NEW ZEALAND COUNCIL OF TRADE UNIONS
Te Kauae Kaimahi

CTU Report on Budget 2017

Contents

Introduction

This is a report on some of the Budget highlights. There has not yet been an opportunity to analyse all aspects of the Budget so this report does not attempt to provide a full commentary. You will see that funding increases are often stated as over four years and we also need to factor in demographic changes as well as an inflation adjustment before real increases can be assessed.

Key Points

- Health is $305 million short of what is needed, including DHBs being $163 million short.
- Mental health funding is over $40 million short of the increase required by the rapid increase in need.
- Operations grants to most schools increase by less than inflation, with no money to pay support workers decent wages.
- No money to reduce class sizes or teacher workloads.
- Tertiary education funding fails to keep up with inflation.
- Some students get up to $20 a week toward rent, but nothing else towards living costs.
- $88.5 million per year for Early Childhood Education (ECE) only meets the demand from 31,000 more children attending ECE.
- Upward moves in income tax thresholds, costing over $1.9 billion revenue per year.
- 36 percent of the tax cuts go to the highest income 20 percent of families: as much as the lowest income 60 percent.
- 91 percent of Working for Families goes to the lowest income 60 percent of families.
- Less than half of the value stripped from Working for Families since 2010 has been restored.
- Abatement rate increased from 22.5 percent to 25 percent, and threshold lowered to $35,000 from $36,500.
- Changes to the Family Tax Credit mean children aged 0-15 get the same rate as for children aged 16-18 years.
- 14 social investment tagged initiatives are a continuation of a highly targeted approach to people living in poverty and deprivation.
- The Budget contains the funding for settlement of the historic Terranova equal pay case taken by E tū and later joined by NZNO and the PSA.
- Allocation of $2 million in 2017/18 towards Pay Equity dispute resolution and Holidays Act compliance rising to 2.9 million in subsequent years.
- Other equal pay claims in health, education and welfare are identified as specific fiscal risks.
- No new money for building houses.
- $436 million to start work on the Auckland Central Rail Link. Some infrastructure announcements seem to be “ghost projects” with no funding allocated in the budget.
- The final destruction of the Employment Relations Education Fund.
- WorkSafe’s baseline funding has increased from $87.9 to $93.0 million (a $5.1 million increase) funded by levies.
- There are no initiatives in the Pacific Peoples Vote.

Economic forecasts and outlook

A general note about forecasts: except as noted, the Treasury forecasts have a reasonable record to about 18 months out. As they get further into the future, they tend to a long term average or theoretical value (for example, Treasury considers that unemployment shouldn't fall below 4.5 percent or it will create inflation) and have less and less reliability.

Economic forecasts include (annual percentage changes unless otherwise stated; forecasts in red, actuals in black):

June Year	2015	2016	2017	2018	2019	2020	2021
GDP	3.3	2.8	3.1	3.5	3.8	2.9	2.4
GDP per person	1.5	0.7	0.9	1.4	1.8	1.3	1.1
Unemployment rate	5.5	5.0	5.0	5.0	4.6	4.3	4.3
Employment	2.3	5.1	2.5	2.0	1.8	1.3	2.3
Wages (av. wage/hr)	2.8	2.1	1.2	2.6	2.3	2.2	2.1
CPI	0.4	0.4	1.8	1.6	2.1	2.2	2.1
Real wages	2.4	1.7	-0.6	1.0	0.2	0.0	0.0
Labour productivity	0.7	-0.3	-2.3	1.3	1.9	1.1	1.1
Current account [1]	-3.7	-2.9	-2.8	-3.0	-3.3	-3.7	-3.9

The headline increases in what the economy produces (GDP) look better than what lies underneath and is not promising for rising living standards. The annual increase in GDP rises steeply from an estimated 3.1 percent to June this year to 3.8 percent in 2019 and then falls. But per person, it averages only 1.3 percent – half the 2.6 percent in the 2000s before the Global Financial Crisis – because of strong population growth driven by net immigration. Treasury forecasts net immigration to be 67,000 in the coming year to June 2018, and falling off only gradually (about which it has repeatedly been wrong before).

