

## FINANCE

### Owning Our Future

#### Our vision

To build a better New Zealand we need an economy that works for all of our people and not just a privileged few.

Labour has a positive vision for a New Zealand that offers everyone a secure home, a decent job, a land to love, and a future to look forward to.

Our values put people before profit. We stand for:

- A stronger, more dynamic and innovative economy that pays its way in the world through export led growth
- An economy where the rewards of effort are fairly shared so that all our families are able to achieve their dreams and goals
- Caring, connected and safe communities where everyone gets a fair go, and everyone contributes their fair share
- A sustainable economy that works in harmony with our environment for the long term.

Labour has always believed in equality of opportunity: that every Kiwi, regardless of their family background or circumstances, deserves the chance to succeed through their own talent and hard work. The community, working together through the state, has provided those opportunities to everyone.

Labour has also always argued that “equality of opportunity” on its own is not enough. Kiwis have found over the last three decades that the very structures and forces of our economy have generated such wide inequality that for most people, getting ahead has become harder, regardless of how hard people work.

New Zealanders have a gnawing sense that our country is being hollowed out and that our future is slipping away from us. They want more from their government in difficult times than preoccupation with public relations; or a weakened state unable to respond properly to disasters when they strike. Nor are New Zealanders willing to see their precious land and assets sold off as a short-sighted response to problems that need effective, equitable and enduring solutions.

Labour’s economic vision is anchored in those enduring values. It has been re-shaped by the challenges that New Zealanders now face in the aftermath of the global financial crisis: the rising cost of living, the inability to get ahead, rising inequality and cuts to public services.

The crisis has laid bare the challenges of re-building national savings and reducing the mountain of private debt that is crushing the life out of our economy and eroding our sovereignty.

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Owning our future means reducing debt and paying our way in the world through higher value and more diversified exports, and a stronger New Zealand financial system and capital markets.

## The need for change

The economic foundations we based our economy on over the last three decades have turned out to be too narrow and too shaky. They were based on unlimited flows of credit, and too much consumer debt. New Zealanders did not and often could not save and invest for better futures.

The outcomes were plain: the NZ economy has had its middle hollowed out. As Kiwis spent more than we earned, and borrowed more from foreigners to bridge the gap, more and more of the ownership of our economy has gone offshore.

At the same time, massive tax cuts for the rich have created two New Zealands: one for those stuck on low and middle incomes facing rising costs and no way out; and another for those few reaping an increasing share of the benefits and paying little or no tax. The basic fairness Kiwis believe in has been undermined.

All around us we see growing signs of despair. Despite high commodity prices, recovery has stalled. Confidence is low and manufacturing is declining. Unemployment is too high and there is a general sense of despondency and disillusionment across New Zealand.

Progress was made in repairing the widening gap inherited from the neo-liberal 1990's by the last Labour government. Kiwis know that more equal societies do better. But this progress was gradual despite the expansion of our economy and a record of fiscal surpluses that reduced net Crown debt to zero.

The capacity of the state to lead growth and change, and to restore equity, has been massively undermined since 2008. Instead New Zealanders have been fed a diet of gimmicks, from cycle-ways to summits. The current Government's failure to address the real issues has been called by the ratings agencies and a rare rating double-downgrade has now occurred.

Labour is now called upon to rise to a new set of economic and social challenges. To get better jobs, have a greater stake in our country, and own more of our own future, we have to rebuild the economic foundations in another way. We still need to work within a credible set of fiscal targets that the Labour government sticks with, and we need to lessen our vulnerability with lower net public debt.

New Zealand needs to ensure that our access to international capital benefits us over time, and we don't lose our souls and sons and daughters to it. And we need to lift our international performance in sectors that will bring better jobs and higher wages.

Exporters are currently disabled by extreme volatility in exchange rates: in NZ more than anywhere else in the OECD, and by the high real interest rates that add costs to business. We will ensure monetary and savings policy supports exporters and helps to build the productive economy.

