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Funding our future: Self determination delivering prosperity

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Abstract. The miracle of compound interest normally works against ordinary people, now it works for us - Once the savings policies outlined in this paper are fully mature, 95% plus of all New Zealanders will retire with 4-5 million dollars in their super fund accounts. No longer will New Zealanders get less out in pensions than the government takes in taxes. Old age will never be a reason for poverty again. Vets don't have waiting lists, nor will New Zealanders when every New Zealander has a comprehensive catastrophic health policy ever year of their life. Patients with private insurance rarely have to queue. The policy outlined in this paper, gives you back your tax dollars, in a way that enables you to purchase your own insurance policy. Will once again become the route to advancement, when we cut out the middleman and let parents pay the school direct, then the school will get a dollar for every dollar spent on education. Real equality of opportunity gives the same spending power to everyone- and lets them choose their education. Choice in the educational system will raise our standards of achievement. Choice will give low-income families the same options as everyone else. Our shared home ownership model of housing will bring home ownership within the reach of everyone who works. Residential section development will be pushed to the maximum extent possible, and at reasonable prices. Being out of work for any reason an accident, being sick or unemployed, will all be covered by the same out of work welfare policy framework, ending any future attempts to fiddle the system. New Zealand's one trillion dollars of unfunded welfare debt for health and pensions will disappear over time. Those years of living beyond our means will be behind us and taxes will drop as a consequence. The superannuation and health policies outlined in this paper will ensure that old age will never be a cause of poverty in New Zealand again. Far lower taxes allow workers to keep more of what they earn, much better incentives for people to work, better education and health policies will all help to lower poverty and keep it there. The lowest personal taxes in the world. That makes us one of the most attractive countries in the world. Taken together the policies in this paper will produce a strong and sustainable economic surge in New Zealand, and as a result our opportunities in life will be transformed.
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JEL. G02, G10, G20.

1. Introduction

The Treasury paper He Tirohanga Mokopuna 2021 on the long-term fiscal position and long-term insights briefing fails in any fundamental way to deal in the social decay that threatens the benefits of what it is to be a New Zealander. This social decay in New Zealand has been clearly

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evident for more than 30 years and was the main reason why Derek Quigley and I started the Act party.

As we said then" We have a system that locks a whole group of New Zealander's into poverty- third-generation beneficiaries are no longer out of the ordinary. We have a health system with at least 77,000 people on the surgical waiting list. We see an education system where sometimes a fifth of students are truants and nearly a half of school students leave school before they've been educated to anywhere near the standard of our trading partners. We have a superannuation system that takes $300,000 from ordinary people in tax over their working life and gives them a niggardly pension in return. We see a once 'were warriors syndrome' developing and many people feel deeply affected by that and fear there is nothing they can do to stop it. The old solutions being offered by political leaders will not make the difference we need. Spending has been no solution; it may even be part of the problem."

30 years on, the problems are the same only worse and the best The Treasury seems to be able to come up with is a set of options/solutions that clearly will not make the difference this country so desperately needs.

On the other hand, the policies that Derek Quigley and I advocated for the Act party in 1994 would still work today if updated. These ideas are relatively simple and would not only solve our welfare problems but make us all better off as well.

We believed at the time that we had found a circuit breaker to get us out of the dangerous spiral we were in (and still are but worse) and in doing so a number of beneficial results would happen for New Zealand.

- A sustainable pension and retirement health and care saving scheme for everyone that would be capable of paying a more generous pension than today, and a health care scheme far better than that on offer today.
- A tax system with the lowest personal and corporate rates in the world.
- Private health insurance for every New Zealander regardless of age or income.
- An out of work income protection saving fund scheme that covers unemployment, sickness, and accidents.
- An education system that breeds success rather than failure.
- The opportunity of home ownership for everyone who works
- Strong sustainable economic growth.
- Employment for everyone who is willing and able to work.
- A society that has security, freedom, and lots of energy at its core.

The rest of this paper will spell out how we could achieve these objectives and more.

2. Principles

2.1. Choice and competition

This principle is the basis for providing flexibility, innovation, variety and most important of all individual autonomy. Choice links consumers and providers directly, with consequential incentives on hospitals, doctors, schools, and teachers. It puts an end to monopoly provision. Choice is the key to improving performance and achievement in the social welfare sector. Competition because it would take a variety of forms would ensure consumers had the diversity of choice they need when making their decisions about where and with whom to spend their money.

