

Budget 2022

Craig Renney, May 2022

Post Budget Briefing – Budget 2022

- **Background to the Budget**
- **What does the Budget do overall?**
- **What are the economic indicators saying?**
- **What investments is the Budget making**
- **What do we think?**
- **Questions?**

A Working People's Analysis of the 2022 Budget

Budget Report 2022

19 May 2021

Background to the Budget

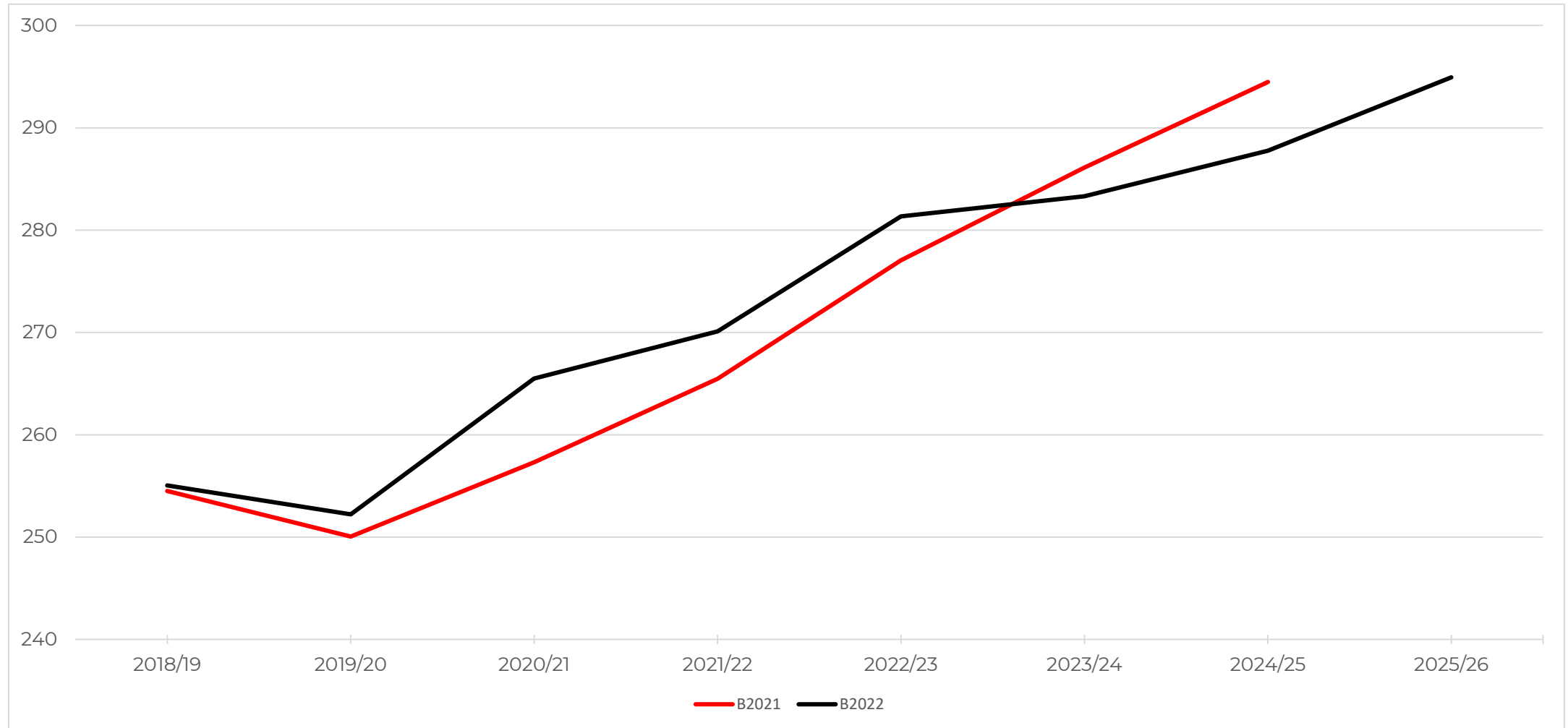
- Inflation at 6.9% has been causing no end of problems for the government
- Weaker than expected international economic growth means lower tax revenue
- A narrative of 'wasteful spending' is gaining currency with the public
- At exactly the same time as government should be investing
- \$104bn Infrastructure gap identified by Treasury
- Needs of New Zealanders are growing:
 - Social Housing Waitlist
 - Child Poverty Indicators
 - Backlog of unmet health need

