

Economic Policy - Smart, Resilient and Fair

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Introduction

For millennia, a stable climate supporting a rich and diverse biosphere allowed humanity to develop societies and become prosperous.

In recent centuries, the extraordinary growth in human population and economic activity, supported by extraction of fossil fuels, has resulted, for the first time, in depletion of resources, production of waste, and emission of greenhouse gases beyond the environment's capacity to absorb it on a global scale.

We now risk irreversible degradation of the planet and its ability to support us and future generations. We hold our future and the future of the planet in our hands. In the 21st century, the global economy must respect planetary boundaries. Our economy is a set of social relationships within our physical world; it must achieve the same balance with its sustaining environment as the rest of Nature's living communities.

Fairness is an essential part of the economic transformation which we need, and an essential part of how that transformation can be achieved.

Vision

New Zealand sets a course for a sustainable future where human needs are met while respecting, protecting and replenishing the other life that shares the Earth with us. Where a stable climate, healthy ecosystems, and a thriving economy supports quality of life for all, and where each generation passes on our soil, air and water to the next in a healthier state than we inherited them.

A Green economy is a smart economy where technology and creativity combine to create more value from each unit of resource rather than to extract more and more resources. A Green economy is a compassionate economy where we measure success by whether we are creating a truly rich society. A Green economy is a resilient, flexible economy capable of adapting to new challenges, delivering meaningful work for our people and a healthier environment for us all.

Most of all a Green economy is a partnership between citizens, government, business, and communities. The urgency and the opportunity to create a fairer and more sustainable future has never been greater.

Economic Transformation

Economic transformation is at the core of Green economic policy: transformation in pricing, markets, planning, regulation, investment, consumption, trade, education, research and taxation. We need to make the shift away from exploitation of our environment to sustainability, from dependence on commodities to adding value through knowledge and innovation, and from producing more to producing and living

better. In a Green economy, government takes its rightful role of looking after the long-term interests of citizens, but Government cannot do it alone.

In a Green economy, smart, ethical and responsive business has many opportunities to become involved in clean, productive economic activity. Businesses need support from customers to do this as well as support from Government to ensure all businesses face up to environmental and social costs rather than passing them on to others. So business cannot do it alone.

A Green economy is about a better quality of life, where people have time to be citizens as well as consumers, and where people can take responsibility for their choices and how they affect others, but it's hard for people to realise their full potential in a highly unequal society where time feels increasingly scarce. So people cannot do it alone. Green economic transformation can be achieved only through a renewed spirit of collaboration between the government, business and civil society.

We will tackle unacceptable levels of inequality and environmental damage through reorienting taxation, regulating markets, bolstering environmental protection, investing in people and innovation, and strengthening education. We will ensure that a Green economy supports all New Zealanders, promotes gender and pay equity, recognises and values unpaid work, and provides a just distribution of our nation's wealth. Through Green transformation we will create a richer future for ourselves and for future generations.

Key Principles

The following principles guide the Green Party's approach to economic policy:

1. **Ecological Sustainability**: Economic activity occurs at a rate and at a scale that provides quality of life over generations, maintains the capacity of global and local ecosystems to sustain themselves, and protects valued natural environments. Climate stabilisation is an overarching policy goal that all policy needs to support.
2. **Te Tiriti**: Economic policy meets the Crown's obligations under Te Tiriti o Waitangi, and involves positive engagement and collaboration with the whānau and whenua-centred assumptions and practices of the Māori economy and the role of hapū as kaitiaki.
3. **Efficiency**: Economic policy seeks to get the most long term benefit from each resource and from resource use across society, enhancing productivity and minimising waste.
4. **Sufficiency**: Economic policy empowers all people to choose a level of material consumption that is sufficient and within ecosystem capacity at local, national and global levels.
5. **Fiscal responsibility**: Economic policy will ensure that the total (public and private) debt and international position of Aotearoa New Zealand are at sustainable levels so current and future generations are able to pay for infrastructure, goods and services.
6. **Creativity**: Economic policy needs to foster creativity, innovation and sustainable technology that reduces resource use and supports human well being.
7. **Resilience**: Economic policy should build the capacity of New Zealand's economy and our social networks to withstand and adapt to economic and ecological shocks.
8. **Equity and Compassion**: Basic material security and sufficient income for all, and a fair distribution of the economy's benefits and burdens, will lead to better outcomes for all members of our society, including gender and pay equity.

