ECONOMIC BULLETIN

Pre-election primer.

4 Oct 2023 | **Westpac Economics Team** | **westpac.co.nz/economics** | nzeconomics@westpac.co.nz
Kelly Eckhold, Chief Economist | +64 21 786 758 | kelly.eckhold@westpac.co.nz | X: @kellyenz

Macroeconomic and market implications of different election outcomes

Executive summary.

- **Given plausible coalition possibilities after the 14 October General Election, we think that the short-term outlook for the overall economy will likely be little changed regardless of the result.**
- **This reflects the starting point for the public finances – an OBEGAL deficit despite the economy operating above trend – and little apparent desire by either the National or Labour to take decisive action to cut spending or raise revenue to achieve a surplus before 2026/27.**
- **Downside risks to the fiscal outlook relative to PREFU forecasts are significantly higher than any fiscal differences attributable to policies of the major parties.**
- **The operation of monetary policy is likely to be little impacted by the changes that have been proposed by the National and ACT parties.**
- **Depending on the outcome of coalition negotiations, individual policies will clearly have impacts on some specific sectors.**
- **The NZD/USD exchange rate has historically weakened ahead of an election and recovered afterwards, but it's a statistically weak result that may simply reflect the resolution of uncertainty.**

Introduction.

The General Election on 14 October is fast approaching and in recent weeks the various political parties have been releasing their pitch to voters. In the appendix, we provide a detailed, but not comprehensive, listing of the economic policies that have been proposed by the political parties that seem most likely to have a say in forming the next government.

In this note we discuss the likely broad macroeconomic and financial market implications depending on the outcome of the election. Specifically, we focus on the overall fiscal strategies and individual party policies that are most likely to have a noticeable macroeconomic impact. We are not seeking to make any value judgements on the policies espoused by the various parties – that is for the voters to do.

The macroeconomic and fiscal baseline already has significant downside risks.

The Pre-Election Economic and Fiscal Update (PREFU) showed fiscal pressures coming to bear. The Treasury forecast the operating balance (OBEGAL) would return to surplus one year later (i.e., in 2026/27) than forecast at the Budget. In total over the forecast period (2022/23 to 2026/27), the cumulative OBEGAL was around $12.7bn lower than forecast at the Budget.

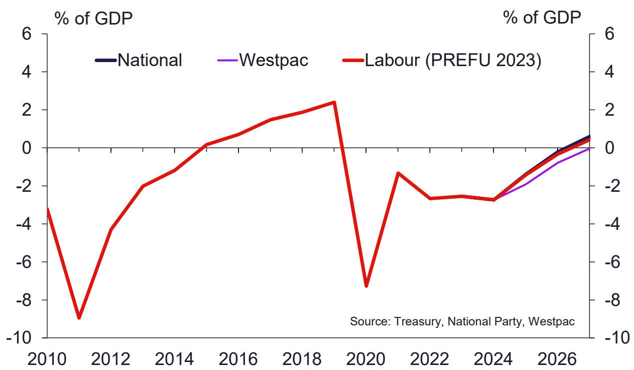
In the coming electoral term, it's possible that additional fiscal policy measures will be necessary to meet the PREFU operating surplus profile. We see downside risks to the Treasury's forecasts in terms of the growth and hence the tax revenue outlook. Also, we see significant upside pressure and therefore risks to government expenditure. Treasury, too, sees challenges ahead. In the PREFU the

Treasury wrote: "Based on past analysis, the remaining Budget operating allowances should be broadly sufficient to meet remaining critical cost pressures not already funded, however, significant trade-offs will be required. There could also be additional demand (e.g., population changes) that could add extra pressure to future Budget allowances."

We estimate that expenditure may be at least $7.7bn higher than forecast in the PREFU if public services are maintained at current levels and total expenditure grows in line with population growth and inflation from 2024/25 onwards. This contrasts to the flat expenditure trajectory that is built into the PREFU which implies cuts to public spending given population growth and inflation. Not surprisingly, Westpac forecasts that the goal of returning to surplus in 2026/27 will not be met – we estimate a small deficit of around $0.2bn in 2026/27, compared to the $2.4bn surplus forecast in the PREFU.

As a result, regardless of who is in power after the election, the Government will face tough fiscal choices. Unless the Government is prepared to run higher operating deficits and higher levels of debt, future budgets will likely require further cuts to spending and/or additional sources of revenue. And that will be in addition to what all parties have factored into their fiscal policies for this election.

