, for public housing, for youth transitional housing—and they're building more prisons.

What is a Budget, if not cruel and nasty, if it takes that funding away from the very people—the very people—who are struggling the most and instead puts it towards

landlords—to landlords? This Government has slashed \$40 million from the fund that was supposed to support iwi and hapū to build Māori housing. It was in the last Government, and I have always commended this, that finally—finally—we got to see Māori housing, Māori-led housing, which we know is one of the key ways to ensure that Māori, disproportionately represented among those who are homeless, those who do not own a home, those who do not have housing stability—has to be led by Māori housing. They are slashing it.

So this Government wonders why so many people march in the streets, this morning and many other mornings, against this Government's onslaught against Te Tiriti and against whānau Māori? They should not be surprised. This is not a theoretical constitutional argument. This is a Government that disempowers te iwi Māori and takes back funding that was supposed to build new homes. And what are they doing with that money instead? They are giving tax cuts to landlords—the same landlords who they are empowering to evict tenants more easily. So not just a whole lot more billions but a whole lot more power from those who have been denied their power and giving more power to those who already had enough. That is the cruel and nasty Budget that this Government is announcing today.

This Government has chosen to make homes colder and more expensive to heat. They have chosen to cut \$178 million from the Energy Efficiency and Conservation Authority—EECA—which funded things like the hugely successful Warmer Kiwi Homes programme. They have cut funding specifically for the outreach programme to target hard-to-reach households and for efficient hot-water systems that would have lowered the cost and the burden on the electricity grid that they seem to be so concerned about. Remember a few weeks ago when the Government said we were going to have power cuts on a cold morning? Well, today, they have cut the funding to exactly the work that would have prevented this from happening. Their beloved power grid—they're cutting the funding to help take the pressure off it.

This Budget is vandalism. And, speaking of vandalism, this Government has slashed and burned almost all climate and environmentally minded policy while pouring coal and oil and gas over the roaring climate-crisis fire. That's what this Government is doing.

Today's Budget has seen funding from almost every major programme in the emissions reduction plan absolutely gutted. Mātauranga Māori - based approaches to agricultural emissions reduction—gutted. Agricultural emissions pricing policy work—gone. The development of a circular economy and bio-economy strategy—cut. The Community Renewable Energy Fund—slashed. The just transitions work programme—gone. The Transport Choices programme to reduce vehicle kilometres travelled—gone. Public transport workforce sustainability funding—but who needs bus drivers if you're also actively encouraging people not to catch buses? So I get where this Government is coming from with their vandalism towards our climate and our people.

The Minister of Finance says she expects the emissions trading scheme to play a bigger role, but they're even cutting the funding for that. The essential support for market governance work is gone. Now, that is opening the door for carbon-credit cowboys to ride on in. What remains of climate action funding is not nearly enough to meet the scale of the climate crisis—not nearly enough. That is the short-term, narrow-minded cruelty and vandalism of this Budget for our people today and for generations to come.

The Minister of Climate Change needs to front up and explain how big a chasm his Government has created in the emissions budgets that it signed up to and how they plan to make up for that. Greenhouse gas figures released by Stats New Zealand today, showing further decreases in emissions, are proof that the green initiatives of the last two terms were working. The green initiatives of the last two terms were finally getting us in the direction that this country needs to head in. And I'm really not amused by the comedy

that that side—that Government—thinks climate change is. They're amused. But, yeah, show yourselves. This Government is showing itself, showing itself for the disregard that it treats our generations and future generations. So keep it going—keep it going.

Greenhouse gas figures released by Stats New Zealand today—oh, I'm repeating a paragraph, but it's worth repeating because those are the initiatives that the Greens have worked on for the past two terms. And Government investment in decarbonising industry, together with a higher carbon price, drove the reduction in industrial emissions, while the Clean Car Discount made a massive dent in our overall emissions—a massive dent—stuff that was actually starting to work. When it comes to climate change, Governments are defined by their choices, and this one is choosing to bury its head in coal.

The single most important thing that this Budget has shown us is that we must make this a one-term Government. Their visionless, cynical, cruel approach cannot last. We must be bold and loud about the fact that Government can and must make better choices. Governments can choose to end poverty, to fight climate change, to protect Papatūānuku. This Government has shown that they will not make those choices. We can create an Aotearoa that all of us deserve. I want everyone who cares for our people and our planet to know that every day—every single day—the Greens will stand up in this Whare to show that a better Aotearoa is possible.

So we say to every parent and whānau who skips a meal so their tamariki can eat, to every student shivering through winter without the means to turn the heater on, to every teacher and nurse and bus driver working too long for too little pay to look after our communities: we see you, we hear you, and we will always fight for you in these halls of power. And just as we will fight for you, we need our people to join in with the struggle. Make yourselves heard, be loud, and be strong. The destructive and cynical things this Government is choosing to do are not inevitable. They do not need to happen. We can choose to improve everyone's lives by changing the rules and rebalancing the way that we share wealth and power.

This Budget will leave people out in the cold and leave our planet to burn as emissions rise and our window of opportunity to combat climate change closes. Aotearoa can do better. We deserve better. We have enough to go around to ensure everyone has food to eat alongside a warm place to call home. We can and must choose to prioritise people and planet over the profit-thirsty industry interests that seem to have hijacked the direction of this Government.

I tried to have a look in this Budget for anything, and I actually feel aroha for Minister Karen Chhour, who I know is serious about her work to prevent violence. If anyone on the Government benches can help me out, I couldn't find a single new initiative for family violence and sexual violence prevention funding. I looked in Justice, Corrections, Ministry of Social Development, Police, Public Service, Health, Education—I couldn't find anything. And I know that that is an area that was desperately in need of more funding—desperately in need of more funding. You're slashing housing, public housing, rangatahi housing, Māori housing. That's violence prevention. When people have a home, when people have incomes, and when communities are well and strong, we need to understand that is violence prevention.

But I haven't even seen any more funding for the kaupapa Māori - led initiatives who have been begging for more and more funding for a long time. The evidence is there. The evidence is there about what works over a generation when it comes to the prevention of violence. I feel sad for Minister Chhour. I feel aroha for all of the stakeholders, all of the front-line workers, victims, and those who must have support to stop using violence. I feel sad for the trajectory of that mahi, and I am calling that out.

I also want to say, again, the Jobs for Nature funding, the impact on rangatahi in the communities who are finally feeling connected to looking after their whenua and their

rivers; the joy on their faces, the sense of purpose, the sense of connection not just to their living systems but to their culture—incredibly important mahi. I'm so disappointed but not surprised that this Government does not care about the good work that had finally started happening and has not found any hope to be able to fund it.

These are choices—they're all choices. We should never allow for any Government to pretend like we cannot afford to end poverty, like we cannot afford to end homelessness. We can. We just have to make those choices. Thank you, Mr Speaker.

Hon DAVID SEYMOUR (Leader—ACT): Thank you, Mr Speaker. You know, I gotta tell you, every time I hear Marama Davidson, I appreciate and miss James Shaw just a little bit more. Someone should call the physics department, because she actually managed to slow down time—the last five minutes of her speech felt like about 15. We're here for the serious business of bringing down a Budget, and I'd like to acknowledge my fellow coalition leaders Winston Peters and Christopher Luxon; my fellow Budget Ministers and associate finance Ministers Chris Bishop and Shane Jones, and, of course, Nicola Willis, who I've watched work very hard to bring down her first Budget; and, most of all, my colleagues the Hon Brooke van Velden, fellow ACT Party Ministers, and parliamentarians.

This is a very important day. It's an important day for New Zealand because finally—finally—there are some adults back in the Budget room. I lead a party that campaigned on doing three things: number one, to cut the waste; number two, to use the cuts in waste to cut the taxes levied on hard-working New Zealanders; and number three, to put more money into effective services and justice and defence and health and education and infrastructure. Today, we stand here bringing down a Budget that cuts the waste, that cuts the taxes, and puts more money into justice and defence and health and education and infrastructure, and builds foundations for growth for this country. That's what I would call a result. I know you're not supposed to speak this way—it sounds a bit Venezuelan—but I think that people who voted for ACT got fantastic value for money. It's actually free to vote for us, and we've already saved you hundreds of millions, if not billions, of dollars. Is that a good deal or what?

This Budget is going to mean that people who have been watching the previous Government do less and less with more and more, just as they had to tighten their belts, can finally see a Government that is in tune with them. This Budget is not flashy. It happens against a backdrop where things are grim. I was talking to a principal of a medium-sized accounting firm the other day, and he told me many stories about what it's like for businesses, because accountants usually see what's happening in the economy first—they and real estate agents. He told me about a man who had run a successful business: he'd had 40 people working for him, and in the downturn of the last two years, he'd got to three people. He had sold his bed to pay the outstanding wages of those last three people before he moved to Australia. People know how grim it is out there, but they can also have some hope from the fact that we now have a Government that is not going to borrow and spend and drive more and more inflation that only makes it harder for people to meet their bills and get by. That's the difference that we're making here, and this allows people in positions like that to pay less tax.

You know, I'm always astonished when I hear people in the Opposition in the media—sometimes I wonder if I repeated myself—who say we're "spending money on tax cuts". Well, let's just take this opportunity to explain very briefly how it works and doesn't work. The Government can't spend money it doesn't have. Now, I know the Labour Party would see that as a new concept, but the Government can't spend money on tax cuts, because tax by definition is how it gets money in the first place. So when we say that we're cutting taxes, that is not spending—we are taking less of people's money in the

first place. I'm particularly proud of ACT, on behalf of renters and landlords alike, that we are providing relief by returning mortgage interest deductibility

I want to talk to the people who present this as some sort of radical concept as if it is not going back to the way things were in—you know, ages ago—like 2021. Income tax is levied on income, and income is a business or an activity's revenue minus its expenses, and interest is a legitimate expense. So when you're in business, you can deduct your interest costs from your tax bill. The radical, crazy thing was when Jacinda Ardern came out and said, "I'm going to tilt the market towards first-home buyers." What happened, when she put more tax on landlords, is that rents went up \$200 in three years, and the thing about rents is they are usually paid by people who don't own their own house, which means that they are, by definition, a first-home buyer. We are taking that tax off landlords so renters will pay less rent so they have more chance of getting by without \$200 increases in rent so they can save a deposit and build their first home.

Then we're going to take less money out of people's PAYE. You know, the number one leaflet that recruits people to the ACT Party is not anything that we've ever produced. I know the IRD is not supposed to be political, but they've got us a lot of supporters over the years, because the number one recruitment brochure for the ACT Party is a young person's first PAYE slip. And they send them to me on social media—they say, "Far out! I always thought you guys were a bit crazy, but now I see what you're saying. Can I sign up?" I've signed up hundreds of them. Well, maybe we are going to harm ourselves slightly because people will be paying just a little bit less tax—that average income household is going to pay up to \$103 less tax a fortnight.

I know there's people like Barbara Edmonds, I know there's people like Chris Hipkins—people that earn \$163,000 a year—they say, "Oh, that's not much." In fact, you know, I almost fell out of my seat. I need to talk to Brooke van Velden—I've got a health and safety at work issue! I nearly injured myself because Chris Hipkins appeared to be saying that the Government's not cutting tax enough, and I wasn't sure what to make of the situation. But what I can say is that we are cutting taxes in a responsible way by less than we are cutting spending, so we also get back to balance; so we also take inflation out of the economy; so we also allow the Reserve Bank to take pressure off mortgage rates, take pressure off interest rates, and allow Kiwis to have a bit more money left at the end of the fortnight. That's what our tax policy is about.

I've got to say I'm proud of what ACT's Ministers have been doing right across the board. Workplace relations and safety: Brooke van Velden has absolutely taken a scythe to her own department's waste, and you'll hear from her in days to come just how much she's managed to save in the Department of Internal Affairs. Yeah, it's a bit of a confusing thing for some people, because most Ministers are out there competing to see how much more taxpayer money they can spend compared with the people next door to them. But ACT Ministers, for the most part, are competing to see how much taxpayer money they can save in their own departments. And what Brooke van Velden has done by cancelling the fair pay agreements—well, actually, that has multiple, multiple benefits because we don't have to waste our time making national awards like it's the 1970s or, actually, the 1890s again. But it also saved, I think, something like \$65 million. She's also saved money in the Department of Internal Affairs. Karen Chhour will be telling you, in time to come, how much she's managed to save in Kāinga Ora, and it was really interesting to hear Marama Davidson be so disingenuous saying that she feels aroha for Karen Chhour. Well, I can tell you on this side of the House—I can say in full sincerity—we feel aroha for Karen Chhour. I'm not so sure people over there have lately.

But the other revealing thing about what Marama Davidson said is she felt sorry for Karen Chhour, because she didn't have any extra money. That is an insight—an insight into the mind of Marama Davidson and the Green Party. They think the only way to get more results is to spend more money. This Government is all about proving that, actually,

throwing money at every problem doesn't solve them. Actually, that's not true. The previous Government was a giant, expensive \$100 billion experiment, proving once and for all that throwing money at every problem does not solve them. That's right.

So what Karen Chhour has done is some amazing things. In Oranga Tamariki facilities, she is introducing uniforms for the staff. Now, people think, "Hang on—hang on, surely not". This is the state under Labour—Oranga Tamariki was run by people who didn't even have the pride, the respect, and the order and discipline to wear a uniform. You know, McDonald's can do it; Warehouse Stationery can do it. But Oranga Tamariki, the department responsible for looking after the most vulnerable children in New Zealand, didn't even have uniforms—it doesn't cost much. But actually, by introducing some basic rules and discipline, she's introduced locks on a few doors, which turns out to be cheaper than buying KFC to get the kids down when they escape on to the roof. Right across the board, Karen Chhour is doing more with less and doing it smarter. It's just such a shame that Marama Davidson didn't have the same ideas when she had a chance when she was in Government.

In fact, I've got to say, I look at these opposition MPs and I thought—I see Chlöe Swarbrick. She says, "I have great hope. I have dreams. We've got to change the world and make it better." She was in Government six months ago. They had six years to do it, and they made everything worse. It's like a kind of amnesia. I'm looking up through the beautiful glass ceiling of this Chamber trying to find those flying saucers that dropped them off on this planet, because I don't think they've been here with us on Earth in recent times.

I look at Andrew Hoggard and the savings that he is making in the Ministry of Primary Industries while keeping us prepared for biosecurity threats. I look at Nicole McKee and what she is doing to get faster justice with smarter processes and investments in vital infrastructure like courthouses, because even the ACT Party thinks that having some decent courthouses and getting people fast justice is something that the Government should absolutely do and do well. That is our Minister for Courts, and she's also getting rid of the Byzantine regulation that holds back people who just want to safely use firearms.

We also have a Minister for Regulation, because, fundamentally, this Government needs to create some foundations for growth. If I was to ask how we are going to ensure the foundations for growth, what it's going to depend upon is getting the four things that make a country really fly right. We need to spend less time tied up in rules and regulations and more time being productive. I heard, just last week, that someone at an early childhood centre was actually told by the Ministry of Education that they had to wash nappies at 60 degrees centigrade—not 59, not 61—60 degrees centigrade. The fact that that is even possible tells you of the problems that we have across our economy, and that is why very soon the Ministry for Regulation, funded in this Budget, will commence the first sector review into early childhood education. Then we're going to get into animal and veterinary products and medicines being imported nine years behind the rest of the world. Then we're going to do finance. Then we're going to do medical licensing. We're going to deal with the red tape and the regulation that our Prime Minister calls the "foundations of obstruction economy". We're sweeping them away and replacing them with foundations for growth.

The other thing that you need, besides actually having some time to do some work as an economy that wants to grow—and by the way, where are Te Pāti Māori? We talk about work. They actually forgot to vote against the "White people's Budget", the "White people's Budget" that is brought about by a Cabinet of 20 that has eight Māori members. Kia ora, Nicole McKee. Kia ora, Winston Peters. Kia ora, Shane. Kia ora, Casey Costello. Kia ora, Shane Reti. Kia ora, Tama Potaka. Our Cabinet, our Government—ko David

Seymour ahau. Our Government—our Government is 40 percent Māori, twice as much as the rest.

But actually there's a bigger error in what Te Pāti Māori say. You know what? It's true that our Government's 40 percent Māori, but it shouldn't matter. It shouldn't matter if you're black, white, Cuban, or Asian. It doesn't matter if your ancestors sailed here 1,000 years ago, like some of mine, or just got off a plane at Auckland Airport this morning to begin their journey. As New Zealanders in the 21st century, we are all New Zealanders. I was talking about productivity growth, and I just noticed the Māori Party seats, and that got me thinking about it.

Let me come back on to the topic. The second thing that you need, no matter what your ethnic background is, is infrastructure. A plumber that can do five jobs in a day is more productive than one that does three jobs and spends a whole lot of time sitting in traffic. A factory that breaks down and gets the repair van out there so the workers can keep working at that time is a lot more productive than one that has to wait a day for the parts to arrive. A tourism industry where people can easily drive from Auckland to the Bay of Islands to enjoy the wonderful beauty of our home in Te Tai Tokerau is more productive than one where people wonder, "Is this actually State Highway 1, or have I got lost?"

That is why we need public-private partnerships. We need more foreign investment, which I'm proud to be leading as the Associate Minister of Finance, and we need city and regional deals and partnerships, along with the excellent investment of around \$19 billion of capital in this year's Budget—especially that led by Simeon Brown, our Minister of Transport.

There's another thing that you need, beside a good regulatory environment and infrastructure. That's education, and this Budget is filled with it. For one thing, we're actually having a curriculum filled with valuable knowledge that one generation will pass to the next. And I read today that New Zealand children in the English curriculum are going to read about someone called Shakespeare and Witi Ihimaera! Who are these people? Well, soon everyone will actually know, because we're going to teach our culture and our values as a country and pursue academic excellence. In fact, I can tell you, they were offering to teach something in the curriculum called "grammar"! That is what's going to be in the curriculum so that the next generation, actually—I just saw Shanan Halbert, the former member for Northcote, looking really confused. That's g-r-a-m-m-a-r.

We're going to have charter schools so that communities can innovate, and when people say we don't want to partner with Māori—I got a text message from my hapū just this week saying, "What do we have to do to get a charter school?". I had to explain that you don't just text someone; there's a bit of a process, and I should probably remove myself from it. But anyone who believes for a moment—[*Interruption*] anyone that believes for a moment that this is not a Government that will partner with Māori and Pacific and anyone that has a good idea to engage students in education, learning a top-class curriculum who hasn't heard about charter schools—they ain't seen nothing yet.

The final thing that we need, besides better regulation, world-class infrastructure, and world-class education—this Government and this country need a Government that is as careful with other people's money as the people who earned it. I think, when you look at a \$2.4 billion a year allowance in the next three years, what you're seeing is a Government that's going to spend less than inflation and that's going to spend less than population growth. It is going to do more with less. That is the real solemn commitment in this Budget that I'm so proud of—a Government that is making a solemn commitment, starting where we are, to do more with less every year from here on.

And, finally, I can't help but refer to the conflict of visions that occurs every Budget. On this side of the House, we believe that New Zealanders are human beings with inalienable

rights and universal human dignity in the right to make a difference in their own life and flourish the way that they would like. On the other side of the House, fundamentally, you don't own yourself, you don't own your life, and you don't own your money. You are the prisoner of collectivism, and if you don't act the right way for your particular type of person, woe betide you.

This is the Budget for the ordinary New Zealander who wants to make a difference in their own life and be the person they want to be, not the person someone else wants them to be. Thank you, Mr Speaker.

Rt Hon WINSTON PETERS (Leader—NZ First): Today, our country has just changed gears—from reverse and backwards to forwards and progress. We wish, in New Zealand First, to begin by recognising the work of the Minister of Finance, and her three Associate Ministers of Finance, because preparing a Budget in an economic crisis is an extraordinarily difficult undertaking, which most people don't understand in this House, let alone in the country. A difficult undertaking when, on forecast growth charts, the International Monetary Fund last year had us—of the 159 countries they measured in terms of GDP growth, they had us 158. Now, that should have been a screaming disaster out there in the mainstream media. But no, they seem to be totally oblivious to these facts. That's, by comparison, of course, the lowest this country has ever been since there've been measurements.

These Ministers faced a tsunami of debt, and so does the Government. As a consequence, an economy at serious risk, confronting international protectionism, with the tax take seriously down, having to confront major structural failure. New Zealanders are voting with their feet, leaving our shores in a mass, Old Testament exodus of people. That's what we faced. The responsibility for that lies on that side of the House.

Now, look, turning to one's own portfolio, to Vote Foreign Affairs, we can only advance the coalition Government's ambition to improve the security and prosperity of New Zealanders through an active, well-resourced foreign policy. To that end, Budget '24 will invest nearly \$60 million in capital and operational funding for essential diplomatic infrastructure to support key international relationships, most particularly in our Pacific neighbourhood. It is a start, a first step, Ministers of Finance.

Over the next several months, the Ministry of Foreign Affairs and Trade will be benchmarking its diplomatic reach against countries we compare ourselves with in size and ambition, as New Zealand will more effectively advance its economic and security interests internationally. We will never get the outcomes in trade that we want unless we put a whole lot of firepower into the field. I'm certain that that's what we're going to do.

Now, having said that, I observed the response from the leader of the Labour Party, Chris Hipkins. At night, if anybody's not able to get to bed, replay that speech—because it was going to put Mogadon totally out of business. After five minutes, he ran out of puff. It was noticeable. You know, you have to look at that and say to yourself, "I am psychologically studying what's happening over there." Their heads were down. Suddenly, they were dealing with a tsunami of correspondence that turned up this afternoon just before the Budget turned up. All of them looking downwards, not exuding confidence at all. Dejected, forlorn, guilty, inwardly repentant, but outwardly, mildly defiant. It doesn't look like a party's that's going to be back in three years, does it? Or, for that matter, six years. Because—I'll tell you why—it hasn't got a leader.

Hon Rachel Brooking: Two years.

Rt Hon WINSTON PETERS: No, we haven't. Oh, and, by the way, that member shouted out through the whole time and I thought to myself, "Gee, there's not many people that can eat a banana sideways, but you could." Unbelievable.

In 4½ minutes, he ran out of puff. He wrote his no-confidence motion not when he saw the Budget today—he obviously wrote it yesterday. Because he got up and gave a

stereotype speech and went straight downhill. He lamented further borrowing—that Labour caused. There were crocodile tears for the elderly, having done nothing to advance the SuperGold card in the time they had it. He talked about—“As a former Minister of Education”, he said, “I can tell you”. I thought “What a brilliant opening line.” “As a former Minister of Education, I can tell you”—what he could tell us about was how the education standards deteriorated so rapidly under that sort of thinking. And then he referenced the cost of climate change, when, on building climate change resilience, they had done so, so little.

Then—it’s an extraordinary thing here, and I hope the mainstream media pick this up, if they’re still alive—he mentioned the failed trickle-down theory of economics. Now, that was fascinating. And he mentioned “40 years ago” about this trickle-down theory of economics and the 40-year period, but he forgot to say it was Labour who brought it in—after March 1984. Haven’t these people got a memory or conscience? Then, with seven minutes to go—he took all 30 minutes to say something else—he told New Zealanders that he was listening to them. You know, it’s reminiscent of the song by American rapper Shaggy, “It wasn’t me. It wasn’t me. It wasn’t me.” Just to be modern, right? “It wasn’t me. It wasn’t me.”

Hon Member: That’s not a country music reference.

Rt Hon WINSTON PETERS: No, it’s not a country reference—

Hon Member: Country music.

Rt Hon WINSTON PETERS: No, it’s not country music; it’s a rapper. You know—

Hon Rachel Brooking: Six minutes with no mention of the Budget.

Rt Hon WINSTON PETERS: Pardon?

Hon Rachel Brooking: Six minutes with no mention of the Budget.