2.2. Each generation must pay for themselves

This principle more than any other drives the new welfare approach set out in this paper. Currently, that is every year more than 30 billion dollars of government welfare expenditure (around 10% of GDP) for the year is not included in the government's financial books of account. This principle would ensure that in the future the government not only had to do so, but it also had to put money aside to meet its future obligations.

- Every individual would save for their own pensions and healthcare.
- Every New Zealander would be expected to save to the extent necessary to cover their yearly welfare costs in areas such as health and being out of work.
- New Zealanders on a low income would receive financial help to meet any shortfall they have in their health and pension savings from the government.

2.3. Given these principles what policy steps need to be put in place in the welfare area?

1. We need to move New Zealand's welfare system away from the pay as you go system, we have now to a saving based one.

These changes would involve a shift away from today's pay as you go welfare system (PAYGO) to a saving based welfare system. A shift, that while it would take 50 years to be fully put in place, would bring significant benefits from year one, for example in year one we would see an improvement in our fiscal position of 13.5 billion dollars or around 4% of GDP.

2.4. Why do we need to make the shift?

Because in the immediate future we are threatened with the largest debt in our history, a debt for unfunded liabilities that, as of today stands at more than one trillion dollars or three times New Zealand's gross national product.

This debt will increase this year by more than 30 billion dollars or 10% of gross domestic product. *This massive increase in our debt will be ignored by The Treasury and our politicians, despite the fact that if the directors of a New Zealand public company say Fletchers kept their books the same way the Government does they would end up in prison.*

These debt numbers have become so large that no current political thinking can accommodate them, so today's politicians pretend they don't exist, some would say they lie about them including me, while others like The Treasury continue to make positive claims about our fiscal situation that misrepresent New Zealand's true position. The Treasury claims rely almost entirely on ignoring unfunded liabilities altogether.

2.5. Creating the financial headroom we need

2. Create the financial room necessary to make a saving based welfare system possible.

This step involves a reduction in the New Zealand government's current spending program of between 15 to 20 billion dollars a year. The purpose of this reduction in government expenditure is primarily to give us the means to help/enable people on a low income to save the amounts they require to be able to look after their own welfare needs in retirement.

Examples of where these reductions might come from are, Government grants to the super fund, the income earned from that fund, and Kiwi saver subsidies- $6 billion, Privileges, which currently go to affluent New Zealanders- $4 billion, (e.g. assistance to go to university, working for families and electricity pay-outs which go to the already affluent) special privileges to business -$4 billion, (e.g. government handouts, tax breaks, provincial growth fund, racing. film, and other grants,) reform of government bureaucracy -$3 billion, e.g., staff numbers, salary levels compared to private sector, other areas, $2 billion. Total savings of around 16-20 billion dollars would provide all the financial room needed to make the changes.

Notes

- These reductions in government spending come in the main from two areas, one the redirection of existing expenditure, this applies for example to the super area and two the withdrawal of privileges paid to the already rich.
- The abolition of privileges is in-fact the essence of reform. Government is not there to protect vested interest groups, be they teachers, farmers, manufacturers, or health workers at the expense of the public.
- Government's role is to ensure that vested interests cannot thrive except by serving the public effectively.
- New Zealanders will be in a position to see what government expenditure has been done away with and then they will be able to compare that loss with any gains they may have made with the new regime.

3. Savings for retirement

We start by determining the level of savings every New Zealander between the age of 18 and 65 moving to 70 (3,100 million people) will need to make each year, in order to be able to look after their health and pension needs in retirement. We settle on $4,200 a year indexed to inflation, health inflation of 4% and pension inflation of 2.1/2% an average inflation rate of 3.1/4%.

Next, we determine how this $4,200 a year can be saved by every New Zealander aged 18 to 65 (note- the 65 years of age would move up if the age of retirement does).

Answer- 3% of wages earned, up to $70,000 a year of income earned, by a New Zealander and their employer, that is $2,100 each.

In the case of someone earning less than $70,000 a year any short fall in their contributions would be made up by the government out of the expenditure savings set out above. E.g., Income $50,000, shortfall in savings $1,200. This saving shortfall is made up by a government contribution of $1,200 (i.e. $20,000 times 6 cents)

Total cost of government contributions, towards the retirement needs of New Zealanders is estimated at - 5.0 billion dollars after an allowance has been made for non-qualifying workers, e.g., a non-earner whose partner is a high-income earner. This leaves 11-13 billion dollars still available to spend on moving the welfare system from a pay as you go one to a saving based one.