These principles are given effect through this policy and a wide range of other policies including [Agriculture and Rural Affairs](#), [Climate Change](#), [Energy](#), [Environment](#), [Forestry](#), [Housing and Sustainable Communities](#), [Income Support](#), [Industrial Relations](#), [Research, Science and Technology](#), [Sustainable Business](#), [Tourism](#), [Trade and Foreign Investment](#), [Transport](#), [Women's](#) and [Work and Employment](#).

Specific Policy Points

1. A smart, flexible and responsive New Zealand economy

New Zealand needs a flexible and responsive economy to deal with the many environmental and economic challenges of the 21st Century. To achieve this we need to maintain a level of economic diversity and capacity in the face of changing economic circumstances.

A. National level policies

To develop a strong New Zealand economy, the Green Party will:

1. Ensure the government develops a strategic economic vision for New Zealand, involving as many stakeholders as possible from all walks of New Zealand life; such a strategic economic vision will help businesses' longer term investment decisions and assist individuals in making career choices.
2. Strengthen the regulatory framework for the New Zealand economy through clear laws, regulations and accountable institutions that promote fair competition, transparency, environmental sustainability, social equity, and uphold the rights of workers, consumers and local communities.
3. Work with producer organisations, processors and marketing companies to strengthen the market positioning of New Zealand primary exports, including certification and labelling to reinforce brand values and raise the value of New Zealand exports, and, working with the tourism sector and exporters, invest in strengthening New Zealand's clean and green reputation internationally.
4. Support the development of sectoral plans, with producers, business, scientists and other stakeholders, to reduce the proportion of unprocessed commodities exported from New Zealand, generate new investment opportunities and create processing jobs.
5. Utilise government-owned companies and strengthen collaboration with the private sector in order to capitalise on the growing international market for clean and sustainable technology and knowledge intensive sectors, and build local capacity in these areas.
6. Establish a government-owned for-profit Green Investment Bank to act as an independent and expert facilitator of private sector capital, and which prioritises investment in the clean-technology sector.
7. Support New Zealand business through strategic government procurement policies that explicitly recognise the benefits of local sourcing (i.e. through support for jobs and other benefits to the local economy), and which will drive local clean technology development and sustainable manufacturing and services (see our [Sustainable Business](#) policy).
8. Require country of origin labelling for all products sold within New Zealand.
9. Ensure economic policies meet the needs of small and medium sized enterprises, and costs of compliance are proportionate to the scale and size of businesses.
10. Require international businesses with significant operations within New Zealand to:

- a. Establish local subsidiaries that are incorporated within New Zealand, and encourage the development of joint ventures and other mechanisms to create a local ownership stake in activities.
 - b. Meet the same conditions for sustainable development that we expect of New Zealand companies.
11. Reform trade policies to ensure they support environmentally-sound production, human rights and the local economy, and help maintain a level of economic diversity and capacity in the face of changing economic circumstances (see our [Trade and Foreign Investment](#) Policy).
 12. Ensure overseas investment in New Zealand meets much more stringent conditions in order to be approved (see our [Trade and Foreign Investment](#) policy).

B. Regional policies

The Green Party's regional policies aim to build vibrant local economies across New Zealand, with support provided to facilitate clusters of expertise, economic activity and social enterprise in different regions. Regional bodies will be more empowered and better supported to identify key clusters of expertise and experience, working with schools and tertiary institutions, business, civil society and local government to build stronger local economies for the future.