Rt Hon WINSTON PETERS: No, I mentioned the background of the Budget in my first sentence. I mentioned the foreign affairs part of that Budget in my second page. Now, with respect, if you want to learn something, you’ve got to listen.

Look, we are sick and tired of failed university student union politicians. They couldn’t run the university school tuck shop. They get up here, they’ve never ever risked any money at all, and they’re spending billions of dollars and saying that they can do it. No, they can’t. Why, the last person that ran it—he’s heading off, having run the country into massive debt; he’s going to a university with massive debt.

They mentioned tobacco taxes. Tobacco taxes went up in December last year. Pay attention.

Ladies and gentlemen, then the next speaker was Marama Davidson—speak a bit of French?—sans Swarbrick. “Sans” means “without”. Because usually that party has co-leaders, so they get 10 minutes each. So something’s going a little wrong over there. Something’s happening over there. Sans Swarbrick—not 10 minutes each this time. No. Marama—

Hon Member: Scott’s starting a coup.

Rt Hon WINSTON PETERS: I beg your pardon?

Scott Willis: Est-ce que tu parles français? Je savais pas.

Rt Hon WINSTON PETERS: Oh, really? Oh, really? Fantastic! Well, I can see why you’re over there, on the other side of the House. Because we speak English in this country—a language that came from a small village in Germany all those centuries ago. It’s the language of commerce worldwide.

Now, back to the Greens. Facing 54 years, my friend, of never ever having made a Cabinet—54 years of never being in Cabinet. How can you belong to a movement? You look like a nice guy. You join a movement, and it’s 54 years in the wilderness. That’s what you’re going to be by 2026. Then, 2029 will be 57 years.

Scott Willis: I’m not worried about a one-term Government.

Rt Hon WINSTON PETERS: No, no, you're not worried about it, no. But some of us came here to do a job, not to say, "Look, I think I'll just change profession, I'll land down in Parliament and maybe they've got a job for me there." No, no—some of us here are on a mission. We're out to save our country. We're out to make it one of the greatest countries in the world again, which we once were.

Then—here's the point—from the Greens you heard the modern version of *Das Kapital*, this utopian world, when she said this, straight out of the book itself, "To each according to their need". That's communism. Why don't you say so, sunshine? Why don't you tell the people that's what you stand for these days? Don't pose as Māori. Don't pose as being green. Don't pose as being anti - climate change. No—tell me what your economics is! And it's communist. Because when you can get in this House and own that up, then nobody can protest for me saying it because that's straight from the book itself. Or do a bit of reading before you come here next time.

Then, he entered the race to the bottom with Te Pāti Māori. All complaints, she did. No answers. No solutions. Descended straight from the absurd to the ridiculous.

These Green MPs, of course, are the highest aviation taxpayer-paid cost takers of all of Parliament. These Green MPs spend more time on aeroplanes than all the rest of us in terms of cost—about four times my party's cost. Where are they flying to? What are they doing—because they never have a meeting. They never have a public meeting. No, they just go to the nearest bush and find a frog and say, "This is going be under grave endangerment", and media rush off and put them on night after night. They never ever do anything out there. They have no constituency offices.

Hon Willow-Jean Prime: She's the MP for them.

Rt Hon WINSTON PETERS: Oh, I see her there. What's her name—from up north? Willow-Jean Prime. She wishes to defend them. I know why Willow would say that—because that's what Willow doesn't do either. When was the time Willow ever hit the ground hard and went around the place and put in some spade work for her party?

Hon Willow-Jean Prime: You heard wrong.

Rt Hon WINSTON PETERS: I'm sorry you feel that way because no matter what happens in the end, if you're going to be on the side of the Greens in this contest, then the Labour Party's finished—finished. The highest aviation costs of all MPs. You know something? Winston Churchill said there is nothing the Government can give that it hasn't taken from you in the first place. I'm sure this will go down big with the ACT Party—there is nothing the Government can give you that it hasn't taken from you in the first place. He also said, "I contend that for a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle." And that's all you heard from them today—unbelievable.

Two-thirds of our new spending goes to health, education, and law and order. That's our decisive reply to the fearmongering and scaremongering led by that crowd over there. Two-thirds of our new spending goes to health, education, and law and order and to the front line, not the bloated bureaucratic back line or the 17,000 new ones they got when they're there with no productivity issues to argue for in their favour at all.

Tax relief in Budget 2024 leaves \$3.7 billion in taxpayers' pockets. Minister—it's not tax savings here; we're just not taking the money out of their pockets—money that they own—in the first place, right? We're leaving the money with them. It's theirs and theirs to keep. You know something? Core Crown debt—what we New Zealanders owe—had gone under Labour and the Greens from 20 percent of GDP to 43 percent of GDP. I'm repeating what the Minister of Finance has said, because this is the environment we're in—trying to get by with degraded economic circumstances born of economic naivety in the extreme and massive PR boastfulness paid for by the taxpayers of this country on their way through.

Budget 2024 invests \$1.2 billion over three years in what was once the Provincial Growth Fund but is now the Regional Infrastructure Fund. Oh, the name was changed by the Labour Party because they didn't want to own up to the fact that the only thing they ever had success around was the Provincial Growth Fund. Now, regional projects for economic growth, flood protection, climate mitigation—which they never did but which we will do—and resilience projects are what our priorities are.

We all have our view on the previous Government's economic performance, and many of these views, rightly so, in this House are not neutral. There is a view held recently by hundreds of thousands of New Zealanders, and their view is neutral because recently, hundreds of thousands over the last three years have left or fled this country under a Labour Government. That's the most blistering commentary of how bad they were.

Shanan Halbert: Oh, tell us about the Budget.

Rt Hon WINSTON PETERS: “Oh, tell us about the Budget.”, he says. That's the part that we're redressing right now, right? Today the Māori Party organised a protest on Parliament's forecourt and then didn't even turn up in this House to find out what was in the Budget.

Hon Willow-Jean Prime: Here they are; they're here.

Rt Hon WINSTON PETERS: No, they didn't turn up to find out what was in this Budget—unprecedented—and if you're their defender, they're stuffed. If you're their protector, if you're their advocate, if you're their defender, they haven't got a hope in Hades. The highest cost of all MPs in terms of taxpayer-paid costs for MPs, but they couldn't even bother to turn up. They couldn't even bother to turn up—never been seen in this Parliament since 1854. Since 1854, never been seen. *[Interruption]* And you are not the youngest member of Parliament—you never were. Dobbie Paikea was. Let me inform you, Māori people, that Dobbie Paikea was here when he was 90 years of age, so stop showing off. Stop showing off and wearing a huia feather. Absolute dereliction of duty.

Rawiri Waititi: Talking about the oldest, not the youngest.

Rt Hon WINSTON PETERS: Yeah, well, I'm pleased you're here because you make me look young. Take your hat off. Take your cowboy hat off. You make me look young.

Now, this is a quote from someone back when that is quite poignant and reflective. This person said this, “It is Kiwi-centred because significant decisions have been made and implemented that we are driving right in, right now, as a baseline to a nationhood concept that gives them, regardless of race and creed, a sense of belonging as Kiwis in this great country. Our challenge is in moving forward.” That is a quote from John Tamihere—now president of the Māori Party—in 2005.

Here's another quote from someone back when, that is insightful and honest: “The rise of the Māori Party is unfortunate and frustrating. It is not Māori; Māori is a generic term. The group of people who have supported the rise of the Māori Party are actually tribal fundamentalists.” That is a quote from John Tamihere, the current president of the Māori Party. And another quote from someone back when, that is based in fact and quite applicable to what is happening outside there today, on Budget day, is: “The problem with the Māori Party is that it is led by a bunch of people who have done extraordinarily well out of protest activism, so they can tell their children why they should vote against things, why they should march against things, and why they should dislike others.” That is a quote from John Tamihere—the current president of Te Pati Māori—in 2005, and screaming out like you don't do back on the marae in Taranaki won't help you now. Nor that hat.

Another very factual quote: “It is quite clear. The Māori Party is built around new-age educationalists, reconstructionists in terms of history, and the academics and the new elite around the Treaty of Waitangi chequebooks. There is no case and no space in this country for

separatists. I am very proud of my Ngāti Porou tānga—very proud of that tribal background. We do not ram it down other people’s throats, but we are very proud of it.”

Hon Member: Oh, here we go.

Rt Hon WINSTON PETERS: Oh, yes, here we go. Yes, we are going, and with the same quote, “Our being proud of it does not mean to say that we can coerce others into our way of thinking.” I will say it again for the lady from up north: “Our being proud of it does not mean to say that we can coerce others into our way of thinking. We have to acknowledge that this is a great land of diversity, difference, and opportunity.” Who’s it from? Take a wild guess. It’s from John Tamihere—the current president of Te Pāti Māori—in 2005. But the last quote is the most insightful of all. Here we go—

Rawiri Waititi: He’s lost it.

Rt Hon WINSTON PETERS: You’ve only been here five seconds, and where I come from and where you come from, you listen to your elders, OK? So just hush up, show some manners, show that you might understand where you might go in the future before they turf you out in five seconds’ time. Here we go again—it’s the last insightful quote: “The days when people could stand up and scream “treaty” and believe that they would get special rights have gone.” John Tamihere—current president of Te Pāti Māori.

Ladies and gentlemen, we suffered an indignity today, because the mass majority of Māori went to jobs, sometimes two or three jobs, today. They went out to work for their family and their children, alongside all other New Zealanders. All keeping our economy going—our hospitals, our education system, everything. They went to work today. But a few people decided to go outside this Parliament and not go to work. What I’ve just quoted to you today in both respects, to the president of the Māori Party, what he said then and what they’re doing now, is an example of hypocrisy that is palpable, profound, precise, predictable, preferential, punitive, and pathetic.

RAWIRI WAITITI (Co-Leader—Te Pāti Māori): Point of order, Mr Speaker. We have 20 minutes. I’m asking for leave from the House for a split call for Te Pāti Māori today.

Rt Hon Winston Peters: You can’t do that now!

SPEAKER: Just so the House is aware, *Parliamentary Practice* 19.4.2, I think, makes it possible for that action to be allowed. Therefore, expect two 10-minute calls.

HANA-RAWHITI MAIPI-CLARKE (Te Pāti Māori—Hauraki-Waikato): [Singing] Nō reira mauria mai ngā tamariki ki te kōhanga reo.

[And so bring the children to the kōhanga reo.]

I find it very interesting that one person in this Parliament is so triggered—so triggered—by me, so intimidated by me! Not once did I mention, not once did I say anything over here. I sat. So, if we want to go there, let’s go there. Nau mai ki tō mātou nei Whare, nau mai ki tōku nei marae, haere ki te kōrero atu ki ōku nei kaumātua, haere ki te kōrero ki ōku nei ruruhi, koroheke o Ngāti Rangi, nō ngā hau e whā o te motu. Haramai ki te kōrero. Moumou tō toto Māori, moumou tō toto Māori, moumou tō toto Māori.

[Welcome to our House, welcome to my marae, go and speak with my elders, go and speak with my matriarchs and patriarchs of Ngāti Rangi, from the four winds of the nation. Come and speak with us. Your Māori blood is wasted, your Māori blood is wasted, your Māori blood is wasted.]

I think Mr Winston Peters would be so proud of this young Māori wahine from Rāhui Pōkeka, one of the youngest members of Parliament. I say humbly—

Rt Hon Winston Peters: Oh, you said you were the youngest.

HANA-RAWHITI MAIPI-CLARKE: —“one of”—“one of”. Engari he aha? [But what?] I’m not intimidated. I’ve got no chips on my shoulder. And I find it—

SPEAKER: Sorry, I don't want to stand; that would be inappropriate. But address the House, not a single member.

HANA-RAWHITI MAIPI-CLARKE: Āe, thank you. E whakahīhi ana a Winitana i a au nā runga anō i te mea koia te [*Winston is proud of me because*] he was one of the first signatures, actually, on Te Petihana Reo Māori tabled by my namesake Hana Te Hemara at Parliament. So I think he's actually quite proud. He was once on the right side.

Engari hei aha tērā, hei aha ia, kei konei au ki te waha i ngā kōrero mō Te Pāti Māori i te ata nei. Hei aha ērā kōrero i tāmitia ki a mātou, ngā uri o Te Kōhanga Reo, ngā uri o tātou te iwi Māori. E tū ana ahau ki te waha i ngā kōrero o Te Pāti Māori nei. Ka tuatahi ake ngā kōrero ki tō mātou nei kīngi, a Kīngi Tūheitia Pōtatau Te Wherowhero te Tuawhitu, me tōna whare kāhui ariki. Rirerire hau, pai mārire.

Ko te kupu tuatahi i tēnei pō ko te reo whakamiha, ko te reo kōkiri ki tō mātou nei iwi, te iwi Māori i kōkirihia i ngā tiriti i te rangi tonu nei. Ka nui rā te mihi i a tātou, Te Pāti Māori, i takahi nei ki runga o Pōneke.

[But never mind that, never mind him, I am here to voice the statements of the Māori Party this morning. Pay no mind to those comments that oppress us, the descendants of the Kōhanga Reo movement, the descendants of our Māori people. I stand to voice the statements of the Māori Party here. These statements will first acknowledge our king, King Tūheitia Pōtatau Te Wherowhero VII, and his royal family. Peace and good will to all.]

The first comment this evening is the voice of acknowledgment, the call to our people, the Māori people that progressed through the streets this very day. Many thanks to them from us, the Māori Party, that traversed Wellington.]

For some, it was Budget day, but for rest of us, it was activation day. I'm not here to talk about the Budget, because "What Budget?"—there's nothing in it for us. The word "Māori" is not even mentioned once in this Budget within health, education, and police. So I'm going to turn to the kōrero that I gave today, which I think is more significant than this kaupapa here today, with our people and Te Kōhanga Reo.

In 1840, our tūpuna signed Te Tiriti o Waitangi, which asserted our rights, as tangata whenua, in our country. In the past seven months, I have witnessed nearly every single right be stripped away from us, from our reo, from our health, to our taiao, to our justice system, to Māori wards, housing, and I have never been more triggered or traumatised than last week, when this Government made a clear attack on the rights of our babies and mokopuna through whakapapa in section 7AA. This Government is trying to create another stolen generation, and we won't stand for it. Christopher Luxon, Winston, Seymour, can you hear us? Can you feel us?

How extraordinary is it that kura and kōhanga reo have only been funded less than 1 percent over the last decade by successive Governments. Despite this approach, kura kaupapa continues to be amongst the highest performing educational systems in the country. Our tamariki and mokopuna are worth more than 1 percent. This House once talked about the extinction of Māori. In 1856, Dr Featherston said, "We must soften the pillow of the dying Māori race." In my maiden speech, I said, "We are here." Today, the wave spoke for itself. Now, the Government has underestimated this wave. Within my debates throughout the campaign election, I said the kōhanga reo generation is here, and there is a huge wave of us coming through.

Te Kāhui Raraunga shows us that we are growing and we are young, and this wave will not die out. For some of us who are sitting across, who are not growing young and who are not of this wave, tēnei te ngaru nui, te ngaru roa o te ao Māori te haramai nei [*this is the huge wave, the long-lasting wave of the Māori world that approaches*].

Today, I leave this message with you: kua roa nei tātou e huri tuarā ana ki te Moana Nui a Kiwa—for a long time, we have turned our backs to the moana. Me huri te anga o

te kakau o te hoe, me aro ngā mata, ngā whatu ki te Moana Nui a Kiwa. [*The shaft of the oar should turn, the face and eyes should turn to the Pacific Ocean.*]

This fight isn't just our fight; it's everyone's fight. It's not French Polynesia; it's Tahiti. It's not the United States of America; it's Hawai'i. It's not New Caledonia; it's Kanaky. We must move our waves together so that we embody our Hawaiki hou. We are the biggest embodiment of water on this planet. Tātou Te Moana-nui-a-Kiwa. There's nothing to fear and lose from this wave, but everything to gain. This wave welcomes every generation and every race.

Kāore anō au kia kite i te pū o te raupatu, engari kua kite au i te mata o te pene—I haven't seen the barrel of a musket, but I have seen the sword of the pen striking at the heart of Māori. We as a party may not get to change anything on paper or law yet, but we will continue to unite the hearts and minds of our people.

I leave this last message to my generation: they cannot stop this wave. These are the waves of our Hawaiki hou. Our responsibility, our job, is to unleash the floodgates, remove the barricades that stop us. We are moving, and we are moving strong. A kuia and koro—this actually connects to what has just happened before—will always hold their grandchild's hand and move them into te āpōpō, but what we have to remember from our generation is that we have to hold the hands of our kaumātua and rūruhi—and I'll hold Winston's hand—to move them into an Aotearoa hou. We need to make sure that we are bringing our rūruhi, our koroheke, our kaumātua with us in places that were unimaginable—that were unimaginable—in their times; that they've fought with blood, sweat, and tears.

Ko tērā tō mātou nei haepapa, e taku whakareanga, kia kua rā anō tātou e wareware ki ō mātou rūruhi, koroheke e takahi nei i tēnei whenua, kia hoki mai rātou ki tēnei Hawaiki hou hoki. Ko tātou tēnā.

[*That is our responsibility, my generation, to not forget our matriarchs, our patriarchs that traverse this land, so that they too return to this new Hawaiki. That is who we are.*]

Today was—kāore he kupu i a tātou, Te Pāti Māori, i te rangi nei.

[*We, the Māori Party, have no words today.*]

Not one fault, not one arrest, not one hiccup within motivating, mobilising, and galvanising the whole motu, from the top of the North Island to the bottom of the South Island, moving towards our tino rangatiratanga and our Hawaiki hou that leads us into the future.

Now, I know some may look at this and think, “What the hell is this girl on about?”, but I'm going to tell you this: I know who I am, I know where I've come from, and I know where I'm going. I know that might be intimidating for some people in this House, and some people might be harawene or pūhaehae of that. I'm telling you, there's nothing to fear from us. And I am willing to bring you along with us.

Nau mai ki tō tātou nei marae; nau mai ki te reo Māori; nau mai ki te ao Māori; nau mai ki tō tātou nei Aotearoa hou. Tēnā rā tātou katoa.

[*Welcome to our marae; welcome to the Māori language; welcome to the Māori world; welcome to our new New Zealand. Thanks to you all.*]

RAWIRI WAITITI (Co-Leader—Te Pāti Māori): Kia ora. It is my absolute privilege to follow in the wonderful words of the youngest Māori wahine to have ever graced the Chamber, in Hana-Rawhiti Maipi-Clarke today. What a wonderful kōrero we've heard. This is where the future is. This is what this Budget should be focused on, and it does not.

What this Budget tells us is that Māori don't matter, that we signed Te Tiriti o Waitangi but we continuously allow this House to assume that it has sovereignty and absolute superiority over Māori. Article 1 was the establishment of Kāwanatanga over your own

people. Article 2 was the protection of the pre-existing rights of tangata whenua to their lands, to their homes, to their taonga.

Today, we made a declaration in the name of our mokopuna that we would no longer allow the assumption of this Parliament to have superiority or sovereignty over te iwi Māori.

Now, let's look at a Kāwanatanga space. We now make up a million people. One in five people here in Aotearoa are Māori. I am one in a million. Did you get that one, Matt Doocey? You liked that one; you smiled. I am one in a million. I am 20 percent of this country. I expect nothing less than 20 percent of the total Budget in this country. That's what I expect in a Kāwanatanga space. Not only that, on top of, if I make up 50 percent of the male prison population, then te iwi Māori should receive 50 percent of that budget. If I make up 64 percent of the female prison population, I deserve that proportion of the budget. If Māori tamariki make up 80 percent of Oranga Tamariki, I deserve that proportion of the budget. This is what a Budget should look like for Māori in a Kāwanatanga space. We are all taxpayers. We're all ratepayers. Remember that this Government continues to make its funds and its money and its ability to have a Budget on stolen Māori land, assets, and resources. This is what your Budget should look like.

There is no mention of Māori within Vote Health or Vote Education. Hey, let's look at Matatini—you're patting yourselves on the back for that. Matatini was given \$38 million by Labour. You have given it \$48 million over three years, which is less than the annual receiving of Matatini. It's less; it's \$16 million a year over three years. This is what you are proposing.

If this Budget reflected our population, that's what your Budget should look like. We want by Māori, for Māori, to Māori kaupapa—not by Pākehā, for Māori; we've had enough of that. Here is your problem: you have created the colonial trauma, the colonial violence, and what you do is you then reward yourselves by ensuring that you fund yourself on the trauma that you have created amongst our people. *[Interruption]* You might want to listen to this. You have created the trauma amongst our people, and then you have the cheek—the absolute cheek—to think you can rehabilitate us. That is a cheek to think you can impose your colonial violence and trauma on to us and then think that you can rehabilitate us, to continue to fund yourselves on the trauma that you've created amongst our people. It is an absolute cheek, and today we declare that that stops.

We have started the conversation amongst ourselves. Be patient. We've allowed you 150 years to establish yourselves here as a Parliament. Today, we have started the conversation, we started the wānanga to organise ourselves in the rangatiratanga space. We're not denying Kāwanatanga, because my tūpuna consented to Kāwanatanga, but they also protected the pre-existing rights of tangata whenua.

Today, we have started the revolution in regards to us organising ourselves in our rangatiratanga space. You must be patient. You have had 150 years. You must be patient whilst we wānanga this amongst ourselves to look at what a situationship looks like between Kāwanatanga and rangatiratanga.

Debbie Ngarewa-Packer: Not transactional.

RAWIRI WAITITI: It is not transactional—it is not transactional. We are in a transformative space, and it's happening to indigenous peoples all over the world. This is what your Budget should reflect. If we make up a million people in this country—20 percent—20 percent of the Budget should come to by Māori, for Māori, to Māori kaupapa.

You cannot rehabilitate us after damaging us, traumatising us, inflicting violence on to us. You cannot. It is time to have a serious conversation about how you support tangata whenua to bring ourselves out from underneath the bonnet of colonial violence. Allow us

the time to organise. Be patient so that we can look at what rangatiratanga and Kāwanatanga situationship would look like, because our relationship is with the Crown; it's not with Parliament—our relationship is with the Crown: mana to mana. Parliament is a mahi space, and it's a situationship where we should be coming together for certain situations to be able to support each other. The problem is that we have been made to feel like second-class citizens in our own country for far too long. We will not allow that to happen anymore. This is what this Budget should reflect. Be patient.

Ko tāku ki taku Iwi Māori [*This is my message to my people*]: be courageous. We must step into this space. We must organise ourselves, create rangatiratanga to be able to talk to Kāwanatanga about how we bring ourselves out from underneath the bonnet of colonial violence.

This is what a Budget should like. This is what Aotearoa hou looks like. This is not a you and us. This is about us organising ourselves and then looking at what a situationship looks like between us.

We are organising. We are empowering ourselves. We are rising. Like a good rēwena bread, we are bred different. We are bred different, but we are rising. Koia hoki te mahi i tēnei wā. [*And that is also what is happening right now.*]

This is where te iwi Māori is going. I heard somebody say, “Oh, why doesn't the Māori Party just resign if you want to start your own Parliament?” What rangatiratanga looks like to us is our business. If it's a Māori Parliament we want, that's our business. Our movement has a strategy. We have a Kāwanatanga strategy—this is it here. We also have a rangatiratanga strategy, which doesn't sit in this place. This is what the Budget should be reflecting, but it does not—it does not. It continues to support a white economy, privilege.

When my tūpuna came back from the war, they were promised land ballots; they didn't get it—they went to white farmers, and their mokopuna continue to benefit from that.

You have cut us out of homeownership. To own a home gives huge leverage to a family. If we are 50 percent of the social housing waiting list, we demand 50 percent of the stock. It makes absolute sense. These statistics are yours. This data is yours. The science is yours.