Strong employment growth is forecast – 2.5 percent this year, but falling over the next three years. But unemployment remains stubbornly high at 5.0 percent out to next year (at 136,000 people), and it is only Treasury's faith that it tends to a 'natural' level of 4.3 percent that brings it down. This persistently high unemployment is driven by the net immigration which adds mainly to the working age population and more people wanting to work – perhaps driven by punitive welfare policies and low wage increases.

Treasury forecasts wage rises (of the average hourly wage) at just 1.2 percent in the year to June this year. That would mean a real wage *fall* (after rising cost of living) of 0.6 percent because they forecast inflation to be 1.8 percent. Wage rises look better for next year (2.6 percent) though there is a question whether that is realistic if employers take advantage of the increase in Working for Families and tax reductions to resist wage increases. If 2.6 percent is reached it would be a real increase of 1 percent after 1.6 percent inflation, but from then on (and this far into the future, forecasts get increasingly unreliable) real wage increases are near or at zero, just matching inflation.

The outlook for wages is weak from a productivity viewpoint too: a strong *fall* in productivity this year, followed by years of weak growth – on average well below the 1.5 percent Treasury assumes for its long term projections.

The result is that wage and salary earners get a steadily falling proportion of the nation's income: going from 50.5 percent in 2016 to 48.8 percent in 2021. This would be consistent

[1] Current account deficit as a proportion of GDP, not percentage change.

with the trend since 2009. While a 1.7 percentage point difference may not seem much it means each wage or salary earner will be paid approximately $2,400 less per year by 2021 than if the wages share of income hadn't fallen.

For once, the Current Account Deficit – how much more the country spends abroad (on imports and income going to overseas investors) than what it earns (from exports and investment overseas) – is looking relatively benign compared to past performance, but a deficit of close to 4 percent at the end of the period is still uncomfortable territory.

Government spending and fiscal outlook

Forecasts in red, actuals in black

June Years $m	2016	2017	2018	2019	2020	2021
Core Crown Expenses	73.929	77.464	80.486	83.466	86.234	89.223
Core Crown Revenue	76.121	80.771	83.760	87.486	92.506	96.803
OBEGAL	1.831	1.621	2.858	4.051	6.085	7.168
Operating Balance	-5.369	9.438	5.496	6.996	9.451	10.824
Net debt (incl NZSF)	32.102	28.449	28.625	27.852	23.682	17.443
Net debt (excl NZSF)	61.880	62.277	64.111	65.744	64.154	62.824
% GDP						
Core Crown Expenses	29.2	28.8	28.6	28.1	27.7	27.5
Core Crown Revenue	30.1	30.0	29.7	29.5	29.7	29.8
OBEGAL	0.7	0.6	1.0	1.4	2.0	2.2
Operating Balance	-2.1	3.5	2.0	2.4	3.0	3.3
Net debt (incl NZSF)	12.7	10.6	10.2	9.4	7.6	5.4
Net debt (excl NZSF)	24.4	23.2	22.8	22.1	20.6	19.3

NZSF = New Zealand Superannuation Fund

At a time when there is huge demand for additional revenue to fund creaking government services in health, education, housing and elsewhere, the Government has decided to reduce taxes at a cost in future years of over $1.9 billion per year. By contrast, the Working for Families increase costs not much more than $300 million per year by 2021. The $1.9 billion could have been used to boost Working for Families to its 2010 value (a cost of an additional $350-400 million) and to reduce (rather than increase) abatement rates, and raise the threshold at which abatements cut in. It could have indexed Working for Families to wages so that they don't fall badly behind again. These moves would have benefited low and middle income families without handing money to people who need it less. There would have been funds left over for improvements to public services and addressing poverty among beneficiary families – who won't benefit from the tax reductions and benefit only to the extent that they get the accommodation supplement and Family Tax Credit.