LEGAL DISCLAIMER

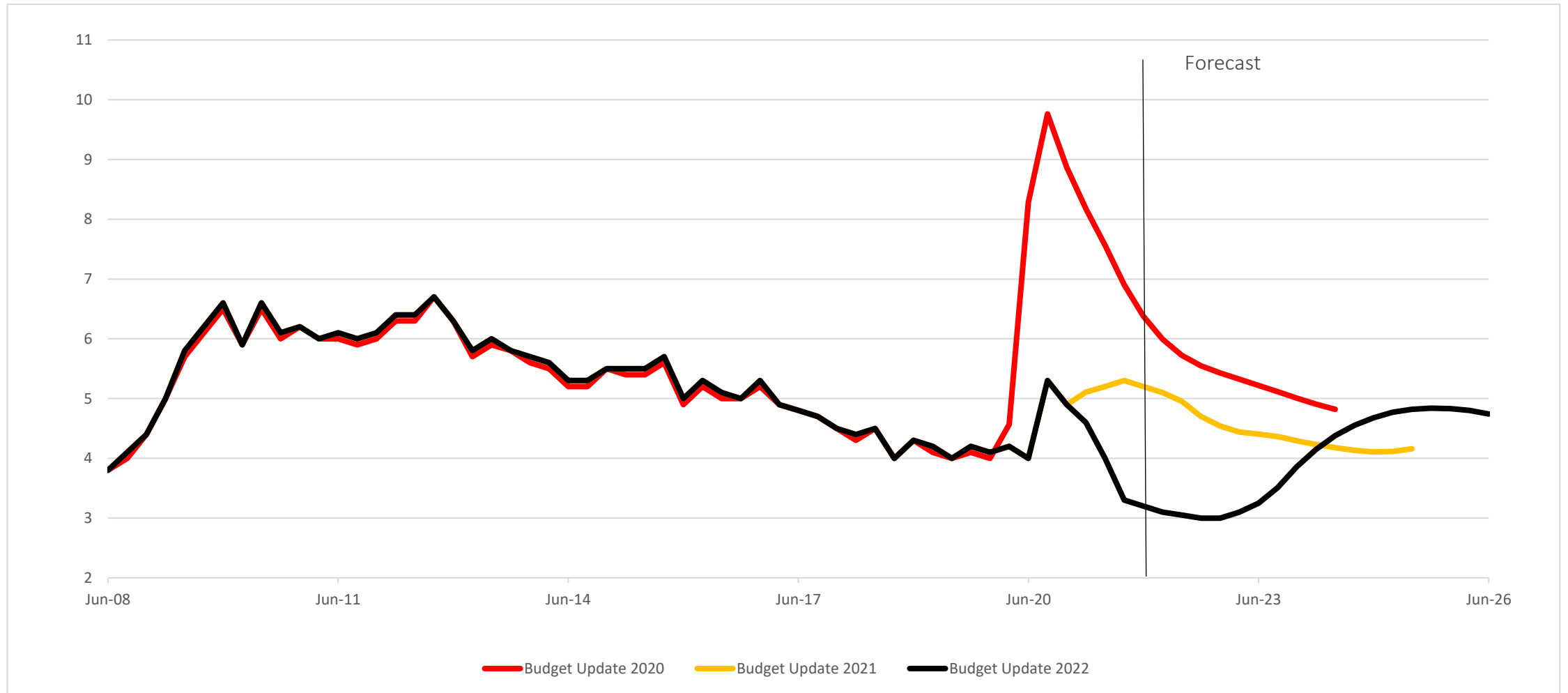
What does the Budget do overall?

