Poverty Action Plan

EMBARGOED UNTIL 1.30PM, SUNDAY 28 JUNE 2020

Awhi mai, awhi atu

Everyone deserves a decent life. As we recover from COVID-19, a fairer social support system will empower people and communities to thrive.

For the past thirty years, Aotearoa’s social support system has trapped people in poverty, by keeping benefit rates too low and creating complex barriers to getting support. This means people who are out of work, students, single parents, and those with health conditions and disabilities are often under financial stress with few options to improve their lives – especially as housing costs continue to increase. But it can be different.

The Green Party will establish a Guaranteed Minimum Income that ensures everyone has enough to live on, so they can look after their families and contribute to their communities. This will be funded by a more progressive approach to tax – including a new tax on net assets worth over $1 million, income taxes on very high salaries, and closing tax loopholes.

Aotearoa’s social support system will provide enough support whenever it’s needed, funded by those who can already afford to contribute more and pay it forward.

Our plan will protect people’s standard of living when out of work, meet the extra costs of supporting children and acknowledge the value of caregiving, and ensure people with health conditions and disabilities can be fully involved in their communities. Everyone will benefit from the peace of mind of knowing that if they need it, support will be available.

Supporting everyone to thrive

A Guaranteed Minimum Income

The Green Party will reset income support payments to ensure everyone not in fulltime paid work, including students, has income of at least $325 a week. Sole parents will also receive a top-up of $110 per family, bringing their base payments to $435 per week. Changes to abatement and relationship rules will mean people and their partners can earn more from paid work without their income support entitlements changing.

We will provide more support to families:

www.greens.org.nz
- A $100 a week per child universal payment for the families of all children under three, building on the existing Best Start system.
- Replacing other Working for Families tax credits with a single Family Support Credit of $190 per week for the first child and $120 per week for subsequent children, with a higher abatement threshold and lower abatement rate.

The Green Party will guarantee annual minimum wage increases, with one minimum wage rate instead of the starting out rate. As the economy recovers, a new law will ensure the minimum wage increases annually and ensures people can cover the cost of living.

**Simplifying health and disability support**
Support for people with health conditions and disabilities is too complicated and unfair. It is based on how and when the condition arose, not a person’s actual needs.

The Green Party will reform ACC into an Agency for Comprehensive Care covering all health-related income support in a single system with guaranteed payments of at least 80% of the fulltime minimum wage. No one will be worse off than under the current system. This will cover everyone who needs it, regardless of the cause of a work-impairing condition, or whether someone was employed at the time a work-impairing condition emerged. This will also effectively create publicly-funded sick leave for people who need an extended period off work, for example to recover from surgery or have chemotherapy.

**How we’ll pay for it: Progressive Tax Reform**

Wealth and assets are not taxed in Aotearoa, and our top income tax rates are low compared to other countries. We tax work but we don’t tax wealth. Those who have large amounts of wealth are not asked to contribute to help everyone else. This hole in the tax system has allowed most of Aotearoa's wealth to accumulate with a small number of people. Wealth provides a buffer against hard times, and helps people generate more wealth – so inequality grows worse over time. Wealth inequality is an underlying structural problem, and drives investment away from job creation and into property speculation.

The Green Party will introduce a new tax on net assets that applies to the top 6% of wealthiest people in Aotearoa. Those who have their own wealth worth more than $1 million – not under a mortgage – will be asked to pay a small annual contribution. The tax would be 1% on net assets worth over $1 million and 2% on net assets worth over $2 million. Normal household goods worth less than $50,000, including vehicles, would be exempt. We expect it to raise $7.9 billion in its first year, covering the GMI's costs.

We will also introduce new top income tax bands: 37% on income over $100,000 and 42% on income over $150,000. We expect this to raise $1.3 billion a year.