

ACT Fiscal Plan 2026

Cut *the* Waste, Grow *the* Country



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Introduction

New Zealanders are working hard, but wages do not stretch far enough. A comfortable retirement feels distant, even impossible, and young people are looking overseas for higher wages.

The cost-of-living crisis is not only about high costs, the other half is about low wage growth. A more affordable life needs higher wages, and that requires confidence to invest and innovate. Any Government serious about making life affordable needs policies that promote investment and innovation.

That won't happen if the Government can't even balance its own books. Yet the return to surplus keeps slipping further away and debt continues to grow. Taxpayers are being forced to spend more than \$1 million an hour just paying interest on existing debt. That is money taken from health, education, infrastructure or lower taxes.

ACT's plan lowers debt by \$12.4 billion. Less debt gives New Zealand room to respond to the next earthquake, a financial crisis, pandemic or other disruption. We need the financial capacity to support recovery without placing an unmanageable burden on taxpayers.

It is immoral to cut taxes by borrowing. That simply pushes the bill onto future generations, with interest. Our priority is to balance the books with no new taxes, then deliver large-scale, broad-based tax relief. Lasting tax reductions must be backed by lasting spending control. ACT's Fiscal Plan prioritises balancing the books and paying down debt, laying the groundwork for much lower, flatter taxes in the future.

A forecast surplus is only credible if the Government is prepared to make the decisions needed to achieve it. That requires stronger spending control than we have seen to date, a sustained commitment to ending waste, and the discipline to resist new spending that cannot justify its cost.

ACT's Fiscal Plan sets out those choices. It makes government smaller and more accountable, reduces spending that fails to deliver value, and puts superannuation on a more sustainable path through gradual changes and provision for compassionate early access.

That work must start at the top. It is not credible for ministers to demand public sector savings while New Zealand has more ministers than most other countries, nearly twice as many as Japan. Excessive governance doesn't just send the wrong signal, it is inefficient.

Government has become tangled in overlapping departments and ministerial portfolios, leaving responsibility for budgets and results unclear. ACT will simplify government to 19 departments and 18 ministers, with clear responsibility for each department's budget and performance. Ministers will be able to appoint chief

executives and remove them for failing to deliver results. Clear accountability will help deliver the savings in this plan.

Spending discipline also makes room to improve the services people rely on. This plan funds better healthcare, stronger protection against crime, investment in local infrastructure and practical education initiatives. These include ACT's Pharmacy First Policy, and young investor policy.

While broad-based tax cuts are not in ACT's Fiscal Plan, several strategic tax cuts are. These targeted changes are funded by the Plan's savings, rather than additional borrowing, while bringing the return to surplus forward.

ACT will remove tax on KiwiSaver investment earnings. It supports greater personal retirement saving and lets more of people's returns compound over their working lives. People who put money aside for their future should receive more of the benefit. Broader tax reductions can follow once the books are back in surplus. The cap on the donation tax credit is removed and additional targeted tax relief is funded in this Plan but yet to be announced.

By 2031, debt will be \$12.4 billion lower under ACT's Plan than current Treasury forecasts.

New Zealand needs a credible path to surplus without new taxes, and an economy where work, saving and investment pay off. A stronger ACT presence in government will provide the determination to deliver both.

That is how we unlock New Zealand's potential.

David Seymour
ACT Leader



Headline Figures

ACT's Fiscal Plan improves the operating balance in every year of the forecast period compared to the current Government's plans. By 2030/31, OBEGAL reaches a surplus of \$13.6 billion, compared with \$8.9 billion under current Government plans. OBEGALx reaches \$16.4 billion, compared with \$11.7 billion.

OBEGALx moves into a small surplus in 2027/28, a year before the Government's current plans. The conventional OBEGAL returns to a \$5.1 billion surplus in 2028/29.

Net core Crown debt, excluding the New Zealand Superannuation Fund, is lower than currently forecast each year and is \$217 billion by June 2031. That is \$12 billion lower than forecast in the Pre-election Fiscal Update.

ACT's new spending initiatives will be funded separately from the operating allowances, ensuring the remaining \$2 billion annual allowance is available to meet cost pressures and fund improvements in essential public services, including health and education.

Tax Changes

No Tax on KiwiSaver Earnings

ACT will remove tax on qualifying investment earnings inside KiwiSaver funds. Tax taken from a return today also removes the returns that money could earn in future. Letting earnings stay invested gives savers the full benefit of compounding and helps them build retirement savings without requiring them to give up more take-home pay.

