

Wellbeing  
Budget 2022  
**A SECURE FUTURE**

# Budget Speech

Hon Grant Robertson  
Minister of Finance

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# Budget Speech

Mr Speaker, I move that the Appropriation (2022/23 Estimates) Bill be now read a second time.

It is my great pleasure to present New Zealand's fourth Wellbeing Budget.

In each of this Government's three previous Wellbeing Budgets we have not only considered the performance of our economy and finances, but also the wellbeing of our people, the health of our environment and the strength of our communities.

In Budget 2020 and 2021 we applied that wellbeing approach to dealing with COVID-19. This meant taking a health and science led approach. Focusing on caring for our people and our communities. It has meant that New Zealand has reached this stage of the pandemic in as good a position as any other country.

That is not just because we still have one of the lowest death rates from COVID, but also because our economy is in a stronger position than most. This has been recognised by two Triple-A credit ratings from leading ratings agencies, and by the likes of the OECD and IMF.

It has been a tough couple of years for New Zealanders. I want to again thank businesses, workers and all members of the community for your hard work. It means we are now in a strong position to meet the next set of challenges and take the new opportunities to provide all New Zealanders with economic security in good times and bad.

The investments we are making in this Budget build on the progress made in Budget 2021 towards the Government's three goals for this term.

These are:

- continuing to keep New Zealanders safe from COVID-19
- accelerating the recovery and rebuild from the impacts of COVID-19
- laying the foundations for the future, including addressing key issues such as climate change, housing affordability, and child poverty.

Budget 2022 invests \$5.9 billion a year in net new operating spending, while introducing multi-year funding packages that also draw from Budget 2023 and Budget 2024 operating allowances.

We are investing \$2.9 billion from the Climate Emergency Response Fund (CERF) to meet our Emissions Reduction Plan and lay the foundations for the long-term transition to a low-emissions, high-wage economy.

We are also supporting New Zealanders to meet the rising cost of living caused by global inflation pressures, through a targeted package of support focusing on low- and middle-income New Zealanders, including a short-term Cost of Living Payment for around 2.1 million people.

## Wellbeing Outlook

Mr Speaker,

New Zealand's overall wellbeing has held up well during the COVID-19 pandemic. Our mortality rate remains lower than those of our international peers, and life satisfaction remains high across all ethnicities.

While the economic contraction associated with COVID-19 was much deeper and much more sudden than what New Zealand experienced during the Global Financial Crisis, the economy has proven to be resilient, with economic activity in the December 2021 quarter 3.5 percent ahead of pre-pandemic levels.

Unemployment at 3.2 percent is at record lows, household incomes have continued to rise, and balance sheets are strong across almost every sector.

We have done this with some of the lowest debt in the world. Our debt is forecast to be around one half of Australia's, a quarter of the UK's and a fifth of the USA's, using a comparable measure.

As I have indicated, we are moving to a new debt indicator that is more in line with how other countries measure their net debt, and more accurately reflects the Government's fiscal position. On that indicator net debt will now peak at 19.9 percent of GDP (41 percent using the old indicator) before reducing further over the forecast period.

Economic growth is forecast to peak at 4.2 percent and average 2.1 percent across the forecast period. We are forecast to reach an operating balance before gains or losses (OBEGAL) surplus in the 2024/25 Financial Year. This will be five years after COVID hit us, and is a year earlier than the previous Government returned to surplus after the Global Financial Crisis.

New fiscal rules will oblige the Government to run a small surplus on average over time once we've returned to surplus, and maintain net debt below a ceiling of 30 percent of GDP.

This approach means that current expenses will be met from current revenue. We will have a prudent level of debt that allows for a buffer against future shocks, while providing room for high-quality and much-needed investment to close our infrastructure deficit.

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Mr Speaker,

This balanced approach to fiscal policy is critical as we face the immediate challenges that are in front us, and as we address the long-term issues in our economy.

The impacts of COVID-19 remain with us. Experiences of the pandemic differ greatly among New Zealanders, and its long-term effects have yet to be seen.

Long-standing challenges around climate change, child poverty, productivity, and housing quality and affordability have not lost their urgency.

On top of that Budget 2022 is being delivered in a difficult time for the global economy and for many New Zealanders. The impacts of rising inflation due to COVID, supply chain challenges, and pressure on oil prices from the Russian invasion of Ukraine are being felt at the petrol pump and at the supermarket.