Operating balance (OBEGAL) as a % of GDP



There could also be much more downside risk to the fiscal outlook if the economic outlook deteriorates by more than Westpac currently expects. Currently, the outlook for the economy is finely balanced and "flirting with recession", raising the possibility of a more protracted economic downturn which could undermine government revenue and lead to increases in expenditure as the automatic stabilizers kick in. The magnitude of these fiscal risks far outweigh any policy differences we see between the left and right leaning parties. For example, during the Global Financial Crisis the underlying fiscal outlook deteriorated by 4-5% of GDP, which took the government's books from a significant surplus to a sizeable deficit through that period.

The election probably won't change the big picture outlook.

While the decisions of the government of the day can play an important role in contributing to the long-term success of the economy, in practice a change in government rarely leads to a significant change in an economy's short-term outlook. In the present context, given the plausible election outcomes suggested by recent opinion polls, we think that New Zealand's short-term macroeconomic and financial market outlook is unlikely to change greatly after 14 October. Not least, this is because there has, for some time, been broad agreement amongst the major parties about what constitutes "responsible" macroeconomic policy management at the aggregate level, including a commitment to maintaining internationally low levels of public debt and a monetary policy substantially focused on achieving low inflation.

That is not to say that specific sectors of the economy won't be impacted in a material way by the formation of a centre-left or centre-right government. Indeed, as we discuss below, the housing market will likely evolve at least somewhat differently should there be a change in government. However, we think we are unlikely to make *substantial* changes to our forecasts for GDP growth, the labour market and inflation as a result of a new government being formed or the present government continuing in office. Rather, future revisions to our forecasts are more likely to be driven by other factors, such as developments in the global economy and commodity prices, migration trends and how these interact with the housing market, and evidence regarding ongoing persistence of domestic inflation and the resulting implications for monetary policy.

Importantly, the overall fiscal strategy that will be pursued appears likely to be reasonably similar under either a centre-left or centre-right government. Should Labour lead the next government – which on current polling would almost certainly be in coalition with the Greens and Te Pāti Māori – then we think that that their forecast of OBEGAL will track broadly as depicted in the PREFU. That said, given the new spending commitments and revenue initiatives in the Labour Party's "Fiscal Plan" (released 27 September), together with commitments and initiatives communicated earlier in the PREFU, we note that only around $8.9bn of the total $29.8bn of forecast new spending over the next three Budget years (out to 2026/27) remains unallocated. This implies that there will be very little in the kitty to fund new spending initiatives over the next three years. This would require the government to be exceptionally disciplined in its fiscal management. And as the Treasury itself noted in the PREFU, "In recent times, government's final allocations have exceeded the signaled Budget allowance."

Given the above, we would assess the risk around the Labour Party's fiscal plan as being skewed towards delivering a slightly weaker fiscal position compared to the right leaning parties. It is also plausible that coalition negotiations with the Greens and Te Pāti Māori could also lead to more pressure on the fiscal outlook. This is because by ruling out the imposition of a wealth tax, the Labour Party has rejected the key revenue-raising initiative that the Greens and Te Pāti Māori parties have posited to fund the significant new expenditures that each is seeking.

The National Party's fiscal strategy, as set out in the "Fiscal Plan" released on 29 September, indicates that it would seek to run an OBEGAL track that is only marginally more restrictive than that targeted by the Labour Party, amounting to a cumulative $2bn over the three years through to 2026/27 - only about 0.5% of annual GDP in total. National proposes to achieve this by reducing the indexation of benefits to the CPI as opposed to wages which saves around $1.3bn between now and 2026/27. Polling suggests that a National-led government would require the support of the ACT party, and potentially the NZ First Party. ACT has also indicated that it intends to run a slightly tighter bottom-line than depicted in the PREFU and scaled back its planned tax cuts. So, at face value, the fiscal strategy that would likely be pursued by a National-led coalition government would appear to be slightly more contractionary than that proposed in the PREFU and likely to be delivered by a centre-left government.

That said, we note that the National Party has given itself even less room to maneuver in coming budgets, with unallocated allowances of less than $6bn left over the three years to 2026/27. Also, there could be risks that the revenue raising measures assumed by the National Party don't raise quite as much revenue as assumed, which would make that package of policies more expansionary in the absence of further spending cuts not currently assumed.