The Green Party will support regional resilience by:

1. Ensuring regions facing growth pressures are supported to manage this in ways that promote sustainability and cohesion.
2. Working with local government to pursue a co-ordinated approach to infrastructure development to enhance the sustainable economic potential of New Zealand, including building capacity in the regions and promoting hubs of specialist economic activity.
3. Ensuring all regions have core transport, information, energy infrastructure, and health and education services available.
4. Enabling communities to organise sustainable infrastructure on a local basis.
5. Ensuring, to the extent practical, that critical services are not exposed to undue risk from concentration in one centre (e.g. data storage).
6. Attracting investment through building on regional assets and improving the attractiveness of the region as a place where investors want to live.

C. Community economic development

The Green Party supports the development of cooperative, worker-owned and community-owned models of business alongside the more traditional business models prevalent in New Zealand.

The Green Party will:

1. Improve access to both grant funding and capital for community enterprise, especially where these demonstrate commitment to broader principles of environmental and social sustainability.
2. Create a legally enabling environment for, and actively support, ethical investment institutions, community and customer owned financial institutions, social enterprises, group employment ventures, and cooperatives.
3. Allow the development of local currency, exchange and time banking schemes.
4. Support a community economic development function within Government whose purposes will include:
 - a. Proactive support for community economic development initiatives at local, regional and national level.

- b. Providing an enabling and nurturing environment for the social economy, including support for research, development and training.
- c. Operating in a way congruent with the values of community based enterprises.

2. Stronger and more ethical businesses

The Green Party believes there is a tremendous opportunity for smart business to lead economic transformation. Achieving this requires clear signals and support from Government about direction and vision.

The Green Party will:

1. Introduce ethical investment guidelines for all Government investment funds and promote their adoption more widely.
2. Foster sustainable businesses, and in particular support Māori, Pasifika, women and disabled people in business (see our [Sustainable Business](#) policy).
3. Encourage the establishment of a more diverse range of business structures within the New Zealand economy through the provision of advice, access to finance, and clear, supportive legislative frameworks.
4. Develop a code of corporate responsibility (including social and environmental duties and sound corporate governance) applying to all corporations in New Zealand that must be met to secure government contracts; examine further ways to strengthen incentives for ethical and sustainable business practice.
5. Progressively develop and set quality and sustainability standards for goods and services (e.g. energy and recycling standards), which are produced and/or sold in Aotearoa New Zealand, and require that all goods and services meet those standards.
6. Strengthen consumer protection legislation and measures to support consumers exercising their rights at low cost.
7. Support effective accountability and management structures for New Zealand businesses, including encouraging greater diversity and gender equity in directorships, limiting excessive remuneration, and establishing clearer ethical duties for directors.
8. Support measures to develop management capacity and capability within New Zealand businesses, strengthen business mentoring at local level, including development of sustainable and ethical business practice.

3. Building the Māori Economy

The Green Party is committed to working with Tangata Whenua in order to remove barriers to the development of the Māori economy. Important issues include improving local economic development, gaining access to capital, having appropriate options for land ownership and administration, and upholding Te Tiriti o Waitangi obligations guaranteeing the exercise of tino rangatiratanga over Māori land and resources. See our [Maori Issues](#) policy for further details.

The Green Party will:

1. Support and facilitate the development of the Māori economy, and ensure economic policies recognise the importance of whānau, whenua and kaitiakitanga to Māori economic development.
2. Remove barriers for Tangata Whenua to improve the administration of Māori land for their own benefit.
3. Ensure owners can access the capital and planning needed to facilitate the development of Māori land.

4. Review the Treaty settlement process to ensure it is delivering just and equitable outcomes (see our [Te Tiriti o Waitangi](#) policy).

4. Creating an equitable economy

Inequality in New Zealand has a detrimental effect on the performance of the economy as well as the wellbeing of our people. Government has a role in redistribution and also has an opportunity to transform our economic institutions so that greater equality is intrinsic to the way we develop.

Valuing all forms of work, while aiming to provide meaningful well paid work in sustainable enterprises for all who seek it, is a core task for economic policy.

