

# Ending Poverty Together

## An Income Guarantee

**Our plan will end poverty and make sure everyone has enough to put food on the table, a safe place to call home, and live a decent life - and we'll pay for it with a fair tax system.**

The Green Party will introduce an Income Guarantee to give everyone peace of mind that they can afford the weekly shop, pay the rent, or cover unexpected costs.

The Income Guarantee will lift every family out of poverty, paid for through fairer tax rules so the wealthiest 1% contribute more, and those on lower and middle incomes receive a tax cut.

Aotearoa is a wealthy country. But right now, thousands of children are going to bed hungry. Families are struggling to pay the rent or mortgage and keep their homes warm. Students are forced to skip meals to make ends meet.

We have the resources we need to lift every family out of poverty. But our tax system is out of balance corporate profits have soared and the wealthy continue to grow wealthier. Successive governments have failed to act - this is a political choice.

The time is now for a government that will collect the revenue needed from those able to pay and invest in ending poverty.

**The Green Party's plan guarantees everyone in and out of work will have a weekly income of at least \$385 per week for an individual or \$770 for a couple, with extra support for those who need it.**

That means support for students and people out of work, extra help if you're sick or disabled, and simple payments for families so all children can thrive.

Our plan means everyone can have peace of mind that we can afford life's essentials and provide for ourselves and our families – even when times are tough.



## A decent income for all

The Green Party's Income Guarantee is a commitment to ensure everyone in and out of work has a weekly income of at least \$385 per week for an individual, \$770 for a couple or \$735 for a single parent.

The Income Guarantee will also lift incomes for people in work. We will introduce a new tax-free threshold, so no one pays any tax on the first \$10,000 of their income. Changes to the tax system will provide an extra \$16 to \$26 per week for 3.7 million New Zealanders.

While it takes more than money to raise a child, not being able to afford the basics makes everything harder. The Green Party will ensure all parents have what they need to provide for their tamariki. There will be a single payment for caregivers of \$215 every week for the first child, and \$135 a week for every other child – replacing the complex Working for Families system. The abatement threshold for these payments will be \$60,000, so people can earn more from paid work before the top-up is reduced. The abatement rate will be 18%, reduced from 27% under the current settings.

As well as this, there will be a payment of \$140 for all children under three years, regardless of income, which will double and universalise the existing Best Start payment.

And for people who can't work because of a health condition or disability, the Income Guarantee will also make sure income security and health needs are put first. We will transform ACC into an Agency of Comprehensive Care and increase the minimum payment to 80% of the full-time minimum wage.

### Simple changes to the tax rules will unlock the resources all of us need to thrive:



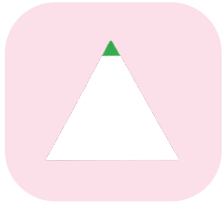
#### **A 2.5% Wealth Tax**

on net assets over \$2 million for individuals or \$4 million for couples. Net assets means that mortgages and other debt are deducted from the asset total.



#### **A Trust Tax**

of 1.5% so people cannot just move their money into a trust to avoid the Wealth Tax.



### **A new Top Rate of Income Tax**

of 45% on income over \$180,000, so the top earners contribute more, while people earning under \$125,000 will pay less tax.



### **A new Corporate Tax Rate**

of 33%, returning corporate tax to what it was before National came into Government in 2008.

## Situation

---

**No matter what we do or where we live, most of us want similar things - a warm home, time with family and friends, healthy food on the table, and enough to cover the weekly grocery shop.**

The Green Party's Income Guarantee will make this a reality through a fairer, simpler system of support for all.

For many people right now, the struggle to put food on table, to pay the bills, is the concern that rises above all others. It's the worry that keeps them up at night and the first thought they have when they wake up in the morning. Corporate profits are soaring, while low-income families are hit hard with the cost of living. Whānau are spending most of their income covering the essentials like food and rent.

It is at odds with our shared values of caring for each other that corporations like banks and supermarkets can make record profits, while thousands of people are forced to struggle to get by, put food on the table, pay the bills, and heat their homes.

One in ten children are growing up in poverty. Students are going without a meal each day just so they can keep studying. Parents are having to make impossible choices between keeping the heating on or buying food for their child.

Everything we need to support each other is there, but successive governments have chosen not to act. Gaps in the tax system mean that income from work is taxed, but not capital gains from wealth. This has kept billions of dollars locked away in the pockets of the wealthy, instead of being taxed to enable better social support. The tax system in Aotearoa ranks 136th, near the bottom of the world for its contribution towards reducing inequality.

The Green Party is proud to show the political leadership needed to rebalance wealth and incomes. Ending poverty is a matter of political choices. The time is now. Ko tēnei te wā.

## The Income Guarantee

---

The Green Party's Income Guarantee is a commitment to ensure everyone in and out of work has a weekly income of at least \$385 per week for an individual, \$770 for a couple, or \$735 for a single parent.

By rewriting the tax rules to make sure the wealthiest few and large corporations contribute more, we can lift every family out of poverty.

In the first year of the Green Party's Income Guarantee, people out of work or studying will receive a guaranteed \$385 a week, after tax. This will increase in subsequent years at least in line with average wage increases and be reviewed regularly to assess what is needed to ensure everyone has sufficient income. We'll take a fairer approach to abatement so people can earn \$190 before the Income Guarantee reduces.