As it stands, 65 percent of the tax cuts go to the top income 40 percent of families, and 36 percent to the top 20 percent: as much as the bottom 60 percent. On the other hand, 91 percent of Working for Families goes to the bottom 60 percent.

The Government increased the money it makes available for 'new spending' from $1.5 billion which it stated just in December, to $1.8 billion. Out of this must come not only genuinely new services but also the funding necessary to keep up with inflation and population (including school and tertiary education roll) growth. When it wants to, it takes new spending out of this “allowance” with no apparent logic – for example the funding of the Terranova equal pay settlement. Previous governments did not include roll growth in the operating allowance.

For the following years out to 2021 it is set down as $1.7 billion a year, with a provision for a 2 percent increase, but Governments reallocate these every year so the pattern has little meaning.

It is notable at that the Government has set a target of a further reduction in debt: “The Government now aims to reduce net debt to between 10 per cent and 15 per cent of GDP by 2025, after the current target of around 20 per cent of GDP by 2020 has been achieved.” This will further constrain spending, whether or not the revenue rolls in. Given that New Zealand’s net debt is already very low by international standards, especially if the New Zealand Superannuation Fund (NZSF) were counted among the assets (see the table above), the new target and the speed with which it will be achieved is a significant constraint on the expenditure needed to repair increasingly fragile and inadequate public services.

Another choice in order to pay off debt at the same time as restoring and improving public services is to increase revenue by raising taxes on higher incomes and wealth (such as a capital gains tax or an assets tax exempting the primary family home). As it is, government expenditure is forecast to fall from 29.2 percent of GDP in 2016 to 27.5 percent in 2021.

Instead, the debt targets can be seen as a political smokescreen for the programme of this Government to reduce spending.

The target is still to resume contributions to the New Zealand Superannuation Fund in 2020/21, but the amount contributed is to be reduced: just 5 months ago, in December in the Half Year Economic and Fiscal Update, the Government said it would contribute $3.1 billion 2020/21. Now it has cut that to $2.2 billion, in recognition that it has a policy of increasing the age of eligibility to 67 years by 2040/41. This would make it more expensive in the long run for Government’s wanting to change that policy: as in other ways, it is pushing funding problems onto future Governments.

While the Government emphasised its capital spend – in terms of spending on ‘infrastructure’, however that is defined – it is increasing $1.1 billion from $4.9 billion estimated for this year to $6.0 billion next year, and then remains round that level ($6.2 billion and $5.8 billion in the following two years) until a big increase to $7.7 billion in 2021. However the progress of large capital projects, particularly if the economy becomes increasingly stretched, are notoriously difficult to forecast so this far out, forecasts should be taken with a grain of salt. In addition to spending its own capital, the Government is also considering other forms of funding, such as public-private partnerships which have had a bad record in New Zealand and elsewhere, and can be more costly than self-financing.

The impact of the government’s spending and revenue on the economy is forecast to be negative for 2016/17, but positive for 2017/18 and the following year. Treasury thinks there is still spare capacity in the economy and will be throughout the 2017/18 year.

Taxation

The income threshold where the 17.5 percent tax rate comes in is increased from $14,000 to $22,000, while the threshold for the 30 percent rate increases from $48,000 to $52,000.

The package of tax cuts and increases to Working for Families and Accommodation Supplement will be introduced from April 2018, so the impact on the current budget will be relatively small at $603.6 million. To fund the changes for the 2018/19 financial year would cost $2.1 billion. The majority of this cost comes from tax cuts, costing $1.9 billion, while the cost is offset by forecast increases in GST revenue and reduced benefit costs.

Housing

There is no new money for building houses in the budget.

The house building package announced by the Government is just a misleading repackaging of already existing programs. Housing NZ is funding some new building by selling existing assets and forming partnerships with private developers to fund the rest. MSD funding to acquire emergency housing places has not been increased beyond what was already announced in the 2016 budget.