If our people are dying seven to 10 years earlier than non-Māori, why not allow us to access superannuation before that? Follow the science. Follow the data. Until the tide rises where we can all be equitably looked at and equality reigns, I challenge this Government to think outside the square and I challenge you to be patient while te iwi Māori organises itself and upholds our part of Te Tiriti o Waitangi, because we've honoured Kāwanatanga, but we've allowed you to assume that you have mana over us, and you do not. That is the declaration we made today for our mokopuna. Kia ora tātou.

Hon CHRIS BISHOP (Leader of the House): I move, *That this debate be now adjourned.*

A party vote was called for on the question, *That the motion be agreed to.*

Ayes 68

New Zealand National 49; ACT New Zealand 11; New Zealand First 8.

Noes 55

New Zealand Labour 34; Green Party of Aotearoa New Zealand 15; Te Pāti Māori 6.

Motion agreed to.

Debate interrupted.

URGENCY

Hon CHRIS BISHOP (Leader of the House): I move, *That urgency be accorded the first reading of the Appropriation (2023/24 Supplementary Estimates) Bill, the introduction and passing through all stages of the Taxation (Budget Measures) Bill, the Public Finance (Fines Collection Costs—Budget Measures) Amendment Bill, the Waste Minimisation (Waste Disposal Levy) Amendment Bill, and the Land Transport (Clean Vehicle Standard) Amendment Bill; the introduction, first reading, and referral to select committee of the Local Government (Water Services Preliminary Arrangements) Bill and the Resource Management (Extended Duration of Coastal Permits for Marine Farms) Amendment Bill; the introduction and passing through all stages of the Forests (Log Traders and Forestry Advisers Repeal) Amendment Bill and the Accident Compensation (Interest on Instalment Plans) Amendment Bill.*

As is tradition on Budget day, the Government is progressing several bills through urgency as part of the Budget process. And I note for the House's edification that we have made a change from the approach of previous Governments, in which the Opposition would find out about what bills were being introduced at the moment they were introduced, and the Opposition had approximately 10 minutes to figure out how they were voting or indeed what they were going to say about those bills, by providing copies of the bills to the Opposition at 2 o'clock when the Budget was introduced. So they've had a reasonable amount of time. I accept it's not an ideal amount of time, but at least it's more time than any Opposition in the past has had.

The Taxation (Budget Measures) Bill delivers on our commitment to deliver tax relief to hard-working New Zealanders. The public finance bill and the waste minimisation amendment bill reflect new savings measures in Budget 2024, and the land transport bill that I've just mentioned is required to ensure that changes to the Clean Car Standard targets can be made as soon as possible to increase certainty for the vehicle industry. The local government water services bill and the resource management amendment bill are being referred to select committees but are also required to pass with pace. The local government bill is the second step in the Government's Local Water Done Well policy. And the marine farm bill extends marine farm consents by 20 years under the Resource Management Act. The Forests (Log Traders and Forestry Advisers Repeal) Amendment Bill will reduce a regulatory burden and remove compliance costs that have been put on forest businesses. And the accident compensation bill is a bit of a tidy-up bill. It makes it explicit that ACC can charge debit interest where levies are paid by instalments. As I understand, there is some current ambiguity in the legislation. Both those two bills need to pass by 1 July, so there is urgency to ensure that occurs.

A party vote was called for on the question, *That urgency be accorded.*

Ayes 68

New Zealand National 49; ACT New Zealand 11; New Zealand First 8.

Noes 49

New Zealand Labour 34; Green Party of Aotearoa New Zealand 15.

Motion agreed to.

INTRODUCTION OF BILLS

SPEAKER: I understand it is the intention of the Government to introduce bills.

CLERK:

- Taxation (Budget Measures) Bill, introduction

- Public Finance (Fines Collection Costs—Budget Measures) Amendment Bill, introduction
- Waste Minimisation (Waste Disposal Levy) Amendment Bill, introduction
- Land Transport (Clean Vehicle Standard) Amendment Bill, introduction
- Local Government (Water Services Preliminary Arrangements) Bill, introduction
- Resource Management (Extended Duration of Coastal Permits for Marine Farms) Amendment Bill, introduction
- Forests (Log Traders and Forestry Advisers Repeal) Amendment Bill, introduction; and
- Accident Compensation (Interest on Instalment Plans) Amendment Bill, introduction.

SPEAKER: The Appropriation (2023/24 Supplementary Estimates) Bill is set down for first reading immediately. The remaining bills in the urgency motion are set down for first reading presently.

APPROPRIATION (2023/24 SUPPLEMENTARY ESTIMATES) BILL

First Reading

Hon CHRIS BISHOP (Associate Minister of Finance) on behalf of the **Minister of Finance:** I move, *That the Appropriation (2023/24 Supplementary Estimates) Bill be now read a first time.*

A party vote was called for on the question, *That the Appropriation (2023/24 Supplementary Estimates) Bill be now read a first time.*

Ayes 68

New Zealand National 49; ACT New Zealand 11; New Zealand First 8.

Noes 49

New Zealand Labour 34; Green Party of Aotearoa New Zealand 15.

Motion agreed to.

Bill read a first time.

TAXATION (BUDGET MEASURES) BILL

First Reading

Hon NICOLA WILLIS (Minister of Finance): I present a legislative statement on the Taxation (Budget Measures) Bill.

SPEAKER: The legislative statement is published under the authority of the House and can be found on the Parliament website.

Hon NICOLA WILLIS: I move, *That the Taxation (Budget Measures) Bill be now read a first time.*

Tonight in this House, we are going to reduce taxes paid by working people for the first time in 14 years. This tax relief is long, long overdue. It is owed to New Zealanders who work hard every day and yet have given more and more of that hard-earned wage to the Government, only to watch that Government over these past six years do less with their money than they would have done with it; deliver them poorer results; spray their money everywhere; drive up inflation; drive up interest rates; and leave them, the working people of this country, in a cost of living crisis.

I'm going to take you through how this bill delivers tax relief. But as I embark on this speech, here's the question I think all the members here should be asking: who in this House, in their right mind, in a cost of living crisis, would oppose tax reduction for

working people? The question we have to ask—because there is a party in this House that once called itself a party of the worker—is: will that party oppose working people being able to keep more of their own money? That is the question that I’m very interested to see answered tonight.

Because as members will be aware, today I delivered the coalition Government’s first Budget, and it addresses the urgent issues facing New Zealanders: the high cost of living. We are providing relief for New Zealanders and their families who have been suffering the effects of inflation; those New Zealanders who, when they’ve been standing in the supermarket checkout aisle, have watched the numbers flick on the screen and wondered if there’s enough money in the EFTPOS account this week to meet those groceries; those New Zealanders who, when they go home from work, see that petrol light on and think, “Just one day till payday; just one more day till I can fill it up.”; those New Zealanders who have said to their kids, “Sorry, no swimming lessons this year, kids. We can’t afford it anymore.” Well, this Government has heard the cries of those New Zealanders and we are going to give them what they deserve, which is tax relief.

It is prudent expenditure to give tax relief because actually you have to ask yourself this: is there anything that is a higher priority than helping people keep more of their own money while encouraging them to participate in work to contribute to our economy? Tax relief is an investment in increased productivity. The tax relief package that we are announcing today in this bill is very seriously targeted at families with children, at low and middle income people, because we know that they are the people who have suffered most through Labour’s cost of living crisis.

This bill gives effect to several measures. The first and biggest of the proposed amendments provides tax relief to individuals and families by increasing the personal income tax thresholds for the first time in 14 years. Raising the thresholds means that you get to keep more of the money you earned before you get moved into a higher tax bracket. We’ve had a situation in New Zealand where unlike many countries in the developed world who automatically adjust tax thresholds to compensate for the effects of inflation to allow for nominal wage growth, or unlike other countries in the world who, while not automatically, have stepped in to do it, our country hasn’t done it for 14 years.

So the effect is that even people on average incomes have been pushed into higher and higher tax brackets, forced to give away a higher proportion of every dollar they earn to the tax man. The effect of this has been that for a median income worker, for a typical worker, their wage now puts them in a much higher tax bracket than it once did. Even a minimum wage earner, if they work a few more hours a week, is paying 30c on the dollar in tax. So this bill that we set down tonight is addressing that.

Let’s step through how it works. So the lowest income tax rate, for example, is 10.5 percent. It currently applies to all income earned from a job up to \$14,000. In an atmosphere of high inflation, people are being pushed into those higher tax brackets. Yet with reduced spending power, people are worse off and so is our economy. So we are changing that threshold to \$15,600. That means from 31 July, someone on that level of income will be able to earn \$1,600 more annually before they begin to pay the higher 17.5 percent tax rate. Currently, any personal income earned between \$14,000 and \$48,000 is taxed at 17.5 percent, and anything earned over that takes you into the next highest bracket of 30 percent. The new threshold for paying the 30 percent rate will be \$53,501. That is \$5,500 annually, which will be taxed more fairly at the lower rate of 17.5 percent instead of 30 percent.

Is it any wonder that even Michael Cullen’s Tax Working Group said that if you don’t adjust tax brackets for inflation, you destroy the progressivity of the tax system? That, actually—[*Interruption*—well, the Tax Working Group acknowledged that if you don’t address fiscal drag, you make your tax system less progressive. This is actually about

helping the low and middle income people and workers of this country. Then, as we step through, any income you earn over \$70,000—and bear in mind, members, that the average wage is now \$73,000; any income you earn over that is currently taxed at the higher rate of 33 percent. Well, we're changing that threshold to \$78,100 so more of your income will be taxed at the lower rate. The bottom line is this: our changes mean that people on low to middle incomes will pay less and they will be keeping more of what they earn.

Now, we have also got measures in this bill which ensure that tax relief is really targeted at those lower and middle income families. We are expanding eligibility for the independent earner tax credit to boost the wages of those earning \$70,000 or less. This will boost their take-home pay. We are also increasing the in-work tax credit for working parents. This boost will ensure that those families who are really struggling with the cost of living will get more money in their after-tax pay.

Finally, this will also introduce the FamilyBoost payment. This is something that is particularly close to my heart because any of the people in this House who know people with young children will tell you that that is a really hard financial time in families' lives. They face high housing costs as their family expands, often their working hours have been reduced as they juggle childcare, and then the childcare costs they face are often extremely high. Well, the FamilyBoost payment will ensure that working families can get up to 25 percent of a rebate of every dollar of childcare fee that they pay. The effect is up to \$150 more for those families every fortnight. That is meaningful relief, and I know it will make a difference.

When I look at this tax bill and I think about what it represents, I think about the people who I have spoken to in recent months and who I talked to on the campaign trail; the people who had taken on extra jobs, Ubering at night just so they could pay the rent; the people who told me that they'd had to say no to chocolate biscuits at the supermarket because they couldn't afford it anymore; the people who work two jobs, three jobs to put food on the table.

They watched while the last Government said that they needed every one of those dollars; they needed every one of those dollars in tax, and then they wasted it on three waters, on TVNZ-RNZ mergers, on more officials in the back office. That was an injustice, because, actually, working people deserve to keep more of their own money; they deserve a Government that will be as disciplined with its spending as they are. We have, in this Government, a Government that is committed to that; who has gone out and found the savings; found the reprioritisations, line by every line, so that we can put money where it counts: in the back pockets and bank accounts of New Zealanders.

I'll leave you with these numbers: 727,000 households getting at least \$75 more a fortnight; 187,000 households getting at least \$100 more a fortnight; on average, households getting \$60 a fortnight; and, on average, households with children getting \$78 a fortnight. This is real relief, and the test for those who claim to represent working people is: would you really, really oppose it? Because if you do, shame on you.

DEPUTY SPEAKER: The question is that the motion be agreed to.

Hon Dr DEBORAH RUSSELL (Labour): Let me give you some numbers. Someone who earns \$50,000 a year will end up with a tax cut of \$15 a week. Someone who earns \$60,000 a year, because of the interaction with the independent earner tax credit, will end up with \$25 a week. Someone who earns \$70,000 a year will end up with \$15 a week. Someone who earns \$80,000 a year will end up with \$20 a week. Those are the numbers behind this type of shift in the tax thresholds, and that's what they mean.

But there are some interesting effects of what's going on and some interesting reactions to what's going on with the tax cuts. For those of us who are still on Twitter, or, as it's now known, X, there are some pretty instant reactions coming off there. Let me read some of

them to you. Someone called Amazonia says, “My 90-year-old mum, facing a massive hike in rates”—

Hon Members: Thanks to you.

Hon Dr DEBORAH RUSSELL: —“gets a \$4 per week increase.”

DEPUTY SPEAKER: Please don’t overuse the word “you” and bring the Speaker into the debate. Interjection is fine, but just be careful in your wording.

Hon Dr DEBORAH RUSSELL: Thank you, Madam Speaker. Ali says, “So grateful for my \$7 a week tax cut. It was so worth gutting our public sector for it.” Darren says, “\$10 billion in inflationary tax cuts no one wants, \$12 billion borrowed during an inflation crisis to pay for it.” Mark says, “My tax cut is less than the increase in my kids’ bus fares—cool. My middle feels so less squeezed now.”, and that’s the reality: give with one hand, take with the other, and the taking has been greater and greater and greater from that side of the House.

The interesting thing is the way that these tax cuts have been presented in the Budget statement. The Government has set out a series of examples of what individuals or families might get, and, in an interesting move, it’s all been on a fortnight basis. That’s useful, because you can double the numbers by doing that. But the interesting one that I found fascinating was the one that went through the various adults and family combinations as to what they would earn, because they talked about a working couple—so two adults earning \$150,000 each, per annum. Well, those are pretty well-off people in the first place, and they’re going to get one of the biggest tax cuts going. They’ll end up about \$2,000 better off.

Andy Foster: It’s two average wages.

Hon Dr DEBORAH RUSSELL: No, if it’s \$150,000 each—each, each, each, each—it adds up to \$300,000. That’s a massive household income in this country, and they’re going to get one of the biggest tax cuts available. So there are some interesting ways of prioritising going on with these particular tax cuts.

But in this first speech, I want to direct the House’s attention to the revenue strategy set out in the Budget documents, as required by law. There’s a particular paragraph in it—it’s the second paragraph in it—that says, “The Government will operate a stable, predictable revenue system.”—that’s a good thing, of course. Then it says that the current main tax basis—personal income tax, company tax, and a broad-based GST—will continue to raise the bulk of Crown revenue, and that’s what happens at the moment. Then it says that with prudent control of spending, the Government does not see the need to seek major additional sources of revenue.

But in the briefing to the incoming Minister, in the scenarios that Treasury set out when this Government took office, it clearly pointed to a huge fiscal risk in out-years—not next year or the year after or the year after it, but there is a long-term risk where we know that Crown revenue is going to fall significantly under Crown expenditure. This is expenditure on health, on education, on welfare, and on all the things that we’d like to have in this country in order to ensure that all of our citizens are looked after—so that the pensioner who is facing a massive rates increase is looked after, so that the families who need to pay their prescription charges are looked after, so that ordinary people do well—and yet this Government is refusing to take responsibility for the long-term fiscal projections in this country.

CHLÖE SWARBRICK (Co-Leader—Green): E te Māngai, tēnā koe. Tēnā koutou e te Whare. Just to get rid of the surprise for the Government members, the Green Party will be opposing this bill today. The reason for that is that we come together as communities, as individuals, as neighbourhoods, as people in this country to form something together that we call society. The reason that we do that is so that we can achieve things together that no one individual could achieve alone. That looks like things like our

hospitals and our schools. It looks like climate action, it looks like public transport, and it looks like mass State housing builds. That is the point of Government: to generate the revenue to pay for things that no one individual could pay for alone.

What we've heard from this Government today is their commitment to continue entrenching and deepening inequality in this country. They have pledged their allegiance to an unfair and unproductive tax system, with trickle-down tax cuts at the expense of pretty much everything else. To that effect, we saw in the financial reports from the Minister of Finance today some cherry-picked statements from the International Monetary Fund (IMF) and the OECD in order to justify some of the things that the Government has done. But what they have done in cherry-picking those statements is decide to intentionally neglect the point that both the IMF and the OECD, in line with market economic orthodoxy, have argued: for Aotearoa New Zealand to implement a capital gains tax—

Andy Foster: What else did they say, Chlöe?

CHLÖE SWARBRICK: —in order to have a more productive and fairer tax system, where we do not simply see money funnelled into housing, Andy Foster, and we end up with a generation of more jobs and productivity.

So who are getting these tax cuts? Well, under the tax settings today as in this legislation, an average four-person family would receive approximately \$126 from this Government. But under the Green Party's tax plan, which we went to this election with, they would receive more than double that, at \$288. We would also see the implementation of a tax-free threshold for those who are earning less, those with an income of less than \$10,000. We would do that by implementing a wealth tax. And I know that that's just anathema to the dogma that we hear from the Government parties, but let's just unpack some of the facts that they have at their disposal and that they knowingly are neglecting and ignoring today.

A year ago, we had the Inland Revenue Department—and the Minister of Revenue is currently heckling me. We had a report that told us that the top 311 families in this country pay an effective tax rate of less than half of that of the average New Zealander. But, more so than that, they hold more wealth combined than the bottom 2.5 million New Zealanders. That's not an accident. It is a consequence of a tax system that sees those at the top continue to accumulate more and more wealth and more and more power, at the expense of everyone else. That is what drives inequality and that is where poverty comes from.

We have also seen this Government knowingly make decisions to cut funding for the likes of Kāinga Ora, for the likes of rangatahi housing, in order to fund these tax cuts. And what does that say? Well, we have in the child poverty statistics, or rather the projections, released alongside this Budget today, that the Government has made no commitment to reducing child poverty in this country. It will plateau.

What all of this exposes is that we are not so much dealing with a cost of living crisis, as this Government campaigned on throughout the election last year; we are dealing with a cost of greed crisis, and we in the Greens are asking New Zealanders to connect the dots. While New Zealanders out there have paid record prices in rents, for their groceries, for their energy, guess who has made record capital gains and profits? It is the supermarket duopoly, it is the energy gentailers, and it is landlords—who this Government handed a \$2.9 billion tax cut to, only to increase the cost of housing, as the Reserve Bank of this country says. Our ask, as the Greens, is to see New Zealanders not let this Government pull the wool over their eyes, because the truth is out there and the evidence is clear: this Government is knowingly increasing inequality.

SIMON COURT (ACT): I could offer that member, Chlöe Swarbrick, a woollen blanky to soften the reality that this country can't afford to keep spending, keep taxing people. We have to have a change, and that's what this Budget shows. We've heard from the Greens

member her proposal for a wealth tax—it's economic illiteracy. You can't tax your country into prosperity. We've heard more slogans but no substance, no solutions. We can only grow our wealth so that we can offer better conditions for New Zealanders, so that New Zealanders can actually keep more of what they earn. We can also do that by shrinking the size of the State and making sure that the Government doesn't have its hands deeper and deeper in people's pockets.

We heard no solutions from Labour. They're going to spend a lot more time in the wilderness before Kiwis look to them for salvation again. Once burned, many, many times shy. This coalition Government understands that spending money is not the measure of success, unlike the previous Government, it's actually getting results that count.

ACT is proud to be part of a coalition Government that's already found \$7.5 billion in savings in last year's mini-Budget, and another \$1.5 billion in ongoing savings over the past few months as Ministers worked to prepare this Budget. That includes \$107 million found from the Healthy School Lunches programme, while actually extending that programme to feed more children in need in early childhood education. We've found \$486 million just knocking around in the bottom drawer at the Ministry of Business, Innovation and Employment which we can return to the centre to provide for tax relief as one of the benefits for New Zealanders.

Now, it's true that ACT would have preferred to go further with spending cuts and tax cuts to let Kiwis keep even more of what they earn. But it's also true that a Government without ACT would not have gone as far. That is why ACT is proud to support this bill and we're proud to be offering tax relief to New Zealanders in Budget 2024.

TANYA UNKOVICH (NZ First): I rise on behalf of New Zealand First to contribute to the Taxation (Budget Measures) Bill. And I'm proud to say that we support this bill. It's quite an honour to stand in my very first Budget and provide the very first speech. Now, why are we supporting this bill? Well, it's been 14 long years, and it's now time. It is now time to change the—

Hon Mark Patterson: The time has come.

TANYA UNKOVICH: What was that, my friend?

Hon Mark Patterson: The time has come.

TANYA UNKOVICH: The time has come. Now, finally, from 31 July this year, the taxation thresholds will change. And it's going to be a significant change for many, many New Zealanders—hard-working New Zealanders who have been waiting for this change. I feel very honoured to be able to stand here and say, "Your time has come." Not long to wait for this change. And the good thing is the money is going to be in their pockets for them to choose how they would like to spend their money. So that is why I am very pleased to commend this bill to the House on behalf of New Zealand First.

TOM RUTHERFORD (National—Bay of Plenty): Thank you very much, Madam Speaker. It gives me great pleasure to stand and rise and speak on behalf of the National Party and our Government in support of the Taxation (Budget Measures) Bill that we are bringing to the House straight after the delivery of the Budget this afternoon. And what a fantastic job did Nicola Willis do as the Minister of Finance. What a superb job of finding a great medium, in the difficult economic times we find ourselves in, of actually delivering tax relief for New Zealanders and bringing this bill to the House straight after the delivery of the Budget.

The Taxation (Budget Measures) Bill is about increasing personal income tax thresholds from 31 July this year, just as was campaigned on in the 2023 election. This bill gives effect to our Budget's tax measures—announced earlier—aim to help reduce the cost of living pressures faced by hard-working New Zealanders by providing much-needed tax relief and additional support, in particular to low and middle income individuals and families. It delivers the FamilyBoost tax credit, helping with the cost of

early childhood education; expands eligibility to the independent earner tax credit; and increases the in-work tax credit and the minimum family tax credit. I support this bill and I commend it to the House.

Hon Dr MEGAN WOODS (Labour—Wigram): Often you hear Governments stand up in the first piece of legislation, in what will be a long haul of Budget urgency in terms of the debates that are there, fizzing with what their Budget has provided. And we're hearing this about cost of living pressure relief for families. But it has not taken New Zealanders long to pull this apart, to understand that the poorest New Zealanders are not getting that relief, that the wealthiest New Zealanders are getting two times the relief of minimum wage workers.

So when we have the Minister of Finance standing up in this House and claiming that they are the party of workers, well, I can tell you the party of workers does not take away cheap public transport for kids. It does not take away healthy school lunches. It does not put costs back on prescription charging. And it does not do things that it knowingly knows will raise rents and insurance—the very things the Reserve Bank have been telling New Zealanders is putting a pressure on their back pocket and the money they have.

One of the important documents that accompanied the list of new initiatives—although that's reasonably thin in this Budget, because there aren't that many—is a very interesting document called the Budget Economic and Fiscal Update (BEFU). And what the BEFU does is it does give that economic and fiscal update. This is Treasury's, not the Government's, forecast for the future.

One of the things that I find concerning—and I think New Zealanders do too as they're counting their \$2 and \$4 a week tax cuts; it will send a chill down their spine—is that we know how these tax cuts are being paid for. They're being paid for by cuts to public spending and funding things like the reintroduction of interest deductibility. And what does the Treasury—the economic adviser to our Government—have to say? Well, it says that “the reintroduction of rental property interest deductibility for tax purposes, and changes to the bright-line rules [are] all expected to have [an] ... upward impact [on rents]. Rents are forecast to continue rising rapidly over the early years of projection”. So this is the kind of things that New Zealanders can look forward to because of the choices that this Government has made in this Budget.

This Budget is a Budget of broken promises. Nicola Willis, when delivering her Budget, started her speech talking about what she'd heard on the doorstep. I'm sure she also heard on the doorstep that people were expecting the \$250 a fortnight that National went out and told them they were getting. And what are they getting? They're getting—

Hon Kieran McAnulty: Bugger all.

Hon Dr MEGAN WOODS: I cannot quote my colleague Kieran McAnulty, but “not much” would be the paraphrase of what he said.