In the long term, the Green Party will work towards an Income Guarantee that pays enough for people to put a little aside for a rainy day and pay for extras like school trips. This will mean one-off hardship grants and loans from MSD would no longer be needed. For now, the Green Party will retain supplementary support options and ensure non-recoverable grants are used in preference to recoverable grants.

## How it Works

---

The Green Party's plan for fairer tax system will help redistribute wealth from those with the most so we can support those with the least.

### Tax-Free Threshold

The Income Guarantee will introduce a **new tax-free threshold**, so no one has to pay tax on the first \$10,000 of their income.

This will boost the incomes of everyone earning under \$125,000. It will lift incomes by between \$16 and \$26 for 3.7 million New Zealanders, every single week.

Someone earning the full-time minimum wage will have an extra \$18 every week under this plan.

## New Top Rate of Income Tax

Aotearoa has low income taxes for people who earn high salaries compared to most other countries - putting our tax system out of balance.

Right now, someone who earns \$170,000 each year pays only a 3% higher marginal tax rate than someone earning \$48,000.

Our plan will change this with a **new top rate of income tax** of 45% on income over \$180,000 so the top earners contribute more. Everyone earning under \$125,000 will get a tax cut under this plan.

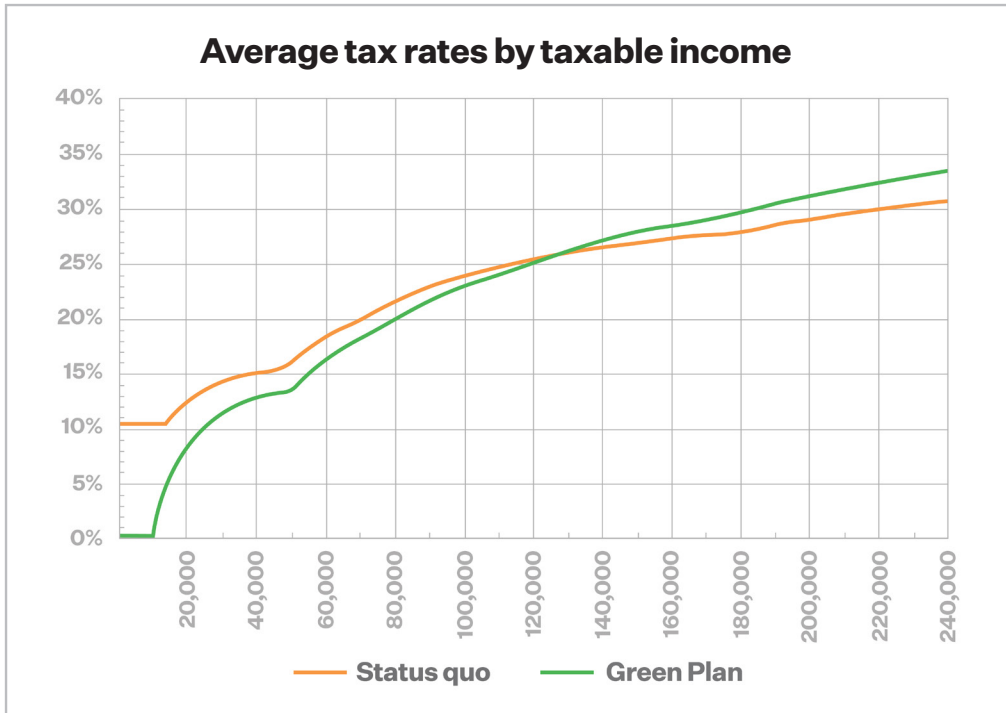
The Green Party will index our tax brackets and adjust them for wage inflation every three years. This will maintain a tax system which is progressive, where everyone continues to pay their fair share.

### Current tax rates

Income tax bracket (\$)	Tax rate
0 - 14,000	10.5%
14,000 - 48,000	17.5%
48,000 - 70,000	30%
70,000 - 180,000	33%
180,000+	39%

### New tax rates

Income tax bracket (\$)	Tax rate
0 - 10,000	0%
10,000 - 50,000	17%
50,000 - 75,000	30%
75,000 - 120,000	35%
120,000 - 180,000	39%
180,000+	45%



### Examples:

Bex is a teacher a few years into their career who earns \$60,000 each year. With the Green Party’s tax-free threshold, Bex would be \$23 a week better off, which they put towards heating their home heading into winter.



Laura is a doctor working at a hospital, earning \$215,000 a year. She sees first-hand the impact of low incomes on the health and wellbeing of her patients. With the changes in tax settings, her after tax income goes from \$2,900 per week to \$2,800 per week. Laura is more than happy to contribute the additional \$100 a week in tax, knowing this will be invested in lifting the living standards of those who are struggling the most.

## Family Top-Up

The Income Guarantee will be topped up for parents and caregivers to make sure they can provide everything needed for their tamariki to thrive.

Working for Families has been a crucial part of our social support system for almost two decades – but payments are too low and drop off too quickly for people on lower incomes, while locking people on benefits out of the full level of support.

