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THURSDAY, 22 MAY 2025

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THURSDAY, 22 MAY 2025

The Speaker took the Chair at 2 p.m.

KARAKIA/PRAYERS

TEANAU TUIONO (Assistant Speaker): E te Atua kaha rawa, ka tuku whakamoemiti atu mātou, mō ngā karakia kua waihotia mai ki runga i a mātou. Ka waiho i ō mātou pānga whaiaro katoa ki te taha. Ka mihi mātou ki te Kīngi, me te inoi atu mō te ārahitanga i roto i ō mātou whakaaroarohanga, kia mōhio ai, kia whakaiti ai tā mātou whakahaere i ngā take o te Whare nei, mō te oranga, te maungārongo, me te aroha o Aotearoa. Āmene.

[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.]

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

SPEAKER: A petition has been delivered for presentation.

CLERK: Petition of Shane Clarke Witehira requesting the House urge the Government to decline Fast Track Application 229 to build a 200-250 berth marina at Waipiro Bay.

SPEAKER: That petition stands referred to the Petitions Committee. No papers have been delivered. A select committee report has been delivered for presentation.

CLERK: Report of the Education and Workforce Committee on the briefing on the 2023/24 performance, current operations, and strategic intentions of Immigration New Zealand.

SPEAKER: The bill is set down for consideration. The Clerk has been informed of the introduction of four bills.

CLERK:

- Appropriation (2024/25 Supplementary Estimates) Bill, introduction
- Military Decorations and Distinctive Badges (Modernisation) Amendment Bill, introduction
- Financial Markets (International Money Transfers) Amendment Bill, introduction
- Local Government (Port Companies Accountability) Amendment Bill, introduction.

SPEAKER: Those bills are 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 2025.

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

BUDGET DOCUMENTS

Hon NICOLA WILLIS (Minister of Finance): I present the 2025 Budget speech, the *Budget at a Glance 2025*, the Fiscal Strategy Report 2025, the Child Poverty Report 2025, the Summary of Initiatives 2025, the Budget Economic and Fiscal Update 2025, and the Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2026.

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

APPROPRIATION (2025/26 ESTIMATES) BILL**Introduction**

CLERK: Appropriation (2025/26 Estimates) Bill, introduction.

SPEAKER: The Appropriation (2025/26 Estimates) Bill is set down for first reading immediately.

First Reading

Hon NICOLA WILLIS (Minister of Finance): I move, *That the Appropriation (2025/26 Estimates) Bill be now read a first time.*

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

A party vote was called for on the question, *That the Appropriation (2025/26 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 (2025/26 Estimates) Bill be now read a second time.*

Ahumairangi, Tangi-te-keo, tū te ao, tū te pō. Te Whanganui-a-Tara, te karu waitai, piata mai nā. Kei ōku nui kei ōku rahi, nōku te hōnore ki te whakamāunu i te Tahua mō te tau nei. Tēnā koutou katoa.

[Ahumairangi Hill, Mount Victoria, stand strong by day and by night. The Wellington Harbour, the marine oculus, glitter before us. To the great and noble personages, it is my honour to launch the Budget for this year. Greetings to you all.]

As I said in te reo Māori, it is an honour to announce this year's Budget. This is a responsible Budget to secure New Zealand's future. It supports the economic recovery now under way. It also takes a longer-term view, with initiatives to boost future investment, savings, and growth. It continues this Government's investment in health, in education, and in law and order. And, in a challenging global environment, it provides funding to boost New Zealand's defence capability. It does all of this with an expenditure track that reduces Government spending as a share of the economy, returns the Government's books to balance, and bends the debt curve down—from going up to going down.

The economic outlook presented alongside this Budget is a bright one. After a tough few years, growth, jobs, and wages are set to rise. The Government is not promising that today's Budget will solve all New Zealanders' problems. But we do promise that the decisions we are taking now will set our country up for a better future.

The creation and delivery of an annual Budget is at the heart of strong and stable Government. This Budget is a team effort. I want to acknowledge and thank the Associate Ministers of Finance, David Seymour, Shane Jones, and Chris Bishop, for their ideas and advice. They were heavily involved in putting this Budget together, as was the Prime Minister, whose leadership and wise counsel was invaluable. Thank you, Prime Minister.

In recent years, New Zealanders have battled through an extended period of high inflation, high interest rates, and low growth. We know that times remain tough for many Kiwis. The good news today is that, with strong economic and fiscal management, a recovery is under way. The recovery is being supported by lower interest rates and strong export performance, and, over the next few years, the Government's new Investment Boost policy—which I will come to shortly—will have a positive impact on growth.

Recent tariff announcements have created uncertainty and volatility around the world. For a small trading nation like New Zealand, the global situation is concerning. It doesn't threaten the recovery, but it does threaten the pace of the recovery. The Treasury has pegged its forecasts back, and downside risks remain. Despite this, Budget forecasts show economic growth picking up to healthy levels once again. Real GDP growth is expected to accelerate to 2.9 percent in the next fiscal year, and to 3 percent in the year after.

Growth matters. It means more jobs, higher incomes, and opportunities for families to get ahead. Over the forecast period, wages are expected to grow faster than inflation, and, at the end of that period, there are expected to be 240,000 more people in jobs.

The Government's books have taken a hammering over the past six years or so. Spending has risen sharply. So has Government debt. The Budget deficit left by the previous Government is structural—it is not simply due to the state of the economy. In other words, the last Government was living beyond its means, loading up the credit card to pay for things New Zealand couldn't afford. This did real damage to our economy, as a massive spike in the cost of living led to high interest rates and low growth. This Government is taking responsibility for cleaning up the mess. Under our fiscal management, Government debt will stabilise, then start to come down. And our control of spending creates room for monetary policy to respond with lower interest rates.

There is no doubt that fiscal consolidation is challenging. Some would do it with higher taxes. Well, that would burden New Zealand workers and businesses, and scare away talent and investment. It would put our economic recovery at risk. This Government is taking a different approach. We are getting the books in balance by controlling growth in Government spending. The operating allowance for Budget 2025 is \$1.3 billion on average per annum. This is the lowest allowance in a decade, significantly down from the \$2.4 billion allowance signalled in the Budget Policy Statement in December. That reduction of \$1.1 billion goes straight to the bottom line. The Government's headline operating balance indicator, OBEGALx—the operating balance before gains and losses, excluding ACC revenue and expenses—is \$1.1 billion better each year, on average, than it otherwise would have been. In addition, the Treasury estimates that the tighter Budget package will see interest rates being 30 basis points lower than they otherwise would have been by the end of the forecast period.

Importantly, that \$1.3 billion allowance is a net figure. On the one hand, it encompasses \$5 billion a year of new spending and \$1.7 billion a year for tax reductions through Investment Boost; on the other hand, it contains savings of \$5.3 billion a year. These savings are the result of ongoing efforts by multiple Ministers, and I want to acknowledge you all today. We take seriously our roles as custodians of taxpayer money.

A significant portion of those savings come from changes to the pay equity regime. The changes were made to ensure future settlements stick to correcting pay discrepancies that arise from sex-based discrimination, and not for other reasons. Making those changes means the Government can re-purpose \$2.7 billion a year, on average, towards Budget priorities like health, education, and law and order. That \$2.7 billion had been put aside in contingencies for what, under the previous regime, were expected to be very wide-ranging pay equity claims, increasingly divorced from the sex-based discrimination that pay equity is supposed to be about. A one-off \$1.8 billion has also been repurposed from previous contingencies and put towards capital expenditure in this Budget, supporting

investments in new hospitals, schools, and other infrastructure. I can assure members that adequate funding remains in contingency to meet potential costs of future public sector pay equity settlements under our new regime. And the Government also anticipates there will be pay rises in female-dominated public sector workforces, achieved through normal collective bargaining.

The Government has also been able to find net savings by increasing funding for Inland Revenue's compliance activities. Funding of \$35 million a year is expected to result in \$280 million of extra tax revenue. That's an eight-to-one return on investment. This was an initiative proposed last Budget by New Zealand First and expanded in Budget 2025. Further savings have been made by closing a number of tagged contingencies and from reviewing the value for money of grants and fund across Government.

This is not austerity. In fact, it is what you do to avoid austerity, because getting the books in shape ensures New Zealand has financial security and choices into the future, and, as I am about to set out, savings in this Budget have allowed us to make much-needed investments in health, in education, in law and order, and in rebuilding our defence force.

Budget forecasts show that core Crown expenses are expected to remain steady, then decline as a percentage of GDP, reaching 30.9 percent by 2028-29. The OBEGALx deficit is expected to widen in the near-term, and then gradually improve after next year, returning to a surplus of \$200 million before the end of the forecast period. At that point, members, the structural deficit the previous Government left us will have been eliminated. Net core Crown debt is expected to peak at 46 percent of GDP, slightly lower than forecast at the half-year update, before then beginning to decline.

As these forecasts show, the Government is taking a deliberate, medium-term approach to fiscal consolidation. I am aware that there are alternative approaches. Some say that we should keep borrowing for ever, whack it on the credit card, and hope for the best. That would be the height of irresponsibility. It would put the financial security of New Zealand at risk, and we owe better to our kids.

To my own kids, sitting in the gallery today, I want to say that I know Mum's been busy lately—and I'm sorry I missed your show last night, Hatta—but your future and the future of the next generation of New Zealanders has been very much on my mind as we've put this Budget together. This Budget will be good for you and for all our kids.

New Zealand's productivity challenges are well understood. Study after study has identified a low level of capital investment per worker, compared to other countries. To raise productivity, to lift incomes, and to drive long-term economic growth, New Zealand needs our businesses, big and small, to invest—to invest in machinery, tools, equipment, technology, vehicles, industrial buildings, and other capital assets.

Investment Boost is a new tax incentive that will increase capital investment in New Zealand, and Investment Boost allows a business to immediately deduct 20 percent of the cost of a new asset from its taxable income, on top of depreciation. This means a much lower tax bill in the year of purchase, and the remaining book value is depreciated at normal rates. Since a dollar now is more valuable than a future, the cash flow from investments is more attractive and the after-tax returns are better. More investment opportunities will stack up financially, so more will be made.

Over 20 years, members, Investment Boost is expected to lift New Zealand's capital stock by 1.6 percent, our GDP by 1 percent, and wages by 1.5 percent. The advice we have received is that the benefits will be widespread among New Zealanders, with workers set to benefit the most in the form of more employment and bigger wage increases. These are, of course, orders of magnitude, but officials estimate that roughly half the impacts happen in the first five years.

Investment Boost starts today, and it applies to new assets purchased in New Zealand, as well as assets imported from overseas. It includes commercial buildings, but it excludes

land, residential buildings, and assets already in use in New Zealand. There's no cap on the value of new investments, and all businesses, regardless of size, are eligible. It is estimated to cost an average of \$1.7 billion per year in reduced revenue across the forecast period. So to manufacturers, farmers, tradies, and other Kiwi businesses, my message to you is this: our Government is helping you invest for your future and our country's future.

Continuing the growth theme, Budget 2025 funds a number of initiatives that contribute to the Government's Going for Growth agenda. As I announced earlier this week, the Government has set aside \$65 million to encourage foreign investment in New Zealand infrastructure by increasing the amount of tax-deductible debt foreign investors can use to fund it.

The Budget also supports the science and innovation reforms announced earlier this year. These include the move to transform Crown research institutes into three new public research organisations, establishing a dedicated gene technology regulator, and creating a new agency, Invest New Zealand, as the Government's one-stop shop for foreign direct investment.

Other economic growth initiatives in this Budget include funding for screen production rebates and additional funding for the Elevate NZ Venture Fund to invest in the technology start-up sector. Funding has also been set aside in contingency for potential Crown co-investment in new gasfields to ensure future supply.

While KiwiSaver has helped a lot of New Zealanders to save, many people's balances are modest. There would be few people, I think, who would reach 65, look at their KiwiSaver balance, and think, "I wish I'd saved less." The same goes for those looking to buy their first home.

Budget 2025 makes changes to encourage Kiwis to save more while also making the scheme more fiscally sustainable. From 1 April 2026, the default rate of employee and employer contributions, which is currently 3 percent, will go to 3.5 percent, and from 1 April 2028, it will go to 4 percent. Phasing this in over a three-year period helps workers and employers plan ahead.

The Government recognises that, over time, employer contributions may, effectively, form part of the wage negotiation process. Employees will be able to opt down to the current 3 percent rate and still be matched by their employer at that lower rate. Their contributions will be reset to the default rate after 12 months, but they can opt down again if they wish. These changes—moving to a default contribution rate of 4 percent, but retaining a 3 percent option—were recommended last year by the Retirement Commissioner.

From 1 April 2026, the Government will extend employer matching to 16- and 17-year-olds, and from 1 July 2025, it will make them eligible for the Government contribution. This will encourage more young people to adopt a savings habit and help them build a deposit for their first home.

Members may recall that the original KiwiSaver design included layers of expensive Government subsidies that proved unaffordable. Most have since been wound back—and the scheme has continued to flourish—apart from the Government contribution, which is expected to cost an average of \$1.2 billion a year over the forecast period.

I'm advised that the Government contribution is unlikely to be increasing the amount New Zealanders save. To ensure that KiwiSaver's cost to the taxpayer remains sustainable, this annual Government contribution will be halved to 25c for each dollar a member contributes each year, up to a maximum Government contribution of just over \$260 a year. Members with an income of more than \$180,000 will no longer receive any Government contribution. These changes to the Government contribution will apply from 1 July 2025. They do not affect the current year's Government contribution, which will be paid out in July and August this year.

Putting all these changes together, the KiwiSaver balances of employees contributing at the new default rate will grow faster than they do now, providing a larger balance at age 65 or when people come to buy their first home—building the financial security of New Zealanders. Savings from changes to the Government contribution which total \$2.5 billion over the forecast period are being used to fund other Budget priorities including health, education, and law and order.

A number of Budget 2025 initiatives deliver targeted cost of living support. These include fiscally neutral changes to Working for Families to better target it at low and middle income families who need the support most. From 1 April next year, the Government will raise the family income threshold for Working for Families to \$44,900 a year and increase the abatement rate slightly to 27.5 percent. As a result, families with incomes just above the new threshold will get an extra \$23 per fortnight from Working for Families, with this additional support reducing gradually as family income rises. In all, an estimated 142,000 families with children will receive \$14 more per fortnight on average, and the vast majority of these families will have incomes below \$100,000 a year. This will incentivise working families and give them support when they need it most.

The cost of this extra support is met from better targeting the first year of the Best Start tax credit. From 1 April next year, the first year of Best Start will no longer be universal but will be income-tested the same way the second and third years already are, with payments ending completely when a family earns just over \$97,000 a year. As a consequence, there will be families that receive less financial support than they otherwise would have, but the vast majority of those families will have incomes over \$100,000 a year. The change to Best Start only applies for births on or after 1 April 2026, so no family will see an actual reduction in their payments. As a mother of four, I can point out that we are giving prospective parents more than nine months' advance notice of this change.

Another cost of living initiative relates to prescriptions. Getting a prescription for only three months at a time can be frustrating, particularly for people on stable, long-term medications like asthma inhalers, insulin for diabetes, and blood pressure tablets. Getting a repeat prescription costs money and adds paperwork for doctors. Now, from the first quarter of 2026, New Zealanders will be able to get 12-month prescriptions for their medicines. That will save Kiwi medical costs, and it will give health professionals more time to deal with other patients.

The Budget also helps up to 66,000 additional SuperGold card holders pay their rates. From 1 July this year, the Rates Rebate Scheme will become more generous for SuperGold card holders and their households, by increasing the income abatement threshold to \$45,000 a year and increasing the maximum rebate to \$805. These changes originated from the National and New Zealand First coalition agreement and will come as welcome relief to many ratepayers.

The biggest part of the Budget is investment in the front-line services Kiwis rely on, and I want to take members through some key areas of new funding. First, let me clarify that when I talk about additional funding, I am referring—unless stated otherwise—to operating funding over the next four years plus capital funding.

I will start with health. Budget 2025 makes a capital investment of more than \$1 billion in hospitals and health facilities. Funding has been allocated for a major redevelopment of Nelson Hospital, including a new 128-bed in-patient building. In what is great news for the people of Nelson, the new in-patient building is expected to be built by 2029—two years earlier than originally planned. Funding is also being allocated for a new emergency department at Wellington Regional Hospital. In addition, Wellington Hospital will get new specialist treatment spaces, an expansion of the intensive care unit, and a refurbishment of the old children's hospital. The Budget also funds infrastructure projects at Auckland City Hospital, Greenlane Clinical Centre, and Palmerston North Hospital.

In terms of operating funding, the Budget confirms a funding increase of \$5.5 billion for hospital and specialist services, primary care, community health, and public health. This will support Health New Zealand to make progress on the Government's targets for more timely care, including shorter waiting times for hip replacements, cataract surgery, and other elective procedures.

Budget 2025 confirms funding of more than \$1 billion to buy and deliver additional cancer treatments and other medicines that Pharmac has announced over the past 12 months, and the Budget provides new funding of \$447 million to support increased access to primary care, including urgent care and after-hours services across New Zealand.

I now turn to something close to my heart. Giving children a chance to reach their potential through the power of a good education is one of the greatest gifts that a Government can bestow. 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. New funding in Budget 2025, of \$646 million operating and \$101 million capital, is the largest boost to learning support in a generation.

Improvements to our learning support system are overdue. It is a system that has become characterised by inequity, underfunding, long wait-lists, and frustrations from schools and parents. Children who need additional support have been missing out, and that is of great cost to them and to their families, and it is of great cost to our country. Because children with additional needs have enormous potential and, with this support, more of them will have the chance to realise it. It will also benefit their classmates, whose teachers will now be better supported to meet diverse learning needs. The extra Budget funding will provide more teacher-aide hours, more specialist support, more learning support coordinators, an expansion of early intervention services, and new learning support classrooms. This investment will change lives.

There is also new funding in the Budget for schools' operational grants, early childhood education, and tertiary education subsidies, and there is funding to increase the independent school subsidy to address price and volume pressures over time, delivering on the ACT and National coalition commitment to review the funding formula.

Extra maths help will be available for students who need it, with \$100 million of new funding for early intervention and support, and there is a \$140 million package of services to lift school attendance, and this delivers on another ACT and National coalition commitment. Finally, more than \$700 million has been set aside to deliver new schools, purchase sites, expand some schools, and build new classrooms. The Hon Erica Stanford—we did it. It's a great Budget.

New funding in Budget 2025 continues the Government's drive to restore law and order. The Budget invests \$480 million more to support police on the front line, to crack down on crime and keep our communities safe. We will not be defunding the Police.

We are also keeping communities safe through stronger sentencing laws that mean less violent crime, fewer victims, and more offenders in prison. The Budget invests \$472 million to ensure Corrections can manage this increase in the prison population, including 580 new front-line staff. This reflects an ACT and National coalition commitment to increase funding to ensure sufficient prison capacity.

The Government is also redeveloping Christchurch Men's Prison, with the project set to be designed, built, financed, and maintained for 25 years under a public-private partnership. And I know the member for Selwyn is pleased. Court case backlogs will be reduced through \$246 million of new funding, which will improve timeliness and access to justice. Customs is also receiving additional funding to strengthen our border, prevent drug smuggling, and fight organised crime.

Finally, I want to mention Māori and Pasifika wardens and the Māori Women's Welfare League. They are the friendly faces when things get tough and they are receiving funding in this Budget thanks to New Zealand First.

For too long, New Zealand's Defence Force has been allowed to gradually deteriorate through loss of personnel and a failure to upgrade equipment. Budget 2025 marks a change in that course. A major uplift in defence spending will ensure New Zealand pulls its weight in an increasingly volatile world. It does this by investing in the men and women of our military and giving them the modern tools they need to do their jobs. This uplift cannot be funded in one Budget alone. But we have made a meaningful start by funding priority projects including new maritime helicopters. The Budget also invests \$660 million to improve core Defence Force capabilities across air, sea, land, and cyberspace.

In terms of foreign affairs, the Budget addresses a very steep fiscal cliff in overseas development assistance, specifically for climate finance, that was unhelpfully left by the previous Government. The Budget addresses this, at least in part, through ongoing, baselined funding of \$100 million a year, focused on the Pacific. Members will perhaps not be surprised to learn that the Minister of Foreign Affairs has made a very strong case for more funding, and this will be looked at in future.

The Budget also includes new funding of \$84 million over four years to enhance New Zealand's relationships with Asian countries, address trade barriers, and support the Government's goal to double exports.

Budget 2025 sets aside \$230 million for a new Social Investment Fund, of which \$190 million is to purchase better outcomes for New Zealanders in need. Social investment is about the Government investing earlier, guided by data and evidence, and with much more transparent measurement of the impact that interventions are having in people's lives. It is not enough to simply service misery; we have to actually make people's lives better.

Over the next year, the fund will invest in at least 20 initiatives, adopting a very different contracting approach than is traditionally used by Government agencies, and an approach we're ambitious to grow much, much further. I know that the Minister for Social Investment is excited by the prospects for this approach to change vulnerable people's lives for the better.

As announced a fortnight ago, the Budget allocates \$774 million to fund initiatives in response to the Royal Commission of Inquiry into Abuse in Care. The Government has committed this funding, across a number of different Votes, to improve redress for survivors and to strengthen the care system to prevent, identify, and respond to abuse in the future.

Budget 2025 allocates \$6.8 billion of capital expenditure. This is partially offset by savings, leaving a net capital allowance in the Budget of \$4 billion, slightly higher than the \$3.625 billion capital allowance signalled in the Budget Policy Statement.

I have already mentioned most areas of new capital expenditure in the Budget—hospitals, schools, the Defence Force, prisons, and the Elevate fund. Budget 2025 also provides new funding to improve New Zealand's rail network. Train commuters and businesses moving goods around the country will see more reliable rail services thanks to the Government's investment of \$605 million for rail upgrades and renewals.

In addition, the Budget provides funding to deliver additional social homes and affordable rentals, including for whānau Māori. These Budget 2025 capital initiatives add to existing investments already under way.

Government infrastructure investment over the forecast period now totals around \$61.8 billion. About a third of this investment in infrastructure will be spent on the

transport sector and another third is going to education and health. In addition, \$3.5 billion has been set aside in each of the next three Budgets for new capital investments.

Putting this Budget together wasn't easy. It involved careful choices and restraint from all Ministers. That is as it should be, and as New Zealanders have the right to expect, because Budget 2025 had to strike a careful balance. It invests in public services that New Zealanders need now, while driving the long-term reforms to lift investment and productivity in the longer term. It delivers new hospitals, new schools and a transformational boost to learning support. It makes changes to encourage Kiwis to save more. It provides cost of living relief targeted at low and middle income families. It takes the first step in a major uplift in defence spending. It secures the economic recovery that Kiwis are depending on. And, as all New Zealanders should expect, it does this while setting a course to a balanced Budget and an end to rising debt.

Our approach means that New Zealanders can look forward with confidence. Every Kiwi can know that this is a Government that has their back. I commend this Budget to the House.

SPEAKER: Before I call the Leader of the Opposition, I'll just call the House's attention to Speakers' ruling 141/3, particularly the second half of that, for all members of the House. The question is that the motion be agreed to.

BUDGET DEBATE

Rt Hon CHRIS HIPKINS (Leader of the Opposition): Thank you, Mr Speaker. I move, *That all of the words after "That" be replaced with "this House has no confidence in the Government because it has chosen to pay for its Budget by cutting the wages of future working women."*

Nicola Willis' pre-Budget spin got it half right—this was a scramble without the lollies. A Budget that has scrambled the Government's finances, tried a whole lot of smoke and mirrors to hide where their cuts are being made, to try and confuse New Zealanders with the idea that they'll be better off when, for a lot of Kiwi families, this Budget is nothing but bad news.

This is the Budget that will be remembered as the Budget that left women out. This is the Budget that said to working Kiwi women, they are worth less—in fact, nearly \$3 billion a year less—a Budget that says that women are worth less than tax breaks for landlords, a Budget that says women are worth less than tax breaks for tobacco companies, a Budget that says women are worth less than tax breaks for multinational corporations like Google and Facebook, a Budget that says women are worth less than subsidies for the oil and gas industry.

There's one thing this Government have shown they're very adept at mining, and that is the pits of division. It says everything about this Government's twisted priorities that they're saying to working Kiwi women that they are worth less than men doing work of comparable value. Midwives, Plunket nurses, those who help new mums and babies are worth less to this Government. The care workers who look after our elderly are worth less to this Government. The hospice nurses who support New Zealanders in their final days are worth less to this Government. The teacher-aides who support some of our most vulnerable children are worth less to this Government. The librarians, the technicians, the support workers who keep our front-line services operating are worth less to this Government. All of them are being told loud and clear that they have to settle for less pay than men so that this Government can balance its books after a series of bad choices they have made.

Never in the history of this country have women been told: "Work harder and get less.", and yet that is what this Government are saying. The country that was first to allow women the vote has nothing to be proud of today when it comes to advancing the cause

of women. This is a Budget that exposes how Nicola Willis and Christopher Luxon see hard-working and often low-paid Kiwi women and where the savings from devaluing women's work are being celebrated by people like David Seymour.

Rt Hon Winston Peters: How's about Marsden Point?

Rt Hon CHRIS HIPKINS: And Winston Peters, who has a lot to say at the moment, paragon of virtue, he's going to uphold the standards of Parliament, must have had his head in his hands when Nicola Willis described this as the "no BS Budget". What he didn't realise is that BS wasn't actually about a swear word, because when she was talking about "no BS", what she was being clear is the Budget had no bold solutions. The Budget had no bread and shelter for vulnerable New Zealanders. The Budget had no back-paid settlements for women who have been fighting to have fair pay for far too long, and it had no better society. What it does have is big subsidies—big subsidies for oil and gas, among others. This Government has no vision, beyond enriching those who are already doing well, whilst dividing working New Zealanders in an attempt to distract them from the damage that they're doing to their lives and livelihoods.

This Budget isn't only about cuts to women's pay, though, because, for the second year in a row, that much promised cost of living relief the National Party banded on about during the election campaign is proving to be elusive. Remember the \$250 a fortnight that families with children were promised by Christopher Luxon during the election campaign? The Government cannot find one single family—not one single family—that's got the \$250 a fortnight that they were promised repeatedly by the Government during the election campaign. The party that pumps itself up on its own economic grandiose has exponentially failed on its flagship promise of cost of living relief for Kiwi families.

But this gets worse, because Nicola Willis talked about the changes to Working for Families in her Budget speech. What she didn't mention is that for 61,000 New Zealand families, their Working for Families is being cut. They're going to be \$43 a fortnight, on average, worse off because of this Government. I didn't hear anyone on the election campaign trail when speaking for National say that tens of thousands of families were going to be made financially worse off by this Government, and yet that is exactly what today does. For those who are supposedly better off, what do they get? Less than a block of butter a week extra. If they save it up over two weeks, they might be able to buy a block of butter. That's what they're getting, whilst 61,000 families are actually having the level of financial support they get cut by this Government.

Best Start payments are being cut for many families. It might not mean much to the members opposite, but for many of those families it's a box of nappies or a tin of formula, or potentially both, a week that they are now missing out on. In the meantime, those families see their rents continuing to go up, while their landlords get tax cuts. They're seeing their insurance continuing to go up, partly driven by increasing rates by Government. They're seeing their rates being driven up by the actions of this Government. Their power prices are going up, in part because the Government's decided to increase its contribution to power prices across the country. They're seeing the cost of registering their car going up. The Government made that decision. They're seeing road-user charges going up—all costs being imposed under National, while cost of living support for things like public transport and so on has been cut by this Government.

This is a Government that has made bad choices that make life worse for a lot of working New Zealanders. We've just heard from Nicola Willis that it's all because she had no other choices—that there was no room to move and that there was no money. All Governments have choices. Nicola Willis would have had more choices had she not increased borrowing by \$12 billion in the last year because she didn't make her numbers add up. The position that this Government and Nicola Willis have put us in is down to their bad choices. They are choosing austerity and cuts. And austerity is exactly what it

is. It failed in the United Kingdom and it will fail here. It will leave New Zealand a poorer country and it says to the next generation of New Zealanders, who are already giving up in record numbers, that they may as well leave the country because there is no hope here. This Government are practically offering them a plane ticket and saying that there is no future for them here and they may as well give up and leave.

It is this Government that has chosen women to pay for the unaffordable decisions that they have taken. It's time they accepted responsibility for their own decisions and stopped blaming everyone else. They should stop blaming unions, nurses, teachers, care and support workers, hospice workers, Plunket nurses, midwives, because these are all choices this Government have made.

What have those choices led to for New Zealanders? Rising unemployment, record numbers leaving to go overseas, more people living on the streets in cars and under bridges, more children going hungry, women being paid less. These are their decisions and their choices, and they have made bad ones.

More people living in cars is nothing to celebrate, and yet this Government has celebrated this year, in this Budget, the amount of money they've cut from emergency accommodation. Cutting funding for emergency accommodation and celebrating how much you've saved while our agencies that work with our most vulnerable who are living on the streets say they simply cannot keep up with demand, because the numbers of people rough sleeping are growing so fast that they can't support them, is nothing to celebrate. It says everything about how wrong this Government's priorities are that they think that booting people out of emergency accommodation and on to the streets is something to be proud of. It's not something to be proud of; it's something to be ashamed of.

I recently said that there would be three things that we were looking for in this year's Budget. The first is that it properly funds our front-line public services. Under this Budget, front-line services, like health, continue to go backwards. Last year, we said the money that they'd put into health wouldn't keep the lights on, or barely kept the lights on. This year, the lights are flickering and starting to fail. The health system simply isn't getting the funding that it needs to continue to serve New Zealanders.

Hon Shane Jones: Boring.

Rt Hon CHRIS HIPKINS: The second thing we were looking for from this—I know Shane Jones thinks the health system is boring, but for New Zealanders that rely on it, it's pretty damn important—year's Budget was credible answers to how the Government's actually going to fund all the promises that it's been making, and that shouldn't be at the expense of working New Zealand women. So we were looking, for example, for how they're going to fund the billions of dollars' worth of new roads that they promised, the billions of dollars of hospitals and school upgrades—all those things they go round the country talking about, the huge pipeline of work that's coming. We were looking for an explanation for how that's going to be funded. Shane Jones is waving it around. He might like to have a look at the level of Government capital investment in that Budget document that he's waving around that shows that the amount being invested in all those things has been cut from \$65 billion to \$51 billion. The Government that talks a big game on infrastructure is actually cutting the amount of money that's being spent on those things.