But I think of superannuitants. When I have to go out and look them in the eye and talk about my \$20 tax cut, and know that for a single superannuitant that is \$2.50, how can that be seen as anything that any Government could hold its head up about? It is not even, as Chris Hipkins said, enough to buy a packet of chewing gum. This is not how you address cost of living. These are tax cuts that are at the expense of core public services—the very things that these cuts will put pressure on in New Zealanders' household budgets and New Zealanders' wallets. This Budget will cost Kiwis more. This is not a Budget where the tax cuts are going to deliver the relief that they thought was coming their way. They are going to pay more for their health, they are going to find that what is delivered in our schools is being cut. There is not a single cent in this Budget for supporting learning services. How are we going to ensure that those kids who we need to support the most to make sure they have educational attainment are supported?

I will, in many other contributions over the course of the next three or so days, talk about the cuts to climate funding that account to billions and billions of dollars. So this Government not only is letting down New Zealanders today, but it is letting down the next generation of New Zealanders too.

STUART SMITH (National—Kaikōura): Thank you, Madam Speaker. It's a pleasure to speak on this bill.

This is, as the finance Minister said, a clean-up Budget. It is a clean-up Budget because of the mess that has been left by the previous Government, and it actually heralds a new era. It's an era in lowering Government spending, giving much-needed tax relief to the squeezed middle in particular, and actually getting on with the business of rebuilding this economy. It's in huge stress because of the mismanagement by the previous Government—it's a massive hole; we've heard a lot about fiscal cliffs, but they are holes because of that previous Government not spending enough time on actually getting New Zealand back working, and just employing more and more people to do less work. That's just out of control.

But what does it actually mean? Well, for someone on an average income, they're going to end up with \$102 more a fortnight. That's a significant amount of tax relief. That's fantastic for those families, and if they've got FamilyBoost, they can have another \$150 a fortnight. That's fantastic. And a single person earning \$55,000 will be better off by \$51 a fortnight. It is significant tax relief that is long overdue—the first time in 14 years that we've got tax relief. It's way overdue.

And the fees free—I think that's one of my favourites. Fees free—shifting it from the first year at university to the last.

Hon Mark Patterson: You're welcome.

STUART SMITH: Yes, it's a New Zealand First policy and I think it's fantastic. So, with that, I commend this wonderful bill to the House.

Hon KIERAN McANULTY (Labour): Thank you very much. You might think that if it was so wonderful, the Government members would like to use the entire time available to them—

Hon Member: Especially the chair.

Hon KIERAN McANULTY: —especially the chair of the Finance and Expenditure Committee. I would have thought that he, of all of them, given how rowdy they were today during the Budget speech, here in the very first bill that arises from that Budget, would actually spend the time available to talk about how good it was. I think the reason that they haven't is because, deep down, they know it's actually not that great, and, deep down, they know that it actually doesn't deliver what they promised. This bill doesn't meet up to the promises that the Government has made. They clearly don't know the numbers, because Stuart Smith has just yelled out some numbers as part of his two-minute speech that were inaccurate. They weren't right. They did not match what the finance Minister said. When you've got the chair of the Finance and Expenditure Committee, who doesn't actually know what's in the bill, standing up and saying the numbers—I think that says a lot.

At the end of the day, this bill takes away from New Zealanders. Because if we just actually dive into the detail, the question has to be asked: what cost is coming with the tax cuts this bill is bringing? For the many, many people in this country that are renting, the \$2, the \$4, the \$6, or whatever they get is going to be swallowed up almost immediately by the increase in rents that the Budget, which these changes are part of, is bringing in. It's in their own documentation. It says, very clearly, that the \$2.9 billion tax cut that this Government is giving landlords by reintroducing interest deductibility, by scrapping the brightline test, and scrapping initiatives like emergency housing and transitional housing

and maintenance on Kāinga Ora homes—all of which is in the Budget—and scrapping the First Home Grant—all adds up to one thing: higher rents.

We know that the growing proportion of renters amongst the over-65s, when they look at this Budget and they hear the Government members crow—and many of them have huge proportions amongst their constituents over 65—and they look at this and they see that they're getting \$2.15, if they rent they're soon going to get a rent increase significantly higher than that. What are the—

Mike Butterick: Whatever.

Hon KIERAN McANULTY: Oh, whatever. Yeah, whatever. Let's just say "whatever" to facts. Let's say "whatever" to their own documents. It's in your own documents. I tell you what: go back to Hamilton and invite the over-65s to come to your electorate office. And when they come to you and they say, "I've only got \$2 a week out of this, but my rent's gone up 20 bucks.", will you say "whatever" then? Will you say "whatever" to their face? I bet you don't. I bet you don't have the guts. He'll say it quietly off to the side, but he won't look his constituents in the eye and say what he's going to say here in the hope that no one hears.

But we did hear, because that is the attitude of this Government—they don't care. When they are presented with the damage that this bill is actually going to do to working people and to retired people, their reaction is "whatever." They don't care. They do not give a jot. And this is supposedly a Government made up by a party that was formed to look after old people. New Zealand First is supposed to look after old people, and with the possible exception of Mark Patterson—who is a friend of mine and so I'm not going to pick on him, but I'll pick on the rest of them—they don't court the old people's votes now. It's almost like unless they're wearing tinfoil, Winnie don't care. That's their constituency now: they're after the cooks, and they've forgotten about the old people. And this Budget sums it up.

It's not just the old people, though, because, of course, the "average" wage means that there are many people in this country earning underneath that, and they don't get the figures that the finance spokesperson talked about in this Budget. They get bugged all, and that is not fair. That is not fair, when people like me—in fact, every member of Parliament is walking away with 80 bucks a fortnight that we don't need. I don't need 40 bucks a week. I don't need it. Here we are, arguing that this legislation is supposed to be helping those that need it, and yet those that don't need it are benefiting the most. That is a choice that this Government made, and it just goes to show what their priorities are. So when New Zealanders look at this bill and they look at what they're supposedly getting, look at what the Government's also taking away.

CATHERINE WEDD (National—Tukituki): Madam Speaker, thank you. I'm so eager to talk about Budget 2024, which is a Budget for hard-working New Zealanders, providing tax relief after 14 years, while on that side of the House they kept on dipping into the incomes of hard-working New Zealanders like they were a bottomless ATM. Well, we are here to turn that around and reduce the cost of living and give more back to those hard-working New Zealanders.

Our tax package targets hard-working New Zealanders and families and young people and the middle and lower income earners. It gives average-income households up to \$102 a fortnight, plus FamilyBoost childcare payments of up to \$150 per fortnight. We all know how tough it is with those childcare costs out there. People are doing it very tough at the moment.

Our tax relief in this Budget puts \$3.7 billion a year back into the pockets of New Zealanders. This tax relief package will also be fully funded from all the savings from all the wasteful spending of that side of the House, because we are going to be more fiscally responsible with taxpayers' money. Therefore, I commend this bill to the House.

A party vote was called for on the question, *That the Taxation (Budget Measures) Bill be now read a first time.*

Ayes 68

New Zealand National 49; ACT New Zealand 11; New Zealand First 8.

Noes 49

New Zealand Labour 34; Green Party of Aotearoa New Zealand 15.

Motion agreed to.

Bill read a first time.

DEPUTY SPEAKER: This bill is set down for second reading immediately.

Second Reading

Hon SIMON WATTS (Minister of Revenue) on behalf of the **Minister of Finance:** I move, *That the Taxation (Budget Measures) Bill be now read a second time.*

The high cost of living is one of the most pressing issues here in New Zealand today, and that is why we are considering this bill under urgency. Given that urgency, I will provide just a brief recap of the content of this bill and the purpose for the second reading.

It will be obvious that the purpose of this bill is to provide responsible tax relief squarely at lower to middle income Kiwis. This will be done by increasing the bottom three personal income tax thresholds, which will allow people to keep more of what they currently earn before moving to higher income tax levels.

The bill will also extend the independent earner tax credit to compensate for wage growth and help more people with the cost of living. It will also boost the in-work tax credit so that low to middle income working families will get up to an extra \$50 per fortnight.

These changes are necessary because many families are struggling with the high costs of housing, food, and also childcare. That's why this bill will also legislate the previously announced FamilyBoost, which will help 100,000 households with young children to be able to afford early childhood education and make that more easy for them. The cost of early childhood education fees can be a barrier to entering the workforce, particularly for the second income-earner in the household. All families earning up to \$180,000 with early childhood education costs will be eligible. However, to ensure support goes to families who need it most, the maximum repayment will gradually reduce for families earning more than \$140,000.

These changes are what we promised in response to the inflation impacts created by the last Government. But on the other side of the ledger, inflation has also had another effect. Overseas-based student loan borrowers are currently charged interest at the rate of 3.3 percent on their student loans, but over the last three years, inflation has overtaken student loans' overseas interest rates by 9.5 percent. The bill therefore increases the interest rate charged on overseas-based borrowers of student loans by 1 percent for a period of five years from 1 April 2025. Increasing the current overseas interest rate formula by 1 percent for a limited time of five years will partially cover the loss of value in the scheme caused by the last three years of high inflation.

One of the final items in the bill is an urgent remedial amendment to ensure that Inland Revenue can process claims for research and development tax incentive if a business applies for approval under an incorrect entity name.

Overall, the bill package will increase the income of most households in New Zealand. However, a small number of households—less than 0.3 percent—will have their income reduced by \$2 per fortnight on average. This is due to a quirk in the way in which the tax threshold adjustments interact with the calculation of tax for people who receive a benefit

for only a part-year. After the personal income tax changes take effect, these part-year benefit recipients will receive slightly smaller tax refunds at the end of the tax year.

What the bill package will do is increase the income of 94 percent of households in this country by \$60 per fortnight on average. Households with children will gain \$78 per fortnight on average, and that is a great result for hard-working families and households across this country. This Government has delivered on the promises that we committed to the New Zealand public. We have delivered income tax relief to hard-working New Zealanders, and this bill is the proof in the pudding that we have delivered the actions that we promised to New Zealanders. We should be—and New Zealanders should be—proud of that achievement.

This is the full extent of this Budget bill. It will make a real difference for New Zealanders up and down this country, and I commend this bill to the House.

DEPUTY SPEAKER: The question is that the motion be agreed to.

Hon Dr DEBORAH RUSSELL (Labour): Thank you, Madam Speaker. In the lead up to the Budget, the Minister of Finance was at pains to say several times that the Government would have tax cuts and that they would be meaningful—they would be meaningful—that they would make a substantial difference to people. But what this bill does is it shifts the tax thresholds around. The net upshot of it is the most that anyone will get—the most that anyone will get—from the shift in the tax thresholds is \$25 a week, and that's only in conjunction with the independent earner tax credit. Now, that's the amount that someone earning about \$60,000 a year will get, in conjunction with the independent earner tax credit. It's the very most they will get. Most people—people like those of us in this House—who are earning over \$78,000 a year will get a tax cut of about \$20 a week.

But, in the meantime, public transport costs have gone up. In the meantime, rates have skyrocketed. In the meantime, the cost of going to the doctor has accelerated. In the meantime, there has been substantial inflation caused by worldwide factors; it's a worldwide phenomenon.

Tom Rutherford: Oh, here we go. Here we go. Playbook number one: worldwide factors.

Hon Dr DEBORAH RUSSELL: In fact, sitting in the Minister of Finance's speech, the Minister of Finance said—and it was gobsmacking actually—that the Government can only be held responsible for factors within its control. She started talking about the worldwide factors that are affecting them. Somehow, they didn't exist a year or so ago! And, in the midst of that, what she has been at pains to talk about over the last few weeks are the “meaningful” changes to the after-tax income that people get. I put it to you that, in face of the increased cost—the increased cost because the Government has withdrawn from services—these shifts in the tax thresholds do not deliver anything like a meaningful increase to after-tax incomes.

Tom Rutherford: Nobody's on that side of the House; they haven't turned up for days.

DEPUTY SPEAKER: Excuse me—that's not an appropriate comment.

Hon Dr DEBORAH RUSSELL: Going from that broader issue to one more detailed issue, in this bill there is something that was—more or less; until the very previous speech—a secret new tax on student loans, on student loan borrowers. Now, ordinarily, when there's a measure taken in the Budget, it will be highlighted, it will be discussed, it'll be in the publicity documents. But the only way we found out about it was by reading the tax bill itself—and here it is. So the interest rate that is going to be charged to people who go overseas on their student loans is going to increase—

Hon Member: By 1 percent.

Hon Dr DEBORAH RUSSELL: —by 1 percent. So, again, sitting in the detailed estimates—I'm going to direct the House's attention to the section on revenue—there is

an increased amount of funding for investment in compliance activities. Let me just read what it says. It says this initiative provides funding for and shows an increase in tax revenue from Inland Revenue's increased compliance activities on tax and student loan overseas-based borrowers.

Now, having sat in that role myself for some time and having had student loan borrowings within my remit, there are some extraordinary outstanding debts on student loans, and some students—people who studied here in New Zealand then have gone overseas—who are in real financial trouble, who took out loans when they were young and didn't really understand the impact of it. Now, this Government is going to chase after them even harder and is going to charge them more while they are about it. Sitting in this tax bill is that increased charge on student loan borrowers.

You know, getting an education is sufficiently expensive as it is. It's hard enough, and that Government is making it harder. That sits along with some of the other stuff they're doing in tertiary education, making it harder for people to get an education. They should be ashamed of what they are doing in that space.

There are a whole lot of other changes sitting in this Taxation (Budget Measures) Bill. A lot of them are simply consequent on the changes in the tax thresholds. They are deeply detailed; they are flow-through changes to fringe benefit tax, to employer superannuation contribution tax, and so on—all the sorts of changes we would ordinarily expect. But the heart of this tax bill—the heart of it—is that shift in income tax thresholds. As I've said before in the first reading speech on this bill, it does provide a change, not as the Minister said—and I'm going to take it that he just made a slip of the tongue. It doesn't change people's income; it will change the amount of income they take home after tax. Of course, any increase in after-tax income is welcome.

Of course, another way to increase the income that New Zealanders have is to provide a flourishing economy. This is a Government that in order to provide its billions of dollars of tax cuts—its tax cuts which favour the already wealthy—has cut services and cut jobs dramatically. There is a high cost to this shift in income tax thresholds. The high cost is being borne by people who have lost their jobs.

You know, we've had some organisations in this country celebrating that 5,000 people are out of work, in order to provide these tax cuts. So, in this country, we need to have a little bit of a think about why we pay tax in the first place, why paying tax is something that supports us, that supports our health system, that supports our welfare system, that supports our education system, that builds our roads, that provides for our police, that provides for our defence, that provides for our judicial system, that provides for all the things that we like to have in this economy and in this country because it makes living here good.

This is a great place to live, and it is a great place to live precisely because of the things that the Labour Party, and people on this side of the House, have fought for and funded, for generation upon generation. We are the party of health. We are the party of education. We are the party of welfare. We are the party of the environment. We are the party that supports the way of life we like in this country. In order to do that, we all pay our taxes. We all make a contribution to the common good.

Through this tax bill, coupled with all the swingeing cuts to services that this Government has made, all we are doing is shifting costs from one pocket to another. All we are doing is ensuring that families who now have, perhaps, some more money in their pocket—because of the changes in the tax thresholds—have to, at the same time, pay increased public transport fares to get their children to school. All we have is families who might have some extra money in their back pocket—because of these changes in tax thresholds—having to pay more in excise tax, starting from the 2026 year. All we have is families who might have some more

in their back pocket—because of this shift in the income tax thresholds—having to pay incredibly increased rates, because that Government would not fund the critical water infrastructure needed in this country. All we have from this shift in income tax thresholds, which might put a bit more money in people’s back pockets, is families who now have to pay more to register their car.

So there’s a whole lot of sneaky increased costs which are now no longer being funded. On top of that, they’ve imported into this an increased tax on our student-loan borrowers—on the very people who’ve done their damndest to get ahead. It is a disgrace. It’s an absolute disgrace. And this Budget is a disgrace. They should be ashamed to be part of it. It’s a Budget with no vision, with no care, with no forethought for the future, with no way of ensuring that, long term, this country can thrive, that people in this country can do well. They should be ashamed to be part of it.

DEPUTY SPEAKER: Members, the time has come for me to leave the Chair for the dinner break. The House will resume at 7.30.

Sitting suspended from 6 p.m. to 7.30 p.m.

ASSISTANT SPEAKER (Greg O’Connor): Good evening. The House is resumed. We are on the second reading of the Taxation (Budget Measures) Bill.

Hon JULIE ANNE GENTER (Green—Rongotai): Tēnā koe e te Pīka. Tēnā koutou e te Whare. This bill, the Taxation (Budget Measures) Bill, which represents the tax changes that the Government is bringing in, ultimately shows, I think, the ideological difference between the Government and the majority of New Zealanders, because the majority of New Zealanders know that we can do so much more working together. These tax changes are very “I, me, mine”. That’s how I would sum up the ideology of the governing parties: “I, me, mine”. It’s the little gains that they’re giving to individuals and missing out on the bigger picture of what we can do together.

They claim they’re delivering when, at best, they’re delivering \$10 or \$20 a week extra to people, but they’re taking it back. It’s a drop in the bucket from what they’re taking away that we can achieve together. I’ve already seen people publicly commenting on this. They’re getting an extra \$20 a week—that’s what you get if you’re on the higher end of the income spectrum—but they’re going to miss out because their daughter’s bus fare has gone up to over \$13 a week and they have prescriptions that they now have to pay more for. It doesn’t take into account the loss of the collective investment that we could be making in the infrastructure and services that serve us better when we work together.

Cheaper public transport, free prescriptions, making it easier for people to buy electric vehicles—because we have to, because that’s how we adapt to the climate crisis: by decarbonising our transport system. But they’ve axed the Clean Car Discount. They’ve massively put up the price for driving electric vehicles (EVs) through road-user charges, and, of course, we haven’t even begun to see the true cost of the cuts that will be felt in public services that are no longer there for people.

This is a smoke-and-mirrors Budget. They very much claim to be delivering, but the big win for people, again, is all broken down into a very individualistic approach. I think that most New Zealanders know that when you go overseas, you see better infrastructure and fewer homeless people. That’s because those countries have fairer tax systems and our tax system is still very unfair, and the changes in this bill make it less fair.

The irony is that the Government will talk about trying to deliver for “hard-working New Zealanders”. It’s very much a kind of virtue signal to say that if you are working in paid work, you’re worth more to society than people who are caring for children or caring for elderly or disabled whānau. What if the work that people contribute to society doesn’t

have a commercial return? It still has a value to society, and that is something that people on the Government benches really have not yet understood.

We are continuing to let land bankers and land hoarders pocket more and more untaxed income while working people are struggling with rising rents, rising electricity prices, and rising costs of public transport, all because of decisions this Government has made. And there are certain slogans that get trotted out again and again, and you can go right back to that in the 1980s and 1990s to hear where they first started—“Oh, so and so wrecked the economy”, blah, blah, blah, “Got the country into debt.” Again, it’s all just meaningless slogans, like the quotes from Winston Churchill.

If we really want to understand how to build a more productive economy, one that genuinely benefits everyone, we have 30 years of evidence that the neoliberal ideology does not deliver that. It does not work. That’s the facts. You know, I grew up in the United States, where the infrastructure is crumbling. We’ve had these same ridiculous political lines trotted out by right-wing parties since Ronald Reagan, and what has it delivered? Populist demagogues like Donald Trump and crumbling infrastructure, but a small number of millionaires and billionaires who can claim massive tax deductions for their private jets. It’s just crazy. Like, that’s where it goes. That’s where this ideology leads to. It leads to an incredibly unequal society where people increasingly, if they are lucky enough to be the winners in this society—because they inherited property usually, or because they happened to start out with money—end up living in gated communities and having to pay private armed guards because the crime gets worse because you’ve got people who are starving outside the walls of that gated community.

Now, that sounds extreme, but that’s the road that we are on right now. This bill adjusts personal tax income thresholds, and, as I’ve already said—

Hon Members: Woo hoo!

Hon JULIE ANNE GENTER: They’re very excited about that. The Government members are super-excited about that because that’s the highest goal they have for our society—it’s for people to get an extra \$10 or \$20 a week and then miss out on investment in our society, our collective wellbeing, and our collective good. But the difference is that most New Zealanders, I think, actually know this, and this is starting to be reflected in the polls. They realise that they’ve been sold a bit of a sham. And that is why I would say this is very much smoke and mirrors—because where are the cancer drugs? Where are the cancer drugs that were promised? Where are the EV chargers that were promised? Where’s all the infrastructure that was promised? It’s not going to happen and it’s definitely not going to deliver the outcomes.

Finally, in my last few minutes, I just want to talk about how this bill in particular is so harmful right now, because we are facing a climate crisis that is going to continue to affect the world and New Zealand. And the Government parties not only do not have answers; they are literally taking us backwards. The things that they propose as solutions to the climate crisis are the exact opposite. So the changes that they’ve made to the clean car legislation are going to mean higher-emissions vehicles, higher emissions from road transport. The changes that they’re making to the Resource Management Act, to have a fast track—they claim this is about renewable electricity. In reality, they will be allowing more coalmining and motorways that make emissions worse, so it doesn’t stack up.

Ultimately, I think that most New Zealanders have the values—and probably the members opposite; some of them do have the values and they do understand manaakitanga, generosity, working together, being collaborative. How is that not the most fundamental value of a liberal democratic society? And the way that we implement that is through our shared resources, through having a fair tax system that ensures that everyone in New Zealand has what they need to live a good life—not an extra \$10 or \$20 a week, but

spending more on public services, spending more because public transport fares have gone up, because we're charging more for our prescriptions.

The thing that I really can't understand about this Government, but I think they have realised, and it will increasingly become clear to the country, is that it is not possible to improve our infrastructure, improve our public services, and deliver large tax cuts to landlords. Until we fix our tax system, we aren't actually rewarding people for working hard; we're rewarding people for owning property. And that is one of the biggest challenges for us to improve the productivity of our economy—the fact that there's an incentive to invest, not to build new houses. The interest deductibility was there for new builds, but now that the Government has given it to existing houses, there's an incentive to buy more of the houses that already exist, which, of course, has not reduced rents.

Surprise, surprise. No, the changes that benefit the landlords in this society do not put downward pressure on rents—rents continue to go up—but I tell you what would and what the Green Party would definitely support: rent controls. If the members opposite care about keeping rents in check, then build more public housing and put rent controls on rents. Otherwise, it's just lip-service, and we know who the Government really represents. They represent the landowners. They are feudalists.

Hon ANDREW HOGGARD (Minister for Biosecurity): Thank you, Mr Speaker. Jeez, where to go! I mean, if you needed a lesson in how to kill off any building of rentals, that speech was it. That's how you kill the rental market—put rent controls in. Honestly!

Look, this bill is pretty simple, really. It's a movement of the tax brackets. It's about time—2011 was the last time these tax brackets were shifted. In that time, we've had a 34 percent increase in inflation. That's a 25 percent decrease in people's purchasing power. For every dollar you had then, you've got 25 percent less—you've only got 75 percent. This needed to happen a long time ago, this needs to happen now, and, quite frankly, it needs to happen again.

This is really, really simple stuff. It's not the Government's money; it's the people's money. It's leaving it in their pockets—it's pretty simple stuff. I've heard a lot about “Oh, we need to be investing in this and investing in that.” Well, this Budget is investing in a lot of the core things. What it's not investing in is a whole bunch of failed projects, dreamy ideas, and white elephants all over the show—\$100 billion was wasted. What can we see for it? Absolutely nothing.

I see across my portfolios things that I could invest in that would deliver results, but there's no money. It's all gone—it's all been wasted. So, like with any business, we've got to cut our cloth to suit. Right now, up and down this country, farmers and other small businesses are doing it tough. They're doing it really tough, and they're having to cut their cloth to suit. So that's what this Government has to do.

