



# Budget 24 discussion



# Purpose

- ▶ To discuss the various aspects of the Government's Budget and the impact these have on providers in our sector
- ▶ To raise questions to take to Whaikaha, MSD and others for clarification
- ▶ Where possible, to offer suggestions to funders to consider moving forward

# A very tight Budget overall

- ▶ Key messages were 'Disciplined', 'decisive' and 'tough' in the Finance Minister's speech
- ▶ 'Ministries (must) live within their means' – echoed by Minister Upston
- ▶ Some evidence of 'smoke and mirrors'
  - ▶ Money offered on one hand and taken away with the other
- ▶ Tax cuts funded by cutbacks and redundancies, not much cash to splash

**Now we know what we're working with, we can plan accordingly**

# Behind the \$1.1 billion headline

- ▶ We see the \$1.1 billion for ‘addressing demand as code for ‘meeting growth or inflation costs’
- ▶ There’s no assurance for providers that lifting funding to meet cost increases will be forthcoming from this Budget

# Changes to funding

- ▶ It's interesting that **additional funding drops by \$90m after next year**
- ▶ I suspect that's related to the extra \$80m they had to appropriate this year for respite care, equipment etc
  - ▶ And they hope to fix it by 25/26

# Funding



- ▶ Whaikaha appears to have received a 20% increase in departmental expenditure
  - ▶ Could be the release of contingent funding for implementing Enabling Good Lives
  - ▶ Or a transfer of funding from MSD to Whaikaha because they're doing more in-house instead of using MSD shared services

- ▶ Whaikaha's information sheet states Budget funding will be used to increase funding for or support:
  - *Home and Community Support Services – support with household management and personal care for people living in their own home*
  - *Respite care – supporting disabled people or family carers to have a break*
  - *Community Residential care – supporting disabled people to have safe and satisfying lives in a supported living environment*
  - *Environmental Support Services – supporting disabled people to navigate their everyday lives, for example: assistive communication technology, wheelchairs, home and vehicle modifications, and hearing and vision services*
  - *The High and Complex Framework Strategy – supporting people with an intellectual disability who have offended and are in secure or supervised care*
  - *Disability Information Advisory Services – connecting people to the right supports*



# No Pay Equity answers

- ▶ Remains a significant fiscal risk
- ▶ Govt says specific money assigned, including the care and support workers' claim, but we don't know how much yet

The budget retains funding in contingency in anticipation of pay equity settlements being reached between employee and non-Government healthcare providers. Our Government is prepared to make fair and reasonable contributions to supporting providers to deliver ongoing services but we will not be committing to specific funding amounts in advance of settlements being reached. The value of these contingencies remains commercially sensitive.

Source: <https://www.beehive.govt.nz/release/budget-prioritises-frontline-health-services-workers>



# Little for Employment opportunities

- ▶ MSD very quiet
- ▶ Nothing to help Employment Support providers who have gone for years without a significant increase in their fees, and who were recently given a two-year roll-over without any increase
  - ▶ MSD seeking analysis of funding shortfall from NZDSN
- ▶ Employment Support used to be important - providing paid employment opportunities for those disabled people who seek or aspire to them should be supported
- ▶ The plan to replace the Minimum Wage Exemption – with a subsidy to employers who would have to pay minimum wage, has been scrapped

# Tax relief and wages

- ▶ Tax cuts **may** help **some**
- ▶ On average, the tax package is \$16pw per taxpayer, but it's very unevenly distributed
- ▶ If you earn between \$15.6-48k, income tax cut is \$2.15pw
- ▶ If you work and get Working For Families (WFF), there's a \$25 boost to the in-work tax credit.
- ▶ If you work, earn between \$44-66k, don't get a benefit or WFF, you now get \$10pw in the Independent Earner Tax Credit (IETC)
- ▶ Everyone else is out of luck

Roughly, 17% of taxpayers get no tax cut, 35% get \$2, and the rest get between \$12 and \$45 depending on their eligibility for in work tax credit or IETC