This Budget responds to these immediate challenges facing New Zealanders while also looking ahead.

The here and now matters, but so too does tomorrow, and making sure that we provide for a secure future. This Budget is about both: a careful balance to provide economic security into the future, and make sure we invest for what is needed now, without adding to the drivers of inflation.

## **Supporting New Zealanders with the rising cost of living**

Mr Speaker,

I will talk more about our long-term initiatives shortly. First, I will focus on the immediate challenges.

I am acutely aware of the cost of living pressures that exist for many people, particularly those on low- and middle-incomes. While the current levels of inflation are expected to be temporary, this doesn't take away from the impact it is having on households and businesses.

New Zealanders are not alone in feeling these pressures.

Recently the US has recorded inflation of 8.5 percent, Canada 6.7 percent, Germany 7.3 percent and the UK 6.2 percent, with recent forecasts that it will rise towards 8 percent. The very latest OECD average was inflation of 8.8 percent in March, putting New Zealand about middle of the pack.

Such international comparisons, however, do not diminish the impact on New Zealanders who are currently struggling to deal with rising costs.

Mr Speaker,

The Government throughout COVID has supported households and businesses. More than \$20 billion was provided in across-the-board support from the Wage Subsidy Scheme, Resurgence Support and COVID Support payments. This has kept many people in work; 62 percent of all jobs were supported in 2020 by the Wage Subsidy Scheme, and 47 percent in 2021.

In response to the rapid spike in global oil prices following the war in Ukraine, we moved quickly in March to reduce the fuel excise by 25 cents a litre. For a family that fills up an average car every week, that represents up to \$17 per tank, or more than \$220 worth of support over the three months. Road User Charges were similarly reduced, and public transport prices halved for the same period.

These measures were on top of changes we made to increase income support for low- and middle-income families from 1 April this year, including a third lift in weekly main benefit rates following those in 2020 and 2021.

The changes we have made since coming into Government mean that 364,000 people who receive income support are better off by an average of \$109 per week. For those with children, they are better off by an average of \$175 per week.

As we move through these next few months, further targeted support is being provided for low- and middle-income New Zealanders.

The resumption of the Winter Energy Payment from the 1st of May is providing this for superannuitants and those on income support, with at least \$80 per month from the beginning of May until the end of September.

But the increasing cost of living is affecting those on middle incomes as well.

To provide targeted support to a wider group, through this Budget the Government is investing more than \$1 billion in a cost-of-living package targeted at low- and middle-income households.

The package includes:

- an extension to the reduction of fuel excise duty introduced in March, by two months until mid-August
- an extension of the road user charges cuts introduced in April, until mid-September, and
- an extension of half-price public transport fares introduced on April 1, until the end of August.

I can also announce today that from September, we will introduce Community Connect to extend half-price public transport to the more-than-one-million community service card holders on a permanent basis.

In addition to helping reduce costs for households, the public transport price cuts will also further our climate change and emissions reduction objectives.

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We will also provide short-term targeted support to low- and middle-income New Zealanders through a \$350 Cost of Living Payment, across three monthly instalments from August 1. This works out to about \$27 per week for an estimated 2.1 million New Zealanders.

This payment will be available to people aged 18 and over who earn below \$70,000 per annum, based on last year's tax data, and who are not eligible for the Winter Energy Payment.

We are well aware that this is only a contribution to the increased costs that people are facing, but it is a targeted way we can support people through this challenging period, while not excessively exacerbating inflation.

The payment has been set at half of the couple rate of the Winter Energy Payment, and is a recognition of the impact of inflation on a wider group of New Zealanders than those currently eligible for the Winter Energy Payment.

As a result of both the Winter Energy Payment and the Cost of Living Payment 81 percent of working age New Zealanders are being given temporary support to deal with cost of living pressures.

Mr Speaker,

The Budget provides further important changes that will support those on low incomes.

Budget 2022 will change how sole-parent beneficiaries receive child support payments. These payments will be directly 'passed on' as income to sole parents receiving benefits from 2023, giving them more money to help their families and whānau. This change is estimated to lift between 6,000 and 14,000 children out of poverty.