3.1. Other government assistance to those who are required to save for their retirement aged 18-65-

Reduced Personal Tax- The top income level of the 10½% personal tax rate bracket is moved from $14,000 to $34,000. The result of this move is a reduction in personal income tax of $1,400 a year. ($20,000 times 7 cents equals $1,400) This tax reduction means the maximum amount any New Zealander pays towards their $4,200 of yearly savings is $700 a year or 17%. A majority of New Zealanders with an income below $50,000 will in effect pay nothing at all.

Outcome, we have moved the government's financial help in the area of super away from the already rich to lower income earners that is with incomes below $70,000 a year.

Cost to government - $3 billion dollars, leaving 8-10 billion dollars still available to spend on moving the welfare system to a saving based one.

Companies- The company tax rate is reduced by 4 cents in the dollar of company profits, at a cost to government revenue of around $2 billion dollars, leaving $6-8 billion dollars still available.

Kiwi saver- stop existing kiwi saver support payments, which largely go to the rich and transfer that support to low-income working New Zealanders. Cost to government $1 billion, leaving 5-7 billion dollars still available to spend.

At this stage we would begin to monitor any financial benefits that flow from the changes we have made, to the government's financial position and to individual New Zealanders.

3.2. Benefits of this approach

Year one -- the Governments cash spending on pensions and healthcare for the retired is reduced by around $180 million for the year, resulting in taxes being that much lower. (The 60,000 New Zealanders who retired during year one would on average have contributed about $3,000 each towards their own pensions and healthcare. 60,000 times $3,000 equals $180 million.)

Savings- New Zealanders savings for their future pensions and healthcare expenditure needs during year one, total $13,400 Million including interest earned for the year. (3.1 million people times $4,200 plus interest). This results in a 13,580 million dollar improvement in the New Zealand government's fiscal position over what it will be if we stay with the current pay as you go system.

Year fifty-- Covers the 60,000 or so New Zealanders who turned 18 years in year 2022 and retire in 2070 at the age of say 68.

The retirement lump sum available to each of them by 2070 is estimated to be around $2,350,000. (Dollars of the day) This is more than enough to pay a pension at least equivalent to what today's government pension will be if it lasts that long, and also provide for all the health and care needs a person might have.

Total Savings held by New Zealanders in their own personal accounts for future pensions and healthcare at the end of 2070 stand at more than 2 billion dollars.

Note- New Zealanders in 2070 would in general elect to live off the income earned on their retirement capital ($2,350,000 see above) plus their kiwi saver fund which for most New Zealanders will be 2 million dollars plus, a total of 4 million plus, rather than buy an annuity.

Taxes- With government expenditure on health and pensions for the retired in 2070, $250 billion lower than it would be under the current pay as you go system, personal and corporate taxes would as a result be close to zero unless some government goes mad which is always a possibility.

Years between one and fifty- Each year between year one and year fifty above would see a marked improvement in the financial position of the government and every New Zealander. Government expenditure for retirement health and pensions would decline each year, as those retiring in any given year would contribute more towards their retirement needs than those who retired the year before, while the savings of New Zealanders still working would continue to increase to meet their future needs, as a result of this the taxes that need to be paid by working New Zealanders and companies would continue to decline each year, until they reach the point described above for year 50.

3.3. Summary for year 2070- Retirement savings-

Instead of government debt for unfunded welfare liabilities in 2070 being more than 3 trillion dollars as it would be under today's pay as you go system, it would be close to zero under a saving based approach to retirement, once retirement savings held for that purpose are taken into account.

Instead of savings for future retirement welfare expenditure being a small fraction of outstanding debt as it is today, under a savings-based approach future health and pension savings would exceed 2 billion dollars, (dollars of the day) by 2070.

Instead of government expenditure for the retired in the areas of health and pensions exceeding $250 billion dollars a year by 2070 under today's pay as you go system, government expenditure would have been reduced to almost zero under a saving based system. Thereby creating the opportunity to reduce taxes by that amount, that is, at least $30,000 a year for every New Zealander.

3.4. Summary- Retirement

Instead of most New Zealanders retiring with little or no financial capital of their own as they do today and getting far less out in retirement pensions and healthcare than the government has taken from them in taxes for these two expenditure items. (That is under the existing pay as you go scheme)

New Zealanders would under a health and pension saving scheme retire with more than 4 million dollars in financial capital (2.4 million dollars in welfare savings and 2 million private super savings.)

Couples would in general retire with more than 8 million dollars. With this amount of capital in their accounts, couples and single people would find they had the opportunity to do things they had once only dreamed of.

