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2024 Budget: A Tax Deficit Budget

A Tax Cut Lunch

Middle income earners appear to be the greatest recipients of the anticipated tax changes this budget, with an average worker expected to be \$25 better off per week. Some 19,000 people will benefit from this tax break. The Justice and Peace Commission sees this as significantly beneficial in protecting 19,000 income earners from slipping into ever looming poverty.

Approximately 480,000 families will be eligible for the independent earner tax credit, individuals earning between \$24,000 and \$70,000 will receive up to \$10 extra per week, noting IETC exists to provide tax relief to middle-earners who don't otherwise receive benefits such as Working for Families or NZ Superannuation.

Child and Family Poverty

For the marginalised in Aotearoa, New Zealand specifically families and children living in poverty, it is a disappointing budget. Those living on our fringes will not receive or benefit from tax relief. While emergency housing receives a boost of 1500 social and public houses to be built over the next 3 years, another 25,000 families will continue to stagnate on the waitlist.

Housing is more than mere bricks and mortar, and the Commission is not backward in giving praise where praise is due, 1500 new homes is to be commended. Unfortunately, it is nowhere near enough to make inroads for the 30,000 families in desperate need of a warm, healthy and affordable home. As the cost-of-living and job losses continue to rise, the housing waitlist will also continue to grow.

Good news, however, for roading as state highway one in our often overlooked Far North sees the scheduled reopening of the Mangamuka Gorge by Christmas 2024, having been closed for two years after sustaining severe storm damage in August 2022 and further weather events during and after Cyclone Gabrielle in 2023. Economically, this is a long-awaited win for those living in the Far North, as this crucial travelling link between Kaitaia and the rest of the island is repaired and reconnected.

A Plus and Minus for Education

The Justice and Peace Commission applaud the extra allocation of \$4.9 billion to Education, \$3.6 billion to operating and \$1.3 billion to Capital expenditure. Breaking this down, \$1.4 billion to upgrade existing schools and build new classrooms and new

schools, with a portion of this funding - \$191 million, allocated to help early childhood education providers meet rising costs. \$2.9 billion will stimulate the onboarding of new teachers, upgrading existing classrooms, and expanding cyber security.

However, the wheels have fallen off this bus, as free and half-priced public transport fares for school aged children and teenagers were removed in May, detrimentally affecting every child that travels by public bus to school in Aotearoa, New Zealand. Scrapping free public transport for school aged children and teenagers will encourage truancy and non-compliance of attending school daily. We wait (perhaps not at the next bus stop) with anticipation to view the government's plan to target school truancy.

As witnessed before, this added expense will dramatically alter the family budget, with the average cost of travel by bus to school at \$5 per day, equating to \$25 per child per week. It is easy to comprehend that the tax break of \$25 per week will be redistributed to pay for children's bus fares.

This extra expense places our families in an impossible position, if a family cannot afford a child's bus fare, how is the child supposed to travel to attend school? In many cases, it will be an additional private car trip to school on an already congested road. This is just one example of an initiative cut, along with public sector back-office roles, to fund this Government's "new" initiatives.

The Finance Minister was clear in her budget speech, that more government sector job losses were to come over the next 3-year term. Placing more pressure on the already fragile economy.

Climate Change Survival

Of these "new" initiatives is the \$200 million boost for the Rail Network Improvement Programme. The Commission commends this boost as a move in the right direction toward reducing carbon emissions by promoting the use of public transport over private vehicle use. However, we question whether this is not just another example of budget funding swaps, with a reduction of \$100 million from the \$300 million originally allocated to the now discontinued free and half priced public transport for our young people.

Once more, the continuation of \$2.6 billion to climate change initiatives previously funded by the Climate Emergency Response Fund (CERF) seems a well-rounded number at first glance. However, when compared to the possible total of \$5 billion after \$2.4 billion in previously ring-fenced climate spending was redirected to other spending, the pledge of \$2.6 billion appears more bust than boost.

With cuts to Energy Efficiency, Conservation Authority and public spending, reductions to The Climate Change Commission funding, climate change initiatives, and transport initiatives, coupled with delays in pricing farm gases and the closure of 44 of the current 132 MSD budgeting services, the budget seems the perfect recipe for climate disaster.

Furthermore, as the tides of climate change continue to turn, will this budget's \$200 million new investments in stop banks and flood walls be enough to keep the increased risk of flood and storm damage due to climate change and rising sea levels at bay?

A Slice for Te Matatini

The Justice and Peace Commission are pleased this Government sees the significance of Kapa Haka to Te Ao Māori, funding \$48.7 million over three years to Te Matatini, showing its importance to the cultural heritage of Aotearoa, New Zealand.

Addressing Inequities

It is the added pressures from this budget that will encroach on already stretched social services, foodbanks, social and public housing, and our over worked and understaffed Healthcare system, including Mental Health services, where staff shortages are at crisis point.

The Justice and Peace Commission of the Catholic Diocese of Auckland, urges the Government to do more, fund more, and recognise, that poverty is on the rise, it will not abate, as economists, and the Finance Minister herself advised, the cost-of-living, and therefore the inflation rate, have not yet peaked, due to peak Christmas 2024.

Our call for the Government to do more reflects the Catholic Social Teaching principle of a preferential option for the poor, urging actions that prioritise the needs of the marginalised in society. This includes the social goal of working toward the common good in solidarity with those in need: promoting participation by improving infrastructure and educational opportunities, enhancing ecology by upholding stewardship of creation, and focusing on the dignity of every New Zealander by protecting and providing adequate financial support to fundamental human needs such as education, healthcare, housing and cultural heritage.

Only then can the bleak forecast of budget short falls for many New Zealanders, break even for a more economically just and brighter outlook come Christmas.

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Statement issued on behalf of Bishop Steve Lowe's Justice and Peace Commission, Catholic Diocese of Auckland.

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