We are also delivering on a manifesto commitment by more than trebling the level of dental grants available to low income earners to \$1,000 per annum. Criteria changes will ensure these grants can be used for multiple visits for immediate and essential care.

Mr Speaker,

While much of the inflation being experienced in New Zealand is driven by forces beyond our shores, we are also focused on addressing the supply constraints and other underlying issues that fuel it. This includes increasing labour supply through our Immigration Rebalance, and reducing our reliance on volatile commodities like oil, by decarbonising our transport fleet through initiatives like the Clean Car Discount.

We are also committed to boosting competition in the New Zealand's grocery sector to ensure people pay fair prices for food and other basics.

Today, we are introducing legislation that will remove barriers to new retailers entering the market.

Specifically, this will prohibit the restrictive covenants on land that major grocery retailers use to limit site availability for competitors. Such covenants will be prohibited immediately once the Bill comes into effect, and I anticipate that competitors can begin to consider new sites shortly thereafter.

There are other measures the Government will take in response to the Commerce Commission's recommendations, but this is one thing that can be done relatively simply and quickly.

Overall, the cost of living package in Budget 2022 represents a targeted response to the pressures being faced by low- and middle-income households, and provides support without making the cause of the problem worse.

## Climate Change

Mr Speaker,

Moving to our longer-term challenges and opportunities.

Budget 2022 marks an historic milestone in tackling climate change.

Climate change is the most pressing long-term challenge we face. It will have a significant impact on New Zealanders' living standards in the coming years, impacting the natural environment, our health, and our economic, social, and cultural wellbeing.

Recent reports that have highlighted worsening predictions for sea level rise remind us again that we must act now for the sake of future generations.

The action required presents opportunities to increase our economic security as we develop new low-emissions industries and the knowledge and skills needed to transition to a high-wage, low-emissions economy.

New Zealand's reputation in the world, and the brand on which we trade, is tied to the action we take on environmental issues, including climate change.

Mr Speaker,

Mitigating and adapting to climate change requires a sustainable, forward-looking response and significant investments across multiple Budgets. To address this, we have established the Climate Emergency Response Fund (CERF) with an initial \$4.5 billion 'down payment' from the expected cash proceeds from the Emissions Trading Scheme (ETS).

For Budget 2022, investments are focused on mitigation, particularly initiatives to deliver actions in the Emissions Reduction Plan. In future, the criteria will be extended to include adaptation.

As announced earlier this week, the CERF investments for Budget 2022 total \$2.9 billion, and include a strong focus on transport initiatives. These include:

- \$569 million to support low-income households to shift to low-emission alternatives when scrapping a vehicle, and
- \$375 million to reduce reliance on cars and support the uptake of active and shared transport modes.

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There are also significant climate-focussed energy and industry investments, including:

- \$653 million to fund further decarbonisation, including increasing the scope of the Government Investment in Decarbonising Industry Fund to support businesses to shift to low-carbon energy sources, and
- \$73 million to deliver more insulation and heating retrofits for low-income homeowners by extending the Warmer Kiwi Homes programme.

In the Agricultural sector, climate investments include:

- \$339 million funding for a Centre for Climate Action in Agriculture to support innovation and research to reduce emissions, and
- \$6 million for the implementation of an agricultural emissions pricing scheme, based on the outcomes of the Primary Sector Climate Action Partnership (He Waka Eke Noa).

In the forestry sector:

- \$91 million is allocated to reduce the use of coal and other carbon-intensive fuels and materials by increasing woody biomass availability, and
- \$145 million to create large-scale native forests as carbon sinks, to offset emissions in other sectors where abatement is difficult.

The Government's Emissions Reductions Plan will help us meet the carbon budgets set by the Climate Commission. They are achievable, but will require all sectors to play their part. They will also require sustained investment.

Treasury has updated its forecasts for ETS cash proceeds by a total of \$800 million, and the Government has agreed to use this increase to top up the fund, leaving \$1.5 billion remaining. We will review the size of the fund on a regular basis, with the next opportunity being the Half Year Economic and Fiscal Update in December.

The climate investments we've announced at Budget 2022 are funded by those who pollute, not from increasing debt or other revenue. They will see the Government, in partnership with business do the initial heavy lifting in our climate response, in doing so giving households greater choice about how they participate in climate action.