We need to take strong steps to own our own futures. This means building ownership in banking, finance and insurance, so all the profits don't just go offshore. Not picking Kiwi winners, but backing both today's winning firms and the pipeline of small and medium enterprises that will produce the

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leaders of tomorrow. Making sure there is a growing pool of local capital available for local business investment is essential for Kiwi firms to grow and innovate.

Government can also assist through fair procurement policies that give local producers a chance; and open and transparent processes that support the growing sense of shared responsibility for our economic future.

## **Our approach**

Labour has a credible plan to turn this country around, so New Zealanders can own their future. We will be bold to resolve tough problems that the current government has not addressed. We will have the courage to fix what is holding our country back.

We can begin to own our future with a fairer tax system that will ensure everyone pays their fair share. Through fair tax reform based on a simple capital gains tax and careful fiscal management we can cut public debt to zero, keep our precious SOE assets in the hands of all New Zealanders, and give nearly all New Zealanders an income tax reduction.

Helping all New Zealanders to afford a better future is essential when rising prices and higher GST have put the basics out of reach for too many. That is why Labour will provide immediate relief to the rising cost of living by making the first \$5000 of income tax free, taking the GST off fresh fruit and vegetables, raising the minimum wage to \$15 per hour.

But to build a better future for all our kids we also need to invest for the longer term. That means investing in jobs and training for our young people, in innovation and skills for our businesses, and in giving every Kiwi kid the best possible start in life so they can make their best possible contribution.

Owning our future also means saving for that future. We need to reduce the mountain of private debt owed to foreign lenders and to build up the deep pools of local capital needed to fuel business growth in New Zealand. Labour will build KiwiSaver in an accord-based savings scheme that gives every New Zealander a bigger and better stake in their futures. Labour will also make our superannuation system stronger and more sustainable.

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## A future we can own

Under Labour's economic plan we will reach fiscal surplus by 2014/15 and pay down net crown debt to zero by 2021/22, while keeping our precious assets and giving every New Zealander a tax cut.

Getting the fiscal fundamentals right is essential as it is the foundation upon which all other policies rest. Our fiscal and revenue strategy is fully budgeted using the best information available to us, including the revised fiscal baselines in the 2011 Pre-Election Economic and Fiscal Update (PREFU).

Under Labour, balancing the country's books does not require selling out our future or slashing the services Kiwi families need. Our priorities are different to those of the current government. Under Labour's fair tax plan everyone will get a fair go and everyone will pay their fair share. Labour will not allow extremes of wealth and poverty to create two New Zealands. We will work to restore equality of opportunity so that all New Zealanders can make the best of their lives.

Labour will not allow our economy to be hollowed out by selling out control of our land, state assets or monopoly infrastructure.

### Labour's Fiscal Strategy will:

- Return the Operating Balance Before Gains and Losses (OBEGAL) to surplus by 2014/15
- Pay off net debt faster than National from 2017/18 without selling our assets
- Reduce net debt (including NZSF assets) to zero by 2022, a year ahead of National
- Control spending through a disciplined programme which will be phased in over time.
- Secure our long-term fiscal sustainability through the combined returns of retaining the assets, revenue from a fairer tax system, and making superannuation sustainable.

Labour will seek value for money for the taxpayer's investments and will ensure the efficient and effective use of public funds.

Labour's full fiscal strategy can be found at <http://www.ownourfuture.co.nz/fiscal-strategy>.

Labour will retain New Zealand's state-owned enterprise (SOE) assets for the good of future generations, and will not sell them in a fire sale.

Labour will implement a fair tax plan with the following components:

- *A \$5,000 tax free zone:* this means the first \$5,000 you make in personal income a year – whether you are a worker, a beneficiary, or retired on New Zealand superannuation – will be tax free.