**The Green Party’s Income Guarantee will replace Working for Families with a single, simple payment. It will provide parents or caregivers with up to \$215 every week for the first child, and \$135 a week for every other child.**

The Income Guarantee will provide an additional **universal top-up of \$140 a week for every child under three.**<sup>i</sup> This would double the existing Best Start payment and help to make sure parents and caregivers have everything they need to give their children the best possible start in life.

For those in work, the abatement threshold on the top-up will be \$60,000 - which is significantly higher than the threshold the Government has set for Working for Families. The Green Party’s plan will mean parents and caregivers can earn more from paid work before their top-up starts being reduced.

In October 2010, National stopped indexing the abatement threshold of Working for Families. In the 15 years since it was last adjusted in 2008, the threshold has increased from \$36,827 to \$42,700 today. The Green Party’s Income Guarantee will lift the threshold to \$60,000. This is where it would have been if National hadn’t stopped indexing it and the 2008 level had been adjusted for wage inflation.



<sup>i</sup> For families receiving paid parental leave payments, Best Start payment eligibility will begin after the period of time they get paid parental leave.

Once parents or caregivers earn more than \$60,000, the rate of reduction will also be much slower than it is currently under Working for Families.

Right now, the 27% rate of abatement leads to a steep drop off in support once parents start earning more than \$42,700. This creates very high effective marginal tax rates for families on lower incomes, and means many on modest incomes get no support at all.

Under the Green Party's Income Guarantee, the abatement rate will change to 18%. This will lift the incomes of thousands of families, including those in work.

### Examples:

Jess works at an organic plant nursery and makes \$55,000 each year. Her partner Lagi makes \$75,000. Jess and Lagi are excited about welcoming their first child in a few months, but anxious about how to keep up with the bills after the end of Jess's paid parental leave.

Thanks to the changes to family support, Jess and Lagi will receive \$323 a week until Jess goes back to work (\$140 from Best Start and \$163 from the Family Top-up). Jess and Lagi are relieved to have this support, and Jess treasures the extra six months at home with their baby.

Bex (the teacher who we met earlier), is a sole parent to a five year old son, Harry. As well as the additional income from the tax-free threshold, Bex will receive \$215 from the Family Top-up. This is \$105 more than their current entitlement. In total, Bex is \$128 better off with these changes.

For the first time, Bex and Harry can afford to go away for a week in the school holidays. Bex is also relieved to be able to buy a better heater for Harry's bedroom, and more fresh fruit and vegetables in the weekly shop.





## An Income Guarantee for all students

The Income Guarantee will ensure every student has an income of at least \$385 a week. This will replace the existing Student Allowance and provide students with what they need to make ends meet and focus on their study. With an Income Guarantee, students will no longer have to go into debt to afford the basics while studying.

Education is a public good that benefits everyone. However, political decisions by successive governments continue to force thousands of students to live in poverty, with many going into huge debt to pay rent and put food on the table.

All students will be eligible for the Income Guarantee, regardless of their level of study, age, or parental income. It will be fully individualised, so students continue to get the support they need even if they have a partner who works.

### Example:

Meg works part-time as a mental health nurse while looking after two children. Her partner Mel has been working as a chef for several years. She wants to retrain as a builder, but it has never seemed financially viable.

Thanks to the Income Guarantee, Mel will get \$385 a week while studying. Together with the Family Top-up, this provides enough money for the family to pay the rent and buy what they need for the kids while Mel is retraining – making her dream of becoming a builder achievable.



## An Income Guarantee for anyone out of work

Everyone should have enough to get by and live with dignity, no matter what circumstances they find themselves in. The Income Guarantee will ensure anyone out of work has an income of at least \$385 a week for an individual, \$770 for a couple, and \$735 for a sole parent. This transformational approach will put income support first and restore trust and dignity to the welfare system.

There will be no stand-down period when someone is made unemployed and no sanctions. This will go together with a more supportive approach to helping people find work – with a focus on developing skills and setting people up for a working life of secure, meaningful, and rewarding work. There will also be a fairer approach to abatement, so people in part-time or casual work can earn more without losing the financial security of the Income Guarantee. The abatement threshold will be \$190 a week, with an abatement rate of 65%.

We will reset the approach to relationships, with individualised support for those out of work. If someone loses a job or starts studying while their partner is employed, they will receive support. Practice changes at WINZ will also ensure sole parents have the autonomy to determine when to become financially interdependent with a new partner, without intrusive and arbitrary assessments.

### Examples:

Tom has worked in a variety of jobs since leaving school. When he's 31, he is made redundant. He feels at a loss for what to do – he's never been out of work before.

With the Income Guarantee, Tom can keep paying the bills while he considers his next steps. His caseworker provides tailored support to help him think about the sort of work he wants to do. Tom decides he's keen to do something where he can develop his skills while working, and also spend more time outdoors.

His caseworker outlines some of the options, and after a few conversations together and time to consider things further, she helps him find an arborist apprenticeship. Tom is enthusiastic about starting on this new path.

