



# BUDGET 2018

---

## Budget Speech Foundations for the Future

Hon Grant Robertson  
Minister of Finance

17 May 2018

EMBARGO: Contents not for communication in any form before 2:00pm on Thursday 17 May 2018

New Zealand Government



---

# Budget Speech

## Foundations for the Future

Mr Speaker, I move that the Appropriation (2018/19 Estimates) Bill be now read a second time.

## Introduction and 100-Day Plan

I am delighted to present this Coalition Government's first Budget.

Budget 2018 sets out the first steps in a plan for transformation – a transformation of our economy, a transformation of our public services, and a transformation of the way we work together to improve the lives of all New Zealanders.

This is a Government that does things differently. You can expect our Budgets to look a little different also.

We are committed to being responsible – not just fiscally, but socially and environmentally.

Budget 2018 lays the foundations for New Zealanders to have better lives in the decades to come.

This starts with making sure that all New Zealanders have access to the high quality public services they need and deserve – such as health, education and housing.

It also means shifting the settings of our economy to face the challenges of the future – lifting productivity, making a just transition to a more sustainable low carbon economy, and adapting to a rapidly changing world of work.

This Government is determined to ride the leading edge of these waves of change. If we are to stay ahead, we know we need a good plan, and we need to work together as a country.

Our Government has a clear vision. Our priorities and intentions were set out for all to see in the Speech from the Throne and in our 100-Day Plan.

Our priorities are different from the previous government. We are determined to turn the page on the ideology of individualism and a hands-off approach to our economy that has left too many people behind.

Our first action was to reverse the untargeted tax cuts proposed by the previous government, so that we could deliver on our commitments to improve the lives of middle and low-income New Zealanders.

We have already delivered a significant programme of reforms:

- Our Families Package will see \$5.5 billion over the next four years focused on improving the living standards of those who need it most. When fully rolled out by 2021, this Package will see 384,000 families better off by an average of \$75 per week;
  - From July 1 this year, the Best Start payment of \$60 per week will begin for every new born child in their first year and will continue for many thousands in their second and third years;
  - Also on the first of July, the Winter Energy Payment begins, helping superannuitants and those on main benefits meet their heating costs by providing \$450 for a single person or \$700 per couple;
- The minimum wage increased to \$16.50 an hour from April, and this will rise in phases to \$20 an hour by 2021;
- Paid parental leave has been extended, rising from 18 weeks, to 22 and then to 26 weeks by 2020;
- The KiwiBuild programme has been established to deliver affordable housing;
- The Healthy Homes Guarantee Act has been passed to ensure that all rentals are warm and dry;
- We restarted payments into the NZ Superannuation Fund, after no government contributions had been made since 2009;
- We have fully funded the first year of our fees-free post-school education and training policy; and
- We introduced the Prime Minister's Child Poverty Reduction Bill to set the targets and measures for making a significant and sustained drop in child poverty.

Those are just a few of the policies we have already made a start on, and paid for already.

There is of course still much to be done.

Transformation takes time. It cannot happen all at once. One Budget cannot instantly fix nine years of complacency and neglect. We have to balance our ambitious goals with our responsibility for fiscal sustainability.

Budget 2018 sets out the foundations of this Coalition Government's plan for the next three years, and looks towards the next thirty years for New Zealand.

I would like to acknowledge the work of the partners in this Government. The Labour Party is proud to work with our Coalition partner New Zealand First and our Confidence and Supply Partner the Green Party. These Parties comes from different traditions but are bound together by a shared purpose to improve the lives of all New Zealanders and across future generations. Our agreed commitments will continue to be our guiding force across this term of government, and they will be delivered.

---

## Economic and Fiscal Outlook

We want an economy, an environment and a society which are sustainable, productive and inclusive. These will be the strong foundations for our future.

We must make our economy more sustainable for future generations. This means caring for our environment as a core value, not as an after-thought. It means transitioning in a just and deliberate manner towards a low carbon economy.