The Green Party will:

1. Encourage organisations to develop policies to pay a 'living wage' and limit the ratio of highest to lowest pay rates within the organisation, and to procure from those businesses doing likewise.
2. Increase the minimum wage to a reasonable level and ensure this increases automatically in line with the average wage (see our [Industrial Relations](#) policy).
3. Encourage firms to share profitability with employees including through ownership stakes in companies.
4. Facilitate employee participation in ways appropriate to the organisation (e.g. through representation on boards in larger corporations).
5. Ensure that the social wage is maintained and enhanced, and economic policy supports diversity and social cohesion.
6. Introduce work and employment policies that support dignity and equity and facilitate sustainable, well-paid work (see our [Work and Employment](#) Policy).
7. Strengthen implementation of core labour rights, including union organising and collective bargaining (see our [Industrial Relations](#) policy).
8. Use government procurement policies to encourage the above measures.
9. Explore the introduction of a guaranteed minimum income for all people.

5. Strengthening material and energy efficiency

Efficiency is a key component of economic transformation. Ingenuity, research and technological innovation can often create equivalent goods and services using less energy and fewer materials, so that the resulting goods and services have a lower material and energy intensity per unit. The value of efficiency in promoting general productivity is well understood. Its potential to assist the transition to an ecologically sustainable economy is equally important.

Because efficiency is measured on a per unit basis its benefits in reducing environmental pressures can be undercut by an increased scale of production (individually cars become more fuel efficient but greater production of cars in a given period still causes rising fuel use and CO2 emissions). Reductions in energy and material intensities therefore need to be combined with a range of measures designed to secure the necessary reductions in our ecological impact - not just per unit of economic activity - but overall, in absolute terms. Within this wider policy context, efficiency plays a crucial role, and policy initiatives to exploit its indisputably large, untapped potential should be given high priority.

The Green Party will:

1. Pursue comprehensive measures to encourage more efficient use of energy and natural resources throughout the economy, including a supportive institutional and legal environment, funding for research, appropriate regulatory control and financial incentives, ecological tax reform, public education, and government leadership by example. Concrete applications of these strategies are found in

other Green policies, in particular [Energy](#), [Environment](#), [Transport](#) and [Research, Science and Technology](#).

2. Promote sustainable ("cradle to cradle") design in relation to manufactured products, the built environment, and services; encourage the redesign of industrial systems in which the by-products of one process are used as the inputs of another, for example converting wood waste from timber mills into biofuel (see our [Environment](#) and [Sustainable Business](#) policies).
3. Encourage efficient use of goods by encouraging direct person to person sharing of resources and wider development of "goods as services" models (such as shared public spaces, and hiring goods instead of owning them) for meeting people's needs.
4. Ensure that efficiency strategies are integrated into a comprehensive economic policy framework for achieving wellbeing within acknowledged ecological limits; continue to draw on rigorous scientific and technical advice to ensure a confident and robust evaluation of the role which efficiency can play in implementing these larger goals.

6. Smart public investment

A. General approach

Public investment has the ability to create new business opportunities and provide the certainty and scale needed for the development of new businesses and new business models. Smart public investment will include investment in clean sustainable energy systems and related technology, sustainable transport, housing and urban development, sustainable production and information systems, ecosystem restoration and carbon removal.

The Green Party supports the use of public investment which will effectively further the transition to a fair and sustainable economy. Relevant considerations will include:

1. Long term vision; government's ability to prioritise the future national interest over short term profitability.
2. Scale of the New Zealand economy; government assumes a relatively greater role in New Zealand given the small size of our economy and limited availability of private investment funds within this country.
3. Government's nation-wide perspective and responsibility towards communities throughout New Zealand; its ability to build capacity in the regions and promote hubs of specialist economic activity in collaboration with local government.
4. Research and development; government's ability to provide appropriate institutional structures and levels of funding (see our [Research, Science and Technology](#) policy).
5. Ethical investment; government's potential to influence the private sector by demonstrating ethical investment principles.

B. Direct ownership

The Green Party believes that direct Government ownership (wholly or in part) of assets and enterprises is an important part of an integrated economic transformation strategy.