The Budget announcement of $100 million for the Crown Land Development Programme is misleading. This is only a technical budget line transferring allocation of existing Crown land to MBIE for the building program. Because it transfers land from one part of the Crown to the other, it is balanced by a $100 million revenue gain to the Crown and is fiscally neutral.

The Budget press release announcing $20m of further capital funding for MSD social housing is also misleading. This has been allocated as a contingency and is not included in the Budget appropriations, because there has been no decision on whether MSD will build or acquire additional housing.

Despite some grand claims, Housing New Zealand will only build 567 additional state housing units in the next year. 793 other units will be built in the next year on Housing NZ land for private sale. Of these, as few as 159 will be priced at $650,000, which the government claims is affordable, while the rest will be sold at market rates. This is a major privatisation of state housing land at a time when there is desperate need to expand Housing NZ stock.

The homes to be sold privately will not be affordable for the majority of working people. $650,000 is more than seven times the median household income in Auckland, while the World Bank says an affordable house should be between three to five times the median household income.

Working for Families

As expected there are changes to Working for Families, but not until April 2018. The Budget restores only a little more than half the value of Working for Families that has been stripped from it by National Governments since 2010.

We estimated that the Budget needed to allocate another $700 million per year to Working for Families to restore it back to its real value. The budgeted cost for Working for Families in 2017/18 at $97 million is low as it is not fully implemented. But by the 2020/21 year – a truer reflection of the long term value of the changes – the estimated cost of $310 million is less than half that of what is required to restore it to its real value.

The Family Tax Credit (FTC) increases with the children aged 0-15 getting the same rates as for children aged 16-18 years: $101.98 a week for an eldest child (an increase of $9.25 a week), and for a subsequent child up to the age of 15 an increase to $91.25 a week.

Other changes announced were an increase in the abatement rate (how much is lost for each extra dollar of income) from 22.5 percent to 25 percent and a reduction of the abatement threshold from $36,500 to $35,000. For many people this will mean they are paying higher effective tax rates than the highest income earners – even higher than they were previously. The Child Poverty Action Group has pleaded to reduce the abatement rate to 20 percent and increase, rather than reduce, the threshold. This has fallen on deaf ears. These are both backward steps: people will be abated earlier by a lower threshold and lose more by an increase of the abatement rate.

Other social assistance

Accommodation Supplement

Another change signalled pre-Budget was to the Accommodation Supplement – also effective from 1 April 2018. The maximum payment rate is increased by an average of $36 a week - between $25 and $75 a week for a two person household and between $40 and $80 a week for a larger household. The increases are between the 24 percent increase in rents and the 47 percent increase in cost of home ownership since the Supplement was last increased in 2007. While meeting rising costs in some cases, they should have come a lot earlier.

Accommodation Benefit

There is an increase in the weekly payments of up to $20 for students.

"Social Investment" package

For the rollout of the Government's social investment approach a new Social Investment Agency hosted by the State Services Commission is established with an appropriation of $8.8 million in 2017/18 and $25.8 million operating funding over four years ($6.45 million a year) to deliver tools, analysis and advice.

The Government had already announcement that it was going to target $321 million over four years ($80.25 million a year) for 14 social investment tagged initiatives to "*help our most vulnerable to improve their circumstances".* This is a continuation of a highly targeted approach to people's needs based on meeting certain criteria. It is accompanied by another targeted approach announced in the Prime Minister's pre-Budget speech of five more Better Public Service targets.

While the Government frames the social investment funding as looking like new funding , it is difficult to determine whether this is new money or not and also which Vote it is from. Some of these initiatives turn up more than once in the Budget documentation and some are across several agencies – see for example under Health regarding the cross-government project on mental health. Some of those whose Vote is clear are covered elsewhere.

For children, "social investment" programmes include expansion of Family Start ($7.0 million a year), reducing barriers to oral language ($1.5 million a year), expanding behaviour services ($8.6 million a year) and a programme for children with autism ($1.0 million a year).