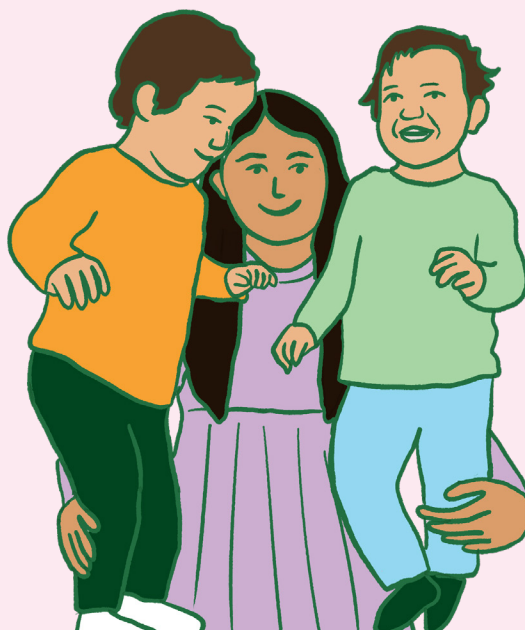


Sunil had been working in Dunedin for several years, when his mother has a stroke and he decides to return to Auckland to help care for her.

Thanks to the Income Guarantee, he can afford to take a few months out of paid work to look after his mum when he first moves back. He has the peace of mind of being able to make ends meet while he finds a job close to his mum's house.

Mele has two kids under five when she and her partner split up and he moves out. Thanks to the Income Guarantee, Mele can afford to keep paying rent and stay in the same home with her kids.

She receives \$990 a week until her youngest turns three, and \$850 a week after his third birthday. Mele is keen to start studying once the kids are more settled, so she has better work options for the future. She is relieved to have decent income support while adjusting to single parenthood.



## Agency for Comprehensive Care

Nearly one in four people in Aotearoa live with a disability. Many more of us will experience a major health problem that stops us from working at some stage of our lives. However, the safety net created by successive governments is patchy, complex, and inadequate.

The Green Party's Income Guarantee will transform ACC into an Agency for Comprehensive Care. This will provide a minimum payment of 80% of the full-time minimum wage for everyone not in paid work because of a health condition or disability.

Right now, there are three different types of benefits depending on the nature of someone's health condition. These all have different rates and different types of work

testing. The way they have been designed means people with health conditions often do not get the income support they need in the long-term.

The Green Party's Agency for Comprehensive Care will provide income support and work-accessibility support for everyone with a health condition or disability, regardless of cause. This income support will be fully individualised and will provide support for as long as people need it.

This will be paid for with simple changes to the levy structure. Employer levies will switch to a flat rate, generating more levy revenue from businesses that currently pay a low rate such as professional services firms. Employee levies will also change to remove the maximum threshold, so those on higher incomes keep contributing. In the interim, part of the existing \$45 billion investment fund will be redirected to pay for income support. The current costs of the Supported Living Payment will also contribute to the cost of the transition by being redirected to the Non-Earners Account.

### Example:

Jasper earns \$25 an hour working full-time in a warehouse, stacking shelves and packing deliveries. He is diagnosed with cancer shortly after his 60th birthday.

Thanks to the Agency for Comprehensive Care, Jasper can take as much time off as he needs and be paid at 80% of his salary while he goes through chemotherapy. On his first day of leave, Jasper feels a huge sense of relief that he can focus on his health and spend precious time with his grandchildren. Jasper is sick for the next three years but recovers.

However, he is no longer able to do physical work, and gets tired much more quickly than he used to. He talks to his caseworker at ACC, and she agrees he will continue to be eligible for the higher rate of support until he turns 65 and starts getting NZ Superannuation.

At every step, Jasper's health is the priority.



## How we pay for the Income Guarantee

By collecting the revenue from those most able to pay, the Green Party will be able to lift every single family out of poverty.

Our simple and fair changes will unlock the resources all of us need to thrive.

### A Wealth Tax

The Green Party will introduce a **2.5% Wealth Tax** on net assets - things like properties or shares. Couples who jointly own assets will only pay the Wealth Tax on assets above the \$4 million threshold (minus mortgages and other debt). For an individual, the tax will only apply to assets above \$2 million.

#### The key features of a Wealth Tax include:

- Paid only on the value of assets above \$2 million
- Applies at an individual level
- Most family homes will not be covered



For example, if someone owns \$2.5 million in assets, they will be taxed at 2.5% on the \$500,000 over the threshold. If someone owns \$2.5 million in assets but owes \$1 million on their mortgage, their net wealth will be \$1.5 million, meaning they will be under the threshold and will not be taxed.

Almost all family homes in Aotearoa come under the threshold for the Green Party's proposed Wealth Tax, whether individually or jointly owned. The Wealth Tax will be paid by 0.7% of New Zealanders - the wealthiest few property owners in the country, who can afford to contribute more.

The Wealth Tax will be designed to ensure it is workable for people who own more than \$2 million in assets but have only a modest income. These people, who are often retired, will be able to defer payment of the net wealth tax until their asset is sold. This is similar to the approach many councils already allow with rates payments.