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- *Taking GST off all fresh fruit and vegetables:* that gives the average household an extra \$160 a year to put back into groceries – and makes the healthiest choices more affordable.
- *A Research & Development (R&D) tax credit:* at the rate of 12.5%, to lift New Zealand's lagging R&D expenditure by encouraging businesses to research and innovate. Funding will be provided through the savings through charging the agricultural sector 10% of their agricultural emissions.
- *A 15% Capital Gains Tax:* to bring New Zealand in line with the rest of the OECD. The capital gains tax will never apply to the family home. It will apply only to the gains made on the sale of shares, investment properties, companies etc., and only to gains made after the law is passed.
- *Putting the top tax rate for high-earners (over \$150,000, indexed) back to 39%:* This change is estimated to affect less than 2% of income earners.
- *A crackdown on tax avoidance:* including the abuse of trusts and company structures, including ending the ring-fencing investment property losses.

For further information, see <http://www.ownourfuture.co.nz/capital-gains-tax>.

Labour will ensure that New Zealand owns its own future through a careful and balanced approach to foreign direct investment

- Labour will reverse the current approach to overseas sales of land. Instead of the overwhelming majority of farm sales being approved, the overwhelming majority will be declined unless the overseas purchaser of farm or forestry land will also invest in significant further processing of related primary products and related jobs.
- Labour will prevent overseas purchases of more than 25% of monopoly infrastructure, where that interest is worth \$10 million or more.

For further information, see <http://www.ownourfuture.co.nz/overseas-investment>.

## A more affordable future

Labour recognises that hard working New Zealand families have faced a nightmare of rising prices and static incomes. GST has gone up on everything we buy. Too many families now can't even afford the basics of healthy food for their kids. Utility costs like power, phones and water have gone through the roof. Wages have not kept up and workplace practices like firing at will have made life even tougher for many.

Labour has the interest of working Kiwis at heart and will immediately take action to make life more affordable.

Labour will take GST off all fresh fruit and vegetables. That gives the average household an extra \$160 a year to put back into groceries – and makes the healthiest choices more affordable.

Labour will create a \$5,000 tax free zone. This means the first \$5,000 you make in personal income a year – whether you are a worker, a beneficiary, or retired on New Zealand superannuation – will be tax free.

Labour will increase the minimum wage from \$13 to \$15 an hour, raising earnings for the quarter of a million workers who currently earn less than \$15. For someone currently on \$13 an hour, this means an extra \$66 a week in the pocket.

We will continue to focus on improving the working lives of the most vulnerable members of the labour force and to strengthen protections available to workers.

Our comprehensive Work and Wages policy sets out the ways we will commit to building a modern, fair and flexible employment relations system based on a skilled workforce, secure employment, decent wages and increased productivity as part of increased prosperity for all New Zealanders. Along with raising the minimum wage to ensure a decent living wage, Labour will also ensure that working people have adequate support.

Labour will amend the Employment Relations Act 2000 to implement the Industry Standard Agreements framework, as set out in our Work and Wages policy.

Labour will repeal the National Government's unfair laws where workers can be fired without cause in their first 90 days of employment, and the restrictions on the access for workers to their unions in the workplace.

Labour will amend the Holidays Act to 2008 settings to protect the rights of workers to time off for rest and recreation, and ensure that all NZ workers have access to 11 days off on pay for recognised public holidays, including Anzac and Waitangi Day.

For further information, see <http://www.ownourfuture.co.nz/work-and-wages>.

## Investing in our future

New Zealand cannot prosper while inadequate exports and savings drive us deeper into debt, making us more vulnerable and dependent on unstable foreign capital markets. Labour will implement an integrated package of economic development policies that will help New Zealand firms innovate, grow, export and win in global markets.

Labour understands the difficulty faced by exporters and the tradable sector arising from New Zealand's highly volatile exchange rate. Labour's Monetary Policy ends the previous consensus on the 'single goal, single tool' approach to inflation targeting via the official cash rate (OCR). Labour considers its approach to modern monetary policy to be in keeping with the direction of the Basel III reforms and is consistent with prudent management of price and financial stability alongside important objectives of growth, employment and external balance.