- This Budget has been precision engineered to not really scare anyone
- Draws a line in the sand
- Record new operating spending, but a gradual return to normal for the economy
- The government debt and spending levels remain steady or fall across the forecast period. This government is spending the same level as the previous govt.
- Very specific funding for health, climate change, and some welfare payments.
- 70% of all new spending is simply to keep up with inflation
- A temporary 'cost of living adjustment' – designed for the 'squeezed middle'

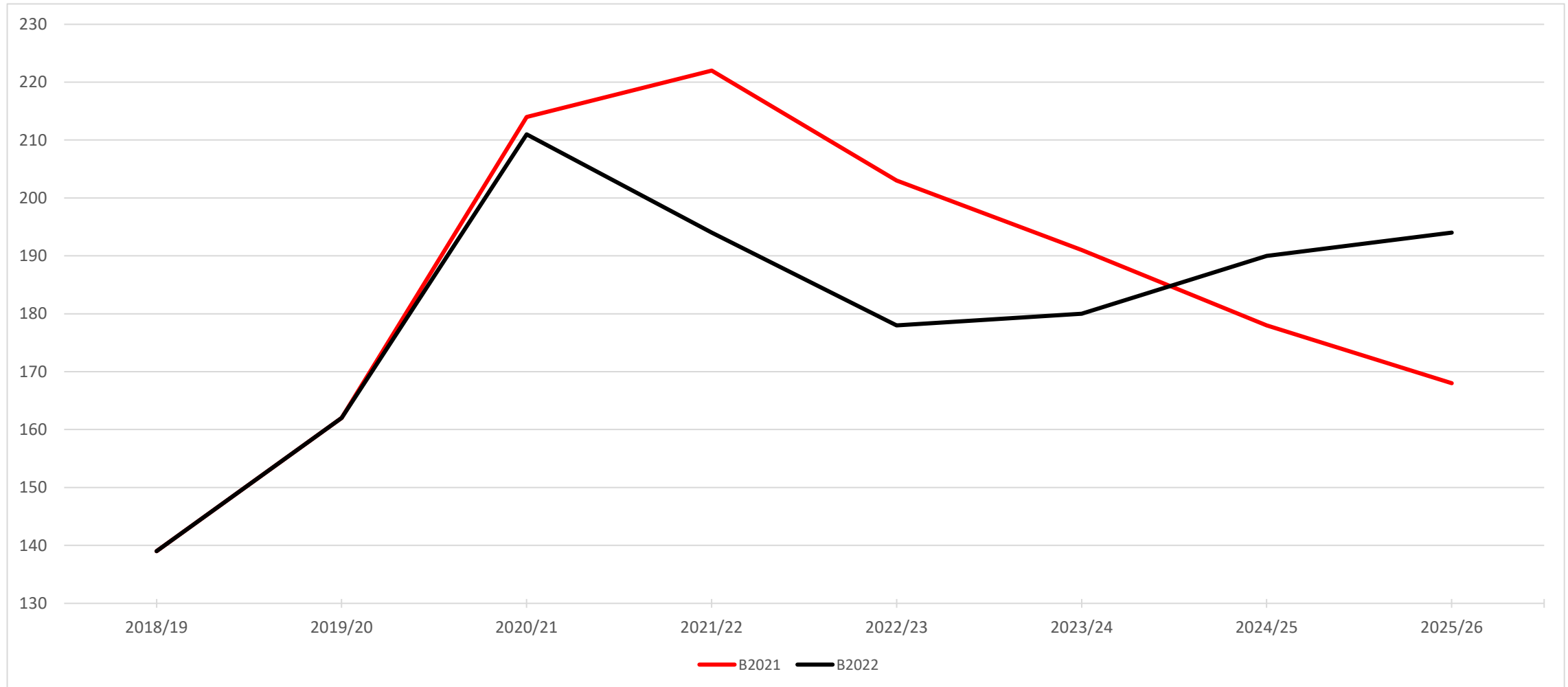
What are the economic indicators saying? - GDP