The net wealth tax would cover most forms of wealth and assets, like property, shares, and bonds. These assets have known values because they are traded often. High value property such as artworks will also be included and can be valued on the basis of what they are insured for. Everyday household goods like furniture, appliances, electronics, and vehicles with values less than \$50,000 will be excluded for simpler application of the Wealth Tax. Māori land under the Te Ture Whenua

Māori Act would be exempt and so would the assets of Post-Settlement Governance Entities, such as land returned under a Treaty Settlement or vested in a Treaty Settlement Entity. The assets of charities, NGOs, clubs, and other entities would also not be part of anyone's individual taxable wealth.

The Green Party will also introduce a 1.5% tax on all assets held in private trusts. This will prevent people from just moving their money into a trust to avoid the Wealth Tax. By extending taxes to trusts, we can ensure the wealthiest 1% pay their fair share. Trusts with a beneficial social purpose will be exempt, including Māori land trusts, post-settlement trusts, charitable trusts, or disabled beneficiary trusts.

These taxes together are projected to raise at least \$12 billion in the first year.

### Example:

Chris inherited \$300,000 from his grandparents in 1985, and invested this in buying two houses. A few years later, after marrying Christine and moving in together, he leveraged these houses and bought two more as investments. All four properties have had enormous capital gains since they were purchased – increasing in value by over ten times the price Chris paid for them.

Chris and his wife Christine were able to gift each of their three children a deposit for their own homes, and a few years into their retirement their total assets are \$6.5 million.

Chris and Christine would pay a wealth tax on their \$2.5 million in wealth over the \$4 million threshold. This works out to \$62,500 a year. They are able to pay this from the rental returns on their properties while continuing to enjoy a comfortable retirement. Alternatively, they could choose to charge the tax against their properties, and defer payment until one of these properties is sold.



After her husband Robin passes away, Marion Hood is planning to move out of her house in Golden Bay and into a retirement village. The house is valued at \$800,000; and she also has \$1.7 million in a private superannuation scheme. She wants to pass the house on to her kids and grandkids for use as a family bach, and doesn't want to have to be responsible for the upkeep anymore. She decides to put it in a family trust with her children Richard and John as trustees, and herself and her grandchildren as beneficiaries.

Richard and John list the bach on Airbnb and make \$30,000 a year, while being able to use it for family holidays whenever they like. The trusts tax means they pay \$12,000 a year in tax, which is more than covered by the Airbnb income. If Marion had continued to hold the house directly, she would have been liable for a wealth tax of \$12,500. The trust tax minimises the risk of trusts being used for tax avoidance.

## Fairer Taxes on Corporate Profit

The Green Party's plan for a fair tax system will ensure large corporations are taxed fairly.

Supermarkets are currently making an estimated excess profit of more than \$1 million per day. Australian-owned banks made a record \$6 billion in profits in the last year alone. Over the past 15 years, corporate profits have soared – while the company tax rate is the lowest it has ever been in New Zealand history. Record profits demonstrate corporations can afford to contribute more to tax revenue.

The Green Party will return the corporate tax rate to 33%, matching what this was when National took office in 2008. The decision to reduce the corporate tax rate has led to a spike in corporate profits, but has not flowed on to an increase in productivity or real wages. The revenue reduction also means less is available for government investment in essential public services.

The Green Party's proposal to return to a 33% corporate tax rate is a simple and effective way for large corporations to pay their fair share. This will mostly affect large, multinational corporations whose shareholders are outside New Zealand.

The majority of business owners who draw a salary from their business will benefit overall from the lower income taxes proposed. This is because of the way imputation tax credits work, as shown in the example below.

### Example:

Atarera owns and operates a dance studio for local rangatahi, trading through a company for which she is the sole shareholder. She pays herself a salary of \$80,000 a year and in years where her company makes a large enough profit, she gets a dividend.

The increase in the corporate tax rate means that the company pays a bit more tax – but it does not make a difference to Atarera’s income. When the revenue is high enough for Atarera to receive a dividend, the increased corporate tax rate also means she can claim a higher imputation credit. With the reduction in personal income tax, Atarera is better off following the tax system changes.

## Phase-in and costings tables

---

These changes to the income support system will be phased in across 2024 and 2025.

Phase 1 will focus on immediate changes that can be implemented quickly, to ensure income adequacy. Legislation will be passed as soon as possible after the election, to ensure that all income support payments can be increased from 1 April 2024.

Phase 2 will give effect to the full package, with this implemented from 1 April 2025.

### Phase 1: fixing the gaps

#### Phase 1 will include:

1. The full changes to Working for Families.
2. Introducing a tax-free threshold and other adjustments to the income tax system.
3. Introducing a Wealth Tax, Trusts Tax, and increase to the Corporate Tax Rate.
4. Increasing the Jobseeker payment to \$385 per week.
5. Transitioning everyone currently on the Jobseeker – Health Condition and Disability payment to the Supported Living Payment and increasing that payment to \$470 per week.
6. Increasing the Sole Parent Support payments to \$520 per week.
7. Universalising the Student Allowance at current rates.
8. Doubling and universalising Best Start.



**This will also include practice changes for how Work and Income operates:**

- Remove stand-downs for all benefit categories.
- Provide a fairer approach to relationships by: (a) individualising Jobseeker and the Supported Living Payment; and (b) ensuring that sole parents have the autonomy to determine when to become financially interdependent with a new partner, without WINZ making intrusive and arbitrary assessments.