In addition, we think the National Party's tax and spending package, announced back on 30 August, may have a slightly offsetting expansionary impact on the economy, even if the package is "neutral" as regards the fiscal bottom line. This is because the new tax on foreign purchases of properties and online gambling, together with increased immigration charges, will represent a net transfer of income from foreigners to domestic households. We think that this could provide a modest boost to demand, albeit by probably no more than 0.2-0.3% of GDP. If these measures don't raise as much revenue as expected, then it seems probable that a National-led government would introduce further expenditure cuts to compensate. This would lower or eliminate the expansionary impact of the package.

Finally, we note that there has been a tendency for business confidence to be significantly higher when a National-led government is in power (and to a lesser extent, so too have survey measures of activity expectations, hiring and capex intentions). However, it is less clear that business behaviour is materially different under alternative governments after controlling for other factors impacting the domestic economy (especially big shocks to the global economy and markets, such as the Global Financial Crisis). But a larger impact is possible if housing market activity and prices are boosted by the housing policy aspects of the National Party's tax package, which would also likely have a positive impact on consumer and business confidence.

Discussion of key policy proposals.

National's tax-cut plan and associated funding.

In late August the National Party announced the key elements of its fiscal package, the centrepiece of which was a proposal to lift the bottom three personal income tax thresholds to compensate wage and salary earners for inflation (at a cost of $9bn, amongst a total package cost of $14.6bn). This package is proposed to be paid for by cuts to expenditure and several new revenue measures – the latter including a 15% tax on foreign buyers of property (properties over $2m, not including residents of Australia and Singapore), the introduction of a tax on online gambling and increased charges for immigration visas.

Our view is that while this package might be fiscally neutral, it will still likely have a modest expansionary impact on the economy – perhaps to the tune of 0.2-0.3% of GDP. In general, tax cuts paid for by a lower level of spending might be expected to have a slightly contractionary impact on the economy due to the larger multipliers generally attached to spending as opposed to revenue. However, we note that if the tax on foreign purchases of properties and online gambling, together with increased immigration charges, raises the funds proposed by National, this will represent a net transfer of income from foreigners to domestic households (in affect, akin to export income).

If these taxes don't raise as much revenue as expected – and we think that it is very hard to determine whether they will with any degree of precision – then a National-led government would need to implement further expenditure cuts or revenue increases to compensate if it is to hold to its commitment that the tax cuts will be fully funded. Should that occur, this would perhaps eliminate the expansionary impact of the package. However, we note that the flow-on effects from the housing policy components of the package – discussed separately below – could still offer stimulation to the economy.

National's housing-related measures.

National has also announced two specific policies related to the housing market with particular relevance for property investors. First, it said that over the next three years it would gradually restore full tax deductibility of mortgage interest on investment property (currently in the process of being phased out). Second, it said that from July 2024 it would reduce the Brightline test – the period that a property must be held to avoid the payment of a capital gains tax – back to 2 years from 5-10 years.

We think that these measures make investment in housing more attractive, increasing our confidence that our forecast 7.7% increase in house prices in 2024 will occur (if anything, these polices would tilt the risks for house prices to the upside of our forecast). To the extent that these measures boost house prices further, this would likely have a positive impact on overall consumer and business confidence and so domestic demand. In the near-term, inflation could be slightly depressed if the reinstatement of interest deductibility leads to a period of weaker rental growth given reduced costs to leveraged investor landlords). Over the longer-term, for a given level of demand, a greater supply of rental property should lead to lower rents than would otherwise be the case.

Removing GST from food.

Several parties are proposing to remove GST from food products. Labour has proposed removing it from fresh and frozen fruit as well as vegetables. New Zealand First supports taking GST off basic foods including fresh food, vegetables, meat, dairy and fish. And Te Pāti Māori has proposed taking GST off all food sales.

The exact impact of these policies on inflation depends on which items are affected. Looking at Labour's proposed changes, fruit and vegetables account for around 2.5% of households spending. Removing GST from those prices could potentially reduce annual inflation by around 0.3 to 0.4ppts in the year that the change was implemented. However, that's likely to be at the upper end of the potential impact of such a change, and the actual impact on prices at the checkout would depend on a range of factors.

A major determinant of how such policies will affect inflation is how retailers adjust their prices and whether such deductions are sustained. Food prices can be affected by a range of factors (including climatic conditions) and over time we could see a gradual ratcheting up of prices, offsetting much of the reduction in GST.

