

Hon Sir ROGER DOUGLAS: Well, I was not going to say anything, but, you know, how could one resist after listening to the Labour Opposition. The Committee on this bill has spent a considerable amount of time this afternoon and this evening debating whether this taxation bill helps or hurts low-income taxpayers—whether it helps to restore the margin between low-income workers and those on benefits in order to encourage them to seek work. I believe that the bill does help achieve both of these objectives.

Let us look at the issue of whether this bill in fact helps low-income earners or whether it helps the rich. The Opposition has claimed throughout this debate that the decision to hold the 12.5c rate to the \$14,000 tax bracket rather than raise it to \$20,000 was designed to hurt low-income people. Not so. Not so. If we put aside beneficiaries whose income in whole or in large proportion comes from the Government, we come to realise that the people who are in the tax bracket zero to \$20,000 all—or a vast majority; 90-plus percent of them—come from high-income households, or they are people with high assets. So the people who are in the zero to \$20,000 tax bracket come from high-income households. They are the sons and daughters of the rich or the partner, the wife, or the husband of a very high-income earner. In fact, if we look at Michael Cullen's 2008 Budget and the tax changes in it, we see that it was an invitation to income split. He created a new industry with that Budget—accountants going to their clients and helping them income split. So the Michael Cullen Budget was designed to help the rich and the high-income earners by enabling them to income split—hardly the action of a party that wants to help those on low-incomes. So the reality is in fact a lot different from the rhetoric of those members.

The group of taxpayers who need tax relief are those who fall within the 21c tax bracket. Anyone who is working full time is actually a taxpayer who falls within that tax bracket. So the people we want to help are the ones whose last dollar of income falls within that 21c tax bracket. It was this group of people who were in the 21c tax bracket that was disgracefully treated by the last Labour Government. A lot of the people in that tax bracket who in 2000 were paying \$1 in \$5 found, when the Labour Government came along, that for every extra dollar they earned, \$1 in \$3—not \$1 in \$5 as it was in 2000—went to the Government. From that point on it was \$1 in \$3. Quite a lot of people found that they had to pay up to an extra \$30 a week because the Labour Government did not want to help these low-income people. It did not want to help, so it held the tax bracket where it was. If it had been inflation-proofed it would have gone to \$50,000.