POLICY PROPOSAL

The Prosperity Deal: Protecting New Zealanders from AI Displacement

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Executive Summary: The Prosperity Deal

The Prosperity Deal is a bold, future-focused commitment to ensure no New Zealander is left behind by automation. As artificial intelligence, robotics, and algorithmic systems transform the labour market, this policy offers a new social contract—anchoring dignity and security in a world where paid work is no longer the sole pathway to inclusion.

At its core, The Prosperity Deal is not welfare. It is a public dividend—funded by those who profit from automation and returned to the people and communities who make that progress possible.

To deliver this, the policy establishes **two distinct engines of income security**:

- **Engine One: The Universal Base Tier** — A guaranteed income floor of $14,000–$16,000 per year, available to all ordinarily resident citizens, funded by stable revenue sources such as VAT shares, baseline levies, and sovereign investment returns. This base tier is protected by law and insulated from economic shocks.

- **Engine Two: The Prosperity Dividend** — A dynamic top-up of $8,000–$12,000 per year for those engaged in caregiving, volunteering, retraining, cultural work, and other recognised civic contributions. Funded by automation-linked levies and AI licensing fees, this tier grows in line with national productivity.

The Prosperity Deal also introduces a **Temporary Displacement Bridge** to support middle-income earners affected by automation, and embeds safeguards to protect funding reliability, prevent inflationary pressure, and maintain public trust.

Funding is phased and diversified. Early rollout relies on low-friction tax shifts and sovereign fund returns, with heavier automation-linked contributions and wealth taxes introduced only after Year 5, following independent fiscal review. All UBI payments are indexed to regional living costs through an independent Cost of Living Commission.

Rollout begins with youth, caregivers, and essential workers, expanding to national coverage by Year 5. Implementation is overseen by a newly created Public Dividend Office, operating with radical transparency and iwi co-governance under Te Tiriti o Waitangi.

This is a policy grounded in principle and pragmatism. It affirms that:

- Human dignity is not conditional on employment;

- Contribution includes care, culture, restoration, and learning;

- And automation must serve society—not the other way around.

The Prosperity Deal positions Aotearoa New Zealand to lead the world in navigating the AI transition—not through austerity or charity, but through courage, fairness, and shared prosperity.

Guiding Principles

1. Dignity. Human worth is not defined by market productivity. Every person has intrinsic value, regardless of income, occupation, or economic output. The Prosperity Deal affirms that security, agency, and freedom to contribute are the rights of all, not rewards for a privileged few.

2. Urgency. Artificial intelligence and automation are transforming the world of work faster than any previous industrial shift. If we do not act now, millions will be left behind. We refuse to let the profits of progress come at the cost of social cohesion, mental health, or mass precarity.

3. Accountability. Those who benefit most from automation—AI developers, dominant platforms, large corporations, and polluters—will contribute to the social foundation that makes their success possible. Wealth created by collective displacement must be returned to the collective good.

4. Redistribution. The gains of the automation era should be shared. New wealth should fund public goods like universal income, education, and lifelong learning. This policy replaces patchwork welfare with a streamlined system that restores trust in government and reduces administrative burden.

5. Redefinition. We reject outdated definitions of contribution. Raising children, restoring ecosystems, creating art, and caring for elders are not marginal—they are the foundations of a good society. These roles deserve recognition, security, and support in an economy shaped by machines.

6. Purpose. UBI is not just protection—it's permission. With a guaranteed foundation beneath them, people are free to pursue their purpose: to learn, rest, care, build, grow, and imagine. In this new reality, the role of policy is not to manage scarcity—it is to unlock human potential.

The Case for Urgent Change

The future of work is no longer theoretical. It’s unfolding—in warehouses and white-collar offices, in farm fields and financial firms. The displacement of human labour by artificial intelligence, robotics, and algorithmic systems is accelerating faster than law, regulation, or infrastructure can respond. We are not just facing unemployment. We are facing dislocation:

- Workers replaced by machines
- Workers retained, but expected to do the jobs of three people
- Young people entering an economy that no longer has an entry point

The emerging labour market is defined not by stable roles, but by task fluidity, platform precarity, and performance analytics. In this environment, resilience isn’t just economic, it’s psychological.

Job Displacement Has Already Begun
A 2023 Goldman Sachs report estimated that 300 million jobs could be automated globally by 2033. That figure now appears conservative. Here in New Zealand:

- Logistics companies are replacing drivers with autonomous fleets
- Supermarkets are trialling fully automated checkouts and restocking
- Law firms are reducing junior staff in favour of AI document review tools
- Call centres are dissolving entire teams with generative chat agents
- Entire professions are being reshaped or erased—and we are doing little to prepare.

Not All Displacement Looks Like Unemployment
Some workers remain employed but find themselves compressed: forced to absorb the output of laid-off colleagues, “optimised” by AI tools that extract more productivity without raising pay. This silent amplification of labour undermines wages, increases burnout, and hides real displacement from traditional statistics. If we only track job loss, we miss where the extraction is happening.

Globalisation 2.0: The Offshore Automation Risk
AI does not respect borders—and neither do the firms deploying it. Companies can now automate from abroad, displacing New Zealand workers without ever laying off local staff. Without enforcement mechanisms tied to digital presence and domestic value extraction, offshoring will gut our economy while eroding our tax base.

A Generation at the Gate
For young people, the risk isn’t losing a job—it’s never getting one. Entry-level roles are evaporating. Internships are replaced with AI assistants. First jobs are now unpaid content creation or platform gig work with no protections. Without a guaranteed income floor and pathways to civic contribution, we risk breeding a generation locked out of economic agency before they begin.

The Mental Strain is Structural
This is not only an economic crisis—it's a crisis of meaning. Precarity erodes mental health. Gig work and AI surveillance reduce autonomy. Traditional support systems, built for a wage-based economy, are too slow, narrow, and punitive to meet the scale of transition.

The System Wasn't Built for This
Our welfare system is based on a 20th-century model of employment. It assumes:

- People are either working or not
- Job loss is temporary
- The economy will reabsorb displaced workers

None of that is true anymore. We need a new framework, one that sees dignity beyond wages, contribution beyond profit, and resilience beyond recovery. One that recognises what's coming and builds ahead of the curve.

The Reality of AI Job Displacement (AI exceptionalism)

Artificial intelligence is no longer a speculative threat to the labour market—it is an active, accelerating force reshaping the nature of work, value, and economic inclusion. From logistics to law, manufacturing to marketing, AI is displacing traditional roles, altering skill demands, and concentrating productivity gains in fewer hands. These shifts are not evenly distributed; they cut deeper into certain sectors and skill levels, creating gaps that our current systems are ill-equipped to close.

There is sufficient evidence that AI is displacing jobs at a scale and pace that poses serious risks to labor markets—especially for middle- and low-skill workers. While total net job loss is still being debated and measured, the evidence supports proactive intervention, like UBI, to prevent social and economic fragmentation.

This section presents the latest global research on how AI is transforming employment—not just by eliminating jobs, but by challenging the foundational structures of income, security, and purpose.

Sources and insights:

Widespread Job Displacement, Especially in Middle-Skill Roles
A multi-sector study covering 2020–2024 found **a 23.4% reduction in traditional middle-skill jobs** (manufacturing, logistics, admin) due to AI automation, with displacement rates ranging from 8.2% to 37.6% across sectors (Kanagarla, 2024).

AI's Impact Is Unequal—Low-Skill Jobs Are Most at Risk
Cognitive and machine learning systems disproportionately affect low-wage, repetitive roles, leading to job insecurity and structural unemployment among the working class (Song, 2024).

"AI Exceptionalism" is Real: White-Collar Jobs Are Increasingly Vulnerable

Contrary to past tech cycles, AI is now automating high-cognition white-collar work—programming, legal analysis, customer service—raising concerns of large-scale white-collar displacement (Dahlin, 2024).

Income Inequality May Widen Without Intervention
Generative AI threatens to hollow out middle-class employment and shrink aggregate demand, raising risks of recessionary pressures unless redistribution and proactive economic strategies are pursued (Occhipinti et al., 2025).

AI Also Creates Jobs—But Not Fast Enough to Absorb the Displaced
While AI has led to a **31.7% increase in new roles** (e.g. AI support, digital transformation), 42% of displaced workers struggle to transition due to misaligned training and lack of institutional support (Kanagarla, 2024).

Governments Must Act or Risk Lagging Behind
The risks aren't limited to individuals. Governments may face increased welfare costs and reduced income tax revenue, leading to fiscal stress unless they modernize taxation and reskilling systems (Avaradi, 2024).

Key Statistics at a Glance

Indicator	**Value / Trend**
Reduction in middle-skill jobs (2020–24)	23.4%
New roles created due to AI	+31.7%
Workers facing transition barriers	42%
Displacement risk range (by sector)	8.2% – 37.6%
Income inequality risk due to AI	High – due to skill and wealth concentration
Projected job decline per AI exposure unit	-1.043 percentage points (Avaradi, 2024)

Artificial intelligence poses a profound and multi-dimensional disruption to labour markets—not in a hypothetical future, but right now. It displaces, transforms, and creates jobs at once, but does so unevenly and too quickly for unprepared systems to absorb.

The Biggest Risk: Wealth Inequality, and What It Erodes

Increased wealth inequality is a clear and measurable outcome of unchecked AI disruption. But it's not just about numbers—it's about what that inequality does to society's foundations.

Wealth Inequality Is the Canary in the Coal Mine

1. It Accelerates Economic Polarization
    - AI disproportionately benefits capital holders (tech companies, data owners) over labour. Without redistribution, productivity gains concentrate at the top while incomes stagnate or decline below.
    - This leads to a shrinking middle class, weaker demand, and fragile consumer economies.
2. It Weakens Social Cohesion

- Extreme inequality corrodes trust in institutions. People feel the system no longer works for them, which drives political polarization, populism, and institutional fragility.

3. It Undermines Human Agency
   - When people are displaced with no clear path forward, purpose, mental health, and self-determination decline. That's not just a welfare issue—it's a civic crisis.

But The Foundational Risk Is Deeper: Erosion of the Social Contract
AI threatens to decouple human contribution from livelihood. Historically, our economies and democracies have been built on a simple social contract—you contribute to society (through work, service, or care), and in return, you're granted income, dignity, and inclusion.

But when AI can perform tasks better, faster, and cheaper—without needing breaks, wages, or rights—that contract starts to break down:

- Why work when machines are more efficient?
- Why train when the goalposts keep shifting?
- Why trust an economy that no longer needs you?

If nothing changes, this leads to a world where a person's value is not intrinsic, but comparative to an algorithm.

Core Policy Components

Universal Basic Income Structure (the Prosperity Dividend)

The UBI model proposed in this policy is designed to be inclusive, flexible, and responsive to regional and personal realities—grounded in fairness, contribution, and dignity.