### *Introducing a Capital Gains Tax*

The Reserve Bank favours the introduction of a capital gains tax as an aid to monetary policy because it reduces the bank's reliance on higher interest rates to control asset bubbles and the related consumption driven inflationary pressures. A capital gains tax will moderate interest rates and this in turn will reduce demand for the New Zealand dollar. Both of these are advantageous for our exporters and will lead to more exports and a wealthier New Zealand.

### *Strong Savings Policy*

Introducing a compulsory Universal KiwiSaver scheme will increase New Zealand's savings rate at approximately four times the rate of National's plan. This will create a deep pool of capital available for productive investment. Labour's plan, which is set out in more detail below, will reduce New Zealand's international debt (net international investment position) by approximately 17% over 20 years.

### *Broadening the Reserve Bank Objectives*

We believe the objectives of the Reserve Bank should be broadened. Currently its sole focus is on the maintenance of price stability – or inflation. We agree with the approach taken by Australia that recognises that along with inflation control, employment, economic prosperity, and the health of the export sector are at least as important.

### *Exporters Representation on the Reserve Bank Board*

We will ensure the interests of exporters are represented on the Reserve Bank Board. How the Reserve Bank implements its policies is determined by the Board and the Governor of the Reserve Bank. Labour believes better outcomes will be achieved if a number of board members with exporting backgrounds are on the board.

### *Monetary Policy Needs Friends: Complementary tools*

Labour welcomes the changes, flowing from Basel II and III, that have seen the Reserve Bank make greater use of prudential supervision tools to support monetary policy. However, the positive effect of Basel II on monetary policy is almost accidental. The role of prudential ratios is important and needs clearer legislative authority. Labour will clarify the Reserve Bank Act to ensure the Bank is

able to use such tools primarily for the purpose of supporting Monetary Policy. Allowing the Reserve Bank to use prudential tools such as capital ratios will control liquidity growth and therefore inflation.

Labour will also change the Policy Targets Agreement to include a requirement to explicitly consider the effects of monetary policy on exports. In practice we believe that, faced with rapid credit expansion, this change would allow the bank to use prudential ratios rather than rely solely on interest rates.

### *More Selective Reserve Bank Currency Interventions*

We think the currency interventions by the Reserve Bank which started in 2004 can and should be pushed harder. While this does carry some extra risk for the Crown, we believe this will be modest. By increasing the risk for speculators that the Bank will catch them out, volatility will be reduced. Labour is not advocating a fixed or managed Kiwi dollar, but rather selective interventions by the Reserve Bank when our currency is “spiking” at the extremes of its range.

Labour is committed to controlling inflation. The importance of controlling inflation is a lesson of history well understood. We are committed to retaining the Reserve Bank's current 1-3% inflation target. We will also maintain the Bank's operational independence and ensure it continues to manage financial stability and price stability.

**Labour will improve capital conditions for exporters and work to reduce the disruption caused by extreme exchange fluctuations, including by:**

- Introducing a 15 per cent capital gains tax, which will help free up local capital from unproductive property investment to fund real business growth
- Introducing universal KiwiSaver, growing the rate of savings by four times National's plan, leading to lower interest and exchange rates and higher GDP growth.
- Broadening the objectives of the Reserve Bank Act
- Ensuring the interests of exporters are represented on the Reserve Bank Board
- Taking pressure off the official cash rate through complementary monetary and prudential policy tools, and
- Encouraging more selective Reserve Bank interventions to impose costs on currency speculation.

For further information, see <http://www.ownourfuture.co.nz/monetary-policy>.