## Phase 2: transformation

**Phase 2 will include:**

1. Shifting to a single payment of \$385 per week (plus inflation adjustment) to replace Jobseeker, Sole Parent Support and the student allowance
2. Introducing the sole parent top up of \$135 per week
3. Establishing an abatement threshold of \$190 per week and a 65% abatement rate for income earned by an individual.
4. Transforming ACC into the Agency for Comprehensive Care – to provide income support for everyone with a health condition or disability that limits their ability to work, regardless of cause or duration.

The ACC changes will require legislation and organisational change, and will take further time to fully bed in. This will establish a new operating approach of providing integrated income support and work-accessibility support for all health conditions and disabilities (while also retaining current functions of funding medical care for injuries caused by accidents).

Further changes to ACC levies will be introduced from 2026, with the costs of the expanded scheme met by the ACC fund until these are adjusted.

## Costing and phasing tables

Table 1: Revenue

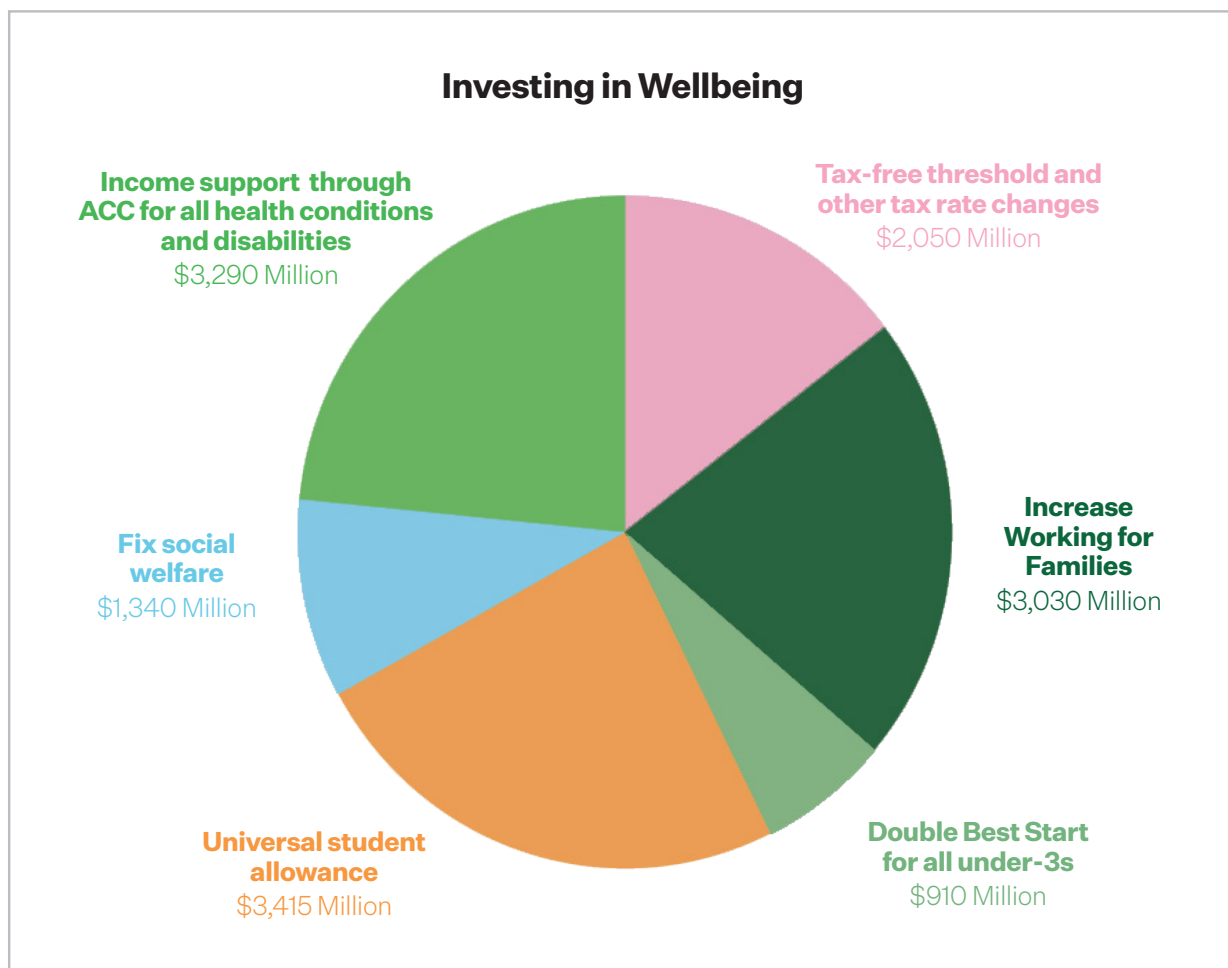
Revenue (millions)		
Setting	Revenue - 2024/5	Revenue - 2025/6
2.5% tax on individual wealth over \$2 million together with an anti-avoidance measure of a 1.5% tax on all assets held in private trusts	\$12,020	\$12,880
33% Companies Tax Rate	\$2,400	\$2,600
Total	\$14,420	\$15,480