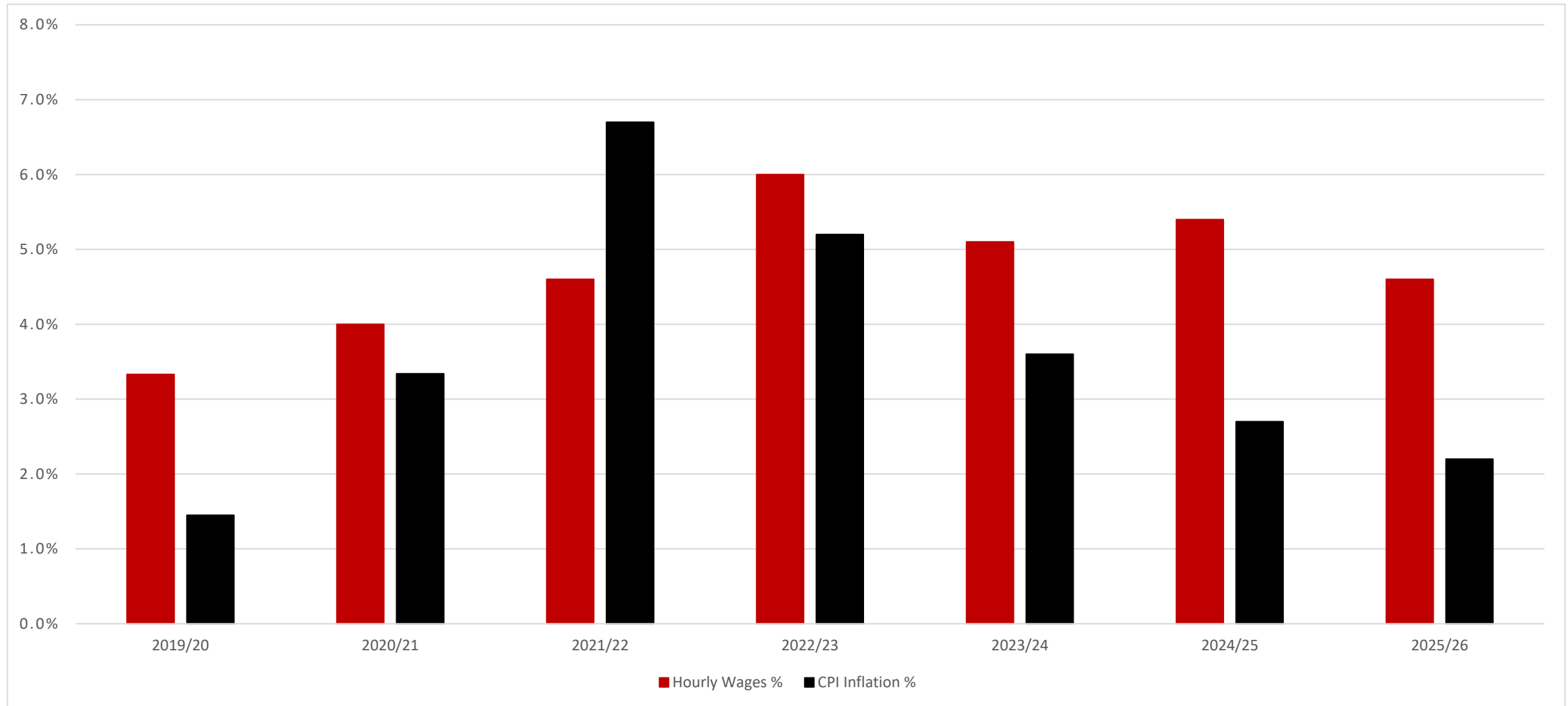
Unemployment