To transform the economy we have to be more productive. We have to work smarter, build our skills and resilience, explore new innovations and adapt to change. We cannot continue to rely on merely increasing our population, exporting raw commodities and an overheated housing market to drive economic growth.

Our economy must be more inclusive, too. This means a society where everyone has an equal chance to fulfil their potential, to contribute, and to live meaningful, connected, healthy and fulfilling lives.

Ultimately we want New Zealand to be a place where everyone has a fair go, and where we show kindness and understanding to one another.

It is clear to me that no one in New Zealand wants a society where people have to live in a car or on the street, where children go to school with no shoes or no lunch, where our transport systems are clogged, our hospitals unhealthy, our prisons overflowing, and our education system overwhelmed.

Yet, despite our solid economic growth, that is the place New Zealand finds itself in today. It is not the New Zealand way and it is not acceptable to this Government.

Our plan will grow and share our prosperity, so that our whole society is lifted up, and everyone has access to good quality healthcare, education, housing, and other social services.

That is why, in this Budget, the Government is prioritising those investments that will rebuild the critical social and physical infrastructure in New Zealand, and address the long-term challenges we face.

At the same time, we are committed to living within our means, and having a buffer to deal with the risks and shocks that can come upon a small country sitting on the faultlines of the Pacific.

Mr Speaker, the outlook for the economy is positive.

The Treasury forecasts economic growth of about 3 percent per annum on average over the next four years. Wages are forecast to rise by an average of 3.1 percent over the forecast period, with real terms average wage increases in each year.

Unemployment is expected to fall to 4.1 percent in late 2019, in line with the Government's target of reducing unemployment to 4 percent by the end of this term.

Stronger-than-expected revenue is being generated from economic and employment growth. This gives us breathing space to properly consider any changes needed to our tax system.

As promised, we have already established a Tax Working Group to recommend how to create a better balance in our tax system. Getting these signals right is a vital step towards improving the long-term sustainability and productivity of the economy.

Budget 2018 begins steps to restore tax fairness. More funding is being given to Inland Revenue to crack down on tax dodgers. This is expected to recover more than \$183 million over the next four years.

Other recently announced initiatives will reduce distortion in the tax system. These include ring-fencing rental losses and closing the loophole on offshore companies avoiding GST on low-value goods sold locally.

We must manage the country's finances responsibly for the sake of future generations. This Budget delivers an operating surplus for 2017/18 of \$3.1 billion rising in 2018/19 to \$3.7 billion, with surpluses reaching an estimated \$7.3 billion by 2022.

These surpluses allow us to reduce debt. The Budget Responsibility Rules commit us to reducing the level of net core Crown debt to 20 percent of GDP within five years of taking office.

The Treasury forecasts that net core Crown debt will reduce to 19.1 percent of GDP by 2021/22, giving us a good buffer for issues that we are yet to see the full consequences of, such as the Mycoplasma bovis cattle disease.

We are also delivering on our Budget Responsibility Rules by keeping government expenditure below 30 percent of GDP. Core Crown expenses are expected to track at about 28 percent of GDP each year through to 2022.

Keeping to these rules allows us to make significant and sustained investments in our future.

The new spending announced today is enabled by more tax revenue than previously forecast, some previously announced tax changes, reprioritising some spending, and taking a more responsible approach to debt reduction. We are slowing down the debt repayment track of the previous government by two years.

Responsible fiscal management and a strong economy give us the space to increase the new operating spending allowance from the *Half Year Economic and Fiscal Update* to \$2.8 billion for this year, and the new capital investment allowance to \$3.8 billion. The allowances for the remaining years of the forecast period have also been increased to reflect the cost pressures that will need to be met in coming years.

All together this means that over the next four years we have about \$24 billion more than the previous government had planned to invest in infrastructure and social services, so we can repair the deficits that are undermining our economy and communities.

This will lay the foundations for our economic and social transformation.