Adding value to our exports means applying more smart Kiwi thinking and having policies that will grow our real economy, not someone else's. Labour's approach to economic development will help Kiwi companies grow and will maximise the potential of high-growth sectors and regions. Labour will boost growth in high potential sectors and strengthen regional partnerships to remove roadblocks and promote jobs

**Labour will make greater use of industry targeting and clustering sectors in economic development policy.**

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Labour will work with industries, including local industries, and councils to identify regional infrastructure blockages which if overcome will provide economic growth in exported related fields.

Labour will promote sustainable growth in key sectors as set out on our relevant sector-based economic policies, such as in Agriculture, Forestry and Fisheries.

The high-tech sector – which is largely green or low carbon manufacturing – is currently worth \$6.5 billion to New Zealand’s economy and growing at close to 5% a year. With further stimulus and the right environment for growth that could increase further. Price Waterhouse Coopers estimates, for example, that clean-tech industries represent a \$9 - 22 billion opportunity for New Zealand.

Labour believes that enhancing New Zealand’s natural environment in order to improve our competitive positioning in the global shift to green growth represents a huge opportunity for all Kiwis to prosper.

Labour will promote the clean and green technology sector as a source of environmental-economic advantage for New Zealand.

Labour will establish the environment in which science, innovation and great design will flourish. It means acting quickly and collaboratively as a country, across our businesses and public institutions, to seize opportunities and eliminate obstacles to innovation and growth. A healthy science sector relies on a solid foundation of primary research. Labour recognises that fundamental science and public good science is essential to New Zealand’s well-being and an underlying driver of innovation.

Labour will, as resources become available, prioritise an increase in our public science spend to link New Zealand to the OECD average.

Labour will create an Innovation Council that will advise on policy at the highest level of government and business. It will be chaired by the Prime Minister and bring together the Ministers for Science, Finance, Economic Development as well as key industry players and research institutions. It will ensure that opportunities and priorities are recognised and resources allocated to act on them.

Labour will establish a scheme for better funding ‘brilliant’ scientists. Funding would be portable to allow scientists to take it to the most appropriate institution, purchase equipment, recruit staff and attract other world leaders in the field to New Zealand to create nodes of international expertise.

Labour will strengthen business growth through better access to investment finance and more supportive enterprise financing policies

Labour will continue to support NZVIF with a view to providing additional underwriting as the pool of ventures expands.

Labour will explore the following ideas for leveraging future capital as part of its economic development strategy, including:

- Requiring support from an international venture capital as part of eligibility for NZVIF

- Entitling domestic venture or angel investors to a deduction of 20% of their investment against other income at the time of investment, and an additional 50% deduction be allowed if capital is lost.
- Whether a concessional tax rate should be introduced for overseas royalty income of companies based in New Zealand.

Labour will investigate the potential costs of these options and any difficulties that might result as part of the requirement for an overseas investor to access VIF funding, and report back by the end of 2012.

Labour recognises the need to invest in the future of small and medium businesses, which are part of the pipeline for future business growth and are major employers in our economy. Access to capital and to R&D facilities, governance arrangements and market intelligence have been identified as some of the biggest barriers to business growth.

Providing start-up companies with access to an appropriate range of mentoring/training will include incubator support programmes, market development assistance, and access to angel investor networks, venture capital funding and the stair-casing opportunity provided by the NZX. More detail can be found in Labour's Economic Development and Commerce and Small Business policies.

Labour will establish a "Pipeline for Business Growth Taskforce", modelled on the Capital Markets Development Taskforce, with a requirement to report in 6 months with recommendations for the pipeline framework, which will connect the training, the R&D, the capital and the market development opportunities so that we can facilitate the advancement of high growth potential businesses.

Labour will introduce a set of principles to underpin all legislation that relates to the capital markets and financial advice, recognising in particular the obligations of fiduciaries.

Labour will reduce compliance costs for equity offerings, which openly describe the risk of loss of investment, by simplifying prospectus and audit requirements.

Labour will maintain investment in infrastructure, including transport and broadband, so we can move products and ideas seamlessly and efficiently.