I would like to acknowledge our cooperation agreement partners the Green Party and in particular the Honourable James Shaw, for his role across the two terms of this Government in bringing this work together.

It is no longer good enough to just talk the talk on climate action. At Budget 2022 we walk the walk, or take public transport or another sustainable mode of transport.

## Health

Mr Speaker,

COVID-19 has highlighted the need to reform New Zealand's health system and ensure we are delivering quality services nationwide in an equitable and sustainable way.

Our health system is staffed by dedicated and talented health professionals, but the system in which they are working is fragmented, inefficient and financially unsustainable.

For too long, New Zealanders' access to health services has been a postcode lottery. For decades we have seen inequalities grow in the health outcomes for Māori and Pacific peoples.

Today, that changes.

Budget 2022 provides the largest investment ever in our health system, with \$11.1 billion in new funding to put that system on a sustainable financial footing.

This will ensure that Health New Zealand and the Māori Health Authority are able to make the changes needed to deliver better health services to New Zealanders, wherever they live.

To set this system up for success, we need to change the way we provide funding for health. In recent years, District Health Boards have consistently run deficits, with funding unable to meet growing demand and address historic cost pressures.

Relying on the annual Budget cycle for funding has made it difficult to plan for future investments and address long-term challenges in the health system.

To address this, we are introducing a new multi-year funding model for health, beginning with two years of funding before eventually moving toward a three-year funding cycle from Budget 2024.

The two-year transitional package agreed through Budget 2022 begins with an investment of \$1.8 billion per annum, including funding to deal with the deficits of the previous system. This will be followed by a further \$1.3 billion per annum from 2023.

Unlike in previous Budgets where cost pressures for specific services have had to be traded off against each other, delayed or partly funded, this general increase will allow Health New Zealand to take a central view and identify priorities for funding across the system.

Mr Speaker,

The transformation of our health system will take time, but these first investments will make significant progress towards a fully equitable, sustainable and quality health system for the future.

Within the funding allocated in Budget 2022 there is \$488 million for primary and community care. This will roll out local models of care that are tailored to the populations they serve, as well as securing and developing the capacity and capability of Māori and Pacific healthcare providers.

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The investments for Māori healthcare providers contribute to a wider package of initiatives totalling \$580 million across the health, social and justice sectors which contribute to Māori health and wellbeing, including \$166 million for Whānau Ora providers to continuing supporting more than 40,000 whānau.

Mr Speaker,

This Budget will also make the largest ever single contribution to Pharmac's Medicines Budget. We are investing \$191 million over the next two years to make more medicines and other health treatments available.

The two-year funding will align Pharmac with the new overall Health multi-year funding allocation.

Pharmac's total funding will be \$1.2 billion, which is up 43 percent since we took office in 2017.

There is significant support in Budget 2022 to secure the future for our ambulance services. \$166.1 million over four years provides funding to add 48 more ambulances and 13 other vehicles to New Zealand's road ambulance fleet and allow up to 248 more paramedics and frontline staff to be recruited.

\$90.7 million over four years will go towards New Zealand's air ambulance services. This includes the replacement of some ageing aircraft with modern fit for purpose helicopters and at least one new helicopter with additional crew.

Budget 2022 allocates \$202 million to further improve New Zealanders' access to mental health and addiction services. This Budget focuses on improving care for those who have the highest needs.

We are investing \$100 million to increase the availability of specialist mental health and addiction services and strengthen existing services in targeted areas across the country. We are also continuing to invest in two programmes that support young people's mental health: Mana Ake, which provides mental wellbeing support for primary and intermediate school-aged students, and Piki, a pilot scheme which provides integrated mental health and addiction support for young people.

We are also continuing our significant investment in hospitals and other health infrastructure with an injection of a further \$1.3 billion. This will include a further investment for the rebuild of Whangārei Hospital and the initial works to re-develop Nelson Hospital. This takes total health capital investment since Budget 2018 to more than \$6.9 billion.

In every Budget there are always smaller projects that may get lost on the day, but are very meaningful. To highlight just one example, this year we are providing \$7 million of funding for the operation of portable retinal cameras to ensure equitable access for screening premature babies to address one of the leading causes of blindness.

In total, around a third of Budget 2022 investments are for Health. This speaks to our priorities as a Government.