Carbon Tax Refund

ACT will return net carbon auction revenue to New Zealanders through a Carbon Tax Refund. Carbon pricing raises the cost of fuel, electricity and other goods. Returning the revenue helps households meet those costs with an estimated \$100 per household at current prices and prevents the ETS becoming another source of discretionary government spending. If the carbon price drops, Kiwis will instead benefit directly from lower prices for things like fuel and electricity.

Uncapped Donation Tax Credit

ACT will reintroduce an uncapped donation tax credit to encourage substantial philanthropic contributions, including towards the proposed National Cancer Centre. People willing to support public-benefit projects should not face an arbitrary ceiling on the tax recognition of their generosity.

Reform Crypto Tax Treatment

ACT will establish clearer tax rules for digital assets, including a 12-month bright-line rule for qualifying personal investments and an exemption for low-value purchases. Professional traders and businesses will continue to be taxed under existing rules. Clearer treatment gives investors certainty and prevents small everyday transactions generating disproportionate tax paperwork.

Tax relief to be announced

There is additional targeted tax relief to be announced costing \$264 million in the first year.

New Operating Expenditure

ACT's Fiscal Plan provides additional funding for the following areas including Health, Education, Infrastructure, and Law and Order.

Expand Pharmacy Care for Minor Ailments

ACT will fund an expanded minor ailments scheme so accredited pharmacists can treat more common conditions, with clear referral pathways when a doctor is needed. Using the skills of community pharmacists makes care easier to access and frees GPs to focus on more complex patients.

Local Tourism Dividend

ACT will pay councils \$1 for each commercial guest night recorded in their district to support tourism-related infrastructure costs. Visitors generate revenue for central government but place demands on local roads, toilets, wastewater systems and public spaces. Sharing the benefits of tourism gives councils a reason to welcome visitors and reduces the burden on ratepayers without imposing a new bed tax.

Young Investors Fund

The Plan provides approximately \$35 million a year for a Young Investors Fund to encourage savings and financial literacy. This would give Year 11 students \$500 in a controlled investment account, supported by financial education. Students would progress from term deposits towards managed funds and equities as they demonstrate the necessary knowledge. A small real investment gives students a reason to engage with saving, risk and business ownership, including those who would not encounter investing at home.

Overstayers Investigation Unit

ACT will establish a dedicated unit within Immigration New Zealand to investigate and enforce overstaying rules. Clear responsibility makes enforcement more accountable and supports confidence in a migration system that welcomes people who contribute and follow the rules.

Rural Crime Funding

ACT will fund additional rural policing, targeting 100,000 extra patrol hours a year and a dedicated rural crime unit. Distance and isolation make rural communities vulnerable to theft, poaching and livestock crime. A more visible police presence and better coordination improve protection where help can otherwise be far away.

Electronic Money Management

ACT will introduce electronic money management for work-ready Jobseeker recipients who remain on a benefit for more than four months. Payments will be directed towards essentials such as rent, groceries, power and transport, while blocking alcohol, tobacco, gambling and cash withdrawals. This keeps taxpayer support focused on basic needs while maintaining an incentive to return to work.

Three Strikes for Burglary

ACT will require a minimum three-year prison sentence without parole for offenders who meet the proposed Three Strikes for Burglary threshold. Repeated burglary causes lasting harm and takes away people's sense of safety in their own homes. Keeping persistent offenders out of the community protects potential victims and makes the consequences clear.

Working with Children Check

ACT will introduce a portable national clearance for paid workers and volunteers who work with children, with ongoing checks against new Police information. A check performed years ago can miss a risk that emerges later. Continuous monitoring, linked to employers and organisations, closes that gap while a portable clearance reduces repeated applications.

Independent Schools

ACT will index the independent school subsidy to public school operational funding uplifts. Independent schools provide diversity and choice in New Zealand's schooling system.

Initiative to be announced

There is one remaining initiative to be announced which will cost \$100 million per year.

Operating Savings

Reduce Future Operating Allowances

ACT will reduce future operating allowances from \$2.4 billion to \$2 billion per year.

Reducing these allowances by \$400 million a year will encourage greater spending discipline while retaining \$2 billion in new funding each year to meet emerging needs and improve frontline services. Because the savings accumulate over successive Budgets, this will improve the operating balance by \$400 million in 2027/28, rising to \$1.6 billion annually by 2030/31.

Combined with ACT's wider programme of reducing waste, this will help bring the books back into surplus sooner without increasing taxes.