Wealth taxes.

Both Te Pāti Māori and the Greens have proposed the introduction of a wealth tax. However, they would need the support of the Labour Party who have ruled out introducing such a policy.

While the introduction of such a policy looks unlikely at this stage, Treasury prepared advice for the Government on the potential effects of such a policy in March of this year.[1] The Treasury noted that the introduction of wealth taxes could help to generate government revenue and would increase the progressivity of the tax system as it would be paid by higher wealth individuals. However, it also noted several risks, including that introducing a tax on assets could have a negative effect on incentives to save or invest, as well as potentially high compliance costs. Concerns were also raised about how those who are "asset-rich-but-cash-poor" would be positioned to pay the tax, and the possibility that some of those covered by the taxes may choose to leave the country.

The introduction of a wealth tax could have a significant impact on where New Zealanders choose to invest. In particular, we expect such a tax would discourage investment in rental housing. Such assets may generate limited cash flows relative to their purchase prices, but potentially sizeable capital gains. The introduction of a wealth tax would therefore be likely to result in lower house price inflation. However, that would be dependent on any exemptions (for instance, if the family home is excluded from the tax).

Increases in the minimum wage.

Labour, the Green Party and Te Pāti Māori are all committed to continued increases in the minimum wage. Relative to the average wage, New Zealand already has a relatively high minimum wage level. In addition, many workers who are not on the minimum wage themselves may also be affected by the proposed changes – many wage rates are kept above the statutory minimum to reflect seniority/experience.

While minimum wages increases may push the average level of wages higher, the impact on inflation is less clear. Importantly, it depends on the extent to which firms can pass on cost increases – in some industries increased wage costs may result in margin squeeze, rather than an increase in output prices. By sector, the hospitality sector has the highest proportion of workers on the minimum wage. The other highly exposed sector is administrative services, which includes temping agencies and contract cleaners.

Any inflation impacts will also depend on the state of the labour market more generally. A minimum wage hike is unlikely to spark a wage-price spiral on its own, but it could exacerbate one that had already developed.

Party proposals concerning monetary policy.

There have been a number of proposals made by the various political parties concerning aspects of New Zealand's monetary policy framework. Our assessment is that none of these proposals would have much impact on how monetary policy is set in the foreseeable future. For example, the National Party plans

1 treasury.govt.nz/sites/default/files/2023-07/b23-tax-4796987.pdf

to remove the employment component of the RBNZ's dual mandate, leaving the RBNZ will the single primary focus on achieving price stability. Currently inflation is above the 1-3% target and employment is above the sustainable level, so the prescription for monetary policy is the same regardless of whether the RBNZ has a dual mandate or a single price stability target (i.e., monetary policy needs to be tight).

More generally, in our opinion, we don't think that the current high rate of inflation can be attributed to the fact that the RBNZ has a dual mandate. With the benefit of hindsight, monetary policy was too loose during the pandemic and during the early stages of the recovery. However, this was due to the RBNZ's decision to go "all in" to avoid the "worst case" scenario, which might have included both a very large rise in the unemployment rate and inflation that would likely have fallen below the target range (and potentially below zero). We think that the RBNZ would likely have taken the same decisions regardless of whether it had a dual mandate or a single price stability objective.

Proposed changes to fuel taxes.

To help fund improvements to transport networks, Labour is proposing to increase petrol taxes by 4 cents/ltr in each of the coming three years. We estimate that this would add about 0.1ppts to overall inflation each year.

In contrast, National has said that it would not proceed with Labour's proposed fuel tax increases. In addition, National has stated that it would repeal the Auckland Regional Fuel Tax which has added 10 cents/ltr to the cost of petrol (plus GST) in the Auckland region. At current prices, we estimate that the removal of the regional fuel tax would take roughly 0.1ppts off overall inflation in the year the policy is changed (however, the impact of that reduction could be offset by possible increase in the ETS charges).

The regional fuel tax has been used to fund transport projects and Auckland's Mayor has indicated that its removal could leave close to a $2bn gap in the Council's budget. To address this shortfall, central government could look at reallocating funding from other sources. Alternatively, projects could be funded through other means like increases in local council rates or other charges (the Mayor has suggested that an additional 7% increase in rates might be required). However, increases in such charges would offset at least some of the inflation dampening impacts of removing the regional fuel tax. Similarly at a national level, if fuel taxes are not increased, alternative means of funding projects could add inflation in other ways.