Our vision is for all New Zealanders – no matter where they live or who they are – to have access to high-quality health services to support the best quality of life. I am proud to say that this Budget is a significant step towards making that vision a reality.

## Keeping New Zealanders Safe from COVID-19

Mr Speaker,

In our response to COVID-19 we went hard, and we went early, an approach that has paid huge dividends.

Key to this success was the establishment of the COVID-19 Response and Recovery Fund (CRRF). This fund has allowed us to invest in crucial response functions and targeted supports that enabled New Zealanders to weather and recover from the economic impacts of COVID-19.

As our policy response to the pandemic evolves and we adjust to living with COVID-19, our fiscal response is evolving as well.

Our COVID-19 response is increasingly part of standard public service delivery, so we no longer expect to need the funding flexibility that was essential early on.

As a result, we have closed the COVID-19 Response and Recovery Fund. We are reprioritising the remaining funding, and bringing future COVID-19 related costs within standard Budget processes.

We continue to have fiscal headroom to respond as necessary in the event of a major resurgence or new variant. We are taking a prudent approach to that possibility by setting aside \$1.2 billion so we can respond rapidly to any immediate public health needs related to COVID-19 that cannot wait until Budget 2023.

## Providing economic security in good times and bad

Mr Speaker,

The uncertain and volatile global economic situation highlights the need for an economic plan that supports diversification of the New Zealand economy, creates new products and services, and increases our resilience in an uncertain world.

Our economic plan is to build a high-wage, low-emissions economy that provides economic security in good times and bad.

This Budget includes a substantial package to unleash the potential in our economy.

We are funding the on-going development of Industry Transformation Plans (ITPs). ITPs bring industry players together to increase productivity and build resilience. Budget 2022 invests:

- \$37 million for the Construction Sector Accord Transformation Plan to increase the productivity, capability and resilience of our construction sector.
- \$30 million for the Advanced Manufacturing ITP. This plan focuses on identifying existing and emerging points of comparative advantage, maximising our global brand and international connections.

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- An additional \$5 million for the Agritech ITP to build the skills and practices required to transform the sector into a sustainable and competitive export industry, and
  - \$20 million for the Digital ITP to grow the software-as-a-service sector and ensure that we grow the skills and talent we need to create more high-wage jobs.

The Budget also recognises the importance of helping the Tourism sector to rebuild in a sustainable way. An Innovation Programme for Tourism is being created by reprioritising funding not required from earlier emergency support. It will be designed with the sector to ensure it targets investment to where we can truly innovate and develop our tourism offering.

Mr Speaker,

Small businesses are a key component in the transition to a high-wage, low-emissions economy. We are setting aside \$100 million of capital funding for a Business Growth Fund being developed alongside New Zealand's major banks.

This will improve SMEs' access to finance, enabling them to grow, create jobs, and increase their contribution to our wider economic development.

We know that when our regions do well, all of New Zealand benefits. To help the people, businesses and industries based in the regions reach their full potential, we are fully funding the \$200 million Regional Strategic Partnership Fund to invest in local projects tailored to a region's particular needs and advantages.

To further help those in the regions we are fulfilling another manifesto commitment by investing \$60 million to improve broadband infrastructure in the worst-served areas, enabling stronger connections and greater productivity.

## Infrastructure

Mr Speaker,

This Government is focused on delivering better infrastructure. This is a key component of our vision for a high-wage, low-emissions economy.

Our first 30-year New Zealand Infrastructure Strategy from Te Waihanga, the New Zealand Infrastructure Commission, shows that if we continue on the path of the past four decades, we will not be able to meet our future infrastructure needs.

Underinvestment in our crucial infrastructure is one of New Zealand's greatest long-term economic challenges. We have dedicated more than \$60 billion to infrastructure over the next five years. But this alone is not enough. We need to be smarter about the way we plan, deliver and use our infrastructure. This will mean getting more from the infrastructure we do build, reducing costs and prioritising for the greatest impact.

Te Waihanga's strategy will be a key enabler of many of our Government's priorities; tackling the housing crisis, responding to climate change, and building a more secure economy.

Mr Speaker,

Budget 2022's new investments in infrastructure include \$349 million capital funding to replace and modernise our rail assets, and \$1.3 billion to upgrade our health infrastructure to support current and future demand.