Reduce Non-Frontline Spending

From 2017 to 2023 under Labour, public service staffing ballooned by 39 per cent and government spending surged by 67.1 per cent, yet public services got worse. Taxpayers were paying more and getting less.

ACT will return non-welfare spending outside protected frontline services to its 2017 level per person, adjusted for inflation and wage growth. We will protect the spending growth since 2017 in core frontline services such as health, education, defence, police, and children's services.

The adjustment will be phased in over three years, with 33 per cent of the savings target achieved in 2027/28, 66 per cent in 2028/29 and 100 per cent in 2029/30. This gives agencies time to plan and implement changes while maintaining essential services.

ACT's proposal to consolidate government departments will support this work. Giving each minister clear responsibility for a department's budget and results makes it easier to identify waste, implement changes and hold decision-makers accountable.

The following examples sit within the overall savings programme. They are not additional savings on top of the headline total.

Abolish Demographic Ministries

ACT will remove separate demographic ministries and place responsibility for effective services with the agencies that deliver them. Policy should respond to people's needs, while avoiding duplicated advice and administration organised around identity. This will save around \$187 million a year.

Reduce Foreign Aid to 2017 Levels

ACT will reduce foreign aid to 2017 levels, excluding support for Ukraine. With the Government borrowing to meet its commitments, overseas spending must be weighed against domestic priorities and debt reduction. This will save around \$283 million a year.

Bring other spending back to 2017 levels

ACT will take an across-government approach, excluding protected areas, to reducing spending to 2017 levels adjusted for wages, inflation, and population growth. In some areas the savings will be more than the excess growth since 2017, in others the increased spending will be justified.

For example, in 2027/28, spending on the Ministry of Social Development's non-benefit budget (excluding Oranga Tamariki) will be \$400 million higher than in 2017, even after adjusting for wage growth, inflation and increases in caseloads.

If non-ETS environmental spending had kept pace with population, wages, and prices since 2017, it would be \$890 million in 2027/28. In reality, it is \$1.38 billion.

Savings from transfer payments

Gradually Increase the Superannuation Age

ACT will gradually increase the age of eligibility for NZ Superannuation by three months a year, reaching 67 by 2035. As people live longer, keeping the age unchanged places a growing burden on working taxpayers. A staged increase gives people time to plan and makes the pension more sustainable. Early compassionate access will be provided for those who have spent a substantial portion of their career in physically demanding jobs.

Restrict Immigrant Access to Benefits

ACT will introduce a five-year welfare stand-down for residence class visa holders. Immigration should bring opportunity and contribution, with newcomers expected to support themselves during their initial years here.

Bring Disability Benefits Under Control

ACT will require independent medical certification against clear criteria for health and disability benefits, with phased reassessment of existing recipients. People with genuine, enduring conditions will retain appropriate long-term support. Consistent assessment helps distinguish those unable to work from those who can work with support, protecting the safety net and reducing avoidable dependency. Our costing is based on bringing the number of mental health claimants back to its pre-pandemic level, relative to the working-age population, over four years.

Remove KiwiSaver Subsidies

ACT will replace the annual Government Contribution for members receiving employer contributions with relief from tax on qualifying investment earnings. This redirects support towards leaving savers' own returns invested, where they can compound over time.

Consequential reduction in financing costs

Lower Financing Costs

Reducing borrowing also reduces the cost of servicing government debt. These consequential savings grow as the Plan takes effect, reaching \$452 million in 2030/31. Lower interest bills make future budgets easier to balance without raising taxes.

Non-Operating Changes

Anti-social noise cameras

The Plan provides \$2 million in 2027/28 for relocatable anti-social noise cameras. Excessive noise from operating a vehicle in an anti-social manner is already unlawful, but evidence is hard to collect after the perpetrator has gone. Cameras deployed in persistent problem areas make enforcement more practical and give communities a way to restore peace and quiet.

National Cancer Centre Contingency

ACT's Fiscal Plan includes a capital contingency of \$2 billion for the proposed National Cancer Centre. The policy brings complex treatment, research, clinical trials and specialist expertise together at campuses in Auckland and Christchurch. Concentrating those capabilities can improve care and attract philanthropic and private investment. The contingency provides fiscal room while the funding mix and delivery arrangements are developed; it is not a statement that all project costs must be met by taxpayers.

Epsom Secondary School Contingency

The Plan includes a \$150 million capital contingency in 2027/28 for a new Epsom secondary school. The proposal would acquire the former University of Auckland Epsom campus for educational use. Providing another school can expand choice for families and relieve pressure on existing schools. The allocation is a contingency.

