

THE 2015 BUDGET

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E ngā tāne, e ngā wāhine, e tau nei, tēnā koutou katoa.
Ka tino nui taku mihi o aroha ki a koutou i tēnei mōrena.
Kei te mihi ahau ki ngā taonga o Ngāi Tahu,
tāngata whenua o tēnei rohe.
Ka iti taku mōhio o te reo Māori,
ēngari kei te mihi ahau ki tēnei taonga o ēnei motu.
Tēnā koutou, tēnā koutou, kia ora tātou katoa.

This is my fifth CPAG post-Budget breakfast talk in as many years. In previous years I have criticised the Budget for not paying sufficient attention to children, particularly to the more than a quarter of a million children living in poverty.

This year the Budget has announced an increase in benefits of \$25 per family, which will be introduced from 1 April 2016. So what should I say to you this morning.

The first thing I want to say is CONGRATULATIONS! People like yourselves up and down the country have kept child poverty on the policy agenda. Make no mistake, this is a big turnaround in policy from the days of the Welfare Working Group when the government argued that the answer to poverty was for people to find jobs. Yesterday's announcement demonstrates that this is not working. It acknowledges that incomes must rise and so we have had the first real increase in benefits since 1972.

Secondly, I do not want to look a gift horse in the mouth, but really there are some things that have to be said about the \$25 per family increase.

Since 1972, real per capita gross domestic product has doubled in New Zealand, so it is no source of pride to say that it has taken us 44 years to share some of that productivity increase with beneficiaries. This increase is long overdue.

Further, that number 25 should resonate with us. The 1st of April 2016 is exactly 25 years after 1 April 1991, which was when Ruth Richardson introduced the major benefit cuts after the 1990 change of government. The amount of those benefit cuts was around \$25 per family, and of course \$25 was worth much more 25 years ago than \$25 is worth today.

ALTHOUGH THIS IS THE FIRST REAL INCREASE IN BENEFITS SINCE 1972, IT DOES NOT RESTORE BENEFITS TO THEIR REAL VALUE IN 1972.

It remains true, therefore, that our parents were more generous to citizens (including children) receiving benefits than we are in our generation.

This brings me to my final point.

There was a lot of discussion in the lead-up to the Budget about “the Budget Deficit”. The government has long aimed to produce a Budget Surplus in 2014/15 and it has not quite managed it.

That discussion was completely irrelevant. The Deficit or Surplus is the difference between two very large numbers (total government revenue and total government expenditure). In 25 years, no one will notice that we had a small deficit rather than a small surplus in 2014/15.

What we should be talking about is “the Generation Deficit”. By this I mean the deficit in human development because of the huge number of children who are not achieving their potential because they are living in homes that are cold and damp, because they are not eating enough healthy food, and because their parents are stressed beyond belief trying to make ends meet.

In 25 years, we will notice the Generation Deficit we are tolerating in 2015. Children who cannot grow into their potential are a cost to all of us.

The recognition that children need more income to reach their potential is a huge change in the rhetoric of the last 25 years, but the work of CPAG is not done. We need to build on this change to close the Generation Deficit, to invest in our own future by investing in the wellbeing of children.

Kua mutu tāku korero mo tēnei rā.

That finishes my talk for today.

Tēnā koutou. Tēnā koutou. Kia ora tātou katoa.

That is you. That is you. May you and I, all of us together, enjoy wellbeing.