



Budget 2016

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Pre-Budget Speech 2016

Andrew Little, Leader of the Opposition

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CHECK AGAINST DELIVERY

Thanks so much for coming along today, and for giving up some of your weekend.

Today, I want to talk about the type of Budget that New Zealand needs to see this coming Thursday.

As every Kiwi family knows, setting Budgets is about making choices.

It's about choosing where the priorities lie.

For most Kiwis, our priorities are pretty simple.

People want a good job, a home they can call their own, a good school to send their kids to, and healthcare if they get sick.

They want to know if they put the effort in, they will have a decent chance to get ahead.

These are the goals most New Zealanders have for themselves and for their families. That's the Kiwi Dream.

But right now, too many people feel like those goals are further and further out of reach.

It's becoming harder for many people to get ahead.

Harder to find a good job or get a pay rise.

Harder to find a home, put some savings aside, or get the health care you need.

Parents are paying more for their childrens' education, but our schools aren't performing as well.

And for those who are already doing it tough, life is only getting worse.

What this means is that some of the things about our country that we are proudest of are slipping away.

Look at the headlines from the last couple of weeks:

- Children sleeping in cars or forced to lives in houses that make them sick.
- Plummeting home ownership.
- Rising unemployment
- Stalled wages for many people.

And while this is happening, look at who is doing well. The property speculators. The land bankers. The tax dodgers.

This isn't who we are. It's not the kind of country we want to be.

Today, I want to talk about why and how we got here.

And I want to talk about a different, better way of doing things.

I want to talk about the kind of Budget my government will deliver in our first year in office.

A positive plan that's about rewarding effort and supporting ambition.

A plan to ensure that middle New Zealand is better off, not just the few at the top.

Let me start with why we need a different approach.

Our country is facing some big challenges right now.

In the economy, in housing, in health and education.

In all of these areas, things are going in the wrong direction, and the government just isn't doing enough to set them right.

Let's start with the economy.

It's been pretty clear in the last few weeks where this government's economic priorities lie.

Faced with multinational corporates who earn big revenue in New Zealand but pay little or no tax, our government says there's nothing they can do.

Seeing an opportunity to attract the wealth of the world's mega rich, the government did nothing to stop the explosion in foreign trusts that let the mega-wealthy dodge their tax obligations.

And while the few at the very top got to enjoy special rules that meant they didn't have to pay their fair share – everyone else is paying the cost.

We've seen increases in unemployment. There are now 144,000 people out of work in New Zealand, 40,000 more than when National took office.

And it's not just that more people are out of work – it's that many more are out of work for longer.

Under this government the number of people unemployed for more than a year has tripled – up over 11,000 since they took office.

The situation is especially tough for our young people.

Under this government the number of young people who aren't in work, education or training has risen by more than 26,000.

The truth is those are the young people this government has given up on – the ones they label as 'pretty damn hopeless.'

For those in work, getting a pay rise has become harder. 43% of New Zealanders saw no increase in their incomes at all in the last 12 months.

With special rules for those at the top and a sluggish economy for everyone else, it's no surprise that we are seeing a growing inequality in how the gains from economic growth are shared.

Under the last Labour government, the share of economic growth going to wage and salary earners was over 50%.

Today, it's 37%.

The slice of the economy going to workers has fallen each year under National.

This year, that lost income works out to be fifty bucks a week for the average family.

That's the real cost to Kiwi families of an economy that's tilted in favour of those at the top.

This growing inequality means that even if economic performance does improve, the gains are more likely to go to the very wealthy, rather than middle New Zealand.

That's only going to make it harder for people to get ahead.

And as incomes have failed to keep pace, private borrowing has shot up.

In fact, New Zealand's level of private debt is higher now than it was on the eve of the global financial crisis.

An increase in interest rates or economic pressures from other parts of the world could cause real problems here.

When the Reserve Bank says it's worried about the country's financial stability, that's what they are talking about.

As well as stagnant wages, the big driver of household debt is our runaway housing market.

Here's the thing, we have a housing crisis in this country. And it isn't just confined to Auckland anymore.

The Government doesn't like to admit it but it's true.

When kids are sleeping in cars. That's a crisis.

When families are crowded into garages. That's a crisis.

When an entire generation is locked out of ever owning their own home, that is a crisis.

Instead of owning up to that and fixing it, the government is siding with property speculators and land bankers, while everyone else misses out.

Every initiative our bumbling housing minister Nick Smith has tried on housing has failed.

Rather than go after the causes of the problems, he's flailed around with gimmicks.

- Remember special housing areas? Fewer than 1000 homes actually built.
- Remember his gimmick from the last Budget? Releasing crown land? It turned out to include substations, cemeteries and even Government House.

While the government's been tinkering, the problems gotten so much worse.

In March, the average house price in Auckland rose by over \$2,200 a day.

Let me say that figure again. Over twenty two hundred dollars a day.