National's 'Getting back to farming' policy.

National is proposing a lighter touch on policy for the agricultural sector, particularly with regard to environmental and climate change policy, but also things like immigration policy settings. In their words: "National's plan cuts red tape for agriculture and shifts control back to local communities for lower compliance costs and better outcomes." ACT has similar ambitions around reducing regulatory interventions across the economy, including agriculture.

This policy represents a clear distinction between the National-ACT bloc and a Labour-Greens bloc. At the macroeconomic level, the National policy prioritises economic growth, with potentially higher agricultural sector incomes from higher (food) production (and exports), and lower costs of production. Specifically, under looser immigration policies, we would expect higher agricultural employment at a lower cost. Similarly, less regulation and compliance for agriculture would further lower the costs of production. When combined, these policies would also likely result in an increase in (food) output and thus lower food prices. However, there is also a risk that this lighter touch could compromise the achievement of New Zealand's international climate change obligations, with potential for increased trade barriers in some markets or possibly lower demand from some foreign consumers of New Zealand's export products. Other environmental policy goals such as water quality improvements may also be achieved later or slower than under current policy settings.

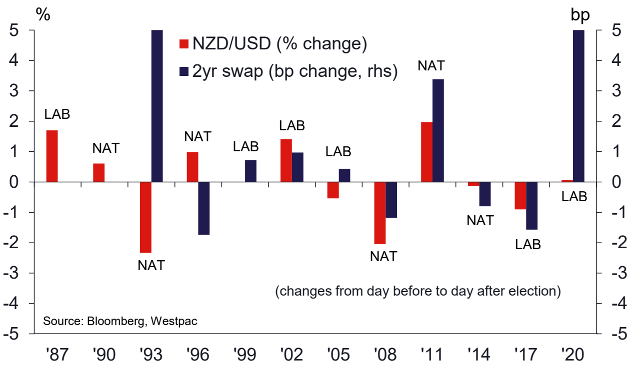
In contrast, the Labour policy prioritises environmental and climate change goals. Potentially that may mean these goals are achieved faster or that other sectors assume more less of the costs of environmental decline and from climate change relative to agriculture than otherwise.

Market impact of the election.

Turning to the potential market impact of the election, we have examined the NZD and interest rate markets around the past 12 elections for any clues on patterns which may repeat.

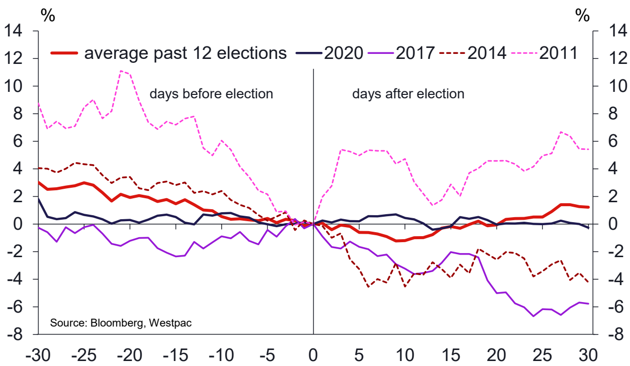
Looking at the immediate reactions (from 1 day before to 1 day after), it's a mixed bag. The gains and losses in both foreign exchange and interest rates are roughly evenly split, and there doesn't appear to be any party bias.

Market reactions to elections



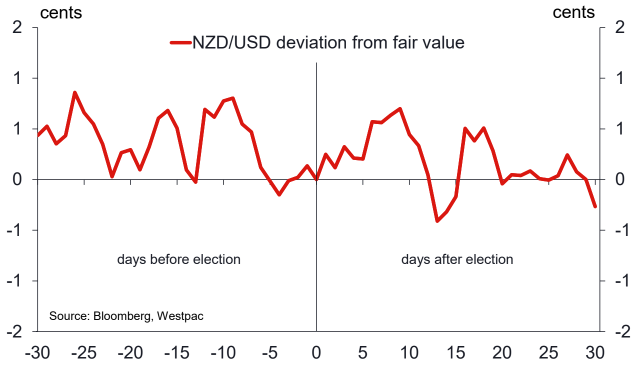
However, this initial analysis is limited by the small sample size (the NZD was floated in 1985, hence our sample of 12 elections). On average, it appears that the NZD/USD exchange rate weakens into an election and recovers afterwards.