Maintain the Suspension of NZ Super Fund Contributions

ACT will maintain the suspension of contributions to the New Zealand Superannuation Fund. Borrowing to place more money in investment markets adds risk to the Crown's balance sheet while taxpayers are already paying interest on debt. Prioritising lower borrowing is a prudent use of limited resources.

Values in nominal \$bn unless otherwise stated
Signs are OBEGAL impact (i.e., + means surplus increasing)

Fiscal year ending 30 June
2028 2029 2030 2031

CURRENT GOVERNMENT PLANS

OBEGALx	(0.834)	4.016	8.057	11.693
OBEGAL	(2.938)	2.062	6.310	8.879
Core Crown Residual Cash	(13.535)	(7.285)	(1.782)	3.298
Net Core Crown Debt ex. NZSF	222.955	230.534	232.763	229.769

ACT MEASURES

Revenue	(1.569)	(1.648)	(1.743)	(1.824)
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Abolish tax on KiwiSaver earnings	(1.065)	(1.178)	(1.303)	(1.437)
Introduce a Carbon Tax Refund	(0.200)	(0.149)	(0.104)	(0.037)
Reintroduce uncapped donation tax credit	(0.015)	(0.019)	(0.019)	(0.019)
Reform crypto tax treatment	(0.024)	(0.025)	(0.027)	(0.028)
To be announced	(0.264)	(0.277)	(0.290)	(0.303)

Operating Expenditure	2.481	4.735	6.212	6.514
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Additional funding (outside of operating allowances)	(0.445)	(0.492)	(0.544)	(0.551)
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Expand minor ailments scheme for pharmacists	(0.072)	(0.073)	(0.075)	(0.076)
Local Tourism Dividend	(0.044)	(0.046)	(0.047)	(0.049)
Young Investors Fund	(0.035)	(0.035)	(0.035)	(0.034)
Overstayers Investigation Unit	(0.060)	(0.060)	(0.060)	(0.060)
Rural Crime Funding	(0.005)	(0.011)	(0.011)	(0.011)
Electronic money management for long-term beneficiaries	(0.064)	(0.063)	(0.062)	(0.062)
Three strikes for burglary	(0.044)	(0.090)	(0.138)	(0.141)
Working with Children Check	(0.020)	(0.013)	(0.013)	(0.013)
Independent Schools	(0.001)	(0.002)	(0.003)	(0.004)
To be announced	(0.100)	(0.100)	(0.100)	(0.100)

Reduce operating allowance to \$2bn	0.400	0.800	1.200	1.600
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Headline expenditure reductions from non-welfare, non-frontline spending	1.502	2.776	3.216	2.433
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of which, examples include:

Abolition of demographic ministries	0.187	0.187	0.187	0.187
Reduction in foreign aid to 2017 levels, ex Ukraine	0.283	0.283	0.283	0.283
Welfare administration	0.126	0.204	0.049	
Environmental spending ex ETS	0.162	0.245	0.207	0.179

Savings from transfer payments	1.008	1.559	2.098	2.579
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Gradually increase superannuation age	0.458	0.938	1.416	1.891
less: Compassionate early access and benefit entitlement	(0.058)	(0.122)	(0.194)	(0.270)
Restrict immigrant access to benefits	0.080	0.078	0.080	0.082
Bring disability benefits under control	0.012	0.124	0.231	0.286
Abolish KiwiSaver subsidies	0.516	0.541	0.565	0.589

Consequential reduction in financing costs	0.016	0.091	0.242	0.452
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TOTAL CHANGE IN OPERATING BALANCE	0.913	3.086	4.469	4.690
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Capital Measures	(0.197)	(0.550)	(0.451)	0.473
Noisy vehicle cameras	(0.002)			
Cancer Centre contingency	(0.200)	(0.900)	(0.900)	
Epsom secondary school contingency	(0.150)			
Maintain suspension of NZ Super Fund contributions	0.155	0.350	0.449	0.473

ACT RESULTS

Change in operating balance	0.913	3.086	4.469	4.690
Change in residual cash	0.716	2.536	4.018	5.163
Change in debt	(0.716)	(3.252)	(7.270)	(12.433)

OBEGALx	0.079	7.102	12.526	16.383
OBEGAL	(2.025)	5.148	10.779	13.569
Core Crown Residual Cash	(12.819)	(4.749)	2.236	8.461

Net Core Crown Debt ex. NZSF	222.239	227.282	225.493	217.336
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