Table 2: Expenditure

Expenditure (millions)		
Setting	Phase 1 - April 2024	Phase 2 - April 2025
Tax-free Threshold and other tax rate changes	\$1,910	\$2,050
Working for Families <ul style="list-style-type: none"> <li>\$215 per week for the first child and \$135 per week for subsequent children</li> <li>Increasing the abatement threshold to \$60,000 and decreasing the abatement rate to 18%</li> </ul>	\$2,920	\$3,030
Best Start changes <ul style="list-style-type: none"> <li>Increasing rate to \$140 per week; universalising for under-3s</li> </ul>	\$880	\$910
Supporting students <ul style="list-style-type: none"> <li>Phase 1: remove eligibility tests from current rates</li> <li>Phase 2: \$385 per week for all students</li> </ul>	\$2,650	\$3,415

<b>Expenditure (millions)</b>		
<b>Setting</b>	<b>Phase 1 - April 2024</b>	<b>Phase 2 - April 2025</b>
<p><b>Fixing the welfare system</b></p> <ul style="list-style-type: none"> <li>Phase 1: increasing Jobseeker and Sole Parent Support to \$385 and \$520 respectively.</li> <li>Phase 2: base payment of \$385+inflation per week plus \$135 +inflation per week Sole Parent Top-up.</li> </ul>	\$2,830	\$1,340
<p><b>Better support for people with health conditions and disabilities</b></p> <ul style="list-style-type: none"> <li>Phase 1: transitioning people on Jobseeker – Health Condition and Disability to the Supported Living Payment and increasing the payment rate to \$470.</li> <li>Phase 2: expanding ACC to cover income support for all health conditions and disabilities (noting this is the additional costs after savings from the welfare system are transferred to the Non-Earner’s Account, and will be met from the ACC fund until levies are reviewed)</li> </ul>	[costed together with the above for phase 1]	\$3,290
Total (excluding ACC spend)	\$11,190	\$10,745
Revenue remaining for other priorities <sup>i</sup>	\$3,230	\$4,735

<sup>i</sup> For example, investing in public services and decarbonisation.



## Modelling Assumptions

The Income Guarantee modelling was developed by the Parliamentary Library using the Treasury’s Fiscal Strategy Model (HYEFU 2022), the Budget Economic and Fiscal Update 2023 (p.146) and The Ministry of Social Development’s Benefit rates at 1 April 2023. Modelling and calculations for creating the Family Top-Up from Working for Families used data from the 2018 Census, Stats NZ and HYEFU 2022.

Calculations for a Universal Student Allowance and the Agency for Comprehensive Care were prepared by the Parliamentary Library using HYEFU 2022 (at p148), the Ministry of Social Development’s Monthly Benefits Update – March 2023, current minimum wage rates, and StudyLink Statistics (2022).

The calculations for the Income Tax, Trusts Tax, Corporate Tax and net Wealth Tax revenues were done with models created by the Parliamentary Library. Data for

the models were sourced from Inland Revenue's systems of personal income tax returns, Stats NZ Household net worth statistics, Parliamentary Written Question 15528 (2023) 1 June 2023, The Treasury's data on the Revenue Effect of Changes to Key Tax Rates, Bases, and Thresholds for 2019/20, the HYEUFU 2022 and He Tirohanga Mokopuna 2021 The Treasury's combined Statement on the Long-term Fiscal Position and Long-term Insights Briefing.

Modelling the behavioural response to a change in the tax system is beyond the scope of these models. However, an adjustment has been made for likely avoidance and evasion when collecting a net Wealth Tax. The model assumes that 25% of any such revenues will be foregone. This takes the starting point of 35% based on the Canadian Office of the Parliamentary Budget Officer in 2019 when considering a wealth tax, then reduces the avoidance assumption to take account of the trust tax. Modelling assumes an additional 20% uptake of benefits in the first year and 25% in the second year to take account of individualising. This is informed by the Household Economic Survey 2022/2023 data on employment status.

Costings for each policy have been projected through to the end of 2026 and are estimates only based on the best available information.

## Sources

*Chart of the Month: The rising cost of essentials.* <https://www.infometrics.co.nz/article/2022-02-chart-of-the-month-the-rising-cost-of-essentials>

Child Poverty Action Group. (2023). *Modelling income adequacy for those on Benefits.* <https://static1.squarespace.com/static/60189fe639b6d67b861cf5c4/t/6461b5d7e7257216cb48d105/1684125147888/Update+and+report+Budget+gaps+revised+FINAL.pdf>

Child Poverty Monitor. *Child Poverty Monitor.* <https://www.childpoverty.org.nz/measures/food>

Christensen, M., Hallum, C., Maitland, A., Parrinello, Q. & Putaturo, C. (2023). *Survival of the Richest How we must tax the super-rich now to fight inequality.* <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621477/bp-survival-of-the-richest-160123-en.pdf>

Commerce Commission New Zealand. (2022). *Market study into the retail grocery sector: Final report.* [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0024/278403/Market-Study-into-the-retail-grocery-sector-Final-report-8-March-2022.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0024/278403/Market-Study-into-the-retail-grocery-sector-Final-report-8-March-2022.pdf)