As an extra bonus existing inequality of capital and income among retired New Zealanders as a result would also be at an end.

3.5. Review of regulatory and institutional policies

Undertake a comprehensive review of the regulatory and institutional policy changes that need to be made if the policies outlined in this paper were implemented. (An SOE model style review)

4. Health

Under the policy presented in this section of the paper every New Zealander would be able to purchase their individual catastrophic health insurance policy. This insurance cover would be compulsory. Because of the proposed tax policy everyone will be able to afford the high standard of medical care that is now available only to the well-off members of our society.

History tells us that getting the incentives right will provide better services for less cost and no waiting lists. As an example, after introducing this approach, the cost of phone calls fell significantly, while waiting times for telephones disappeared altogether. The same improvements would occur in the health area as a result of choice and the competition. Leading to the following positive effects:

- Enterprising health providers, including government owned ones would take the opportunity offered to start their own hospitals or clinics or rent existing facilities. (see point 8 of policy plan below)
- Providing services at a better price and better quality will become the main motivating factors of those involved in healthcare.
- Waiting lists will begin to shorten quite quickly and ultimately disappear.

4.1. A policy plan along the following lines would deliver more health care for the money spent, (Note dollar numbers are indicative only)

1. Every New Zealander over the age of eighteen years would have their own pension and health and care saving accounts, as outlined above.
2. Every New Zealander irrespective of their age would have their own yearly health fund account to pay for their out-of-pocket health costs and to purchase a catastrophic health insurance policy from an approved provider.
    - Children under the age of 18 would have a yearly contribution of $1,000 made to their account ($2,000 at birth) the administration of which would be in the hands of the parents.
    - Adults over the age of 18 would have a yearly contribution of between $1,800 and $4,000 a year (an average of around $2,800) made to their account. Money not spent in any one year is carried forward to the next.
    - The main factor determining the level of healthcare funding a person receives in any year is the age of the person concerned.
3. Health care funding would be indexed yearly to rate of inflation for health care.
4. Government's role in the health area would largely be confined to topping up low-income earners yearly fund account, where contributions made to it fall short of the target amount set out for that individual, and to look after any special financial needs a chronically ill person might have, for example helping to pay for adequate catastrophic insurance cover for the person concerned.
5. Families will have the ability to pool their yearly healthcare savings; in fact, this will be compulsory in the case of a major medical event or medical insurance cover.
6. A catastrophic health insurance policy would have to be purchased by every New Zealander over the age of 18, with children being covered by parents until they reach the age of 18. Any insurance policy would have two parts, part one would cover an event from which the person concerned is expected to make a full recovery within a relatively short time. Part two of the policy would cover an event from which recovery will take a long time if at all.

7. A new Health Status Corporation with around 10 billion dollars in funding per year will be set up. The main responsibility of this new corporation will be to look after the needs of the chronically ill.
8. A new Health Property Company will be set up to own, rent, manage, and maintain all government health related properties. This ownership model will facilitate innovation competition, innovation, and the entry of new people into the health marketplace.
9. Insurance companies will be allowed to own and operate hospitals and clinics.
10. Insurance companies will be required to insure against business or clinical failure.
11. Any insurance contract will need to include mental illness, geriatric care, and accident-related healthcare.
12. New Zealanders with existing long-term conditions will have their needs looked after by the health status corporation.

Health Financials—For new system, (indicative only)	million
Current government expenditure	$21,000
Add individual and employer contributions, ACC funds currently spent on health and $2 billion from expenditure savings	$5,000
Funds now available	$26,000
How spent	
Transfers to Individual health saving fund accounts	$12,000
Health Status Corporation	$12,000
Health Department	$1,000
Money retained by Government	$1,000

4.2. Summary

Vets do not have waiting lists, animals in pain don't have to wait.

Why should people?

They will not when they have the money to buy a catastrophic health insurance policy and have money in the bank to pay for small items such as seeing the doctor.

Patients with private insurance cover rarely have to queue.

The answer put forward in this part of the paper is to get everyone insured against a catastrophic event and have a health savings account as well.

5. Education

Education was once the escape route from poverty. The key to advancement at all levels, now it traps a considerable number of New Zealanders into an underclass. In the world today a child who cannot read and write properly will be left behind the rest of society. This is despite the fact that education spending has increased substantially over the past 25 years.

You might well ask, what has this increase in spending achieved? Answer, a decline in New Zealand's education standards relative to other countries' position in the world. While government spending has gone up, achievement has gone down. The education establishment has treated this concern with complacency and aggressive demands to leave education to those best qualified to deal with it.