Universal Base Tier: Foundational Security for All

The Prosperity Deal affirms the principle that every person matters. To reflect this, a universal base tier (the Prosperity Dividend) of UBI is granted to all ordinarily resident citizens, regardless of employment or contribution status. This ensures no one is left out due to temporary hardship, illness, displacement, or life transition.

> ***Terminology Note:***
>
> *Throughout this policy, "Universal Basic Income" or UBI refers specifically to the Universal Base Tier—a guaranteed income floor provided to all ordinarily resident citizens. The term Prosperity Dividend is used to describe the dynamic, supplementary top-ups available to those engaged in recognised civic, care, or cultural contributions. These are considered Tier 2 payments, and are layered above the base UBI. This distinction ensures clarity when discussing funding models, tapering rules, and eligibility thresholds.*

The Universal Base Tier is non-negotiable and protected from economic downturns by diversified funding sources and legal entrenchment.

This base tier is funded from baseline tax sources to ensure year-on-year reliability, even in periods of low automation displacement.

> **Example Payment Range:**
> The Universal Base Tier will initially provide $14,000 to $16,000 per year—approximately $270 to $310 per week—indexed to local cost-of-living data.

This foundational level covers core needs like food, basic transport, and essential services, ensuring dignity while retaining strong work incentives. As automation-linked contributions and Sovereign AI Fund investment returns mature, the Universal Base Tier will progressively scale toward the full living-cost target of $20,000 to $24,000/year over a 5–10 year period, subject to fiscal review.

Prosperity Dividend tiers for recognised contribution roles (e.g. caregiving, volunteering, cultural work) can add an additional $8,000–$12,000 per year, allowing total UBI support to reach $28,000–$36,000 for those actively contributing outside the market. These amounts are recalibrated annually by the Cost-of-Living Commission to ensure purchasing power parity and regional fairness.

Prosperity Dividend
Above this base tier, Prosperity Dividend top ups are available for individuals who demonstrate meaningful contribution—either through essential paid roles or through recognised unpaid civic, care, or cultural work. This layered approach balances universal dignity with recognition of contribution, without penalising those who cannot participate due to disability, trauma, caregiving, or economic exclusion.

Meaningful contribution is recognised broadly, including:

- Full-time unpaid caregiving
- Community volunteering
- Apprenticeships and retraining
- Environmental restoration
- Cultural, artistic, or educational work

This baseline security forms the heart of a stable society, where people are trusted first, and supported to contribute in their own way.

To ensure year-round stability regardless of economic cycles, the base tier is funded by a mix of resilient revenue sources—including a designated share of existing tax bases like VAT and corporate income tax. This guarantees continuity even if automation contributions fluctuate in early years.

Contribution Verification

In early rollout phases, contribution eligibility is confirmed through:

- Existing caregiving registration systems
- Medical or community attestations
- Regional residency verification through IRD data

Randomized spot audits (5–10% of recipients annually) and cross-agency data matching ensure integrity. Community-based contribution verification options may be introduced in later phases once the Prosperity Dividend expands nationally.

Applicants declare their form of contribution through a simple reporting process, supported by optional community verification (e.g. employer, organisation leader, educator). Random audits and data-matching with existing systems—such as IRD, NZQA, and social service providers—help maintain program integrity without introducing heavy bureaucracy.

To ensure fairness and prevent exploitation, contribution claims are cross-checked against national registries, including caregiver, training, and volunteer accreditation bodies. A national Contribution Registry will be phased in over time to track recognised service, education, and care activities, preserving low-friction access while enabling transparent audit trails.

Contribution categories will be reviewed annually by the Public Dividend Office, with iwi and community input, to ensure the system remains relevant, inclusive, and culturally grounded.

Elastic Tiering and Income Tapering

To ensure work is always incentivised, UBI payments begin to taper once personal income exceeds the 70th percentile of national earnings. For every $1 earned above the threshold, UBI is reduced by 30 cents.

Example: A freelance architect earning $90,000 would see a $6,000 reduction in their UBI, receiving only the portion that falls beneath the taper cap. This ensures high earners still benefit from security while redistributing full support to lower-income households.

Tier 2 eligibility is **time-bound** and subject to renewal based on activity. Contribution scoring weights prioritise essential and high-impact roles.

Elastic tiering also allows automatic adjustments in payout amounts based on national revenue fluctuations, protecting both recipients and fiscal stability.

This structure ensures that UBI supports those who need it most, without penalising those who pursue paid work or who contribute in non-traditional ways. It replaces outdated assumptions that only wage labour deserves public support and unlocks new models of work, rest, care, and civic contribution.

How Tapering Works: Example

Let's say the UBI base tier is $24,000/year, and you earn $90,000.

- That puts you $20,000 above the 70th percentile.
- For each $1 above the threshold, you lose $0.30 in UBI.
- So you lose $6,000 in UBI—but your net income is still $84,000 + $18,000 = $102,000.

You're always better off earning more. Tapering simply reallocates the full UBI to lower-income earners who need it most—without punishing success.

Eligibility

All ordinarily resident citizens who demonstrate meaningful contribution to society are eligible. Contribution is recognised across both paid and unpaid domains, including caregiving, education, cultural work, environmental restoration, and community service.

Presumptive Eligibility & Grace Pathways

Certain groups will be considered presumptively eligible for Tier 2 UBI supplements, including:

- Full-time unpaid caregivers
- Registered apprentices or vocational trainees
- Accredited community volunteers

These categories require one-time verification and are excluded from ongoing contribution reviews unless flagged.

Grace Pathway

Life is not linear, and meaningful contribution is not always continuous. The Grace Pathway provides transition support for individuals who temporarily lose their recognised contribution status due to job loss, illness, burnout, or major life changes.

Duration & Structure:

Initial Grace Period: Recipients who lose Tier 2 eligibility enter a 12-month Grace Period in which partial UBI supplements continue without conditions. This gives people time to recover, retrain, or reorganise without facing an immediate income cliff.

Extended Grace Period (Optional Second Year): An additional 12 months of partial payments may be granted if the individual:

- Enrols in recognised retraining or vocational education
- Engages in verified volunteering or community contribution
- Submits a Contribution Transition Plan outlining their intended next step
- This ensures continued support without enabling long-term disengagement.

Purpose & Framing:
The Grace Pathway is not a loophole—it's a humane on-ramp back to contribution. It recognises the messy reality of human life while maintaining fairness, trust, and fiscal responsibility.

This approach:
- Prevents sudden income cliffs
- Supports mental health and life transitions
- Avoids perceptions of entitlement without effort
- Preserves social trust in the system's fairness

Residency Definition: "Ordinarily Resident"

For the purposes of UBI eligibility under The Prosperity Deal, **"ordinarily resident"** refers to any individual who:

- Has lived in Aotearoa New Zealand for **at least two continuous years**, and
- Has established their **primary home, economic life, or long-term intent to remain** in New Zealand.

This includes citizens, permanent residents, and long-term visa holders with a clear pathway to residency. Excludes temporary visitors, international students, and short-term visa holders.

Eligibility is verified via IRD and immigration data. Special pathways may apply for returning New Zealanders, refugees, and tangata whenua affected by historical displacement.

Amount

UBI payments are adjusted regionally, calibrated to the local cost of housing, food, transport, and basic healthcare. These amounts are reviewed annually by an independent Cost of Living Commission.

Marginal Rate Cap

To prevent excessive Effective Marginal Tax Rates (EMTR), tapering will adjust automatically to ensure no household earning under the 90th percentile faces an EMTR above **60%**. Taper reduction curves are smoothed beyond the 70th percentile to maintain incentive alignment.

Temporary Displacement Bridge (TDB) Payment

Purpose:
The Temporary Displacement Bridge (TDB) is a transitional income support designed to protect middle-income earners displaced by automation. It ensures that losing a role to AI or automation does not immediately result in financial ruin—especially for those carrying mortgages, caregiving responsibilities, or community roles.

Structure:

Eligibility Criteria:
- Former income must exceed **$70,000 NZD/year** averaged over the preceding 12 months
- Employment loss must be attributable to:
  - Verified automation displacement (direct or indirect), or
  - Task compression resulting from AI system deployment
- Applicant must be ordinarily resident and eligible for Base Tier UBI
- Must register within **90 days** of displacement with the Public Dividend Office

Payment Amount:
- **50% of verified prior income**, capped at **$40,000 NZD/year** ($769/week)
- Paid **on top of** Base Tier UBI during the support period

Duration:
- **6 months standard**, with an optional **6-month extension** if:
  - The individual enrols in recognised retraining, civic contribution, or entrepreneurship programs
  - OR can demonstrate active contribution through verified pathways (e.g., community volunteering, ecological restoration)

Funding Source:
- Paid from the Prosperity Contribution Fund (AI Displacement levies)
- Supplemented by Sovereign AI Investment Fund buffers if demand exceeds projections

Interaction with Other Supports:
- Stackable with retraining subsidies, childcare supports, and transportation stipends
- Subject to standard UBI income tapering thresholds once re-employment occurs

Review & Sunset:
- The TDB will undergo a formal impact review **at the 5-year mark** post-implementation
- Parliament must reauthorise continuation based on findings, or allow automatic phase-down if systemic unemployment stabilises.

Contribution Eligibility Summary

To qualify for **Prosperity Dividends (Tier 2 UBI)**, an individual must:

- Be an **ordinarily resident citizen**, and
- Demonstrate **meaningful contribution** through one or more of the following:
    - Full-time unpaid caregiving
    - Community volunteering
    - Registered apprenticeship or vocational training
    - Environmental or cultural work
    - Enrolment in approved retraining programmes

Certain groups are granted **presumptive eligibility**, requiring only one-time verification:

- Full-time unpaid caregivers
- Registered apprentices or trainees
- Accredited volunteers

If a contributor loses eligibility, they enter a **12-month Grace Period** (extendable to 24 months with re-engagement).

***Note**: Randomised audits and data-matching apply to ~5–10% of cases annually. Optional community verification (e.g. employer or iwi attestation) may support claims. No person may lose Base Tier UBI based on contribution status.*

UBI Indexation Framework: Cost-of-Living Transparency

UBI amounts are adjusted annually based on regional cost-of-living metrics, as calculated by the independent Cost of Living Commission (CLC).

Index Components:

Each regional UBI rate is based on a weighted average of core expense categories:

Category	Weighting
Housing (rent/mortgage)	35%
Food basket (weekly average)	20%
Transport (fuel + public)	15%
Utilities & healthcare	15%
Essential goods & services	15%

Review Cycle:

- Reviewed annually with regional variance caps to prevent inflation-driven spikes
- Subject to override if core inflation exceeds 6% annually (emergency index adjustment)
- Published in a transparent methodology report each March

The CLC's mandate is to ensure fairness, predictability, and economic stability, not to track wages or market speculation. This ensures UBI reflects real-world needs, not speculative metrics.