The final thing that we were looking for was a plan to invest in our collective future as a country, and there is no greater example of how this Government doesn't have one than the changes they have made to KiwiSaver. Working New Zealanders out there saving hard for their retirement will be shocked to learn that this Government has raided their retirement savings to pay for its Budget—not the first time the National Party has done that. KiwiSaver, proudly set up by Labour, halved by the last National Government, is being halved again by this National Government. If there is one message New Zealanders

have had loud and clear from this National Party, it's that they cannot be trusted when it comes to the national treasure that is our KiwiSaver scheme.

So let's look at what the \$2.5 billion of cuts to KiwiSaver mean for working New Zealanders. An 18-year-old New Zealander, as of this year's Budget, is now going to be \$66,000 worse off in their retirement. Let's be clear on that: for an 18-year-old just starting out, signing up to KiwiSaver, getting into the workforce for the first time, they have just seen \$66,000 taken from their KiwiSaver balance on retirement.

Let's talk about someone who's 30. Someone who's 30 is going to get \$30,000 less in their retirement because of the cuts to KiwiSaver made in this year's Budget—dressing that up by saying, “Oh, you can save more of your own money.”, to compensate for the fact that the Government's just cut KiwiSaver isn't going to wash. I support greater retirement savings, but I don't support the Government cutting investment in KiwiSaver and cutting the future retirement savings nest egg of all working New Zealanders, which it has done in this year's Budget.

They call this the “growth Budget”. What's growing? We've seen growth in homelessness, growth in unemployment, growth in food prices, growth in people using food banks, growth in the number of people living on the streets, growth in the number of kids living below the poverty line, growth in the number of people giving up and leaving New Zealand, growth in the gender pay gap, and growth in environmental degradation. They are offering growth, but it is growth in all the wrong places, and despite all of their rhetoric, this year's Budget actually borrows more.

All Budgets are about choices, and we would make different choices. Governments should serve the people. They should provide hope for the future, they should have a plan for the future, and this Government is doing neither. When Kiwis are out of work and desperate for work, there is very little hope for them in this year's Budget. When far too many Kiwis are without a home, there's no hope for them in this year's Budget. When Kiwis are struggling to get the healthcare they need when they need it, there's no hope for them in this year's Budget.

Our priorities are very clear: jobs, health, homes. This Government's not delivering on any of those things. They're making it harder to get a job, and they're making sure that for those who do have one, it doesn't pay as well, and that's particularly the case for hard-working Kiwi women. They're not funding the healthcare New Zealanders deserve, and they're making it harder to buy a home. Look at the fine print in this year's Budget and, after cutting first-home buyer grants last year, you'll see the Government have once again made it even harder for first-home buyers, not just by their cuts to KiwiSaver but by further cuts, hidden in the fine print, to the other support that's available to first-home buyers. We'll get to that in due course.

Jobs, health, and homes should've been the priority for this year's Budget, and they simply weren't. This is a Government that is delivering cuts, that is delivering austerity, and it's a Government with no vision for the future. The smoke and mirrors in this Budget—for example, extending prescriptions; a good thing—won't make up for the fact that the prescriptions they're extending are for those who can afford to pay for them. For those who lost their free prescriptions, it offers no additional hope whatsoever. The emergency care clinics they're offering are the very definition of the ambulance at the bottom of the cliff, because they can't find people to staff them. Where are they going to find the doctors and the nurses, particularly given they've told the nurses that they're worth less? But that's what this year's Budget has done.

Instead of investing in homes for people—and this is a Government that has cut investment in people's homes—they are making it harder for people to access the support they need. Instead of supporting people into work, jobs have been slashed. More jobs will

be slashed as a result of this year's Budget. Make no bones about it: this is a Government that is making the wrong choices.

So I look forward to seeing all those one-term National Party backbenchers up the back there going back to their electorates and telling the hard-working Kiwi families who have just found their Best Start payments have been cut, that their Working for Families has been cut, that their KiwiSaver's been cut, and that they're not getting the \$250 a fortnight the National Party promised them—I look forward to seeing them going around the country and trying to tell New Zealanders why they should be grateful for that. I look forward to them going and telling the half of the population in their electorates who are women why they think they don't deserve to be paid fairly, because that is the very clear line in the sand that this year's Budget makes for Kiwi women.

New Zealanders saving for retirement will get less. Families will never see the \$250 a fortnight that the National Party promised them, families are having their Working for Families cut, families are having their Best Start payments cut, and families are having their KiwiSaver retirement nest eggs cut. At a time when we have seen record numbers of people leaving the country under this Government because they are giving up hope, this Government is offering them nothing of the sort. That problem will only get worse under a Government that is offering nothing more than austerity, cuts, division, and divisive politics. New Zealanders deserve better from their Government. It isn't what they're being offered today.

Rt Hon CHRISTOPHER LUXON (Prime Minister): Well, hasn't it been a shambolic year for the Labour Party—hasn't it? I have to say: has there ever been a Leader of the Opposition with less substance than Chris Hipkins? What you get is a lot of carping, what you get is a lot of points of order, and you get a lot of wishy-washy, don't you? It's a lot of wishy-washy, because beneath it all they have no policies—zero policies—and they have no plan. Of course, the worst thing of all is the constant flip-flopping from the man that I call “Mr Bojandals”—“Mr Bojandals”—because you have to ask the question: does the Labour Party have a single position on anything, a consistent position on anything? Let's just look at the last few weeks, because here's a pretty basic question if you want to be in Government, and the question is quite simply: how much debt is the Labour Party prepared to take on? It turns out the answer depends on who you actually ask; that's the problem.

If you ask Barbara Edmonds, you sort of get a sensible sort of response or idea. Yep, she wants to tax more. Yep, she's going to spend more. Yep, she's going to borrow more. But she's promising to keep debt around 50 percent of GDP, and she's promising to get to a surplus within four years. That's pretty basic stuff, really. Actually, big-spending Grant Robertson would have even signed up for that stuff. But I'm telling you, if you ask Chris Hipkins, you get a completely different answer, because, within days of Barbara promising that she would meet that debt cap, within days of her promising to deliver the surplus in the four years, he actually goes on radio, throws her under the bus, and then doesn't stick to that commitment. Instead, what we get from Chris Hipkins is that we have to have a “mature conversation”—a “mature conversation”—about Government debt. What that really means is that he wants a lot more debt. We know that to be true because, the last time they were in Government, they added \$120 billion extra in debt, and we have nothing to show for it except economic pain and economic suffering.

Now, the Green Party and Te Pāti Māori, they may have two leaders each, but under the Labour Party—under Chris Hipkins and Barbara Edmonds—we are seeing, for the first time in political history, a party with two different Budgets. We're going to have two debt targets, we're going to have two surplus targets, we're going to have two plans for spending more, borrowing more, and taxing more, and we have two MPs that are totally unqualified to run the economy. I just would ask you all to close your eyes and reflect

and think and imagine a nightmare scenario, which is Chris Hipkins, Chlöe Swarbrick, Marama Davidson, Debbie Ngarewa-Packer, and Rawiri Waititi, sitting round a table, discussing how they'll run the economy. Well, I have to say: these people can't run a bath—they cannot run a bath—let alone run an economy.

But the flip-flopping doesn't stop here, because if we just take pay equity—let's talk about that up front; let's be really honest about it—Labour's regime was unworkable, it was broken, it was unaffordable. We've made the sensible changes, and, yes, we've saved \$12 billion in doing so. But here's a really basic question: what is the Labour Party's position on pay equity? What is it? We, first of all, heard Chris Hipkins say he's going to roll it all back—roll back the changes—whatever the cost may be, without knowing what the cost actually is. Despite having been in Government for six years, you'd think they'd actually know this stuff, but they didn't. Then guess what happened! The next day, “Mr Bojandals” showed up and the U-turn was away; that's what happened. Now he's saying he may not roll it all back, because it's a little bit complicated and it's a little bit too hard; that's where we are.

There are two more flip-flops about to come, because the unions and Fleur Fitzsimons are going to hit him, and he's going to change his position, and then Barbara will internalise the actual depth of the number and then, before you know it, actually, he'll be back in the old position again. But the flip-flopping doesn't stop there, because last week, we saw the Green Party roll out their plan for \$88 billion in new taxes, \$44 billion in more debt, and it is a dangerous plan. It is absolute madness and insanity—

Ingrid Leary: Point of order, Mr Speaker. I note that the member didn't refer to my colleague as Barbara Edmonds, and I thought that was something that this House has ruled on this week that we should be doing: using both names.

SPEAKER: Thank you. Good point.

Rt Hon CHRISTOPHER LUXON: So they add \$88 billion worth of new taxes. They add \$44 billion worth of new debt. But you've got to admire the Green Party, at least they have a plan. At least they have the courage to have a plan. Labour don't. The question I've got to say is: when he got the chance, did you actually hear Chris Hipkins rule any of it out?

Hon Members: No.

Rt Hon CHRISTOPHER LUXON: No. Did he actually rule out the wealth tax?

Hon Members: No.

Rt Hon CHRISTOPHER LUXON: Did he rule out the inheritance tax?

Hon Members: No.

Rt Hon CHRISTOPHER LUXON: Did he rule out the trust tax? Did he take that off the table?

Hon Members: No.

Rt Hon CHRISTOPHER LUXON: No. And could he rule out an income tax rate that sees, on average, nurses being worse off under a Labour-Green Budget? No, he didn't do that either. As far as Chris Hipkins is concerned, everything's off the table or on the table. I've just got to tell you—here's my prediction—I'll tell you what's going to happen: he is going to come out, flip-flop, and actually desperately try and rule it all out—the Greens' plan—and then you know what he's going to do? He's going to launch a broken tax plan of his own very, very shortly. You watch this space.

But of course it has been a year of flip-flopping for the Labour Party, and we, on this side of the House, had that feeling it was coming this year. We could tell because, on day one, he showed up in his jandals, you know, and then it just got worse, because the flip-flops have come thick and fast. He's flipped and flopped on public-private partnerships. They flip-flopped on the gang patch ban. They flip-flopped on charter schools. They flip-flopped on the mobile phone ban. I'm telling you, all this despite the fact that Labour

have literally zero policies and no plan. You know, they have nothing to explain, and they cannot explain it. It's unbelievable. It's quite something.

Of course, when Chris Hipkins actually launches Labour's plans to smash Kiwis with a capital gains tax, which I guarantee will happen by the end of the year, that will be the biggest flip-flop of them all. And why? Because, within three years, we've had four different positions on capital gains tax from the Labour Party. First and foremost, they were very much against it. Secondly, they set up poor David Parker and Grant Robertson to discuss the merits of a wealth tax versus a capital gains tax. Then "Mr Bojandals" shows up and makes a captain's call and says it's all off—it's all been ruled out—and I guarantee you, by the end of this year, he's going to show up here, launch a capital gains tax, and say, "That's the solution to all of our economic woes." Watch this space.

I'll just say, at the end of the day, we know what economic policies we get from the Labour Party, the Green Party, and Te Pāti Māori. We know what those three policies are going to be: one, they are going to tax more, guaranteed—guaranteed; secondly, they will have more wasteful spending, guaranteed—absolutely guaranteed; and thirdly, they're going to have a lot more—a hell of a lot more—debt, guaranteed. I can tell you that's what the policies actually are.

But enough about the Labour Party, because I have to say this has been another year and another outstanding Budget from the great Nicola Willis. I've got to tell you: how lucky is New Zealand and how lucky are we to have someone as hard working, tenacious, determined, smart to deliver yet again, another amazing Budget? For a second year in a row, she's knocked it completely out of the park. Thank you, Nicola Willis.

Now, Budget 2025 is a responsible Budget, and it is focused on growth, and it is focused on helping Kiwis get ahead. It's a Budget that supports the cost of living, it's a Budget that makes significant investments in the front-line services that Kiwis rely upon, it's a Budget that, despite a very difficult international backdrop, charts a responsible pathway back to a surplus, and it's a Budget about growth that is ambitious for New Zealand. Here are the numbers: Treasury's latest forecasts show that, under this Budget, inflation remains in the band, interest rates will remain low, economic growth is going to average 2.7 percent over the period. We've got, most importantly, wages growing faster than inflation, and that helps working Kiwis every single year of this Budget. We will generate 240,000 new jobs in the period of this Budget.

For the hard-working Kiwis trying to get ahead, these forecasts—I tell you—are good news and they reinforce that New Zealand is turning the economic corner incredibly well. Inflation is down, interest rates are down, growth is back, we grew 0.7 percent in the last quarter, and in regional New Zealand, when you get out there, exports are taking off, dairy's doing incredibly well, and our tourists are flocking back to New Zealand. We want a lot more of it. We want a lot more growth in this coalition Government.

I want everybody to know whether you are a farmer, a grower, a tourism operator, a manufacturer, a small-business owner, or an exporter that we want to say thank you to you. We want to say thank you for what you do. I hope you know that we back you 100 percent and we will do whatever it takes for you to be able to win—whether that's fast track or whether it's Resource Management Act reform, whether it's keeping agriculture out of the emissions trading scheme, building new roads, signing fresh trade deals, or attracting more investment from offshore, we are utterly, utterly obsessed with economic growth, on making your life easier so that New Zealand can be an outstanding place to do business.

Now, this brings me back to this year's Budget, because our Government's top priority is economic growth and it's at the heart of what we're doing in this Budget. The centrepiece of that focus is Investment Boost. That is a critical next step in our plan to lift economic productivity. From today, if you are a tradie, a farmer, a manufacturer, a small-

business owner, or another hard-working Kiwi actually wanting to invest in the future of the New Zealand economy, we're making it a little bit easier for you to grow your business—I'll keep it real simple—because Investment Boost means cheaper tractors. It means cheaper utes. It means cheaper plant and equipment for manufacturers and winemakers and tourism operators and start-ups. It means fostering the investment New Zealand businesses need to lift productivity, to increase wages, to boost exports, and to get even more competitive on the global stage. It means making New Zealand a much more attractive destination for overseas investment. It means, most importantly, backing Kiwis to work smarter, not harder, as a result—higher wages, more jobs, and a chance for every New Zealander to get on top of the cost of living.

You see, that's the difference between this Government and National and Labour. That is the big difference. We back small businesses to invest and to create jobs and to lift wages. Meanwhile, Labour's gearing up to actually smash them and punish them with the capital gains tax as they stop them from just getting on and doing what they do, which is to grow. But National backs growth and—I'm telling you—Labour wants to tax it. It's that simple.

Now, of course, it doesn't stop there, because in Budget 2025 we're making major investments in infrastructure; in Invest New Zealand; in growing tourism; in accelerating our science, innovation and technology sector; backing our film industry; and our early stage tech companies. It's all part of our plan to go for economic growth to create jobs and lift wages. Why? So that Kiwis can actually get ahead. That's what we're here to do.

In this Budget, though, we have also got some very targeted support for those dealing with the cost of living. We've had years of economic mismanagement and vandalism from the Labour Government and that left a massive financial toll on families up and down this country. We all know the history. The history was pretty simple: lots of wasteful spending drove up inflation, drove up interest rates, led to a massive blowout in debt, and took a massive toll on families up and down around the country. Kiwis paid the price for their economic incompetence. That's what happened here. Since day one, all of this Government has been focused on cleaning up their mess, and now we're starting to see those results.

The exciting thing for working New Zealanders is that under this Government, the Government of the workers and the low and middle income New Zealanders, their wages after inflation have gone up—listen to this—\$1,100 in the short time that we've been in Government. Under the last three years of a Labour Government, it went up a measly \$80 average after inflation wages, right? That comes on top of the first tax relief, which we delivered in the last Budget for low and middle income, working New Zealanders. The shame of it is Labour, the Greens, Te Pāti Māori, and the unions didn't support getting more money into the back pockets of working New Zealanders.

Now, we know that there is a lot more for us to do, which is why in this year's Budget we are taking action to support those dealing with the cost of living in a targeted way. You've seen it with the changes to Working for Families payments, which means that 142,000 families across this country will receive, on average, an increase of about \$14 per fortnight. We have 66,000 SuperGold card holders who are going to receive a rates rebate, ensuring that older New Zealanders living on a fixed income can navigate the cost of living in a much better way. I have to say to everyone listening, if you're receiving New Zealand super, your payments are going to continue to rise under this Government. In fact, they have already risen \$130 for a couple per fortnight since we came to power 18 months ago. We're also extending the prescription lengths from three to 12 months. Of course, what that means for a lot of Kiwis is that removes a lot of time, a lot of hassle, and a lot of expense. Importantly, what it's doing is it's freeing up GP appointments so that those that need to see a doctor can get in and actually get that appointment as well.

Now, this Budget isn't just about economic growth; as I said it's about cost of living, but it's also about investments in the front-line services. I'll just say to you, look at the investments that we're putting into health: \$164 million to fund more urgent care and more after-hours care for Kiwis so they can see a doctor when they need to. We're rolling that out across the country. We're talking about new 24-hour urgent care services in Whangārei, in Tauranga, in Palmerston North, in Dunedin, in Counties Manukau. That means new urgent care services in the Hutt, in Timaru, and in Invercargill. It means extended after-hours services in Dargaville, Hokianga, Kaitiāia, Gisborne, Hāwera, Tauranga, Te Kūiti, Taupō, Tokoroa, Whakatāne, Dannevirke, Levin, Masterton, Wairoa, Alexandra, Ashburton, Golden Bay, Gore, and Oamaru.

We have targeted support for more than 70 rural and remote communities, including extending after hours, 24/7 on call, in-person support, and improved access to diagnostics and medicines. All up, 98 percent of Kiwis will be able to receive in-person urgent care within an hour's drive of their home. I'm telling you, that will make a real difference to many, many thousands of New Zealanders. Of course, we're funding more health infrastructure—another \$1 billion going in to make sure that we can actually redevelop Nelson Hospital, make sure that we can deliver a new emergency department for Wellington Hospital. That is a brilliant, brilliant healthcare package put together by a fantastic world-class Minister of Health: Simeon Brown.

The good news is it's not just about health, because we all know in this House that we cannot have a strong economy if our kids haven't mastered the basics, and our businesses can't access the skills that they need to grow. The good news is in this Budget, thanks to our brilliant Minister of Education, Erica Stanford, we have some major investments coming into education. Every child in New Zealand deserves an outstanding start to life. We want them to have the very best opportunity and all the potential to succeed and to realise their potential. That's why we campaigned for an hour a day of maths and reading and writing. That's why we implemented a mobile phone ban. That's why we're actually rolling out structured literacy and structured mathematics so that we teach our kids the basics well and they get a chance at accessing higher-paying jobs.

But parents also need to know that if their child needs extra help, they have a real chance at getting the support that they need. In this Budget, we're going further than ever before: the most significant and most comprehensive investment in learning support in a generation. Having spoken to many of the parents, I'm proud to say that the investments that we are making will be able to deliver 900,000 hours in additional teacher-aide time by 2028. We also have fresh opportunities for speech-language therapy and educational psychology. We're also building new classrooms, too. There's \$514 million set aside for 300 new classrooms and new and expanded schools, and there's \$90 million set aside for 25 new learning support special classrooms and also improvements to those schools for students with additional needs as well. We have done that after watching Labour fail our kids year after year. We watched our children fall further and further behind against the rest of the world, and our Government's determined to turn that all around, because every child deserves to master the basics and every child deserves their shot at their version of the Kiwi Dream, whatever that may be.

Well, I have to say this is another excellent Budget from Nicola Willis. It really is. Just like every family around the country, we have had to make tough choices about what we spend our money on. Against the challenging international backdrop, it's a responsible Budget and it gets the basics right. It is a Budget focused on unleashing economic growth, creating jobs, increasing wages so that Kiwis can get ahead. It's a Budget that's providing targeted cost of living support as well. It's a Budget that makes fresh investments in front-line services, like health and education, and it's a Budget that actually keeps the country

on a pathway back to surplus so that we can keep a lid on the debt and keep New Zealand well positioned for a rainy day.

We know on this side that it's only through a strong economy that we can deal with the cost of living, that we can support Kiwis to get ahead, and we can make sure that we can afford the world-class public services that New Zealanders expect and deserve. So let me say, in closing, Budget 2025 is another excellent step in that direction and all part of getting New Zealand back on track. Thank you.

CHLÖE SWARBRICK (Co-Leader—Green): Isn't it telling that in the Prime Minister's speech he spent the majority of his time talking about our Green Budget and not his own. Budgets make Governments put their money where their mouth is. They show how a small group of elected people who win power by convincing enough people to vote for them will gather and spend our country's collective resources. It shows you who they think is worth protecting, and who they think deserves to suffer. It shows you what they think hard choices are: whether they think it's harder to tax the rich or to allow children to live in poverty, whether they think it's harder to protect nature or hand over our forests and our oceans to fossil fuel lobbyists, whether they think it's harder to feed the poor or to arm up for somebody else's war.

Today, the Government has shown us that it thinks it's harder to get the rich to pay their fair share than to look after regular people and the planet that we all share. For them, the path of least resistance is the suffering of regular New Zealanders. Just look at the cruel and callous decisions to punch down on young people who need income support. Just look at their cuts to Best Start. Tens of thousands of families will miss out because this Government has decided that supporting babies who don't meet their necessary threshold for investment—they are supposedly saving \$200 million by denying money to our tiniest New Zealanders. Coincidentally, they could find \$200 million for new offshore gasfields. Let me spell that out: in a climate and inequality crisis, the Government is taking money away from whānau with a new baby at home and setting it on fire by ploughing it into new fossil fuel exploration.

Last week, the Greens showed the country what we would do if we were making these decisions. We showed people that we could reduce the cost of living, increase our quality of life, and rapidly reduce climate-changing emissions. We were straight up that doing so means fixing the tax system, and sensible borrowing to build a resilient economy. We chose common-sense decisions for our common good. We chose everybody seeing their GP for free. We chose every child in this country getting high-quality early childhood education that they need for a good life, free and publicly provided like every other year of schooling. We chose to fix Working for Families with a fair approach that lifts every single family out of poverty instead of a punitive abatement that pits the worst off and the slightly better off against each other.

Now, the Government, well they looked at the problem of high, effective marginal tax rates, which they know is a diabolical trap for whānau, and decided to make it worse. We, however, chose well-resourced public transport, reducing stress and congestion and climate-changing emissions; trains in and between our cities to connect whānau and friends and opportunities and fun, and, God forbid, to connect our country. We chose to put the wellbeing of everybody over the profits of a few, but this Government today chose to slash almost everything that we care about to protect those profits of a few.

So much for no BS, eh? This is the "trickle-down Budget". This is the "no ambition Budget". This is the "child poverty is actually all good Budget". This is the "dismantle the country and hope to sell it for parts to international investment funds Budget". This is the "ask the lowest-paid working women in this country to pay the cost of your unequal economy Budget". This is the "let them eat cake Budget". This is the "BS Budget", because the Government is taking New Zealanders for chumps.

This Government is asking New Zealanders to believe that this is as high as we could possibly aim. They want people to believe that they should be scared of each other. They want people to believe that there's not enough to go around. They want people to believe that what it takes to survive is relentlessly and exhaustingly competing and hustling and hoarding. They want people to believe that if you don't, someone else will come and take it, that working harder, longer, for less, is somehow the only way to survive, but that one day you too could knuckle down and buy an over-leveraged property and owe a whole heap of money to the bank, and that your highest aspiration could be to buy a couple of homes and to rent them out to people so that you could charge an arm and a leg for the privilege of not freezing on the street. They want you to believe that our time is only valuable if it turns a profit, that our worth is only outputs and key performance indicators, that our native taonga, our whenua, our wildlife, they only matter once they have been sold.

This Government knows the cost of everything and the value of nothing. Everything in their world is only as worthwhile as its ability to generate a surplus. The Government wants New Zealanders to believe that this country does not have enough, that New Zealanders aren't enough, and that we all need to settle for far less than what we deserve. We in the Greens know that that is simply not true. Our country now is wealthier than it has ever been, but, for some strange reason, half a million New Zealanders are using food banks every week. We rank rock-bottom in OECD countries for children's wellbeing. The Government is fast tracking the destruction of native wildlife to line the pockets of fossil fuel executives.

Don't hate the player; hate the game, eh? Well, clearly, we hate the game. The majority of people who play this game every single year, where fewer and fewer people win, and more and more people lose, well, I believe they hate the game too. But the rules of this game were made up, and they can be remade. The rules of this game were made up by the people in this House roughly 40 years ago by a string of radical finance Ministers who wanted to justify their dogmatic belief and the need to shrink the size of the State and rewrite the terms of our social contract. While the Government of today fixates on these outdated, self-imposed targets in this made-up game, it ignores the stuff that is really, really real.

Because what is an economy really? It's just you and me, our planet, the stuff we make, and the relationships between all of those things. It's the plumber turning up to work on a cold winter's morning; the nurse clocking in. It is our land, our water, our natural ecosystems. It is our infrastructure which supports all of those rich resources. It is the experience, it is the skills, it's the creativity held by each and every New Zealander.

Without nature, there is no economy. A river poisoned by mining doesn't care about your race back to surplus. The children who currently are sleeping in bus shelters and under bridges because the Government has made it harder to access emergency housing and wrap-around support do not care about the debt-to-GDP ratio. The native species that the Government is deciding to push into extinction with the race to extract and exploit cannot be brought back to life when we grow this made-up pie. But, oh yeah, let's not forget that they've also cut Predator Free.

There is an indigenous people's proverb which goes something like: "Only when the last tree has been cut down, the last fish has been caught, the last stream poisoned, will we realise that we cannot eat money." This Government has lost sight of how these fiscal measures are means and metrics, not goals unto themselves. They are ways to do things, not the things that we do for their own sake.

It should be blindingly obvious that when the real world is falling apart around your ears, anyone who wants to declare themselves as a leader should be focused on fixing the real things that actually matter. But what this Government is telling us is "Computer says

no". Instead of daring to imagine a new computer programme, instead of questioning whether that system needs updating, this Government has decided it's the people who are wrong, not their tired, failed, exhausted old script.

But it does not have to be this way. The Greens believe in the power, the creativity, and the people of this country. We know that by working together, we can achieve things that not one of us could possibly achieve alone. We know that our nation isn't 5 million random, isolated, alienated individuals all doing our own thing. We are New Zealanders because we share this country, and our futures are inextricably intertwined. In order for us to move forward, to really, truly, properly move forward, we cannot leave anyone behind.

The Greens are not solely interested in fiscal management but in real-world economic management. We know that a surplus ultimately means nothing on paper if your people can't afford to eat. We know that pushing more capital into this economy doesn't mean that much if New Zealanders are slaves to it, instead of the owners of it. We know that for all of the big speeches from this Government on "Going For Growth", their merciless cuts mean that all they are growing is homelessness, poverty, inequality, climate-changing emissions, the pockets of the rich, and the young people currently leaving this country in droves.

A different world is possible. We can look after each other, and we can care for our planet. Who's telling us that we can't? Oh! It's the people who are currently making a heck of a lot of money and holding a lot of power in the rules of the game as it currently runs. Of course change terrifies them. That's why they have spent decades building up thinktanks and talkback radio hosts and political parties who will tell everyone that "This is just the way that things are." They will conveniently leave out the fact that the way things are right now is pretty bloody recent phenomena. In the 1930s and 1940s, after some of the worst atrocities that we have seen in the world, our country decided to create public healthcare, public education, and public housing, and we paid for it with higher taxes on those who had profited handsomely during a time of hardship for many. We have done it before, and we can do it again.

But then, just before I was born, politicians in this place who went on to found the most radical, right-wing party in here, decided to shred all of that and sell off the things that we all owned. They changed the rules as to what the Government could account for and why. A few people made a lot of money, and regular people have been left fighting for crumbs. Those same very people who have made a lot of money hoovering up the things that we all used to own together and then selling those services like electricity back to regular New Zealanders for eye-watering costs—those people are now bankrolling some of those same parties which tell regular people that "This is just the way things are. Don't think about it too hard." The rules of this game are designed so that regular people blame themselves instead of seeing this game for what it is.

The Government is not a household. The Minister of Finance talks about maxed-out credit cards, but that is not how it actually works when you are managing a country's economy. The Government should not and does not have to penny-pinch while it is fixing the roof that is leaking. We can and we should build things and invest in our future together. What we need to do, we have that to do it ourselves.

Of course we need to be careful and we need to be thoughtful about how we do it. You can't just throw money at things if you haven't built the real-world capacity to actually build those things. Funnily enough, this Government's Budget simultaneously cuts funding from the things that we hold dear, but also undermines and guts our real-world economic capacity. Real responsibility means taking care of more than just a balance sheet. Growing our economic capacity means investing in energy infrastructure, in stable jobs, and in transport.

Now, the Government will tell us all that we just have to wait. We have to wait until the economy grows, wait until the books are balanced, wait to care for people—as though those things are luxuries and not necessities. But while we wait, this Government shifts more and more of the burden on to everyday people through toll roads, new fees, rising costs. They are making New Zealanders pay more while they are doing less. They do this in the name of shrinking public debt, which they know will increase private debt.

In a country with some of the highest levels of household debt in the OECD, this straight-up does not make any economic sense. It's not common sense, because none of this is common sense. It is common sense to ensure that everyone in this country has a safe, warm, dry home to live in. It is common sense to ensure that everyone can get their teeth fixed when they need it. It is common sense for us to look after the planet that we all rely on for our survival. It is common sense for us to invest in ourselves, to collectively plan for a future that is based on New Zealanders' know-how and creativity, not simply to satisfy some spreadsheets on a banker's computer screen in New York City.

Even the Minister of Finance herself admitted the other day—and I quote—“not all spending is a cost. Some spending is investment that provides a social and financial return over the longer-term.” Well, Minister, Government spending is not a zero-sum game, because the Government is not a household, and investment is not just a cost, yet successive Governments have been fixated on reducing the fiscal deficit and, in doing so, they have neglected the world around them and the growing deficits that aren't represented on our books: the billions in neglected infrastructure, the huge social deficit, and the climate liabilities.

Successive Governments have chosen to be bound by these self-imposed debt targets—this old-school accounting, not real-world economics. The models which generate these numbers—well, they tell us when debt might be dangerous, but they don't tend to tell us when the risks of under-investment are genuinely dangerous. How long can our country sustain decades of chronic under-investment? We need to be willing in this place to have a grown-up conversation about the opportunity cost of not investing in our future. That is a real social investment approach.