1. For the Green Party, relevant considerations in respect of direct ownership include whether:
 - a. Green policy objectives, including economic transformation objectives, can be achieved most effectively through public ownership.
 - b. Environmental or other externalities, risks to government, or insufficient competition in the sector, mean that ownership is desirable; this includes:
 - i. The need to ensure universal access to essential services

- ii. Protection of consumer interests by:
 1. Taking control of commercial activities which would otherwise be natural monopolies.
 2. Ensuring adequate competition by controlling one major player in an otherwise private sector.
 - iii. The benefit of exercising control in respect of industries for which government is the political or legal guarantor of last resort.
 - c. Economic conditions make this a practical option and mean that other priorities would not be adversely affected.
2. Investors in companies should bear the costs of business failure as a guiding principle. However, in keeping with the general approach above, the Green Party may consider a financial intervention (such as a bail-out in return for an equity stake) in private companies when it is in the national interest (e.g. strategic assets are at risk, such as essential services or key infrastructure), and provided there is a clear and transparent benefit to New Zealanders (e.g. a significant number of NZ jobs would be put at risk if there was no intervention), and provided that there are adequate controls in place to protect the investment and avoid the company making excess profits as a result.

7. Resource allocation

The Green Party's overall approach to resource allocation centres on the need to sustain living systems, including human communities.

Economic policy should deal with 'common' resources held in public ownership by restricting the taking of non-renewable resources to rates that balance present and future needs, and allow for the development of more sustainable alternatives. Allocation within these limits needs to encourage the best option in terms of environmental impacts and productive outcomes.

The Green Party's approach to resource allocation within Government will be guided by the following general approach:

1. Ensure that resource management and allocation contributes to a fair and sustainable economy (see our [Environment](#), [Energy](#), [Conservation](#) and [Sea and Oceans](#) policies).
2. Cap the amounts and rates of resource use and disposal in line with ecological and social limits to use and disposal, assessed on a precautionary basis.
3. Support citizens' entitlements to a sufficient flow of basic resources (such as water and energy) to meet human needs.
4. Support the public's right to a return that reflects true costs from the commercial use of public resources.
5. Ensure that environmental levies are supported by complementary policies that promote improved efficiency of use, waste reduction and the provision of renewable alternatives.
6. Ensure allocation of resources for commercial use embodies incentives to use resources to contribute to overall economic policy goals.

8. Measuring success

GDP is a measure of economic activity but an inadequate measure of the success or health of our economy. The Green Party's approach to measuring success within Government will be guided by the following general propositions:

- Economic progress indicators must be grounded in a sustainability framework and measure overall wellbeing rather than just annual turnover.

- Measures of wellbeing need to encompass the full range of human activities, including unpaid, voluntary and women's work.
- Public reporting on economic progress should be conducted regularly and presented in a form that is accessible and easy to understand.

The Green Party will seek to implement the following specific policies within Government:

1. Enhance our national accounting system by:
 - a. Developing measures of sustainable national income, and measures of overall achievement and wellbeing.
 - b. Developing and regularly reviewing natural resource accounts to keep track of the state of resources such as soil, forests, fresh air, clean water and energy reserves.
 - c. Providing regular reports on the state of critical ecosystems.
2. Strengthen economy-environment modelling capacity within Statistics New Zealand and the data collection necessary to support this.
3. Establish a secure funding system for regular and independent State of the Environment reporting and Social Reports, supported by the development of indicators of ecosystem and social health.
4. Strengthen and resource environmental and social indicator reporting at local body level within a nationally consistent framework.
5. Require government reporting on its broader social and environmental performance, as well as financial performance, within the Public Finance Act framework.
6. Assist and encourage business to report on environmental performance and social responsibility as well as financial performance.

9. Financial services

The Green Party envisions a transparent, well regulated and accountable financial services sector that is fiscally prudent (to the extent that it does not impose costs on the taxpayer), and able to provide the capital needed to fund a stable, sustainable economy.

The Green Party's approach to financial services within Government will aim to help create a financial services sector that:

1. Provides the finance and services that citizens, business and government need.
2. Contributes to a stable economy and lends only what is sustainable for citizens, business and government to service.
3. Is financially sustainable, robust and takes into account the expected costs of financial risk.
4. Is answerable for the consequences of negative externalities that it imposes on the New Zealand community.