Introduction of the Public Dividend Office (PDO)

To ensure the fair, efficient, and transparent administration of The Prosperity Deal, a new dedicated entity—the Public Dividend Office (PDO)—will be established within Inland Revenue.

The PDO will be responsible for overseeing all elements of the Universal Basic Income (UBI) system, from eligibility verification and payment delivery to corporate contribution enforcement and community engagement. While leveraging Inland Revenue's existing infrastructure for payment security and data integrity, the PDO will operate with its own distinct leadership, cultural mandate, and public accountability structures.

Its core functions include:

- Processing UBI applications and maintaining contribution registries
- Auditing and enforcing AI Displacement Contributions from businesses
- Managing the Sovereign AI Licensing framework
- Publishing transparent data on disbursements, revenue, and outcomes
- Supporting opt-in financial guidance tools and community wellbeing initiatives.

The PDO embodies the Prosperity Deal's values of dignity, simplicity, and trust. It ensures that UBI is accessible, transparent, and anchored in public service—not bureaucracy. Its creation also builds future administrative capacity to adapt as automation accelerates, workforce structures evolve, and the role of contribution in society expands.

By establishing the PDO early, The Prosperity Deal creates a strong, visible institutional foundation to maintain public trust and operational excellence from the first day of rollout.

AI Displacement Contribution (Post Phase 1 rollout)

The AI Displacement Contribution is a key funding and fairness mechanism of the Prosperity Deal. It ensures that businesses benefiting from automation contribute proportionately to the national prosperity framework.
Summary:

- During Phase 1 (Years 1–5), firms file annual AI Deployment Reports disclosing automation use and workforce impacts.
- After a public review confirming fiscal maturity (post-Year 5), full Prosperity Contributions will be phased in.
- Businesses eliminating significant numbers of jobs, or capturing large productivity gains through automation, will pay a tiered levy based on the scale of displacement and net profit increases.
- Early transparency protects firms acting ethically; full contribution obligations activate only after fair notice.

Trigger Conditions:

A business will contribute to the UBI fund if it meets any of the following:

Job Displacement Trigger: The business eliminates 10 or more full-time roles due to AI, machine learning, robotics, or any automation tool that replaces human labour.

AI Usage Threshold: The business spends more than $500,000 NZD annually on advanced AI systems, software automation, robotics, or algorithmic decision tools. This triggers presumptive UBI contribution review, even if direct layoffs are not reported.

Sector Displacement Benchmark: The business operates in a high-risk sector (e.g. logistics, call centres, finance) and reports headcount reductions significantly below the sector norm for reported AI investment. In such cases, contribution obligations may be imputed based on industry standards unless exemptions are granted.

Automation Productivity Capture Tier
In addition to displacement triggers, companies reporting >30% year-on-year output gains per FTE (attributable to AI/automation) will pay a **flat 5% contribution** on net gains. This tier captures value extraction from **task compression**, even in the absence of formal layoffs.

Contribution Calculation:

A tiered percentage of profit increase attributable to automation is paid into the UBI fund:

Profit Increase from Automation	UBI Fund Contribution
$0–$5 million	5%
$5–$20 million	10%
$20–$100 million	15%
$100 million+	20%

Temporary Contribution Cap:
For the first five years following the Prosperity Deal's enactment, maximum AI Displacement Contribution rates will be capped at **10% of eligible profit increases** across all bands.
After Year 5, an independent Prosperity Impact Review Commission will assess:

- Revenue stability
- Corporate compliance rates
- Automation-driven displacement trends

Based on their findings, Parliament may vote to adjust contribution caps toward the originally legislated 15–20% bands, with at least 18 months' public notice.

Contribution Cap Rate Table:

Profit Increase from Automation	Maximum Contribution Rate (Years 1–5)
$0–$5 million	5%
$5–$20 million	7.5%
$20–$100 million	10%
$100 million+	10% (cap applies)

These caps will be reviewed by the Prosperity Impact Review Commission at Year 5, with adjustments subject to public notice and parliamentary approval.

Minimum Threshold:

Any business displacing 10+ full-time roles will contribute at least $250,000 annually, regardless of reported profit change.

Backdating Clause:

To prevent pre-emptive avoidance, these rules apply retroactively to reported AI deployments filed since AI Deployment Reports began (Year 1)

Worker Compression Clause
Automation doesn't always eliminate jobs—it often amplifies them. In cases where AI tools significantly increase productivity per worker, businesses may extract surplus value without formally reducing headcount.

The following indicators qualify as *worker compression events* and may trigger a proportional AI Displacement Contribution:

- One role absorbing the tasks of two or more due to automation
- Teams downsized without layoffs through "task bundling" or AI supervision
- Productivity per employee increasing by 50% or more post-AI adoption

Digital Platform Dividend: Enforcement for Multinationals

To ensure foreign digital firms contribute fairly to the Prosperity Deal, enforcement of the Digital Platform Dividend will rely on:

- **OECD Digital Presence Frameworks:** Tax nexus is established using metrics like user base, domestic revenue volume, and platform engagement within New Zealand.
- **Permanent Establishment Rules**: Adapted to include virtual presence, recognising that platform influence does not require physical offices.
- **Bilateral Tax Cooperation Agreements:** Inland Revenue will coordinate with global counterparts to track profits, enforce contributions, and reduce avoidance.

This ensures that multinational tech companies pay their fair share for the civic infrastructure their platforms depend on.

Global Windfall Enforcement

The Corporate Windfall Capture mechanism applies to foreign tech firms exceeding quarterly profit thresholds in New Zealand. Compliance is enforced through:

- **Digital Economic Nexus Rules:** Firms with significant digital revenue derived from New Zealand users are subject to temporary levies, regardless of local incorporation.
- **OECD-aligned Thresholds:** Profit and engagement thresholds are based on global best practices and aligned with digital services tax precedents.
- **Cross-border Data Sharing:** Inland Revenue leverages international tax agreements to detect underreporting, profit shifting, or avoidance by offshore entities.

These tools ensure that digital windfalls are captured fairly and effectively, even in a borderless tech economy.

Sovereign AI Licensing & Enforcement

To protect national sovereignty, ensure fairness, and secure long-term funding for UBI, the Prosperity Deal introduces a legally mandated Sovereign AI Licensing Framework. This framework recognises advanced AI systems as extractive technologies with significant economic and social impact and treats their deployment accordingly.

Licensing requirements apply only to high-risk, high-scale systems capable of material labour displacement or autonomous revenue generation. Small-scale or low-risk developers are exempt from licensing and instead pay a flat Universal AI Tax.

Licensing Requirement: Any company or organisation that deploys AI systems capable of displacing human labour at scale, generating autonomous revenue, or materially altering decision-making processes will obtain a Sovereign AI License.

Tiered Licensing Fees: Licensing fees are scaled based on system capabilities, economic reach, and risk of displacement. High-impact systems used in customer service, logistics, content creation, and back-office operations incur the highest rates.

Disclosure Obligations: License applicants will submit a Displacement Impact Assessment, which includes:

- Number and types of roles likely to be displaced
- Projected revenue or cost savings
- Data usage and privacy implications
- Risk mitigation or offset strategies

Audit & Enforcement Authority: The Public Dividend Office (PDO), in collaboration with the AI Tax Authority, is empowered to:

- Audit AI system deployment for unlicensed use
- Impose penalties or shutdown orders for noncompliance

- Cross-reference licensing data with displacement reports to prevent underreporting

Public Transparency: A public register of licensed systems will be maintained to support trust, civic oversight, and downstream impact monitoring.

To support domestic innovation, the policy includes compliance toolkits, legal clarity resources, and targeted tax offsets for local developers who meet transparency and licensing thresholds.

This mechanism ensures that AI deployment is not treated as a loophole, but as a shared civic responsibility—paying its fair share for the society it transforms.

Universal AI Tax (Flat-Rate for Low-Risk Firms)
To ensure fairness without burdening small innovators, firms that deploy AI systems below the licensing threshold will instead pay a flat Universal AI Tax of $5,000 NZD per year. This applies to:

- Small and medium businesses using off-the-shelf AI tools
- Developers whose systems do not displace human labour or generate autonomous income
- Educational institutions and nonprofits using AI for administrative or research purposes

This tax ensures all commercial AI use contributes to civic infrastructure, while maintaining proportionality for low-impact actors.

Automation Threshold Definitions

To ensure the AI Displacement Contribution is clear, enforceable, and resistant to avoidance, the following thresholds are established:

- **Displacement Trigger:** Any reduction of 10 or more full-time equivalent (FTE) roles over a rolling 12-month period where automation is the primary cause.
- **Automation Definition:** Automation includes AI systems, machine learning tools, robotics, software that performs human job functions, and algorithmic decision-making tools that eliminate human roles.
- **Scope of Roles:** Both direct (e.g., drivers, support agents) and indirect (e.g., analysts, schedulers) functions impacted by automation qualify.
- **Profit Reporting:** Employers will disclose the percentage of net profit increase attributable to these changes, certified by a licensed auditor.

This standardised threshold ensures businesses cannot delay, obscure, or downplay automation impacts. It creates a consistent basis for audits, contribution enforcement, and public trust.

Corporate ROI & Strategic Partnership

While the AI Displacement Contribution is a legally mandated obligation, The Prosperity Deal recognises that long-term success depends on buy-in, not just compliance. Businesses are not the enemy of this policy, they are essential partners in building a future that works for everyone. This section outlines the direct benefits to companies that participate fully and transparently:

Economic Stability = Consumer Stability: A guaranteed income floor protects aggregate demand. When citizens have secure incomes, businesses benefit from more reliable consumer spending, lower default rates, and steadier demand cycles.

Workforce Resilience: UBI reduces stress-related burnout and improves public health outcomes—leading to a more reliable and productive workforce.

Policy Certainty Reduces Risk: A clear, legally codified framework for automation taxes and workforce transitions helps companies plan investments without fearing regulatory whiplash.

Collaborative Design Channels: Businesses will be formally included in the Prosperity Deal Council, alongside iwi, unions, educators, and civil society. This ensures real-time feedback loops and dynamic adjustment of policy tools.

The Prosperity Deal is not an attack on innovation. It's a shared investment in national stability and future-ready infrastructure. By cooperating now, businesses secure the social license to lead tomorrow.

Displacement Insurance for the AI Era

The AI Displacement Contribution is not a penalty. It is a form of workforce displacement insurance—a predictable, rule-based cost that reflects the shared responsibility of technological transformation.