But by refusing to do so, and by crafting ideologically driven targets, the Minister of Finance is showing us that she's the real radical in this room. Her fixation on reducing debt beyond levels recommended by Treasury—which necessitates these pages and pages of investment cuts—put us all on an incredibly, incredibly dangerous path. The Minister of Finance's self-imposed fiscal rules and expenditure, gunning for historic lows, will, according to Treasury itself, change—and I quote—“the fundamental role of Government in New Zealand”. I don't believe that this is the radicalism that New Zealanders voted for.

If balancing the books is only to be done by throwing working people under the bus, then the books need to be rewritten. If meeting your targets mean that the productive sectors of our economy shrink, while the paper values of the wealthy increase, then we need to rethink those targets. The question before us isn't whether we can afford to care for each other; it's whether we choose to. This Budget is a mirror, and it reflects the Government's values. They know the cost of everything and the value of nothing. We can do so much better, and the Greens have shown this country precisely how.

SPEAKER: Before I call the member, I just want to make it clear that the question is that the amendment be agreed to.

Hon DAVID SEYMOUR (Leader—ACT): Thank you, Mr Speaker. You know, you can always tell when a politician's speechwriter doesn't like her very much, and that was certainly one of those circumstances.

Hon Members: She wrote it herself.

Hon DAVID SEYMOUR: Someone said that she wrote it herself—well, that’s not very nice.

I rise on behalf of ACT in support of this Budget, and I want to start with some simple truths about every Government Budget. When a Government spends, it takes from the firms, the farms, and the families that make up our great country. Every dollar that the Government spends cannot be spent by a family paying their groceries or their energy bill or renovating their house, it can’t be invested by a business trying to create new jobs, and it can’t be spent by a farmer trying to buy a new tractor. Nobody else can spend that dollar, because the Government has it.

But it’s not just that simple power to tax. The Government has a diabolical power: time travel. It can actually take money now, put it into the fiscal TARDIS, and send it into the future as debt one day landing on taxpayers who might just be starting on their ABCs this afternoon, or maybe, with the help of the Government’s new maths assistance, their “one, two, threes”. Every Government has an obligation to stop the fiscal TARDIS for the sake of future generations. Every Government, like this one, must have a path to return to surplus and start paying debt down.

Another fact is that this Budget isn’t the one that the ACT Party alone would bring. If you’ve read ACT’s alternative budgets in past years, you’ll know that this Government is spending in this Budget more than we would. But I can tell you something else: it is also spending much less than a Budget without ACT, and I’m proud of the role that ACT has played, working with our partners in the National Party and New Zealand First, to bring together this coalition Budget. I’m proud of the role that we’ve played in questioning spending, finding the savings, and, collectively together, saving billions of dollars—about \$4.9 billion a year—for the taxpayer.

Another great feature of this Budget was those authors. You see, it wasn’t written by the postmodern unicorn-chasers of the Opposition benches, like the ones we just heard. This Budget, among other things, signals another year of stable Government for New Zealand.

The Greens—well, they’ve, helpfully, shown us their alternative budget. They would increase annual Government spending by \$22 billion a year, and, with that, they promised that they would end poverty. I read the Greens’ alternative budget and it got me wondering if anything like this has ever happened before. Well, something very similar has happened. The last time the Greens were in Government, they increased annual Government spending by \$52 billion a year. Now, here’s the thing: they can’t have it both ways. Either \$52 billion of extra spending was enough to fix all our problems, or \$22 billion will not be enough to fix all our problems. You see, the Greens are intellectually bankrupt, and if they were over here in Government instead of there in Opposition, the Government would be fiscally bankrupt, as well.

But their bankruptcy does not end there. They’re also morally bankrupt, because societies succeed when we push each other up and don’t pull each other down, and the core message of the Greens, when you listen to all those thundering clichés and shop-worn phrases—in fact, I don’t think Chlöe Swarbrick uses an expression unless it’s so well road-tested that it’s lost any semblance of traction. But if you listen to it all, what you hear is a simple message to her supporters: “Your problems are caused by someone else’s success, and if we were in power we would pull them down. The solution to your problem is to take from someone else.” That is the moral bankruptcy at the heart of the Opposition’s proposition.

Now, there are two other parties in Opposition. Te Pāti Māori probably don’t know what a Budget is or that it was on today, so we needn’t worry about them. They show up to Parliament for TikTok, not for the good of all New Zealanders—and ain’t that the truth?

Then there is the Labour Party. Their whole electoral strategy is kind of the opposite of the *Kama Sutra*—they don't have a position on anything. It's dangerous to have a party desperate for power that won't tell you its policies. An Opposition of unicorn-chasers, TikTok wannabes, and dodgers should never be allowed near your money.

ACT supporters, on the other hand—our Ministers, our members of Parliament, and our allies in Government—are proud to stand behind a Budget that is saving to invest and is boosting the productive capacity of New Zealanders. We have a simple set of values that just happen to work the world over. Any Government is only a group of people, and so is the rest of the population.

I ask those who say that the Government can solve all your problems: if a group of people ensnared in the policy, politics, and bureaucracy of Government can solve your problems, imagine what human beings could do if they were free to do it for themselves without the politics and bureaucracy—and that's why the Government that governs best is the Government that governs less. That's why any Government's goal should be unleashing the creative powers of a free society that are in all of us. The goal should be freedom under the law so that each of us can make a difference in our own lives and in the lives of those that they care about. The alternative—the politicians and their grand Government schemes—cannot make New Zealanders flourish, because nobody can be forced to flourish. A country can only flourish, on the other hand, when each of us is free to be ourselves and succeed on our own terms.

I believe that those values are reflected in this Budget. This Budget reduces the share of the nation's economic pie that is taken by Government, and while ACT would never have its fingers in the pie, our fingerprints are all over it. You see, inflation is currently at 2.5 percent. The population grew by 0.9 percent, or about 47,000, in the last year, and that means that our population plus inflation is almost 3.5 percent. If the Government's Budget had grown by 3.5 percent, it would have grown by \$5 billion, and the question is: does this Budget increase spending by \$5 billion? No, it does not; it increases by a fraction of that. It increases by only \$1.3 billion, and that is the saving. That is where we are growing our spending by less than the rest of the economy and saving New Zealanders money so that there's more for those firms and those farms and those families that make up this great country to consume.

Now, that may be true, but it's not the whole story, because, too often, Budgets are said to be all about who gets what. Actually, Budgets are about values and about ensuring that there is a reward for flourishing, for taking action, and making the most of your time on earth.

That's why it's so important that under this Budget, if a business invests in new plant and equipment, they can write off 20 percent of the value and pay no tax right now. If you're a farmer buying new milking machines because you want to increase your output and export to the world, if you're a start-up investing in lab equipment to test the science of your product, if you're a restaurant upgrading a commercial kitchen to serve more people better and faster, or if you're a logistics company investing in better-enterprise resource management to get stuff to the right place faster, it's not up to any politician to tell people how this policy should be used. It's up to the creative people of New Zealand, and whatever they're trying to do, the 20 percent capital asset deduction will reduce the tax drag on investing in order to increase productivity and wages.

The Treasury forecasts that by the time those young Kiwis learning their ABCs I mentioned enter the workforce, wages will be 1.5 percent higher than they would otherwise be, thanks to this policy alone. This Budget doesn't just hose money at what's politically popular; it sets the foundations for growth and it benefits those New Zealanders who may not be able to vote yet but who will look back and thank today's Government for this policy, if they care to do so.

Paying less tax certainly matters. If people can keep and reinvest more of what they make, it actually starts a virtuous circle turning. That investment that leads to productivity, leads to higher wages and higher profits. Those profits can be reinvested, leading to more productivity, and those higher wages empower workers to become investors and owners themselves. Productivity rises more, and all the Government needs to do to allow this virtuous circle to turn is less. I'm proud to be part of a Government that is doing just that, where it counts.

When the Budget debate adjourns, we'll see the Regulatory Standards Bill debated and sent on its way to become law, and though I said at the start that the Government's goal should be unleashing the creative powers of a free society, paying less tax is half of the equation to human flourishing, but that's just about the Government taking less of your property in tax in the first place. The Government must also restrain itself from restricting how you use the property you have left, and for far too long, politicians have come into this House and trampled New Zealanders' rights to use and exchange their own property.

They do it for political reasons. They ban people from using buildings in order to show they care about earthquakes, even if no lives will be saved and the cost will be billions. They ban oil and gas exploration to show that they care about the planet, even if the practical outcome is to our burning more coal. They give every Tom, Dick, and Hōne the right to object to your building a house in order to show that they care about the planet, but the truth is that there's a whole generation who find that there's not enough habitat for humanity in our country.

Democracy demands that politicians be held accountable for bad lawmaking, and that's what the Regulatory Standards Bill will facilitate. It will require lawmakers to publicly declare what problem their law seeks to solve, it will require them to show the effects on people's liberties and their property rights, and it will require them to weigh the costs and benefits of a law and publicly state who pays the costs and reaps the benefits. That sort of transparency and accountability will not actually stop bad lawmakers—Parliament will remain sovereign—but what it will do is help voters identify and punish the bad lawmakers when they vote, and, over time, we'll see a change of incentives in our politics and a change in our country.

Justifiable, necessary regulations will remain but others won't. The builder who takes longer to get consent than actually build the thing will spend more time building homes for the next generation and less time being frustrated with the council. The educator who only wanted to open up young minds will have more time to do that and less time being afraid of the Ministry of Education. The lawyer conveyancing property will spend more time articulating their clients' interests and less time checking their identity, again and again and again. The church organising an Anzac Day parade will spend more time preparing to honour those who made the ultimate sacrifice for our country and less time talking to the council about more frickin' cones. That is the world of empowerment, with less red tape and regulation, that this Budget and the Regulatory Standards Bill herald.

But the Government is also investing in things that matter, and what matters more than anything is to be safe in our bodies from thugs abroad and thugs at home. That's why a half-billion-dollar boost in defence and foreign affairs is necessary in a changing world. ACT long campaigned, one alternative budget after another, to spend 2 percent of GDP on defence, and that is what our Minister of Defence, Judith Collins, will be spending in her ninth term in Parliament in the early 2030s. It is a form of insurance, defence. You hope you never use it, but the chances are higher than ever that we might have to.

Big countries talk about peace through strength. A better option for a small country like New Zealand is peace through alliances, and this Budget allows New Zealanders to take seriously our ancient Anzac bond. It allows us to be part of a network of like-minded democratic societies committed to defending our freedoms in an uncertain world.

We also need security from thugs at home. Some Government spending, I've got to say, just sells itself, and there are few things that are better value than locking up criminals. Nearly half a billion dollars for locking up more crooks sounds expensive, but if you think crims are expensive in jail, imagine them out on the streets, robbing, raping, and murdering. Locking them up is the best money we'll ever spend.

The Government is investing also in the ultimate resource of human creativity. Better education, including another \$140 million on school attendance, will help ensure that we transfer skills from one generation to the next and have fewer lives going off the rails, and when children get to school, the learning support and the maths help will be there. I want to paint a picture. Just imagine how our society could be today if that maths help was available when Grant Robertson was at school: the Budget would be much, much easier—if only.

Parents who save and sacrifice to get their children a better future at a private school pay taxes like anyone else, their children deserve an education like anyone else, and yet they pay more GST on their school fees than they get back in Government subsidy. After 15 years of neglect, we are finally increasing that subsidy and tying it to the actual number of parents who choose private schools, rather than simply capping it and watching their fees slowly reduce.

All of these policies are possible only because we're being prepared to live within our means. In those reckless, hungry years under the previous Government, when any problem could be solved by throwing some more of other people's money at it—or so we were told—I think we had a different approach in this country that had to stop. In fact, if Labour sold T-shirts, they'd probably say, "I voted Labour and all I got was \$100 billion worth of debt." That's all we got, and for those who blame COVID, the splurge went on far longer than that.

This Government has to do what those firms and farms and families had to do in the hungry years of Labour: if we want to spend more, we need to save somewhere else. It makes no sense for Government to borrow money your children will need to pay back, with interest, and then put it in your KiwiSaver so you can invest in shares. I'm sorry, and I know people like free money, but it's not free: your kids will pay it back, and it makes no sense. It's just good, basic financial management.

I said that Brooke van Velden saved the taxpayer billions in the Budget for the Government. Today, it's been revealed the savings of the pay equity changes are \$12.8 billion over four years. But I also said something else: I said that she left a fairer, more affordable, and more sustainable pay equity scheme.

Camilla Belich: Totally wrong.

Hon DAVID SEYMOUR: That is true. What she's done is she's ensured that if you want to take a pay equity claim, you've got to prove sex-based discrimination. The whole point of it in the beginning, I would have thought, Camilla Belich—and, yes, Brooke van Velden also said that we need to put the emphasis on growing wages back on to the actions that economists tell us grow wages.

I heard people say after the changes that they'd been "working on pay equity cases for years". I've got a news flash for them: that's not work; that's litigation. It doesn't make the boat go faster. The fact that people thought that taking a pay equity claim was work tells us everything we need to know about why it needed to change: the way the left think and the way the union movement think. There are not only fiscal savings from pay equity changes but there's a proud declaration that this country, or no other country, will get wealthy by arguing with itself. We get wealthier from investment, innovation, and genuine hard work, such as what this Government and this Budget promotes.

Of course, there are many other savings. The \$18.4 million reduction in Radio New Zealand funding should help focus the organisation on high-quality news reporting in the way many of its competitors have been forced to do in a challenging industry.

The Energy Efficiency and Conservation Authority has always been silly. People know energy is expensive and that it's good to save it. There's no need for a Government department to do that and, over four years, we're going to save \$56 million there.

We're ending the mad experiments of Kāhui Ako—or communities of learning—which were actually “communities of teachers taking time off”. That will save \$375.5 million, and good on Erica Stanford for removing what Hekia Parata started.

Crazy research grants for so-called climate resilience for Māori—whatever that really is—and bilingual towns and cities funding is all getting cut to save taxpayers' money. People who work hard in the real world, treating others well, taking each person as they find them—those people have, in this Budget, some relief and are being taken seriously.

There are so many savings, I'm going to run out of time. But what I will say is that I'm proud to be on this team, with these parties, bringing down this this Budget. With the savings that ACT has produced, with the sense of hope that we get when people are able to make a difference in their own lives, this little country can keep the promise to all those who have come to its shores for a brighter future. Thank you, Mr Speaker.

Hon SHANE JONES (Minister for Oceans and Fisheries): Kiwis, I am holding Māui-1 crude oil from 1969 because this Budget is the real oil, with \$200 million dedicated to accelerate, de-risk, enable your nation—our country, fellow MPs—to take a cornerstone in recovering a foundation industry destroyed by the last regime. With your blessings, Mr Speaker, I'd like to take the lid off and invite the Green Party to sniff it. I daren't do the same thing to my whanaungas in the Māori Party—they'll claim ownership of it.

The Green Party is likely to say “We can match it with wind.”, but we don't want your mung bean, pronoun version of wind. We are here to turn around the fortunes of our country and our nation, and that depends on affordable energy and secure energy. It is a problem that has been inherited after the worst decision made in the history of our nation, delivered by Jacinda, supported by Megan, and, sadly, acquiesced by the good Matua. But to remind me of my ills, I'm wearing a light-blue suit today, and to remind Labour what they could've had, I've got a red tie.

I would say to Labour that I need to give you speed-dial relationship advice, and my advice to Mr Hipkins is you're going to kiss a lot of frogs before you find the prince. I doubt that they will be able to find anyone worthy of a partner, because his speech today was an obituary. It was an epitaph. The ideas that they formerly associated with of the proud men and women who were on the farm, digging the coal, digging the gold, doing the mahi—they have been overwhelmed by marginal, frivolous, irrelevant beliefs.

Who will they find to uphold their Government—the Māori Party? Send a search party. The Green Party? Never—that Budget was a toxic diet of destructiveness for New Zealanders.

There's nothing wrong with aspiring to become wealthy. The Green Party stood against that. There's absolutely nothing wrong with teaching our children to stand up and, by the sweat of thy brow, look after yourselves, and of all the people they purport to represent in strugglers' gully, don't lecture us about school lunches. Wake up early and make your kids a lunch yourself. When they're not at school, who's feeding them? And if they're not being fed, you don't deserve the munificence of the State.

Our social welfare Minister has laid down the law. If you're 17, 18, 19, or 20 and you're not willing to stand up and join the ranks of your fellow New Zealanders, prepare to own your own life. Prepare to find a solution to your own problems. We are no longer going to pay you to stay on the couch or be on meth.

That's the appetite that Kiwis have, because we've inherited not only a set of fiscal problems; we have a cultural problem in our country where far too many Kiwis believe it is the State's obligation—and their right to demand it—that we meet the cost of their lifestyles. No, it is not—if you do not change in Kaikohe your lifestyle, the cops are coming to get you, and if they take you to court, we'll build another prison for you.

I'm sick to death, as a leading Māori identity in this Parliament, of not seeing a quality of leadership from either iwi or hapū to not only eradicate the gangs but to get the old type of leadership that defined the Māori community: wake up early, look after your children, look after yourselves with a balance of faith, and no more hakas of victimhood. Don't tell this House that the reason the haka exists here is because of victim ideology of colonisation. There are lots of people of my descent in this House who are proud to own the traditions and obligations and duties of being a parliamentarian, which is why we are giving our speeches on the Budget today.

Let's think about security. We need a deeper ethic of service, obligation, and duty, and let's give our Minister of Defence a hearty round of applause. After many years of deprecating and marginalising the tradition of service and the role of the military, she has brought that back to a position of elevated status. We need to celebrate these institutions, which this Budget builds on.

But security is not only about men and women in uniform; it's about having fiscal resilience, and fiscal resilience does require us to continually manage debt in such a way that it expands the private sector whilst confining the public sector as to what it should be doing. There will be more cuts, and then the question should be asked: what exactly should the State be doing? If we cannot generate the surplus—if we cannot continually deliver budgetary surplus—then we have to address what should the State be doing, because the State over the last three to five years has expanded into various spheres of our economic life, where it no longer belongs.

That takes us to the regulatory reform. That's why we are repealing the excesses of the Resource Management Act, that's why we will be fixing up the Wildlife Act, and that's why my leader, Winston Peters, in negotiating with the National Party, brought forward the fast-track legislation.

It is pitiful. I come from the Tai Tokerau—Northland. Three projects. Number one, a potential marina in a very benighted area of the Bay of Islands, where P has gone mad amongst local people. Number two, taking sand out of a virtual Sahara desert—i.e., the coast of Northland, on the East Coast. Number three, the development of a dry dock facility. What do I hear from the North? These are the voices that this Government cannot tolerate—stopping, halting, confusing, undermining. If we do not have projects that are permitted and accelerated which generate jobs and increase our productivity, where will our wealth come from?

The wealth, I say to Mr Hipkins, does not come from doing each other's dirty washing; the wealth comes from using our natural resources, mining our natural resources, utilising our fisheries resource, and boosting the footprint of our farming—and stop intimidating Kiwis who are willing to invest. This is a pro-investment Budget, through our depreciation. Stop scaremongering that New Zealand can no longer grow its food-generative capacity, its food-productive capacity, because of climate change. We were given in the Paris accord, as a food-producing nation, the option of not including food-related emissions. That's what the law says at the UN, and stand by when we move forward to the next election, associated with the party that we belong to—you'll hear much more about that.

I want to focus on a number of the other initiatives that really are important to us as Kiwis. At the pith of this Budget is a challenge and a question for Kiwis: if we cannot afford the current size of the State, then are we willing to make the hard trade-offs?

Mining gas and oil is a hard trade-off. Do you want the lights on? Don't seek to convince Kiwis you're going to keep the lights on by more sunlight and more wind. We, whether we like it or not, because of the wretched decision of destroying the gas industry four or five years ago, are the only Western nation that I know of that is transitioning to coal—the damaging outcome of decisions made without contemplating their consequences.

That is why the \$200 million that I've announced today is needed to derisk—and it's sad that I should say this, because we're not Venezuela. We're New Zealanders, proud of our heritage and capable of bringing a number eight wire mentality to solve our problems, but too many foreign direct investors no longer have confidence in our country. Why? Because they look back and see how one decision could destroy a whole industry. But when they see the Government as a fellow shareholder, a fellow investor with a cornerstone right, they know that it's going to be a very bad Government and permanently scarred Government, or, indeed, a Government that disappears for ever, that willingly destroys that investment.

It's extraordinary that you and I, fellow MPs, are reduced to encouraging people to come to New Zealand because of their fear of our worthiness, our integrity, and our reliability, but we should not overlook the fact that so much of the resources of the country were developed in a co-investment model. Now, we ought always to be very, very vigilant that we do not use in a reckless, profligate fashion our cheque book. But the story of our nation has been co-investment, and we, through this decision, are going to make sure: number one, that the lights stay on; number two, that energy is affordable; and, number three, that energy is secure, and if it comes to pass that fossil fuels are required in the short to medium or even in the long term, that is the price that we have to pay to ensure that we do not believe falsely in how quickly alternative technologies can develop in order for us to make the journey in terms of carbon emissions, because we cannot destroy our economy through that journey.

That is why I'm intensely proud to belabour the fact in respect of this \$200 million, and I know it will be attacked. But you may not know that next Thursday, the Green Party travellers are going to have a protest outside the ANZ Bank. They have decided that banks should no longer fund coal, minerals, and gas. These unelected fellow travellers of the Green Party, possessed of some false creed—

Francisco Hernandez: It's called capitalism—it's called markets.

Hon SHANE JONES: Well, I'll tell you what, I'm going to be there the day before, and I will be there with my megaphone because the banks of New Zealand need to know that you don't have the moral authority to de-bank farming. You don't have the moral authority to destroy regional New Zealand, and the Green Party and their fellow travellers—under no circumstances whatsoever should we permit or should we encourage that destructiveness, because of their conceit and the false superiority that they bring to these debates.

Now, let me talk about a topic near and dear to my leader, who, by the way, said to me “Have you finished your discussions with Nicola Willis?”, at about a quarter past one. “I have.” “Oh, very good. You're giving the speech. Well, you like to challenge yourself and give speeches without notes, Shane. Let's see how good you really are.”

The one thing he said was “Please talk about rail.” Now, I know what attracts adverse and toxic reactions to certain lost souls, but, folks, rail will continue to occupy a place of position. But we need to put the executive of KiwiRail on notice: if the Crown, on behalf of the taxpayers, is continually going to throw dough, we must see results, and if we're not seeing results, don't just blame the workers. We're putting a new board in place, and that board will have the acid on them to ensure that that executive leadership team delivers; if not, consequences will most certainly flow.

Let me now talk about some of the environmental changes that are adverted to in our Budget, not the least of which is the money that's put aside to meet the costs of the new Resource Management Act (RMA) system. The new RMA system, folks, is based on property rights. It's based on expanding the liberty of asset owners to enjoy not only the fruits of their labour but the fruits of holding certain rights of ownership, and not having too many nosy parkers—not having too many people who are not directly affected by decisions—hampering the ability of local communities and local businesses to thrive. That is going to take some millions of dollars to introduce, but in the period of time that that final product is introduced, we're making other changes. We are going to ensure that aquaculture, mining, quarrying, and water utilisation are not held captive and not squandered as people march off to the court, never to get a result within a decent period of time. Those are the practical challenges, and those are the practical responses that this Budget is funding.

The other thing that needs to be borne in mind through this Budget is that when we do find opportunities, let's invite foreign direct investment to come into our country. Let's ensure that the test is one where Kiwis, our quality of life, and our values are uppermost in the minds of the officials as those decisions are made, and stop blaming foreign direct investment in the mining sector for things that may have gone wrong and stop stigmatising such a sector when, every day, my opponents come using technology totally reliant on mining—a level of hypocrisy we see that in an ideological sense beggars belief. Foreign direct investment is a key pillar and an important input to the future of our nation, providing it's on the basis that it enriches, enhances, and expands the independence and productivity of Kiwis.

The whole concept of investment has been supported through our depreciation announcements today. If you want to expedite productivity and if you want to find solutions of a scientific, technological nature for climate change challenges, depreciation is a tremendous input. We know we've virtually reached peak tree position. Granted, planting trees is a key contribution to our climate change journey, but my colleagues on this side of the House realise that land must also produce food. So to the vegetable growers, please rest assured that the Ministers on this side of the House are going to ensure that you're not taxed and you're not regulated out of existence. We want more food produced in our own country, including an expansion of dairy, by relying on science and technology and cleverer utilisation of water resources.

Of course, I've had a rather charmed position in this Budget because my leader negotiated the \$1.2 billion at the point of the Government's consummation. But money that's allocated via the Regional Infrastructure Fund will continue to support the underlying principles of our Budget, and—to remind Kiwis—what are they? Growth, common-sense outcomes, security, and a sense of responsibility that you are both the author and the inheritor, but—most importantly—you are responsible for what happens in your life.

That is why I've got no tolerance for the haka of victimhood. That is why my leader and I see a very bright future when politicians stand up and reclaim from the woke tribe the ability to use our own oil and our own gas to keep the lights on, and this [*Holds up the bottle of oil*] genuinely—as is the Budget—is the real oil.

TĀKUTA FERRIS (Te Pāti Māori—Te Tai Tonga): Tēnā koe e te Pīka. E ara ake nei au ki te whakapuaki whakaaro ki te iwi Māori, ngā mea noho ki te kāinga.

[*Thank you, Mr Speaker. I rise to express some thoughts to the Māori people, those that are at home.*]

If we look back in this country's history, there's never been a Budget that delivered what Māori needed, not in the light of the Māori history in this country, nor in the light of the Māori future in this country. No Budget has ever taken into account the Māori-

Crown relationship. No Budget has ever recognised the contribution that Māori will make to the future of this country and to invest in the 1 million-plus Māori of today—yes, e te iwi, the 1 million-plus Māori of today.

The census told us that the Māori population was just under a million, but they also told us that they only managed to count around 85 percent of us, with this meaning that the 15 percent of Māori who are out there somewhere would naturally take us above 1 million—the 1 million Māori in Aotearoa today. So we are at least 20 percent of the country's population.

This is important. Don't ever let anyone downplay that number, because in a democracy, the numbers count, as does proportionality. So if we consider the Budget being discussed today, \$180 billion of your money, e te whānau, and we consider proportionality, it stands that 20 percent of the population who are Māori should expect to see an investment of 20 percent of that \$180 billion made in their name. That's \$36 billion, e te whānau—\$36 billion. Don't forget that figure.

Remember, the numbers count and the numbers can also hold those in Government to account. So \$36 billion, that's what we should be looking for in this Budget—\$36 billion of Māori and Te Tiriti accountability from the Government. If we look a little closer at the demographics, at our young Māori under the age of 27, they are one in every third person in the country. You see, we are a young people. Of the 1 million Māori, 70 percent, or 700,000, are under 40 years of age, and 50 percent, or 500,000 of the 1 million Māori, are under the age of 25.

You see, we have a strong future in this country—the numbers tell us so—yet no Government has had the courage to deliberately and intentionally invest in us. Will today be that day? Well, I highly doubt it, but let's not worry about today.

I accept that, for many, it's hard to make sense of the tensions that exist in the Māori-Crown relationship. I also accept that it's not entirely their fault. They were never taught that history. It was purposefully obscured beneath colonial myth, with one clear intention: to erase any trace of the Māori people and to exonerate the colonial settlers.

Right up until 1860, Māori remained dominant in economic endeavour and development in Aotearoa. Māori were busy organising, developing, and expanding our own economic future. Māori imported the first plough in 1820, quickly adapted to new breeds of animals and crops, and steadily moved to import technologies such as the flax and flour mills, whilst simultaneously continuing to export those raw materials, and all of this was before the signing of Te Tiriti o Waitangi.

By the time the colonial settlers arrived in 1840, Māori had already shifted to large-scale agriculture and horticulture, and were capable of feeding tens of thousands of people. As it follows, as the settler population ballooned, that's exactly what they did as he tohu o te manaakitanga [*a mark of hospitality*]. You see, the farming backbone of the New Zealand economy was established in the 1800s by te iwi Māori, and if this conversation has peaked your interest in some way, then I suggest you go and take a look at any iwi Treaty settlement account and it will have a record of that iwi's historical production capacity and value.

Now, lastly on this topic, the 20 years following the signing of Te Tiriti o Waitangi between 1840 and 1860 is a period known as the golden era of Māori enterprise, and up until that time, Māori retained complete economic independence and, indeed, economic dominance in Aotearoa. All of this economic development was enabled and underpinned by the retention of our land and natural resources and it also positioned Māori to lead the economic development of the new, emerging country of New Zealand, but our tīpuna could never have foreseen how the next 40 years would play out.

As the military invasion of Aotearoa commenced in 1860 at Waitara in Taranaki, Māori would be besieged by two decades of war, theft, destruction, displacement, and

imprisonment by military and legislative force. This invasion would ultimately wrench all of that economic development, its capital, its equity, and its potential out of Māori control and transfer it to Pākehā control, and the lion's share of that work was executed between the years of 1860 and 1885. The following 15 years would be characterised by a deep, deep post-invasion depression for Māori, and by the turn of the 1900s, we would be deemed a dying race, with a population less than 40,000—*āe rā, e te iwi [that's right, people]*, less than 40,000.

So the fact that we are here and we are more than a million today is cause for celebration. But although we have endured, we have never recovered economically. The land and the resources that once underpinned our economic independence and the future is now in the hands of the Government, corporations—both domestic and international—and the private citizens of this country. Although this House would rather that we forget these events and lock them away in the colonial history, there are even more glaring examples in our contemporary history, none more glaring than the example of the disproportionate post-war economic advantaging of the Pākehā and the economic disadvantaging of Māori—actions that would systematise and entrench the economic imbalance and would set the socio-economic scene for the next 100 years.

By 1950, Pākehā returned servicemen had received around a million acres—just short of a million acres—of farmland. They'd been given it free of charge for their service in World War I and World War II. They would then be given low- and no-interest loans to build their family homes on those farms, they would be given grants to stock and equip those farms, and they would be given perpetual subsidies to underwrite the new family farming economy of the new New Zealand, lovingly known still as the backbone of the country's economy. By the end of this privileging, they had received almost a million acres of farmable land and had been advanced more than £28 million in grants and low or no-interest loans. This, naturally, positioned them well to exploit new opportunities in the emerging new modern society.