In total, Budget 2022 includes \$4.7 billion of capital investments from the \$9.8 billion multi-year capital allowance.

Budget 2022 also has a strong focus on transitioning to a digital economy, improving how we deliver public services and keeping our existing digital services safe from cybersecurity risks. Key investments include:

- Setting aside funding for a new digital system for our courts, making it easier for New Zealanders to interact with the justice system
- \$220 million operating and \$100 million capital set aside for investments in health system data and digital infrastructure and capability, and
- An investment in critical satellite capability to improve the accuracy of GPS.

## Increasing capabilities and opportunities

Mr Speaker,

This Government is committed to delivering quality education, training and skills development, so that all New Zealanders get the opportunities they need to live the lives they value.

The Budget 2022 package includes a total of \$2 billion in operating funding and \$855 million capital for the education system, including investments in infrastructure, new initiatives, and funding to address critical cost pressures.

The newly developed Equity Index will receive \$293 million operating and \$8 million capital funding to replace the outdated decile system and significantly increase equity funding to schools.

As part of the Government's commitment to strengthening the role of te reo Māori in our education system, Budget 2022 provides \$75 million to support providers of te reo Māori, immersion and kaupapa Māori learning throughout the education system. As demand for Māori language education grows, we are investing \$21 million operating and \$105 million capital investment to provide quality classrooms that meet the culture needs of kura.

Investing in quality education means not only investing in students, but also those who support them. Budget 2022 builds on the investment made in the past two Budgets by providing \$275 million toward progressing pay parity in our early childhood sector.

The Government's investment in supporting employment opportunities for New Zealanders has been crucial to the COVID-19 response and recovery, and has supported the record low unemployment rate. We are providing further funding for successful programmes like Mana in Mahi, which provides significant support to people furthest from the labour market to upskill and enter employment.

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We are also extending the Apprenticeship Boost Initiative, supporting firms to keep early-stage apprentices employed, bring on new apprenticeships, and strengthen the skilled workforces New Zealand needs to recover from the impacts of COVID-19. More than 190,000 Kiwis have been supported through our investments in trades training since the start of COVID, and 38,000 apprentices are expected to benefit from the extension of the Apprenticeship Boost through until the end of 2023.

Mr Speaker,

Budget 2022 also sets aside \$60 million to support progress on the continued design and implementation of the New Zealand Income Insurance Scheme. This scheme is being jointly designed with BusinessNZ and the Council of Trade Unions to better support New Zealanders who lose their jobs through no fault of their own.

The scheme will better protect workers and incomes, and also increase the availability of skilled workers. It will help communities and industries during economic shocks and transitions, contributing to a more secure economy.

There is considerable work to get the scheme up and running and it is now expected that it will be operational in 2024.

## **Supporting Māori and Pacific aspirations**

Mr Speaker,

Budget 2022 includes over \$1 billion in investments to support better Māori health, education and economic outcomes as well as stronger cultural wellbeing.

We are continuing to foster employment opportunities for Māori through the continuation of the Cadetship programme and support for Māori entities to deliver employment training through the Māori Trades and Training Fund.

We are laying foundations to support Māori economic development with \$10 million for the Te Ringa Hāpai Whenua Infrastructure Fund, which will enable owners to undertake economic, cultural, social and environmental projects on their whenua. Our continued support for the Progressive Procurement programme, with an additional \$26 million, will help to build capability for Māori businesses to effectively participate in public sector procurement processes and increase supplier diversity.

Building capability and employment opportunities is also key to our investment in Pacific peoples, with \$18 million for Pacific STEAM futures and \$8 million for delivering employment and training services through Tupu Aotearoa.

We remain committed to protecting and uplifting Māori and Pacific culture, knowledge and history. Budget 2022 supports the growth and development of the Māori media sector, and provides funding to protect mātauranga Māori and other taonga.

We are also following through on the commitment made to empower Pacific communities to tell their stories of the Dawn Raids, making progress toward reconciliation through community grants for multimedia projects, an online histories platform and creating an official historical account.

## Child Wellbeing

Mr Speaker,

As a Government, we are committed to taking substantial action to reduce child poverty and hardship in New Zealand beyond the 66,500 children already lifted out of poverty. While our targets are ambitious, the latest figures for 2020/21 are encouraging. They show:

- rates on all nine income and material hardship measures in the Child Poverty Reduction Act are trending downwards, and
- we achieved two out of three of our first three-year targets and made significant reductions against the third target.