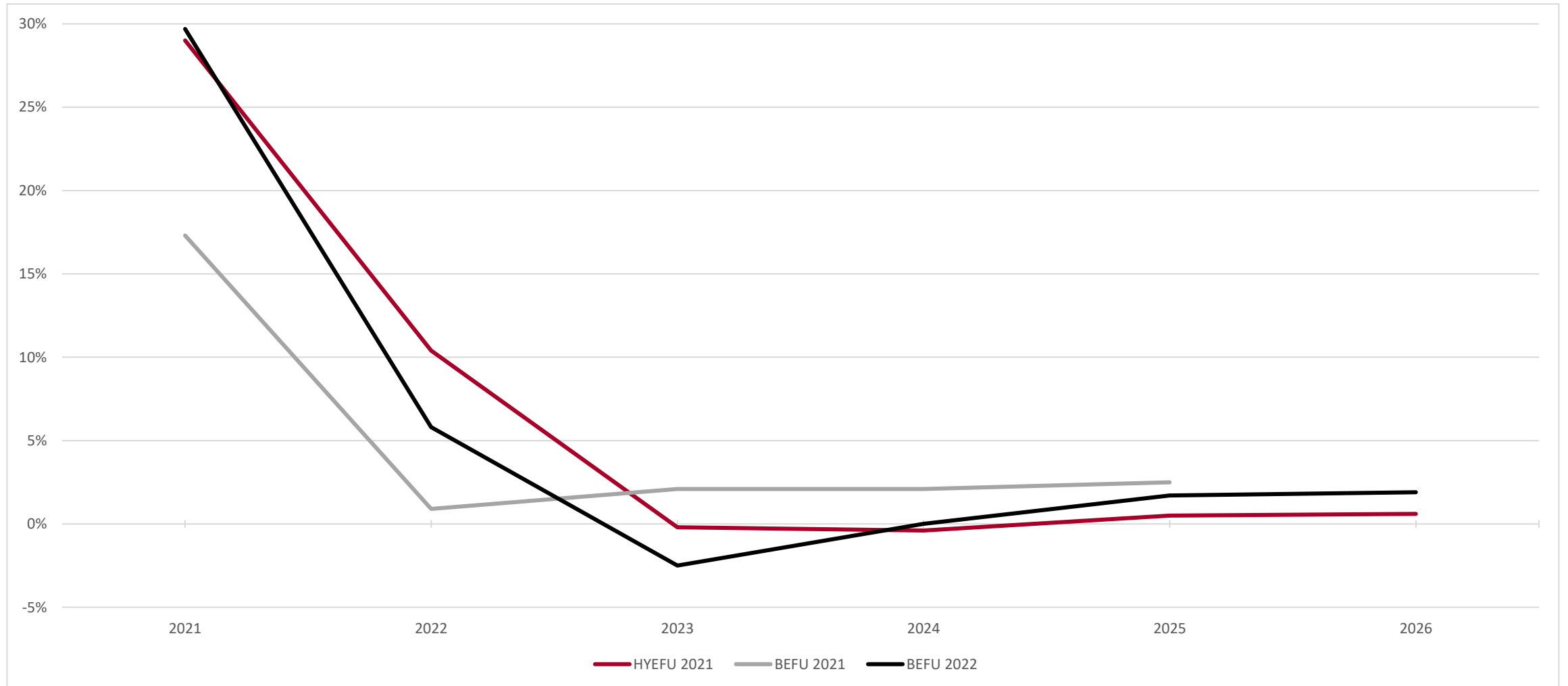
Jobseeker numbers (ooo's)



Wages and Inflation (CPI)