Their Māori counterparts, however, would not do so well. Māori returned servicemen, despite the promises of inclusion, would be excluded from all of these initiatives. They would be told to return to their iwi and to their rural homes, and seek support there. They would be excluded from the post-war PTSD rehabilitation programmes, excluding them from receiving the returned serviceman pension, and they were even excluded from the RSA. This was not the promise of equal citizenship that they'd signed up to; this was the reality of second-class citizenship in their own land, and as the engine of the new, young New Zealand wound itself up, Māori found themselves firmly fixed at the bottom of the socio-economic ladder, with no economic leverage.

It's truly a shame that the Governments of the 1940s and 1950s couldn't bring themselves to make good on their promises that they made to Māori to honour and support the commitment made by Māori by participating in those wars in good faith for the promise of equal citizenship, and for enduring the ravages of colonisation through the 1800s. Indeed, as I consider the long list of anti-Māori, anti-working class actions this Government has taken in only 18 months, it feels as though we have been taken straight back to the 1940s.

You know, this was the Crown's opportunity to begin to restore its own mana, to act in the same good faith towards its Tiriti partner, and begin the journey towards Tiriti justice for all to make a small amends for the devastation they had inflicted on the Māori people. Sadly, this was not to be. Instead, they doubled down and they tripled down. They began to engineer social and economic conditions that would entrap Māori in intergenerational poverty to for ever serve as the blue-collar workers in the new little piece of Britain in the South Pacific.

This is the story and the nature of economic privilege in Aotearoa: a privilege afforded to Pākehā and a privilege stolen from Māori—not from one generation of Māori, but from every generation of Māori. And now, as we return to this year, to sit here and listen to those who have been economically privileged as to how they intend to spend the \$180 billion of the country's money derived from its core assets—stolen assets—with all of its history, yes, tensions do indeed rise and, yes, in this term of Government, those tensions have indeed boiled over. But it's for good reason, no doubt, because despite all we have learnt, despite all we have discovered together, and despite all we have jointly agreed to, not one Budget in this country's history has ever had the courage to properly address the disproportionate distribution of economic privilege in this country and the everlasting inequities and burden suffered by te iwi Māori as a consequence. The last Budget returned us to the 1940s, and this Budget, no doubt, will return us to the 1800s.

But let me get back to talking about the marvellous 1 million out there that are Māori and about the future. Māori are an undeniable part of the future of this country. In our young people under the age of 27, we are one in three of the population—one in three—and we reproduce at a higher rate than anyone else, and so we are, in fact, a numerical inevitability.

SPEAKER: Skiting!

TĀKUTA FERRIS: Those young Māori of the future, all of whom are alive and kicking today, I might add, for the sake of the wellbeing of the country's future economy, must be well supported today, and, sadly, they are not. We're currently 20 percent of the population, steadily moving towards being 30 percent, yet when it comes to the distribution of Budget funds, Māori are lucky to receive 1 percent. In a democracy, this seems absurd, and if I consider the future economic requirements of a stable country, I could easily call this economic sabotage—failing to invest now for the needs of tomorrow.

Young Māori will comprise 30 percent of the future workforce of this country. In many industries, this is already the case. A critical factor of the productivity of the future workforce and economy is how highly trained and skilled, or not, those young Māori are when they arrive in those workplaces, and given that under the current settings, young Māori have amongst the lowest education and training achievement rates in mainstream delivery, this clearly demonstrates that the need for greater investment and autonomy is now. Indeed, if this Government is truly committed to a brighter economic future for the whole country, then you must invest in Māori today.

Unfortunately, this aspirational view is far from the lived reality for Māori today. The reality for Māori today is no investment. The reality for Māori today is abolishing, it is cuts, it is gutting, it is disestablishment—the list goes on and on and on—and on a more serious note, and a note of concern, the attitude is one of “Your language doesn't count, your culture doesn't count—you don't count.”

Engari kaua rā tātou e māharahara, e te iwi Māori. Kaua rā tātou e māharahara.

[But let us not worry, Māori people. Let us not worry.]

We count, all right. The more than a million Māori—we count, all right. We count more than people in this House like to admit. Māori—

Hon David Seymour: Most of us don't support you.

TĀKUTA FERRIS: To the 200,000 Māori out there who took up a pen and voted for us, tēnā koutou.

E te iwi Māori, we count in the future of this country. These young Māori need support, not more policing and profiling. These young Māori need support, not Ministers that ignore court rulings. These young Māori need support, not justice reforms that willingly increase the overrepresentation of Māori in the justice system, filling up prisons. They need billions invested into educational facilities that help them succeed as Māori, not

billions invested into mega-prisons, as the current Government would have us follow and believe. They need billions invested into helping them secure a home for their whānau, not a billion-dollar gutting of Kāinga Ora whilst homelessness increases to 53 percent.

They need social supports that help them succeed in life, to raise healthy, strong families, whānau, and tamariki that is tailored to their needs, not the disestablishment of Te Pūtahitanga, of Whānau Ora—the dismantling of one of the most successful Māori social investment programmes of any Government in the history of this country, and the last line of defence for those that fall through the cracks of poverty into homelessness. This is not what young Māori need.

Young Māori of today need investment in their future. Young Māori need training and education that meets their needs, not one-size-fits-all delivery. This has failed them for 150 years, so why would you persist? They need supported opportunities into employment to succeed in life, not record high unemployment, record high rents, or a record high cost of living. They need and deserve a \$36 billion investment.

What young Māori need is a Government courageous enough to reconcile, with complete truth, accountability, and honour, its Māori-Crown relationship and the rightful place of Te Tiriti o Waitangi in Aotearoa in 2025. They deserve a Government bold enough to invest in their future for the good of the whole country, they deserve a Government compassionate enough to recognise its own shortcomings and to adjust the direction accordingly, and they deserve a Government bold enough to invest in them for the value proposition that they present to the future of the nation. To all of those baby boomers out there, I would encourage you to vote for these young Māori, for they will uphold your retirement.

This is what young Māori need, this is what all Māori need, and this is what the nation needs, as we debate and consider the future of our collective kāinga, of Aotearoa New Zealand, the place where every person has the right to call it home because Te Tiriti o Waitangi affords them that right—that right, that safety, that kāinga. I hope we all have the courage to challenge ourselves to think of the needs of others before the needs of ourselves, to think of the needs of those who are yet to be born instead of the needs of those who have so much already, and the needs of those who stand in the truth of the collective history of our country, not the imaginary history of our country. I implore us all to draw on this courage and to take up the challenge to think of the needs of others and to consider the future that our tamariki and mokopuna will inherit.

Nō reira kei ngā wā kāinga, whakatārewahia ake nei te mihi o te ngākau. Tēnei mātou te tū wātea nei i roto i tēnei Whare me ōna karawhiutanga katoa. Kāore mātou mō te hoki waewae tutuki. Kāore mātou mō te whakarongo ki ngā pahupahu a tēnā taha, a tēnā taha; ngā oati, ngā kī taurangi e mea nei ka manaakitia tātou i roto i ngā tau katoa.

Tirohia te huarahi o muri; whakaarohia te huarahi o mua. Ko tātou te kotahi miriona Māori o te motu. E tū, e ara, kōkiritia ō tātou whānau ki te pōtītanga ā tērā tau. Tukuna tēnei hunga kia hoki atu ki te puna o mahara, ki te puna o whakaaro, āta matapaki ake ai me pēhea tā rātou whakaratarata i te iwi kia hau mai ki te kakara, ki te kawa rānei o tā rātou e kōrero nei.

Tāku e tū nei ki te iwi Māori, e kore tātou e heke. E kore te kākano i ruia mai i Rangiātea e ngaro. E kore tātou e hoki mā te waewae tutuki. E kore e ākina e te hau, e te karawhiu marangai rānei o te moana. Ka tū ātea ko te iwi Māori, he toka tū moana.

He toka tū moana nō runga i te whenua, nō ō tātou mātua tīpuna. Tēnei hunga i tāwharautia ki te rau aroha o te Tiriti o Waitangi, i tahuri mai ki te ngau tuarā me te kōhuru i ō tātou tīpuna.

E tū, e ara, maranga mai rā e te iwi Māori.

Kei te Pīka, tēnā rā koe.

[And so to those at home, suspend the greetings of the heart. We hereby stand free within this House and all of its abuses. We are not going to give up lightly. We are not about to listen to the mutterings of each side, the oaths and promises that state that we will all be looked after, year after year.

Look to the path behind; consider the path ahead. We are the 1 million Māori of the nation. Stand up, rise up, take our families to the voting stations next year. Send these people back to the source of memory, the source of thought to carefully examine how they might gain the confidence of the people so that they come into the sphere of their fragrance or the odour of what they are talking about.

What I would say, who stands here before the iwi Māori, we will not decline. The seed that was sown from Rangiātea will not be lost. We will not give up lightly. We will not be assaulted by the wind, or the lashing rain of the ocean. The Māori people will stand free, a rock unconquered by the sea.

A rock from upon land, from our ancestors, undefeated by the ocean. These people who were sheltered by the compassion of the Treaty of Waitangi, who then turned to bite our ancestors in the back, and murder them.

Stand up, arise, rise up, Māori people.

Mr Speaker, thank you.]

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

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 (2024/25 Supplementary Estimates) Bill; the introduction and passing through all stages of the Taxation (Budget Measures) Bill (No 2); the first reading and referral to a select committee of the Regulatory Standards Bill; the introduction, first reading, and referral to a select committee of the Building and Construction (Small Stand-alone Dwellings) Amendment Bill; the introduction and passing through all stages of the Social Assistance Legislation (Accommodation Supplement and Income-related Rent) Amendment Bill, the Social Security (Mandatory Reviews) Amendment Bill, the Invest New Zealand Bill, the Rates Rebate Amendment Bill, and the Patents Amendment Bill; the introduction, first reading, and referral to a select committee of the Public Finance Amendment Bill, the Judicature (Timeliness) Legislation Amendment Bill, and the Legal Services (Distribution of Special Fund) Amendment Bill.*

The Government is moving urgency in relation to all of these measures for a range of different reasons. In relation to the Taxation (Budget Measures) Bill, as indicated by the Minister of Finance in her speech today, there are changes being made to give effect to the Investment Boost scheme, which takes effect as of today, once the legislation is passed, and the KiwiSaver changes mentioned in the Minister of Finance's speech. The Regulatory Standards Bill is being sent to a select committee for further consideration. The Building and Construction (Small Stand-alone Dwellings) Amendment Bill gives effect to the Government's commitments around granny flats and will go to a select committee for further consideration and is part of the growth agenda of the Government.

The two social assistance pieces of legislation give effect to savings committed to through Budget 2024. The Invest New Zealand Bill establishes Invest New Zealand, to take effect from 1 July and is, again, a key priority following the Budget. The Rates Rebate Amendment Bill gives effect to commitments made in the Budget around further

assistance to low-income superannuitants with gold cards to get financial assistance. The Patents Amendment Bill is, again, a growth-enhancing initiative which makes a small change to the very out-of-date Patents Act 1953 to benefit—it, essentially, tweaks to benefit some companies that use that Act. The Public Finance Amendment Bill gives effect to commitments made by the Government, upon taking office, to change the Act to allow for greater transparency, and the two justice-related bills give effect to Budget savings. Both of those two bills are being sent to select committee.

There is a lot of business to get through, much of it—in fact, all of it—related to the Budget and the growth agenda. We're looking forward to making progress on that.

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 55

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

Motion agreed to.

INTRODUCTION OF BILLS

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

CLERK:

- Taxation (Budget Measures) Bill (No 2), introduction
- Building and Construction (Small Stand-alone Dwellings) Amendment Bill, introduction
- Social Assistance Legislation (Accommodation Supplement and Income-related Rent) Amendment Bill, introduction
- Social Security (Mandatory Reviews) Amendment Bill, introduction
- Invest New Zealand Bill, introduction
- Rates Rebate Amendment Bill, introduction
- Patents Amendment Bill, introduction
- Public Finance Amendment Bill, introduction
- Judicature (Timeliness) Legislation Amendment Bill, introduction
- Legal Services (Distribution of Special Fund) Amendment Bill, introduction.

APPROPRIATION (2024/25 SUPPLEMENTARY ESTIMATES) BILL

First Reading

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

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

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

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.

Bill read a first time.

TAXATION (BUDGET MEASURES) BILL (NO 2)**First Reading**

Hon NICOLA WILLIS (Minister of Finance): I present a legislative statement on the Taxation (Budget Measures) Bill (No 2).

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

Hon NICOLA WILLIS: I move, *That the Taxation (Budget Measures) Bill (No 2) be now read a first time.*

This bill contains three tax measures announced in Budget 2025: the new Investment Boost tax incentive to grow our economy, changes to KiwiSaver settings to encourage New Zealanders to save more for their first home or their retirement, and changes to Working for Families to better target the scheme at low to middle income families. The reason for it being called a No. 2 bill is simply that a bill of the same name was introduced after Budget 2024, because this is a Government that knows that tax relief is always welcomed.

Mr Speaker, let me start with Investment Boost—

Hon Rachel Brooking: Madam Speaker.

Hon NICOLA WILLIS: —Madam Speaker—a tax incentive that will lift capital investment and increase productivity. New Zealand has long been recognised for its low rates of capital intensity. That is, we lack the machinery, tools, and technology per worker that other countries have. That has an impact on the country's economic performance, as more capital per worker means higher productivity and it means higher wages; it means more competitive businesses. So Investment Boost is a policy to increase capital investment in New Zealand. It allows New Zealand businesses to immediately deduct 20 percent of the cost of qualifying assets, on top of depreciation. That means a much lower tax bill in the year they purchase or create or construct the asset compared to the current rules. The remaining book value of the asset is depreciated at normal rates. Loading deductions into the first year means that cash flow arising from investments is more favourable. The present value of the investment is greater; the after-tax returns are higher. It is good news all around. More investment opportunities stack up financially, so more will be made. This will help the cash flow of businesses already investing and it will encourage more investment from those who aren't.

All businesses, regardless of size, will be eligible for Investment Boost at the full rate of 20 percent. Farmers, tradies, manufacturers, small-business people—all. There is no cap on the value of new investments a business can claim Investment Boost on, and there is no cap on the number of assets a business can claim for. Investment Boost is generally available for all assets that are depreciable for tax purposes, as well as a number of assets that are allowed depreciation-like deductions. It applies to commercial buildings, but it excludes land, residential buildings, and fixed-life and tangible assets. The main proviso is that assets cannot have previously been used in New Zealand.

Investment Boost starts today. We do not want businesses to delay investments while waiting for the new rules to apply, and that is one of the reasons this bill is being debated under urgency. The Government did consider other options for driving productivity, including a reduction in the company tax rate. It soon became clear, however—and I encourage members to read the regulatory impact statement on this one—that dollar for dollar, Investment Boost has more impact on business investment than a reduction in the company tax rate, as it only applies ties to new investments and not those made in the past. Over 20 years, Investment Boost is expected to lift New Zealand's capital stock by 1.6 percent, GDP by 1 percent, and wages by 1.5 percent. These are orders of magnitude,

not precise values. But officials estimate that roughly half the impacts happen in the first five years. Investment Boost is good for Kiwi businesses and it's good for New Zealand.

I want to read you this, Madam Speaker, from that regulatory impact statement I referred to, because members may ask who this policy really benefits, and I want to read you the view of the non-partisan Government officials. They say, "Our view is the majority of the increase in national income from this policy would flow to workers. And this increase would come from a combination of higher wages and higher employment, and we therefore expect that the benefits of this policy will be spread broadly across a wide range of New Zealanders." So I dare members opposite to oppose this move for New Zealand's workers.

This bill also proposes changes to KiwiSaver to encourage New Zealanders to save more, while also making the scheme more fiscally sustainable. The default employer and employee contribution rates in KiwiSaver are currently 3 percent of salaries and wages. These rates will rise to 3.5 percent from 1 April 2026, followed by a further increase to 4 percent from 1 April 2028. In addition, employer matching and the Government contribution will be extended to 16- and 17-year-olds. This will encourage more young people to adopt a savings habit and help them build a deposit for their first home. The Government, of course, recognises not everyone will be in a position to increase savings every year—it depends on their own particular circumstances—and we believe in choice. Employees will therefore be able to opt down to the current 3 percent rate and still be matched by their employer at that lower rate. Their contributions will be reset to the default rate after 12 months, but they can opt down again if they wish.

Budget 2025 ensures KiwiSaver remains affordable and sustainable by lowering and better targeting the Government contribution. Without changes, members, the Government contribution is expected to cost an average of \$1.2 billion a year over the next four years. Under this bill, the annual Government contribution will be halved to 25c for each dollar a member contributes each year, up to a maximum of \$260.72. In addition, the Government contribution will no longer be paid to people with an annual taxable income of more than \$180,000, because they do not need it. These changes to the Government contribution will apply from 1 July 2025 and they do not affect the current year's Government contribution, which will be paid out in July and August.

The third tax measure in this bill makes fiscally neutral changes to Working for Families to better target low and middle income families with children. Working for Families has a family income threshold, above which family tax credit and in-work tax credit payments are gradually reduced. This bill raises the family income threshold from \$42,700, where it has been since 2018, non-adjusted. This bill adjusts it to \$44,900 and increases the abatement rate of reduction from 27c for each dollar above the threshold to 27.5c. As a result, families with incomes just above the new threshold will get an extra \$23 per fortnight from Working for Families, with this additional support reducing gradually as family income rises. This will also increase the gap between those on a benefit and those who are working, because our Government believes that work should pay and you should always be better off in work than on a benefit. An estimated 142,000 families with children will receive \$14 more per fortnight on average, and the vast majority of these families will have incomes below \$100,000 a year.

The cost of this extra support, members, is met from income-targeting the first year of the Best Start tax credit. From 1 April next year, the first year will no longer be universal; it'll be income tested, exactly the same way the second and third years already are, at exactly the same level of income testing. Let me stress: the change to Best Start only applies for births on or after 1 April 2026. So no family will see an actual reduction in their current payments, and you've all got time to make babies yet.

These are meaningful, forward-looking tax changes that will help boost wages, savings, and growth. These are changes that will help families who most need financial support. These are changes that will not only grow New Zealand and create opportunities in the here and now but they will set this country up for a better, better future. New Zealanders will be better off for this bill passing through this House. And anyone who opposes this bill may ask themselves why they oppose growth, why they oppose workers, and why they oppose savings. We're about to find out if people like that exist in this House. If they do, they'll be answering to the New Zealanders they are letting down. I commend this bill to the House.

DEPUTY SPEAKER: The question—[*Interruption*] Quiet now! You've had enough applause. The question is that the motion be agreed to.

Hon Dr DEBORAH RUSSELL (Labour): The person who will be answering to the New Zealand public, to New Zealand workers, is the person who has balanced this Budget on the backs of working women, on the backs of families, and on the backs of low-paid workers who rely on that Government contribution to KiwiSaver to save for their old age. Those people are all worse off because of this Budget.

When this Government Minister, the Minister of Finance, says that this is a Budget that is going for growth, let's remember who is enabling that growth. When she says some of these Budget moves are fiscally neutral, are they fiscally neutral to the families who are paying for them? Are they fiscally neutral to the women who are paying for them? Are they fiscally neutral to the low-paid workers who will now have less when they retire? It's an interesting use of "fiscally neutral" to describe it as a good thing when it hurts so many people.

Now, in terms of these tax measures which have been introduced in this bill, there's a pretty interesting tax measure with the Investment Boost, and some large promises have been made with respect to that Investment Boost. In fact, the large promise is—as the Minister of Finance pointed out—that over the long term, the benefits would flow through in terms of increased growth, increases in labour productivity and in wages, which would materialise over a long time frame. But, in the short term, we've got women, we've got families, we've got low-paid workers who are suffering. That is a pretty grand promise. We're only going to see the reality of it in 20 years' time.

Now, as it turns out, we do acknowledge, of course, the problem with labour productivity in this country. We do acknowledge, of course, the problem with capital intensity in this country. We do know that in order to become more productive, we need better tools within businesses. So doing something in this space is a good idea. But the interesting thing is the options that were analysed, and there are only two of them—only two. One was this Investment Boost, the 20 percent immediate deduction for purchasing an asset, and the other was a cut to the company tax rate. But why did they not look at increasing the low-value asset threshold for writing off a low-value asset? Why did they not look at targeting this measure towards small business? That would not have cost as much and it would not have had to be taken out on the backs of women. Why did they not consider an accelerated depreciation rate?

Now, these are options that all should have been looked at as alternate measures, but sitting in the regulatory impact statement we find they considered only two options. Of course, the Investment Boost looks good when you've only considered that option. Of course it does. I want to know why those other options weren't considered, especially given the large promises that have been made around it, the large promises of growth in the future. I'll be wanting the Minister of Revenue and possibly the Minister of Finance to answer for that in the committee stage of this bill. In the meantime, there are some very serious questions to be asked about the other measures in this bill, some very serious

questions to be asked about the KiwiSaver changes that mean that people will be worse off in retirement.

Now, in recent days, we've heard the Minister of Finance saying that we need to examine superannuation in the future—we know who's holding her back from doing that; that's New Zealand First. But we need to get serious about New Zealand superannuation. Well, it doesn't seem to be getting very serious about it when we cut the savings of people in retirement. One way to ensure that we could adjust superannuation in the future would be ensuring that low-paid workers have more saved up by the time they retire. But that Government, we estimate they have taken \$66,000 away from a person who's starting work tomorrow. That's a lot of money that's gone.

There's another very, very serious question to be asked around the Working for Families changes. When we looked into it, when we asked Treasury, here is what Treasury said about those changes: it turns out that 61,000 families will be \$43 a fortnight worse.

Hon JULIE ANNE GENTER (Green—Rongotai): Tēnā koe, Mr Speaker. Tēnā koutou e te Whare. A friend of mine messaged me during the speeches earlier saying, “Wow, this Budget is catastrophically bad and cartoonishly evil.”, and I wonder if the members opposite on the Government benches realise how out of touch they are. Another person suggested that maybe the Budget should be known as the “Budget for the wealthy and sorted”, because it's very, very clear that the members of the Government, clapping like seals in their little chorus of applause for their party leaders and finance Minister, are completely out of touch with what ordinary New Zealanders are having to deal with in terms of the increased cost of living, and now a huge number of people, hundreds of thousands of people, looking at not having the increase to pay that they are deserved for the important work that they're doing.

What's very clear in the Minister's speech on this bill, which brings in their Budget measures, is that her vision of New Zealand is one of a bunch of individuals who don't work together and those who are competitive and hard-working climb up ahead and shove everyone else down and then enjoy, you know, their multiple properties or whatever, this tiny proportion of people.

Look, we're not going to support this bill. Mainly, I want to speak to the Best Start payment, because the Best Start payment was a really awesome initiative, and the Green Party would've extended the universality of it. We would not have brought in means testing for year two and year three. So thousands of families having a brand-new baby have their income cut by \$3,800 a year by this bill. That's what the Budget does. It takes money away from families with new babies.

The changes to Working for Families, we haven't been able to get into the detail of that yet, but, ultimately, what the Minister has said demonstrates that she does not understand. She doesn't think people who have lost their jobs deserve to live in dignity. The 5 percent unemployment, higher for certain populations like Māori, like women, like Pasifika, people with disabilities, she's going to make it harder for them—this Government's making it harder for them to make ends meet just because they're not in a position to find paid work.

The reality is we're not at 100 percent employment. The whole purpose of this attitude of, like, punishing those who are out of work rather than ensuring that everybody, when they fall on hard times, has the means to live with dignity—the purpose of that is to keep wages lower. It is to keep wages lower, and in the meantime we all suffer from having more child poverty in our country.

It's very clear from the Budget that child poverty is not going to get better because of these Budget measures. That is what we see, and that's all a political choice that this Government has made because they lack empathy. The crazy thing, from my point of

view, is that they actually believe that this is going to—well, from what they say, it sounds like they think this is going to be good for growth or the economy. I mean, it's good for growth in poverty. It's good for growth in the number of people who are homeless. This idea of growth that they're cheerleading for demonstrably does not come from cutting investment in people. It doesn't come from cutting benefits. It doesn't come from taking money away from young families. It doesn't come from underpaying women who do some of the most essential work in our country. That's not what leads to economic prosperity and productivity.

Finally, I'll just touch on these tax cuts or tax breaks for businesses. If the Government was truly serious about tackling low productivity in New Zealand, they would take the mainstream economic advice from institutions like the IMF who have recommended tax reforms, including a comprehensive capital gains tax or a land value tax. Like, the problem with productivity—

Simon Court: The woke mind virus has spread far.

Hon JULIE ANNE GENTER: Yeah, Simon Court says the woke mind virus has spread to the IMF, I guess. It's just, like, laughable. It's really hard not to sit in here and laugh at the absurdity of the claims from the Government benches when we know what it takes to achieve improvements in productivity, and it's not tax breaks for new utes, all right, so stop pretending like you care about the future of this country when all you care about is lining the pockets of your mates and your donors.

Hon ANDREW HOGGARD (Associate Minister of Agriculture): Thank you, Mr Speaker. Look, I rise on behalf of the ACT Party to commend the Taxation (Budget Measures) Bill (No 2) to the House.

In particular, I am really excited on behalf of the ACT Party around the Investment Boost scheme. We've talked for a while about how important it is to improve productivity in this country, to get investment happening in this country—

Hon Julie Anne Genter: Yeah, capital gains tax.

Hon ANDREW HOGGARD: —and pushing it further. The member opposite talks about a land tax. How's that going to help anything? That's going to discourage you from doing any other investment because you're too busy paying their death taxes and their land taxes and their capital gains taxes and every other tax there is.

I just want to provide a really simple, practical example of how investment in a business can drive productivity and how incentivising that will improve outcomes not only for a class of businesses but the entire country. Now, a few nights ago here in Parliament, we had a function over at the Banquet Hall for a really innovative, awesome Kiwi firm that's taking on the world; that's fastest-growing in the country. The product they've got, it's not cheap; it's a serious investment—trust me, I know—but if you were there, you would have heard about some pretty impressive numbers.

By using this product, the farmers that use it were getting a 20 percent improvement in pasture production. Now, that means a 20 percent improvement in production. That pasture gets eaten by a cow and it gets turned into either more beef or more milk. That's money for this country. It leads to a 70 percent reduction in lameness. Now, you may not think, “Well, what does that mean?”

Grant McCallum: Animal welfare—really important.

Hon ANDREW HOGGARD: Well, it's animal welfare, but it's more than that. A lame animal isn't making you as much money; it is costing you money. Again, this is improvements in productivity and it also led to 20 percent less time that the people on those properties needed to work. They were more efficient—

Grant McCallum: Better working conditions.

Hon ANDREW HOGGARD: —they were more productive, better working conditions, enjoying their jobs more. The whole business improved.

That enables higher wages for everyone and that just flows through the economy: 20 percent more milk would mean 20 percent more tanker drivers, 20 percent more workers in the factory. The numbers that Treasury have put in the regulatory impact statement around what we might see—you know, the member opposite was questioning, “Oh, will these promises come true?” If anything, they’re probably half undercooked, quite frankly, from what I know of when you’re able to invest new technology, new innovation, new ideas into your business.

It was insinuated that, “Oh, this is just for the big boys; the big corporations.” No. New Zealand is built on small family businesses, and these businesses being able to invest and look for new, productive ideas, improving their business, helps all of New Zealand. This is an absolutely great scheme and I commend this bill to the House.

JAMIE ARBUCKLE (NZ First): Thank you, Mr Speaker. I rise on behalf of New Zealand First to support the Taxation (Budget Measures) Bill (No 2). It’s been a great day sitting in the House, in, obviously, still my first term here, and hearing the finance Minister deliver her second Budget, and also having that Budget delivered, to actually see our finances in this country being turned around and, at the same point of time, with the other Associate Ministers, the effort that’s been put into that Budget today. But even on this side of the House, and especially from a New Zealand First point of view, seeing some of the wins in that Budget today and some of the hard work that we’ve put in and, in the past, said about compliance with the Inland Revenue Department and actually seeing some extra money flowing into the Budget there—we’ve actually seen savings that now we’ve been able to put into other incentives around the SuperGold card; we’ve had an increase in New Zealand Customs Service staff; Māori wardens are getting more money; that great thing that we championed, the rail; and also Matua Jones around energy. So having that extra money in our pockets to actually be able to put into some really important places.

The bill here today addresses three issues: the Investment Boost is the main part that I want to come back to and talk about, the KiwiSaver reforms, and the Working for Families changes. But hearing the Budget delivered today, we heard about this being a responsible Budget. Obviously the other side of the House doesn’t understand what responsible is, because they’re just bemused by what we’ve actually done, actually turning this economy around. We’re talking about economic growth, we’re talking about getting behind the productive sectors in New Zealand. This is an investment Budget. When you look at the Investment Boost—and just as the last speaker alluded to—this is a game-changer. This is a game-changer for small businesses. It’s a game-changer for businesses in New Zealand.

And what an idea! We’re going to look back on this day and we are going to say “Investment Boost; what a terrific, what a great idea that was.” I’ve owned a small business. Most people on this side of this House have actually worked. We have actually owned businesses. We actually know, buying an asset, how difficult that is. And if we can invest into capital, if we can actually take that 20 percent and then still depreciate, what a game-changer that is for businesses. I think, tomorrow, people are going to be out to shops. I think Mark Patterson, he’s going out to buy a tractor tomorrow; I think he’s going to buy a tractor. I think there’s some people on this side of the House—we’re going to go out and we’re going to have Fieldays and we’re going to be spending up, because this is the day that this has changed. So Investment Boost, I think we’ll look back—what a stroke—that this has been a real change today.

KiwiSaver reforms—again, that side of the House doesn’t understand: why would we say to 16- and 17-year-olds that we don’t want to contribute to them? They’re going to say “No” to that. They’re going to say “No” to my teenagers who are that age who are working—they’re now going to get the contribution, and guess where they’re going to

put that money! Into their first homes. We want people in their first homes, we want them to have that opportunity. That, again, is a game-changer today. So this has been a great Budget, great incentives. This is a great bill. I commend it to the House.

MARIAMENO KAPA-KINGI (Te Pāti Māori—Te Tai Tokerau): Probably the first thing I'd want to say, possibly to the speaker just before me, is that that's mighty white of you—so let me repeat that: that's mighty white of you—because in all of your expression and all of your ideology and all of your Pākehā reo, which is quite limited, at the end of the day, what I'm hearing in it is that it suits you, it fits with you, and, sadly, it does nothing for Māori. I know that you want to think it is, because Matua Jones, who happens to be my relation, by the way, gets—you misunderstand the whole scenario.