Labour will support the Auckland Council and back the clear preference for Auckland, which is the Rail Link proposal. We will provide funding, through the Land Transport Fund, for up to \$1.2 billion, which equates to half of the cost of the Rail Link, on the understanding that the Auckland Council is responsible for financing the other half.

Labour will continue to support funding for public transport and energy-efficient freight transport modes such as rail.

Labour will invest in maintaining and modernising KiwiRail to ensure it remains a viable and sustainable transport solution.

Labour will consider how much of the \$2.9 billion annual National Land Transport Fund might be available for reallocation, and what projects make sense. We will not waste money on unnecessary highways that lock us into a high-carbon future.

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For further information, see <http://www.ownourfuture.co.nz/transport>.

Labour is committed to an ultrafast broadband scheme across New Zealand and to closing the digital divide.

Labour will as an underlying principle do as much as it can, within the limit of the \$1.35bn of funds available for investment by Crown Fibre Holdings, to bring forward the time at which consumers, schools and businesses can experience unconstrained Ultra-Fast Broadband, in order to get the economic benefits of the fibre we have helped pay for.

Labour will, within the limit of the \$1.35bn of funds available for investment by Crown Fibre Holdings, extend the Ultra-Fast Broadband to other areas of New Zealand where it can be deployed at similar costs to the existing planned rollout, and remove any legislative impediments to doing so.

For further information, see <http://www.ownourfuture.co.nz/communications-and-ict>.

Labour recognises that one of the keys to future economic growth is the productivity of our workforce. Labour therefore recognises the economic importance of giving all New Zealand children the best possible start in life through appropriate early years health care and education policies that help each young New Zealander to reach their full potential.

Labour's policy for children is at the heart of our social policy which sets out a 6 year Agenda for Change. Labour believes the long-term investment in our children is key to achieving real social development.

Our full Children's policy can be found at <http://www.ownourfuture.co.nz/its-about-our-kids>.

Labour will invest \$75 million over four years in 'e-learning' for low-decile schools, with priority going to schools with year 7 -13 students and the capability to deliver an effective programme . This includes Government funding for students to have individual use of a mobile device.

Investing in our future also means investing in our people: improved skills training so all young Kiwis are earning or learning, and that education is available for lifelong learning, to assist New Zealanders to retrain and redeploy between jobs during their working lives.

Labour will create a New Zealand Employment and Skills Strategy in tandem with employer groups and unions to ensure that we have a plan to meet the changing demands on skills and employment in the 21st century.

Labour will match the ambitious target set by the state of Queensland, and aim to have three out of four adult New Zealanders (i.e. aged between 25 and 64) holding trade, training or tertiary qualifications at Level 3 or above, by 2020.

Labour will encourage the training of managers and supervisors by removing limits on Industry Training above level 4.

For more information, see <http://www.ownourfuture.co.nz/jobs>.

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Labour is committed to ensuring that every at-risk 15-19 year old will be either learning or earning by the end of our first term, through our comprehensive youth employment package.

Labour will get young New Zealanders off the unemployment benefit and into apprenticeships with an \$8,727 (the equivalent of the dole payment) subsidy to employers willing to offer a permanent full-time job.

There will also be 5,000 new training places for 16 and 17 year olds and 1,000 extra group and shared apprenticeships. See our Youth Employment Package for further details: <http://www.ownourfuture.co.nz/youth-skills>.

Labour will use major government contracts to back New Zealand firms instead of exporting jobs offshore like we are seeing under National. Cost and quality will continue to be paramount considerations under Labour. But the new procurement policy will in future require companies like KiwiRail to consider wider economic benefits rather than just taking a narrow accounting approach.

Labour is committed to implementing a modern, sustainable, WTO-compliant, procurement regime.

Labour will review the existing components of government procurement to ensure they are fit for purpose, accessible and practicable. We will ensure they operate equitably with respect to access for Kiwi firms, in line with Australian Federal and State contracts.