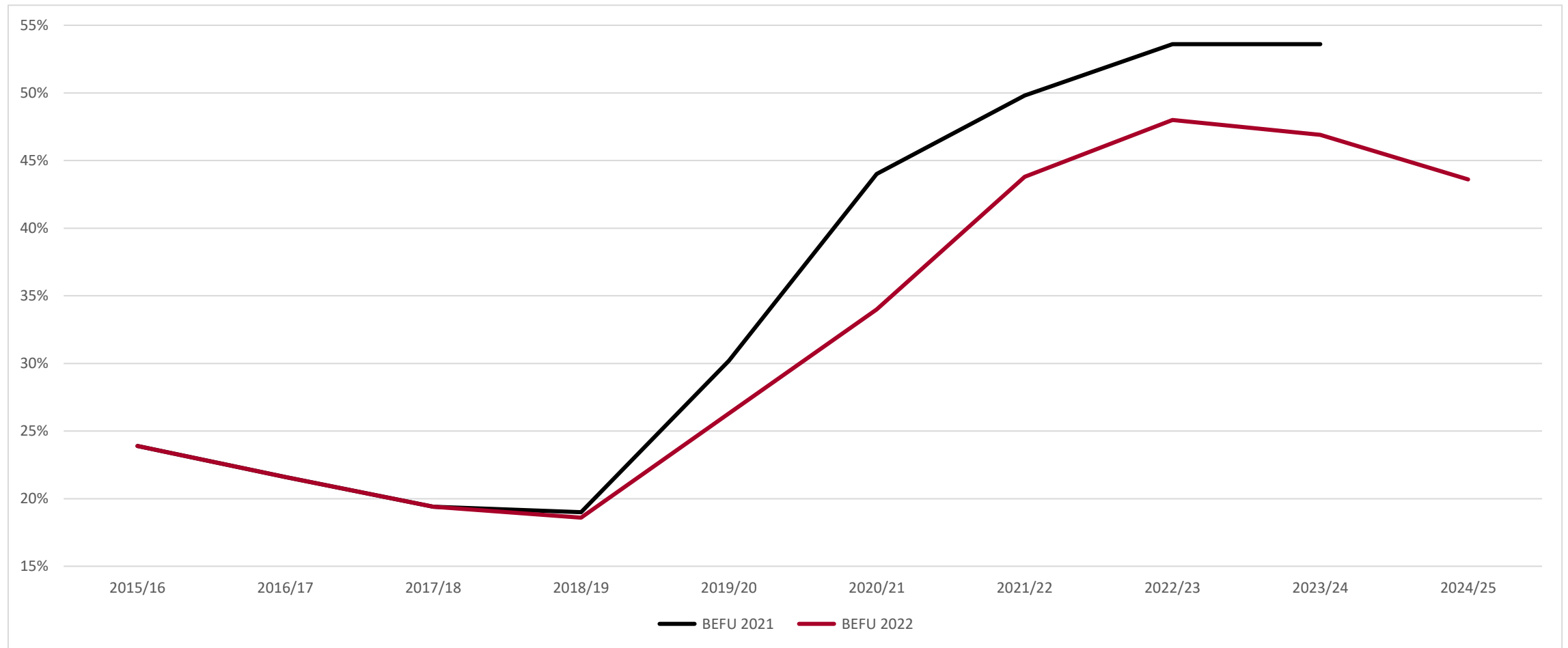


House Prices