I've heard a bit about inflation happening everywhere and that it's not the last six years' fault. I'll leave you with a quote which will make the Green Party really happy, because they'll love the person that made this quote. “Inflation is always and everywhere a monetary phenomenon. It's caused by too much money chasing after too few goods.”, and in the last six years, we've had \$100 billion put out there—that's where your inflation comes from. Thank you, Mr Speaker. I commend this bill to the House.

TANYA UNKOVICH (NZ First): Thank you, Mr Speaker. I'll take a short call once again on behalf of New Zealand First to support the Taxation (Budget Measures) Bill in the second reading. Now, we support this bill, not only because of what it will do for hard-working New Zealanders but also because it's another example of this Government delivering, and that is one thing we do. We don't only talk but we also do what we said we were going to do, and we will continue to deliver for everyone in New Zealand so that they can have greater certainty in what is coming and have faith in us that we will deliver. I commend this bill to the House.

ARENA WILLIAMS (Labour—Manurewa): This is an austerity Budget for Māori. This is a Budget that is dashing the hopes of rangatahi Māori, and taking away the dreams of people who want to live here, who want to own a home here, who don't want to see their dreams of homeownership taken away, their ability to get into work, and their ability to raise a family. But that is all the things that this taxation bill and the Budget bill before it do.

It's so disappointing for young New Zealanders who have a dream of homeownership, to have that ownership dream ripped away from them, when we see things like the first-home buyers grant taken away to fund a \$2.9 billion tax cut enabled in this bill to go ahead. This Budget enables some of the most extensive transfer of wealth from ordinary working New Zealanders to people who already own homes, at the expense of people who National Governments in the past have championed—that's people who want to get into homes. Do you know who that will affect the most? That will affect the people who have the hardest time getting into secure, warm, dry homes. Māori, Pacific, people on low incomes, people in the South Auckland communities that I represent will be hurt by these economic decisions that that Government is taking, and represented in this taxation bill.

We heard today from Treasury that unemployment is projected to rise to 5.2 percent. Last time that Government were in charge, Māori unemployment went up to 14.5 percent. Tens of thousands of people will lose their jobs in the next quarter. What is that Government's response? It's to cut jobs. It's to put nothing in the Budget to support Māori aspirations into work. There is nothing in this Budget to support Māori to upskill.

There are cuts to things like the Apprenticeship Boost programme that those MPs campaigned on keeping. It's been halved. You know, just today, I spoke to a young builder, he was an apprentice called Jimmy Edwards. He told me that he wanted to finish his building apprenticeship and he was looking forward to being able to do that through WelTec here in Wellington. It's that kind of person who this Government is punishing at the expense of landlords to fund a campaign promise that they relied upon to get elected. But \$2.9 billion in the context of their finance Minister standing up today, and saying, "Oh, things are hard. Things are really hard out there for working New Zealanders." Well, it is a choice to give \$2.9 billion worth of tax relief—tax cuts to landlords, when, in fact, people are struggling out there, like Jimmy, who just wants to finish his apprenticeship and get into the construction sector; a construction sector that is struggling and needs not only more workers but a pipeline of builds.

But, no, this Government has actually cut 500 Kāinga Ora homes, and another few hundred are on the block. What does that say to the construction sector? It says, "We were all big talk on the campaign trail, but we're not going to put in those initiatives that would actually help us deliver on our promises."

An austerity Budget for Māori hurts all New Zealanders. It means Māori homeownership rates will go down. It means Māori unemployment will go up. It means Māori who want to get ahead, who want to provide for their whānau, who want to do well in life are being denied the ability to do that by this Government's choices and the kind of economy that they are creating with this type of policy.

Contrast that with Labour, where successive quarter after quarter unemployment was below 4 percent, where tens of thousands of people in South Auckland kept their jobs and kept their connections with their employers. It saw Māori unemployment come down to record lows. It's that kind of investment which makes a change in this country. It's that kind of investment which leads to the social cohesion that we all talk about wanting in this House. It's that kind of investment which means that whānau Māori can succeed. If that is what we want, then these choices are not the ones we should be taking.

Tax cuts worth \$2.9 billion fly in the face of everything this House should be doing for not only whānau Māori but for Pacific people, for hard-working South Aucklanders, who were told at the election that they would be getting a cut of \$250, but they're not getting that today. Instead they're getting more costs imposed on their budgets, they're getting less relief than they were promised, and they're getting cuts to the public services they rely upon. This austerity Budget for Māori is bad choices all round.

RICARDO MENÉNDEZ MARCH (Green): It's time to address the bill, the trickle-down bill, the inequality increasing bill. I want to take us back to a few months ago when the Government decided to cut benefit increases, which, as officials were speaking about, would have increased the level of child poverty rates, and at the time were told, "Oh, like, we can't take that in isolation.", despite the fact that reducing benefit increases would increase poverty. We were told, "Wait. Wait, there'll be other relief for people, so don't worry."

And now we've seen the so-called relief after an end to the subsidies for medical prescriptions, the end of public transport subsidies, after we've seen rents continue to go up and landlords being given more powers to evict tenants and make life harder for people, after we've seen the reduction of emergency housing assistance in this Budget. We've now been told that people should be comfortable with breadcrumbs in this bill. And the reality is, if you're a disabled person on the benefit, if you're someone who's struggling to make ends meet or without a home, this bill will do very little to lift you out of poverty or to provide any form of relief, because what this bill contains, beyond the breadcrumbs and tax relief, are changes to the in-work tax credit rate, a discriminatory policy that ignores that caregiving is work.

The in-work tax credit has been labelled as an incentive for people to go into work, but it doesn't adequately support those in part-time work, nor does it acknowledge the caregiving work that people do in our communities. And, at a time when disabled and carers have told us about the importance of caregiving, the Government has once again chosen to ignore the work that caregivers do to support our communities and leave those struggling the most stranded in this austerity, inequality-increasing piece of legislation, as part of a broader Budget.

Let's speak to another component of the bill. For the so-called complaints this Government had around the brain drain and the loss of talent and people who were overseas, this bill is, effectively, creating a disincentive for people to come back to Aotearoa, because, already, too many people living overseas with a student loan are feeling like they're just simply not going to be in a position to come back because of the interest rates that they're accruing. If we want to attract people back to Aotearoa, the solution to that is to actually create communities here that are attractive for people to come back. Like, it's understandable for why some people would want to stay overseas when they're seeing rents go up at record levels, when they're seeing living standards drop, when they're seeing a Government scapegoat those struggling to make ends meet the most, when they're scapegoating Māori. Why would people want to come back seeing a bill that will pay for tax cuts by then also increasing the interest rates that student loans will be paid back to?

So this bill, effectively, all it does is throw some breadcrumbs to people, and, in the context of the broader Budget, it doesn't make up for the fact that this Government has chosen to make life harder for most people by actually legislating against supporting people with health conditions, people who need to use public transport, and renters. This bill, in and of itself, will ultimately benefit those high-income earners more, rather than people who should have been lifted as part of a cost of living Budget. The truth is that this bill, in of itself, will also continue having early childhood education be run as a for-profit private sector and not be treated as a public good. Because the reality with the

FamilyBoost tax credit is that all it does is it creates a continuous incentive for early childhood centres to continue putting prices up. And while some people may see that 25 percent relief, the reality is that it does very little to actually tackle the hard political conversation that is why early childhood education is continuously treated as a business and not a public good.

But, I mean, I'm not surprised, right? This is the party that has continuously supported privatisation, the party that doesn't support everyone living a good life and under a safe, warm, dry home. And so it is absolutely no surprise that they're putting forward a bill on Budget day to continue with early childhood education being treated as a for-profit business by many, many entities.

The reality is Budgets, and the legislation that are put forward in Budgets, are political choices. The Greens are clear that we will make the choice, should we be in power, to ensure that we end poverty, that we end discriminated caregivers who receive a benefit, and that we tackle the environmental and biodiversity crisis that we face.

STUART SMITH (National—Kaikōura): Thank you, Mr Speaker. The economic mire that we're in was six years in the making, and this Budget is the first step to rebuild our economy and get New Zealand back on track. And with that, I commend this bill to the House.

Hon Dr MEGAN WOODS (Labour—Wigram): Sometimes when you're in urgency you'd expect the chair of the Finance and Expenditure Committee to give a more substantial contribution than what we just saw from that member. Budget urgency and the tax packages that often go through them, they do go through under urgency, but I think it is the Government's responsibility to at least take that process seriously. And for the chair of our select committee, that is in charge of shepherding legislation in this area through, to give a contribution like that, I think exemplifies the disdain to which this Government holds New Zealanders.

Now, we heard the Minister of Finance today in her address talk about doors she had knocked on in the election. And, Mr Speaker, no one knows more than you how effective she was at that task. But what she would have also heard when she knocked on those doors is that National candidates were out there telling the voters of New Zealand they could expect \$250 a fortnight in tax cuts. And many of them voted accordingly. Many of them voted expecting that they would be receiving that \$250 a fortnight in tax cuts. And what has been delivered to them today? Well, it certainly is not \$250 a fortnight. In fact, the Minister of Finance said something different in the House than she would have said on the doorsteps during that election campaign when she told us that for average New Zealand families, that would be \$60 a week. There's \$190 missing there in terms of what people were counting on and what people were expecting.

And how are they being paid for when we come to consider the taxation bill that we've got before us? And there's some detailed questions that we will get into at the committee of the whole House stage. But these are being funded by borrowing, and make no mistake about that. The debt track that we are on sees us borrowing \$12 billion to deliver \$10 billion worth of tax cuts. This is a Government that is pushing the debt as a percentage of GDP higher than it already is, and it's not to fund services for New Zealanders; it's to fund tax cuts. And that is what is putting our futures at risk. It is what is taking this country back.

So not only are they not delivering on their promise but the choices being made within this Budget are going to make families worse off. Let's have a look at some of those things. I think housing is one of those areas. Let's leave it for another part of the debate, where we'll get stuck into it—the lack of money for public housing that is in this Budget. But let's have a look what it does for homeownership. We'd already had the rushed and forced announcement that this Government was killing the Kiwi Dream for a generation

of first-home buyers by taking away the First Home grant. But within this Budget, we also see any money that our Government did not spend on progressive homeownership has also been taken away. That money has been put on to the alter of tax cuts. That is one of the prices that New Zealanders are paying.

And what does the Government's economic adviser Treasury have to tell the Government about what the package that is being delivered in this Budget in the BEFU—the Budget Economic and Fiscal Update—what does it tell will happen to rents? Well, the economic adviser to the Government tells us very clearly it is advising the Government there is going to be upward pressure on rents. That is the result of this package of measures. On page 19 of this document, the Budget Economic and Fiscal Update—to direct those members to something other than the Minister of Finance's speaking points—you can see that rents are forecast to continue rising rapidly over the early years of this projection. It also says, “the reintroduction of rental property interest deductibility for tax purposes, and changes to the bright-line rules [are] expected to have [an upward] impact.”

So very clearly we can see first-home buyers are being shut out by this Government. And the choices that this Government is making will put upward pressure on rents. That is not the Labour Party saying that; that is the Treasury—the economic advisers that were advising the people that put together this Budget. So when they go back out on the doorsteps, they can ask them how in some cases their \$4 and \$5 a week tax cut is trending with their rising rents and the fact that they're shut out of the housing market.

What, then, is this Budget going to deliver for those on superannuation? I am surprised, like my colleague, that New Zealand First let this one through—the fact that we are seeing that for most pensioners we are talking about a \$4.30 per fortnight increase, and that is for a couple. That is \$2.15 for an individual. That is the benefit that they will see, when other people are getting \$40 and up to \$60 a week increase. We know that our superannuitants struggle, and ours was a Government that increased superannuation. To see what this Government is doing, how miserly and mean-spirited they are being to superannuitants, is something I am genuinely surprised that a coalition partner took through.

And one of the things I will be interested in when we get to the committee stage is that the regulatory impact analysis goes through a number of the scenarios that ACT put on the table and a number of the options that ACT wanted modelled. And to be perfectly honest, I've never seen a regulatory impact statement which is quite so partisan in terms of which party put up what. And what ACT argued for—it lays bare some of the coalition politics, which I think in itself is entirely interesting. But what I do not see in that document is what New Zealand First put up, which I find incredibly interesting, given the impact that this is going to have on what once would have been considered a core constituency.

Another price that New Zealanders will pay for these tax cuts is that we can see that the capital expenditure profile is far lower than that that was sketched out in the Pre-election Economic and Fiscal Update, or PREFU. What we see is that there will be less invested in the capital track than was being projected before the election. This is something that the Government will have some serious questions to answer about because we know we have an infrastructure deficit. And what we have is a Government that is not funding that infrastructure spending to the level that it was going to be before the election. And we certainly will have some questions on this side of the House.

Because when you have a Government that says they can't afford things like a homelessness action plan or transitional housing for rangitahi but they can give a \$2.9 billion tax cut to landlords, we have a Government that is laying clear where its values sit. The kinds of choices that are being made show the disdain for which this

Government holds New Zealanders. New Zealanders are realising that. They are realising that there is a string of broken promises. The things that they were told on the doorstep by their National candidates before the election are not being delivered. Top of that list will be the \$250 a fortnight tax cut that people believed they were getting. There is going to be some explaining to do: why it is that family that might be receiving \$20-odd a fortnight is now going to have to pay for prescriptions, why they're going to have to pay to put their kids on the bus to school. They're the kinds of choices that this Government has made. They have taken far more out of ordinary New Zealander's pockets than they are putting back in with these tax cuts.

But the tragedy is that the cumulative effects of those tax cuts will cost us intergenerationally. It is a Government that has slashed the funding for climate initiatives. It is hard to believe that a Government who is in power in the 21st century could make the kinds of choices that are in this Budget around climate initiatives. And the fact that we have a revenue Minister who is also the climate Minister shows choices.

ASSISTANT SPEAKER (Greg O'Connor): The member's time has expired.

CATHERINE WEDD (National—Tukituki): I rise in support of this bill. I'm very eager to talk about our Budget, which is delivering on our campaign promises to ensure that there is tax relief for hard-working New Zealanders—that's right. The member on the other side of the House has spoken about our door-knocking during the campaign, and all of those tradies, all of those truck drivers, all of those nurses, all of those teachers, all of those police officers that I spoke to out on the streets in Hawke's Bay during the campaign who were sick of the wasteful spending by that side of the House, who were sick of the \$100 billion and absolutely nothing to show for it. They want tax relief that goes back into their pocket. They know how to spend it better than the Government on that side of the House. They want the money in their back pocket, not in the bureaucracy and the ideology and everything else. They haven't had tax relief for 14 years, and that is why this Government is going to deliver it. I commend this bill to the House.

ASSISTANT SPEAKER (Greg O'Connor): The battle of the shouting is about equal. Can I just see if we can bring it down equally, too, just so everyone can hear. The Hon Willow-Jean Prime—five-minute split call.

Hon WILLOW-JEAN PRIME (Labour): Tēnā koe e te Māngai o te Whare. Tēnā koe mō te hōmai i te rima miniti ki ahau ki te whakawaha ake i aku whakaaro e pā ana ki tēnei Tahua Pūtea me te iti o te moni ka hoatu ki ngā whānau. Ko te kaupapa i tēnei wā o tēnei o ngā pire, ae, ko tēnei Kāwanatanga, tēnei ringa ka hoatu tētahi wāhi pūtea ki ngā whānau. Ēngari tēnei ringaringa ka tango anō. Koirā te mea e kite ana ahau i roto i tēnei Tahua Pūtea. Ae, ka hoatu ētahi pūtea tēnei ringaringa, ka tango tēnei ringaringa. He aha ngā mea e kite ana ahau? Ko te tango i te pūtea mō te rongoā. Ka whakakorea tēnā. He mea nui tērā mō te oranga o ngā tāngata. He mea nui tēnā i roto i taku rohe o Te Tai Tokerau, ēngari nā tēnei Tahua Pūtea, nā tēnei kaupapa o ngā tax me kī kua hoatu tēnei taha, tango i tēnei ringa. Tētahi anō kaupapa ko te tango i te pūtea hei tautoko i ngā whānau e hoko ana i tētahi whare. Tō rātou whare tuatahi. Kua whakakorengia tērā, kua poronga tērā. Nā, e hoatu ana wētahi moni tēnei ringa, engari tango i tēnei. Te kai i roto i ngā kura, he hanawiti, he pihikete pea noa iho. Ā, ehara i te kai ora, rite ki a mātou. Kua tīni tērā ināianei.

I roto i taku kaupapa o ngā tamariki, hiahia ana rātou ki te hoatu i tēnei pūtea mā ngā take ki ngā whānau, engari ka tango mai e hia miriona tāra i ngā tamariki me ngā ratonga mō ngā tamariki i te Oranga Tamariki. Kahore ahau e whakae ana ki tērā. E kite ana ahau i ētahi pikitia ki waho nei, i tēnei ahiahi. Me te kōrero kei runga, kahore ahau e hiahia ana tēnei Pūtea mai i te Kāwanatanga. Ko tāku e hiahia ana kia tiaki i ngā mokopuna. Hoatu ki ngā hohipera, ki ngā kura, ki ngā pirihihi, rātou katoa. E kite ana ahau i ērā āhuatanga i roto i te Tahua Pūtea. Engari kahore te pūtea e nui rawa mō ērā ratonga katoa.

Ko tētahi anō kaupapa, ko te tango i te tautoko mō ngāi tātou te iwi Māori. Ngā ratonga Māori ngā kaupapa Māori. E rapu ana ahau i roto i tēnei o ngā pukapuka kei hea te pūtea hei tautoko i tērā? E mōhio ana ahau kua hoatu ki ngā tāngata whai rawa, whai whare maha: te rua ira iwa piriona tāra ki tērā. Engari ko ngā ratonga Māori, korekau he pūtea kei roto i tēnei Tahua Pūtea mō tērā. Ko ēnei ngā whakataunga o tēnei Kāwanatanga. Tā rātou e hiahia ana ki te tautoko, engari he aha ngā mea kua poro. He nui ngā mea kei roto i tēnā Tahua Pūtea kua poro.

E hiahia ana ahau ki te whakawaha ake ētahi atu o ngā whiriwhiringa whakataunga o tēnei Kāwanatanga. Ae ka hoatu ētahi wāhi moni mai i tēnei take, horekau he whiwhi i te take mai i ngā whānau engari he aha ngā mea ka ngaro wērā whānau? Kua kī ahau, ētahi o ngā mea, engari kāore e kore, ngā rā kei mua i a tātou ka āta ako mātou ka māranga mātou te hōhonutanga o ēnei poronga. Nā te mea, aini ka rongō mai i ngā ratonga i roto i ngā hāpori, ko wai rātou kahore i whiwhi moni ki te mahi wā rātou mahi hei pāinga hei oranga mō ō mātou hāpori puta noa i Aotearoa. Nō reira ka hoki anō ahau ki ēnei pukapuka me te āta pānui, āta wetewete i ēnei kōrero kia kite i te hōhonutanga o te tango i tēnei ringa ki te hoatu i tēnei ringa. Nō reira kahore ahau e tautoko ana i tēnei nā te mea he hē ngā whakaaro o tēnei Kāwanatanga.

[Thank you, dear Speaker. Thank you for giving five minutes to me to say what I think about this Budget and the little money that is given to families. The matter at hand for this bill is, yes, this Government. This hand allocates a sum of money to the families. But this hand removes it. That is what I see within this Budget. Yes, this hand allocates some money, and this hand takes it. What else do I see? Taking away money for medicine—that has been removed. That is an integral part of the people's wellbeing. That is indeed a big deal in my region of the Northland area, but this Budget, and this tax system, I shall say, gives to this side and takes from this hand. Another matter is removing funding to support families to buy a home—their first home. That has also been removed. Therefore, there is money been given to this hand, and taken away from this. The lunches in schools, a sandwich, a biscuit only maybe. It is not the most nutritious. That has now changed.

Within the subject of our kids, they want to allocate this money via taxes to the families, but then take away however many millions of dollars from the children and the child services such as Oranga Tamariki. I don't agree with that. I see a few pictures here, this afternoon. And what has been said? I don't want this Budget from this Government. What I want is to care for our grandchildren. Give it to the hospitals, to the schools, to the policeman, all of them. That is what I see for this Budget. But there is not enough funding for all of those services. Other matters include taking money away that support our Māori people, Māori services, Māori initiatives. I am looking within this book for the part that supports that. I know, it has been given to the rich, the home investors: \$2.9 billion given. But the Māori services, nothing; there is money here for that. These are the decisions by the Government. What they want to support—but hasn't been agreed to. There is a lot in that Budget that has been removed.

I want to speak to other matters made by this Government. Yes, there is money given from this tax, nothing given for families, but what do those families lose out on? I have said some of these; however, no doubt the future will show us the true consequences of these actions, because soon we will hear from the services, within the communities, who didn't receive money to do what they need to do to benefit the wellbeing of all communities in Aotearoa. And so I will return to this book and carefully read through, scrutinise what has been written to see the true consequences of taking from one hand to give to the other hand. Therefore, I do not support this because this Government is wrong.]

RYAN HAMILTON (National—Hamilton East): Thank you, Mr Speaker. It gives me great pleasure to talk about the actual bill that we're here to talk about tonight: the

Taxation (Budget Measures) Bill. The previous speakers have been talking about Māori, inequality, housing, and the previous speaker, the Hon Willow-Jean Prime, was talking in te reo about giving with one hand and taking with another. Well, actually, this is just about allowing New Zealanders to keep more of their own money and getting Government out of the way. I ask myself, “Why didn’t we do this 14 years ago?”—why didn’t we do this? Fourteen years. And then I see we did under Sir Bill English and Steven Joyce. We actually did in 2017, but that Government reversed it. Well, here today, we’re getting it back on track.

Hon WILLIE JACKSON (Labour): I just was going to translate for some of the crew on the other side. What the Hon Willow-Jean Prime was saying was this was a rotten, useless Budget for Māori. So I just thought I’d do that for you because I see some of you looking up in the air. It is probably the worst Budget for Māori in my lifetime. And I’m looking on the other side and I’m thinking, “Now, which Māori are responsible for this on the other side?” You know, there’s one or two there, not quite sure if they are Māori—I’ve heard them waffling on. Mr Meager doesn’t know what day of the week it is when he’s a Māori, even though he’s the “great brown hope” according to some of his mates in the media, but he’s not quite sure of himself. He’s like Seymour, who accidentally sort of found out about his Māori side, according to Winston Peters—bit like Abel Tasman, I think Winston said, didn’t he?

But really, this is a shameful, shameful, Budget. We were doing the numbers, Madam Speaker—it’s good to see you there, Madam Speaker.

DEPUTY SPEAKER: It’s good to hear you talking about the numbers, Mr Jackson.

Hon WILLIE JACKSON: Oh, I’m absolutely talking about the tax bill—absolutely, this is all about the tax bill, Madam Speaker. Totally reject this tax bill because we know what they’ve done in terms of financing everything. They’ve looked after their rich friends with \$2.9 billion, and they’ve kicked all the Māori people in their guts all around the country. Now I’m looking over there; I look at the Hon Mark Mitchell. Now, Māori had some hope for him, but now he just wants to lock us all up and do his hard-on-crime thing. I’m looking across, I can’t see any hope. Tama Potaka should hang his head in shame after this pathetic—

DEPUTY SPEAKER: Hey, hey—how about we don’t do too much personal stuff?

Hon WILLIE JACKSON: I can’t help it, Madam Speaker—

DEPUTY SPEAKER: I know, but I’m going to have to sit you down if you get too personal.