---

## Rebuilding Core Public Services

This Government recognises that strong economic indicators are only part of the story. We will not continue the trend of declaring success while at the same time underfunding the services we all rely on. This Government is committed to properly funding core public services.

Rebuilding our health services is the top priority for this Budget.

Health will receive a huge boost in new operating funding with \$3.2 billion more over the next four years.

This begins the journey to rebuild a health system that has simply not been given the resources to meet the demands of population growth and an ageing population over recent years.

An increase of \$2.3 billion for District Health Boards will enable our hospitals and health services to provide quality care at all times to those who need it. This funding means there will be more money for services, such as mental health, the opportunity to update technology and take pressure off over-worked staff. This is the bread and butter funding that makes our hospitals and health services work well, and that has been neglected for too long.

Today that changes.

We are also announcing \$750 million of new capital for health projects. Last year that equivalent investment was just \$150 million. Today's investment is the biggest commitment to rebuilding health infrastructure in a decade. This Budget also sets aside funding for the design work for a brand new hospital in Dunedin.

Mr Speaker

Today I want to speak directly to the dedicated professionals who work in our health system: You have carried the burden of a system that was unable to cope with the demands it faced. Thank you for your service and your dedication. Together, we begin a journey today to re-build our health services.

This Government wants to improve access to affordable, high quality health services for young people and for those most in need. That's why our first step today is extending access to Very Low Cost GP visits to all Community Service Card holders.

At the same time, we're extending the Community Services Card to all Housing New Zealand tenants and those receiving an accommodation supplement or income-related rent subsidy, so more people become eligible for cheaper doctor visits.

This will make doctor visits approximately \$20 to \$30 cheaper for more than half a million people.

As promised as part of our agreement with New Zealand First, free doctors' visits will be available to everyone under the age of 14, and their after-hours care and prescriptions will also be free.

Many other health initiatives will be funded through today's Budget.

A further \$126 million will be invested into elective surgery.

This Budget finally addresses a significant unfairness for community midwives. I am pleased to announce the investment of \$103.6 million which will see an 8.9 percent catch-up increase in fees and improved working conditions for over 1,400 health professionals over the next four years.

We also recognise a rising demand for air ambulance services which are a critical part of how we respond to health emergencies. In this Budget close to \$83 million in new funding will go towards these services.

We want to save more lives by detecting illness and disease earlier when it can be more successfully treated. This Budget allocates \$67 million to further extend the National Bowel Screening Programme.

This Government is concerned about mental health and young people in particular. We have already announced an Inquiry into Mental Health and Addiction to identify gaps and what more is needed. New Zealanders can expect to see more funding given to mental health in future Budgets, after the Inquiry has identified its priorities.

In the meantime, in this Budget, as part of our Confidence and Supply agreement with the Green Party, we are putting \$10.5 million towards a pilot programme to develop integrated mental health therapies for young people. We are also extending the nurses in schools programme to all public decile four schools around New Zealand. We have already funded additional support for young people in Kaikōura and Canterbury who have been affected by the earthquakes.

Mr Speaker

In Education, this Budget provides \$1.6 billion in new operating funding over four years. This new operating funding is a 45 percent increase on last year's Budget.

New funding will address increasing demand for early childhood education and roll growth. We will provide \$590 million to better support the early learning needs of 200,000 children. This will be the first universal adjustment for early childhood education services in a decade.

Schools will receive a \$203.6 million boost to their operating funding, to keep up with the growing number of students and help meet rising costs. This funding amounts to a 27 percent increase from the equivalent funding provided in last year's Budget.

We are also providing for an additional 1,500 teachers in our primary and secondary schools across the country over the next four years.

Another \$395.8 million will be injected in new capital funding for better schools and to build hundreds of new classrooms.

As part of this we are continuing the Christchurch Schools Rebuild programme. Budget 2018 will contribute \$62 million of new capital funding and more than \$16 million of new operating funding for these schools.



---

The new funding announced today includes a long overdue boost for learning support to help all young people participate in education. Learning Support operating funding will go up by more than \$272.8 million over the next four years.