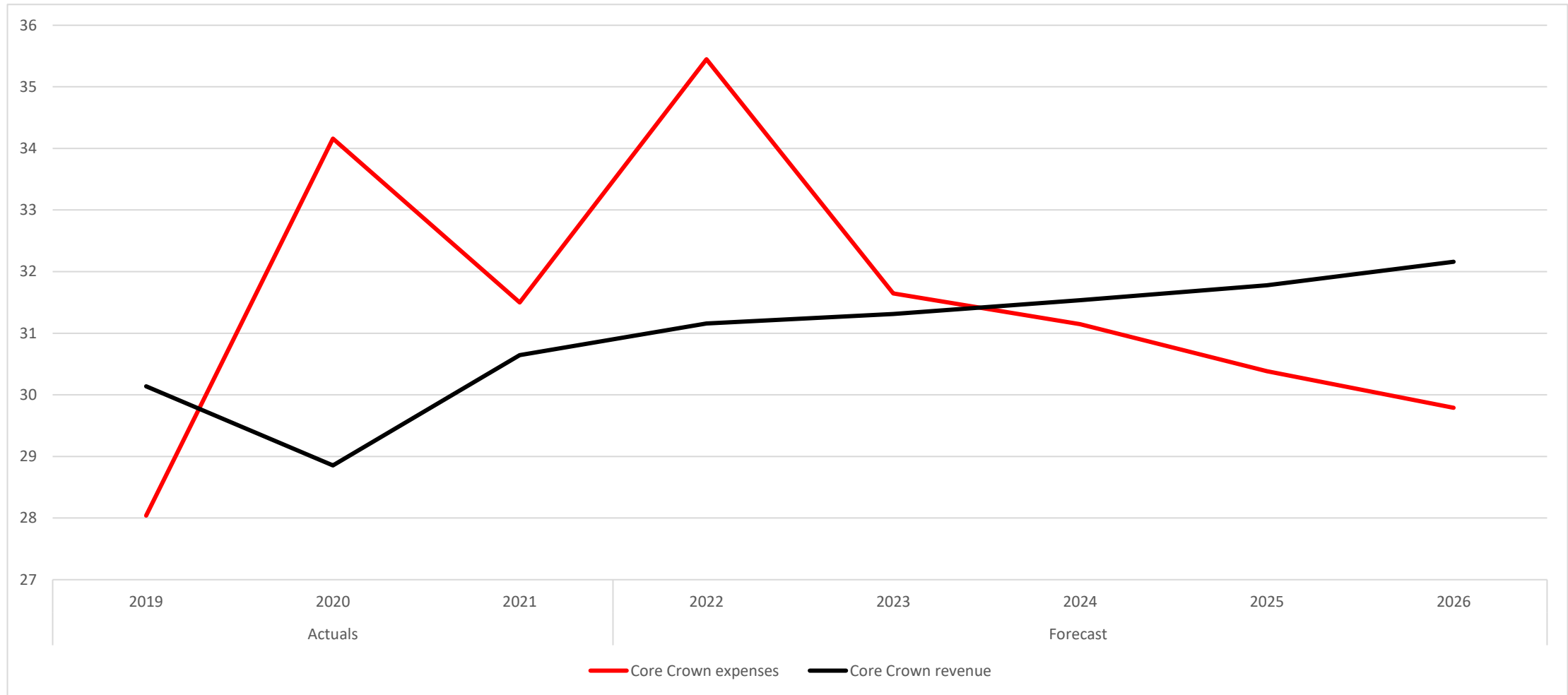


What investments is the Budget making?