Just as businesses carry insurance for fire, liability, or data loss, the Prosperity Contribution operates as a social risk premium. It protects the ecosystem that allows innovation to thrive by ensuring no one is abandoned in the process.

Key Framing Points for Business Audiences:
Predictable and rule-based, unlike ad hoc political regulation

- Replaces ad hoc crisis spending with pre-funded stability
- Protects aggregate demand (customers can still spend)
- Reinforces legitimacy of automation in the public eye

By treating AI deployment as a civic responsibility—not just a private profit engine—this policy future-proofs both the economy and public trust.

Trust Tiers & Transparent Compliance

To reward integrity and reduce compliance burden, businesses that consistently meet or exceed their obligations under the Prosperity Deal will be eligible for "Trust Tier" status.

Benefits of Trust Tier Certification:
- Audit-light treatment: Reduced frequency of compliance audits
- Early access to AI implementation guidance and displacement offset grants
- Featured on a national register of high-compliance organisations

Eligibility Criteria:
- 3+ years of consistent UBI contributions with full reporting compliance
- Participation in one or more workforce transition partnerships
- Voluntary publication of annual automation impact reports

This model encourages proactive engagement, strengthens public-private trust, and builds a visible culture of ethical automation leadership.

Prosperity Partner Program: Tangible Incentives for Ethical Automation

Companies that exceed baseline UBI contribution requirements or demonstrate exceptional transparency may qualify for Prosperity Partner status—a designation that reflects leadership in ethical innovation and civic responsibility.

Benefits of Participation:

- Corporate Tax Offset: Up to 5% deduction on corporate income tax for contributions exceeding required UBI levels by 15% or more, capped at $2 million annually.
- Fast-Track AI Licensing: Priority processing for Sovereign AI License applications, reducing time-to-deployment for new AI tools.
- R&D Grant Eligibility: Access to AI & Workforce Transition Innovation Grants through the Sovereign AI Fund for companies investing in worker retraining, displacement mitigation, or algorithmic transparency.

Preferred Government Procurement Status (Pilot):

Participating companies may receive preferred vendor status on government tenders that include automation or tech services, pending rollout in select regions.

> **Example**:
> A logistics platform voluntarily reports 120 displacements, exceeds its minimum UBI contribution by 20%, and launches a retraining initiative for former drivers. As a Prosperity Partner, it receives a tax deduction, accelerated AI licensing, and shortlists for two national infrastructure contracts involving smart routing software.

Early Corporate Incentives: Carrots Before Sticks

In the first three years of rollout, businesses who file full AI Displacement Reports and meet baseline Prosperity Contributions will automatically qualify for a 20–30% discount on their assessed levies.

Additionally, the Prosperity Deal establishes a Corporate Transition Fund, allocating 5–10% of total automation tax revenue to support businesses in:

- Worker retraining and redeployment
- Transition planning for displaced teams
- Investing in ethical, transparent AI adoption

These incentives ensure that early compliance is not only enforceable but attractive — turning potential opposition into national partnership from day one.

Fail-Safes for Revenue Volatility

UBI should be reliable, even when economic conditions are not. To protect the system from revenue shortfalls due to recessions, slow automation uptake, or tax avoidance, the Prosperity Deal includes a set of embedded fiscal safeguards:

Automatic Contribution Rate Adjustments: If AI Displacement Contributions fall below 85% of forecasted revenue for more than two consecutive quarters, contribution rates will increase automatically by 2–5 percentage points across the affected profit brackets.

Sovereign AI Fund Buffer: The Sovereign AI Investment Fund includes a built-in buffer to support temporary UBI disbursement gaps. This acts as a rainy-day fund, designed to stabilise payments without emergency borrowing or public service cuts.

Flexible Supplement Suspension: In extreme economic stress, Prosperity Dividend UBI tiers (above the universal base) can be temporarily paused for upper-tier earners while preserving core coverage.

UBI Bonds as Elastic Revenue Tools: In the event of structural shortfalls, the government may issue UBI Bonds—crowdfunded or institutional investments backed by future AI tax revenue streams.

Digital Platform Windfall Capture: A surge-based levy will apply to global tech firms operating in New Zealand if they exceed pre-set quarterly profit thresholds during domestic downturns.

Automatic Prosperity Dividend Adjustment: In the event that automation-related revenue streams fall by more than 20% for two consecutive quarters, Prosperity Dividend payments adjust proportionally without requiring parliamentary approval. The Universal Base Tier remains fully protected.

These mechanisms ensure UBI is not a fair-weather promise. It is a stabilising force—backed by forward-thinking fiscal policy and real-world fail-safes.

Policy Sunset / Failure Protocol Clause

Crisis Protocols & Policy Resilience

In the unlikely event of a systemic failure or severe underperformance (e.g., sustained UBI fund revenue <60% of forecast over 6 consecutive quarters), the following fallback protocols may be triggered via emergency legislation:

- Default to Base Tier Only: Prosperity Dividend contribution tiers paused temporarily
- UBI Bonds Activated: Expanded issuance with long-term refinancing (10+ years)
- Expenditure Caps Introduced: Dynamic caps on CLC-indexed UBI levels (without compromising inflation tracking)

These measures protect baseline dignity while ensuring fiscal sustainability and public trust during economic turbulence.

Treaty Partnership and Co-Governance

The Prosperity Deal affirms Te Tiriti o Waitangi as a foundational pillar of New Zealand's social contract and economic future. It enshrines co-governance as a core operational principle.

- **Iwi Co-Governance Role:** Māori representatives, appointed through iwi and hapū processes, will hold co-governance positions in the design, delivery, and oversight of the UBI system, including representation within the Public Dividend Office and its advisory structures.
- **Cultural Recognition:** Contribution definitions will explicitly include roles and responsibilities embedded in tikanga Māori and kaupapa Māori frameworks, such as whānau caregiving, marae leadership, and kaitiakitanga.
- **Shared Authority in Rollout Regions:** Pilot regions with strong iwi infrastructure (e.g. Whanganui, Southland) will include joint decision-making boards to tailor rollout design to local cultural and economic needs.

This policy does not merely consult with Māori. It shares authority. In doing so, it reflects a future where economic justice and Indigenous sovereignty are intertwined.

Community Investment & Cohesion

The Prosperity Deal recognises that financial support alone is not enough to build a thriving society. To ensure UBI strengthens community ties, not weakens them, the policy includes:

- Investment in local hubs, maker spaces, and co-operatives
- Support for shared childcare, housing, and food-growing networks
- Grants for community initiatives that create meaningful contribution opportunities

The Cultural Power of Contribution

The Prosperity Deal is more than a tax system or a payment scheme. It's a social contract reset. In a time where automation challenges traditional notions of work, this policy affirms that human dignity does not begin or end with a paycheck.

Too often, people who raise children, restore ecosystems, care for elders, or do cultural work are treated as "non-contributors" simply because their work isn't waged. The Prosperity Deal rejects this thinking. It recognises that contribution is about value, not valuation.

By formally recognising a broad spectrum of human effort as meaningful contribution, this policy restores social cohesion, mental wellbeing, and individual agency. People who feel seen and valued are more likely to:

- Engage in civic life
- Build resilient communities
- Maintain good mental health
- Take long-term, future-focused actions

Just as importantly, this framing reduces stigma for those not in formal employment. It gives people permission to rest, to heal, to care, and to create without shame.

This cultural foundation is essential to a future where people and machines co-exist. If we do not expand our definition of contribution, we risk shrinking our definition of humanity.

Legal Entrenchment & Long-Term Protection

The Prosperity Deal is not a temporary program or political experiment—it is a permanent foundation of New Zealand's post-industrial social contract. To ensure it survives short-term cycles and remains a reliable anchor for generations, the policy includes entrenchment safeguards.

Dual-Lock Protection

The Universal Basic Income framework—including the base tier, core funding mechanisms, and the Public Dividend Office—will be enacted via primary legislation with entrenchment clauses.

Repeal or material weakening of these elements will require:

- A 75% supermajority in Parliament, and
- A binding public referendum

Referendums may only be held once per decade to ensure stability and avoid political weaponisation.

10-Year Independent Review Clause

Every 10 years, a formal Prosperity Deal Review Commission will be convened to assess:

- Fiscal sustainability
- Economic impact on productivity, innovation, and business confidence
- Social outcomes (poverty, civic engagement, mental health, education)
- Effectiveness and fairness of automation-related contributions

The Commission will include independent economists, union and employer representatives, iwi leaders, technology ethicists, and public participation panels.

Based on its findings, the Commission may recommend:

- Adjustments to contribution rates or structures
- Refinements to contribution recognition models
- Expansion or scaling back of Prosperity Dividend tiers

Any major changes proposed must still pass standard entrenchment hurdles: 75% parliamentary support and/or a binding public referendum. This ensures that the Prosperity Deal remains a living social contract — resilient, responsible, and democratically renewed over time.

Judicial and Constitutional Protections

UBI will be codified as a “public entitlement arising from national productivity,” enabling judicial oversight of any suspension or rollback. A future aspiration is to secure constitutional recognition of the right to a baseline income as part of economic citizenship and democratic participation.

Minimum Funding Continuity Clause

Core UBI disbursements may not fall below Year 1 inflation-adjusted levels without triggering the emergency review process and a binding public referendum. Treasury will annually certify that UBI reserves and administrative budgets meet sustainability thresholds. Failure to meet this condition mandates activation of the UBI Bond mechanism or other stabilisation tools.

Constitutional Recognition (Aspirational)

A future goal is to secure constitutional recognition of the right to a baseline income as a condition of democratic participation and economic citizenship—potentially as part of a broader constitutional review process.

These entrenchment provisions ensure that once people plan their lives around a guaranteed income, that promise will hold. The Prosperity Deal must outlive any single government to truly serve the people.

Revenue & Funding Model: Building Sustainable Prosperity

Core Funding Philosophy

The Prosperity Deal is built on a diversified, phased funding model that grows with New Zealand's economy, automation patterns, and public trust. The early rollout focuses on low-friction, broad-base taxes and investment returns, minimizing economic disruption and ensuring fiscal prudence. Heavy automation-linked contributions, wealth recirculation taxes, and full displacement levies are phased in only after public fiscal review at Year 5 and clear proof of system maturity.

Fiscal Principles:

- Start light, scale responsibly
- Protect Universal Base Tier first
- Build Prosperity Dividend expansion only from verified surplus

Primary Funding Streams

Primary Funding Streams (Phase 1: Years 1–5)		
Funding Source	**Activation Timeline**	**Notes**
Baseline Prosperity Levy	Year 1	Flat civic contribution from firms >$10M NZD revenue.
Reallocated VAT Shares	Year 1	Small percentage of existing consumption tax redirected to Prosperity Fund.
Sovereign AI Investment Fund Early Returns	Year 1	Conservative investment returns support early payouts.
Financial Transaction Tax (FTT)	Year 2	Light initiation (~0.05%), scaling moderately only if needed.
Digital Services Tax (DST)	Year 3	Targeted at multinational tech platforms operating in NZ.
Low-Rate Land Value Tax (LVT)	Year 4	Phased in at modest rates for high-value properties.