Hon WILLIE JACKSON: Oh, I’ll get off that then, Madam Speaker. But I was going through how they funded this in terms of tax, and I saw a cut of \$40 million in terms of Māori housing—\$40 million. By Māori, for Māori solutions has been a huge success—we had Minister Potaka up there on the East Coast. Sadly, that’s been cut. Also a cut of \$20 million in terms of rangatahi—young people—transitional housing; massive cuts in terms of the homeless action plan; Māori development budget cut by \$9 million. And this other side are very proud of this—\$43 million of increased funding for core services. Basically, the Government is robbing Hōne to give to Peter and Paul—that’s very, very clear. They’re giving a pitiful tax cut with one hand and mugging you with the other hand. See, what’s the point of a \$12-a-week tax cut—see, I’m coming on to the tax cuts—

DEPUTY SPEAKER: Yep.

Hon WILLIE JACKSON: Yes, I’m doing that for you, Madam Speaker. What’s the point of a \$12-a-week tax cut if you have to pay \$13-a-week in terms of transport for your kids? That’s all we’re talking about here. *[Interruption]* Yeah, that’s right. Then the changes will leave beneficiaries behind; almost 30,000 more job losses—that’s not particularly successful; more kids into poverty; the Prime Minister is getting twice the tax cut that the minimum-wage earner gets. And they’re calling this a success. But it upsets

me that when I look at the, you know, the “pride and joy of Māoridom” over there, Mr Meager, you should have done a lot better on this. You know, we’ve got a lot of hope for you and the media puts you up there as a “great brown hope”, and you should have done a lot better for us here, but you’ve done nothing. Māori trades training—Māori trades training has been a huge success. You know, Mr Mitchell knows about that; he’s about around that age group when it first came out, he knows all about it. Mr Mitchell knows all about Māori trades training—huge success. Gone, gone, everything gone, so they can look after their rich mates.

Now a disabled person will be up to \$256 per fortnight—or \$5,742 a year—worse off because of the Government’s changes to disability support, public transport subsidies, benefit injection, the minimum wage, and promised prescription charges.

Hon Jo Luxton: Shameful.

Hon WILLIE JACKSON: That is shameful. And they’re all patting themselves on the back today, clapping their leader. How can you be so proud of something that has been so unsuccessful? They don’t have money for the environment, renters, and beneficiaries, but they do have money for their rich landlords. This is a landlords, landlords, landlords Budget. Shame on a lot of them.

Now, on the three official child poverty measures: for the first, there’s no forecast of future numbers; on the second, the numbers will stay the same; and on the third, they will rise. So child poverty will stagnate or worsen—we already know that.

Cameron Luxton: Did it get worse under your watch, Willie?

Hon WILLIE JACKSON: Pardon?

Cameron Luxton: Did it get worse under your watch?

Hon WILLIE JACKSON: I couldn’t quite pick that up. But all I know is that is the ACT Party, whose priority are their rich mates, not the workers out there, not the Māori nation, certainly not the struggling. Now, the Budget Economic and Fiscal Update 2024 projects the economy to come out of recession and then growth to drop downwards 3.2 percent in 2026, 2.9 percent in 2027, 2.7 percent in 2028. So where’s the rise in the growth? Where’s the vision from a Government that cares beyond their donors and rich landlord mates? That’s the question. They seem to think that a \$12 tax cut for minimum-wage earners and 40 bucks for median-wage earners will make the electorate forget about the Government’s climate-destroying, bashing agenda because we know where it’s all at.

Things are not going well for this Government. I mean, they’re even down on the Roy Morgan poll. Madam Speaker. This is a poll—

DEPUTY SPEAKER: That’s a different set of numbers, Mr Jackson.

Hon WILLIE JACKSON: Oh, is that a different set of numbers?

DEPUTY SPEAKER: Yeah.

Hon WILLIE JACKSON: Right, come back to it. But, really, this is a tax bribe; not one cent—see, when I talk about funding, when we were looking at the Budget today, we found in Minister Potaka’s budget that he was \$90 million down in terms of Māori development—\$90 million down. That’s terrible for the Māori development budget when you have Māori development funded at around about \$600 million a year. So he’s \$90 million down, but they’ve said to him, “Oh, well, we’re giving you a bit of extra money for those haka people, Tama. So you should be happy now.” And so those dancing Māoris have got a few more dollars, and so Tama’s really happy with that. Meanwhile, funding’s been cut right across the spectrum. I like Tama very much, but shame on him and shame on the other Māori members across the House when you’re down \$90 million in the Māori affairs portfolio. But then when we did the numbers right across the spectrum—former Minister Megan Woods did some wonderful work in the housing area. Very, very happy with what she did. *[Interruption]* These idiots can laugh, but we know we’ve built more houses—more houses—than anyone else.

Stuart Smith: Point of order.

DEPUTY SPEAKER: I've got a point of order from Stuart Smith.

Hon WILLIE JACKSON: Sit down, Stuart Smith.

DEPUTY SPEAKER: No, no. I've got a point of order from Stuart Smith.

Stuart Smith: Madam Speaker, he's using irony in the House—is that allowed?

DEPUTY SPEAKER: I think, actually, we might all just calm down a little bit because there was a lot of shouting going on backwards and forwards. And if you want me to hear Mr Jackson using irony, we'll just take the tone down a little bit.

Hon WILLIE JACKSON: OK, well, I mean, Stuart Smith is the irony, if we really want to be clear about it.

DEPUTY SPEAKER: No, no, no, that's personal—

Hon WILLIE JACKSON: He's quite a—

DEPUTY SPEAKER: Keep going with—

Hon WILLIE JACKSON: I want it to be personal, Madam Speaker. He is irony.

Stuart Smith: Point of order. It's "Mr Irony", thank you.

DEPUTY SPEAKER: OK.

Camilla Belich: Point of order. Madam Speaker. I know that there's banter in the House, but this is a serious matter. I don't think that that member's use of a point of order is appropriate in this debate, and I would prefer you to be able to rule on the appropriateness.

DEPUTY SPEAKER: That's relevant, thank you. We'll have no more points of order on that matter. And we'll have everything in the space of the numbers regarding the Budget from Mr Jackson for the next 1½ minutes.

Hon WILLIE JACKSON: Thank you, Madam Speaker. Well, it's very, I suppose, disappointing, for us. As I said, \$90 million has been lost in the name of tax cuts in terms of Māori development, but actually \$300 million has been lost in terms of Māori funding right across the spectrum. This was picked up in the media conference today by Claudette Hauiti, rejected by the Minister of Finance, but never have we seen in a Budget Māori funding go back so much—\$300 million. We will get the story out there—they can reject it all they like and confuse the silly Māoris in their party and say, "Oh, you got the kapa haka money.", but we actually know how to read Budgets and \$300 million is a kick in the guts for Māori.

You saw the level of protests today: thousands and thousands of Māori—thousands of them—are hitting the streets because they see these sell-outs on the other side and they've had enough. This is going to be a very, very short term for this useless, race-baiting, right-wing Government who don't care about Māori, who don't care about workers, who are just focused on their rich mates, and we're looking forward to the next poll. Kia ora, Madam Speaker.

NANCY LU (National): I wanted to say to the Pakuranga couple right now at home watching this live on TV, to Yali and Issac: thank you for sending me your screenshot and telling me your plan for the annual saving of \$3,029 that we have announced for you and your family today. Thank you. Thank you for telling me that you will be able to get your sons—your two children—to two extracurricular activities every week and take them to the zoo. But you know what? Don't thank us. Members on this side of the House want to say thank you for voting for us and giving us your trust to be the responsible Government for your hard-earned money. So, with that, I commend this bill to the House.

A party vote was called for on the question, *That the Taxation (Budget Measures) Bill be now read a second time.*

Ayes 68

New Zealand National 49; ACT New Zealand 11; New Zealand First 8.

Noes 49

New Zealand Labour 34; Green Party of Aotearoa New Zealand 15.

Motion agreed to.

Bill read a second time.

DEPUTY SPEAKER: This bill is set down for committee stage immediately. I declare the House in committee for the consideration of the Taxation (Budget Measures) Bill.

In Committee

Part 1 Income Tax Act 2007 amendments commencing 1 April 2024

CHAIRPERSON (Greg O'Connor): Members, the House is in committee on the Taxation (Budget Measures) Bill. Members, we start with the debate on Part 1, the debate on clauses 3 to 7, “Income Tax Act 2007 amendments commencing 1 April 2024”. The question is that Part 1 stand part.

STUART SMITH (National—Kaikōura): Point of order. I seek leave for all provisions to be taken as one question.

CHAIRPERSON (Greg O'Connor): Leave is sought. Is there any objection? There is.

Hon Dr DEBORAH RUSSELL (Labour): Mr Chair, thank you. There’s a fair amount to absorb in this bill and we’ve only had it in our hands for a few hours. I do appreciate the efforts to which the Government went to ensure that the bill was actually available to us from 2 p.m. So that was a generous gesture, and I think it has made—well, it’s still a lot to absorb in a few hours. We’ve had a lot of conversation, in the last two readings of the bill, about the generalities of this bill, and it is trying to get into some of the specifics, which I very much want to do now.

Part 1 amends the Income Tax Act 2007. I’m just trying to find my way to clause 3 because I know I had something I wanted to ask about that clause 3. We’re amending—I know it was—oh, it must be clause 4. So there’s a whole lot of stuff there in clause 4 where we’re inserting new sections LC 14 and LC 15. Now, those sections of the Income Tax Act 2007 are to do with the various tax credits that are available.

So LC 14 is the amount of the tax credit for independent earners for 1 April 2024 to 30 July 2024, and then new section LC 15 is the amount of the tax credit for independent earners for 31 July 2024 to 31 March 2025. These are really unusual dates. They are really unusual dates to appear in a tax bill. The dates are normally, like, you know, the first of a month or maybe the last day of a month, and the dates that we normally expect to see in an income tax bill are dates like, you know, 1 April, which is the first day of the tax year, or 31 March, the last day of the tax year. We might see dates like, maybe, you know, 1 October, because that’s halfway through. So we’d normally expect to see the beginning, the end, the quarters, but in this one—so this is the tax credit that’s available to independent earners.

Now, that’s a tax credit that’s designed for people who are working. They’re in what’s called full-time—you know, deemed to be full-time work. They’re not on an especially high income; though, I note that now the independent earners tax rate will go up to—it only fully abates at, I think, \$70,000. I’ll have to check that with the Minister at some stage.

Hon Simon Watts: \$70,000.

Hon Dr DEBORAH RUSSELL: Oh, it abates up to \$70,000. So what it's done is it's for people who get no other form of tax credit. They're not on benefit, they're not getting superannuation, they're not getting any of the other tax credits, and it just gives a little bit of extra to people who are, you know, earning their own income and it just gets them a little bit further along.

But the bit that's really curious is that date. It's a really, really unusual date. I'd like the Minister to explain why that particular date has been chosen—in new section LC 14, 1 April 2024 to 30 July 2024, and in LC 15, 31 July 2024 to 31 March 2025. So there's obviously all that sort of stuff going on in there. But, of course, those are dates that are related to a tax year. I guess the difficult or interesting thing was it will be in relation—not just the particularly curious dates, but how it's going to work for someone who has an income year that is different from the standard tax year. So what dates are going to apply in that case? So that will make a bit of a difference as well. I sort of just want to see what the impact of the income year versus the tax year is there. So I'd like the Minister to explain that. Is there somewhere else? We've got some curious dates aligned to these curious dates—which, you know, just to see why it's all set up that way.

So if the Minister could explain, I would be very grateful to know exactly why, in this very first set of things we're debating, having a little bit of a look at, we've got those very, very unusual dates.

RICARDO MENÉNDEZ MARCH (Green): Thank you, Mr Chair. I appreciate the opportunity to take a call on Part 1 of the Taxation (Budget Measures) Bill. Mr Chair, I know this is in urgency and we haven't had a select committee, so you'll forgive me for asking questions that also would have been of the nature that we would have had answers to in a select committee process.

First of all, I was interested in, in Part 1, whether a distributional impact analysis had been done around the changes to independent earners. This is something that I'll seek answers to in other parts of the bill, but if there's anything to the provisions in Part 1, that would be quite useful. The reason why I'm asking is because this bill, altogether, has been touted as a cost of living relief bill, and I think it's important to get a sense of what level of analysis the Minister received when it came to the distributional impacts. I know that in Part 1, we're mostly talking about independent earners and the changes around that, but, at the end of the day, that is still a section of the population that is worth considering.

Also, around the changes to the abatement rate, I did want to get a sense of whether any exploration had been done around other parts of the system and how those interact—say, for example, if somebody's receiving an accommodation supplement.

Then the other thing on Part 1 that I want to test is whether there had been anything in relation to a child impact assessment. We have received, in the overall Budget, information regarding child poverty levels, but, obviously, as part of any legislation process there is the ability to seek advice on how a piece of legislation may impact children very specifically. I'm curious to know whether a child impact assessment—which is a tool that could be used, for example, at a select committee stage—was used, and, if so, I'm keen to get the Minister's analysis around exactly how he thinks Part 1 would impact children specifically. I know that we can use this tool for any type of legislation, but obviously legislation that has to do with income and tax has quite a direct impact on children's livelihoods.

Then the other thing I'd like to ask is in relation to distributional analysis. I'm keen to get a sense around whether he received advice around how many people in the country are within that range of that \$0 to \$14,000.

I did want to check whether, for example, he received any advice from Whaikaha around disabled people with carers or people who may not even be eligible to income support who

are disabled—for example, people who are in a relationship with someone who has an income yet will not be eligible to any income support, and therefore won't necessarily receive an income. I wanted to check whether he sought any advice from Whaikaha around how disabled people would feature alongside these changes.

ARENA WILLIAMS (Labour—Manurewa): Thank you, Mr Chair. I'm seeking to engage with the Minister of Revenue in a back-and-forth line of questions about this Part 1, particularly clause 4 and the dates in that clause. May I, first, ask the Minister: will people receive this benefit on 31 July?

Hon Dr MEGAN WOODS (Labour—Wigram): Thank you, Mr Speaker. I've got two quite specific questions for the Minister in the chair, Simon Watts, that and it would be useful for us to get an answer reasonably early on so we can get on to further lines of questioning. The first that I want to ask the Minister—and apologies if it is in some of the regulatory impact statement work and we haven't had a chance to uncover it yet, but, of course, any tax changes that have the impact of, effectively, raising people's incomes will have flow-on Government savings, in terms of the eligibility for other benefits, for example. So, across Government spending, what other incomes that are assessed after tax income will there be savings on, and has it been calculated what the net cost to Government will be with those savings factored in?

The other question I have for the Minister relates to clause 7(1) of the bill, with Table 1, which has some very unusual tax rates through there—nothing that meshes with what our effective tax rates are in New Zealand, or, indeed, our marginal tax rates. We're seeing some tax rates of things like 12c—that is not a tax rate in New Zealand, so I would like to know from the Minister why it is that these have been calculated in this way, and why they're appearing in this table with these very unusual rates that don't correlate to the New Zealand tax system. Is it something to do with the date of introduction? Is it an averaging out because this is coming in? As my colleagues have pointed out, there's some unusual dates that we're not used to seeing in tax legislation in this bill. So is there something to do with the fact that it's needing to smooth out what isn't correlating to what we'd see as the normal run of a tax year? Very interested to find out the answer to that and also what the effective savings to Government are.

Hon SIMON WATTS (Minister of Revenue): Thank you very much, members, for those questions. I'll come first to Arena Williams' question. The answer is yes to your point around 31 July.

The Hon Dr Deborah Russell and the Hon Dr Megan Woods both had questions in regard to dates. The key objective of this coalition Government is to effect and implement the changes in the income tax rules as soon as practicable, but one of the practical considerations around that is the time that it would take for payroll providers and other large entities that play a role in regards to that because of, obviously, the Budget sensitivity considerations—to ensure that they were set up to be able to effect those changes. The practical time period which we felt was appropriate, in conjunction with feedback from them, was the period of three months, and hence why it is the date of 31 July. So it's simply a reflection of the practicality of allowing the broader system to be prepared to implement the change while acknowledging that the key objective of providing tax relief to hard-working New Zealanders is to deal with and provide them with that relief as soon as possible to alleviate the issues that they're facing under the cost of living crisis, and so the balancing of those two aspects was pretty central.

In regards to questions from Ricardo Menéndez March around the child poverty reduction impacts, the modelling—

Ricardo Menéndez March: Child impact assessment.

Hon SIMON WATTS: Yep, yep—

Ricardo Menéndez March: It's its own thing.

Hon SIMON WATTS: Oh, child impact—OK, right. Well, I'll come back to the member in regards to that. The Treasury's model cannot forecast the material hardship considerations, but there was a broader assessment, which the Minister of Finance noted today.

I think another question was in regards to distributional impacts as well, and Treasury have made some broader comments around that.

There were also some questions in regards to some of the abatement rates, I think. I wasn't necessarily sure exactly what the member was referring to, but in regards to the practical considerations around how the abatement thresholds would operate, they are consistent conceptually with the prior way in which abatement thresholds operate—i.e., they abate the closer one gets to the maximum threshold. That is consistent; we've simply just moved the threshold numbers around. So the overall methodology of an abatement has not changed; it is just the base numbers which we have utilised.

That's pretty much the questions that I've got. I think there was one more from the Hon Dr Megan Woods, and I'll come back to you, now that I've just thought of it.

CHAIRPERSON (Greg O'Connor): I'd just remind all parties that the preferred, but not mandated, way of doing this is to do a question and answer, as indicated by Arena Williams. However, I am aware that it takes all parties to indulge in that.

ARENA WILLIAMS (Labour—Manurewa): Mr Chair, thank you. Given the Minister's answer to my question—yes, people will receive this benefit from 31 July—and he also elaborated a little in his answer on his preparations with payment providers. My second question is: given that he said it's three months, that doesn't seem to allow three months for the passage of this bill should he not accept my amendment which would extend this for another month.

Then my next question for him is: if people do not receive the benefits on 31 July, will they be eligible for back payments? So I guess my fourth question for the Minister is: has he done any thinking around how people will receive back payments and whether it will be necessary to prepare his officials to engage with something like that being needed, given that his dates are incredibly tight in the legislation he's introduced to the House today?

Hon SIMON WATTS (Minister of Revenue): Thank you very much, Mr Chair. Look, I hear the member, but, as I've articulated, the coalition Government's priority is to actually deliver tax relief to hard-working New Zealanders as fast as practical. An amendment which is going to look to extend that time in order to provide that tax relief doesn't seem to correlate with the intent of getting those payments out there as fast as practical.

What I've outlined there clearly is we have undertaken assessment of the time it would take to practically make those payments. We've got an assessment around that time. That date is as of 31 July; that is practical. We've got confidence that we can deliver upon that and we will deliver upon that. So I'm not going to be accepting an amendment that looks to extend that further out into time. That just simply wouldn't make any sense.

CHAIRPERSON (Greg O'Connor): The Hon Megan Woods. Sorry, she didn't stand up. The Hon Deborah Russell.

Hon Dr DEBORAH RUSSELL (Labour): Oh, thank you, Mr Chair. I mean, I do really admire my colleague the Hon Dr Megan Woods, but we are different people. I want to continue to focus on this commencement date of 31 July. Now, the Minister has given, as the reason for commencing this towards the end of July, early August, whenever—it was to do with payroll providers and whether or not they could get their systems into place and up and running in time to be able to deliver the changes to the income tax

thresholds and the changes to the independent earner tax credit and the changes to all the things that get changed when you change tax rates around. But 31 July is still a really odd date.

Hon Kieran McAnulty: Isn't it?

Hon Dr DEBORAH RUSSELL: It's a very odd date. It's very odd because, as I said before, when tax threshold changes go through, they normally go through from the first of a month, right? That would be sort of the usual and regular thing to do. Not only that, they normally go through from the start of a quarter, at least—or I can recall changes that have gone through on 1 October, or changes that have gone through on 1 April, and so on. But 31 July is a very unusual date. So I thought, well, maybe it's to do with the day of the week or something like that, but 31 July is a Wednesday.

Hon Kieran McAnulty: Is it the Minister's birthday?

Hon Dr DEBORAH RUSSELL: I can't work it out. Again, you might think it might go from a standard work week or something like that—though, there is really no such thing. But it seems like an odd date.

Now, I get the explanation that was given that was to do with finding a date that payroll providers could work to, but why not 1 August? I'm serious about this. Or why not a date that corresponded with the start of a week or something like that? He has not yet explained why this very, very odd date. It is unusual.

So I get the lead time. I get that. That's an issue. So there is this date around this—very unusual date. I would like to hear an explanation for why 31 July as opposed to 28 July or 3 August or whatever—you know, something around there. There must be a reason for it other than that someone stuffed their finger in their ear and thought that would be a good date.

I want to know a little bit more about the payroll providers too, because, again, I get that third-party payroll providers do take time and effort to get those changes through. There is a lead time associated with making tax threshold changes. There are complex systems that need to be worked through in order to get those changes in place. I know that Inland Revenue has extensive experience in working around tax threshold changes. There's a lot of knowledge around about how to do it. We kind of know what the lead times more or less are. But in terms of third-party payroll providers, there's the third-party payroll providers, which the Minister referred to, himself, but I was also wondering, it's not just the third-party payroll providers; it's some of the really, really big employers we have within Government, all right? So if we think about some of our Government entities, there's employers like the ministry of social welfare, there's the Ministry of Social Development, there are employers like IRD itself, there is Kāinga Ora—who else has got a huge payroll? Defence.

Hon Dr Megan Woods: Well, not many now, because they've all been cut.

Hon Dr DEBORAH RUSSELL: Well, of course, payrolls—but some of these entities actually have very, very large payrolls themselves. So, obviously, the Minister consulted, or his officials, with third-party payroll providers, but I wonder if the Minister could tell us about what consultation was undertaken with some of these very, very large employers who do their payroll themselves, because that's what they do, you know, within the Government themselves, and what consultation was there.

I just want to remind people, of course, for the obvious reason, that we haven't had a select committee stage on this, that this is our chance to examine some of these sorts of issues. So I really would like us to have an answer to these and a bit of reassurance, actually, that they have spoken to them. I get that the Minister will be confident that the payroll providers have said they can do it by this date. What I want to know is that other large employers can also get these payments, these new tax thresholds into place by that time.

INGRID LEARY (Labour—Taieri): Thank you, Mr Chair. I've got a question that has been perplexing me, and I'd really like to know if the Minister has turned his mind to it. It is to do with new section LC 14, "Amount of tax credit for independent earners for 1 April 2024 to 30 July 2024", which is inserted by clause 4. Subsection (2) talks about the formula being a "(person's credit – full year abatement) × credit period days ÷ 365." There is also a reference in subsection (5) to the tax year; in subsection (6) to the tax year, the tax credit tax year; and then in subsection (6), "Credit period days is the number of whole days in the credit period.", and then it says, "Defined in this Act:" and it talks about the tax year.

Now, this is very specific to a period of time before we get to the beginning of the financial year and my colleague the Hon Dr Deborah Russell has referred to payroll systems and the mechanisation of some of these formulas. We have seen, in Health New Zealand's payroll system, and also in education, years and years of problems with not being able to determine payroll-type situations because of mechanisation and because the systems have not been able to allow for shift work and so on. So when I ask this question, it's very genuine. We're talking about a very specific period of time. This is a leap year. There are 366 days. This credit period here says "365". Now, I know that it's not the whole year, but if we are talking about a defined period of time in the Act, then it would seem out of fairness and accuracy we should have actually had 366 days. So I'm curious to know why the Minister has opted for 365.

Did anybody actually turn their mind to this, and is it something that you would normally turn your mind to, and, if not, why not? The reality is that we're in a leap year and this is a real calculation that people will be doing on their earnings. We know that the Inland Revenue Department tries to be as fair as possible. I know, for example, that sometimes people have got tax returns sent back to them. In the old days, people would get a cheque for 39c in the mail to say, "This is your fair entitlement." That is how fair the Inland Revenue likes to be, because this is about numbers—numbers are accurate—and I do not understand why, in a leap year for a specific period of time under new section LC 14, there would be a reference to 365 days to do a calculation that is somehow going to be wrong.