Prison services are also social investment tagged with four programmes identified: reducing youth offending ($35 million a year), burglary prevention ($8.2 million a year), positive housing pathways ($3.3 million a year) and an industry training and support programme ($4.65 million a year).

Health

In our pre-Budget analysis[1] of Health, we estimated that $1.1 billion was needed in this Budget. Of this, $721 million was needed just to 'stand still' – to fund the strongly rising and aging population and increased prices, and another $375 million was to pay for a number of commitments made by the Government, the largest being $303 million for the Health Vote's component in the year to June 2018 of the five-year $2.1 billion Terranova equal pay settlement.

In the event, it came up $305 million short (a Budget day estimate: we will report more fully in the coming weeks). Of that, District Health Boards (DHBs) had a $163 million shortfall and national services such as Child Health, Mental Health, Disability Support and Public Health were $139 million behind what was needed. The Ministry of Health itself was $1 million short.

One of the most pressing areas of need was Mental Health, which is funded out of both DHBs and national funds. The Government announced a $224 million "boost" for mental health services over four years: that is approximately $56 million per year. However, there are smoke and mirrors in the detail, and not all of it is in the Health vote. The 2017/18 funding includes:

- $25 million for a new cross-government 'social investment' project. It is not clear, at this stage, whether this is new money or whether it has been extracted from various votes, nor which votes it will affect.
- $1 million for the Ministry of Social Development to trial 'integrated employment and mental health services'
- $3 million for the Department of Corrections to support prisoners at risk.
- $2 million in Vote Maori Development for suicide prevention.
- $25 million for DHBs to support current services 'as part of their new budget spend'.

National Mental Health Services also increase by $3 million.

The DHB funding is clearly not new money (it is just rebranding a small part of the the standard increase in funding to DHBs) and some of the others will not fund services previously funded out of the Health vote. Thus the following is being generous: the total funding 'boost' amounts to $59 million, or approximately 4.1 percent increase based on the Minister of Health's recent statement saying mental health funding was $1.4 billion in 2015/16 (a figure we are unable to verify), assuming it increased by the same percentage as the whole Health vote. Last year, the number of clients seen by mental health services increased by more than 5 percent. To maintain that level of service and to take account of cost increases, an increase of approximately 7 percent was needed, or $102m. Mental Health therefore remains woefully underfunded.

Other initiatives announced included

- $20m for Pharmac
- $8.7 million for double crewing (though not both trained) of ambulances
- $7.2 million for further roll-out of the bowel screening programme
- $1.4 million for contraceptive services for low income women

[1] Available at http://www.union.org.nz/vote-health-needs-1-1-billion-increase-to-pay-for-rising-population-costs-and-commitments/

- $3 million for water fluoridation assistance

There is also an additional $6 million for further elective surgery, but this has been underfunded in the past (DHBs have had to pick up the difference).

Pay Equity and Equal Pay

This Budget contains the expected funding resulting from the successful and historic Terranova Equal Pay case taken by E tū and later joined by NZNO and the PSA.

For 2017/18, the Health budget includes $279 million and the ACC Budget includes $45 million for the care and support workers' Equal Pay settlement.

Other equal pay claims are not specified in Budget 2017 but are identified as specific fiscal risks. There is recognition of funding claims from workers in the social sectors under the Equal Pay Act, the Minimum Wage Act and care funding policies, and that this may involve significant costs to the Crown.

With the Government pushing forward on Equal Pay legalisation, they have made an allocation of $5.3 million (over four years) for resourcing of mediation services for pay equity issues.

Education

Early Childhood,

This is a bitterly disappointing budget for ECE services. While the Budget announces $88.5 million more for ECE in 2017/18, all this does is meet the demand from an extra 31,000 children attending ECE. There is no increase in the hourly funding rate per child with the hourly rate lower than it was in July 2008 and no change in funding to allow for services which have more than 80 percent of their staff qualified.