The Green Party will also seek to implement the following specific policies within Government:

A. Private saving

New Zealand has low levels of private savings outside housing, borrows significant funds from overseas, and is prone to boom and bust cycles in property values. The Green Party will seek to strengthen domestic savings and divert investment from speculation into productive uses.

Closing the capital gains tax loophole (see section 11C) will help promote a broader range of savings and investment, and strengthened New Zealand-owned banks (see

sections 9C & D) will help to reduce our reliance on overseas borrowing. In addition, the Green Party will:

1. Amend the Kiwisaver scheme (in line with the recommendations of the Government Savings Working Group) to establish a single default 'public fund', which could be administered by the New Zealand Superannuation Fund in order to reduce administration costs and provide transparent returns.
2. Make retail investing in government bonds easy and inexpensive by retailing them in small lots (e.g. through Kiwibank).
3. Strengthen the oversight and reporting for Kiwisaver schemes and superannuation schemes through the Financial Markets Authority.
4. Support a stronger culture of savings and long term productive investment.

B. Regulation

Good regulation will help ensure that people and businesses can access the finance they need without excessive risk of default. New Zealand's small and weakly regulated financial companies have periodically enticed savers and investors into high-risk investments. Misleading advertising, including celebrity endorsement, has reinforced this tendency. Over time, this has led to investor mistrust, under-investment in genuine productive investment, and over-investment in the property market.

The Green Party will ensure appropriate regulation of financial services and to this end support:

1. Regulation of the financial sector through the combination of the Reserve Bank and an adequately funded Financial Markets Authority to:
 - a. Ensure that derivatives and securitisation are fully regulated.
 - b. Require auditors to draw attention to instruments that they do not fully understand and to list them as unquantifiable risks.
 - c. Require that trustees and auditors ensure investments fit with the investment strategy and prospectus, and ensure that trustees monitor, report on and, if necessary, require canceling of related party transactions beyond legal limits (see point 9B.5).
 - d. Ensure rating of financial institutions is robust and all methodologies are subject to review and approval by the Reserve Bank or the Financial Markets Authority as appropriate.
2. Regulation of the broader financial sector to ensure depositors are adequately informed of the risks they are taking and vulnerable depositors are not exploited, including regular publication of "Plain English" information on risks.
3. Mandatory guidelines for the advertising of financial products and services to protect vulnerable depositors and ensure full compliance with consumer legislation.
4. Appropriate controls on lending to ensure that people and businesses can get the financing they need without excessive risk of default.
5. Set restrictions on the size and scope of related party transactions, lending in particular, and require comprehensive reporting on them in the annual accounts and all prospectuses.
6. Regulatory measures which prioritise economic, and therefore social, stability.
7. Ensuring compliance costs for small and medium scale financial institutions such as credit unions are appropriate to their size and risk profile.
8. Regulation which, to the extent that is practical and consistent with our other principles, is consistent with the international regulatory environment, particularly Australia's, but not necessarily the same.

C. General Banking

The Green Party supports:

1. The re-introduction of Depositors' Guarantee Schemes for registered banks, funded by the licensed institutions, rather than the taxpayer.
2. The setting of capital adequacy ratios for all lending institutions.
3. The use of macro-prudential tools by the Reserve Bank, with appropriate safeguards.
4. Retaining the capitalisation requirements in the Reserve Bank Act, i.e. that they are NZ-registered companies and that they have secured local capitalisation.
5. Ring fencing retail operations from proprietary trading and ensuring that bank debts created by any trading behaviour cannot be drawn against ordinary depositor's funds.
6. Development of a more diverse financial sector including measures to encourage New Zealand owned banks, credit unions and similar local initiatives.

D. Kiwibank

The Green Party will:

1. Retain New Zealand Government ownership of Kiwibank.
2. Support measures to strengthen Kiwibank to balance the foreign ownership of New Zealand's other major banks, (e.g. allow Kiwibank to retain profits to strengthen its banking division and reduce reliance on wholesale financial markets).
3. Ensure Kiwibank adheres to the Equator Principles and other relevant social and environmental standards when making loans or investment decisions.
4. Retain Kiwibank's goal of provision of reliable savings and other financial services to the people of New Zealand. It will not be allowed to engage in proprietary trading.
5. Support the development of Kiwibank's capacity so they will be in a position to successfully tender for the Government's banking contract.