Labour will require government departments and agencies to undertake a wider (economic) analysis of the impact of its preferred provider on the domestic economy, rather than a narrower (financial) analysis when making procurement decisions.

Labour will require companies providing goods and services to the government to have an apprenticeship/internship programme in place for New Zealand workers.

For more information, see <http://www.ownourfuture.co.nz/procurementpolicy>.

## Saving For Our Future

New Zealand cannot continue borrowing more and more from foreigners and getting deeper and deeper into debt. The world around us is fragile and international credit markets are volatile. If we go too far into debt we will lose control of our future. The government's Budget shows it has no plan to turn this debt spiral around.

Nearly nine tenths of New Zealand's net international investment deficit is private debt. Most of this is from household mortgages and farm debt. For too long Kiwis believed real estate was the way to get rich. Over \$200 billion in capital is locked up in property that pays no net tax and may do little to grow exports or jobs. Over-reliance in property investment can also make it harder for the next generation to afford their own homes, businesses and farms. Labour will reduce or remove the inappropriate tax bias in favour of speculative investment in real estate.

Labour's capital gains tax will help shift the incentives from property speculation to investing in real growth, jobs and exports.

Labour will ring fence losses on residential rental property investment

New Zealand needs to save more. Our household savings rate is very low by OECD standards. In fact, only since the global recession of 2008-9 has a long term trend of negative household saving been slowed down as Kiwis reduce their mortgage exposure.

For 1.7 million New Zealanders, KiwiSaver has provided a lifetime opportunity to build real financial assets to provide comfort in retirement, a deposit on a first home, or a buffer against extreme hardship. Unfortunately changes to KiwiSaver in the 2010 and 2011 Budgets have reduced the incentives for New Zealanders to invest in the scheme and have undermined public confidence in it.

Labour believes KiwiSaver should be expanded to provide the basis for a significantly higher private saving rate and additional security in retirement.

Labour's plan will make KiwiSaver compulsory for every employee aged 18 to 65 from 2014.

Labour will gradually increase employer contributions at a rate of 0.5 per cent a year, from 3 per cent to 7 per cent, over 9 years.

Labour will retain the current minimum employee contribution of 2 per cent. The \$1,000 kick-start will be spread over 5 years. Labour will not make any more changes to the member tax credit.

While there will be no general ability to opt-out under this scheme, Labour will retain the withdrawal and hardship provisions as set out below:

- Labour will retain the current 65 years eligibility age to access KiwiSaver savings.
- New Zealanders will continue to be able to access their KiwiSaver funds on the grounds of hardship. Hardship grounds will also be applied to allow the suspension of contributions.
- First home buyers will still be able to access their KiwiSaver savings to put towards their first home.
- Labour will review the provisions around migration as part of the tripartite consultation.
- Labour will examine the details and implications for relationship property and bankruptcy as part of the tripartite consultation process.

New Zealand superannuation also makes a significant contribution to New Zealand's savings and investment profile and is widely recognised as a world-leading scheme. Despite volatility in international investment markets, the overall returns of the NZ Superannuation Fund have exceeded the Crown's cost of capital. NZSF also provides a mechanism to balance the Crown's financial assets against future superannuation liabilities arising from our ageing population.

Unfortunately the current government has undermined the financial strength of the scheme and public confidence in it by deferring for at least a decade the government's contributions into the Fund. As pointed out by the Retirement Commissioner, current levels of entitlement place a markedly increasing burden on New Zealand's public finances in the absence of a resumption of prefunding or other measures.

Labour will restart contributions starting with \$750 million in 2012/13 rising by \$750 million a year until we reach the legislated contribution rate in 2015/16.

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Labour will gradually lift the age of NZ Super eligibility from 65 to 67 starting in 1 April 2020 and taking 12 years to phase in. There will be no change for the next 9 years. The age will be lifted 2 months each year starting in 2020. This means:

- No change for anyone born before 1955. This includes everyone currently receiving NZ Super or those close to retirement.
- Those 45 years or younger will have at least 22 years to plan for this change in the eligibility age.
- For those aged 46 to 56, the eligibility age will increase at 2 months a year starting in 2020. Those currently aged 51 will become eligible for NZ Super at 66, giving them 15 years to plan for the extra year.