To the parents of children with additional and complex learning needs, I want you to know we have heard you. In addition to announcements already made by the Prime Minister, we are providing \$133 million to the Ongoing Resourcing Scheme, to support an additional 1,000 students from next year.

I am very pleased to announce that teacher aide funding will receive an extra \$59.3 million through this investment.

We want more inclusive schools – so every child with additional needs and learning difficulties can truly participate in school life.

New funding will support this Government's work on long-term strategic plans for the education system. Too much of our education policy is still stuck in a 20th century mind-set. To this end we are reviewing Tomorrow's Schools and NCEA, and we want a continuous focus on raising achievement for Māori and Pasifika learners.

In this Budget a new programme, Te Kawa Matakura, championed by the Hon Kelvin Davis, will be developed for students who exhibit excellence in Te Ao Māori.

In the tertiary area, we have already fully funded the first year of our fees-free post-school training and education policy. We want people from all backgrounds to be able to go on to training and education at any time. This is not just about those going on to university from high school. It's about more apprentices and more in-work training. It's about providing more opportunities for a wider range of New Zealanders to train and re-train as the world of work changes.

The most prosperous countries in the world tend to be those that invest the most in education. Better education leads to better lives, and today we begin those investments with new energy.

Mr Speaker

This Government is determined to take action on the housing crisis and the scourge of homelessness which has emerged in this country.

In December's mini-Budget we allocated \$2.1 billion for our ambitious KiwiBuild programme to deliver 100,000 long-overdue affordable houses built across the country, including 50,000 in Auckland over the next 10 years.

Budget 2018 commits more than \$1 billion in new funding to go towards Housing, including \$369 million in new capital funding.

The different priorities of this Government are never clearer than in housing. One of our first actions was to stop the state house sell-off.

Today, I am announcing that this Government is taking serious action to increase the supply of public housing by investing \$234.4 million in operating funding for Housing New Zealand and Community Housing Providers. This will provide more than 6,000 homes over the next four years.

We are working with councils to deliver more houses. For instance, the Tāmaki Regeneration Company, which is jointly owned by the Government and Auckland Council, will be given another \$300 million to provide about 700 state houses, as well as another 1,400 houses in Tāmaki for the open market.

These will be new, warm and dry houses. Too many of our homes are cold and damp, leading to preventable diseases. A new programme to make Kiwi homes healthier will provide \$143 million to go towards grants for those on lower incomes to insulate and heat their homes. Investing in warmer homes simply makes sense.

This Government is determined that never again will New Zealand be reported as having the worst homelessness in the OECD.

In this Budget, our Government will support more than 1,400 of New Zealand's most vulnerable homeless people and families through the Housing First programme over the next four years.

Housing First supports people who have been homeless for a long time or who face multiple and complex issues. We recognise it is much easier for people to address issues like mental health, or drug addiction, once they are housed.

This programme aims to end homelessness for people, not just manage it.

Mr Speaker

All these plans announced today, as well as the Families Package, will help to lift children out of poverty.

This Government is committed to a bold plan to reduce poverty and material hardship for our children, so that New Zealand truly becomes the best place in the world to be a child. The initiatives we have already put in place will lift tens of thousands of children out of poverty. But we know that we have more to do.

The Prime Minister's Child Poverty Reduction Bill is at the heart of our plan. It requires a strategy with bold new targets to be set to reduce child poverty over 10 years. We want to ensure constant progress towards improving the lives of children in New Zealand.

Two new expert units are being established within the Prime Minister's Department to develop strategy on this. The Child Poverty Unit and the Child Wellbeing Unit will advise on policies and develop the overall strategy to improve the wellbeing of all children.

We want New Zealanders' help on this and there will be widespread public consultation on the plan and the priorities later this year.

Oranga Tamariki, the Ministry for Children, will receive an additional \$141.6 million over the next four years so more children and young people receive the care they need.