But, look, I don't expect much more, and, by the way, look, I'm pleased to stand and oppose this. I'm pleased and I must, and it is a duty. Why? Because the number of people outside this House—you obviously weren't listening to it. You were probably—I don't know what you were doing—flicking through your papers. But outside, this morning, you had a number of people come and tell you lot that “You are failing. You are screwing us over. You are damaging our future. You are bad for our health. Cut it out.” That's what they were saying, and guess what! They were women and girls, and they were full of it, wanting to possibly get you to understand and think this through. But you won't, because you're carried away with your mighty white selves. So here we go—

ASSISTANT SPEAKER (Teanau Tuiono): He paku āwhina mō te mema. Taihoa, he paku āwhina mō te mema, me kōrero mai ki a au. Hei aha te kōrero ki a rātou. Tērā te tikanga o te Whare. Āe, haere tonu.

[A little help for the member. Hold on, a little help for the member, you should speak to. Don't worry about speaking to them. That's the procedure of the House. Yes, continue.]

MARIAMENO KAPA-KINGI: Ka pai. Tēnā koe. So the Minister of Finance is, essentially, asking Māori and low-income whānau to front a \$170 million tax cut to implement a 20 percent tax deduction for businesses. Let's be clear about what's happening here under these new proposals: KiwiSaver contributions for lower-income earners are being cut, meaning that they will pay more and receive less than they do now. This isn't just a tweak to the system; this is a fundamental shift that undermines the retirement security of the very people who need it most.

I really wish that the lot on my left listened to “Doc's” speech this morning, and I know it would have irritated particularly the most ignorant, possibly because you just can't get it. But, look, do some reading and understand the shared history that you have, and you're welcome that you get to live here at all.

Hon Members: Oh!

MARIAMENO KAPA-KINGI: Yeah, I know—having feelings. Come on, come on, come on, come on—go ahead.

Simon Court: Point of order, Mr Speaker.

ASSISTANT SPEAKER (Teanau Tuiono): A point of order, Simon Court. *[Interruption]* There's a point of order.

Simon Court: That reference that that member made to “we should be thankful that we should be allowed to live here at all”, I find offensive—

ASSISTANT SPEAKER (Teanau Tuiono): What's the point of order?

Simon Court: —I find it—the point of order is that that member is creating disorder in the House by suggesting that some members don't deserve to live here, and I ask that you ask that member, please, to withdraw—

ASSISTANT SPEAKER (Teanau Tuiono): That's enough.

Simon Court: —and apologise.

ASSISTANT SPEAKER (Teana Tuiono): OK, I've heard that. Speaking to the point of order?

MARIAMENO KAPA-KINGI: Speaking to the point of order, it wouldn't be the first time that people had feelings and offence in this House—I mean, that was constantly my feeling as soon as the first speech began this morning. So that's my response to the point of order.

ASSISTANT SPEAKER (Teana Tuiono): Well, I found it very difficult to hear the member talking at all because of the number of interruptions on that side of the House. There always has to be a bit of give and take in this place, but I would invite all members to think carefully about their contributions and also their interjections, as well, because it is important that the people at home can hear this debate. So, Mariameno Kapa-Kingi, I call you to continue.

MARIAMENO KAPA-KINGI: Thank you, Mr Speaker. We are making it harder, not easier, for young people to own a home, and for Māori, who already face significant barriers to homeownership, this is another door being slammed shut in their faces. This tax cut is being propped up by Māori, by low-income earners, by solo parents, and by whānau who are already doing it tough. That is not economic strategy; that is economic exploitation of vulnerable communities, who have been absolutely pummelled with legislation that is stealing right from underneath their noses, again.

Make no mistake, the changes for Working for Families will mean that fewer whānau will qualify for support—I mean, please hear that. The increase for whānau who do receive it will only amount to \$14 per fortnight. You think that's OK—you can tolerate that? Sorry, Mr Speaker—through you.

These taxation measures are redistributing wealth upwards. It is taking from the poor and handing it to the rich. They are blocking out our mokopuna and our young whānau from getting into homeownership. The change to KiwiSaver puts homeownership even further out of rich, out of reach—"rich"; funny—for young people.

Really, if I can just refer back again to the great voices this morning that were speaking to this House, if people were daring to listen to it, and saying, "You are failing us, you are failing our children, you are failing women." You are failing women—the number of women that are out there, fists-upping, going, "Eh, sisters are doing it for themselves." Please, I'd ask the side on my left to take note, because it's coming. Tēnā koe e te Pīka.

Hon SIMON WATTS (Minister of Revenue): Thank you very much, Mr Speaker. I acknowledge the enthusiasm from the other side. But what a great day we have in the House today, and I tell you what, as the Minister of Revenue for this Government, I am very, very proud of the initiatives which we have outlined today under this Government. Under the leadership of Christopher Luxon, under the leadership and thought of Nicola Willis, as our Minister of Finance, we have delivered our Budget, which is going to increase investment in this country. That is great for our economy, it is great for our people, and it is great for future generations, and we should be proud of that as a party and as a country.

This Budget delivers tax incentives to lift growth through Investment Boost. It means that KiwiSaver changes are going to encourage more savings. It's going to increase support for families. Those elements matter. They are going to make a difference, because we know that, for too long, Kiwis have been doing it tough. Life has become very challenging for many New Zealanders, with the rising cost of living and placing real pressure on households across this country. But that is why this Government is focused on growing the economy and putting in place changes such as the tax legislation that we're passing today, which will turn that reality around, to increase economic growth, to increase jobs, and to increase the wages and grow our economy and get Kiwis back on track. That is really, really important.

This bill covers three key areas, which we'll walk our way through today. It is going to drive investment, it is going to lift productivity, and certainly, as I noted, it will lead to an increase in wages. However, these measures are not the only aspects which this Government is doing; we have outlined a suite of interventions today that deal with the core issues and opportunities in this country.

This Government wants to boost investment, but actions speak louder than words, and this legislation, from today, means that hard-working Kiwis can get benefit, can reduce the tax implications of investments. Let's give a real example. Let's think about an electrician in my electorate of Takapuna who's going out tomorrow and wants to buy a new van for their small business. Well, immediately, from tomorrow, that electrician—that small business—will be able to get a benefit of 20 percent reduction in terms of that investment, of that vehicle, tomorrow and be able to offset that against their tax. That means that that amount of tax saved is more money that that individual can put back into their business to help grow their livelihoods, to help grow our economy, and to help deliver core services to our communities. That is real action, and that is what that initiative is going to do.

Changes in the KiwiSaver regime that have been announced by this Government will make tangible differences for New Zealanders. For the first time, 16- and 17-year-old New Zealanders will be able to get the benefits of KiwiSaver; 85,000 young New Zealanders will be able to now get the benefit of KiwiSaver. That is tangible investment in our young people. Why? Because they deserve it, and this Government recognises that. Won't it be interesting to see if, on that side of the House, they vote against that change?

We also know that increasing contribution rates will increase the amount of money that people have at retirement. That is very, very important. It's prudent, it is sensible policy, and we're giving time to make sure that increases over time as well. We have also increased the thresholds for Working for Families—tangible increases that mean those benefits will go to those individuals with incomes below \$100,000. The examples provided by some people in this House are completely misleading in the context of those people who will not benefit. This is targeted at those families that most need that benefit. Those changes would have not been updated since 2018. This Government is making changes, and those benefits will flow through importantly to those families.

The changes today are important, substantial changes in tax policy to drive economic growth, to drive the livelihoods of all New Zealanders, and to put more money in their back pockets. I commend this bill.

Hon Dr MEGAN WOODS (Labour—Wigram): I agree with one statement that the previous speaker, the Hon Simon Watts, said, and that is that actions speak louder than words. Today, we have seen the actions of a Government where they have laid their values very bare for New Zealanders to see, because Budgets are about choices. Budgets are a time where Governments have to make value-based decisions about what their priorities are. What have we seen in this year's Budget? We've seen a Government that has decided that it is absolutely their priority to take nearly \$3 billion a year out of the pay packets and pockets of some of our lowest-paid women workers and their families, and to give that for tax breaks to other people. For \$200 million for the oil and gas sector—multinational companies. That is more of a priority for this Government than \$3 billion going into the pockets of our families.

Let's have a look at the legislation before us. Let's have a reality check on some of the excitement that the Minister of Finance—followed, but not quite as excitedly, by the Minister for Revenue—got. The Minister of Finance came down here, thinking she was some latter-day champion of working people, and challenged us to vote for this because this was the panacea for working people. But let's look at the detail of this legislation that we have before us.

So when we're told that this is the centrepiece of growth, this piece of legislation, for the Government, now let's not make any mistakes. On this side of the House, we are open to discussions about good policy that will increase productivity in New Zealand. But as my colleague the Hon Deborah Russell has identified, there's just two options that have been explored and we're now debating in urgency. There were a bunch of other options that could and should have been looked at and weighed very carefully to see if they were the right ways. Because the centrepiece for growth—the thing that the Prime Minister is hanging his hat on and the Minister of Finance is hanging her hat on—is 1 percent growth in GDP over 20 years. For those working people that the latter-day champion of the working people—Nicola Willis—comes down and says she's speaking on behalf of, when you look at the detail of the changes, the Treasury have been telling the Government we're looking at a 1.5 percent increase in wages over 20 years as a result of these changes. So let's not let facts get in the way of what we're actually doing here.

In terms of the KiwiSaver contributions, again, on this side of the House, we're not opposed to 16- and 17-year-olds starting to save for their retirement, but to halve the Government contribution—what are we seeing? We're seeing that for an 18-year-old today, they are going to enter retirement with \$66,000 less than they would have had if the Government kept its contribution where they are today. For a 30-year-old—

Suze Redmayne: Read the RIS.

Hon Dr MEGAN WOODS: —that is \$30,000 less—

Hon Simon Watts: Read the RIS.

Hon Dr MEGAN WOODS: —that they will be taking into their retirement than they would have had today.

What we also see from the Treasury advice in the regulatory impact statement (RIS)—and, yes, I have read the RIS—is that the Government was told very clearly that 80 percent of the cost increases with employer contributions would result in lower wage growth for those working people. So before we start championing this as the panacea for working people, let's have a look at that.

Let's have a look at the fact that we do have tens of thousands of families that are going to be up to \$43 a week worse off under this. We have the vaunted changes that are going to help families with the cost of living being less than a block of butter a week. This is not the real relief that New Zealanders get and it has been paid for off the backs of working women and not paying them what they are worth.

CAMERON BREWER (National—Upper Harbour): Oh, aren't the Labour Party jealous of this Budget? Aren't they jealous of this Budget? Aren't they jealous of the KiwiSaver changes we've made? Let's have a look at the KiwiSaver changes, and they'll be thinking, "No wonder Barbara Edmonds is invisible at the moment." They will be thinking, "Why didn't we come up with this? Why didn't we come up with extending employer matching on KiwiSaver to 16- and 17-year-olds?" Why didn't they—why didn't they back our young people? Why didn't they allow 16- and 17-year-olds to get matched by Government contribution? That's what will happen from 1 July. That contribution will encourage young people to start saving. It will encourage young people to start saving for a deposit. And this is this, and the National Party - ACT Party - New Zealand First coalition Government has done that for 16- and 17-year-olds. That's what we've done.

What else have we done? What else have we done that they'll be thinking "Why the hell didn't we do that?" Axing the Government contribution for those that earn over \$180,000.

Hon members: Oh, wow!

CAMERON BREWER: Oh, wow! Oh, is that us looking after our mates? No, why on earth didn't they do that? Why wouldn't they axe it for the rich? Why wouldn't they

axe it for the rich? In 2021, they brought in that top tax rate, 39c in the dollar. Oh, for everyone earning over \$180,000, they said: “They don’t need it.” They didn’t do that, though, did they? They didn’t save the average working New Zealander any money—any money—by axing the Government contribution for those that earn over \$180,000. So we did that. We did that and that’s why we are the party of workers and the party of SMEs—and we’re the country of small to medium sized businesses: 97 percent of our businesses are small to medium sized businesses. And guess what! They’re all eligible for Investment Boost—they’re all eligible for Investment Boost. That will be for tradies. That’ll be a 20 percent deduction on the cost of new machinery, tools, equipment from their taxable income at the next financial year, kicking in now, isn’t it? Isn’t it Minister of Revenue—kicking in now to be redeemable next year?

When do we have Fieldays? On 11 June, Fieldays kicks off at Mystery Creek. What a time to buy a tractor. What a time for farmers to get in and buy some technology. What a time. Utes! If utes got cheaper last year, they’re about to get another 20 percent cheaper. People say, “Oh, but, surely, they can’t get their depreciation off that ute as well.” We dropped the ute tax; they still get their depreciation, minus 20 percent—they get that off their tax bill. Wow. Oh my—you won’t be able to see the Government marquees at the Fieldays for people lining up saying, “Wow, you are making it easier for me to invest in my business.”

As has been alluded to, the regulatory impact statement—this lot always says, “Where’s your regulatory impact statement? Where is your regulatory impact statement?” Well, they don’t want to read this one, do they? They won’t be reading this one because this shows us a lot of things about Investment Boost and its contribution to the national economy. Holy smoke—Investment Boost—this is big. It is expected to lift—get this—the levels of business investment with longer-run benefits including increasing the level of GDP by 1 percent—GDP by 1 percent—capital stock by 1.6 percent, and wages by 1.5 percent over 20 years with at least half of those benefits happening within the next five years. This is an amazing regulatory statement and if anyone wants to read it, it will put you to sleep as well. But it’s got incredible figures from our officials at IRD. One thing about IRD is they don’t exaggerate; if anything, they’re conservative, and that is their estimate. That is their estimate. Huge for GDP growth, huge for investment growth, huge for wage growth, huge for business growth. This Investment Boost initiative—

Joseph Mooney: Is huge!

CAMERON BREWER: Is huge. That’s it; that is the word I was looking for. Everyone in business, those 612,000 small businesses are eligible in New Zealand. They’re all eligible to get 20 percent off their asset purchases, their machineries, their utes, their carports for their cars that they’re building—

ASSISTANT SPEAKER (Teana Tuiono): The member’s time has expired.

Hon GINNY ANDERSEN (Labour): Tēnā koe e te Māngai o te Whare. Cameron Brewer is sounding more and more like Donald Trump as each minute ticks by. As we hear the National Party congratulating themselves on how proud they’ll be at Fieldays when they can see their mates all buy a tractor for a cheaper price, let them be reminded that in 2026, this Budget saves \$2.9 billion from working women. In 2027, it saves another \$2.6 billion from pay that would have gone to working women.

In 2029, it saves \$2.6 billion from the pockets of working women. How many tractors is that, Mr Brewer? Because, on top of that, there’s \$1.8 billion saved in capital expenditure from the pockets of working women. All up, that is \$12.8 billion saved by taking the wages of working women. Those opposite jump up and down with excitement at the thought of Fieldays, of what technology and tractors that their friends will be able to purchase out of the pockets of working New Zealand women—women in libraries, women in hospitals, women in hospices, teachers, women who hold this country together,

who were in line for a pay equity settlement that has been ripped out of their hands by this Budget. This Budget is funded by working women and by taking the future superannuation savings of New Zealanders. I would not be proud of that Budget. I would hang my head in shame, because it is a short-sighted and self-serving Budget.

What has the money gone to be spent on? Let's take a look. So \$15 million in increasing funding for private schools, because David Seymour says that kids who go to private schools, their parents pay tax too. What about the kids at public schools? The oil and gas sector has also been increased in its funding, out of the pockets of working women. Ministerial budget for international travel, increased by \$8 million, out of the pockets of working women.

The cuts that have gone on in this Budget are absolutely unbelievable. KiwiSaver—it hits the lowest-paid New Zealanders. Recently, we have seen the highest number of people withdrawing their KiwiSavers because of hardship. And what does this Government do to respond to the cost of living crisis? It halves the Government contribution to KiwiSaver. An 18-year-old today will get \$66,000 less in their superannuation. Also, a 30-year-old will get \$30,000 less out of their KiwiSaver by halving the Government contribution in this Budget. It has the biggest impact on lowest-earning New Zealanders, but those members opposite don't seem to be too concerned about that.

And let's take a look at Working for Families, while we're at it. Working for Families, changing the abatement levels is great, but around 61,000 New Zealand families will receive a decrease of \$43 per fortnight, and 89 percent have taxable incomes above \$100,000. You're taking money out of the pockets of New Zealanders. It is a shameful Budget—absolutely shameful.

To top it all off, from going from the most vulnerable, this Budget also makes it harder for younger New Zealanders who are trying to get a job and trying to get training, by preventing the jobseeker benefit being paid to 18- and 19-year-olds—the very young people that already find themselves on the streets of New Zealand, making it harder for them to get access to emergency housing, making it harder for them to access any funding, and asking them to go to their parents. Well, many of those young people are looking for the jobseeker benefit because they cannot get the support of a parent. The individual circumstances that young people find themselves in will be even harder under this Budget.

This is a self-serving Budget, because it benefits those who are in power already and it further marginalises those who are not in power. It is an absolute disgrace—a Budget that is paid for by working women. That is how this Budget will be remembered in New Zealand history, and I would hang my head in shame if I were you.

RYAN HAMILTON (National—Hamilton East): Thank you, Mr Speaker. It's fantastic to stand to speak on this bill, being the last speaker. It's almost an opportunity to fact-check some of the misinformation, and it's good to welcome you back. I've got some good information for you, but let me just start with Investment Boost. Wasn't that a great contribution from the chair of the Finance and Expenditure Committee? It was powerful, it was exciting, and it reminded me of the excitement that's going to be generated next week in Fieldays Wednesday, the largest agricultural event in the Southern Hemisphere, held in the mighty Waikato. And now, with high farmer payouts and an extra 20 percent depreciation on top of normal depreciation, in many cases that'll be like a 25 to 30 percent depreciation boost. That's cash flow, that's investment, that's confidence. Like the Minister said, for small business, that's an extra van, that's an extra ute, and that gives you the confidence to hire an extra employee. It's a win-win situation. It's so good, and, like our Minister said earlier today, with a 1 percent increase in GDP coming up, that's an order of magnitude. That's a huge impact on the economy. It's just massive.

Now, let's just do a little bit of fact-checking around KiwiSaver. My son worked at a takeaway shop—I won't name the one, but you could probably imagine; there's only a few—as a 16- and 17-year-old, and I made sure he ratcheted up his KiwiSaver contribution. “Put it as high as you can, son—why not?” The only difference was his employer wasn't contributing to it; it was all his own savings. This makes a small adjustment for the employer to contribute up to 4 percent, and it's a marginal upkeep for employers. As Cameron Brewer said, aren't we supposed to be against the little man? Aren't we supposed to be supporting our mates in employment and the big business? No, we're actually saying, “You guys can actually put up an increase from 1 percent to 4 percent because it's the right thing to do and it's going to be of benefit to your employee.” So I think it's fantastic.

We've heard comments saying that with the reduction in employment contribution, Kiwis are going to be \$60,000 worse off because of it. Well, remember, that Government contribution was put there as an incentive when KiwiSaver was first set up, and now we've got such huge intake, we've got to look: is that still fit for purpose? We're not getting rid of it; we're just reducing it. Actually, if you want to do a quick fact-check on the old ChatGPT, you will see that over a 10-year period, someone on \$60,000, cutting the Government contribution by half but lifting the employee and employer contribution to 4 percent, they're \$10,000 better off in 10 years—just in 10 years. You compound that over time; it's huge.

Now, what about some of those comments that had racial overtones and said, “What about Māori? It's harder for them to get into housing.” Well, let me give you some facts—let me give you some facts—85,000 kids will now be eligible for KiwiSaver at the age of 16 and 17. Do you think some of those 85,000 children will be Māori? You bet they will be. Tens of thousands of kids will be Māori, and they will benefit from this employee and employer contribution for KiwiSaver. So this will help more people get into housing. It's a wonderful thing—it's a wonderful thing, and I'm so proud to do it. Of course, now families, with the Working for Families, \$23 better off a fortnight. When does this kick in? As of tonight, hopefully, we'll cement this legislation. It's a great day for New Zealand. I commend this bill to the House.

A party vote was called for on the question, *That the Taxation (Budget Measures) Bill (No 2) be now read a first time.*

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.

Bill read a first time.

Second Reading

Hon SIMON WATTS (Minister of Revenue) on behalf of the **Minister of Finance:** I move, *That the Taxation (Budget Measures) Bill (No 2) be now read a second time.*

It's an honour to speak again on this year's Budget bill—a bill focused on growth. New Zealand is still in recovery mode from economic damage caused by the COVID period and we know many Kiwis are still feeling the impact. We need to accelerate our recovery to erase some of the pressures facing many of our households and businesses. The Government recognises the urgent need to grow our economy. When we speak of growth, it is not just about the numbers; we are talking about helping Kiwis get ahead with higher wages, more job opportunities, and better public services. We are already

seeing positive progress. We have brought inflation under control, we have delivered tax relief that has put more money in the back pockets of hard-working Kiwis, and we have supported families with childcare payments through FamilyBoost. Businesses will play a critical role in driving this economic growth.

I thought it would be useful to provide the House with some facts and figures regarding the proposed Investment Boost, our policy designed to help businesses invest in their companies and increase productivity. New Zealand's productivity challenges are strongly linked to low investment in business assets. The root cause is that the cost of capital for investment in New Zealand is high relative to other OECD countries, and this is in part driven by our tax settings. The lower investment that this causes negatively impacts productivity and, importantly, the living standards of New Zealanders across this country. New Zealand has experienced low productivity growth over the past decade, averaging just 0.2 percent per annum. Productivity is important because it's a determinant for increases in GDP and living standards. It means that New Zealand's weak productivity has broader economic consequences. New Zealand has a high cost of capital compared with other countries. Changes to the taxation of investment, which this Government is doing today, will lift capital intensity and support New Zealand businesses. Investment Boost is designed to achieve this. Actions speak louder than words, and this is a Government of action.

Over 600,000 businesses are in New Zealand. Farmers, agricultural entities, small businesses across our urban areas—they all contribute to our economy; 600,000 of those businesses. And when this bill passes, these businesses will be able to claim a 20 percent tax deduction for any eligible assets they purchase from today. There is no cap on the value of the asset, and there is no cap on the number of assets for which the tax deduction can be claimed for. Investment Boost is an accelerated depreciation regime—a regime that is going to drive economic growth and is so badly needed in this country right now. Compared with the current depreciation rules, businesses would enjoy a larger immediate tax deduction, thus reducing their tax payments in the first year that they own these assets, and thereby reducing the present value of tax over the life of that investment. Investment in business assets will become a lot more attractive from today and a lot more attractive under this Government, and that is critically important.

We could see over 600,000 businesses across New Zealand investing in their businesses—businesses in Takanini, businesses in Northcote, businesses in Upper Harbour, businesses in Northland, businesses in Thames-Coromandel, businesses in Taumarunui, businesses in the Bay of Plenty, businesses in Kaikōura, businesses in Timaru, businesses in Christchurch, businesses in Ōtaki, businesses in Hamilton-East and Hamilton-West, and businesses in every town and every province of this beautiful country which we all call home—from today.

Treasury estimates that the impact of this will be a 1.6 percent increase in the real capital stock in 20 years, thanks to Investment Boost contributing hugely to productivity. With productivity comes more and better jobs for Kiwis, and, importantly, for those hard-working Kiwis, a rise in their living standards. I'll tell you what: that is what New Zealanders expect of their Government. As a Government, we have heard that loud and clear, and we are following that through with actions, not words. We're making that happen. It's gonna happen from today, and it is a reality. Investment Boost is expected to reduce the cost of capital and increase the capital intensity of New Zealand businesses. All of this means an increase in GDP and, therefore, also increased tax revenue. Guess what! There's no magic money tree, is there? We need to ensure that we can fund the public services that Kiwis deserve. As a result of more economic growth, we will derive more tax revenue and we will be able to fund those services Kiwis need. We are not a

Government of taxing New Zealanders more; we are deriving more economic growth. That is an enduring mechanism in order to improve the living standards of this country.

It is estimated that the nominal GDP will increase by a very healthy \$6.4 billion over the forecast period—\$6.4 billion. That is a heck of a lot of money, and that is economic growth and benefit for the communities across this country. We acknowledge that the initial fiscal cost will be high, but the forecast is to tail off and the benefits will exceed the costs. It is investment in New Zealand's future economic success.

I focused this speech on only one of the key measures of this bill, but I will briefly touch on the other two before I conclude. We are supporting Kiwis in saving more through KiwiSaver so that they can enjoy a more comfortable retirement. This side of the House cares about New Zealanders and we care about hard-working Kiwis. We're doing this by proposing increased contribution rates for employers and employees, which means that by the time Kiwis buy their first home or retire, they will have more money waiting for them in KiwiSaver. Before we move to that, we are also proposing that people aged 16 and 17 years will qualify for Government KiwiSaver contributions, which means that our young people—85,000 young people—will be able to enjoy the benefits and be able to start saving sooner for their retirement. We're also supporting the families who need it most—through Working for Families, by increasing the abatement threshold. This will benefit 142,000 Kiwis who are dealing with increased cost of living so good.

All of these measures will significantly benefit New Zealanders. I am very proud, as revenue Minister for this Government and as a member of this Government, to be able to deliver this legislation—these changes in our underlying tax settings which will make a tangible and real difference for New Zealanders. That difference will not be felt next year, it will not be felt in a month's time, it will not be felt in a week; it will be felt from today.

ASSISTANT SPEAKER (Teanau Tuiono): The question is that the motion be agreed to. Time for me to leave the Chair. The House will resume at 7.30 p.m.

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

ASSISTANT SPEAKER (Maureen Pugh): Good evening, members. When we broke for the dinner break, we were up to the second reading of the Taxation (Budget Measures) Bill (No 2). We were up to call No. 2, the Labour Party call.

Hon Dr DEBORAH RUSSELL (Labour): Madam Speaker, thank you for the opportunity to speak on this bill. We've had a little bit of time now to have a look at the bill, to assess what's going on in it, to read the details on it. Of course, we've also, since about 4.45 today, had access to the various regulatory impact statements and to some of the background information about this bill.

Now, in the first reading of this bill, the Minister of Finance and various speakers from the Government were very enthusiastic about Investment Boost. I have to say that in his speech in the second reading of this bill, the Minister of Revenue, too, was very, very excited about the so-called Investment Boost. I get why they're excited. It is the major measure that they have put through in economic terms for this particular Budget—there are, of course, other measures—the major positive measure that they have put through.

Now, the trouble with this measure is not whether or not it's good or bad in itself, although I'm inclined to think that, on the whole, it's probably something that's working in the right direction. It has nevertheless been paid for out of the future wages of working women. Women hold up half the sky and it turns out, in this country, they are carrying the Budget this year. That is where this Investment Boost is coming from, so the Investment Boost had better be worth it. It really needs to deliver what the Government has said it is going to deliver, and the only way that we can work that out is to have a look at what is said in the regulatory impact statement.

Now, we have to remember that at this stage, because we are doing this in urgency—and I absolutely understand the need to specify a starting date for this policy—we have not had a select committee process, so we haven't had time to dig into the economic analysis of this. Of course, this is being justified on economic grounds, and as I've said, they'd better be good. Just having said that, it's still not quite clear to me why this particular measure absolutely had to go through under urgency. There is no reason why a starting date couldn't have been specified, and that starting date could have been today, but we could still have had time to work the legislation through.

Nevertheless, having not had that opportunity, I want to look at the macroeconomic analysis contained in the regulatory impact statement, because we have been told by the Treasury, by the Treasury's papers, by the Minister of Finance, and by the Minister of Revenue, that this will contribute to economic growth over time, and it will contribute to economic growth in the order of about 1 percent over the next 20 years or so.

So looking at the macroeconomic impacts, here's the first interesting statement in the macroeconomic impact, assessing whether or not it is worth pursuing this measure—and I'd like to direct members' attention to paragraph 62 in the regulatory impact statement. That's after discussing that this is likely to be a positive measure, but then paragraph 62 says that there is, however, a high level of uncertainty as to the precise magnitude of impacts, although the direction of impact is certain—so, yes, we do think that this will have a positive impact on growth, but it is highly uncertain as to what the magnitude of that impact will be.

Then it carries on to discuss the findings from international literature saying what the heavy economic analysis says might be the effect of this measure. Of course, Treasury did its own estimates. It's got its own economic model. They do have highly skilled people. It says that they looked at the international literature where the results were broadly consistent with Inland Revenue and Treasury estimates.

But to look at the summary of overseas regimes, we are directed to table 8 in annex 2 of the regulatory impact statement. Sitting there in table 8, it talks about countries where similar work has been done. Now, let's remember what this measure is. It gives a cash-flow advantage to people who are investing in new depreciable assets, so it gives them a bit of a boost along the way, but that can only be justified if it adds to economic growth.

Now, in Australia, it turns out that the one analysis that's available from there is from the global financial crisis, and the estimate is that perhaps GDP growth might have been about 1.2 percent higher thanks to a particular accelerated depreciation policy they had in place for a short time for small business. But of course, it was only small business that applied to. They've had a 100 percent write-off—full write-off for assets of \$150,000 or less—in place for a few years, and they can't really tell yet the magnitude of the impact of that. They think there was a lift in investment, but whether or not that led through to increased economic growth is a different matter. As we know, Australia, like us, is not growing at the rate that it would like to.

There are some studies from the United States suggesting that having this kind of accelerated depreciation write-off does increase economic growth. The interesting policy is that credible estimates on very recent policy changes suggest maybe a 1.7 percent increase in capital stock, but then it says, "but direct GDP impacts are less clear at this time." And so it goes on through all the studies that are quoted.

I want to suggest that that paragraph 62 is reflecting very accurately—in fact, it carries a large amount of weight when it says that "there is, however, a high level of uncertainty as to the precise magnitude of impacts." In other words, despite all the rhetoric from over there, we just don't know. It's likely to be positive, but we just don't know.

What we do know is that women have lost out—to try to get this high level of uncertainty about the economic impacts—on their future pay rises, and that is something

that will affect them for a very, very long time. Pay equity has been swept away for this high level of uncertainty as to the precise magnitude of impacts. *[Interruption]* So we think this policy might work, but we're highly uncertain.