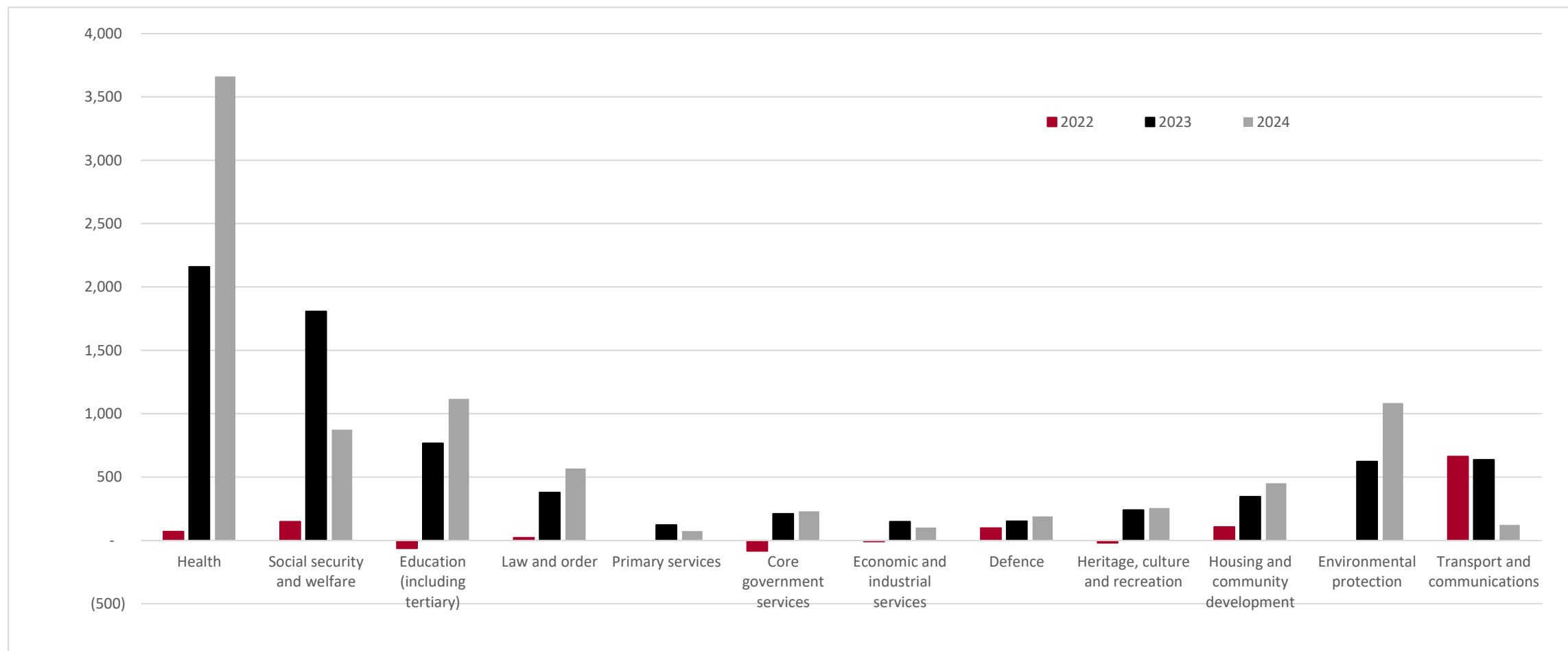
Net Core Crown Debt



Core Crown Expenses and Revenue



Spending at Budget 22



Main Spending Areas

- Health
 - \$11.1bn of new spending over the next two years
 - \$1.3bn of new capital spending
 - \$1bn for disability services
- Climate Change
 - \$4.5bn of new spending signalled
 - Public transport halved for two more months + Fuel Duty cut
- Justice “cluster”
 - \$2.7 Billion in total operating and \$25 million in capital funding
- Education
 - \$300m to replace deciles with equity index
 - \$266m for pay equity
- Housing
 - \$1bn to support additional emergency, temporary, state housing
- Economic Development
 - Range of investment to support FPA’s and NZIIS

Cost of Living Payment

This Budget included a \$1bn cost of living package to support New Zealanders with the rising cost of living, particularly those on low and middle incomes. This cost of living payment is \$350 in three monthly instalments starting 1 August, to provide short-term support to low and middle income earners. This is aimed at individuals who earned less than \$70,000 per annum in the past tax year, and who are not eligible to receive the Winter Energy Payment – approximately 2.1 million New Zealanders.

What do we think?

- There is plenty to like in this Budget.
- The investments in areas like health, climate change , and in welfare are significant
- With relatively calm economic and fiscal indicators in the future a return to a 'new normal' is being delivered
- The question is – “is that what we want?”
- There is plenty of fiscal space for further investment in the future
- We would welcome more of a plan to build the country, address our essential service needs, and fill the infrastructure gap
- There is one more Budget to go...

Questions?