NZD/USD performance before and after elections



However, there is significant variation from election to election, which we've illustrated by showing the past four elections. And that's before taking into account other influences on the NZD (such as global risk sentiment and commodity prices). We can partially control for these other influences by using our NZD/USD fair value model, to examine the behaviour of the NZD's deviation from fair value before and after an election.

NZD/USD performance before and after elections – deviation from fair value



Here, the weakening and recovery pattern before and after an election is less apparent, although one could argue it still exists but over a shorter time frame (around 10 days before and after). Overall, we suggest there may be a weakening and recovery pattern at play, but it's statistically weak. The pattern itself could be explained by the uncertainty factor, which is typically elevated before an election result.

Finally, we also analysed the behaviour of New Zealand swap rates, finding no significant difference in behaviour between the before and after periods. Rates, on average, declined ahead of the election, and continued doing so afterwards.

Appendix

Summary of proposed policies.

The following tables provide a brief summary of selected policy proposal from the major parties. Information was sourced from the parties' websites. Rather than providing an exhaustive list of proposals, we've focused on policies that could have the most material impact on economic conditions.

Labour	National
Tax	
• Removal of GST from fresh fruit and vegetables. Costed at $2,220m over four years. • Remove depreciation on commercial buildings. • Trustee tax rate to be aligned with top personal tax rate of 39% in April 2024. • Has ruled out wealth or capital gains tax.	• Upwards adjustment to tax brackets for earnings up to $78.1k (from 1 July 2024). • Tax on online gambling. • Remove depreciation on commercial buildings.
Housing	
• Changes to progressive home ownership programme including allowing buyers to purchase existing homes and increasing the income cap. • Infrastructure Acceleration Fund to support the development on infrastructure and housing. • Will fund a further 6,000 additional public housing places (Capital costing $6,200m)	• Fully restore interest deductibility for investment properties (phased in). • Reduce Brightline holding period to 2 years. • Foreign buyer permitted to purchase houses costing over $2m, 15% tax on purchase price. • Streamlined process for building consents. • Increase competition in the building material space. • Would require councils in larger centres to zone enough developable land for the next 30-years worth of housing needs. • Changes to regulations and funding to support the development of infrastructure for housing.
Income support/social welfare	
• Increasing Working for Families in work tax credits by $25/week and upwards adjustment to abatement threshold. • Free basic dental care for those aged under 30 years, improved care for those under 18, expansion of dental work force. Costed at $380m over four years. • Expand 20 hours free Early Childhood Education to 2-year-olds. • Will continue to make contributions to the NZ Super Fund at the level of the prescribed legislative formula. Will commit to not make any changes to the rate formula or entitlement age for New Zealand Superannuation.	• Upper limit for Independent Earner Tax Credit increased. • Family Boost childcare tax credit to assist with child care costs. • Increasing Working for Families in work tax credits by $25/week and upwards adjustment to abatement threshold.
Labour market and immigration	
• Plans to introduce paid-partners leave. • Maintain Fair Pay Agreements programme to support collective bargaining. • Plans to introduce tripartite forums (Government, workers and business) to complement other measures. • Committed to annual increases in the minimum wage. • Commitment to paying Living Wage to public service employees, plans to increase the Living Wage rate. • Remove starting out and training wage rates. • Will introduce 10 year multiple entry visa for parents and grandparents of migrants.	• Greater flexibility for partners to share parental leave. • Re-instate 90-day trial periods. • End the Fair Pay Agreements programme. • Higher visa processing fees for longer term migrants. • Digital nomads visa - 12 month visa for high skill migrants who work remotely for an overseas company. • Will introduce International Graduates Visa and Global Growth Tech Visa to attract highly skilled migrants. • Double the RSE worker cap. Will add new path to residency for rural workers via the Accredited Employer Work Visa scheme and scrap the median wage requirement and replace it with an industry average wage. • Parent Visa boost - five year visa for parents and grandparents to visit their family in New Zealand, with possible five year extension.