*Cost of living remains high for all household groups* | Stats NZ. [www.stats.govt.nz. https://www.stats.govt.nz/news/cost-of-living-remains-high-for-all-household-groups](https://www.stats.govt.nz/news/cost-of-living-remains-high-for-all-household-groups)

Fairer Future Collaboration. (2022). *What are Liveable Incomes in 2022? Discussion Paper and Methodology.* <https://fairerfuture.org.nz/liveable-incomes-2022>

Forester, W. (2022). *Removing Disabling Experiences: a vision for the future of our people.* <https://forster.co.nz/assets/main/report-assets/removing-disabling-experiences-10-august-2022.pdf>

*Household income and housing-cost statistics: Year ended June 2021* | Stats NZ. [www.stats.govt.nz. https://www.stats.govt.nz/information-releases/household-income-and-housing-cost-statistics-year-ended-june-2021](https://www.stats.govt.nz/information-releases/household-income-and-housing-cost-statistics-year-ended-june-2021)

Housing affordability more challenging for renters than homeowners | Stats NZ. (n.d.). [www.stats.govt.nz. https://www.stats.govt.nz/news/housing-affordability-more-challenging-for-renters-than-homeowners/](https://www.stats.govt.nz/news/housing-affordability-more-challenging-for-renters-than-homeowners/)

Ministry of Social Development. (2022). *The Families Package and 2020-2022 Income Support Reforms: 2022 Update*. <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/evaluation/families-package-reports/the-families-package-and-2020-2022-income-support-reforms.pdf>

Neuwelt, C., St John, S. (2021). *Rethinking Income Support for Children Part 1: Ensuring Adequate Indexation of Working for Families*. <https://static1.squarespace.com/static/60189fe639b6d67b861cf5c4/t/62bd084bd8965e1e8ed527fc/1656555605893/WFFSeries1EnsuringAdequateIndexationofWorkingforFamilies5May2021.pdf>

New Zealand Productivity Commission. (2022). *Fair Chance for All Interim Report - Breaking the Cycle of Persistent Disadvantage Interim Report*. <https://www.productivity.govt.nz/assets/InquiryDocs/EISM-Interim/Productivity-Commission-A-fair-chance-for-all-Interim-Report.pdf>

OECD Tax Policy Studies. (2018). *The Role and Design of Net Wealth Taxes in the OECD*. <https://www.oecd-ilibrary.org/docserver/9789264290303-en.pdf?expires=1686126548&id=id&accname=oid044683&checksum=E50AE225F7D92727CAC46FD1FD4FB621>

Point & Associates. (2022). *People's Inquiry into Student Wellbeing*. <https://static1.squarespace.com/static/5f0515b1b1a21014b5d22dd6/t/62d4b1aa20f3367350086d1b/1658106319006/CS+Student+Inquiry+2022.pdf>

Policy and Regulatory Stewardship, Inland Revenue. (2023). *High Wealth Individuals Research Project*. <https://www.ird.govt.nz/-/media/project/ir/home/documents/about-us/high-wealth-research-project/hwi-research-project/final-report-april-2023/report-high-wealth-individuals-research-project.pdf?modified=20230423203807>

Shorrocks, A., Dr. Luberas, R. & Davies, J. (2022). *Global Wealth Report 2022*. <https://www.credit-suisse.com/about-us/en/reports-research/global-wealth-report.html>

Stats NZ. (2022, March 3). *Distribution of wealth across New Zealand households remains unchanged between 2015 and 2021* | Stats NZ. [www.stats.govt.nz. https://www.stats.govt.nz/news/distribution-of-wealth-across-new-zealand-households-remains-unchanged-between-2015-and-2021](https://www.stats.govt.nz/news/distribution-of-wealth-across-new-zealand-households-remains-unchanged-between-2015-and-2021)

Stock, R. (2022, March 8). *Housing boom pushes bank profits to a record \$6 billion profit last year - KPMG*. Stuff. <https://www.stuff.co.nz/business/127975084/housing-boom-pushes-bank-profits-to-a-record-6-billion-profit-last-year--kpmg>

The Tax Working Group. (2019). *Future of Tax: Final Report Volume 1*. <https://taxworkinggroup.govt.nz/sites/default/files/2019-03/twg-final-report-voli-feb19-v1.pdf>

The Tax Working Group. (2018). *Taxation of Capital Income and Wealth: Background Paper for Session 5 of the Tax Working Group March 2018*. <https://taxworkinggroup.govt.nz/sites/default/files/2018-09/twg-bg-taxation-of-capital-income-and-wealth.pdf>

Walker, J., Martin, M., Seery, E., Abdo, N., Kamande, A. & Lawson, M. (2022). *The Commitment to Reducing Inequality Index 2022*. <https://www.oxfam.org.nz/wp-content/uploads/2022/10/The-Commitment-to-Reducing-Inequality-Index-2022-NZ.pdf>

Welfare Expert Advisory Group. (2019). *Whakamana Tāngata – Restoring Dignity to Social Security in New Zealand*. <https://www.weag.govt.nz/assets/documents/WEAG-report/aed960c3ce/WEAG-Report.pdf>

World Population Review. (2021). *Highest Taxed Countries 2020*. World Population Review. <https://worldpopulationreview.com/country-rankings/highest-taxed-countries>