There is a new allocation in ECE of $5.2 million in 2017/18 targeted to children living in low decile areas. While this will be welcome to ECE professional groups and services and goes some way to address some of the barriers that stop children from attending ECE such as the cost of ECE, and a lack of transport, food or warm clothing, this is a highly targeted funding response to issues of poverty and deprivation facing New Zealand families.

Primary and Secondary

School operations grants get a small increase of 1.3 percent across the board, which is not enough to cover 2017 inflation. Some schools with a high proportion of "At Risk" students will be marginally better off, with a further 2.7 percent targeted increase distributed among these schools.

The budget allocates $392 million in capital spending for new classrooms and expanding schools.

However, the lack of funding to address systematic underpayment of teachers and school support staff means that new classrooms and other initiatives in the Budget are effectively being subsidised by teachers and staff out of their own pockets.
School support staff, including teacher aides, office staff, librarians, and science technicians, are paid out of school operations grants. These staff are essential to education outcomes for

students, but they are seriously underpaid, with some even on minimum wage. Most school support workers are women and NZEI have an equal pay claim lodged. Their collective employment agreement is also up for negotiation, but progress is difficult without a significant across-the-board increase to operating grants.

In secondary schools, teachers who have been given extra responsibility and workload as ‘Middle Leaders’ have not been paid for all of the extra work required. The PPTA has calculated that paying teachers for their extra work at their existing salaries would cost the government just over $200m. The Budget allocates nothing.

Tertiary Education

In Tertiary Education, a one percent increase in the tuition subsidy fails to keep pace with inflation. There is a small increase of $7.5 million to the Performance Based Research Fund. Tertiary students who qualify for the student allowance will get up to $20 extra in their accommodation benefit. This does little to address the fact that the majority of students can’t make ends meet. A recent survey by Unitec showed that more than half of students, and more than two thirds of Māori students, had insufficient income to meet their basic living costs in the past year.

Conservation and Environment

According to Forest & Bird, the 2017/18 budget represents a $12 million real terms reduction in the Department of Conservation’s core biodiversity funding and is $41 million in real terms less than the 2008/09 budget. Absent the one-off $21.3 million grant for the predator control campaign during this year’s beech masting, the Battle for Our Birds, the core budget for managing natural heritage is $12 million less than last year’s budget.

The Government has also announced a spending boost to repair and maintain badly-worn tourism infrastructure, such as the great walks, of $85.6 million over four years (an average of $21.4 million per year).

Little of any real note is apparent in Vote Environment

Employment

For 2017/18, $2 million has been allocated towards Pay Equity dispute resolution and Holidays Act compliance rising to $2.9 million in 2018/19 and out years. It is unclear exactly how it will be spent but the money is allocated 60:40 to Pay Equity and Holidays Act compliance respectively. Additional money for the Labour Inspectorate is welcome but a much more dramatic spend is needed given New Zealand’s small number of labour inspectors (currently 58 for a workforce of over 2.2 million and in per worker capita terms less than half of Australia’s).

The additional pay equity and Holidays Act compliance is funded partially by the final destruction of the Employment Relations Education Fund. This had previously been a fund of $1.5 million before being in the last couple of years for the Canterbury Rebuild and Health and Safety Transition Training. Due to these raids, it stood at $0.5 million last budget and has now been totally subsumed.

There is an apparent increase in funding for Workplace Relations and Safety Policy Advice ($6.9 miilion to $7.4 million) and Immigration Policy Advice (from $5.3 million in 16/17 to

$6.2 million in 17/18). However, both are still below the actual budgeted levels in the 2016 Budget. This is explained as an (unbudgeted) one-off reduction in funding in 2016/17. This looks like a partial reversal of a bad move.

Immigration

The appropriation for Immigration has been restructured making it difficult to track individual outputs. Remarkably, the overall Immigration Services Appropriation has been cut from $308.3 million in 2016/17 to $295.5 million in 2017/18. This appears to be driven primarily by a cut in immigration visa expenses of almost $7 million. It is unclear what this entails but is of concern given the need for more robust visa monitoring services.