Is that fair? Did the Minister turn his mind to it? Did he seek advice on it, and will the systems that are used to calculate this be able to do so in a fair way given the realities of the fact that we have an extra day this year?

Hon SIMON WATTS (Minister of Revenue): Thank you, Mr Chair. I am conscious that I am repeating myself, but I will for the final time in regards to this date, because the date seems to be quite complexing for members of the Opposition. The date that was chosen will facilitate the fastest period of time in which this coalition Government can deliver tax relief to hard-working Kiwis. The consultation that we undertook, including with the Ministry of Social Development, including with ACC, including with the Ministry of Health, and all of those large Government departments indicated to us that that date period would provide them with adequate time in order to ensure that they could make those changes. So we did undertake consultation with large Government departments, which was a question from the Hon Dr Deborah Russell.

The other aspect in regards to payroll providers—yes, we did consult with them. Their feedback to us was that 31 July was a sensible period of time for them to effect the changes. So on that basis, that's why we put in place this date. We have not had changes in tax thresholds since 1 October 2010. So the criticality of getting these tax changes in place, into the back pockets of hard-working Kiwis as fast as is practical, is what's driving this Government. I don't think that's unreasonable. Actually, I think that's quite practical. That's why, on this side of the House, we are a practical Government. We're trying to get in place these tax changes as fast as possible, and that's all we're doing. That's all we've

done. I'm not sure where the Opposition is coming from in terms of asking why we don't take longer.

Hon Dr DEBORAH RUSSELL (Labour): Thank you, Mr Chair. I do want to remind the Minister the Hon Simon Watts that he hasn't as yet answered my colleague Megan Woods' question about clause 7. The standard income tax rates—10.5 percent, 17.5 percent, 30 percent, 33 percent, and 39 percent—are the tax rates that sit in the income tax scale as it is at present, and the income tax scale as is going to be proposed by this bill. Those are the numbers you'd expect to see in the legislation, but if we go to Schedule 1, the income tax rates we see there are 10.5 percent—well, it's expressed as 0.1050. Putting this in percentages, it's 12.82 percent. That's neither 10.5 nor 17.5, or anything like that. Then it's 17.5. Then the next tax rate there is 21.64 percent. It's like the unusual date; these are unusual numbers.

Anyone looking at this bill would be looking to see the standard tax rates, and they'd look at this and they'd go, "Why are these numbers sitting in there?" The next one is 30 percent. That's a standard tax rate; we've had that in place for a long time. But then the next one is 30.99. So you sort of think, "Where has that number come from?" I'm going to hazard a guess as to why it's there. It's because they've got this unusual start date, and so there is something going on there. But I would like to know where the Minister gets those numbers. Again, I just want to know where those unusual numbers do actually come from. Now, this is a question that my colleague Megan Woods asked, and it hasn't been answered as yet.

Sitting in the same sort of space—and this one has really got me curious, because actually I couldn't work this one out—

Hon Dr Megan Woods: You're a curious person.

Hon Dr DEBORAH RUSSELL: I am a curious person. We're told that these new tax rates are coming in from 31 July, but if we go to clause 6—now, we haven't discussed clause 6 yet, so I would like to have a look at clause 6—clause 6 concerns fringe benefit tax (FBT). Actually, the numbers around fringe benefit tax are quite confusing in themselves, and we haven't discussed this yet.

The way FBT is calculated is rather complex, but the bit that really gets me, and that I find really curious, is that sitting in the commentary on clause 6—now, this is sitting in the bill commentary—it says that it's going to start in place from 1 April 2024. Now, the commencement date itself is interesting, but there must be a mathematical reason for that, or some reason why the FBT rates are going to start from that particular date. It must be to do with their relationship to the income tax rates, and the timing of the year, and things like that. So I would like to have a little bit of a discussion from the Minister as to that relationship of the FBT rates to the income tax rates, and in particular, again, that date—why 1 April 2024 when the rest of it is 30 July?

Again, there's a disparity there. I would like the Minister to explain why it's there and, if he could, I think, especially those questions that my colleague the Hon Dr Megan Woods raised. They have not been answered yet.

Hon SIMON WATTS (Minister of Revenue): Thank you very much to the member for those questions. Going back to the original questions by the Hon Megan Wood—

Hon Dr Deborah Russell: Woods.

Hon SIMON WATTS: —Woods; sorry, the Hon Megan Woods—about why the rates are a little bit different, well, the member the Hon Dr Deborah Russell actually answered the question. It's because there are, in effect, two sets of rates in one year, and as you'd expect, we need to do a composite set of rates to take into account to get the full-year effect. So what you're seeing in that table is the composite set of those two rates. The Inland Revenue Department has calculated those, and that is the method behind that table. So I hope that covers off that question.

On the question in regards to fringe benefit tax (FBT)—if I recall rightly—there have been changes to the FBT thresholds, which will flow through from 1 April 2025. There is a technical change in regards to the attribution calculation in the area of the way in which FBT is calculated, and some of those changes will apply from 1 April 2024. This change simply refers to the fact that the employers are paying the correct amount of FBT given the changes that apply to personal income tax rates for FBT. So they apply from different dates. That's the reason why you're seeing the implication in regards to those aspects in the FBT aspect of the calculation.

Hon Dr DEBORAH RUSSELL (Labour): A couple of questions following on there. I just want the Minister to clarify, because I'm assuming it was a slip of the tongue, because he said those fringe benefit tax rates—if we check the *Hansard* you'll see that this is what he said—was that applied from 1 April 2025. But I would like to clarify that that was just a slip of the tongue because the bill commentary that I was discussing in relation to clause 6 does say 1 April 2024. So I'm hoping that was just a slip of the tongue. So that was a very simple question. So just that very simple question there, please.

RICARDO MENÉNDEZ MARCH (Green): Thank you, Mr Chair. I know that the Minister in the chair, Simon Watts, has been taking advice back and forth, so this is not with the aim of sounding repetitive, but I am interested, in Part 1, whether a child impact assessment had been done, and I also wanted to understand whether any conversations had been held with Whaikaha. Again, I know the advisers are kind of moving back and forth, so I just want to make sure some of those things don't get lost.

On the independent earner tax credit, I did want to ask whether he had seen any evidence about whether the effective marginal tax rate generated by an abatement rate of 13c in the dollar for the independent tax credit as a result of also changing the abatement rate of the Working for Families credit and, potentially, the accommodation supplement—I think what I'm going at here is around—

CHAIRPERSON (Teana Tuiono): Can I ask the member to get closer to the microphone. We're having trouble hearing you.

RICARDO MENÉNDEZ MARCH: Of course I can, sure.

CHAIRPERSON (Teana Tuiono): And maybe just slow down a bit.

RICARDO MENÉNDEZ MARCH: Sure. Look, I'm trying to use the time, and, you know, as a member who, I think, tries to not repeat points, I'm trying to fit in as many questions as I can, but thank you, Mr Chair. So I wanted to get a sense of the interactions between the abatement rate and the independent earner tax credit in relationship to other parts of the system.

The other question I had was—and I know the dates have been traversed, but around the distributional analysis, and, again, that hasn't really been touched on. I know there's been a lot of commentary in the media around, for example, superannuants not being particularly better off as a result of this bill, but going back to the personal income tax threshold changes, I did want to get a sense around, you know, whether he has confidence that this bill in isolation isn't actually leaving those lower-income earners behind.

I go back to my point. We've seen the Budget analysis on child poverty rates, but there are child poverty implications with, particularly, the tax threshold changes and including, potentially, the independent earner tax credit. This is why I want to expand on why I'm focusing on the impact of children in this legislation, because we haven't really received a super thorough analysis around the impact on children in this legislation alone. I know we've been encouraged to think on the impact on children in the whole Budget, but the Minister has yet to address my point.

I want to go back: this is not around child poverty in and of itself; this is also very specifically to whether the Minister requested a child impact assessment.

Hon SIMON WATTS (Minister of Revenue): So the answer to the member's question is, no, we didn't look at the child impact assessment implications in regards to this bill.

In regards to the question from the Hon Dr Deborah Russell, what I was referring to is that, normally, the next time the fringe benefit tax charges would take effect is from 1 April 2025, but the changes in regards to the attribution model changes, because of the changes we've made to the personal income tax, will be from 1 April 2024, and so that was the context in which I was outlining.

TOM RUTHERFORD (National—Bay of Plenty): I move, *That debate on this question now close.*

CHAIRPERSON (Teana Tuiono): There is quite a lot of material that still needs to be covered, so I will not be taking a closure motion at this time.

Hon Dr MEGAN WOODS (Labour—Wigram): Thank you, Mr Chairman. One of the things that I'm interested in—again, apologies to the Minister if it is in some of the associated materials; we haven't got to it yet but maybe the Minister, either himself or through his officials, can point us to where that analysis is in the accompanying documents.

What we heard today, where the Government announced the tax measures that are covered out in Part 1, which lays out the rates of these taxes with a number of scenarios—and in some cases, the number of families and individuals that would benefit from different scenarios within the tax package that is in this bill. So what we heard was that average income households would receive tax relief of up to \$102 a fortnight and eligible families would receive a FamilyBoost childcare payment of up to \$150—accepting that the child boost is in the next part of the bill, and I'm not asking questions about that.

What I would like to know: was there modelling done on the number of families within a variety of different scenarios? So, for example, how many families will be receiving the maximum? Are there families that will be receiving the \$250 a fortnight that was talked about on the election campaign? How many families will be receiving what the Minister indicated in her speech in the House today that these tax cuts would deliver of the \$60 a fortnight? What are the brackets of numbers of families and individuals throughout the country, and has any analysis been done?

I guess in many ways it flows on from some of the questions that my colleague Ricardo Menéndez March has been asking in terms of what this does in terms of the number of families in work and not in work, given there is a change to that in-work tax credit. Does that open up differentiation further between poverty levels between those families that are in work and not in work?

So we would expect in select committee, this is just the kind of analysis that we'd go through to look at what the distributional impacts would be across the number of households; whether there has been any geographic breakdown in terms of where it is that we will see the clusters of families that will be receiving either above average or below average tax relief—well, it's not relief—the tax cuts that are delivered through this package.

So these are the kinds of things that I think that as a committee who is scrutinising this legislation in the absence of a select committee process; that in this committee of the whole House, these are just the kind of understandings that we as legislators need to know. Who is going to benefit? How many people are going to benefit?

James Meager: Everyone.

Hon Dr MEGAN WOODS: Where are they? We have members opposite who are saying "Everybody." Well, let's see the modelling. Can the Minister please point to the modelling that shows us where "everybody" and how many—are we talking households? Individuals? People? There are a lot of pieces of information that we need, and I would

think that members opposite might be interested in knowing whether their constituents indeed are going to benefit or they are going to be worse off.

So they're things on this side of the Chamber that we do need to understand, and we know that some of this must exist because the Minister used it in both media materials—not this Minister, but the Minister of Finance today used it in both media presentations and press releases and speeches in the House when she talked about various scenarios. For some she gave numbers but not others, so we would be very interested in understanding what that looks like.

Hon SIMON WATTS (Minister of Revenue): Just in response to the questions by the member: yes, a wide range of distributional impact analysis was undertaken in regards to the preparation of the scenarios and the different scenarios that you would expect to see across this Budget. A number of those specific scenarios was and is included within the fact sheet that has been provided out as part of the supporting material for this Budget, and there are circa nine examples there.

Obviously you can't publish every single scenario because there's a wide range of those, but the member will know, no doubt, that that work has been undertaken and we've published a number of those ones which provide a wide spectrum of range of how the impacts could be felt by different participants and different members of our community.

Hon Dr MEGAN WOODS (Labour—Wigram): Point of order, Mr Chair. Thank you, and I thank the Minister for that answer. While I appreciate every piece of paper of analysis can't be tabled, but the Minister has confirmed to us that distributional analysis that does give some of that numerical breakdown exists. I'd ask the Minister if he would table that so the committee could see it—not the summaries that are in the fact sheets but the more detailed breakdown of the number of households. I think the committee would benefit from seeing that distributional breakdown.

CHAIRPERSON (Teana Tuiono): Just speaking to the point of order, it appears the Minister does not have that document with him at the moment, but he might be able to table it at a future date.

Hon Dr DEBORAH RUSSELL (Labour): I want to follow on from my colleague the Hon Dr Megan Woods' contribution just now, and actually it is drawing a little bit on the contribution that was made in the second reading of the Taxation (Budget Measures) Bill by my colleague the Hon Willie Jackson, when Mr Jackson raised a really valid concern around the impact of this Budget on Māori and to what extent this Budget had a Māori focus to it—a Māori budget. In previous years, we've had a Māori budget. We've had analysis that shows the impact on Māori, and we don't seem to have had this time. There is clearly going to be an impact on Māori from these changes to the incomes tax thresholds and from the change to the independent earner tax credit, and from the changes to the family tax credit.

What I'm interested in knowing is, along with those distributional analyses of households and how households have been affected—and the Minister has just told us that this work does exist, and so we will be seeking that work. If the Minister is able to table it at some stage—obviously not now, but in the next day or two—that would be fantastic; otherwise, at some stage soon. What I want to know from the Minister is: if there was an analysis done of that distributional impact to show whether there is a differential impact for Māori households, as opposed to other households, I think that's quite important for us to know. We know that there is a long history of Māori being treated unequally in this country, ranging back to the Depression, when Māori weren't eligible for a lot of the relief that was on offer then and were told to go back to their marae. So it remains an important question for us to understand whether these changes will equally benefit Māori. In addition to that, I think it would be useful to know whether there was an analysis of Pasifika families.

Now, one of the difficult things around this is, of course, I'm not sure that Inland Revenue (IR) collects ethnicity data, but there will be nevertheless analyses drawing on the data we have from Statistics New Zealand and the data we have within IR that should be able to give us some sort of understanding of the differential impact, if any, of the changes to the tax thresholds and the changes to the independent earner tax credit and the changes to the family tax credit on Māori and Pasifika households, as opposed to other households in our economy. I think it is quite important for us to understand that. At this stage, I guess, the Minister certainly won't have that in the Chamber, but if he could let me know whether or not that kind of distributional analysis exists—and if not, why not? I would be curious to know about this. So that's one for the Minister.

RICARDO MENÉNDEZ MARCH (Green): Thank you, Mr Chair. I wanted to follow up with some questions on the distributional analysis of options that was presented in the regulatory impact statement. I take his point that not all of the advice has been published, but, in the interest of transparency and the commitment—in the coalition agreement that he's got with the other parties—on using best available data and evidence—

Hon Dr Deborah Russell: I raise a point of order, Mr Chairperson. I just wanted to remind the member if he could turn to the mike, because it's a bit hard to hear—

RICARDO MENÉNDEZ MARCH: I need to speak more closely to it. In the interests of transparency and best data and evidence, I did want to elicit some answers in relation to the advice on the distributional impact analysis options.

Grant McCallum: It was better when we couldn't hear you.

James Meager: Too close now.

RICARDO MENÉNDEZ MARCH: It's interesting that the members to my left—the Government members—have taken, basically, pretty shallow contributions throughout this debate and yet find time to mock their own bill.

Francisco Hernandez: Twelve-second speeches.

RICARDO MENÉNDEZ MARCH: Yeah—12-second speeches. Anyway—going back to distributional analysis of options: the analysis that's been presented in the regulatory impact statement contains very little analysis in relationship to gender and ethnicity. There's one paragraph that talks about “relatively fewer Māori, Pacific Peoples and women benefit from the package.” But, if he wouldn't mind expanding, I did want to get a sense—when the advice says that “Compared to the overall population, relatively fewer Māori, Pacific Peoples and women benefit from the package.”, can he explain to us whether he actually had any concerns when that evidence was presented to him. Again, those are the questions that we would have expanded on in the select committee stage.

The advice on distributional analysis does show that people receiving main benefits, who have relatively low incomes, do not gain from the package as benefit rates are set in after-tax terms. So I did want to get a sense of whether the Minister had—because he's just told us that there wasn't a child impact assessment being done. I am interested—from, again, a child poverty reduction element, which is different from a child impact assessment, and the fact that on this bill, and this part of the bill around the income tax threshold changes, it's been identified that Māori, women, and Pasifika people benefit less and that beneficiaries will benefit disproportionately less—in why he did not seek a child impact assessment, or why he hasn't presented to us the impact that this will have on children, particularly those in poverty. I think it's not good enough. We're a party that has been criticised—actually, not just us; the Opposition has been criticised—for just being shallow in our slogans. I think the contributions so far have been full of slogans and very little substantiation to actually what the intent here is around lifting those in the most severe poverty.

The second question I had around the distributional analysis of options was around whether he thinks that there will be any impact on employment levels as a result of this. I think that was very briefly mentioned, but, again, if the Government's intent is to get people off the benefit and into work, and we know that the toxic stress of survival plays a huge part in people being able to get into work, I am curious as to whether he sought any advice from the Ministry of Social Development, for example, or anyone else—those stakeholders—around impacts on employment levels as a result of beneficiaries not being as lifted through these tax relief measures. This does seem to then contradict the broader intent and the strategic goals of this Government.

To recap, I'm interested in whether he received advice on the number of Māori, Pacific people, and women who would benefit less—the specific number—and then I'm also interested in understanding the impacts of unemployment figures as the result of this bill and whether he received any advice in relation to this.

Hon SIMON WATTS (Minister of Revenue): I guess one of the outcomes of providing tax relief to low and middle income New Zealanders is that, surprisingly, when you reduce their taxes, they have more money in their back pocket. So the simple calculation in regards to the provision of tax relief to low and middle income New Zealanders, as has been delivered through this Budget and through this bill, goes right to the heart of what the member's points and questions are. They are going to end up with more money in their back pocket than what they have under the status quo. So while the distributional impact on child poverty hasn't specifically been undertaken, it doesn't take one too much to do a correlation to say that if we're putting more money into the back pockets of those two groups—which, no doubt, have a higher degree of exposure and impact in regards to the areas and challenges that the member has articulated—then they're going to see benefit.

The other aspect that is asked is whether the Government has considered any difference in the way in which we apply tax rates based on gender or one's ethnic background. Well, surprisingly, no. The tax cuts that we are providing are for all New Zealanders who are on low and medium income bands within the tax scheme. We're not differentiating based on anything other than what their income is. What we're doing, through this, is providing tax benefit and reducing the tax that those individuals pay so they have a little bit more in their back pocket to spend on the things that they need in their life. It's quite simple.

ARENA WILLIAMS (Labour—Manurewa): Thank you, Mr Chair. Well, we're into the guts of it now, discussing clause 7, which amends Schedule 1 of the Income Tax Act. This is where the bulk of the heavy lifting in the Government's taxation bill is, and it's really useful for members around the Chamber to be able to ask questions about how the redistributive decisions that the Government has made are reflected in this clause 7.

So I need to ask the Minister of Revenue some of the questions about the values that have gone into this bill, and I want to contrast his bill with the Taxation (Budget Measures: Family Incomes Package) Bill from 2017. That was a comparable bill to this one because it was attempting to do similar things, but it was from a previous National Government that was at pains to talk about the values and the trade-offs in policy that were being made in similar legislation in that bill.

If you turn, say, to the description in that bill's explanatory note of a similar section, it says, "The tax and transfer system is redistributive and is designed to provide assistance to those in financial hardship.", and that speaks to the values of the legislators who were making those decisions in 2017. Not one time in this bill are those kinds of values outlined, and so my first question to the Minister is, given the rates that he has set out in Schedule 1, which is amended by clause 7, does he still believe that the tax and transfer system should be redistributive and designed to

provide assistance to those in financial hardship, and are the rates that he has set designed to provide assistance to those in financial hardship? A further question is: why, then, if that was a principle that the 2017 National Government signed up to, did this Government repeal the Tax Principles Reporting Act?

Hon DAMIEN O'CONNOR (Labour): Point of order, Mr Chairperson. Look, I've only been in the Chamber a short time, I know, but I'm speaking on behalf of my colleague the Hon David Parker because I know he's down there. He's at a slight disadvantage because he is disabled at the moment with a leg injury. I know he's a little slow to get up, and I'm just concerned that he may miss his call because he's too slow to get up. So that's just a point for you to note, Mr Chairman.

CHAIRPERSON (Teana Tuiono): Thank you, the Hon Damien O'Connor. I will keep an eye on him.

CAMILLA BELICH (Labour): Thank you, Mr Chair. And, yes, very good point of order. It's important to note that it's important we all get to have a say in this debate, because we don't have a select committee process for this, and so some of the things that we might have been able to kind of tease out through select committee, we are having to raise with the Minister through the stage of the committee of the whole House.

So my contribution is not going to be a long contribution. I have a few technical questions for the Minister in relation to the definitions in Part 1. So the first question I have for the Minister is in Part 1 is on the definition of children, which is relevant to the calculation of the relevant tax credit that people are entitled to and starts in clause 5 of the bill but inserts new section MF 4J as an amendment to the existing legislation. It defines children in the new section MF 4J(3)(c)(ii) "the number of children for whom the person is allowed the in-work tax credit:".

Now, I myself was not a tax lawyer. I understand that sometimes unusual language is used in tax bills. But I think, for the elucidation of the committee of the whole House, it would be helpful to know from the Minister whether he considered a change in relation to the definition of this formula, because children is written there twice. So it's a definition of children, and then the explanation for the definition also includes the word "children", which is quite unusual. That's not the only place that that's mentioned within this part. That is also separately defined in another part of the bill when that definition is included again in new section MF 4K(3)(c)(ii). So I just wanted to ask the Minister, in fact, if he could explain in plain English the effect of that definition, and if, in fact, it is possible to use clearer language to look at the effect of that particular definition. Because as a lawyer but not a tax lawyer, I admit, it might be easy for tax lawyers to understand, but it's relatively confusing for me.

So that was my first question. The second question I have is another definitional related question.

Grant McCallum: I thought you were being short.

CAMILLA BELICH: Well, I've still got half my call to go. The more questions you ask me, the longer I'll take. So happy to have contributions from my colleagues on the other side of the Chamber. Any other questions—happy to answer.

The next question I did have for the Minister was in relation to new section MF 4J(3)(d)(ii), which is the first instance that I could see in Part 1 when the term "spouse, civil union partner, or de facto partner" was used. Now, there isn't a definition section in this bill. It would have been in Part 1 if there was a definition section, I understand—that's the usual way of legal drafting. But that is also used in that part as well—new section MF 4J(5)(b)(ii). It's also used in MF 4K(3)(c)(ii). It's also used in that same section in (d)(i) and (d)(ii) and, in fact, in that same section but in new subsection (5)(ii) and (5)(iii). So it's not defined in the Act.

I wanted to know from the Minister: is it the definition that applies to "spouse, civil union partner, or de facto partner" in the primary Act—the Income Tax Act—or is it the

definition used in the Property (Relationships) Act, or in fact is there another definition which is applicable to this piece of legislation? The Minister may think that that's a minor thing, but obviously when it comes to tax, exact entitlements for the people who will get the particular tax cuts are key. Having that fine detail is essential.

Hon SIMON WATTS (Minister of Revenue): Thank you, Mr Chair. I'm very happy to provide some context for the definition of child. Children in this context—and it is not a separate definition. It is a definition that's already included within the overarching legislation. But just for the member's interest and general detail, it includes those that are 15 years of age or younger; or someone who's 16 or 17 years of age and financially dependent on the caregiver; or 18 years of age, financially dependent on the caregiver, and still at secondary school or at a tertiary education. They can't be married, in a civil union, or a de facto relationship. There are also some different sub-definitions around foster care and other considerations. So we're not talking about anything new in regards to children. It is a consistent definition.

Hon DAVID PARKER (Labour): Can I thank my colleague Damien O'Connor for the assistance to get this call. I didn't need it.

Hon Dr Megan Woods: He's always kind.

Hon DAVID PARKER: He's always—that's right. He's always got my best intentions at heart.