Labour	National
Infrastructure and transport	
• Committed to $71bn of infrastructure spending over next five years. • Efforts to improve efficiency of resource consenting for infrastructure. • Spending to support electrification of transport and high-speed connectivity. • Maintain current public transport discounts. • Investment in major state highways.	• Introduce a National Infrastructure Agency to support funding of projects. • Support increased use of funding tools like public-private partnerships. • Fast tracking process for infrastructure consents. • 'Roads of National significance' programme. • Public transport spending including support for rapid transport in Auckland and rail upgrades in the North Island. • Would cancel planned fuel tax increases and remove Auckland regional fuel tax.
Environment/climate change	
• Plans to bring forward target of 100% renewable electricity generation five years to 2030, removing regulatory barriers for renewable electricity generation. Ban on thermal baseload generation. • $70m to accelerate potential dry year storage solution. • Support for business to reduce emissions. • $100m Venture Capital Fund to invest in agri tech. • Research and development of tools/technology to reduce agricultural emissions through the Centre of Climate Action on Agricultural Emissions. • Measures to support the uptake of rooftop solar panels. • Mandatory reporting requirements for agriculture emissions from December quarter 2024 and a pricing mechanism from December quarter 2025. By 1 January 2025 all farms must have a farm plan to measure and manage their emissions. • Agriculture's carbon sequestration accounted for in the ETS.	• Funds from the 'Climate Emergency Response Fund' / Emissions Trading Scheme used to fund around $590m of other spending each year. • 'Electrify NZ' plan to support investment in renewable energy and distribution infrastructure. • Plans to invest in nationwide charger network for electric vehicles. • Will introduce an agricultural emissions price at the farm level no later than 2030, supported by tools and technology to reduce on-farm emissions. Price in line with our major agricultural competitors. Split gas approach to keep agriculture out of the ETS. • Limits on newly planted forests on converted farmland from entering the ETS.

Green Party

Tax

- Tax free threshold of $10,000, increase the number of tax brackets (higher rates for those earning over $120k than in current system).
- Wealth tax (2.5%) on assets over $2m individual / $4m couple (adjusted for debt).
- Supports the introduction of a comprehensive capital gains tax.
- Trust tax of 1.5%
- Increase the corporate tax rate to 33%.
- Taxes on corporations making excessive profit from high prices.

Housing

- Limits on rent increase.
- Rental warrant of fitness.
- Policies to support secure longer-term tenancies for renters.

Income support/social welfare

- Minimum income guarantee.
- Double the Best Start payment for new parents.
- Indexation of benefits to cost of essentials.

Labour market and immigration

- Annual minimum wage increases, abolish the "youth wage" starting out rate".
- Ensure employment law promotes and facilitates collective bargaining.
- Support default union membership when employers start a new job.
- Expand Fair Pay Agreements framework to contractors.
- Increase in paid parental leave and extend time period, can be used by both parents.
- Progressive increase annual leave to five weeks.

Environment/climate change

- Reform fisheries and marine protection legislation, including establishing marine protected areas.
- Action to radically reduce gross agricultural emissions. Measures include reducing the density of animals (especially cows) on farms, (which aims to reduce the related reliance on fertilisers, irrigation systems, etc, and consequent climate harms), as well as encouraging a transition to regenerative agriculture.
- Introduce regulatory levers and other mechanisms to rapidly phase our fossil fuels. End all fossil fuel exploration and phase-out production.
- Changes to Strengthen the Climate Change Response Act including covering all sectors, including agriculture.
- Ensure the services provided by the financial services sector support green initiatives.

Monetary policy

- Monetary policy needs to be implemented in ways that support ecological sustainability and the just distribution of social and natural resources.
- Review of monetary policy including examination of how the RBNZ balances goals, potential alternative targets and tools other than the OCR.
- RBNZ to incentivise borrowers to more towards lower carbon policies.
- Reintroduce Depositors' Guarantee Schemes for registered banks, funded by the licensed institutions.
- Capital adequacy ratios for all lending institutions.
- Support the use of macro-prudential tools by the Reserve Bank, with appropriate safeguards.
- Require the Reserve Bank to incorporate climate risks in its assessment of capital adequacy for banks, insurers and other financial institutions.

Act

Tax

- Reduce the number of tax brackets to three, phased in between 2023 and 2027.
- Introduce 'Low-and Middle-Income Tax Offset.'

Housing

- Would restore interest deductibility for investment properties.
- Would remove the Brightline test.
- Would share 50% of GST revenue from the construction of new residential dwellings with local government to help fund infrastructure.
- Allow alternative high quality building materials already approved for use in other jurisdictions to be used in NZ.
- Use of building insurance as an alternative to building consent authorities.