10. Monetary policy

A succession of financial crises provides a reminder that the financial system is not always stable and is prone to breaking down unpredictably. The 21st Century started with highly volatile resource and food prices and we are likely to see an increase in frequency of shortages, price volatility and instability in global production.

The Green Party supports a broader and more balanced approach to monetary policy which reflects these complex influences on the New Zealand economy.

The Green Party's approach to monetary policy within Government will be guided by the following general propositions:

- Monetary policy assists people and businesses to plan their lives with a degree of certainty.
- Monetary policy contributes to the overall quality of life of New Zealanders and the sustainable development of New Zealand.

The Green Party will also seek to implement the following specific policies within Government:

1. Better coordination of monetary and fiscal policy, initially by adding a requirement to comment on how this co-ordination is occurring to both the Reserve Bank Act and the Public Finance Act.
2. An increased focus on the exchange rate and balance of payments, including using a range of tools to dampen volatility in the New Zealand dollar exchange rate or to influence it if it remains significantly over-valued or under-valued.

3. A comprehensive review of the conduct of monetary policy including consideration of:
 - a. Changes to the Reserve Bank Act to address:
 - i. The way that the Bank considers inflation, employment and external balance of trade issues when setting monetary policy.
 - ii. The adoption of alternative targets for monetary policy (for example nominal national income rather than inflation).
 - iii. Use of a suite of monetary policy tools in conjunction with the Official Cash Rate.
 - b. Reviewing the role of complex financial instruments within the New Zealand economy and their impact on sustainable development, with a view to encouraging the financial sector to take responsible, long-term financial decisions and avoid excessive risk to economic stability.
4. Measures to limit future asset (especially house) price inflation such as:
 - a. Introducing a comprehensive capital gains tax exempting the family home (see section 11C below).
 - b. Reserving land ownership for New Zealand citizens and permanent residents.
 - c. Significantly expanding the supply of ecologically sustainable affordable housing, including expanded public housing initiatives (see our [Housing and Sustainable Communities](#) policy).

11. Taxation

The Green Party envisages a tax system that supports communities and the environment, encouraging sustainable behaviour while providing sufficient revenue for the effective operation of Government.

The Green Party's approach to taxation policy within Government will be guided by the following general propositions:

- Taxes come from a broad base to avoid excessive reliance on income tax and in particular the tax base should include:
 - Personal and business income taxes that reward sustainable human activity and enterprise.
 - Consumption and expenditure taxes that discourage wasteful use of energy and resources.
 - Targeted environmental taxes designed to reduce and eliminate behaviours that are not sustainable in a finite world.
 - Taxes that acknowledge the value of common property through resource rentals, and which encourage long-term sustainable business practices.
- Investment income from different sources is treated equally for tax purposes.
- Tax policy contributes to the overall quality of life of New Zealanders and the sustainable development of New Zealand, and to this end:
 - Productive and sustainable work and enterprise should be encouraged and speculative investment in non-productive assets should be discouraged.
 - Taxes should be reallocated away from income and towards resource use, waste, and pollution.
 - Resource rentals and related eco-taxes should be extended to promote more responsible management of the planet's finite resources.

- Those in society who have the least ability to pay tax should pay the least as a proportion of their income, while those who can pay more should do so and contribute to the welfare of society in this way.
- Concentration of income and wealth should be discouraged and the gap between rich and poor narrowed.
- New Zealand's local economy should be strengthened and foreign purchases of local assets should be limited.
- The tax system should be consistent, fair, transparent and simple, and avoid unintended consequences.

The Green Party will also seek to implement the following specific policies within Government:

A. Ecological taxes

Ecological tax reform is a simple idea: shift taxes off work and enterprise, and onto waste, pollution and scarce resources. This Green tax shift will create a more sustainable economy, and it is happening now in many European countries.