ASSISTANT SPEAKER (Maureen Pugh): We won't have the conversation across the House, please.

Hon Dr DEBORAH RUSSELL: What we are certain about is that women are paying for the cost of that. Carrying on through the other measures that have been taken in this Budget, we know that with the Working for Families changes that have come into place—changes around the abatement rate, around the threshold, around the universal Best Start in the first year of a child's life—61,000 families will be worse off. So we know that the Working for Families change will be fiscally neutral, the changes within Working for Families—61,000 families are worse off. Well, they are paying for this highly uncertain economic impact as well.

We know that the KiwiSaver tax credit—an incentive to save that also provides a substantial benefit to low-income people—has been halved and has been taken away, and that over the lifetime of a worker, that might amount to as much as \$66,000 gone. That, too, is what is paying for this highly uncertain economic impact.

So, yes, we do think that this will have a positive effect, but it is highly uncertain as to how much. What we do know with absolute certainty is that it is the women and the low paid who are paying for this Budget, and that is an appalling thing. We want our country to do well, but it should not do it off the backs of the most vulnerable, and that Government should be ashamed of doing that.

So we are going to carry on opposing this bill. This measure in itself—we should be doing something of this nature. It is worth trying, but I want to know a lot more about it and we need to be a lot more certain about it before we can endorse it.

RICARDO MENÉNDEZ MARCH (Green): This is a Budget for the wealthy few, not for the many, and this is so telling in this first piece of legislation we're debating straight after the Budget speeches. You've just got to look at the *Hansard* record of the first reading speeches, and the New Zealand First member's speech, because the people that he mentioned this bill would benefit were not working families, were not people in poverty, were not those that are homeless. It was his own colleague—Mark Patterson—who's now going to be able to buy a tractor. Like, spare a thought for the poor New Zealand First members of Parliament, who will now be able to finally buy a tractor, while children are going to experience greater levels of material hardship. *[Interruption]* You don't have to believe me! You can just look at your own Government's child poverty reports, which show that under this Budget, children will be doing it tougher.

What this bill is doing in order to put more children in material hardship is giving, basically, a tax cut to fossil fuel companies, and, on top of that, leaving low-wage workers worse off. Again, for example, when it comes to the KiwiSaver changes, we have a minimum wage worker who's working 48 hours. Right now, under the 3 percent contribution, they would be contributing around \$1,466.40. Under the changes, under 4 percent, that's an extra \$488, which amounts to around \$940 extra a week. This is a Government that will be leaving low-income workers worse off as a result of these changes. Then when it comes to the safety-net changes under this bill in the Working for Families package, they're stripping away universality from some of these changes to just give breadcrumbs to low-income families. People doing it tough deserve far more than a Government that hands out breadcrumbs while giving billions of dollars to people already doing really, really well. I think it's also really rich that the Government is just recycling and reheating the nachos, the same very narratives that we've heard from the 1980s.

Ryan Hamilton: Nachos?

RICARDO MENÉNDEZ MARCH: Yeah, you should spend some time with young people, or at least people my age, to know some of this terminology.

Ryan Hamilton: How old are you?

RICARDO MENÉNDEZ MARCH: Younger than you are, at least, in the front bench. But anyway, the important point is that the Government is reheating the very same old narrative that if we give tax cuts to the wealthy, they'll trickle down to everyday people. It didn't work in the 1980s, it didn't work in the 1990s, it didn't work in the first few decades of the 2000s, and it won't work this time—it won't work this time. This Government is only making the pockets of companies fatter at the expense of people doing it tough.

Again, if we go back to the changes of the bill, I think it's really lamentable that while we do think that the abatement threshold changes around the Working for Families package are welcomed, it's the National Party basically trying to fix a problem they created. Because in 2010, they removed the automatic changes to the abatement threshold in the Working for Families package. They themselves created the conditions where, basically, working families on low incomes would be losing money when they entered work, and better-paying work, faster. So this is really weird that the Government is now claiming they're doing a really good thing where the previous National Government actually created the very same problem, leaving people worse off, and actually with less incentives, to enter employment as a result of those abatement thresholds and changes.

If we go back to the changes to how companies will benefit in terms of the tax breaks that they're giving to them, the Government members so far haven't committed to this money being passed down to workers, for example. What they've said is that it'll benefit businesses, but they haven't given us a guaranteed or evidential basis that this extra money will filter through to workers. They haven't committed to this, and they haven't given us a guarantee that there's any safeguards in this bill that ensure the additional money that businesses receive will equate to higher wages. They can't make it happen by just repeating it time and time again. What the research does tell us is that if we want to, for example, increase the incomes of families doing it the toughest, we just need to actually continue increasing, at a much higher rate than this Government is doing, things like baseline benefits. We could also be, for example, doing things like pay equity, to ensure that low-paid women, the ones that are paying for the tax cuts under this Budget, can receive adequate and fair wages.

But instead, the Government has relied, in this bill, on trickle-down economics, hoping—literally hoping, because they haven't presented any evidence—that it will result in higher wages. Saying buzzwords like “productivity” over and over and over in their speeches does not amount to actually a more productive economy. I think, to me, it goes back to the fact that we've got a Government that is championing industries that (a) are industries of the past, like the fossil fuel industry that will benefit from this bill; and (b) continues to allow us to have an economy that is sustained by inflated property prices. There's nothing in this bill that does this. Yet they think that people are somehow ignorant enough that they'll just buy the buzzwords of saying “productivity” time and time again, hoping that they will buy it.

I want to go back to the Working for Families changes, because one of the key things that is omitted in this bill is that even though the abatement is changing, the recommendations that have been given to us by experts throughout the years around the changes we need to see in the Working for Families package are not presented in this bill. I think this is a massive missed opportunity to recognise that caregiving is work that should be recognised as such, and therefore that we should be actually having a far more universal and broader Working for Families package, rather than trying to narrow the eligibility. Those first days and years of a child's life are the most important, and the

Government shouldn't be assuming that just because someone's on a relatively OK income for a period of time, that's basically how they'll be doing throughout their lifetime, which is why having a much broader Working for Families package is better as a safety net to put the child at the centre of policy making.

In terms of the Investment Boost, which is what they've called it, that allows companies buying assets to claim a tax deduction of 20 percent of the value against it immediately instead of as it depreciates, I just want to say that, once again, this is not substantiated in the Government speeches, nor in any of the evidence that we're seeing as presenting and people having higher wages and a lower cost of living. What we do know, though, is that there's components of this bill that will explicitly make it harder for low-wage workers. They're gambling with people's retirement and people's ability to have a safety net once they reach 65-plus. The challenge that I see in this is that many people will end up having to choose to then opt out of KiwiSaver as a result of the negative cost of living impacts that this bill is creating on particularly low-wage workers. If you're a low-wage worker affected by this bill, you may be thinking that I'm better off basically opting out of KiwiSaver to have that additional—

Simon Court: Put it in Sharesies, then! Go on, take a punt on the private market!

RICARDO MENÉNDEZ MARCH: —income on a week-to-week basis. What that means is you end up missing out on having the retirement savings that we all deserve as a safety net once we reach our golden years.

I think it's really rich to be shouted at, nonsensical shouts by Simon Court on the other side of the House, when he's not so much challenging the facts that I'm presenting in terms of how the KiwiSaver changes will leave low-income workers worse off and is rather doing performative outrage.

I think voters deserve far better than a Government that is quite happy to back their own reports—well, that is quite happy to actually put out reports on child poverty showing us that they're going to be making things tougher, and then, when it comes to bills like this one, completely omit the families doing it the toughest and talk about businesses, and completely omit components of this bill, in their speeches, that will make life worse for everyday people.

I think this is one of those bills that would have really benefited from a select committee process so that we could have heard from young people who are on low wages, who will now be, basically, missing out on, effectively, real wages because of the higher contributions that themselves and the employer will be making instead of the Government, and who will now be facing the prospect of either opting out so that they can pay their bills and their rent, or continuing to have KiwiSaver but then having to access hardship assistance from Work and Income New Zealand as low-wage workers simply to make ends meet.

The Green Party won't be supporting this bill, and we look forward to scrutinising it at the committee of the whole House, because this is a Government that has produced legislation that does not serve the interests of everyday workers and, instead, just simply deepens the pockets of business owners that are already doing it well.

SIMON COURT (ACT): This Budget is delivering value for taxpayers, and this bill is a blueprint for a more productive, investment-focused economy. Investment Boost means that businesses can deduct 20 percent of the cost of new assets up front. For contractors building roads and bridges, all the things that New Zealand needs, that makes it easier to finance the big gear: the cranes, the diggers, the concrete pumps.

Hon Dr Duncan Webb: The utes.

SIMON COURT: The big gear that gets big jobs done faster, Duncan Webb. This Investment Boost also allows petrochemical, petroleum, and mining investment, their development expenditure, to also benefit up to 20 percent—fantastic. When you combine

that with what this Government has announced today, providing a \$200 million contingency to invest in oil and gas exploration so that we can get New Zealand's energy sector restored to what it should be, this is a very helpful combination of policies. Less tax delay, more action on the ground. That's how we build better, sooner, and for less.

This bill also brings common sense to KiwiSaver, increasing contributions over time but giving workers the opportunity to scale back temporarily if they need to. We're extending access to 16- and 17-year-olds. That means financial security for young people starting earlier in their lives. They'll save more. They'll be better off over time. Who wouldn't support that? I would expect the Opposition to support that at least.

We're also being honest about who needs help, because high-income earners do not need top-ups for their savings, do they? That money should go to families who do. On Working for Families, we're lifting the abatement threshold to let more parents keep more of what they earn while making sure the system remains affordable.

For the haters in their "just say no" doom cult in Labour, the Greens, and Te Pāti Māori—that's right, Ingrid Leary, you put your thumb on your head—

Ingrid Leary: I hate the Budget. You're absolutely right.

SIMON COURT: —women own and operate businesses that buy things like diggers and manufacturing equipment. They will benefit from Investment Boost. Māori people own businesses that will benefit from Investment Boost. When I was a civil engineer, I regularly contracted Māori-owned businesses in the civil engineering space, in directional drilling, in environmental management who owned and operated their own gear. They will benefit from this.

The ACT Party supports this Budget, this bill. It's a great bill. It respects the taxpayer, and it rewards those people who would invest in plant and equipment, improving the productivity of their business and hiring more people. I commend it to the House.

JAMIE ARBUCKLE (NZ First): Thank you, Madam Speaker. I rise on behalf of New Zealand First, in the second reading, to support the Taxation (Budget Measures) Bill (No 2). This Budget today, from our Minister of Finance, is a responsible Budget and one that we are going to remember for years to come, that has put New Zealand back on track. As much as we are back on track, we love to see all that rail investment as well, because that's getting trains on tracks.

There have been some announcements made today around Investment Boost that I want to speak on, around the KiwiSaver reforms and Working for Families changes. We heard from the Minister of Revenue how the Investment Boost is going to help up to 600,000 businesses. That is a huge amount of people in New Zealand, that's across men and women who own businesses in New Zealand, and that's Pākehā, Māori, and all ethnicities who own those business. It is a Budget—and I'd say that 600,000 businesses will help all Kiwis in New Zealand. Also, we heard through the KiwiSaver reforms, around the eligibility for 16- to 17-year-olds, how that will help up to over 80,000 people—16- and 17-year-olds—in that age group. We also heard from the Minister of Revenue, on the Working for Families changes and how that will benefit 142,000 people. So we are touching a huge amount of people in this Budget and in these policies.

But the Investment Boost, as I said in the first reading, is a game-changer. It is a game-changer when you can deduct 20 percent of a new asset in that first year—and that's extra—and also deduct the depreciation you normally would. That is a game-changer for those 600,000 businesses. When we are, on this side of the House, going to look at this economy and we want to grow the economy and we're looking into things like the blue economy—you think of aquaculture, you think of marine farming, you think of things in the mining, all the stuff that's going to need to be bought there. Farming—we've got a Minister here—in wool. We're going to be getting the wool industry back on track, and we are going to need investment. Tourism—a portfolio I have—all those types of

businesses, all can invest, and I do believe, starting tomorrow and in the coming months, that the confidence of businesses across New Zealand will increase.

Hon Mark Patterson: Through the roof.

JAMIE ARBUCKLE: It will go through the roof. We will be at Mystery Creek, and we will be at the farming—we will be at all those places, where we'll see the confidence in the farming communities rise. You will see businesses wanting to invest, and it's owning a business in the past and actually knowing how difficult it is, sometimes, to make that decision whether we are going to invest in the capital. Sometimes there are things we want to do, and you put it on the backburner. This is an incentive to invest in your business.

We had the Green Party attacking me about someone possibly, on this side, might want to buy a tractor, but it might be another business. Someone wants to buy a different type of asset. It doesn't matter what the asset, but if it's going to make it productive—if it's going to make the business more productive—they're going to employ more people. But you don't know that on that side of the House, because you ones don't own businesses.

Hon Jo Luxton: Oh, rubbish. You've got no idea.

JAMIE ARBUCKLE: Yeah—no, you ones are rubbish, because this side of the House, we own businesses, we've run businesses, we know what it's like, we employ people. We don't think money grows on a tree, because you ones have all this magical money—magical money—that just appears out of nowhere. But on this side of the House, we know businesses earn money, then you actually employ people, and then you've got money to pay them. That's an amazing concept to that side of the House, but this side of the House knows that.

I also mentioned, in the first reading around KiwiSaver, that isn't it a great day that 16- and 17-year-olds will be eligible for that contribution? As we know, we want to see young people in this country succeed. We want people to learn to work. We don't want people on the couch. We've had the Hon Shane Jones get the nepts off the couch. We want people to have the ability to learn how to work in this country, and if they go to work and they get a little bit of extra money through contributions, that will also set them up for their first homes. Because we want our young people—and I want my daughter, my son—to be able to buy their first home. And actually having KiwiSaver and actually having that extra contribution will be an extra way to actually have a deposit to actually put into the first homes. I think that is, really, again, a game-changer.

Working for Families, again, 142 families will benefit out of this announcement today. So this is a Government—and on this side of the House, we are growing the economy. This is an investment Budget, and we've actually come up with a policy. You're thinking on that side of the House: "Why didn't we think about it?" Well, this side of the House have. We're going to implement it. We will grow the economy. We will have more people employed, businesses will have more money to pay them, and the economy will get better and it will grow and it will be the proof. The policy today will be seen on the ground, because this is a policy of action. I commend this bill to the House.

STUART SMITH (National—Kaikōura): Oh, thank you, Madam Speaker. What a great bill this is. Actually, what I think hasn't quite been touched on that much and deserves a bit of focus is the growth of potentials in productivity from this partial expensing scheme. It's going to be a massive boost to the economy. We'll see it in the regions first, and it will go right through the economy. I commend the bill to the House.

Hon JULIE ANNE GENTER (Green—Rongotai): Thank you, Madam Speaker. I take it the previous speaker, Stuart Smith, took the call from Te Pāti Māori. Is that what happened? OK. It's just so naive—like, everything that the Government benches say is so naive. It's like zero awareness of what actually supports our communities, which is the work of people who are looking after our tamariki. In this very bill, the Government's

literally taking away thousands of dollars from huge numbers of families who've had a child. That's what's happening with the Best Start payment. They're taking the Best Start payment away so it's not a universal thing that everybody can access when they're having babies. They're taking money away from babies. It's really anti-family. But they don't understand, because they're just so dyed-in-the-wool in their ridiculous—

Ryan Hamilton: That's right, bring back wool.

Hon JULIE ANNE GENTER: You've drunk the Kool-Aid on the neoliberal fantasy of trickle-down economics. Actually, if you go over to countries that are small countries similar to New Zealand but with much higher living standards and much better productivity, they invest in their people. They have generous paid parental leave.

Ryan Hamilton: Like who?

Hon JULIE ANNE GENTER: Denmark, for example.

Hon James Meager: Oil?

Hon JULIE ANNE GENTER: No—you don't even know. Like, they don't even know what they're talking about. Norway has oil; Sweden doesn't. Sweden doesn't. Denmark—it is not a major part of their funding of these things; they have higher marginal tax rates. They tax inheritances; they tax wealth. The UK does that. The United Kingdom has capital gains tax, they have inheritance taxes, and they have more progressive, higher marginal tax rates, to invest that money into people. Now, I'm not saying the UK is great, because the Scandinavian countries are much better when it comes to paid parental leave. Iceland—Iceland has no oil; Iceland has nine months of paid parental leave and free universal early childhood education. And they have maybe 300,000 or 400,000 people.

The Government members know nothing, and they repeat the talking points that their little leaders hand down to them, but if they actually wanted to understand what was going to make New Zealand a more productive and successful economy, they might listen to some of the expert evidence from institutions like the International Monetary Fund—the IMF. What does the IMF say? It says New Zealand should have a capital gains tax, or look at a land tax. That is going to drive more productive investments. But people over on the Government—it's just very frustrating, for those of us who actually know something about the rest of the world, to listen to the uninformed nonsense coming from the Government benches.

Look, I mean, everything that's been done in New Zealand since the 1990s, most of it has made us a poorer, less competitive country, and that started with massive privatisation of public assets and reducing the social safety net. That has actually led to New Zealand being a less successful economy, and yet that's what carries on in this Budget. Rather than making sure that people doing some of the most important public sector work—whether it's the funded sector or directly employed by Government—people who are care and support workers, who are midwives, who are nurses, who are teachers, who are early childhood teachers—those people are not getting paid sufficiently. If we spent the money paying them properly, then they would spend the money in the economy, and it would actually benefit everyone. But instead, the Government chose to give tens of billions of dollars to people who own property, highly leveraged property investors. And then they have the gall to come in here, and the finance Minister, to say, “We want to incentivise people to work.”

Well, guess what! Having a passive income from an investment property is not working and it's not making the country more productive. It's not a productive thing for a small number of people to get rich off investing in property and then we take that money away, when we could have universal investment in services and benefits. If we actually valued children, what would we be investing in? Well, we wouldn't be cutting back on the Best Start payment. We wouldn't be cancelling the pay equity claims of early

childhood teachers. We wouldn't have this ridiculous policy for early childhood support that nobody can access, practically. I think the Government members are absolutely dreaming and know nothing. But what is true is that people like them will get richer and do well under this. Those people, they will get richer. They own their investment properties. They will get wealthier. And if they own businesses, they'll write off the taxes and buy some new toys, which maybe will make their business more productive, but maybe it'll just be a flash new ute to drive around, and that's not productive.

Cameron Brewer: Madam Speaker?

Hon Dr Megan Woods: Madam Speaker?

ASSISTANT SPEAKER (Maureen Pugh): This is a National Party call—oh, is this—

Hon Dr Duncan Webb: Smith took the call.

Hon Dr Megan Woods: It's all out of whack now.

ASSISTANT SPEAKER (Maureen Pugh): Just for clarification, we're out of sequence because of the missed call before, so the National Party have slotted into that one. So it is, in effect, the Labour Party call. My apologies. I call the Hon Dr—

STUART SMITH (Senior Whip—National): Point of order, Madam Speaker. I took the Māori Party call, which was a five-minute call, and then the Green Party have had a five-minute call, so now it's a 10-minute call for the National Party. And so that's the right sequence. So it isn't out of sequence at all.

ASSISTANT SPEAKER (Maureen Pugh): As it turns out, if Te Pāti Māori were to come and take a call, they would be entitled to.

Stuart Smith: That's fine.

ASSISTANT SPEAKER (Maureen Pugh): But then they would have to replace someone else's slot, and so the number of speaking opportunities remains the same until the end.

STUART SMITH (Senior Whip—National): Speaking to the point of order, well, that's fine, Madam Speaker. There is a National Party call at the end; if they turn up, then they can have that.

Hon Dr DUNCAN WEBB (Labour—Christchurch Central): Speaking to the point of order, Madam Speaker, clearly, the allocation of the calls is entirely at the Chair's discretion—absolutely happy to abide by your decision, whatever it may be. But as I understand it, the call has to be held over for Te Pāti Māori until the end. If they aren't here or choose not to take it as the final call, then it's available for a member to take. That's my understanding of how the House has conventionally approached this problem.

ASSISTANT SPEAKER (Maureen Pugh): That is the case, and I've had advice from the Clerk to that effect.

Hon Dr MEGAN WOODS (Labour—Wigram): Thank you, Madam Speaker. It's my absolute pleasure to take a call on this bill and to spell out why it is that Labour is not supporting this bill. We are under urgency; we are putting this bill through at all stages. So my advice to those on the Government benches is to get a bit beyond your research unit's speaking notes and get into some detail on the bill.

This bill purports to do three things, but, essentially, what it does is sit at the heart of what this Government is saying is their growth Budget. So I want us to take some time in this House and unpack that and see what the actual advice was. Because what we, on this side of the House, say is this is not a growth Budget; this is a Budget that is cutting the pay of working women in New Zealand to pay for the measures that we are seeing in this bill.

The Government is saying this bill, that will help 600,000 businesses, sits at the heart of their growth agenda. But the advice that Ministers that sat around the Government Cabinet table had was that this was going to increase GDP growth by 1 percent over a

period of 20 years. If that is the aspiration that this Government has for growth in New Zealand, then heaven help us.

If we look more closely at the regulatory impact statement—if we go into what was said about that—the Government were also warned that not all the benefit of that 1 percent over the course of 20 years would flow to New Zealanders, because some of it will flow to foreign investors as a return on their investment. We've got the Prime Minister, the Minister of Finance coming down and trumpeting that this is great for New Zealand businesses and great for New Zealand workers. This certainly is not a measure that is putting New Zealanders first. This is not something that sits at the heart of growing jobs and wages for New Zealanders.

Let's have a look. What did officials tell the Government it would do due to wage growth over 20 years? Well, 1.5 percent increase difference on wages over 20 years—0.075 of a percent per year difference on wage growth. That's the kind of aspiration that this Government has for working New Zealanders. It can take \$3 billion a year out of what should have been destined for the pay packets and pockets of women in this country and instead put this measure in place that will see a paltry 1.5 percent increase to wages over 20 years. That's the kind of aspiration that this Government has.

And wait, there's more. What is more: officials told the Government that 80 percent of the growth in wages that would come as a result of their changes around KiwiSaver contributions and the way in which New Zealanders would benefit from that would come at the expense of wage growth. So when you put these things together, you can see this is a Government that doesn't give a jot about the wages of working New Zealanders; that is not putting that as its top priority. It's cutting \$3 billion a year out of the wages of working women and it's putting in place measures that return a pittance to working New Zealanders.

Let's have a look; let's unpack some of the other measures that are in this. One of the things I'm very interested to see is analysis that is coming through in terms of the Best Start—and when we get to the committee stage, we will certainly have some questions about this. What officials told Government—and it's laid out in the regulatory impact statement—is that 9,000 families would have an increased effective marginal tax rate as a result of the changes in the Best Start package. Who are those 9,000 families that are going to have an increased effective marginal tax rate as a result of this package of measures?

We've also seen in the regulatory impact statement officials that have estimated that the income testing of that first year of the Best Start payment will result in 53,000 families becoming ineligible for the payment. That is in the advice that the Government was giving. They made these decisions knowing that 53,000 families are going to become ineligible for this payment. Who are those families and who is missing out are questions that, in the Opposition, we will want some answers to.

The Government is trumpeting the \$7 a week increase that will go to some families—\$14 a fortnight, \$28 a month. Let's put that against some of the cost of the package that we're seeing here. We know that 61,000 families are going to be \$43 a week worse off. How does that add up? How does that purport to be a Budget that is supporting working families in New Zealand and their children and raising incomes? Because that is not what this package is doing.

Now, there are some measures in this bill that we think are good. We think that actually starting KiwiSaver contributions for 16- and 17-year-olds is not a bad idea. But it does not have to come at the expense of halving the contribution and the Government contribution. That is a choice the Government has made. We know that 18-year-olds today are going to be over \$66,000 worse off by the time they retire had the Government contribution stayed the same; 30-year-olds are going to be \$30,000 worse off when it

comes to retirement. That's the kind of stripping out an expense we are seeing for these measures that are in front of us.

We also think measures to increase productivity are things that we should be exploring—that each Government should explore—and actually this Parliament should enjoy the debate about how we can increase New Zealand's productivity. I don't think there's a parliamentarian who doesn't know that we need to lift our productivity in this country. But the questions we have are the fact that only two options were explored. Some very orthodox other measures weren't even considered by the Government. Now we are considering these measures under urgency. It is about time we could have a real debate about this rather than the parroting off of the lines given to them by the Prime Minister's office. And let's discuss the reality of what is in the analysis that accompanies this bill. Because there are questions; we are in urgency. We are signalling the areas that we are going to want to delve into in depth when it comes to the committee stages of this bill, because New Zealanders deserve to know about this.

We know that this is a Budget with a whole package of measures that is being paid for fundamentally by cutting that nearly \$3 billion a year that was destined for the pay packets and pockets of women workers in this country. We also know that this is a packet of measures that is being paid for by cutting the Government contribution to retirement savings. When we think about retirement savings in New Zealand, I think we all know this is something we want to increase, not something we want to cut. I do not want to be setting up 18-year-olds today to retire with \$66,000 less in income when they get there. And this is what this does.

They are raising the marginal tax rates of New Zealanders. They are striking hundreds and tens of thousands of New Zealanders ineligible, so it's about time we had a real conversation about who these people who are being rendered ineligible are, because there are a lot of New Zealanders paying a very heavy price for the Budget introduced today.

CAMERON BREWER (National—Upper Harbour): Just picture this—just picture this. If they are so angry at this policy, picture this at the Fieldays on 11 June. Picture this at the cultural festivals. Picture this at the market days. Picture this at the home show. The Labour Party marquee—OK, you've got the Labour Party marquee, and it's got a big sign up and it says, "Axe the tax write-off", and that's what they're promising. Let's see if they commit to that: axing the tax write-off, axing Investment Boost, where businesses can deduct 20 percent of a new asset's value from this year's taxable income—vehicles, tools, plant, commercial buildings. Let's see if they want to axe that tax write-off.

Secondly, on the marquee: "Rewind the default contributions on KiwiSaver". Why don't we bring back the contributions for \$180,000-plus earners? Are they going to do that? No. Are they going to take back Government and employer contributions? No. Are they going to reverse the KiwiSaver contributions? No. So if we're going to make sense out of them tonight, they are the ones that are feigning opposition—they are feigning opposition. And they know that this tax policy and they know that this KiwiSaver policy—they're not going to change a thing. They're not going to axe the tax write-off. They are not going to rewind the KiwiSaver changes. They are locked in. And if they disagree, I ask the next speaker to stand up and say, "We will reverse the tax changes; we will reverse the KiwiSaver change." I commend the bill.

INGRID LEARY (Labour—Taieri): This bill is part of a full-frontal austerity Budget that the National Party Government are paying for through the wages of women and of our young people—shame on them. I would like to say to Cameron Brewer: when you are gloating about the utes and the tractors and the diggers and maybe the boats and the other things that you can call business equipment, you are doing that on the sweat of women from my electorate. Between 60 and 70 percent of the women in the Taieri electorate work in the health and education sectors. That means that between 60 and 70

percent are involved in the 33 pay equity cuts that happened last week. It means they are paying for this Budget.

Let's remember who those women are: they are nurses, they are midwives, they are care and support workers. They're psychologists, they're librarians, they are mothers, they are grandmothers—and believe me, there are many grandmothers in my electorate who are looking after their grandchildren and still working on near minimum wage to bring up their grandchildren. You have just taken, the National Government, the money out of their pockets that they were expecting to get as a result of your miscalculations, and this bill is the centrepiece of that.

Let's look at young people, the 18-year-olds that will no longer have the \$66,000 in their superannuation. Now, that's an average, but let's remember that many of them will be women. They won't get their pay equity claims through. They will be experiencing that pay gender gap. So the \$66,000 is actually probably going to be a lot more that they will miss out on in their retirement.

When I think about the 14,500 young people currently in that age group who get \$315 a week—we know those numbers, and we know that Nicola Willis in her Budget cannot tell us what the threshold will be for their parents who will be paying for them. Now, how does one put together a Budget and not include the numbers with the threshold that will determine who will be paying that amount and who will not? It does not add up. That is one small example of many examples that we will see as we interrogate this bill where there has been a superficial process and there has not been the depth and the gravitas and the mathematics done in a correct way. That is why women are actually paying the price, because the maths wasn't done by this Government. That is why women in my electorate are paying.

When we look at families and we look at the means testing of Best Start, which is, effectively, a cut for those who will not get it, let's remember that we still have not found the family that is getting a \$250 a week tax boost from this Government. Where are they? They are not there. What we do know is that 61,000 families will be worse off by \$43,000 a week.

When we look at housing, \$1 billion is cut from the emergency housing budget. The Ministry of Social Development has already cut the number of emergency housing places from 27 in the Otago-Southland region to just three, between November last year and March 2025. They have declined more than 100 emergency housing grants, and guess what! Ministry of Social Development rental properties in Dunedin are not that much lower than Auckland but our people get half the subsidised amount. How can this Government justify cutting a billion dollars of housing and leave people in the Taieri electorate, in the Oval, who have been in the media, out in the cold, living in tents? It is disgraceful and it is not just adults; it is children.

So there are lots of things the Government could've done in this bill that they have not, but instead what they have done is they've favoured landlords, the 346 landlords who own 200 properties between them. They each get \$464 million worth of tax cuts. They have favoured the ASB and the ANZ. They're going to pass legislation to make sure that those people who were ripped off by big foreign banks will not get the money that is owed them.

They are repeating history, actually. For those of you old enough to remember, those at home watching, one of the worst decisions made ever in this Chamber was on 15 December 1975, when Mr Muldoon cancelled the superannuation.

ASSISTANT SPEAKER (Maureen Pugh): The member's time has expired. [Interruption] Order!

DAN BIDOIS (National—Northcote): Well, this is a great growth Budget. Growth is good. But, one more thing: the Government isn't the generator of economic growth;

it's hard-working New Zealanders that are. It's the 50,000 farmers across this country, the 600,000 small- and medium-sized businesses, and the 3 million working people across this country. Growth is the answer to our short- and long-term challenges. This bill and this Budget are all about growth.

How great is the Investment Boost? Excellent. It is a great, productivity enhancing measure. But don't take my word for it. Take Barbara Edmonds' word, who recently said, on RNZ, when asked what's one thing she likes from the Budget, "Well, umm, that tax break for businesses." That's what she said—that's what she said.