# Tax relief and wages

- ▶ Some families also get the tax rebate on ECE, average of \$22pw for 8% of households.
- ▶ Landlords with mortgages do the best, something like \$120pw average
- ▶ Less than 3000 families get the \$250 per fortnight that was heavily promoted

For many disabled people, abandoning moving away from minimum wage exemption will be very disappointing - not consistent with the UNCRPD

# A working example

- ▶ A very rough calculation based on my adult daughter's benefit income
- ▶ She receives \$373.92 per week, or \$19,443.84 per annum
- ▶ The tax cut relief she will get is \$4.31 per week.
- ▶ The impact of the tax cuts doesn't appear to provide for much at that level. Won't even cover a cup of coffee in Wellington!



POLITICS / BUSINESS

# Budget 2024: Try RNZ's tax calculator

10:04 am on 31 May 2024

Share this



<https://www.rnz.co.nz/news/political/518266/budget-2024-try-rnz-s-tax-calculator>

# Social housing

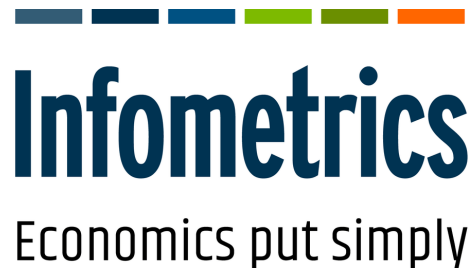
- ▶ Changes to rental and social housing builds should be helpful but will take time for the benefit to be felt.
- ▶ The Government has committed to just 1,500 new social houses (over four years?) compared to the current government build rate of 6,000 homes a year.
- ▶ Budget 2024 provides \$140m in funding towards these new houses - enough for 200-300 homes.
- ▶ We don't yet know what social housing agency might have responsibility for this, or the extent to which they embrace disability-accessible social housing.

# Residential services

- ▶ Appears to be overspent
- ▶ Retrospective allocation of \$35.6M or 3.36% to residential services in 23/24
  - ▶ Increase for next year is \$139.7M or 13.1%
- ▶ 2024/25 appears more optimistic than thought with a potential 3-4% increase
  - ▶ We don't know the inside cost pressures



# What others are saying



- ▶ “The call to show compassion has not been heeded” – Ian Huston, social policy director
- ▶ “The Government is effectively promising ‘zero budgets’, with no money for anything beyond keeping the lights on and accounting for population growth” – Brad Olsen, Infometrics
- ▶ “The mother of all disappointments, spending cuts should have been deeper and tax cuts more generous” – Taxpayers’ Union

# What others are saying



- ▶ “In dollar terms, Willis is the biggest-spending Finance Minister in the history of New Zealand” – Matthew Hooton, lobbyist and commentator
- ▶ Investing in prisons and police is "investing into a black hole" – Human Rights Commission
- ▶ “The Budget will take NZ backwards” – Labour
- ▶ This Budget is "mean and nasty" - Greens



# What we said

New Zealand Disability Support media release | 31 May 2024

## Whaikaha review the only option for Disability Support change

“Whaikaha was underfunded before the Budget, and still is today. It’s on the independent review panel to make recommendations to address this, and for the Government to make it happen,” said NZDSN CEO Peter Reynolds.

“We are grateful for the funding increase, but hope the Government shares our vision of Disability Support that has a real, positive impact and enables good lives. Let’s get serious and show disabled New Zealanders they are valued and deserve to be treated fairly and equally.”

# Where to from here?

- ▶ With the Budget only keeping our heads above water, the future will be determined by the Minister's independent review and its recommendations for how we move forward.
- ▶ The review has two-three weeks left to complete its task (Six weeks in total)
- ▶ The CEOs' Forum will meet the three Reviewers in the next fortnight, and we will certainly share some clear messages from providers' perspective
- ▶ Watch for further cuts and restrictions on disability support services and a lift in the eligibility criteria for funded support

**Thank you**

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the frame, creating a modern, layered effect against the white background.