Grandparents raising their grandchildren and other caregivers will get extra support - we are entitling them to the same clothing allowance as foster carers.

In a country as wealthy as ours, there is no reason why any child living here should suffer in poverty. It is time we started putting children first. If we improve the wellbeing of our children, we will be a rich society indeed.

---

## Sustainable Economic Development

We are focused on playing our part to support generating prosperity and sustainable economic development.

To that end, we are prioritising infrastructure.

You will have heard already about this Government's plans for transport. This will see increased investment in regional roads, rail, walking, cycling and safety. This will impact right across New Zealand.

Together with the Auckland Council, we recently unveiled a record investment of \$28 billion under a new 10-year funding package. Traffic congestion in Auckland is costing \$1.3 billion a year in lost productivity. Our package will free up our biggest city.

Budget 2018 also includes further funding for reinstating the Main North Line following the Kaikōura earthquakes and more funding for KiwiRail.

Mr Speaker

It is time, once and for all, for the people of Canterbury to be properly supported in the regeneration of their community.

I am proud to announce that this Budget provides a \$300 million Acceleration Fund for critical projects. This will see faster progress on the residential red zone and a multi-use arena. Cantabrians have waited too long and this Government is determined we will play our part in making these vital projects a reality.

We are also launching an independent inquiry into the performance of the Earthquake Commission to ensure lessons are learned from the aftermath of the earthquakes.

As promised, this Budget also provides new funding to establish and operate a tribunal to resolve unsettled residential insurance disputes arising from the Canterbury earthquakes.

Mr Speaker

It is vital for our economy to be better prepared for the future. This will require a new approach with fresh thinking. As Albert Einstein is reported to have said: "No problem can be solved by the same kind of thinking that created it."

This is why Budget 2018 gives a major boost to innovation, with \$1 billion over four years to finance a tax incentive for more Research & Development by Kiwi businesses. We have committed through the Coalition Agreement with New Zealand First to lifting our Research & Development spending as a country by 50 percent – to 2 percent of GDP inside 10 years.

This is about future-proofing our economy.

We are also building on Labour's Future of Work Commission to ensure we can face the future with confidence, built on a resilient and adaptable economy. We will establish a tripartite forum with Business New Zealand and the Council of Trade Unions to advance projects that will improve business use of technology, create more productive workplaces,

improve skills and training and support a just transition to the rapidly changing world of work.

A range of digital and data initiatives are funded in this Budget, including New Zealand's first Chief Technology Officer. Crucial investment will also be made to counter major cyber threats.

This Budget provides support to small businesses. In particular the introduction of e-invoicing will see small businesses able to be paid on time and ensure better cashflow.

Mr Speaker

We want to support the value the primary sector brings to New Zealand's economy.

The Ministry for Primary Industries will receive new operating funding of \$38 million over four years so it can better keep New Zealand safe from pests and diseases, ensuring the food we produce is safe and our natural resources sustainable.

This Government wants to work alongside farmers and rural communities to provide leadership in sustainability. This Budget gives \$15 million more in operating funding over the next four years to the Sustainable Farming Fund to develop cleaner, smarter farming.

This Government is determined to strengthen our biosecurity system after years of neglect. Budget 2018 will give \$9.3 million in new operating funding over the next four years to improve systems to better manage the risks.

Mr Speaker

Our provinces need to thrive if New Zealand is to do well.

This Budget formally establishes the \$1 billion per year Provincial Growth Fund to support growth in the regions, as outlined in the Coalition Agreement between Labour and New Zealand First.

This Fund represents the single biggest investment in the regions of New Zealand in our lifetimes. It aims to enhance economic development opportunities, create sustainable jobs, contribute to community wellbeing, lift the productivity potential of regions, and help meet New Zealand's climate change targets.

This year the Provincial Growth Fund will be made up of \$684.2 million of operating expenditure and \$315.8 million of capital expenditure. This includes significant investment in the One Billion Trees programme and support for regional rail projects.