Health and Safety

WorkSafe's total baseline funding has been increased from $87.9 million in 2016/17 to $93.0 million in 2017/18 largely due to an increase in both the Health and Safety Levy and proposed Major Hazard Facilities Levies. This follows a just completed funding review and is welcome recognition of the scale of the task ahead of WorkSafe and the risk of failing to meet the Government's 2020 targets.

A one-off $9.5 million for WorkSafe capital expenditure on information technology, vehicles and business capability was unspent in 2016/17 and has been transferred to 2017/18.

Infrastructure

Though $812 million was announced by the Government to rebuild State Highway 1 around Kaikoura, only $394 million has been allocated to Vote Transport with the remainder of $418 million listed in the Budget as "Appropriation has not yet been sought". The $763 million announced for prison expansion has also not been sought as an appropriation or allocated to a Vote in the budget.

The Budget announces $436 million to begin funding the government's commitment to half the cost of building the Auckland Central Rail Link (CRL). However, the budget is silent in response to calls from the Rail and Maritime Transport Union to expand the CRL South to Auckland Airport, for a rail freight link to NorthPort at Marsden Point, and for upgrades to the North Auckland network.

Wellington gets $98m for essential upgrades to the electric lines and poles that are currently in a dangerous condition. Similarly, $450m for capital spending by Kiwirail will fund replacement of outdated and dangerous tracks, bridges and buildings. New passenger cars for TranzScenic and diesel freight locomotives will also come out of this fund. The diesel freight locomotives will replace existing electric locomotives in the North Island, because the government has failed to invest in electrification of the main freight rail lines.

Science, Innovation and Research

While Budget press releases have touted big numbers for the Innovative New Zealand programme, this includes funding from a range of disparate budget areas, including core Tertiary Education funding. The promised funding is also spread over four years, often heavily weighted toward future promises rather than current budget commitments.

Specific commitments to research and development in the 2017/18 Budget include $8 million for Callaghan Innovation grants to keep up with demand, while $2 million is allocated to persuading multinational companies to relocate research and development operations to New Zealand.

The Endeavour Fund gets a small increase of $4.2 million in this budget, with larger increases promised in future. While the government has announced funding for Antarctic science through the Strategic Science Investment Fund, this is deferred to 2018/19 with no money allocated in this budget. Research on Hazards response gets $3 million. The Ministry of Business, Innovation, and Employment gets $3.75 million to establish itself as New Zealand's 'lead space agency', but at 0.02 percent of NASA's budget we shouldn't expect to get to the moon any time soon.

The government's preference for funding science through contestable funding has meant that the cost of contract management has been increasing, costing over $23 million in 2016/17. The government appears to have responded by removing this allocation from the 2017 Budget entirely, leaving funding and research agencies to pick up the costs out of their existing budgets.

Justice, Corrections and Police

New operating funding of $81.8 million over four years has been allocated for prisoner rehabilitation and community management of people in the community. Of that total $51.6 million ($12.9 million a year) is for Community Corrections and the remaining $30.2 million ($7.55 million a year) to prisoner services.

Funding of $45 million this year has been allocated to provide approximately 140 additional Police staff as part of a programme to increase staff over the next four years by 1,125.

Māori Development

The Budget allocates $24.8 million for Māori Development initiatives: Māori tourism, Māori housing, Māori social initiatives and whānau ora.

$6 million for whānau ora initiatives is for:

- $2.5 million of new operating funding for Whānau Ora
- $1 million for family violence interventions.
- $1.5 million to reduce suicide and self-harming behaviours among Māori youth
- $1 million to health services in the Mātaatua and East Coast rohe.

Other announcements are $2.5 million in Māori tourism (operating funding), $5 million for Māori Housing, and $6 million for Māori language and culture

Pacific Peoples

There are no initiatives in the Pacific Peoples Vote.

Links

Budget announcements from the government can be downloaded from
https://www.beehive.govt.nz/feature/budget-2017-announcements

Budget documents can be downloaded from
http://www.treasury.govt.nz/budget/2017