I would like to ask the Minister whether he's comfortable with the effect of this on Government debt. These provisions are one of the biggest contributions to the deficit, as a consequence of the Budget, and my understanding—and the Minister can tell me if I've got this wrong, but in order to drill down on what the effects are on gross and net debt and the operating balance before gains and losses (OBEGAL) deficit, we have to turn to the Budget documents. I just want to check that my understanding of the effect on this on debt over time is significant and that the effect of this on the OBEGAL deficit is also significant.

I want to draw the Minister's attention to page 156 of the Budget Economic and Fiscal Update 2024, which shows that Government debt, or gross debt, in 2019, which was just before, of course, the COVID epidemic hit us, was \$84 billion. It rose steeply through that period so that now it has increased to \$174 billion. That has been of considerable concern to the National Party, according to the statements I heard both at the election and since then, and, yet, if I'm reading the Budget forecasts correctly, from now on, gross debt increases from \$174,593,000 forecast for the end of this Budget year 2024, increasing to \$243 billion in 2028. So am I correct that according to his own Budget documents, including the effect of these tax cuts, gross Government debt increases from \$174 billion to \$243 billion in 2026? That is my first question.

Hon JULIE ANNE GENTER (Green—Rongotai): Tēnā koe, Mr Chair. Thank you very much. I've been waiting for a while to try and ask my questions. But I wanted to dig into, again, the regulatory impact statement on the distributional analysis of the options. It's just because we haven't had a select committee process for this bill and we only received these documents a short time ago. So I've just been trying to understand.

It seems to me that in the analysis of the options—and there were six options analysed—that option two is the option implemented by the bill. But, I guess, I'd like to ask the Minister that. Like, is option two the one that is implemented by the bill, or is it different to option two? There's more information given about the distributional impacts of option two and a very helpful figure one, which I think is really useful because it shows what the impact is on household incomes by equivalised income quintile. What it does show is that—if it is option two, and there isn't a comparable figure for the other options—the lower-income households get less money from these tax changes per week than the highest-income households, and significantly less.

So, when the Minister and the Government say that these tax changes are aimed at low and middle income earners, I just wonder how that squares with this distributional impact analysis, if indeed option two is the one being implemented. I would note—and I know my colleague brought this up as well but I think, because the Minister spoke to it, I would just go a bit further—it does say, “Compared to the overall population, relatively fewer Māori, Pacific peoples, and women benefit from the package.” I think that analysis is really important. While the Minister and the Government want to say, “Our tax settings just have to do with income, nothing to do with your demographic background.”, the whole point of this analysis is to point out that the current society and structure that we live in right now isn’t fair and it’s disadvantaging certain people.

The point of the distributional analysis and the analysis on how it’s going to impact Māori, Pasifika people, and women is relevant because what it’s saying is, “Well, they’re going to benefit less than other people.” That’s kind of important; if we want a fairer society, how are we going to address that when we continue making changes that entrench the existing inequality that exists because of centuries of racism and patriarchy and colonisation? Like, let’s just own that history and say that the point is, if you want a level playing field and an equal society, you have to make some changes to how things are done, otherwise you just entrench the existing inequality. I’m very interested in the Minister’s answers about the distributional impact analysis of options and which option actually is the one implemented in Part 1 of the bill, clause 7(1).

Hon DAVID PARKER (Labour): Thank you, Mr Chairman. I note that the Minister hasn’t responded to my questions on debt. I would reinforce the point by noting that gross Government debt, which he criticises from the last Government, increased over a six-year period from \$88 billion to \$174 billion, including the enormous cost of COVID, which was the major contributor to that. Yet from here forward, we go up from \$174 billion to \$243 billion, an increase of—what’s that? That’s about \$70 billion extra in debt.

It seems to me that that is reinforced lower down on the same table on fiscal indicators when that is expressed as a percentage of GDP, and, indeed, gross Government debt, which is currently at 42 percent of GDP, continues going up for the next years to peak at 49.9 percent of GDP. How can that be prudent, given the criticisms that that Minister and other members of the Government have made of the prior Government in respect of that debt track? I would like to hear from the Minister on that point.

Hon Dr DEBORAH RUSSELL (Labour): Thank you, Mr Chair. I’m actually really concerned about something now. I want to track back to the concerns around payroll providers, and the Minister gave us a fairly firm assurance that officials had consulted with payroll providers and they were pretty confident about this 31 July start date. I want to draw the Minister’s attention and the committee’s attention to paragraphs 38, 39, and 40 of the regulatory impact statement.

So 38 goes through the fact that Inland Revenue (IR) is going to be responsible for the ongoing operation and enforcement of the tax system—pretty standard stuff—when Inland Revenue can get changes made in their system so that the whole new changes to tax thresholds can get into place. But then in 39, it was talking about the process; it was saying that Inland Revenue would need to contact significant groups such as payroll providers, software providers as soon as possible after the changes are announced to help ensure there are no delays.

Now, that’s interesting because I understood that Inland Revenue had consulted with payroll providers, but now paragraph 39 is saying that Inland Revenue will need to contact significant groups such as payroll providers as soon as possible after the changes are announced. So that’s kind of a little bit of an anomaly there.

Now, there's probably a perfectly good explanation, but I would like to have it as to why on the one hand, this committee was certainly given the impression that payroll providers had been consulted, but now, in paragraph 39 of the regulatory impact statement, we have this line saying that IR will need to contact significant groups "as soon as possible after the changes are announced". Those changes were only announced today. So a little bit of—just to clarify that would be really helpful.

It goes on to say that IR needs to have a communications plan in place. So now, having worked with the excellent officials at IR, I know that that will all be happening. But here's the bit that's actually really a bit worrying, OK? It's paragraph 40 and I'm going to read it out because I think this needs to be in the *Hansard* after the assurances that have been given to us by the Minister.

In paragraph 40, it says: "If the changes come into effect on 31 July 2024 and are only announced on 30 May 2024 it is likely that some employers will not be able to make the changes in time and will incorrectly calculate the income tax to be deducted from their employees pay." Just a note for the IR officials: there's an apostrophe missing there. Sorry—but carrying on. Now, I just want to repeat that. It says, "it is likely that some employers will not be able to make the changes in time". But we were given assurances that they would, so that really is a bit worrying.

Now, IR officials go on to say—and this is quite correct; it says in the later part of this paragraph that "This can be corrected in later pay runs by the employer or can be corrected as part of the end of year tax assessment process that Inland Revenue runs." So it can all be squared up.

The point is that ordinary New Zealanders—the people who are worried about a cost of living crisis, the people who want to make sure they've got more money—have been told that these tax threshold changes are going to take place in effect from 31 July. They will be expecting that their pay packets will change in the first pay period coming in after 31 July. That's the reason we're here today.

It's the expectation that has been given to them by the Minister of Finance, by the Minister of Revenue, by the Prime Minister, by the entire approach to this Budget that they will get the effect of those tax threshold changes—will throw flow through to their pay packets from 31 July. So they're expecting they're going to get paid; their first payroll rolls through, say, on about 7 August. They would expect to see some change in their pay packet. But here, in the regulatory impact statement, despite the assurances that have been given to us, we now find out that it is likely that some employers will not be able to make the change in time. This just doesn't stack up with what was being said earlier.

Hon Member: Well, they'll back pay it.

Hon Dr DEBORAH RUSSELL: I know—I know it could all be corrected later on. It can be squared up in the end-of-year tax return or it can be squared up in later pay periods. But even if that doesn't flow through correctly, what else is not going to be done correctly? What's going to be the impact on the independent earner tax credit? What's the impact on the family tax credit? What's the impact on all the other stuff that has been promised in this Budget? I think the Minister needs to clear this up.

Hon SIMON WATTS (Minister of Revenue): Thank you, Mr Chair—sorry, Dr Lawrence, but I thought I'd better answer this question, because the member was raising it at such a significant potential opportunity or issue. I just draw the member's attention to the date in the regulatory impact statement, which was finalised, which is 24 April 2024. Today is 30 May. In that six-week period, subsequent work was undertaken in regards to consultation with payroll providers, which provided the degree of confidence that I've articulated today.

So, while it was noted there that that was the effective date, and six weeks is quite a long period of time, we appreciate the reality of how Budgets work, and that's why there is point of difference. So there is nothing sinister as the member is trying to imply. It is simply a timing difference in regards to that, and, hopefully, that clarifies that point in particular.

In regards to the questions from the Hon David Parker around the gross debt considerations, those are probably best suited to the Minister of Finance. However, I do acknowledge that we are under urgency, and we're just going to have a little bit more time before I provide a comprehensive response to that member's question.

Dr LAWRENCE XU-NAN (Green): Thank you, Mr Chair. In terms of what we have heard so far, I think one of the areas that needs further clarification from the Minister—thank you for turning the mike on—is around the support for seniors and the support for those who are on superannuation, and also for our retirees.

The first thing I would like to address is what people have previously mentioned in terms of the impact statement and particularly around the distribution analysis of options. When we are looking at overall relatively fewer people benefiting—these are people who benefit from it; like, these are people who don't even get anything out of this, let alone people who only get a very low amount from here. I agree with and appreciate what the Minister has said in terms of that the whole point of this is so that low and middle income New Zealanders have more money in their back pocket. But let's look at the numbers here in this case.

According to what is both in the impact statement and distribution impact analysis of options, as well as what is laid out in clause 7(1) of the bill, for someone who is on New Zealand superannuation, you get \$800 a week together as a couple. That is \$41,600. Now, although this says—the distribution option, it says “By contrast, almost all seniors benefit from the change due to the near-universal receipt of New Zealand super, but by a small amount \$13 per week.” However, going by the official calculator—this is the official Budget calculator—for a couple who are retirees with no additional income, they get \$4.30 a week. That's \$2.15 per person, not what is stated here in terms of by a small amount in the statement of \$13 a week.

So, if you extrapolate that into how much people are getting—if you are looking at elders who are currently renting, who do not have their own home—and, again, this comes down to what's the modelling the Minister has done and the people have done in terms of this bill and looking at this. I appreciate what you are trying to do here, but if you look at the average rent cost of \$624 a week—this is the average rent cost for Tāmaki-makau-rau Auckland, minus everything else we're getting—we're looking at a couple getting only \$88 left per person per week, with a tax break that you are saving here of \$2.15.

In terms of this, I would like to know from the Minister, in the modelling you have done in readjusting the tax bracket, what modelling has been done on these people, on people who are elderly who are renting, who do not have additional sources of income other than their superannuation, and what tax relief they will be receiving.

Hon SIMON WATTS (Minister of Revenue): Just in regards to the member's question, I'll reference the fact sheet that is provided alongside the Budget material. There is a worked example there in regards to a retired couple, and there's a footnote that sits below that calculation that actually provides exactly the rationale and the background in terms of how those numbers that the member has just articulated is calculated. It is reflective of the different rates per year, based on those impacts.

There was another question earlier on in regards to the options within the distributional impact. The clarification is that option two is the scenario that is included within the bill, just for that member.

ARENA WILLIAMS (Labour—Manurewa): Thank you, Mr Chair. Acknowledging that there are a number of questions that are still outstanding for my colleague the Hon Dr Deborah Russell—and I am interested in those, but in the nature of what is, you know, a brief committee stage, I will introduce a new line of questioning about the considerations that went alongside the adjustments that are being made to Schedule 1 in clause 7. So, if you follow along with me, the rationale that the Government is using in all of the accompanying material to these changing thresholds is that despite growing incomes, the tax thresholds have not changed and so that's what's required, but also alongside those growing incomes, some families are still seeing rising costs placing pressure on their living standards, and particularly housing. In today's Budget documents released by Treasury, we saw that there's a marked increase in housing costs for most families, and rents in particular are forecast to continue to rise in this forecast period.

So my question is: last time the Government considered these changes in its 2017 bill, the changes were done alongside an increase to the accommodation supplement. The rationale for that was that rising housing costs have increased the proportion of income spent on housing. So when you make the kind of threshold adjustments that are being made in this bill tonight by the Minister, there's still this unfair burden on low-income families who are paying more of their income on housing. So the Government in 2017 said that as a result of that, low-income families had been seeing a decline in their residual and after-housing-costs income, and so they implemented changes to the accommodation supplement to deal with that example.

I want to just explain this; it'll just take me a minute. Recipients of the accommodation supplement who receive a main benefit have seen their residual incomes fall in real terms, and so the recipients of the accommodation supplement who don't receive a main benefit or New Zealand superannuation have also seen residual incomes fall—their after-housing costs. That's not necessarily helped by the changes that are in Schedule 1, proposed by clause 7. So my question to the Minister in the chair, Simon Watts, is: has he considered, alongside the changes that he's proposing in Schedule 1, an increase to the accommodation supplement that would acknowledge those changes?

I'd like to come back to this, because I'm sure the Minister can explain for us the trade-offs that he's made in not providing for an accommodation supplement increase, but I'd be really interested to tease out with him what other measures are appropriate given that he made that trade-off, and what the Government will be doing in the face of Treasury's findings today that were published that rents will be continuing to rise markedly in the forecast period.

Hon SIMON WATTS (Minister of Revenue): Just in response to the member's question in regards to the accommodation supplement, I think—well, the member's actually answered it in part, in the way in which she acknowledged that there are a number of trade-offs that are made in regards to these decisions. We haven't made any adjustment in regards to the accommodation supplement. We've targeted our tax relief in the areas that we've outlined in this bill, and that is an area that we haven't looked to adjust at this point. The reality is that there is a wide range of considerations around that, but in regards to what we've delivered, it's consistent with our coalition Government's priorities and those included within our coalition agreements.

ARENA WILLIAMS (Labour—Manurewa): Thank you, Mr Chair. In the nature of engaging in questions with the Minister—and I thank him for his answer—was the trade-off to provide a tax cut of \$2.9 billion for landlords the trade-off that he's talking about when he didn't consider an accommodation supplement for some of the most vulnerable New Zealanders who cannot access housing because of those decisions?

Hon JULIE ANNE GENTER (Green—Rongotai): Thank you, Mr Chair, and I thank the Minister for his answer earlier. So I'll just restate the other question which he has not yet addressed, which is—

James Meager: Oh, repetition.

Hon JULIE ANNE GENTER: Well, the Minister hasn't yet addressed the question, so I think it's fine to restate it, since he hasn't addressed it. How can the Minister continue to claim that these tax changes are geared towards low and middle income New Zealanders or the squeezed middle, when the distributional analysis in the regulatory impact statement makes it very clear that the largest gains go to the highest income households, and it's substantially more than the lowest income, but even the second to lowest quintile.

So, for the benefit of the members opposite, who I know sometimes find me very intimidating, I'll be very careful here in how I present my information: there's a document that members opposite can get from the Table there. I know they're new. It's called regulatory impact statement, personal income tax relief. On page 21 of the regulatory impact statement, which is annexed to distributional analysis of options, this means looking at the different options that they've considered and saying how they impact different people in society.

When the Government makes claims about these tax changes benefiting the squeezed middle, that is a claim about a certain group in society. If you break down households by their household income into quintiles, which means divided by five, then there's the lowest fifth, the next lowest fifth, the middle fifth, and the top two-fifths. It says very clearly—and I'll just read this for the members, because they can't read it when I hold it up—that the largest weekly gain goes to the fifth quintile. That's the highest fifth of income earners, reflecting the fact that the maximum gain from the personal income tax threshold adjustments occurs at a relatively high individual income level. So what this means is higher income households benefit more, relative to median income households.

So my question for the Minister is: how can he keep saying this, when clearly the impact of the tax changes in clause 7(1) is to give more cash back to those on the highest incomes, who really probably need it the least? Of course, these are just the personal income tax changes. I don't believe this analysis—and maybe the Minister could answer this question: does this analysis include the changes to interest deductibility and basically the benefits to landlords?

Hon SIMON WATTS (Minister of Revenue): Thanks to the member for the questions. I'll reiterate that the reductions in personal income tax rates are on the three lowest income bands—the three lowest. So by virtue of targeting that aspect of low-income New Zealanders, those are the individuals that will get that benefit.

The member is referencing some of the distributional impact analysis around that. In addition to those changes in the bottom three income brackets, we're also making some changes in regards to Working for Families and the eligibility banding within that as well. That, specifically, again, will target low to middle income New Zealanders. So I think the member can have a degree of assurance that what we are doing is targeting that area, and the nature in which we're achieving that is both through the personal income tax threshold changes—again, targeted at the lowest and middle income New Zealanders—and broadening the eligibility criteria and thresholds from the other aspects of the taxation initiatives that do benefit those groups as well. In combination with that, we are doing significantly more for that population group than the status quo. By voting against this, you're, in effect, supporting the status quo.

Hon DAMIEN O'CONNOR (Labour): Thank you very much, Mr Chair. I'm going to take a brave approach to this and take a generous approach to this piece of legislation, because it says here the bill also intends to reduce the cost of living. The Government's

adherence to tax—and, of course, their claim that, you know, high taxes, the lack of changes to the thresholds, have been the biggest impact on the cost of living for New Zealanders. Then the question for the Minister is: did he or the Government consider different changes to the thresholds and the impact that that might have had on the cost of living—not the tax going back, but the cost of living? Because the reality was for people in those different thresholds, the cost of living is made up of different things. Tax is one part of that.

In fact, if you go to the top end over \$180,000, in fact the cost of living is made up of food and rent—often not rent because they probably have their own homes. In fact, it's discretionary income that will be given back to those higher-income earners. As the previous speaker said, at the top quintile, where most of the money will be going, the impact on cost of living is minimal. It will be an impact on discretionary spending, but not cost of living. So if we could go back in a generous way—and I know that I'll be criticised by my colleagues—and say, actually, the Government may be genuinely interested in reducing the cost of living instead of what some people have been saying, which is “Actually, they're just interested in handing benefits to landlords.” I'll be generous. I'll say they are genuinely interested in reducing the cost of living and so the changes to the thresholds in clause 7 here have been made by the Government.

My question to the Minister is: did he or his colleagues think about other adjustments that may have, at the bottom end, say, \$14,000 to \$15,000, \$15,000 to \$48,000, whether you'd extended that out to \$60,000, and whether, actually, more benefits to those people whose cost of living is really significant—they spend, virtually, every bit of their income surviving.

Grant McCallum: That's why we need tax relief.

Hon DAMIEN O'CONNOR: Oh, well, that's one of the things, yes. I accept that the money going back to them will help, but if the aim is to genuinely reduce the cost of living, there are many other charges that are going to come at New Zealanders through this Budget, believe me—many that haven't been identified yet. So the question is: will this deliver to those in the \$15,601 to \$48,000 bracket, who'll be paying 17.5c per dollar? Will the relief they get from the changes to the threshold have any real impact on the cost of living for those families? Has the Minister considered it, and whether there were other ways of reducing the cost of living, better ways, than the changes that have been made here?

Because I can tell you that from \$180,000 upwards, for most of the people here—all the people in this House earning over \$180,000—this won't make much of a difference to our cost of living. It won't make much difference to our cost of living because it will be discretionary spending. So the question to the Minister: were there considerations given to other changes in the thresholds or other groupings that may have genuinely reduced the cost of living for those people who really need to have their cost of living reduced? If it's the aim of the Act, or the aim of the bill, as we're told, then I want to know from the Minister that these decisions are going to deliver the best outcomes as claimed by the Government.

Hon SIMON WATTS (Minister of Revenue): I thank the member for the question. I also acknowledge his agility on the rugby field in the Parliamentary Rugby Team, as well.

Look, we're talking about a tax bill here, and some of the questions that were being noted there are broader in regards to the economic implications. The reality of reducing income tax on individuals is going to mean that they're going to have more of their own money to be able to spend or save in the way in which they determine, and on this side of the House, we are supportive of people taking personal responsibility about how they spend or save that money. No doubt, some of that money that they will not be paying in tax to the Government will be used to pay for goods and services that they may not have been able to

afford previously if they had not had that money, and, therefore, their ability to deal with the implications of the cost of living will be softened as a result of that.

The broader conversations around scenarios and optionality are included within the documentation in relation to this bill. There was consideration, as you'd expect, in terms of the coalition Government in regards to policies, but we have landed where we have landed, and we deem that that is the most appropriate mechanism in order to deliver that tax relief to low and middle income New Zealanders.

In regards to the questions from the member in regards to the debt track, the view is that the general questions of that nature are more appropriately directed to the Minister of Finance, and from my assessment of them, they're outside of the scope of this bill.

GRANT McCALLUM (National—Northland): I move, *That debate on this question now close.*

RICARDO MENÉNDEZ MARCH (Green): Thank you very much, Mr Chair. I wanted, subsequent to questions followed from the good interrogation from my colleague Julie Anne Genter, to pick up on the first quintile in the average change in income analysis in figure 1 in the regulatory impact statement. So the first quintile, what it shows is, picking up on where my colleague had left around how—despite the comments from members opposite to me that everyone will benefit, the first quintile actually shows that not actually everyone will benefit. I just wanted to test whether the Minister could clarify whether it is factually correct to say whether everyone will benefit when the analysis in that first quintile actually shows that there's about 8,000 households who will not be better off. It may seem like a small proportion of people, but as we have traversed in other discussions around benefit increases, actually, average numbers don't paint a full picture.

The first quintile did show that the group of people who would be not better off are people who would have been on the benefit during some period. What I think that shows, and I want the Minister to help us elaborate, is that this bill does not equally lift all boats; that, in fact, the people most benefiting from this bill are those that are well off. So following the specific questions I had was (a) whether he thought it's factually correct to claim that this bill benefits every single person in this country, and, if so, why?

The second question I had around that first income quintile—also known as those who have the lowest incomes; for example, people on the benefit will be disproportionately represented in here—was whether he sought or he received a breakdown, particularly for this first quintile on age. I'm asking because a lot of young people are on lower incomes and ultimately we haven't really discussed the impact of the distribution and how this bill will be distributed amongst and will impact young people. So I do want to get a sense of whether he sought or had a breakdown by age around those quintiles—how young people are represented in that first quintile in that analysis.

I did want to go back to a question that wasn't quite addressed earlier in the night around whether there was any engagement with Whaikaha in relationship to the impact on how those tax breaks would be distributed amongst disabled people. I asked this because multiple research has showed that disabled people are overrepresented in those lower incomes. When we just get a breakdown of the number of households but we don't really get a picture painted around how many of those households that are not proportionately benefiting from this bill—how many of them are young people, how many of them are disabled—I think then the Minister isn't actually painting a clear enough picture to the House and to the public around, for example, where will disabled people be and how they will benefit in relationship to this bill. Because we've talked about plenty of the people in work, but there are many disabled people who are out of work, many of them who receive a benefit. The distributional analysis talks about how beneficiaries will not be as benefited because of this, but he hasn't addressed how disabled

people will feature in here. Disabled people make up a quite substantive proportion of the population.

We already heard from the Minister that there was no child impact assessment being done, and I'm starting to get concerned that there was not robust enough work going into the impact on different population groups as a result of these tax cuts, which are one of the key features in this Budget. So I do hope the Minister can give us precise answers in relationship to whether it's factually correct to say that everyone will benefit, (b) the analysis around disabled people, and (c) the analysis on the breakdown of young people. Well, that's not everyone, and the member earlier was talking about how everyone would benefit, right? That is actually quite important to actually claim. It's important for the Minister to be clear that some people will be worse off as a result of these changes: a small group, but none the less some people will be. Who are these households? They're people on the benefit—the ones doing it the toughest. We haven't been able to be upfront with this committee about the fact that those who will benefit the least from these tax cuts are the people who are already struggling to make ends meet.

CHAIRPERSON (Teana Tuiono): Members, the time has come for me to leave the Chair. The committee will resume at 9 a.m. tomorrow.

Debate interrupted.

Sitting suspended from 10.03 p.m. to 9 a.m. (Friday)

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EXPLANATION OF ABBREVIATIONS

1R—First Reading
2R—Second Reading
3R—Third Reading
CWH—Committee of the whole House
LS—Legislative Statement

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