Our education system is failing those it should help the most—the economically and socially disadvantaged. Given more money and more teachers haven't helped we must look elsewhere.

Good organisations of any kind tend to display such qualities as high expectations, good leadership, collegial decision-making and regular evaluation. Those characteristics are reinforced in schools by the popularity that comes from educational success—the demand from parents and students for places in schools that are succeeding.

The key question is: What sort of policy environment would be most likely to encourage the development of organisational characteristics that lead to high achievement?

A large part of the answer, and central to what I propose, lies in removing government as an intermediary between parents and students and educational institutions. Choice in the educational system will raise our standards of achievement. Choice gives low-income families the same opportunities as everyone else. With choice, school performance would matter. Good schools would prosper and expand, badly performing schools would shrink and die if they didn't change, poor educational practices would be weeded out and good practices exposed and promoted.

5.1. The policy

- Every child / student attending an approved New Zealand school will be funded at the same basic level.
- The parents of children with special needs will receive an additional grant.
- All the money would go to the schools.
- Individual choice of school is of paramount importance. And so are the means to pay for it.
- Money will follow the student. Parents and students will become consumers of educational services in an open marketplace.
- Schools will be free of political control. Directors will be able to spend school funds to best effect for their community.
- There will be tax reductions and cash grants for preschool, primary and secondary schools,
- Schools will receive significant additional funds compared with today.
- Schools will not have to take what the education department decides, in fact an education department won't exist unless they come up with products that schools value and are therefore prepared to pay for.
- Schools in the end will be accountable to the people who use them.
- Principals would be able to get rid of non-performing teachers.

- Poor performing schools would not be helped to survive by forcing parents to send their children to that school.

5.2. Structure - Property

- All government education property will be transferred to an education property trust company a government owned state-owned enterprise.
- A highly qualified board of directors would be appointed to manage the company.
- The job of the company will be to make available to any registered school, public or private a suitable school property.
- The company would be responsible for ensuring competition within the sector is not impeded by a lack of school property.
- After 3-5 years' experience and understanding of what changes choice and competition was bringing to the education sector, a review would be undertaken about the ongoing ownership of the school property administered by the company.

5.3. Structure - schools

- An education corporation of New Zealand would be set up to take over 99% of the roles currently carried out by the education department. Only those functions schools were prepared to pay for, or government decided were critical would be allowed to continue.
- The government would provide a declining grant for the first five years of the new system to enable the setting up of a competitive private sector school monitoring system to report to the education corporation of New Zealand on the performance of individual schools. The aim of the monitoring would be to provide parents and students with the maximum amount of independent information possible on each school, thereby helping them make any decision they might have to make.
- The board, which must be approved by the education corporation of New Zealand, would be responsible for all school activities, such as the appointment of staff and their salaries. The board would determine the level of delegations they make to the principal which however are likely to be very significant. Schools will set their own fees. Schools may if they wish train their own teachers, provided they follow any guidelines laid down.

5.4. Summary

Despite huge increases in educational spending New Zealand students' achievements have been declining when compared to other countries over the last 50 years. Any other industry faced with a similar situation would be embarrassed by such a lack of improvement in quality over such a long period, The facts are clear, our education system as it is, is failing those it should help the most- the economically and socially disadvantaged. If more money and more teachers haven't helped, then we must look elsewhere.

Choice on the other hand, in the education system would raise standards of achievement. Choice would give low-income families the same options as everyone else.

Real equality of opportunity as this paper advocates gives the same spending power to everyone- and lets them choose their education.

6. Out of work - Sickness, unemployment, and accident

What sort of programme do we need in this area?

Answer - A programme that creates the incentive to find work.

6.1. Policy—risk cover— sickness, unemployment, and accident

- Instead of relying primarily on the government, New Zealanders would open a risk cover saving fund account at the age of eighteen with an approved provider.
- While working contributions to the risk cover account would be made by the individual and their employer.
- From the amount of money saved, the cost of a person's out of work insurance cover policy would be paid with the balance of the money remaining in an individual's risk saving account to cover any deductible the insurance policy might provide for.
- A New Zealander, unable to get an out or work insurance risk cover policy from a private sector provider, will be covered by a government operated "out of work risk organisation".
- The level of cover to be provided will be equal to the amount that individual would have received if they were on a sickness benefit.
- New Zealanders who would like to have a higher level of cover than the basic sickness benefit level provided, as many will, will need to insure themselves with a private insurance provider.