The Budget also sets aside funding for the establishment of the New Zealand Forestry Service. Our investment in forestry will help us to deal with climate change, lift our economy and provide employment.

Mr Speaker

This Government wants to be a world leader on climate change in urgently reducing our emissions of greenhouse gases. We will introduce a legally binding emissions reduction target and emissions budgets to keep New Zealand on track to this goal. We will establish an Independent Climate Commission to recommend emissions budgets and provide advice.

---

It is possible and necessary for New Zealand to transition to our goal of a net zero emissions economy by 2050. This will require some major changes, but we can do this if we work together.

This Government also sees the opportunity that this transition provides. Budget 2018 sets aside \$100 million of new capital funding for the Green Investment Fund to kickstart investment in assets and technology to reduce carbon emissions.

This Fund, which is the result of the Confidence and Supply Agreement between Labour and the Green Party, will help a just transition to a more sustainable economy that will ultimately create jobs in new, clean industries.

There are other environmental challenges to be faced.

After years of neglect this Government is going to make significant new investments in conservation, delivering on our promise to protect New Zealand's distinctive native wildlife, plants, and landscapes.

Budget 2018 delivers more than \$181 million in new operating funding for conservation initiatives over the next four years.

Predators such as possums, rats, and mice, are firmly in our sights with more than \$81 million going towards predator control. Money will also be set aside for biodiversity initiatives and conservation staff numbers will increase, with better management of popular visitor areas.

Mr Speaker

A big part of any economy is the work force. We wish to make sure New Zealand has the workers it needs, in the places it most needs them. And we want to make sure wages and conditions are fair and workers are treated with dignity and respect. It is our view that the growing gap between the highest and lowest paid is counter to New Zealanders' values.

Work is underway on developing lists of regional skills and labour shortages. We want an immigration system that really works for New Zealand. We want to match migrant skills to the regions and industries where they are needed most. We want to ensure that any genuine skill shortages are filled, with immigration levels that are sustainable.

We also want to stop any exploitation of workers. The Budget significantly increases the number of labour inspectors. It provides \$34 million over the next four years to strengthen border security and improve screening to prevent people trafficking.

This Budget also provides funding for more support for refugees and to ease pressures at the Mangere Refugee Resettlement Centre.

Mr Speaker

Budget 2018 includes significant funding to support New Zealand's role and voice in the world. We know that the relationships and influence we develop are critical to our economy in terms of trade and broader economic development.

This Government is committed to restoring the capability of our Ministry of Foreign Affairs and Trade to advance our cause in the world.

We are committed to our role as a leader in the Pacific and to supporting our region to meet the challenges of climate change and enjoy sustainable economic development. We will lift New Zealand's contribution through a \$714 million boost over four years.

Funding will also be provided to enable New Zealand to host two major events: the 36th America's Cup and APEC in 2021.

New Zealand's Defence Force will be able to make more meaningful contributions to global security and peacekeeping, and better respond to natural disasters, with a \$345 million operating funding boost to the Defence and Veterans portfolios over the next four years, including, in partnership with the Ministry of Social Development, funding to expand the Limited Service Volunteer programme for young people under 25.

## **Building Stronger Communities**

Mr Speaker

This Government is committed to making our communities safer. We want to reduce crime and slow growth in the prison population.

We are increasing the Police budget by \$298.8 million over four years so we can recruit more Police officers towards the goal of an additional 1800 police as provided for in the Coalition Agreement between Labour and New Zealand First.

We're also giving Police and Customs the staff and resources they need to crack down on gangs and organised crime and drug trafficking. We want Police to have the time to investigate crime and deal with the underlying causes of offending, as well as focusing on victims and improving their connections with support services.

This Government is committed to doing things differently when it comes to criminal justice. We know that the approach that has delivered to New Zealand one of the worst incarceration rates in the world, cannot go on. Our goal is to stop the spiralling prison population and reduce it by 30 percent over the next 15 years.

Budget 2018 begins this journey. We will invest in improved reintegration programmes including housing and support for training and development and better support people on probation and community sentences.