Income support/social welfare

- Gradually increase the superannuation age to 67, delink the age at which withdrawals can be made.

Labour market and immigration

- Moratorium on new minimum wage hikes.
- Return public service headcount to 2017 levels and index pay raters to inflation (excl. Corrections and Oranga Tamariki).
- Scrap Fair Pay Agreements.
- Re-introduce 90-day trials.
- Amend Employment Relations Act so that contracting arrangement can't be challenged in the Employment Courts (provided specific criteria are met).
- Fast track for all migrants whose occupations are on the 'Green list.'
- Simplify Accredited Employer Work visa scheme.
- Unite Visa: will enable parents to visit their children or grandchildren for up to five years at a time.

Environment/climate change

- Carbon tax refund - Earnings from the ETS would be used to reduced individuals tax bills (or provide a direct payment).
- Eliminate spending on some climate programmes that are viewed as wasteful.
- Adopt a split gas emissions reporting approach.
- Ensure farmers are able to offset all on-farm.
- sequestration from their emissions liability.
- Remove barriers affecting the uptake of emissions reducing technologies.

Infrastructure and transport

- Replacement the RMA with new environmental and urban development rules to support infrastructure and housing development.

Monetary policy

- Returns RBNZ's primary focus to inflation.
- Change appointment process for the RBNZ board to bring in more monetary policy exports and support accountability.
- Stricter scrutiny for alternative monetary policies.

Te Pāti Māori

Tax

- $30,000 tax free band, increase the number of tax brackets (higher rates for those earning over $90k than in current system)
- Wealth taxes for assets over $2m (net of mortgages or other debt)
- Remove GST from food (kai).
- Increase the corporate tax rate to 33%.
- Overseas Financial Transfer Tax of 2% (focused on the transfer of corporate profits earned in NZ offshore)

Housing

- Tax on vacant residential houses.
- Capital gains tax on all property other than the family home (2% of the appreciation per annum).
- Undeveloped Land Tax payable on all land that has not begun to be developed within four years of purchase.
- Halting sale of freehold land to foreign interests.
- Build programme: 2000 houses in next two years, cost $600m.

Income support/social welfare

- Double baseline benefit levels, remove financial penalties. Increase the amount people can earn before benefits are cut by raising abatement rates.
- Create a universal student allowance and double student allowance rates.

Labour market and immigration

- Minimum wage increases to $25/hour, legislate annual increases linked to living costs.

Environment/climate change

- End new onshore oil and gas permits and withdraw existing onshore and offshore oil and gas permits within five years.
- Ban seabed mining permits nationwide and withdraw existing seabed mining permits.
- $1bn fund for Māori-owned community energy projects.
- Bring methane emissions from agriculture into the ETS and incentivise transitioning away from intensive dairying.

New Zealand First

Tax

- Removal of GST from basic foods.
- Inflation indexation of tax bracket.

Income support/social welfare

- Ruled out changing the age of eligibility for superannuation.

Environment/climate change

- Will not support emissions pricing measures unless adopted by trading partners.
- Funding from ETS used to incentivise the uptake of emission reducing technologies.
- Amend ETS to recognise forestry and shelter belts.
- Amend OIA to limit foreign investment for farm forestry conversions.

CONTACT

Westpac Economics Team | **westpac.co.nz/economics** | nzeconomics@westpac.co.nz

Kelly Eckhold, Chief Economist | +64 9 348 9382 | +64 21 786 758 | kelly.eckhold@westpac.co.nz

Satish Ranchhod, Senior Economist | +64 9 336 5668 | +64 21 710 852 | satish.ranchhod@westpac.co.nz

Darren Gibbs, Senior Economist | +64 9 367 3368 | +64 21 794 292 | darren.gibbs@westpac.co.nz

Nathan Penny, Senior Agri Economist | +64 9 348 9114 | +64 21 743 579 | nathan.penny@westpac.co.nz

Paul Clark, Industry Economist | +64 9 336 5656 | +64 21 713 704 | paul.clark@westpac.co.nz

Imre Speizer, Market Strategist | +64 9 336 9929 | +64 21 769 968 | imre.speizer@westpac.co.nz

Shania Bonenkamp, Graduate | +64 21 796 895 | shania.bonenkamp@westpac.co.nz

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