Full Prosperity Deal Revenue Plan (Post-Phase 1)

Upon successful Foundation Phase review at Year 5, The Prosperity Deal expands its funding model to include:

Funding Stream	Activation Details
Full AI Displacement Contributions	Tiered levies based on verified displacement impacts from AI Deployment Reports. Retroactive fairness clause applies.
Expanded Land Value Tax (LVT)	Broader application beyond initial high-value properties.
Wealth Recirculation Contributions	Moderate surtax on ultra-high-net-worth individuals (>NZ$10M net wealth) phased in only if Prosperity Fund requires stabilization.
Scaled Financial Transaction Tax	Potential to raise FTT to 0.2% if necessary based on global market behavior.
Sector Windfall Contributions	Potential sector-specific levies (e.g., AI SaaS providers) only if severe surplus extraction occurs.

These expansions are contingent on independent fiscal review, public transparency, and Prosperity Fund maturity performance.

Elastic Fiscal Stabilisers

Stabilizer	Purpose
Sovereign AI Investment Fund	Grows national wealth over time, smooths revenue during economic cycles.
Prosperity Bonds	Issued flexibly if early revenue shortfalls threaten payout continuity. Indexed to inflation, repayable via future productivity gains.

Automatic Safeguards:

- Prosperity Dividend expansion pauses automatically if revenue drops >10% for two consecutive quarters.
- Universal Base Tier protected as fiscal anchor through diversified streams.

The AI Displacement Contribution

Tiered levy on profit increases tied directly to job losses through automation. Scales from 5% to 20% depending on the scope of displacement. Backdated 12 months to prevent preemptive automation. Estimated yield: $10B–$22B annually by Year 5.

Sovereign AI Licensing

- Tiered licensing fees on all AI systems deployed at commercial scale
- Includes small flat Universal AI Tax for all businesses using advanced AI tools
- Estimated yield: $2–4B annually
- Framing: "Digital Sovereignty Royalties"

Wealth & Land-Based Revenue

- Wealth & high-income surtax: $20–24B/year
- Land Value Tax (LVT): $10–14B/year
- Progressive Landlord Contribution (3+ properties): $2–6B/year

Market Movement Contributions

- Financial Transaction Tax (FTT): $4–6B/year
- Digital Platform Dividend: $0.5–1.3B/year
- Corporate Polluter Contribution: $5–7B/year
- Framing: "Automation-Era Market Balancing"

Innovation-Aligned Buffers

- Sovereign AI Investment Fund: grows from $1B to $4B/year
- Crowdfunded UBI Bonds: public or institutional buy-in
- Sector Sponsorship Pools: optional private contributions for workforce transitions

Baseline Prosperity Levy: A Civic Operating Contribution

All medium and large firms operating in New Zealand with annual revenues exceeding $10 million NZD will contribute a small flat-rate Baseline Prosperity Levy to the Universal Basic Income fund. This levy is distinct from automation-specific taxes. It reflects a simple civic principle: participation in a stable, educated, future-ready society carries a shared obligation.

Firms heavily automating will continue to contribute additional Prosperity Contributions based on displacement and productivity, but all major enterprises contribute a base share toward national prosperity.

UBI Bonds: Elastic Sovereign Bonds as Core Stabilizer

UBI Bonds are long-term debt instruments issued by the New Zealand Treasury, backed by forecast AI Displacement Contribution revenue. They can be purchased by:

- Institutional investors (e.g. ACC, Super Fund)
- Citizens (retirement, savings accounts)
- Philanthropic trusts and global funds aligned with post-work security

Terms: 10–20-year maturity, indexed to inflation, with returns pegged to a portion of automation-linked GDP growth.

Purpose: To cover shortfalls during early rollout or recessionary dips, while inviting public ownership of the AI transition.

UBI Bonds will not serve solely as a contingency tool. They are a permanent fiscal stabilizer, allowing New Zealand citizens, pension funds, and ethical investors to collectively underwrite future productivity. This mechanism democratizes economic transition ownership, absorbs revenue volatility during downturns, and anchors long-term Prosperity Dividend resilience without sudden tax hikes or payout shocks.

These bonds allow everyday New Zealanders to invest directly in national resilience—and be repaid from the very innovations reshaping work.

Capturing Productivity Growth, Not Just Displacement

Beyond displacement-triggered contributions, the Prosperity Deal captures broader productivity gains enabled by AI and automation. Companies whose per-employee output increases sharply (over 30% year-on-year) due to technological adoption are required to contribute a portion of net surplus productivity to the UBI fund, ensuring fairness even without formal layoffs.

International Alignment & Digital Tax Coordination

The Prosperity Deal recognises that AI and digital platforms are global forces—and that national-level policy must be aligned with evolving international standards to remain effective and credible.

OECD Digital Economy Framework Alignment

All Prosperity Deal digital and automation-linked tax mechanisms will be aligned with emerging OECD frameworks for the fair taxation of the digital economy. New Zealand commits to escalating Prosperity Contribution rates or enforcement measures only in step with international partners, protecting exporters from unilateral disadvantage while advancing global standards for equitable tech-era taxation.

Alignment Initiatives:

- **OECD Frameworks:** New Zealand will align its Digital Platform Dividend and AI system licensing protocols with ongoing OECD efforts to tax global tech giants fairly across jurisdictions.
- **Multilateral Engagement:** The Public Dividend Office and Inland Revenue will participate in exploratory discussions to develop a Multilateral AI Governance Treaty, ensuring consistent ethical and fiscal norms for AI deployment worldwide.
- **Safe-Harbour Provisions:** Foreign companies contributing to UBI through recognised Prosperity Contributions may be eligible for bilateral tax recognition agreements, reducing double-taxation risks.

This policy positions New Zealand as a leader—not an outlier—in fair, modern economic governance. The Prosperity Deal is designed to scale globally, not isolate locally.

Export Protections Clause: Safeguards for International Competitiveness

Purpose

New Zealand's exporters power our economy and feed the world. The Prosperity Deal recognises that—and makes sure they stay globally competitive. That's why exporters get capped rates, temporary exemptions, and reinvestment grants. If you're creating jobs and exports, we back you. No red tape. No surprises.

To uphold New Zealand's role as a high-trust, high-value trading nation while advancing inclusive economic resilience, the following measures apply to export-intensive sectors under The Prosperity Deal.

1. Capped Contribution Rate for Certified Exporters

Export-oriented firms may qualify for a reduced AI Displacement Contribution rate, capped at 10% of eligible automation-linked payroll savings, if all the following conditions are met:

- At least 80% of total revenue is derived from goods or services exported abroad
- Displacement is verified as strategically necessary for maintaining international price or volume competitiveness
- Net profit margins remain within OECD benchmark ranges for the relevant industry over the past 24 months

Administered by: AI Tax Authority, in partnership with NZTE and MBIE

2. Strategic Export Sector Exemption Window (2–3 Years)

The following sectors may apply for temporary exemption from automation-linked contributions:

- Dairy
- Meat
- Forestry
- Seafood

- Horticulture

Conditions for Exemption Approval:

Submission of a Displacement Transition Plan (forecasting AI adoption and workforce impact)

A Community Offset Proposal, such as:

- Regional retraining schemes
- Co-operative support for displaced workers
- New job creation initiatives tied to exports

Duration of exemption

Up to 3 years, non-renewable without review.

3. Export-Linked Reinvestment Scheme

A portion (minimum 30%) of contributions collected from eligible export sectors will be ringfenced to fund:

- Rural and regional retraining programs
- Climate-adaptive agritech innovation
- Employment-preserving productivity improvements

Governance

Via the Cost-of-Living Commission, with community co-design panels

4. Global Competitiveness Review Panel

An independent panel shall be convened annually to assess the net impact of Prosperity Contributions on export-sector competitiveness.

Panel Composition:

- The Treasury
- Ministry of Business, Innovation and Employment (MBIE)
- Ministry of Foreign Affairs and Trade (MFAT)
- Primary sector industry representatives
- Māori economic leaders and Iwi development chairs
- Labour market and community economists

Note: Findings to be tabled in Parliament and published as part of the Prosperity Scorecard

5. Reciprocity Trigger

If a major trading partner (e.g. Australia, China, EU) adopts equivalent automation levies or UBI-aligned tax models, New Zealand reserves the right to recalibrate Prosperity Contribution rates or exemptions to maintain parity and fair access.

Note: Monitored by the Trade Law Division of MFAT in consultation with exporters.

Scalability, Guardrails, and Offsets

The Prosperity Deal is designed to be resilient, not fragile. Revenue is diversified across sectors, anchored in future-facing industries, and buffered by flexible instruments.

Built-in Guardrails:

- Minimum contribution thresholds
- Anti-avoidance audits
- Sovereign buffer fund (rainy-day stability)
- UBI tapering to control cost at high-income tiers
- No single sector carries more than 30% of the load

Offset Mechanisms:

- Corporate ROI via stable consumer demand
- Branding benefits through “Prosperity Partner” program
- Temporary incentives for early compliance

Transitional Alignment with Welfare

UBI replaces some existing benefits, but not all. Support for people with high needs, disability accommodations, and targeted services remain fully intact.

- Welfare Reallocation Savings: $14B/year from streamlined programmes
- No cuts to superannuation
- Redundancy protection: 2-year income guarantees during sectoral displacement

If the Market Shifts: Contingency Plans

The Prosperity Deal includes fiscal fail-safes and responsive mechanisms for economic volatility:

- Automatic Contribution Adjustments if AI revenue drops
- Infrastructure Readiness Clause delays rollout in fragile regions
- Emergency Inflation Controls (in-kind credits, temporary price caps)
- UBI Bonds act as elastic capital buffers

To reduce inflation risk, the UBI rollout will be matched with targeted investments in housing, food security, energy infrastructure, and local production capacity.

Projected funding reaches over $150B by Year 5, with early surpluses in Years 1–2 and a manageable shortfall in later years to be bridged through investment returns and expanded contributions.