Let's talk about KiwiSaver. We need to grow our savings as a country. Tell me a country that is rich without a high savings rate. There is none. So this is great policy for New Zealand. And it's a great policy, as Minister Simon Watts talked about, for the young people—85,000 people across this country that will have access to KiwiSaver. It's such a great bill. I'll cut my speech there. I commend this bill to the House.

Hon GINNY ANDERSEN (Labour): Thank you very much, Madam Speaker. Well, it's interesting when you take a little bit of a look at the media and try to ascertain how this Budget is being digested by New Zealanders. I looked at a few different sources, and one of them was Stuff. It has been running a poll, and 65 percent of New Zealanders say no to this Budget, and say that it doesn't help them at all and it's not much good. Then, when I watched TV ONE, I saw a man from a family, which was a farming family, and he wasn't really excited about getting some money off a tractor. He was more concerned about his superannuation and how he was going to be able to retire, and that was on *One News* tonight. He was worried about his own family and the cost of living crisis and the fact that butter was more expensive than what he was getting back in his Working for Families kickback.

So that's really concerning. It is concerning that, in general, the way that New Zealanders have so far seen this Budget is that they're pretty unimpressed. They're pretty unimpressed because it doesn't deliver anything meaningful for New Zealanders who are struggling right now, and that's the sad part.

When we look at what this Government has done, it has really tried to balance the books based on working women having to shell out. So while it's nice what we've heard tonight about all the incentives that are going to happen under this Budget and how it's going to go for growth, what it's really done is it's stripped it away from the working women of New Zealand, and what I think this Government hasn't cottoned on to is that women are just over 50 percent of the population. So, in an MMP environment, those percentages are really important.

There are a lot of New Zealand women out there right now who are pretty unhappy with this Government and what it's done, and the centrepiece of this piece of legislation that we're debating tonight, which provides a \$1.7 billion tax break for business investment—the going for growth centrepiece of the Budget is unlikely to boost investment much at all, according to Treasury. So this is an interesting point that those on the opposite benches haven't been discussing. According to Treasury and their analysis of the centrepiece of this Budget, it is estimated it would increase New Zealand's capital stock by around 1.5 to 1.6 percent over the next 20 years. Rua tekau ngā tau—that's 20 years.

So the going for growth Budget that that side has championed and that side has cut the wages of working women for and that has robbed out of our superannuation for—all of this has been forsaken for the centrepiece of a Budget that is going to produce a 1.6 percent increase in New Zealand's capital stock in 20 years. Now, correct me if I'm wrong, but that doesn't seem like a very good business decision. In fact, that would mean that you've just marginalised 50 percent of the population, who now think that this Government doesn't support women—isn't supporting hard-working Kiwi women—in

order to pay for a 1.6 percent increase in New Zealand's capital stock over 20 years. Well, I fail to see how smart a Budget is that does that. In fact, I think it's a waste of good, hard-working Kiwis' time and effort.

That is the problem with this Government, and that's what starting to feed back in the media. That's what we're starting to hear back in the feedback as people talk, and what they're saying is that there is no hope in this Budget. It doesn't give us a future we're looking for.

If you're maybe an 18- or a 19-year-old New Zealander and you're growing up in this country and you want to see a pathway forward into where you find your way, or if you're growing up in a household where there would be family violence or sexual violence, under the front-line service cuts of this Government, mental health care is harder to get access to, youth support and social workers are harder to get access to, and even family violence—now that the police don't turn up, all the NGO providers are telling us that the police are not turning up to family violence and mental health call-outs. So if you're a young person growing up in a home and you're 18, you can't get the jobseeker benefit. You're left on the streets—but wait, this Budget just cut \$1 billion out of emergency housing.

A billion dollars has been cut out of emergency housing, while the Government is making it harder for 18- and 19-year-old New Zealanders to get access to the jobseeker benefit. On top of that, where are the job schemes? Are there any great job schemes in this Budget to help training to help employment? Oh wait, trade training for Māori—that's been cut, as well, in this Budget.

So you're cutting from the very people that you're putting into—and making it harder for 18- and 19-year-olds to get a job, to get employment, to get a house, and to have some hope in the future. While we have to sit here and listen to the arguments for why this is such a productive and growth-focused Government, there is absolutely no key reason why this is driving growth, and when we go back to the very analysis of Treasury, it does absolutely zip. The centrepiece of this Government does zip for this, as well.

When we look at what it's actually doing, there's less for young families and there's less for those that are struggling in New Zealand right now. This set of measures has cut the Government contribution to KiwiSaver from \$512 a year to \$260, along with an increase in the default employee and employer contribution from 3 percent to 4 percent.

Tom Rutherford: Oh, great stuff.

Hon GINNY ANDERSEN: Great stuff, but not so great if you want to retire comfortably in New Zealand. You make it harder for working New Zealanders to be able to do it. It's \$66,000 less, if you're 18 years old right now in New Zealand, when you retire.

This Government has also agreed that it's going to make it harder, which is impacting directly on workers and those on lower incomes, and that's what this entire Budget does. This Budget is an absolute assault on hard-working people in New Zealand. You only had to be out the front today to look at and talk to those women who came and spoke today, and they were ashamed. They were frustrated and they were angry that 40 years later, they are still fighting in New Zealand for equal pay. How can you call this a growth Budget when it's impacting those people—the very fabric of our society—whom we rely upon to try and grow our country? It's cutting those people off at the knees and keeping their wages low at a time when there's a cost of living crisis.

When we actually take a look, there was a massive opportunity for this Government during a cost of living crisis to actually look at how they could provide some help and some relief, and the only thing in this Government's Budget is a centrepiece of a 1.5 percent increase over 20 years. What is that doing to put food on the tables of hard-

working New Zealanders? What is that doing to help put lunches on the tables of schoolkids who have to eat the slop that's being dished out under this Government?

It's absolutely unbelievable, and, on top of all that, the Government has cut spending on housing, mainly by shifting \$188 million of Māori housing operational funding into the general spending bill and by reallocating capital spending out of that area. For those people who can't get on the list for emergency housing, there are further cuts already going through that.

This is a Budget that is really designed to hurt those who are already struggling in New Zealand, and that is exactly the sentiment that is coming back now. As we hear people's feedback and as we see those news stories feed through, and as people start to take a look and see what this Budget actually does for them, people are realising that it does nothing. It just takes away from people who are already struggling—and those people opposite know that. They'll have to turn up in their electorates and talk to those people who get less from Working for Families, or who have an 18- or a 19-year-old in their home who is struggling to find employment or training or hope or opportunities in life, or to those people who are struggling to get mental health assessment or treatment, or who are struggling to get someone to turn up when there's a family violence call-out, because the very parts of our society that need to be connected are being severed by this Government.

They're being severed by this Government in order to fund 1.6 percent growth over 20 years, and while we can sit back and hear how great it's going to be at Fieldays with the rebate and "You're going to get some great tech.", what's the cost? What is the cost of that for New Zealanders? You are paying for that off the back of working women, and they're not going to go away. They'll keep coming, they will keep talking, and a whole lot of them used to vote National.

NANCY LU (National): National supports this bill. This bill matters because—

Mariameno Kapa-Kingi: Point of order. I was watching just up in my room a little bit ago and I noticed that you said in your ruling if one of us was to return we could take the final call. I'm happy to do that if that's your will.

ASSISTANT SPEAKER (Maureen Pugh): Which will be the next call.

NANCY LU: National supports this bill because this bill matters for businesses and the economy to grow through investment. So tradies, manufacturers, small businesses, farmers, business owners, employers, this is a clear message for you: the National Government have got your back and we're helping you to grow.

So, Opposition, listen in. If you have not read the regulatory impact statement, at least read the front page. It means new capital investment from nearly all sectors across the economy would benefit from the policy. So read the front page.

But guess what! The regulatory impact statement also shows the changes to the KiwiSaver will leave people significantly better off in the long run. A typical KiwiSaver balance for the first time will help homebuyers grow 9 percent under the new changes, while a person's balance at 65 would grow by 26 percent. That is an extra \$102,817 for retirement. Now, tell me, Opposition, that you would be saying no, and voting down an extra \$102,817 for Kiwis to retire. Tell me that you'll be voting that down. But don't worry, this is the "BS Budget", because it's a "Barbara Support Budget".

MARIAMENO KAPA-KINGI (Te Pāti Māori—Te Tai Tokerau): Thank you, Madam Speaker. I already made a contribution in the first reading, and I'm happy to take a short call now, Madam Speaker, thank you. I think I heard Dan Bidois refer to this as a gross Budget—I think that's what he said. It is a gross Budget. I agree with him entirely: it is gross. It is grossly unfair, it is grossly unjust, and it is disconnected from real communities, particularly the communities that I come from. So to assume that you think you know, in your own comfortable and privileged scenario, is a joke, and shame on you.

The other—well, it's a muttering, but when somebody, particularly on the other side of the House, talks about the facts of the matter and doing a fact check, surely they mean fictional check. To have actual facts about what is going on, particularly in our Māori communities, but in our smaller rural communities—from what families and whānau tell me, it is far from the truth. In fact, the email that I just got—one just came down—said, "These people are barking mad." I couldn't contest that idea. I probably think it's quite true.

Working for Families—well, it's the absolute opposite of that. It does not work for families, it does not work for children, and it does not work for real people with real plans, aspirations, and dreams. It doesn't work, and it won't ever work until there's a better listening, particularly for smaller communities; Māori communities. The only way you create a better listening is you educate yourself about what's really going on, so I'm happy to send some books.

Outside, earlier today—and I did refer to this in my first reading speech—there were the loud and clear voices about this pay equity nonsense. I've heard in the House a few times that we're scaremongering—that this is what's going on. The fact of the matter is everyone that was out there today, they know exactly what's going on. They don't need any scaremongering. They know what's going on. Why do they know? Because the impacts of what's run in that equity—which is a bit of an ironic word in this situation. They understand what it means for them. They're not beguiled by the stuff that comes out of here. In fact, they're probably laughing at it all. They know exactly. So scaremongering—that is not what's happening, certainly from our party or any other on this side of the House. They know the reality. They understand the reality. Unfortunately, what they are feeling and recognising is that no one is listening, particularly on the other side of the House.

So I wanted to make those points, and, in particular, I just want to say there's no possible way Te Pāti Māori will support this barking-mad thinking. Thank you, Madam Speaker.

A party vote was called for on the question, *That the Taxation (Budget Measures) Bill (No 2) be now read a second time.*

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.

Bill read a second time.

ASSISTANT SPEAKER (Maureen Pugh): This bill is set down for committee stage immediately. I declare the House in committee.

In Committee

Part 1 Amendments to Income Tax Act 2007

CHAIRPERSON (Greg O'Connor): Members, the House is in committee on the Taxation (Budget Measures) Bill (No 2). Members, we start with Part 1, the debate on clauses 3 to 16, "Amendments to Income Tax Act 2007".

Hon SIMON WATTS (Minister of Revenue): Thank you very much, Mr Chair. A very good evening, members. I'm looking forward to a good committee of the whole House stage of this Budget bill. I just want to provide some context in regards to Part 1, clauses 3 to 16, "Amendments to Income Tax Act 2007". Primarily, the policy

background in this context, and as part of this Part 1, relates to Investment Boost, which is a partial expensing regime and has similarities to other forms of accelerated depreciation. It would allow a deduction of 20 percent of the cost of new investment assets in the income year the assets are acquired. This deduction wouldn't lower a business' taxable income, and, therefore, the amount of tax that that business pays.

Investment Boost would provide a business with a timing advantage, allowing it to make earlier returns on its capital investment that could be used to further invest in its business. The deduction would eventually be recovered in the form of a lower depreciation, or depreciation-like deduction, in subsequent periods. The objective of Investment Boost is to encourage capital investment in New Zealand, and greater capital investment would increase New Zealand's capital intensity, which, in turn, increases labour productivity and wage growth. There are a number of other aspects in the context of Part 1, and I'm happy to take questions.

Hon Dr DEBORAH RUSSELL (Labour): Mr Chair, thank you for the call. I want to spend a little bit of time just setting out how the Opposition intends to focus on this bill and then to move to questions on a particular clause. Now, this bill is part of the Budget tax measures. We've had it in our hands since about, oh, sometime earlier today, sometime this afternoon, which is fine—very considerably, we actually got the bill itself during the afternoon, but we only were able to access the regulatory impact statement, the departmental disclosure statement, and so on, at about 4.45 p.m.

Now, of course, this is all going through under urgency. It's not actually clear to me exactly why this particular bill needs to go through in urgency. The Minister of Revenue has said it's so that there weren't people delaying investment decisions in order to take advantage of a tax credit, but he could've just set the tax credit date to start from today, but we could still have debated the legislation through to tidy up some of the details and things like that. It wasn't strictly necessary to have that going through in urgency. However, that's the Minister's decision.

What it does mean is that we haven't had a select committee process and we haven't had the opportunity to examine this bill in depth. We have some very real concerns with the bill, concerns that could have been debated in select committee. I have some concerns even with some of the drafting, some of the stuff that likewise would've been picked up in select committee and perhaps dealt with.

What we intend to do is to go through it clause by clause. Now, rather conveniently, just on a pretty straightforward clause by clause basis, it does divide quite conveniently into three clear topics. Even just going clause by clause, it divides quite clearly, first of all, into talking about the accelerated depreciation that the Government is putting in place through this, and they've referred to that as an investment boost. It's interesting, because the regulatory impact statement refers to it as partial expensing. So I'm going to talk about the partial expensing, because that seems to be the words which the experts would use—yep. So I want to talk through those partial expensing rules. That'll be the first topic we concentrate on as the Opposition, taking our first opportunity to examine this.

Then we intend to move on to the clauses that deal with the changes to Working for Families. There are some very serious questions to be asked there, especially around the 61,000 families who are worse off as a result of those changes.

Then, finally, we want to move on to discussing the changes to KiwiSaver, which have some pretty significant changes in them around eligibility and around removing the tax credit for people earning over a certain amount of income. So a lot to talk about, some of it very technical, and, of course, we do want to discuss the policy detail.

Now, as it turns out, when we look, just going on a clause by clause basis, in terms of the partial expensing, the way that we very much want to do it—I think we do want to discuss the policy, and I think actually the best place to discuss the policy in general is

going to be when we get to clause 5. Now, clause 5 inserts a whole new subpart into the bill to deal with this partial expensing. So that's where we do want to have the general policy discussion, and I imagine that that will go on for a little bit of time, because this is a very significant policy.

Before we discuss clause 5, as it turns out, there is another clause, clause 4, and it's new section CC 15 that is inserted into the Income Tax Act. Now, this takes a little bit of explanation, and I will be seeking an extra call just to get to the question on this one. So you can see we clearly—

Carl Bates: Well, you could've done it in the first minute.

Hon Dr DEBORAH RUSSELL: We haven't had a select committee; shush over there. So, having set out quite clearly—quite clearly—how the Opposition intends to deal with this bill, and I've given us a really clear road map so everyone knows what to expect, I want to turn to CC 15. Before I was interrupted, I was going to explain to the members over there, who'll probably need this explanation, that Part C of the Income Tax Act is where there are rules around income and how we measure income. That seems odd, because, of course, this is all about getting an extra tax deduction.

The point of this partial expensing is to give an extra tax deduction, but then, immediately, the very first clause sitting in here inserts a new section into CC—[*Bell rung*] Mr Chair, I would like to carry on. Thank you, Mr Chair. I want to understand: first of all, there's this new section CC 15, and what it is doing is, if a new investment asset—so there's a whole new entity of assets, our investment assets, and there's obviously a case, when people buy assets for a business, often there's a split between using the asset for a business and using the asset for personal use. The obvious instance in that, Mr Bates, would be a car or something like that that is used for, you know, a business use and for personal use. But, of course, an entity can buy an asset and have the split between business and personal use, but then they need to change it, all right? So there's a change that goes on. So maybe after a year or so, instead of it being a 50/50 split, it's a 30/70 split or something like that, or maybe it's a 40/60. So you need a change-of-use formula.

Now, there's a couple of questions I have here, and the first one, having got into it, is CC 15(1)(b), “The change results in a 25 or more percent reduction in the amount of the deduction if the asset were treated as acquired by the person on the original terms and conditions immediately after the change of use.” I think that maybe there's a comma missing, maybe the phrases are in an odd order, but just reading that, just as an ordinary reading of it, we're trying to adjust and we have to have a reduction in the amount of the deduction that would be allowed if the asset were treated as acquired by the person on the original terms and conditions immediately after the terms of use.

What I don't get is—I guess I almost want a plain English explanation of that, because I can't quite read the phrases through, I feel as though—“acquired by the person on the original”. This is where I'm losing it. You know, I read tax law, and I can't quite read this particular clause through. The original terms and conditions—acquired by the business, acquired by the person for personal use. What do we mean on the original terms and conditions? I'm just finding it really hard to parse that particular phrase. I wonder if the Minister could actually just explain it to me a little. So—

CHAIRPERSON (Greg O'Connor): Sorry, could you just tell us where you are?

Hon Dr DEBORAH RUSSELL: CC 15(1)(b); it's in clause 4 of the bill, and it's the phrase that says, “if the asset were treated as acquired by the person on the original terms and conditions immediately after the change of use.” I don't know whether that means we treat it as the person as they originally acquired it, but they originally acquired it and then split it between business and personal use. Or is it the split between business and personal use on the day after the change of use? This is genuine. I've tried to understand what the officials were trying to get at here, and I think there's an odd phrasing. Maybe

it just takes a comma, maybe a phrase needs to be flipped around in a different way; maybe a drafter could fix this one up.

Again, it's one of those things we could've kind of worked our way through in select committee. I get the reason for urgency, but I do want to get the explanation here. If I'm getting confused by it, I'm going to suggest that other people could get confused by it, too. This could end up in a court if we don't get the phrasing right, so I'm going to invite the Minister to allay that concern.

INGRID LEARY (Labour—Taieri): I'll keep my contribution short because it really does pick up on the point made by my colleague the Hon Dr Deborah Russell in "New investment assets: change of use", new section CC 15, subsection (1)(b). Again, when we're looking, it would result in a 25 percent or more reduction. I'm interested to know why the Minister of Revenue has landed on that particular threshold. It feels unusual: often they will have 20 percent. It feels like it has a granularity to it or specificity that means that it has to be a very precise amount. Often, in tax law, we would expect it to be a more proximate amount.

My second question is just around if the asset were treated—again, supplementary to Dr Russell's questions—treated by whom? As treated by the purchaser, treated by the user, or treated by IRD? That's not clear.

We also talk about the person on the original terms and conditions immediately after the change of use. Change of use: does that refer to the change of use from personal to business—which I suspect it does but is not clear from the phrasing—or does it mean that there could be a different use? For example, if there was a vehicle and it was originally used on a farm for a particular purpose—might have been a business purpose—and then it is used for a different business purpose, does that qualify? What about if it was a personal use and then changed to a business use, but, actually, the functions were the same? So the vehicle might be doing exactly the same rotation around the farm or doing exactly the same action, but one action is for personal use and one is for business. Then what is the methodology that the Minister is using to assess that? Is it to do with the time frame in which it is used? Is it to do with the output of the activity? Is it to do with who is using the equipment? How is that recorded?

Again, going back—given it's all one phrasing to the specificity of 25 percent—how confident is he that this is going to be something that can actually be accountable and that we're not just relying on returns and the goodwill of people to do this because they are going to get, effectively, a tax break and we do want to incentivise productivity. But it would be very easy, if this is not clear and if there's not a way of accounting for it, for people to game the system. So I'm really keen to hear those answers.

Hon SIMON WATTS (Minister of Revenue): Thank you very much, Mr Chair. I just want to, if I may, just in the context of back and forth, clarify the clause, because the member quoted 15(1)(b). We can see 15(1), but not a (b). Can we just clarify, that is what you said? Sorry, I just want to make sure we're answering your question.

Hon Dr Deborah Russell: I'm happy to bring this to you.

Hon SIMON WATTS: From the bill?

Hon Dr Deborah Russell: Yeah.

Hon SIMON WATTS: Page 2?

Hon Dr Deborah Russell: Oh, so it's clause—oh. Mr Chair?

CHAIRPERSON (Greg O'Connor): Happy to have a back and forth, of course—back and forth call.

Hon SIMON WATTS: Back and forth. Yeah, I want to answer your question.

Hon Dr DEBORAH RUSSELL (Labour): It's clause 4 of the bill, and it inserts new section CC 15. So it's new section CC 15(1)(b), OK? I'm sorry, it's because I've got notes on it.

Hon SIMON WATTS (Minister of Revenue): No, that's no problem. Thank you, member, for clarifying that. We'll come back, just in the context of that.

To the question just asked in regards to the change in the use of the asset, as the member is assumed, she has assumed correctly that in the context of a personal asset, then that asset use can change and, therefore, it is subject to no longer being a personal asset, and, likewise, it can go the other way from a business asset to a personal asset. So I'm just confirming the member's point around that.

Dr LAWRENCE XU-NAN (Green): Thank you, Mr Chair. I know that we are all currently still focusing on clause 4, inserting new section CC 15, but I think if you're looking at a broader question now, the other side asks us, "Read the regulatory impact statement (RIS).", which is what we're doing. I think, if you go past the first page, there are some questions that I have that do raise concerns, particularly around the fact that, yes, I think, on balance, based on the regulatory impact statement, the partial expensing may show as a simple way or an easier way of dealing with it. I guess the first question is: why, then, were large structural reforms potentially not considered as an option? Because that seems to be coming through, apparently, in the RIS.

The main thing about this is actually on page 4 of the regulatory impact statement, where it does say that there is significant uncertainty about the magnitude of effect and how benefits would be distributed across the economy. I guess, on a broader scale—again, we're doing this under urgency—how would the Minister foresee the mitigation or potentially the lower variability in terms of the magnitude of effect? As in, how do we know that this is genuinely going to do what the Government wants it to do? Also, how would you then ensure that there is equal distribution across the economy, and not disproportionate distribution across the economy, depending on industry? So that's one of my broader, policy-based questions.

I guess the other question is—here, it says Treasury, IRD, and the Ministry of Business, Innovation and Employment are the only three that have not been consulted. So I'm just confirming that these are indeed the only three that have not been consulted, and no other agencies were consulted?

In terms of the risk questions: lastly, again on page 4, it does say that the practical risks potentially are mitigated, but a number of other countries have implemented similar regimes. Would the Minister be able to list some of the countries that have implemented similar regimes? So that way we are able to at least know, on balance, whether the broader tax ecosystems in these countries are actually comparable, as opposed to siloing the partial expensing specifically in this context. Now, those are three of my questions in terms of the regulatory impact statement.

Moving on to the bill itself, we've heard our colleagues—the Hon Dr Deborah Russell as well as Ingrid Leary—asking a number of questions around CC 15(1). I actually have a question around new subsection (2), in terms of the calculation for less than 25 percent change in deductible use, and on whether—I'm using the example that is on the bottom of page 4—25 percent is the right balance there. So I wanted to check with the Minister if anything other than 25 percent was considered when looking at the formula for deductible use between new use and previous use? Then there are a number of questions around the definition of "new use" and "previous use" as well.

My final question when it comes to—at this stage—CC 15, is new subsection (4), and new subsections (4)(a) and (4)(b). This is the thing that I think is a little bit confusing and potentially could cause confusion, which is at the end of new subsections (4)(a) and (4)(b), on the "new use" and "previous use", it talks about "expressed as a decimal", whereas I was interpreting it not as a decimal but as a percentage. I assume the meaning over here is expressed as a single decimal as opposed to a number of decimal places. So, if that was the case, I wondered if the Minister would consider my amendment on this just to clarify

that it is a single decimal place rather than decimal as a concept or as a mathematical concept, as opposed to a percentage. So those are my two questions at this stage on new section CC 15.

Hon SIMON WATTS (Minister of Revenue): Thank you very much, Mr Chair. I'll just acknowledge that, actually, this tax bill is 15 pages in total length, including all parts, and, as we know, most tax bills are in the hundreds of pages. So it's a very succinct and tight bill.

In regards to questions around what other countries use partial expensing, Canada and the US are two examples that come to mind. There is a large number of other countries that also consider using those jurisdictions.

In regards to the amendment regarding clause 4 inserting new section CC 15(4)(a) and (b), no, I won't be taking up the amendment by the member in regards to restricting it to one decimal place.

Hon Dr DEBORAH RUSSELL (Labour): In the spirit of responding to what the Minister of Revenue has said, the bill might only be—how many pages? Did you say 15 pages? It may be small, but it is of great significance. It is a major Budget measure in there. We actually need to discuss it thoroughly and I believe we certainly need to discuss this very, very new piece of legislation on tax measures.

I, too, have a question, and it follows on from my colleague Mr Xu-Nan's question—and I have an amendment, which will be on the Table at some stage, being prepared—around new clause CC 15(2), inserted by clause 4, with the 25 percent or more deduction in terms of a change of use. Now, I get you have to choose some kind of threshold, but why 25 percent? Why not 50 percent? Why not 10 percent? Why 25 percent? How does that relate to other change-of-use thresholds? In the Income Tax Act, for example, when you have various mixed-use assets which are used sometimes for personal use, sometimes for business use and if there's a change in use there—I'm thinking of holiday homes and things like that. What is the kind of point of flex? I'm just trying to seek a little bit of assurance around the flex on that as to why 25 percent rather than 33 percent or 10 percent or whatever.

Someone a little bit more familiar with the new way of doing mathematics and doing the operating order in mathematics—

Hon Dr Megan Woods: BODMAS.

Hon Dr DEBORAH RUSSELL: —might be able to—modern maths?

Hon Dr Megan Woods: BODMAS.

Hon Dr DEBORAH RUSSELL: Oh, right. OK—

Carl Bates: Back to basics. One hour of reading, writing, and arithmetic.

Hon Dr DEBORAH RUSSELL: I have to say I don't need the back to basics; I did get bursary maths. So in new section CC 15(3) we've got a formula there: "DI 5 deduction – (new use ÷ previous use × DI 5 deduction)." I'm old-school mathematics; I need the braces and the brackets and the operands and things like that. I've just couldn't quite make that formula work. If the Minister is able to explain it—I sort of do it—

Hon David Seymour: Is this about the bill or the member?

Hon Dr DEBORAH RUSSELL: The way I do it is typically the divide and multiply done before deduction. So I'm just checking that I've got that sort of thing right. So those are just a couple of quite technical questions on that. If the Minister is able to answer that, that's great.

I think what might be very important—and I think we're going to need to spend a little bit of time on this—is to move on to a discussion of the policy here. It's an interesting policy. To be honest, having some form of accelerated depreciation is something that of course has been done in many cases. We used to have accelerated depreciation on new

assets, then that was taken away. So I think we do need to start talking about the general policy here.

In particular, I think I want to move us on to clause 5. Now, this is the clause that actually does the work, that does the work of getting that extra deduction. The previous one is just kind of quite technical. It's a clawback type of thing. Clause 5 inserts an entirely new subpart DI and, helpfully, it has a purpose—so new section DI 1 “New investment assets”, and it's got a purpose clause. So this, I think, is the ideal place to discuss this policy.

I think the first question I want to ask the Minister on this is: why partial expensing now as opposed to accelerated depreciation, which we've done before, and which might have been simpler to bring back in, just a range of accelerated depreciation rates? Why this chunky partial expensing instead of accelerated depreciation? Why not something just as simple as if we want to give business a boost along, it could have been done just as simply by reverting to the \$5,000 thresholds for the low-value asset write-off threshold? Now, that could have been done just as well as well. Now, people in the House will recall that measure was brought in during COVID. The low-value asset write-off threshold had been \$500 for a very long time—certainly needed to be fixed during—
[Time expired]

INGRID LEARY (Labour—Taieri): Thank you, Mr Chair. I still just want to get to the bottom of some of the questions that the Minister didn't answer. I appreciate his previous answer, but around the 25 percent, we have not heard a response on why that number was chosen. I'm really interested, given what Dr Deborah Russell has raised, why it goes to deduction of 20 percent in clause 5. The second question is around the calculation in the definition of items in the formula in subsection (3) of new section CC 15, inserted by clause 4. There is an example, and it's interesting that the example is actually placed in the bill and, therefore, will be used for interpretation. There's a really important sentence in there when it says since it has a 90 percent nexus with his business, and then it's got new sections DI 5(3) and DI 1, inserted by clause 5.

I'm wondering if the Minister can explain to us the calculation in relation to nexus and the significance of that when it comes to how apportionment is done between personal and business use, because that will need some clarifying, and this will be a chance to get on the *Hansard*. Currently, it's not clear. Then the second part of that is the burden to prove that. Obviously, audits could show it, but there will be a requirement for—I'm assuming—the person who is claiming the nexus and claiming the deduction to do it. What kind of evidence will they need in order to be able to make that case?

I would also like to know whether the Minister considered a different formula, a carve-out, or the equity in this presentation in relation to second-hand goods, particularly when somebody has purchased something from personal use and apportioning it to business or, probably more so, the converse, and whether there should have been a different formula to be able to make that fit with that section.

Finally, yeah, just really trying to understand the deduction of 20 percent versus 25 percent in the previous section. Why those two figures were shown, is the first question, and what is the difference between them? Why were they not the same number?

Hon SIMON WATTS (Minister of Revenue): Well, thank you very much, Mr Chair. I'd like to provide a response to questions in regards to clause 4, inserting new section CC 15(2), in the context of why 25 percent was selected. Just in terms of the context and the background, if a taxpayer acquired an asset fully or partially for the purpose of deriving income and then subsequently significantly adjusted how they use that asset, they would have recovery of the income proportionate to the proportion of the asset's use that is no longer being used for business purposes. The percentage range of 25 percent was considered as an appropriate bright line as a threshold for what would be considered

as reasonable change, and that is the view of officials in the context of why the 25 percent number is there. There is important consideration in terms of integrity here, and it is the view of officials that set and recommended that that it is an appropriate right to use, to ensure that the integrity of people not unfairly or unjustifiably using that mechanism is not going to be taken advantage of.

There was a question also in regards to other considerations of other types of depreciation. Inland Revenue extensively analysed a range of measures to increase investment, including loading and partial expensing. It was actually undertaken in the long-term briefing insight in 2022, and officials subsequently recommended partial expensing as the preferable measure and this Government has followed through on that. The context in the question around second-hand goods: these are excluded, clearly, in the legislation.