6.1. Benefits of the new system

Because all New Zealanders get the same benefit under the new system, irrespective of why they are out of work accident, sickness, or unemployment they will stop trying to fiddle the system.

This new out of work welfare system, along with the new saving systems to be put in place will provide strong incentive to stay employed.

Employers will also have a strong incentive to help employees wherever they can with their welfare needs.

There is also a strong incentive for anybody out of work to get back to work as quickly as they can e.g., lower personal super savings while they are out of work.

The new risk cover system has another benefit, it allows the government to concentrate its efforts on New Zealanders who really need it, while other New Zealanders learn to look after themselves.

6.2. Management of out of work New Zealanders

The present tax benefit system actively discourages many beneficiaries from working. It fails to reward those who make the effort to move off assistance and return to the workforce. Inadequate margins between what beneficiaries receive and what they can earn act as a barrier to those who might otherwise be able to find work. *The current system traps people into poverty and state dependence.*

To tur this situation around we need a system, that makes people want to get a job, a system that puts those in employment financially ahead of those who are not and ensures that the advantages of working are maintained, especially for the hard-working poor.

The policies outlined in this paper do exactly that, they:

- Lower personal income taxes and other taxes as well
- The prospect of retiring with more than one and a half million dollars three million dollars for a couple in today's dollar terms irrespective of your income when working will prove to be a very powerful incentive for many.
- A new model of shared home ownership, which would enable low-income earners to get on the property ownership ladder is an equally powerful incentive.

6.3. Government help for New Zealanders who are out of work

- A much greater emphasis in the future on the individual client who is out of work.
- Any client out of work for more than three months will have a personal manager/mentor appointed to them.
- Once a manager has been appointed an assessment of the client skill levels and their existing situation will be made, in areas like education, budgeting, health, housing, family situation etc.
- Once the assessment of the client is complete, a face-to-face meeting between the client and his mentor would take place. The main objective of the meeting would be to draw up a programme of help where and if required, a programme that should in the end help the client to get a job.

7. Housing

New Zealand has had a large shortfall in the supply of new houses each year for a number of years now.

In these circumstances, what should New Zealand's objectives in the housing area be?

- Get the supply of new residential housing sections each year to the point where the number of sections coming onto the market for sale at least equals buyer demand for them and does so at reasonable prices.
- Have policies in place that result in at least 90% of New Zealand's working population who want to, being able to get their foot on the property ownership ladder.

7.1. Housing policy and the institutions we will need to put in place to achieve our housing objectives

A new housing development company: With 5-7 highly talented directors will be established. These directors will come from the private sector, and will be appointed, because they have special skills and knowledge of the industry. The directors of the new company will be charged with the following responsibilities.

- Getting the supply of sections throughout New Zealand into line with demand, and to do so at reasonable prices
- To help finance up to 15,000 families a year into their own home. That is help a group of New Zealanders who would not be able to buy a home on their own account because they lack the deposit to do so.
- This financial help will be on a shared equity home ownership basis.

  Example: Mary and John have saved $100,000 towards the purchase of their own home. The bank will lend them a maximum amount of $400,000, leaving them $100,000 short. (Total cost $600,000)

  That is where the new housing development company would step and take an equity position of sixteen and two –thirds per-cent of the house. Mary and John would be able to increase their shareholding in the house at any time, in multiples of one quarter of one per-cent. For example, the year one price would be $1,500 for a quarter of one per-cent (400 quarters times $1,500 equals $600,000).
- Four billion dollars a year in funding (including roll over money would be made available to the new company to do their job.)
- Existing state houses, suitable for sale would be made available to existing tenants on a shared ownership basis to buy.
- Sections developed by the new housing development company will in many cases be sold as part of a shared home ownership arrangement.

The aim of this policy is to help those New Zealanders who are prepared to help themselves. Families where both parents are working would receive priority and special help to get their foot on the housing ladder.

8. Conclusion

The policies in this paper are designed to solve inequality, poverty, and the ongoing economic and social challenges we have in New Zealand exacerbated by the "business as usual" approach taken to them by successive governments.

If New Zealand introduced the policies outlined in this paper, we would become a world leader once again as companies rush here with their investment capital and expertise.

The benefits delivered by our policy approach go far beyond just a vibrant economy – they deliver social equity, and ownership in the future of New Zealand, and as a result help produce thriving, connected, healthy communities.

The new approach presented in this paper is what we believe is required to transform New Zealand.