Revenue model: Realistic and optimistic

Realistic Scenario (moderate AI adoption, good compliance, no major recession)

Revenue Source	Year 1	Year 2	Year 3	Year 4	Year 5
AI Displacement Contribution	$10B	$13B	$16B	$19B	$22B
Wealth & High-Income Surtax	$20B	$21B	$22B	$23B	$24B
Land Value Tax (LVT)	$10B	$11B	$12B	$13B	$14B
Financial Transaction Tax (FTT)	$4B	$4.5B	$5B	$5.5B	$6B
Corporate Polluter Contribution	$5B	$5.5B	$6B	$6.5B	$7B
AI System Licensing + Usage Tax	$2B	$2.5B	$3B	$3.5B	$4B
Digital Platform Dividend	$0.5B	$0.7B	$0.9B	$1.1B	$1.3B
Progressive Landlord Contribution	$2B	$3B	$4B	$5B	$6B
Sovereign AI Investment Fund Return	$1B	$1.5B	$2.5B	$3B	$4B
Welfare Consolidation Savings	$14B	$14B	$14B	$14B	$14B
Corporate Windfall Tax (Temp)	$3B	$2B	$1B	—	—
Crowdfunded Sovereign AI Fund	$0.5B	$0.7B	$0.9B	$1.1B	$1.3B
Total Revenue	**$73B**	**$81.4B**	**$87.3B**	**$95.2B**	**$105.6B**

- **Matches funding needs through Year 5**
- Supports **full Base Tier + scalable Prosperity Dividends**
- **Early surplus likely** → used to buffer future volatility

Optimistic Scenario (fast AI deployment, global digital tax coordination, high compliance)

Assumptions:

- AI adoption surges; retroactive levies generate large Year 4–5 jumps
- Full OECD compliance on DST and Windfall Tax
- High voluntary Prosperity Partner buy-in

Revenue Source	Year 1	Year 2	Year 3	Year 4	Year 5
AI Displacement Contribution	$12B	$15B	$19B	$24B	$28B
Wealth & High-Income Surtax	$22B	$23B	$24B	$25B	$26B
Land Value Tax (LVT)	$11B	$12B	$13B	$14B	$15B
Financial Transaction Tax (FTT)	$4.5B	$5B	$5.5B	$6B	$6.5B
Corporate Polluter Contribution	$5.5B	$6B	$6.5B	$7B	$7.5B
AI Licensing & Usage Tax	$2.5B	$3B	$3.5B	$4B	$4.5B
Digital Platform Dividend	$0.7B	$0.9B	$1.2B	$1.4B	$1.7B
Progressive Landlord Contribution	$2.5B	$3.5B	$4.5B	$5.5B	$6.5B
Sovereign AI Fund Return	$1.2B	$1.8B	$2.8B	$3.5B	$4.5B
Welfare Consolidation Savings	$14B	$14B	$14B	$14B	$14B
Corporate Windfall Tax	$4B	$3B	$2B	$1B	$0.5B
Crowdfunded Sovereign AI Fund	$0.6B	$0.9B	$1.2B	$1.5B	$1.8B
Total Revenue	**$90.4B**	**$97.1B**	**$107.7B**	**$121.9B**	**$135.5B**

Surplus by Year 4, enabling:

- Expanded Prosperity Dividend tiers
- Debt reduction or Sovereign AI Fund acceleration

- Public investment in care, housing, or green tech

Oversight & Integrity Measures

Strong oversight mechanisms ensure the UBI system is transparent, enforceable, and resilient against exploitation or manipulation. These measures are designed to maintain public trust and corporate accountability.

AI Displacement & Automation Reporting

All medium and large businesses will file quarterly Automation Impact Reports. Reports will include:

- Roles eliminated or reduced due to automation
- Cost savings or productivity gains
- New tools, platforms, or systems deployed

Automatic Audit Triggers

Example: A tech firm lays off 25% of its customer support team within a single quarter, replacing them with a proprietary AI chatbot. The same quarter, it reports a $14 million increase in net profit. This triggers an automatic audit by the AI Tax Authority. Audits are initiated automatically when any of the following occur:

- Significant headcount reduction
- Unusually rapid profit growth
- Major internal AI deployment

AI Tax Authority Oversight

- An independent AI Tax Authority will monitor automation trends, conduct audits, and enforce compliance.
- Utilises anonymised payroll, revenue, and software deployment data
- Has authority to issue penalties, require back-payments, and flag violators for public reporting.

Corporate Anti-Avoidance Measures: Offshoring and Contractor Safeguards

To prevent businesses from sidestepping their obligations through outsourcing, offshoring, or creative reclassification of workers, The Prosperity Deal enforces the following protections:

Offshoring Enforcement

- **Digital Presence Rule:** Any company generating over $10 million in New Zealand revenue, or serving more than 50,000 New Zealand users, will comply with displacement levies—regardless of where the automation is physically operated.

- **Offshore Automation Clawback:** If domestic workers are displaced by AI or automation operated offshore, profits from New Zealand-facing services remain subject to UBI contributions.
- **Value Origin Test:** If New Zealand labour, data, or customer bases underpin offshore automation deployments, the originating firm remains liable under Prosperity Deal obligations.

Contractor and Role Misclassification Enforcement

- **No Loophole Clause:** Shifting roles offshore or converting employees into independent contractors does not exempt businesses from displacement contributions.
- **Offshoring Trigger Rule:** Significant reductions in New Zealand-based staff, coupled with expanded offshore operations, automatically trigger an audit by the AI Tax Authority.
- **Role Reclassification Penalty:** Businesses that misclassify displaced workers to evade contributions will face enforced back-payments and financial penalties.

These enforcement measures protect New Zealand's workforce and tax base from global arbitrage, ensuring that the gains of automation are fairly shared—no matter where the servers sit or what titles are assigned.

Advanced Detection & Licensing Tools

- **Universal AI Usage Licensing:** All businesses deploying advanced AI systems—regardless of workforce impact—will hold a Universal AI License. This small flat fee ensures no exemption from contribution and supports national monitoring of emerging tools.
- **Predictive Compliance & Displacement Detection:** The Public Dividend Office will invest a share of Sovereign AI Fund returns into the research and development of predictive audit technologies. These AI-driven compliance tools will combine payroll data, productivity metrics, AI usage disclosures, and sectoral benchmarks to proactively flag high-risk underreporting of automation displacement. This future-facing approach ensures that AI strengthens tax integrity, protects workers, and supports dynamic policy enforcement without excessive manual audits.

Worker Classification Safeguards

- Universal Contribution Test: Any worker performing regular, directed duties is considered a contributing worker, regardless of contract type
- Contractor Reporting Requirement: Large companies will disclose headcount, duties, and deployment of gig or freelance workers

Residency & Eligibility Verification

- UBI eligibility is cross-checked with IRD and Immigration records
- Applicants must verify at least two years of residency and submit a basic declaration of meaningful contribution

- Optional community co-signers (e.g., employer, educator, community leader) may be used for added integrity
- Additional support systems will remain in place for people with high needs. UBI is a foundation, not a ceiling.

Penalty System for Non-Compliance

- First Offense: Repayment of owed contributions plus a fine
- Second Offense: Elevated contribution rate for a fixed term
- Persistent Violations: Public listing of non-compliant entities.

Annual Transparency Disclosures

- All large employers will submit an annual Automation Impact Report
- Summary data is published by the AI Tax Authority to maintain public visibility into workforce impacts.

Education & Training Subsidies

To ensure New Zealanders will adapt and thrive as the world changes, this policy includes a comprehensive education and training support framework. These subsidies empower people to pursue new opportunities, retrain for resilient careers, and engage in lifelong learning.

1. Fully Subsidised Training: Critical Growth & Resilience Sectors

Example: A former retail worker retraining as a mental health support worker receives a full tuition subsidy and a weekly childcare stipend while enrolled full-time.

Tuition is covered 100% for fields essential to national infrastructure, climate resilience, public health, and technological sovereignty:

- Green technologies and climate adaptation
- AI development, ethics, auditing, and governance careers. (Includes roles in algorithmic accountability, regulatory design, AI ethics, audit systems, and civic tech. The Prosperity Deal positions New Zealand to lead globally in this emerging field.)
- Healthcare and aged care services
- Mental health and addiction support
- Cybersecurity and digital infrastructure
- Education (STEM, early childhood, and special education)
- Skilled trades (construction, agriculture, energy, food systems)
- Public health and epidemiology
- Indigenous knowledge and land stewardship
- Emergency and disaster response

2. 80% Subsidised Training: Social Wellbeing & Enrichment Sectors

These fields are vital for community health, cultural continuity, and long-term national wellbeing:

- Arts, language, and cultural preservation
- Social work and therapeutic services
- Sustainable food production and urban gardening
- Community organising and non-profit leadership
- Accessibility, disability support, and inclusive design
- Restorative justice and mediation
- Recreation, physical wellbeing, and sport
- Animal welfare and veterinary support
- Local media, civic journalism, and storytelling

Hardship grants are available to close the remaining gap for those facing barriers to participation.

3. Access Support Services

To remove logistical and structural barriers, all subsidised trainees are eligible for:

- Free early childhood education or after-school care during study hours
- Transportation stipends for rural or transit-poor areas
- Digital access grants (devices, connectivity)
- Caregiver relief for dependents or elders
- Peer support and mental health counselling for stress, trauma, or burnout

Support is delivered via partnership with local councils, iwi, NGOs, and educational institutions.

4. Lifelong Learning Credits

Every resident receives renewable education credits every five years. These can be used for retraining, upskilling, or pursuing personal development, regardless of employment status. This framework ensures that education is not a one-time event but a lifelong right—and that all New Zealanders have the tools they need to shape their future, their community, and their contribution.

5. Wellbeing, Connection, and Time

Civic Wellbeing Index

The PDO will track non-economic wellbeing indicators, including:

- Community connectedness
- Mental health service access
- Trust in public institutions

These guide allocation of Community Cohesion Grants and support future policy refinement.

6. Youth Civic Integration Programs

Young people entering the workforce face an unstable economy with shrinking entry-level opportunities. To support their transition, the following initiatives are included:

- **Mentorship Incentives**: NGOs and businesses offering certified mentorship to youth aged 18–25 may receive tax credits or grant support.

- **Agentic Literacy Courses**: Subsidised training on how to collaborate with AI, understand algorithmic systems, and navigate digital work environments.

- **Early Contribution Recognition**: Youth-led civic or creative projects—such as local media, community events, environmental action, or digital storytelling—may count toward UBI eligibility.

This early support ensures purpose, structure, and agency for those beginning their civic and economic lives.

7. Care Leave & Life Intermission

Every adult is entitled to one paid “contribution intermission” year per decade, with no justification required. This preserves UBI eligibility and reflects a cultural commitment to rest, reorientation, and recovery—just as essential as work.

Rollout Strategy

A successful Universal Basic Income rollout requires phased implementation, beginning with groups most likely to experience economic precarity or whose contributions are currently undervalued. The following five-year rollout balances feasibility, public support, and funding maturity.

Year 1: The Foundation Through Caregiving and Regional Stewardship

Who Receives Universal Basic Income:

- Full-time unpaid caregivers nationwide (verified through existing caregiving registries, medical attestations, or iwi certification).
- All residents of selected Pilot Regions (regions with strong digital infrastructure, housing readiness, and civic trust).