Labour is committed to ensuring the transition to a NZ Super eligibility age of 67 is done fairly. Labour will ensure there is transitional assistance for those who can't keep working.

There will be no change to the rate of NZ Super. Labour is committed to retaining the current rate for a couple of 66 per cent of the average wage.

For more information, see <http://www.ownourfuture.co.nz/savings>.

New Zealanders cannot own our own future or fix our bleeding external accounts if we do not own a substantial share of our own financial system. Currently over 90% of our banking, finance and insurance industries are foreign owned and we bleed those profits offshore. It is essential that New Zealanders own a bigger slice of our financial system and capital markets.

Labour cannot let this slide to nowhere continue. We must take the bold decisions that will turn our country around and help all Kiwis to save for a better future. In doing so, we will all be better off as the capital raised makes it easier for kiwi businesses to thrive and to provide jobs and exports.

Labour will build Kiwibank into a strong local financial institution that will be a strong local competitor in the New Zealand banking and finance markets.

Labour will review the Crown's commercial banking contracts to ensure compatibility with our government procurement policy and to ensure a broad perspective is taken on meeting the Crown's banking needs

Labour will retain a full service Reserve Bank with prudential supervision and regulatory oversight over the New Zealand financial markets, and will review the Reserve Bank Act as set out in Labour's Monetary Policy statement

Labour will work to strengthen the New Zealand capital markets to provide liquidity and capacity for strong local business growth, as set out in our Commerce and Small Business policy.

Labour will reverse the current approach to overseas sales of land. Instead of the overwhelming majority of farm sales being approved, the overwhelming majority will be declined unless the overseas purchaser of farm or forestry land will also invest in significant further processing of related primary products and related jobs.

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Labour will prevent overseas purchases of more than 25% of monopoly infrastructure, where that interest is worth \$10 million or more.

Caring for our kids and their long term future also means caring for our environment, and ensuring that our economy is a sustainable one. Labour will not run down our clean green brand by mining iconic national parks or converting lignite into pollution. Saving for our future means a long term plan for renewable energy independence and a smart, low-carbon future.

Labour will ensure that growth is sustainable and will preserve New Zealand's clean green reputation.

Labour will ensure the effective implementation of the Emissions Trading Scheme, and strengthen it by bringing agriculture in on 1 January 2013, with a free allocation of units to farmers calculated on 90% of 2005 emissions.

Labour will not allow mining on Schedule 4 conservation land, and will direct Solid Energy not to proceed with its liquid fuels lignite mining proposal.

Labour will not allow deep-sea drilling until high environmental standards and stringent safeguards are first in place, and will urgently review NZ's preparedness for marine oil spills, so that liability for all clean-up and losses lies with polluters rather than taxpayers.

Labour will ensure that 90% of our electricity comes from renewables by 2025, promote energy efficiency, grow wealth by exporting our expertise in renewables and cleantech, and restore the credibility of our clean international branding in tourism and primary production

For more information, see <http://www.ownourfuture.co.nz/environment-initiatives>.

## Summary

We live in challenging times. Labour will rise to meet those challenges. We will build a better future for our kids: a future that we can own and can afford; a future that we can invest in and save for.

The choice facing New Zealanders in Election 2011 is stark: between Labour's approach that means we can all own more of our own future, and our opponents who wish to sell down New Zealand's most productive public assets, and who are failing to address the core underlying economic issues that are holding New Zealand back.

New Zealand's credit rating has been downgraded twice this year already, with a sobering warning that more downgrades can be expected unless changes are made. Labour has the courage and the plan to do what is right for New Zealand, to build a strong and growing economy and to ensure that the benefits are fairly shared.