How on earth are you meant to save enough to keep up with that?

We can't keep going like this.

If we do, we're going to be left with a country where home ownership becomes the privilege of just a very lucky few, rather than a birth right for most Kiwis.

But if we don't have a government that makes restoring widespread homeownership a priority, that's what's going to happen.

We can also see the problems the government's misplaced priorities are causing when it comes to health.

Because while our Prime Minister speculates about fuelling his next election campaign with three billion dollars of unfunded tax cuts, the public services that middle New Zealand relies on are stretched to breaking point.

According to Infometrics, we've had \$1.7 billion dollars cut in real terms from our health budget over 6 years.

That's meant that 160,000 people in the last 5 years have been unable to get the appointment they need with a specialist.

And there are real people behind those numbers.

People like Ken Smith, a pensioner from the Hawkes Bay, whose knee was bone on bone, who was in agony, who was told he desperately needed surgery, and who saw a specialist only to be told "if I could do your knee tomorrow, I would, but there's just no money."

So Ken had to spend \$20,000 of his own retirement savings. \$20,000 gone.

That's wrong. People like Ken are who our health system should be there for.

Instead of talking about giveaways to the very rich, our government should be providing a public health system that can look after every Kiwi.

We're seeing the same issues in education.

At the same time as National has poured millions of dollars of taxpayers' money into privately run charter schools, our public education system is struggling.

In the last year alone, National has cut funding for pupils by \$150 each.

And so schools load more costs on to parents in order to fill the gaps.

Ask any parent and they'll tell you the cost of uniforms, class activities, camps and of course 'voluntary donations' just keep on rising.

And what parent doesn't want to do the best they can for their children.

No parent wants their child to miss out.

But here's the thing: while costs are rising, standards are falling.

In 2006, we were ranked 5th in the world for reading.

Now we're 13th.

We were 7th in science.

Today? 18th.

And in maths? We've fallen from 11th to 23rd.

We've got to do better.

Education is fundamental to our ability to provide opportunity for the next generation.

We know that education changes lives. It inspires and empowers people.

It is the single best way to lift people out of poverty and deprivation.

Because while our economy may be delivering bigger gains than ever for the very wealthy, more and more Kiwis have found themselves struggling.

As a country, we pride ourselves on being compassionate and big hearted.

On looking after our mates and our neighbours.

On not leaving people out or leaving them behind.

But in the last few years, that's been slipping away.

305,000 children growing up in poverty.

Sleeping in cars, going to school hungry.

42,000 children a year hospitalised because they are forced to live in poor quality homes.

That's where we are today in New Zealand.

That's the background to John Key and Bill English's 8th Budget.

That's the direction their first seven Budgets set us in.

More roadblocks that stop people getting ahead, fewer opportunities for our young people, a struggling health system, an education system in decline.

More barriers between you and the ambitions you've been working towards.

After 8 years in office, one thing is blindingly obvious this government has lost touch.

Their priorities are all wrong. They're increasingly interested in looking after the few at the very top, and forgetting about everyone else.

We can see that in an economy where more of the gains of growth go to the mega-rich.

We can see that in a housing market that rewards speculators while locking out first home buyers.

In a health system where people miss out on the care they need because of a lack of funding, while our Prime Minister calls for more money to be given away to the already wealthy.

And we can see it in a public education system where achievement is falling while more money than ever is pumped into privately run charter schools.

That's the plan our current government is delivering.

Focusing on the few at the top while it gets harder for everyone else.

But it doesn't have to be like this.

We can do so much better.

This isn't how a responsible government should be running a country after eight years in power.

Eight years in to the last Labour government, they had implemented significant and enduring changes such as Working for Families and KiwiSaver.

One of those policies responded to the failure of the labour market to lift incomes and avert poverty, especially for low income earners. The other lifted our national savings and deepened our pool of local capital.

These were big measures. They boosted incomes. They added to the country's wealth.

They were nation building.

They were good for the economy. Unemployment fell. The government paid off debt. New Zealand prospered.

We expanded opportunity to more New Zealanders than ever. We lifted people out of poverty.

That's the kind of approach we need again.

An approach that gives people opportunities, that helps them fulfil their ambitions.

That backs them to get ahead and make the most of themselves.

If it was Grant Robertson and me delivering the Budget next week, that's where we would start and things would look very, very different.

We'd start with building an economy that works for everyone, not just the few at the top.

Labour would kick-start our economy, and deliver a sustained lift in living standards.

We know our economy does best when everyone has a stake in it and everyone gets a fair shot to make the most of themselves.

Our economic focus needs to be on the things that will deliver more good jobs, higher wages and stronger growth for everyone.

We'd invest heavily in new infrastructure to kick-start the economy, especially in our struggling regions.

We'll work with businesses and with unions on lifting productivity and sharing the gains fairly.

We'll diversify our economy with research and development tax credits and back our small businesses with simpler tax rules.