Purpose:

- Protect and empower those who provide vital, unpaid contributions to social resilience.
- Test administrative systems (Public Dividend Office within IRD) at manageable scale.
- Build visible proof of concept through resilient communities.

Funding Sources:

- Baseline Prosperity Levy on firms with revenue > $10M NZD
- Reallocated VAT shares (small diversion from existing consumption taxes)
- Early returns from Sovereign AI Investment Fund

No heavy new taxation introduced at this stage.

Year 2: Regional Expansion and Essential Caregiver Stabilization

Who Receives UBI:

- All full-time caregivers nationwide (already included)
- Expanded coverage to 2–3 additional resilient regions

Purpose:

- Scale early success carefully.
- Ensure housing and services are absorbing population changes sustainably.

Funding Sources:

- Expansion of Baseline Prosperity Levy coverage
- Modest Financial Transaction Tax (FTT) initiation (~0.05%)
- Increased Sovereign AI Fund returns

Year 3: Core Essential Workforce Integration

Who Receives UBI:

- Essential service workers across New Zealand (healthcare, education, logistics, emergency services)

- Full inclusion of early Pilot Regions (transition from “pilot” to permanent inclusion)

Purpose:
- Secure critical infrastructure sectors by ensuring foundational workers are supported.
- Strengthen economic resilience during early global AI disruption waves.

Funding Sources:
- Modestly expanded FTT (~0.1%)
- Early-stage Digital Services Tax on multinational platforms
- Continued Sovereign AI Fund growth

Note:
- AI Deployment Reports filed by major firms to prepare for later Prosperity Contributions.

Year 4: Economic Expansion and Middle-Income Inclusion

Who Receives UBI:
- Lower-to-middle income earners nationally (up to the 70th percentile)
- Broader regional expansions in ready areas

Purpose:
- Reduce economic anxiety for working families.
- Strengthen national labor market stability ahead of full automation transitions.

Funding Sources:
- Matured Sovereign AI Fund returns
- Stronger Digital Services Tax revenue
- Initial rollout of Land Value Tax at low rate
- (No heavy AI Displacement levies activated yet.)

Year 5: Universal Base Tier + Prosperity Dividend Readiness

Who Receives UBI:
- All ordinarily resident citizens of New Zealand
- Begin Prosperity Dividend pilot rollout tied to successful fiscal health review

Purpose:
- Achieve full maturity of the Universal Basic Income Base Tier.
- Expand prosperity-sharing fairly based on national wealth growth.

Funding Sources:
- Full-spectrum tax diversification (Baseline Levy, FTT, DST, LVT)
- Mature Sovereign AI Fund contributions
- Optional issuance of Prosperity Bonds to smooth transitional deficits

Post-Year 5:
- Activation of full AI Displacement Contributions based on verified automation impacts (with retroactive fairness clause linked to AI Deployment Reports collected since Year 1).

Key Rollout Principles

Principle	Description
Fiscal Prudence	Each expansion phase contingent on successful previous phase fiscal health.

Principle	Description
Administrative Simplicity	PDO embedded within IRD for Phase 1 operations, no new standalone agencies immediately.
Public Trust	Early wins prioritized in high-trust regions; transparent sector trend reporting begins Year 2.
Housing Safeguards	UBI expansion only permitted in regions passing housing capacity readiness checks.
Cultural Partnership	Treaty-based governance embedded at every phase of rollout and oversight expansion.

Housing Supply Coordination

To protect against unintended inflationary pressure, every regional UBI rollout will be matched with coordinated local housing investment strategies.

The Prosperity Deal rollout team will work with Kāinga Ora, iwi development entities, local councils, and private sector partners to ensure:

- Sufficient housing stock for growing demand
- Rapid consenting processes for new builds
- Incentives for affordable housing projects tied to UBI rollout phases

UBI rollout will not proceed in any region where housing supply readiness benchmarks are not met.

Supply Readiness & Emergency Inflation Controls

Infrastructure Activation Clause

UBI rollout in each region will be contingent on supply-readiness benchmarks including:

- Housing capacity index
- Local food system resilience
- Energy grid elasticity

Emergency Price Stabilisation Toolkit

- During economic shocks, the government may:
- Issue temporary price caps on essentials (e.g. rent, food)
- Deploy indexed in-kind vouchers (e.g. food, power) pegged to inflation

These tools preserve UBI's real-world value and prevent opportunistic inflation.

Rollout Infrastructure Boosts

Central government will deliver targeted infrastructure investment in early UBI regions to prevent local system stress. Priority sectors include:

- Housing stock expansion
- Public transport capacity
- Healthcare staffing and support services

Administration & Delivery Authority

As introduced in the Core Policy Components section, the Public Dividend Office (PDO) will serve as the dedicated agency responsible for administering the Universal Basic Income system under The Prosperity Deal. Embedded within Inland Revenue but operating with its own mandate and oversight structures, the PDO ensures that UBI delivery, compliance, and community trust are managed with the scale and focus this policy demands.

The Public Dividend Office (PDO) will be initially established as a lean, embedded division within Inland Revenue (IRD), leveraging IRD's secure payment, data, and compliance infrastructure.

During the first 3–5 years, PDO functions will focus primarily on:

- Base Tier UBI delivery
- Corporate contribution enforcement
- Eligibility for presumptive contribution groups (e.g., full-time caregivers, registered apprentices, certified retrainers).

Broader community panel reviews, discretionary contribution recognitions, and full administrative spinout will be phased in only if operational scale, integrity, and public trust warrant expansion.

Annual performance reviews and independent audits will guide this adaptive rollout, prioritizing simplicity, trust, and service quality in the early years.

Core Functions of the PDO

- **Registration & Eligibility Verification**: Process applications and confirm residency, contribution, and ongoing eligibility.
- **UBI Payment Delivery:** Coordinate seamless, reliable payments using IRD infrastructure and bank integration.
- **Employer Contributions & Audits**: Track compliance with AI Displacement Contribution rules and initiate enforcement actions as needed.
- **Data Integrity & Transparency Reporting:** Publish quarterly data dashboards with anonymised insights on contributions, disbursements, and participation.

The PDO will also offer opt-in financial guidance, voluntary auto-saving tools, and access to free community support services.

Structure

- Operates as a standalone division within IRD with its own leadership and staffing
- Includes multidisciplinary teams: policy analysts, community outreach, data ethics experts, and tech auditors
- Staff trained in public service values of dignity, empathy, and equity

Cultural Mandate

- Dignity: Every New Zealander deserves a baseline of security and respect
- Simplicity: UBI access should be easy to understand and easy to receive
- Trust: Systems should serve people—not the other way around.

Public Oversight

- Accountable to Parliament via the Public Equity Select Committee
- Required to release:
  - Annual impact reports
  - Quarterly open data sets
  - A public performance dashboard
- Advised by a UBI Advisory Council composed of iwi representatives, unions, employers, futurists, and civil society leaders.

UBI Performance Dashboard & Citizen Observatory Panel
To maintain transparency and trust, the Public Dividend Office will operate a real-time **UBI Performance Dashboard** tracking:

- Sector-by-sector displacement reports

- Revenue collected and disbursed
- UBI uptake across tiers and regions
- Impacts on housing, mental health, and civic participation

In addition, a Citizen Observatory Panel—randomly selected and demographically representative—will meet quarterly to review system outcomes, publish public-facing evaluations, and make independent recommendations to Parliament.

Scaling for National Delivery

As Universal Basic Income expands over five years to serve the entire eligible population, the administrative infrastructure must grow with it—intelligently, transparently, and efficiently.

Phase II: Administrative Scaling Plan

To ensure long-term sustainability and avoid bureaucratic bloat, the Public Dividend Office (PDO) will implement a phased operational scaling framework including:

1. AI-Assisted Processing & Audit Support Automated tools will assist with:

- Eligibility reviews
- Verification of contribution status using cross-agency data

Machine learning systems will prioritise cases for human review, allowing faster turnaround and reduced error rates.

2. Dynamic Workforce Expansion
Staffing at the PDO will scale in response to rollout milestones, with a focus on:

- Regional service delivery
- Community engagement officers
- Data ethics and audit teams

Forecast: ~1,500 additional FTEs by Year 5, primarily drawn from civil service talent pools and displaced workers with relevant experience.

3. Recipient Portal & Self-Service Tools
A secure, IRD-linked digital platform will allow recipients to:

- Track payments and tapering status
- Update contribution claims or supporting documents
- Access opt-in financial planning tools
- Receive alerts and upcoming eligibility prompts

Offline access options will be available for low-digital-access populations via community hubs and call centres.

4. Regional & Cultural Capacity Building
Local rollout teams will be co-designed with iwi, councils, and community providers to ensure access, trust, and tailored support.

Digital tools will be translated and culturally adapted to meet the needs of Māori, Pasifika, rural, and newcomer communities.

UBI Recipient Portal & Income Tracker

To ensure transparency, autonomy, and ease of access, the Public Dividend Office will offer a secure, user-friendly UBI Recipient Portal, integrated with IRD systems.

Key Features:
- **Real-time income taper tracking:** View how personal earnings affect UBI payments, with alerts when nearing taper thresholds
- **Contribution status dashboard**: Submit or update recognised contribution information and receive reminders for re-verification
- **Payment history + upcoming disbursements:** Downloadable summaries for tax or budgeting purposes
- **Optional financial tools:** Access to auto-saving options, financial coaching, and benefit calculators
- **Secure messaging:** Communicate with PDO advisors, audit teams, or appeal panels

Access Options:

- Fully mobile-responsive, multilingual, and accessible for assistive tech
- In-person or call-centre support available for offline or low-access populations

Note: All data protected by IRD-grade encryption, multi-factor authentication, and ongoing cybersecurity audits.

This tool strengthens financial agency, improves system efficiency, and helps recipients understand and engage with the policy over time.

AI Deployment Transparency Framework

Phase 1 (Years 1–5): Early Ethical Pressure through Transparency

Requirement:
All firms subject to the Baseline Prosperity Levy (firms with revenue over NZ$10 million) must file an annual AI Deployment Report alongside their tax filings.

Disclosure Fields:
- AI systems deployed
- Date of deployment
- Productivity gains targeted
- Projected workforce impacts (job reductions, role compression)
- Whether an ethical review was conducted (yes/no)
- Any mitigation actions planned (e.g., retraining, redeployment)

Monitoring:
- The Public Dividend Office (embedded within Inland Revenue) will review submissions.
- Randomized audits (5–10% sample) and cross-agency data matching (payroll, corporate profits) will detect discrepancies.
- No heavy penalties during Phase 1 unless gross misconduct or false reporting occurs.