Ecological tax reform is a gradual process, and needs to be worked through with all concerned. The Green Party will:

1. Begin a process of ecological tax reform by setting up an Ecological Tax Commission. The commission will:
 - a. Look at all existing taxes and possible new eco-taxes – the Green Party's policy on specific taxes in the remainder of this document is conditional upon their re-evaluation as part of the ecological tax reform process.
 - b. Work to develop a broad consensus about the best way to use ecological tax reform to set the economy on a more sustainable course.
 - c. Identify ways in which the tax system can support the just distribution of resources and income.
 - d. Identify ways to make the tax and income support systems work together better.
 - e. Develop recommendations for Government.

B. Income tax

The Green Party supports income tax reductions to offset resource taxes, but will apply these to the bottom of the tax scale, not the top rate, so that everyone benefits. As part of progressive taxation reform, the Green Party will:

1. Introduce and progressively increase a tax-free threshold up to \$10,000 at the bottom of the income tax scale, simplify rates in the middle bands of the tax scale, and increase the top rates of income tax.
2. Ensure beneficiaries receive the full advantages of any changes to income tax rates and adjust benefit abatement rates to address the problem of benefit abatement for those moving into employment (see our [Income Support](#) policy).

C. Capital gains tax

In order to help reduce distortions created by the tax system, the Green Party will:

1. Support the introduction of a comprehensive capital gains tax on inflation-adjusted capital gains at the time of realisation. Any capital gains tax must apply to assets in New Zealand that are purchased and sold by corporations or people living overseas as well as assets sold or purchased by residents.
2. Support an exemption for the family home from any capital gains tax.
3. Support treating taxable real capital gains as income for tax rate purposes, and investigate mechanisms to allow the income from capital gains to be spread over several years for New Zealand residents.

D. Goods and services tax

1. The Green Party supports a broad-based Goods and Services Tax within the context of a progressive tax system.

E. Financial Transactions Tax

1. The Green Party will involve New Zealand with the group of countries working to agree Financial Transaction Taxes, including on international currency movements. A very small tax on transactions would discourage currency speculation without having a significant impact on genuine trade or investment. In line with other countries, a portion of the proceeds could be earmarked to support developing countries with poverty reduction and climate change.

F. Company tax

1. The Green Party supports company tax as an integral component of New Zealand's tax system. Company tax provides a stable source of revenue and discourages tax avoidance by reducing the incentive upon taxpayers to use corporate structures to shelter income.

G. Global and domestic tax evasion and avoidance

The Green Party believes that all those who are liable for taxation should be required to pay their fair share and, in general, that income earned within New Zealand ought to be taxed within New Zealand. Tax avoidance and evasion are significant issues for many countries. Globally, different tax rules between countries can allow wealthy individuals and corporations to avoid paying their fair share of taxes in countries where economic activity is undertaken, including New Zealand. Equally, New Zealand has a responsibility to minimise the opportunities for people to use New Zealand legal structures to avoid taxation in other countries.

The Green Party will:

1. Ensure that tax is levied consistently on economic activity in New Zealand, loopholes and shelters are removed, and enforcement strengthened.
2. Give priority to greater international tax coordination, including greater transparency in international funds transfers, closing tax havens, controlling money laundering, and ending tax avoidance through transfer pricing.

12. Financing natural disaster recovery

The cost of the Canterbury earthquakes now exceeds \$20 billion and is likely to rise further. The country's fiscal position has been weakened as a result, contributing to a credit downgrade and higher interest rates for homeowners.

The Green Party believes it is important to establish a financial policy framework for disasters of this scale so that the issues do not need to be debated afresh each time. The appropriate response will depend on the type of disaster, the state of the New Zealand and global economy, and the nature of other pressures on the Government.

To this end, the Green Party:

1. Will seek to initiate a cross-party dialogue on the appropriate means of financing recovery from major natural disasters.
2. Believes that the appropriate response includes the use of the full range of fiscal and monetary tools available to Government, including a progressive temporary surcharge on income tax.
3. Will ensure that recovery financing supports and enhances the transition to a smart, fair and sustainable economy.