To respond to unavoidable short-term pressures, this Budget will fund accommodation for 600 more prisoner places in rapid-build modular units. Meanwhile, initiatives are being developed to reduce the number of people in prison, while keeping New Zealanders safe.

We are looking to improve youth justice also. Another \$139.5 million will be provided over four years to go towards changes allowing 17-year-olds to be included in the youth justice system. Oranga Tamariki will be funded for a year's trial to improve the Family Group conference process for tamariki Māori. Support for frontline family violence services and for survivors of sexual abuse will also increase.

This Government wants a more effective, efficient and humane justice system.

---

Mr Speaker

New Zealand should be a nation in which all communities are valued and empowered; a nation of fairness and equal opportunity.

This Government will work with Māori in pursuit of their aspirations for sustainable economic development, better health, better housing, and better education for their rangatahi.

Budget 2018 includes an additional \$37 million over four years for Māori Development, with a focus on papakāinga housing, development of Māori land, and providing training opportunities and support to rangatahi who are not in education, employment or training.

The Budget also provides \$11.5 million of additional funding over four years to investigate and process the growing number of claims for recognition of customary rights under the Marine and Coastal Area (Takutai Moana) Act.

We will support the teaching of te reo Māori in schools. This Budget provides \$11.4 million of new funding over the next four years for initiatives to provide more teachers with the necessary training and resources.

Mr Speaker

This Government recognises that the arts, culture and heritage make a significant contribution to our identity as a country and a people.

Manatū Taonga, the Ministry for Culture and Heritage, Heritage New Zealand and the New Zealand Music Commission are all supported with new funding in this Budget.

This Budget begins the establishment of modern public broadcasting for New Zealand. We have set aside \$15 million to implement the initial recommendations of the Ministerial Advisory Group on Public Media. Further funding will follow in future Budgets to ensure New Zealanders hear and see their own stories and creative talent.

## **Sharing Prosperity and Measuring Success**

These are just some of the main items in the first of three Budgets this Government will deliver in this term.

As I said, this Government does things a little differently. And that will be reflected in future Budgets.

We have already signalled our intention to take a wellbeing approach to Budget 2019. Changes to the Budget and the process for developing it will be announced later in the year and detailed in the Government's Budget Policy Statement for 2019.

These changes are about measuring success differently. In the past we have used GDP and traditional fiscal indicators as the only signs of success. And yet, real success means much more for New Zealand and New Zealanders.

Of course, a strong economy is important. But we must not lose sight of why it is important. And it is most important for allowing us all to have better lives.

That is why our Government is making a formal change to move beyond narrow measures of economic growth and broaden the scope and definitions of progress and success.

Next year we will be the first nation in the world to deliver a Wellbeing Budget reporting our annual progress against a range of measures that highlight the health and well-being of our people, our environment and our communities. We will use the Living Standards Framework developed by the New Zealand Treasury to help develop our Budget, and to measure our success.

Mr Speaker

Budget 2018 represents the shared desire of the three parties that make up this Government to improve the lives of New Zealanders.

We will work with New Zealanders to create a sustainable, productive and inclusive economy, environment and society.

We recognise that it cannot happen all at once, as we balance all the different priorities. But we have a clear plan. We know what needs to be done and we are getting on with it.

In our plan, all Kiwis help to grow prosperity and get to share in it. They get the means to provide for themselves and their families, and to be able to live in warm, dry and safe homes. New Zealanders will have a health system which itself is healthy, an education system which has the resources to meet the needs of all learners, a transport system that flows freely and safely, and an environment which is protected and where we lead again on climate change.

I want to thank again the New Zealand First Party and the Green Party of Aotearoa New Zealand for joining the Labour Party in this journey.

This Government will always remember what matters most.

He Aha Te Mea Nui o Te Ao?

He Tāngata, He Tāngata, He Tāngata.

Tēnā koutou, tēnā koutou, tēnā koutou katoa.