



## **Post Budget webinar 19 May 2023**

**Kerry Davies, PSA national secretary**

### **Theme: Is Budget 2023 good for the public and community services and the people who work in it?**

#### **Introductory comments**

As we all know the new PM Chris Hipkins promised a “no frills” Budget as part of his policy drive to get back to basics as he put it, to focus on the things that matter to Kiwis during this cost of living crisis.

And also a focus on repairing the country after the latest climate events, and the need for investment in building a more resilient economy.

Hence the Budget tag line – Support for today, building for tomorrow.

Up till now, this Government over five previous Budgets has invested heavily in the public service, rebuilding capacity and capability and responding to the challenges of the pandemic.

And delivered on a commitment to pay the living wage as a minimum for the core public sector.

The PSA has welcomed all that following the previous governments’ restraints on hiring and spending.

We have seen investment in the workforce – more than 13,000 additional public sector jobs since 2017 – many in response to COVID and to catch up to the increase in our population and demand for services.

We can’t get away from the reality that we are still rebuilding after the austerity of the previous government which saw a run down in the capability of the public service, and in particular health, education and social services.

Public service cuts hurt, and it takes generations to repair the resulting damage. Investment in strong community and public services is fundamental to the wellbeing of us all.

There have been some significant pay settlements and progress on pay equity, including the commitment to extend pay equity to all community social workers announced in November.

But there has been pay restraint which has impacted the ability of public services to recruit and retain valuable workers. That remains a big problem.

#### **Budget 2023**

So today, what does the Budget do for public and community services?



Has there been significant restraint on spending and will there be an impact on the pay increases we have been seeking?

First up, great to see a range of pre-Budget announcements which showed good investment in public services such as:

- Education – this week’s \$400 million investment in 300 extra classrooms and four new schools
- Cyclone Gabrielle - \$1 billion investment in repairing infrastructure in Hawke’s Bay and Tairāwhiti, including 500 damaged schools and mental health support for children.
- Defence – biggest pay increase in over a decade for Defence. Not just for military personnel but also the civilian staff who are PSA members.

We are in bargaining now and expect an offer to at least meet the PSPA and also address some large gaps between Defence and private sector pay rates, for example for people working in trades.

And in today’s Budget...

It’s welcome that this is not an austerity Budget, there is significant investment in public and community services, in particularly funding wage pressures.

And, it deals with some of our long term challenges, with a priority on infrastructure investment with a new delivery agency and a National Resilience Plan. The Budget invests \$6 billion in rebuilding and strengthening roads, rail, bridges, electricity and telecoms networks hit by recent storm events, and strengthening them for the future.

There are significant targeted cost of living measures which benefits so many of us and our whānau and importantly done in a way that will not be inflationary:

The Government highlighted four cost of living announcements as the centrepieces of the Budget:

- 20 hours free early childhood education expanded to include two-year-olds
- Free prescriptions with the \$5 prescription co-payment scrapped
- Free public transport for under-13 year olds, half priced for under-25 year olds
- Reducing power bills: 100,000 more insulation and heating retrofits in the Warmer Kiwi Homes programme

There’s more support for the lowest income New Zealanders. The Minimum wage increases to \$22.70, main benefits and student support increase in line with inflation and superannuation increases by \$100 a pay for a couple.

There’s more support for families too.

- The payment by the Government of employer KiwiSaver contributions while on paid parental leave.
- The extension of free school lunches through 2024.



And significant investment in social services including 3,000 more public houses, continuing this Government's big building programme . Kāinga Ora will deliver some of these homes by June 2025. Community Housing Providers, including Māori and iwi partners, will also be providing some of these homes.

The additional funding for Māori housing, Māori education and cultural events like Te Matatini and Mātariki will be welcomed.

In terms of public and community services and our members:

- \$2.3 billion to implement the PSPA
- Care and support workers – the Budget doesn't deliver everything we wanted: We were looking for funding for paid breaks for home support workers.

We were also hoping for an increase to the mileage allowance for In between travel (IBT) i.e. an increase to the km rate for home support workers; and for funding to implement a shift model for these same workers.

- It is good though to see the COVID leave scheme extended. This means low paid care and support workers who deliver essential services have access to paid time off work if they have COVID.
- There is also good investment in funding for disability support services to recognize cost increases. The devil will be in the detail but the investment into existing services is a good thing.
- There's the start of funding for extending pay equity to community social workers
- MSD has \$95million over three years to keep on 490 frontline case managers, customer services representatives and central processing staff. Without this, 490 people would have lost their jobs by June.
- There's recognition of pay disparity between directly employed health workers and health community workers – there is considerable disparity here, we will be seeking clarity over this in terms of this needing to apply to all community health workers.
- Continued funding for work on the social insurance scheme. The scheme is on hold, but we welcome that work will continue. Social insurance provides a level of income protection for those who lose their job thru redundancy of health or disability. The PSA has been a strong supporter of this initiative which many countries have already adopted around the world.
- Removal of minimum wage exemption for disabled workers – a scheme that allowed disabled people to be employed below the minimum wage for rates as low as 50c an hour! – We are very pleased about this win which the PSA Deaf and Disabled Members Network along with other advocates across the disability sector have long fought for. We are not supportive of this being paid as an employer subsidy. Paul (Brown) a founding member of the PSA Deaf and Disabled Members Network, said to me in an email yesterday: *Advocacy's a long game sometimes. And sometimes we don't win, but when we don't fight we never win!*
- In addition, there is an extra \$863 million invested in disability support services – more good news after the Government established a stand-alone ministry last year.
- It's good to see the investment of \$5.3 million over two years to help strengthen the capability, resilience, and diversity of the social sector by funding community, provider, and sector groups, especially those that work with Māori, Pacific and Ethnic communities.



- Also great to see the Community Connectors programme continuing which helped so many through COVID.
- New science hubs to be created – three new funded bodies bringing together expertise on some key challenges – climate change, health and pandemic readiness, and technology and innovation. This is positive though we are not entirely sure it's a step change. It does signal a desire to shift towards a more collaborative approach across science agencies.

### PSA's response to the Budget

One Budget never addresses all the issues we face as a country, and we will keep up our advocacy to keep making improvements in these critical areas.

For the PSA, as the country's biggest union, representing 87,000 community and public service workers, this budget continues to move Aotearoa New Zealand in the right direction. We want more not less of this approach.

Overall, Budget 2023 recognises importance of maintaining strong community and public services and valuing the people who deliver them.

This commitment stands in stark contrast to the some of the political debate we have seen in recent months which has frankly been insulting to the valuable contribution our members are making up and down the country to support people to thrive and businesses to prosper.

The work of PSA members delivering vital community and public services has been a political football for the past 40 years. We can't afford anymore of the "stop-start" spending and playing catch-up. We are already hearing voices advocating to undo the decisions made in this budget and plans for cuts.

Strong community and public services are the bedrock of wellbeing and success. No one person, community, or industry can survive let alone succeed without this bedrock support. We have learnt this so many times over the years both in good times and most recently in the bad times of facing crisis situations.

If we are going to keep working hard to face our challenges of today and tomorrow, this commitment to strong public and community services and fairly paid workers must continue.