We'll make a greater investment in skills training to make it easier for our businesses to find skilled staff.

And we'll encourage more young people to start their own business, to be their own boss, with our young entrepreneurs policy.

We'll provide mentoring and start-up grants to young Kiwis who might have the next great business idea but who just need a chance to get started.

In Labour, we know that the economy is there to serve people, and that it does best when all our people can succeed.

That will be the economic philosophy of the next Labour-led government.

And to help everyone succeed, the government I lead will address the real causes of the housing crisis.

We'll roll out a comprehensive plan to restore the dream of home ownership.

We'll crack down on the offshore speculators who are driving up house prices and locking families out of the market.

That's why Labour will say to overseas buyers, if you want to purchase a house in New Zealand, you have to add to the stock, just like they do in Australia. It's a commonsense solution that our current government has opposed for far too long.

The other thing that's commonsense is that we simply don't have enough houses.

That's why Labour will launch a mass home building programme to deliver new, affordable homes in Auckland and around the country.

It's why we'll replace the urban limit in Auckland that has choked the supply of housing for too long, with a smarter way of managing Auckland's growth.

We will also turn around the decline in health and education.

Under a government that I lead, our health and education systems will be amongst the best in the world.

Under Labour, Kiwis will know that if they get sick, the public healthcare system will be there for them.

That's why we are committed to meeting the cost pressures that are depriving people of the care they need.

We know we can't do it overnight but we will progressively restore the money National has cut from health, and give our doctors and nurses and healthcare professionals the tools to do their jobs.

That's what's going to keep Kiwis healthy.

Budgets are about priorities, and under Labour, health will be a priority again. We shouldn't be spending money on \$3 billion of unaffordable tax cuts when we could be fixing our health system instead.

We can use that money so much smarter. For example, Labour will introduce an early access scheme for the latest life-saving medicines purchased through Pharmac.

That will mean people with hard to treat diseases will be able to get new medicines early. It means when the latest medical breakthrough happens, when we have the power to save lives, Kiwis won't have to wait.

On health our approach is simple:

Labour stands for a stronger public health system where everyone can get the care they need.

And the next Labour Government will recommit our country to the principle of high quality, free public education.

We'll end the government's practice of pulling money out of public schools to pay for profit focused charter schools, and we'll put that money to work building great schools for everyone.

We'll fund schools properly so parents don't constantly have their hands in their pockets or feel ashamed they can't afford to contribute.

We'll restore 100% qualification requirements in ECE so kids get better teachers earlier.

And under Labour, the education system will support you throughout your working life. We'll never give up on expanding opportunity and giving people the tools they need.

That's why we are committed to three years' free post-school education so that Kiwis can train and retrain across their working lives, without having to take on huge debt. That's how we support our people and its how we tackle the challenge of the future of work.

If there is one thing I am clear on it is this: the next Labour government will not tolerate poverty in New Zealand in the 21st century.

Under Labour, our focus will be on lifting people up and giving people opportunity, instead of giving more money than ever to the people already doing well.

Our priority will be getting the building blocks of strong communities right. Good housing, good healthcare, good education and support when people need it.

We'll introduce a dole for apprenticeships scheme to give young people the opportunity to get into paid work.

We'll raise the number of hours people can work without having their benefit cut.

We will feed hungry kids in schools and when I'm Prime Minister, every Kiwi kid will grow up in a house that is warm and safe and dry. That's what my Member's Bill which is going through parliament is about and I hope all parties will support it.

We don't have to settle for poor quality housing and we're going to fix it.

Eight years into John Key's government, there are too many areas this government is neglecting. Too many areas where people are struggling.

It isn't economic success when thousands of people don't have a roof over their head they can call their own, or a roof over their head at all.

It isn't economic success when tens of thousands are missing out on healthcare they would have received just a few years ago.

It's not economic success when we put more of the cost of education on families even as we tumble down the international rankings.

Right now, the government isn't focused on these things and people are missing out.

That needs to change. If a Labour government was delivering the Budget this week it would.

So, this week, when you see the Budget, look past the gimmicks. Look past the spin.

Ask yourself, is this a Budget for middle New Zealand?

- Will this help most Kiwis get ahead?
- Will it grow our economy and give New Zealanders their fair share?
- Will it fix the housing crisis and restore the dream of home ownership?
- Will it restore our health system?
- Will it help send our kids to better schools?

If it doesn't do all of those things, then we need a new plan.

If it's just another Budget that favours the few at the very top over everyone else, then we need a new approach.

We need a government that will build a fairer country, for everyone.

Because if we work together, that's what we can deliver.

We can make sure everyone can get ahead and that everyone can fulfil their ambitions.

We can grow our economy and share the gains fairly.

We can restore the dream of home ownership.

We can have world-class public services again. Better schools. Better hospitals. Doctors and nurses with the resources they need.

That's what a Labour government will deliver, with your support.

Together, we can restore the Kiwi Dream.

Thank you.