

Public Issues Budget Comment June 2016

Overall, paying down debt and bringing finances into surplus are the priorities. Tax cuts are foreshadowed in 2017. The market is the driver of economy with and the allocations to address vulnerable children and the housing crisis are simply measures to manage market failures – the collateral damage of an economic model that is not embarking on serious equity goals, nor transitions to a low carbon economy.

The acknowledgement of child poverty as a priority concern for New Zealanders is small satisfaction to 29% of children who have now been waiting more than ten years during a time of heightened advocacy to get New Zealand to wake up to the realities of hardship. Politically we are only mitigating the impacts of poverty by identifying the most at risk, and ameliorating the harshest impacts because of the social and financial liability of giving no attention. There is no Plan to eliminate it.

During the Budget Briefing to NZCCSS I asked Bill English about the issue of National Super as a model for social support, poverty elimination and wellbeing and whether this can be considered as a framework for children. Minister English said that there is an enduring social consensus on wellbeing for older people which New Zealand can afford. It cannot be transferred to children because the heart of the issue is that benefits have to be kept low as an incentive to work. This does not match what we know that people want to work unless they can't – and that 40% of people in poverty are working – and being paid very low wages.

Public Issues interests would take account of immediate social issues: how families and children will fare, the housing allocations and policy, social investment in families synthesised with a longer term perspective of inequality and environment and climate change and the economic base from which wealth is created. Many analysts have reviewed the detail of the budget, and the [NZCCSS analysis](#) gives allocations on topics for social justice.

The Budget – Treasury

[One page summary](#) of new spending. [Summary](#) of all expenditure

Everyone who prepares organizational budgets knows this is a task of prioritizing to carry out programs that align with the purpose and goals of the group. The national budget does that too and designed to link with the interests of middle New Zealand voters within the template of a market economy which is modulated to respond to pressure around the social concerns for fairness when housing or child abuse or children missing out on schooling spill out onto the media.

The overall allocation of \$641.6 m. over 4 years for the Social Investment package, is the big policy picture for investment in vulnerable children. The Ministry of Social Development is reviewing all its social services funding. \$200 million is for design and delivery of a new model of services for vulnerable children signaling changes to the care and protection system and overhaul of Child You and Family and to meet the increasing needs for services for children in care.

Money is to be spent on education for 150,000 vulnerable children by allocating \$43 million over 4 years to schools they attend. That is, 11 million per year or \$72 per child per year.

Other allocations which are being welcomed include:

\$5 million per year for prisoner rehabilitation (Out of Gate Prison Reintegration)

\$258 million to fund social housing places in Auckland.

\$41 million over 4 years for emergency housing

\$12.6 million over 4 years for Maori housing – on Maori freehold land.

\$ 24.5 million over 4 years for freshwater improvement (with 2.5m in 2016-17, and 10m in 2020-21) –A \$25 million irrigation acceleration fund from the 2015 budget kicks in this year

\$44 million for regional development

\$121 million for business growth agenda

Unwelcome changes:

Healthy Homes \$18 million - insulation to reduce damp cold crowded housing is effectively a cuts to *Warm Up New Zealand* –[only available to rental properties with low income tenants](#) The budget for this in 2013 was \$100 million over three years.

Housing Crisis and Inequality blamed on poor urban planning

At a Budget Briefing Bill English put the blame for the Auckland housing crisis squarely in the court of poor urban planning in Auckland, and the solution on freeing up land for development – hence the Resource Amendment Bill currently before the Select Committee – on which Public Issues [submitted](#). Minister English went so far as to attribute inequality to poor urban planning. This was disputed in an impassioned response of Professor Jonathan Boston, who runs through the multiple facets of inequality and the housing situation in Auckland. See Public Issues Facebook page.

Future thinking

Tax cuts in 2017 mean more inequality if the cuts are for high income earners. The last page of [Budget at a Glance](#) has a table of who pays tax. One calculation shows that seventeen percent of tax payers, which earn above \$70,000 pay 75 % of tax, so an ideology dominated by economic growth led by doubling farm exports is likely to mean tax cuts for this group. A longer term view would be taking account of the productivity of the young generation in the future and of safeguards on resources and on investing in transitions to a low carbon economy. These dimensions are not evident in the 2016 budget.