CHAIRPERSON (Greg O'Connor): Before I take the next call, I just want to, optimistically, ask members—if they wish to do short questions and answers and we can get it going, we'll try to do that. But otherwise—it's up to the members, but if they start doing longer calls, it will move the calls around more quickly.

Hon Dr MEGAN WOODS (Labour—Wigram): Thank you, Mr Chair. I largely want to focus my questions to the Minister in the chair, the Hon Simon Watts, on clause 5. Now, obviously, clause 5 is a very large clause in the bill—"New subpart DI inserted"—and goes through many aspects of it.

Just before I do that, one of the things that I want to ask the Minister about in terms of clause 4 is that the regulatory impact statement has quite a large section about the new capital investments and being restricted to New Zealand. Obviously, the policy intent is that you couldn't have one business use the partial expensing, then on-sell that asset, and another business then again partially expenses it as well, accruing that benefit twice. This is covered off in paragraph 31 of the regulatory impact statement. I just want to know from the Minister whether that is picked up with the provisions in clause 4 of the bill. So that is my first question.

Mr Chair, I'm not going to adhere strictly to the guidance you just gave the committee, because I do have a couple of tabled amendments in my name to clause 5 of the bill which I would like to speak to. One of those goes into clause 5, new section DI 5(1). DI 5(1) is the deduction "For the income year in which an asset becomes a new investment asset, a person is allowed a deduction equal to the amount calculated by the following formula: $0.2 \times (\text{expenditure} - \text{contribution})$." Putting aside BODMAS on there—brackets, order, division, multiplication, addition, and subtraction—my amendment is to put 0.27 as one amendment to change the formula there, and another is 0.3 outside of the brackets.

Now, the reason why these amendments have been put up is that we really want to understand the formula and how it intersects with the policy intent of the legislation we're seeing here. We've seen at various parts in the regulatory impact statement that the advice that was offered basically says that the 20 percent formula arrived at was largely driven by the fiscal envelope which policymakers were presented with. So what we would like to understand, given we don't have the chance in select committee, is the shape of the curve of benefits of such a policy. Does what was arrived at in terms of the fiscal envelope and the decision that drove it to be 20 percent, mean that only an incremental change may see a whole lot more benefit would accrue? And we might see more than that 1 percent over 20 years in terms of GDP growth, or 1.5 percent increase in wages. So I'm just really wanting to understand the—[Sneezes] Excuse me, Mr Chair.

Hon Members: Bless you.

Hon Dr MEGAN WOODS: Thank you. It's so nice to have such affirmation from all sides of the Chamber.

So I'm really wanting to understand those intersections in terms of policy intent. Thank you, Mr Chair.

Hon SIMON WATTS (Minister of Revenue): Thank you very much. In the context of what you've asked, let's do a little bit of back and forth. For the amendment in regards to clause 5, inserting new section DI 5(1), the member is asking whether the Government is going to be willing to accept an amendment that increases the deduction from 20 percent which we have made and put in the legislation to 27 percent or 30 percent. The short answer is no. The Government is being very prudent in the context of balancing a number of policies in this Budget, as has been outlined today, and that it's not an amendment that we will be considering. Obviously, we did consider a range of scenarios, which is outlined in terms of the context of the regulatory impact statement, and there's a range of cost implications in regards to that, alongside economic growth. But the decision in the legislation states that we've landed at 20 percent, and that's where we are.

Hon Dr MEGAN WOODS (Labour—Wigram): Thank you, Mr Chairman. I thank the Minister of Revenue for the answer to that, but what I would like to understand a little more is that I understand—and the regulatory impact statement makes that clear—that it is the fiscal envelope that was available that really did set the 20 percent rate. But one of the things, given we don't have the chance to explore this in select committee, is to understand whether changes a little bit above or a little bit below around that 20 percent formula means a difference in the accrual of the benefits that we might see.

I understand and accept that the Minister's not going to accept those amendments. But for the purposes of thoroughly scrutinising this bill, this committee does need to understand what the trade-offs—in terms of a change in that rate—would be, and I invite the Minister to elucidate the committee.

STEVE ABEL (Green): Thank you very much, Mr Chair. I'm also speaking to new section DI 4, inserted by clause 5, "Meaning of new investment asset". The new investment assets are those subject to the 20 percent of the cost of the asset deduction and the amount of the usual depreciation deduction or depreciation-like deduction that would otherwise apply, but calculated as if the cost of the asset were reduced by 20 percent.

I'm speaking to new section DI 4(a)(vi), "an asset that is acquired with petroleum development expenditure:" and new section DI 4(a)(vii), "an asset that is acquired with mining development expenditure:" Now, this is the bit of the bill that looks very much like it's got the hands of Minister Shane Jones all over it. I did see that the Minister was here earlier in this evening's session in his blue suit, and it struck me that the blue suit is as retrograde and tasteless as the extractive mind-set of this Government. It had to be said—it had to be said.

CHAIRPERSON (Greg O'Connor): Was that necessary, Mr Abel?

STEVE ABEL: Well, I'm sure Mr Jones would appreciate me noticing his blue suit.

I have a couple of amendments in regard to those particular clauses. But speaking to the point, it reminds me of a cartoon where there are a couple of gentlemen standing under the baking sun and the sweat is dripping from their brows and they're both digging and they're digging. One of them stops and he wipes the sweat from his brow and he says, "There must be a source of energy down here somewhere." The Minister spoke earlier: "Don't talk to me about the sun and the wind." There are a trillion terabytes of sun energy that hit the Earth every instance; it's an obvious source of solutions.

My proposal is that we amend new section DI 4(vi) and DI 4(vii), that they be removed, because they explicitly act, Minister, as a fossil fuel subsidy. My question is whether, in your consideration of inclusion of this, you took into account—and it's convenient that you also happen to be the Minister of Climate Change—the fossil fuel subsidy reform group that New Zealand is part of. New Zealand is a leading advocate for the reduction and, ultimately, elimination of fossil fuel subsidies internationally, according to the

Ministry of Foreign Affairs and Trade (MFAT). What was the advice from the Ministry of Foreign Affairs and Trade on including these effective subsidies to the petroleum industry and the mining industry?

May I outline what is on the MFAT website right now. It says, “What’s wrong with fossil fuel subsidies? Subsidies for fossil fuel consumption and production create trade and investment distortions. Making greenhouse gas emitting fuels cheaper to produce or buy is an incentive to use more and discourages investment in renewable energy. Subsidising fossil fuels also uses money that governments could spend on health, education, development, and climate adaptation.” That is the New Zealand Ministry of Foreign Affairs and Trade on exactly why New Zealand does not traditionally support fossil fuel subsidies.

What advice did the Minister get, or the Government get, on this effective significant changing of New Zealand’s position on being opposed, in the international community, to fossil fuel subsidies? Because these clauses clearly are a means, through the 20 percent of cost asset deductions, to support increased petroleum and mining development. Thank you.

Hon DAMIEN O’CONNOR (Labour): Thank you very much, Mr Chair. It’s not a pleasure to speak on a tax bill, especially this one. I’m going to talk about clause 5 here and the very issue, of course, of incentives and new investment. In principle, I support this. It’s not a new concept. In fact, I can remember in the 1970s studying a little bit of accountancy where, in agriculture, the initial depreciation, I think, was up to about 50 percent. The equivalent here is 20 percent.

The questions I have for the Minister, as was put by my colleague: why not 25 percent or why not 50 percent? If the objective, indeed, was to lift productivity, Minister, and I can see that, in principle, this is fine, but the definition of the asset as in the bill here doesn’t require any new or additional technology. So it could very well be a new asset replacing an old asset. So the question for the Minister is: did he consider that there should be a requirement around new technology linked to that new asset?

Hon SIMON WATTS (Minister of Revenue): Thank you very much, Mr Chair. I’ll keep the cadence of the questions a bit. Just in regards to the questions raised by the member in the context of allegations that the member felt that this was a subsidy—well, it’s not a subsidy. The depreciation is, obviously, an accounting principle. This is non-bias to any specific type of assets. It applies to all assets, and, obviously, a subsidy is generally preferential in its context and the way in which it’s applied, so we are not biased in any types of assets—all assets are in scope, and any value of assets are also in scope. So we won’t be seeking or supporting the amendment, as raised by the member, in regards to clause 5, inserting new sections DI 4(a)(vi) and (vii).

In regards to the point again raised that I answered before, but I’ll give a little bit more clarity in the context of the percentage range of why the Government landed on 20 percent versus any other range. I can, for context, note that if you applied 100 percent loading in this, the fiscal cost would be in the region of \$34 billion, so you can pretty much draw the curve in the context of the range of that. As I said, the Government made a policy decision in the context of the fiscal constraints we’re operating under, and we believe that 20 percent is the appropriate level that balances out the costs and benefits consideration, particularly around economic growth.

In regards to the last question around new assets replacing old assets, and whether technology should have been a factor: again, we have not constrained the manner in which this accelerated or partial depreciation regime will apply. It will be the case that, generally—and I would hate to assume—new assets are probably more technologically advanced than old assets, just by their very nature. So, again, we’re not biasing that. Any asset is going to be in scope, unless it’s specifically excluded under the legislation.

Hon Dr DEBORAH RUSSELL (Labour): Look, I just wanted to speak to the Minister in the chair. I had a bit of confusion earlier on about clause 4, new section CC 15—whatever it was—(1)(b). I’ve worked it out. The Minister earlier on today—or his officials—circulated a version of the bill as a courtesy, so that we were given it as a courtesy before it was tabled. But, as it turns out, I think, Minister, an old version of the bill might have been circulated. So what seemed like a courtesy was perhaps not quite so much of a courtesy as it might have been.

However, I have checked through and I have looked at the newer version of the table. So I do thank the Minister for that courtesy, because we do appreciate it. Indeed, the new way that clause 4, new section CC 15 is drafted is actually much clearer. Ha, ha! I could see that your officials were confused as well as to what on earth I was talking about. Well, there we are.

CHAIRPERSON (Greg O’Connor): Shared across the front row here, it was.

Hon Dr DEBORAH RUSSELL: Cleared up that confusion, so I appreciate it.

Look, so I do want to talk—I see that many of the Minister’s colleagues are rather bored, so off they go then. So I do want to talk policy on this bill. It is actually quite important. Going to the regulatory impact statement and the economic analysis, this is quite an important point. I referenced it in my second reading speech on this bill, and that is just the level of uncertainty around this. So the justification for this is economic growth. Now—

Hon Dr Megan Woods: 1 percent over 20 years.

Hon Dr DEBORAH RUSSELL: Yeah. Well, the justification is economic growth. So we want to be sure, but with this level of expenditure, a lot of money is going into this particular measure. And let’s not forget that that money came from some pretty sad sources, so it has to be worth it.

Hon David Seymour: The Government doesn’t own all the money to start with.

Hon Dr DEBORAH RUSSELL: But sitting in here, for the benefit of Mr Seymour, in paragraph 62, it says, “There is, however, a high level of uncertainty as to the precise magnitude of impacts”. So we think it will be positive, but what I am interested in knowing is the range of the impact that it might be thought to have been. Did his officials present him with advice saying, “Well, look, the impact might be between 0.2 percent and 1.9 percent or 3 percent or whatever”?

I know there’s been talk in the Budget documents that we’re thinking it’s going to be about 1 percent growth. Was that an average of the various possible growth rates that were projected as a result of this change in policy? Or was it—I don’t want to call it an educated guess, because that’s unfair to our Treasury officials, but was it sort of the assessment of their knowledge, based on the bits of research they’d been able to rely on and so on? I’m trying to get at just how that 1 percent was come up with, given that the regulatory impact statement itself says that it is highly uncertain. How uncertain? What was the range? Can we be sure that it is worth going through all this, worth the cost to women, worth the cost to KiwiSavers, worth the cost to a whole lot of people to get this economic growth?

Hon SIMON WATTS (Minister of Revenue): The Treasury operates comprehensive models in which it uses to make estimates in regards to the correlation between changes in tax rates and economic growth numbers in which we have used here based upon that modelling. We are the view that they are comprehensive and appropriate.

CHAIRPERSON (Greg O’Connor): Just before I take the next call, just a matter of House management. I wonder if members would be aware that when someone is speaking, if they’re coming to get papers off the Table, feel free to go around the other side so we can see who’s speaking. You won’t be accused of crossing the floor.

Hon DAMIEN O'CONNOR (Labour): Look, thank you very much. I realise that where I'm sitting here, your lateral vision may be limited, and you may start to develop some tunnel vision. I'd hate to think that, Mr Chair.

If I can follow on from the questions that the Minister of Revenue attempted to ask and use the scenario, for example, of a farm. Some assets can be replaced but, indeed, not add to productivity at all. You can buy new tractors, you can buy new mowers, you can buy new harrows, you can replace every bit of machinery on your farm and have very little progress and productivity, because, ultimately, it comes from the cows and the grass and the system that you run.

I go back to the Minister and the assumption that this is going to drive economic growth—and we accept that there's a potential to do this, but the absence of any qualifying statement around the assets in particular does not give any guarantee at all. Given that the fiscal cost of this has been the constraint of whether you go beyond the 20 percent—and that there are going to be hundreds of thousands of women in this country who will be paying for this—then we need to ensure that there is progress from this change in depreciation.

The question is still not really answered. It's 20 percent because of the fiscal constraints. How does that affect productivity? Indeed, will we have a whole lot of depreciable assets that don't deliver any increase in productivity, particularly given the example I use, which is quite feasible in a farming operation where you can replace the tractors, you can replace the trucks, all the harrows, the whole lot? Ultimately, if you've got the same number of cows, the chances are you may or may not get increase in productivity. That means that the Crown has just lost the revenue for no significant gain in growth. So, actually, this is a waste of time. If this is the one big issue that the Government's got, then we haven't made much progress.

Hon SIMON WATTS (Minister of Revenue): As I said, this is a 15-page bill and we're getting outside of any specific clauses. But I can assure the member the Hon Damien O'Connor that when I grew up and we had a David Brown 885—which was a 1975 model—that the new 250-horsepower John Deere is much more fuel-efficient today and that has a real impact on farmers' bottom line.

Dr LAWRENCE XU-NAN (Green): Thank you, Mr Chair. I appreciate what the Minister in the chair, the Hon Simon Watts, is saying and that the Minister has answered a number of our questions. But, again, a lot of these questions are being teased out because, you know, we could have asked this of officials at select committee. But here we are, under urgency.

The question that I have, first of all, is just going back to the response the Minister gave me earlier, which is around what other countries this model was taken from in terms of partial expensing, and the Minister specifically mentioned Canada and the US. Now, noting that Canada, for example, has both a capital gains tax as well as a form of windfall tax, and that the US has a form of short-term capital gains tax, there is a need for some elements of incentivising through partial expensing, which potentially is what they would have used. This is what I mean: when we're looking at something like this, or a policy like this, it can't operate in isolation; we need to look at the bigger picture of the tax ecosystem of those other places. In that case, what is the specific New Zealand context we're looking at here that can reassure this committee that there isn't going to be that significant uncertainty as named in the regulatory impact statement? So that's my first question in response to what the Minister said before.

In terms of the bill, let's look at clause 5. I thank the Minister for answering two of my questions around clause 4. But when we're looking at clause 5, which inserts new subpart DI, new section DI 3, which is "Meaning of new asset transferee", one of the questions I have is: when we are looking at a transfer of asset, what happens when the transfer of

asset is applied to multiple ownership? In which case, how would this particular model be applicable when multiple ownership is in question? That's one of my first questions.

My second question is on new section DI 4, inserted by clause 5, which is "Meaning of new investment asset". Now, my colleague Steve Abel has mentioned that when we're looking at the inclusion of petroleum and mining development expenditure, that is, in some ways, a form of subsidy, to be honest. The Minister didn't quite answer my question around the Ministry of Foreign Affairs and Trade (MFAT)—whether MFAT was consulted. Now, the reason I asked this is, again, when we are looking at this—which potentially people may interpret as a form of subsidy for petroleum mining—how would this work in terms of our international obligations as well, particularly to the New Zealand - European Union Free Trade Agreement? If MFAT isn't consulted, what risk and liability are we opening ourselves up to by allowing—you can call it whatever you want; you can call it partial expensing, you can call it Investment Boost. The point is that mining and petroleum are included here. So I would like to know the risk assessment that has been done. But that is to do with new sections DI 4(a)(vi) and (vii).

My next question is actually on new section DI 4(a)(i) in terms of depreciable property, which then has included "(for example, some commercial buildings)". There is a slight risk here. I would like to hear from the Minister on what risk assessment has been done—that we're not going to get people who come here, investing in commercial buildings but simply land banking because, in some ways, those commercial buildings would not depreciate. We have seen a number of cases in Auckland where international or overseas landowners of commercial buildings will hold on to that land. It doesn't really matter to them whether they have tenants or not, so it doesn't matter to them whether they improve the local economy—particularly when we have small and medium enterprises, and small-business owners that have business where everything else around them is empty. We have heard this from business owners, or small-business owners, both in Epsom and also in Auckland Central, when it comes to international investors.

So, I guess, the question to the Minister is: what risk assessment has been done to show that this isn't going to be increasing or exacerbating the already problematic situation we have in certain parts of Auckland? So those are my questions.

Hon SIMON WATTS (Minister of Revenue): The legislation does not apply to land. It does apply to new commercial building construction, and it would be fair to say that that would derive economic value and benefit for the broader economy.

I've already answered the questions in regards to the other countries and jurisdictions that used it. There are a number of other countries that have comparative regimes in place that are also being put in place for the same purpose, which is to derive economic growth.

The other points that have been raised, I've already covered.

CHAIRPERSON (Greg O'Connor): Again, before I just make another call: just bearing in mind, members, when you stand up and talk about another member having asked the same question, you are giving yourself up a little bit about repetition. What I'll just go back to, we've had an indication that we're going to move through this, but we are now getting a little bogged down. Bearing in mind I know there is some more material here.

Hon Members: Mr Chair!

CHAIRPERSON (Greg O'Connor): If that is a closure motion to my right, I suggest that it not be. It may be an abuse of process for it to be. There is a long way to go in this, and I think if members are getting anxious on the other side, they should actually follow the bill, and you'll see there's still quite a wee way to go. But, of course, I will take a motion if anyone did want one.

Hon Dr MEGAN WOODS (Labour—Wigram): Thank you, Mr Chairman. I thank the Minister of Revenue for his explanation around some of the different asset classes. I

take the Minister's point that this is, in terms of relativity with other tax bills, a relatively slim piece of legislation. But I would also make the point to the committee, as we understand, that, really, the bulk of the policy is in this clause 5—this is the clause of the bill that does insert the new investment assets, and that cuts to the heart of this part of the change that we're seeing. So this really is the clause where that broad range of policy can be discussed.

My first question for the Minister—and I appreciate I'm clarifying that, of course, land isn't an asset that is defined within this, but new commercial buildings can be. I wondered if the Minister could tell the committee whether or not build-to-rent developments, new commercial buildings, will be included in here as well, because, of course, build-to-rent developments have their own bespoke legislation where there are bespoke tax arrangements that are set out for them. So what is the intersection in terms of this legislation?

The other question in terms of this policy, in this broader scope of clause 5, is really that what we've seen in the regulatory impact statement is that it's really put up against changes to the corporate tax rate—is the comparative policy throughout the regulatory impact statement for assessment. My question to the Minister is: although the final regulatory impact statement only compared this partial expensing with changes to the corporate tax rate, were there other forms of increasing productivity that were considered in the development of this?

Further to that, even within that partial expensing, were there other forms and more targeting of partial expensing? What we've seen from some of the questions is a very broad range of activities and assets that could be brought in.

The committee is still waiting for an answer on whether or not the supply to oil and gas assets would bring us into contradiction with some of our free-trade agreements that we have in place. Was there any thought of targeting this to particular areas of the economy? We can see that it's very broad-based. But was any consideration given to targeting this policy?

My final question for the Minister, in this contribution, is around the table that appears within the regulatory impact statement. It is on page 12 of the regulatory impact statement. It lays out the different options. Obviously, status quo, then partial expensing, and then the company tax reduction. One of the things that the officials have identified in this table is that the partial expensing, the chosen policy does create some integrity risks. I just wonder if the Minister could elucidate the committee on what those integrity risks are. What are the mitigations? What are the ways in which we're going to be able to track whether or not we are mitigating those integrity risks, and how will the transparency around that come into play?

In terms of the coherence of the policy—it is identified in the regulatory impact statement that the investment incentive creates risks around capture by interest groups. What interest groups? Was that discussed in terms of which interest groups may be at risk of capturing this policy? And, again, what mitigation is being put into place to ensure that we don't have capture by specific interest groups? How is that going to be reported on and monitored? And what are the transparency arrangements around that? The advice says that it is minimised for the broad-based regime, but whether or not there are further mitigations that are being put into place.

Hon SIMON WATTS (Minister of Revenue): I thank the member for the question. In regards to new section DI 4(b)(i), the question in regards to the build-to-rent, that clause of the bill, of which I've just referenced, notes that dwellings are excluded as an asset, in the context of this legislation, and that will clarify that point.

In regards to other forms considered, I think the member answered their own question in the context of the fourth question she asked in regards to that, but we did consider a

corporate tax rate change; however, the view of the fiscal cost, and the fact that it was untargeted, meant that that wasn't carried forward. Again, we reinforce that this is not a subsidy, it's an accounting depreciation adjustment; it is unbiased to any particular asset, it is untargeted, and, therefore, by not biasing any particular asset, we don't have any concerns in the context of what is being noted.

The last question, in regards to integrity risk, examples of that may be where assets are used for unintended purposes or, potentially, where one of the asset classifications is excluded, and there can be potential integrity issues of people trying to push the limits in that regard. The way in which we've mitigated that risk is we've just put around \$35 million of additional funding into IRD to increase compliance activities, and we believe that will be satisfactory.

Hon Dr DEBORAH RUSSELL (Labour): Thank you, Mr Chair. I've been wondering about the interaction of this new measure with the low-value asset write-off threshold, and so I've just worked some pretty simple numbers through—I just want to take the Minister through them, and it's simple enough math to do in your head, I hope—well, I had to write it down. Think of an asset: purchasing costs \$1,200. The low-value asset threshold which you can write off is \$1,000. Now, under this new policy—so the asset costs \$1,200 and the business owner can get an immediate write-off of 20 percent; that's \$240. All right. So asset cost: \$1,200, then you deduct the \$240, and that gives a remaining depreciable asset amount of \$960.

Now, that's interesting, because under this policy, as it's written, that \$960 would have to be written off over the life of the asset. Imagine it's an asset that is going to last 10 years. If you did it Straight Line—I know most people do Diminishing Value rather than Straight Line—but it would be \$960 a year and gone. The thing is, that \$960 is now below the low-value asset threshold. So could the business owner then say, "Hey, I've got this asset. I bought it for \$1,200, I applied the new partial expensing, and that takes its value below the low-value asset threshold." Could that business owner then use that to write off the whole amount in that first year? Now, I'm assuming not, but I wonder if the Minister could just talk me through that and talk me through how the legislation either enables or prevents that. Thresholds are always interesting—and we've got more to talk about as we go through this bill—but that's just a neat little puzzle there. I'm quite pleased that the \$1,200 minus \$240 gives \$960. Does that then get written off as though it were a low-value asset?

INGRID LEARY (Labour—Taieri): Thank you, Mr Chair. I want to just begin my contribution by reminding the committee that this is, effectively, the select committee phase, and normally in a select committee, we would see various iterations of the bill. As Dr Deborah Russell has alluded to, there was an earlier copy of the bill that was circulated today, and when I looked at the formula in new section CC 15, inserted by clause 4, in particular, there are quite big variations. I would like this to be the opportunity for the Minister of Revenue to explain some of the thinking around the changes in words, because they are quite significant, and, in fact, the example that has been given is completely different and this is in the space of a few hours.

My supposition is that there have been very, very hard-working officials doing a lot of work very quickly, but I want to understand, in the formulas, in particular, in subsection (3) of the original one, it talked about change of use, and then in the formula in subsection (4), as it now is in the later iteration—the current one of the bill—it says "new use", and it also includes the phrase "permissions and limitations applicable", which has not been referred to in the previous iteration, but I note it is referred to in the beginning of that section. So what are the permissions and limitations?

If I may, Mr Chair, I'd be happy to sit down and have an answer and jump up, because there are a number of these quite quick questions.

CHAIRPERSON (Greg O'Connor): Yeah, carry on with your questions.

INGRID LEARY: OK, my second question—thank you very much—talks about original use. The term “original use” was originally used and now it’s “previous use”, and I’m just wondering what the change of wording is there. Then, again in new subsection (4)(c)(ii), it talks about “the amount given by the terms in the round brackets”, and it’s a much more complicated scenario than we had originally, which talked about depreciable property. I’m wondering if there was an issue, because it seems to me that the fact that the words “depreciable property” were taken out means that there was a taxation definition in there that was problematic.

I would also like to ask the Minister why the two examples have changed so significantly. On example 1 in the earlier iteration, just a few hours ago, we had Adam purchasing a new investment asset for \$10,000. In example 2 in the current bill, we’ve got Thomas buying a new yacht for \$100,000, and we don’t have any reference to the nexus, and the nexus seemed to be a really important part of the formula as it was explained in the previous iteration.

The other question I have is that the Minister himself talked about partial expensing and said that the rationale for that was out of previous research that had been done and that there were a number of scenarios looked at. But he did not give us an explanation as to why partial expensing was landed on, and so it would be good to understand why that was the preferred option, given there were a number of other ways of doing it.

Finally, picking up on the point from the Hon Damien O’Connor around the level of the 25 percent—and the Minister himself used the words, saying that from a policy and cost-benefit status, it seemed to be about the right weighting, or otherwise it was going to be too significantly expensive. I just want to know: did the Minister do a cost-benefit analysis—a formal one—and, if so, can we please see the cost-benefit analysis? Or is this something that the Government or Treasury officials felt from a sort of intuitive level, or based on some other analogue scenarios—is that where they landed?

Was there actually a formal cost-benefit analysis done, because it does seem it’s been pretty rushed, particularly the significant number of changes on this fundamental formula, by which everybody is going to be making these deductions, and which has significantly changed in language over the course of about three or four hours. Minister, I’d really appreciate your answers.

Hon Dr MEGAN WOODS (Labour—Wigram): I have quite a specific question for the Minister of Revenue, and it is around clause 5 and inserted new section DI 4(vi)—“asset that is acquired with petroleum development expenditure.”—and I just want an understanding of how this change fits with other announcements that have come in the Budget today. We’ve seen the establishment of the \$200 million fund where the Government will take equity shares in new oil and gas developments.

What I want to know from the Minister is: is it correct that someone could invest a billion dollars in a new rig here, get \$200 million from the Government in terms of the provisions under this pledge, and not have to give up an equity stake to the Government?

Hon Dr DEBORAH RUSSELL (Labour): Thank you, Mr Chair. Just one final question, on the purpose—so that’s in clause 5, inserting new section DI 1, where we do have a purpose clause—and it refers back to the regulatory impact statement (RIS). I refer, in particular, around this significant policy—I want to refer to paragraphs 72 through to 76 of the distributional analysis. It’s sitting in the partial expensing (Investment Boost) regulatory impact statement, and it says here, in part of the justification of this policy, that it is expected that this partial expensing regime will reflect an improvement of economic outcomes in terms of “wages and NNI”—I’m not quite sure what NNI is—for New Zealanders. It suggests wage growth and an increase to productivity. So the thought

is that there will be an increase in the national income, an increase in business earnings, and so on.

It says here, “Our view is that the majority of the increase in national income will flow to workers in the long run as a result of increased capital intensity and labour productivity.” Now, that’s in paragraph 74. But that’s kind of a curious thing to say in light of the work that has been done by Thomas Piketty, which has shown that since the war, really, increases in income and in wealth have largely flowed to capital rather than to labour. That kind of contradicts that thesis, which has been quite widely celebrated.

I’m going to point to paragraph 75 in the regulatory impact statement, which says, “International evidence provides mixed results on how the specific benefits of investment-targeted tax measures are shared between workers and capital owners. This makes it difficult to better assess the distributional impacts.” But part of the justification for this policy—this policy that is built off the backs of working women—has been that it was going to increase wages for workers. But the international evidence contradicts that. The evidence of, you know, the economies in the 20th century contradicts that. The evidence from the major study that was done by Inland Revenue under the former Minister of Revenue contradicts that. So I wonder how it is possible to say, in this regulatory impact statement, as part of a justification for this policy, that it will increase the wages of workers.

Now, don’t get me wrong, I do think that this policy will result in economic growth, even though we’re uncertain about how much it’s going to be. It is something that I think will actually have a positive impact on economic growth. That is a really straightforward conclusion there. But the question is: how much of that economic growth will actually go to the benefit of workers, especially when this economic wealth has been created by cutting the future wages of women? It’s a really important question and it goes to the heart of the policy around this Budget and it goes to whether or not this is a policy that ought to be pursued. On its own, in isolation, probably. But to justify it by saying it’s going to increase workers’ wages? I think that’s a pretty brave thing to be saying. I’d like to understand from the Minister whether he agrees with the analysis and the regulatory impact statement. Possibly he does; he possibly doesn’t. But given that analysis in the RIS saying that this is very uncertain that it might actually go to workers, why then has this Budget justified this off the backs of workers?

Hon SIMON WATTS (Minister of Revenue): Yeah, well, thank you very much, Mr Chair. Just in answer to a number of questions: there is no cap to the value of assets in regards to deductions, so it’s as simple as that in the context of the example given before.

The question in regards to wage growth in the context of the regulatory impact statement, paragraphs 72 to 74. For the member’s benefit, the key way in which this policy will work will be to drive greater capital intensity, and the follow-through of that is higher wages. So I am confident in the context of the way in which this benefit will flow through and lead to increased economic growth and higher wages for working New Zealanders.

CHAIRPERSON (Greg O’Connor): Just before I leave the Chair, I will be indicating to the incoming Chair tomorrow that the three parts of Part 1, indicated by Ms Russell at the beginning, that we’re coming very close to the end of the first of those three parts, come the morning. So I would expect, come the morning, after a good night’s sleep, there’ll be probably an indication to move through Part 1 a little bit quicker.

The time has come for me to leave the Chair, and the House is suspended until 9 a.m. tomorrow. Have a good evening.

Sitting suspended from 9.58 p.m. to 9 a.m. (Friday)