Through Budget 2022, we are continuing to support families through direct and indirect investments in child poverty and wellbeing.

This Budget also has a strong focus on providing more equitable access to services and improving wellbeing outcomes for New Zealanders who live with disabilities. A \$943 million package will enable disability system providers to meet demand, establish a new Ministry for Disabled People, and invest in the regional-based rollout of the Enabling Good Lives approach to Disability Support Services.

## Housing

Mr Speaker,

Budget 2022 also includes a \$1.5 billion investment in public, transitional and emergency housing, as part of the Government's continuing efforts to address challenges to housing access and affordability. This adds to the 9,000 extra public housing places already delivered under this Government.

This funding includes \$1 billion for public and transitional housing, \$355 million for changes to the emergency housing system, \$75 million to progress the homelessness action plan and \$221 million for the Affordable Housing Fund.

Targeted support for first-home buyers through this Budget include increases to the First Home Grant caps which will help more Kiwi families get the security of home ownership, as prices become more sustainable against the backdrop of record house-building in this country.

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## Moving towards new approaches to public finance

Mr Speaker,

Budget 2022 continues to embed a Wellbeing approach into the Budget process and the wider public finance system.

The innovations introduced as part of Budget 2022 will allow us to better address complex, multi-generational challenges and facilitate longer-term investment.

These changes include a multi-year funding cycle for health services and establishing the enduring, multi-year Climate Emergency Response Fund, as well as a pilot of two clusters of agencies in the justice and natural resources sectors.

Key to all these innovations is a focus on driving delivery and value for money.

The clusters help break down silos between agencies and also help Ministers to collectively make trade-offs across related areas. Three years of funding gives agencies the certainty to plan ahead with a focus on achieving longer-term outcomes, and managing cost fluctuations.

Ministers and agencies have worked together to develop a funding package based on four priorities for a more effective overall justice system.

Key Justice Cluster investments include:

- \$46 million to develop a cross-sector model to guide future investment in services for victims, and increasing the uptake of financial grants under the Victims Assistance Scheme.
- \$190 million to maintain and strengthen legal aid to ensure access to justice for people who cannot afford a lawyer.

Budget 2022 also invests in solutions to prevent harm from crime in communities and improve the safety of our frontline workers. This includes \$92 million of total operating and \$2 million capital funding for effective implementation of the Government's end-to-end strategy to prevent harm from serious and organised crime in New Zealand.

Reforming the resource management system to deliver better outcomes for our natural and urban environments is a priority for this Government. This is a key focus of the Natural Resources cluster, with \$179 million to support the successful implementation of these reforms.

Other key Natural Resources investments include:

- \$118 million total operating and \$5 million capital funding for a permanent network of advisory services to support more sustainable and productive use of rural land, and
- \$40 million total operating to progress Industry Transformation Plans for our primary industries, including the Fisheries, Forestry and Food and Beverage sectors.

## Conclusion

Mr Speaker,

Budget 2022 comes at a time where the global economy is uncertain and volatile. Our response to that requires a careful balance.

Faced with the current elevated levels of global inflation some would have us pull back on supporting New Zealanders with the public services that they need.

But that will not reduce the prices Kiwis are facing at the pump or in the supermarket, it will only undermine the wellbeing and security of our people.

That is not an option I am prepared to consider.

Instead this Budget backs New Zealanders in shaping the new normal that is life with COVID.

It builds on the collective hard work that has delivered a strong economic base to meet core needs across health, education and housing, while supporting climate action and investing in the skills, infrastructure and industries we need to grow higher paying jobs.

We are providing support in the here-and-now for those facing cost of living pressures, while carefully managing our spending and keeping debt under control.

This Budget represents a major step towards a future where we provide economic security to all New Zealanders, while delivering higher-wage jobs that support a low-emissions economy.

Mr Speaker,

Aotearoa New Zealand has navigated COVID better than almost any country in the world. We did that by putting our people first, by taking a wellbeing approach and by targeting our support to where it was needed the most.

We will now take the success of that approach, and build on that foundation to overcome the challenges we face and seize the opportunities for a secure future for all New Zealanders.

I commend Budget 2022, A Secure Future, to the House.