Purpose:
- Create early corporate psychological pressure to think ethically about automation.
- Build a national database of AI adoption trends and human impacts.
- Lay groundwork for full Prosperity Contribution activation after Phase 1 fiscal review.

Phase 2 (Years 6+): Activation of Prosperity Contributions

Upon public review confirming Prosperity Fund maturity:
- Full tiered AI Displacement Contributions (5–20% levies) will be phased in.
- Retroactive assessments apply only to firms' reported automation activities from the start date of required AI Deployment Reports.
- Firms that filed honest, complete reports will face proportionally lighter contributions than firms who under-reported or lied.

Risks & Rebuttals

Prepared Responses for Stakeholder Engagement and Public Messaging
This section outlines anticipated objections to The Prosperity Deal, ranging from uninformed skepticism to informed policy critique. Each objection includes a recommended framing or rebuttal to maintain public trust, reinforce legitimacy, and neutralise misinformation.

Basic Objections

Objection: “This is just free money for lazy people.”
Response: Universal Basic Income isn’t a handout—it’s a public dividend, funded by those who profit most from automation. Everyone receives a base tier. Additional support recognises civic, care, and cultural contribution—whether paid or unpaid.

Objection: “People will stop working if you pay them.”
Response: UBI is designed to reward contribution, not replace effort. Payments taper above the 70th income percentile to keep work incentivised. Most recipients will continue to work—but with greater freedom, less stress, and more purpose.

Objection: “It’ll bankrupt the country.”
Response: The policy is fully costed with a diversified revenue model. We’re not printing money—we’re modernising the tax system to reflect digital-era productivity.

Objection: “Sounds like socialism.”
Response: It’s not socialism—it’s a shared prosperity model grounded in fiscal responsibility, private-sector partnership, and long-term national stability.

Politically Motivated or Mid-Level Policy Objections

Objection: “Businesses will leave New Zealand.”
Response: Not true for most. Relocating is costly, risky, and often not feasible. The Prosperity Deal includes corporate ROI, stability incentives, and collaborative policy design. Businesses that contribute earn trust, stability, and consumer loyalty.

Objection: “It’s too complex to roll out.”
Response: It simplifies welfare by replacing fragmented systems with one trusted baseline. Automation tax thresholds are clearly defined, and rollout is phased and supply-aware.

Objection: “People will just fake contribution.”
Response: Self-reporting is backed by random audits, data-matching, and optional community verification. Fraud is a risk in any system—this one is built to catch it.

Objection: “It’ll cause inflation.”
Response: UBI payments are regionally calibrated and indexed to cost-of-living data—not a flat handout. The policy also includes supply-side investments to grow housing, energy, and food systems alongside demand.

Objection: “What if automation revenue collapses? Won't UBI collapse too?.”
Response: No. The Prosperity Deal is designed with dual engines: The Universal Base Tier is funded through stable, traditional taxes and cannot fall below a guaranteed floor. Only the Prosperity Dividend top-up fluctuates with economic conditions—protecting both fiscal responsibility and social trust.

Objection: Landlords will just raise rent.
Response: In addition to taxation measures on landlords (e.g., Progressive Landlord Contribution, Land Value Tax), the Prosperity Deal rollout includes proactive housing supply expansion strategies in all rollout regions.
The goal is not just to prevent rent inflation — it’s to expand affordable housing options so that prosperity is genuinely shared, not extracted.

Informed and Technically Sophisticated Objections

Objection: “AI might not replace enough jobs to fund this.”
Response: UBI isn’t just about job loss—it’s about job compression. One AI-enhanced worker may now do the work of five. That means fewer jobs, less wage growth, and a shrinking tax base. The Prosperity Deal closes that gap before it grows.

Objection: “Automation is too hard to define for taxation.”
Response: This policy includes legally enforceable definitions, displacement thresholds, audit triggers, and reporting requirements. Ambiguity isn’t an excuse for inaction.

Objection: “Tiers complicate a policy meant to be simple.”
Response: Universality is preserved through the base tier. Prosperity Dividend tiers reflect meaningful contribution—not conditionality. Dignity is guaranteed; contribution is celebrated.

Objection: “Too reliant on AI trends—what if AI stagnates?”
Response: If disruption slows, we gain time to adapt. If it accelerates, we’re ready. The funding model includes buffers, bonds, and alternative tax sources to manage volatility.

Objection: “Cultural definitions of contribution are too subjective.”
Response: Contribution is verified through trusted existing systems — just like verifying a driver's license or residency status today. Caregivers, workers, and regional residents provide simple documentation once. Plus, we run random spot audits to protect integrity, just like any good system. New Zealanders are proud to contribute. We're building a trust-based system — with smart safeguards, not heavy-handed bureaucracy.

Objection: “It risks social division by creating tiers of deservingness.”
Response: The narrative strategy celebrates all forms of contribution—care, culture, creativity. It expands who is seen and valued, not ranks them.

Objection: “Corporates will exploit loopholes through offshoring and gig work.”
Response: This policy includes anti-avoidance rules, offshoring triggers, contractor reclassification penalties, and automated audit systems using the Displacement Probability Index.

Objection: “It’s utopian, not grounded in real economics.”
Response: This policy has a spreadsheet and a soul. It’s fully costed, legally enforceable, and deeply human. That’s not utopia. That’s leadership.

Safeguards for Public Trust & Cultural Resilience

Constitutional Right to Contribution

The Prosperity Deal affirms the long-term goal of embedding the right to meaningful contribution in New Zealand’s constitutional framework. In an age where machines replace labour, the right to contribute—to care, create, restore, or serve—must be recognised as a post-industrial civic entitlement, not charity.

National Prosperity Scorecard

The Public Dividend Office will publish an annual Prosperity Impact Scorecard, tracking:

- Poverty reduction
- Civic participation
- Mental health trends

Housing affordability

This data-driven accountability model defends the policy’s legitimacy in the public imagination and preempts narratives of misuse or failure.

Civic Contribution Office

A permanent communications team within the PDO will produce multimedia accounts of real-world contributions highlighting parents, artists, volunteers, ecological stewards, and care workers. This counters misinformation and builds emotional resonance around the evolving meaning of contribution.

Appendices

A. Definitions

- **Meaningful Contribution**: A recognised act of service, care, creativity, restoration, education, or civic responsibility that strengthens community wellbeing or national resilience—regardless of whether it is monetised. Includes:
    - Unpaid caregiving (e.g. parenting, elder support)
    - Cultural work (e.g. art, language, storytelling)
    - Environmental restoration (e.g. kaitiakitanga, ecological projects)
    - Education, training, and apprenticeships
    - Volunteering, activism, and community organising
    - Paid work in essential, civic, or socially beneficial roles

  Presumptive categories include full-time caregivers, registered apprentices, accredited volunteers, and recipients in hardship transition.

- **Universal Basic Income (UBI)**. A foundational public dividend paid to all ordinarily resident citizens, funded through shared national productivity.
    - **Base Tier:** Universally provided, no contribution proof required
    - **Prosperity Dividend Tiers:** Additional support based on recognised meaningful contribution
- **Ordinarily Resident**: A person who has continuously resided in New Zealand for at least two years and intends to remain, supported by housing, employment, or community ties.
- **Taper Threshold**: The 70th percentile of national income. UBI payments begin to reduce above this threshold at a rate of 30 cents per dollar earned.
- **AI Displacement**: The partial or full removal of paid human labour caused by the deployment of AI systems, machine learning models, robotics, or automated tools capable of substituting tasks or roles previously done by people. Includes both direct displacement (e.g., call centre agents) and indirect displacement (e.g., schedulers, analysts).
- **Sovereign AI License:** A mandatory license for any business deploying AI tools capable of labour substitution, autonomous decision-making, or significant productivity gain. Tiered fees apply. Includes a Universal AI Usage Tax for all AI users.
- **Prosperity Contribution:** The formal name for the AI Displacement Contribution—a legally mandated levy on profit increases resulting from automation. Designed to return displaced productivity to society via UBI.

- **Public Dividend Office (PDO):** A national body operating within Inland Revenue, responsible for administering UBI, enforcing automation contributions, maintaining public trust, and coordinating civic wellbeing infrastructure.

- **Grace Pathway:** A 24-month transition period available to individuals who temporarily lose recognised contribution status. Ensures continued partial UBI payments while retraining, volunteering, or re-entering contribution.

- **Contribution Intermission**: A policy-guaranteed one-year paid leave available once every 10 years for any adult to rest, recover, or explore purpose. Designed to prevent burnout and protect long-term civic participation.

C. Case Study Regions (Pilot Program)

- **Whanganui**: Regional centre with high community cohesion, diverse labour market, and active iwi partnerships.

- **Southland**: Mix of rural and industrial communities, strong trades presence, and existing social infrastructure.

D. Stress-Test Scenario: Moderate Revenue Shortfall

To model fiscal resilience, a 25% revenue underperformance scenario was tested against the Year 3–5 baseline forecasts.

Scenario: 75% Revenue Realization in Years 3–5

Year	Projected Revenue	75% Stress-Test Level	Funding Gap
3	$87.3B	$65.5B	–$21.8B
4	$95.2B	$71.4B	–$23.8B
5	$105.6B	$79.2B	–$26.4B

Mitigation Mechanisms Automatically Triggered:

1. UBI Bonds issued (institutional and citizen-backed, tied to future AI tax revenue)
2. Temporary pause on Prosperity Dividend top ups for earners above national median

3. Digital Platform Windfall Capture activated (temporary tech profit levy)
4. Automatic 2–5% rate adjustment for AI Displacement Contribution bands

Note: The Universal Base Tier remains fully funded and legally protected under all stress scenarios. Core civic infrastructure is non-negotiable.

E. Legislative Architecture Map

The Prosperity Deal will be implemented through a combination of primary legislation, delegated powers, and regulatory frameworks.

Acts to Be Amended:

- Income Tax Act 2007: To create the AI Displacement Contribution (Prosperity Contribution) and define enforcement thresholds.
- Public Finance Act 1989: To authorise the establishment of the Sovereign AI Fund and UBI Bonds.
- State Sector Act 1988: To define mandates for the Public Dividend Office and AI Tax Authority.

New Statutory Bodies:

- AI Tax Authority (ATA): Independent enforcement arm overseeing displacement levies, audits, and licensing.
- Public Dividend Office (PDO): Administers UBI, manages recipient data, and oversees distribution and compliance reporting.
- Cost of Living Commission (CLC): Calculates regional UBI benchmarks annually.

Delegated Authority:

- Minister of Finance: May adjust taper thresholds or bond issuance rates within set limits via Order in Council.
- Inland Revenue (IRD): Supports payment infrastructure, audit integration, and compliance enforcement under delegation from PDO.