Budget speech

Hon Grant Robertson
Minister of Finance

30 May 2019

EMBARGO: Contents not for communication in any form before 2:00pm on Thursday 30 May 2019
Mr Speaker, I move that the Appropriation (2019/20 Estimates) Bill be now read a second time.

It is my great pleasure to present the second Budget of this Coalition Government and the first Wellbeing Budget for New Zealand.

From the day we took office, this Government has committed to putting the wellbeing of current and future generations of New Zealanders at the heart of everything we do. Budget 2019 shows we are delivering on that commitment.

It shows a Government that is not satisfied with the status quo. In the election that led to the formation of this Government New Zealanders were asking a core question: If we have declared success because we have a relatively high rate of GDP growth, why are the things that we value going backwards like child wellbeing, a warm, dry home for all, mental health services or rivers and lakes that we can swim in?

And the answer to that question was that the things that New Zealanders valued were not being sufficiently valued by the Government. And because they were not being valued they were not being measured, and because they were not being measured, they were not being done.

So, today in this first Wellbeing Budget, we are measuring and focussing on what New Zealanders value – the health of our people and our environment, the strengths of our communities and the prosperity of our nation. Success is making New Zealand both a great place to make a living, and a great place to make a life.

Mr Speaker,

I am proud to be part of a Government that is doing things differently. Because not only has this Budget measured our success differently, we have embedded wellbeing at every stage of the creation of this Budget – from setting priorities, to analysing proposals to making the inevitable trade-offs that come with the privilege of being in government.

For me, wellbeing is when people are able to lead fulfilling lives which have purpose and meaning to them. A government does not determine a person’s wellbeing, but we can certainly play a part. Ensuring New Zealanders have the capabilities to do this requires tackling the long-term challenges we face as a country.

I want to sincerely thank all members of this Government for their support for this new way of doing things. New Zealand First and the Green Party have embraced this new approach. The Coalition Agreement, the Confidence and Supply Agreement and the Speech from the Throne remain the foundation documents of our Government and in this Budget we take further steps to deliver on them, building on the Foundations for the Future Budget in 2018.
Mr Speaker,

Before moving to discuss the details of the Budget, it is important to acknowledge that it was put together in the shadow of the March 15 terror attacks. That day changed the lives of the families of the 51 who died, those who were hurt or injured, and the wider community, particularly the Muslim community.

As a country we must continue, as the Prime Minister said in the days after, to walk alongside them in their grief. In addition, we need to take the lessons from this tragedy to build a better, kinder, more inclusive country. Over the last two months and in this Budget we have made provision for a number of direct responses to the terror attacks.

We have increased funding for mental health support services in Christchurch, put in place funding for additional financial support for families, and increased funding for support to our wider ethnic communities.

This Budget also sets aside $150 million for the gun buy-back scheme based on initial advice from officials. Any additional funding that is required for the scheme will be sought as needed.

Following on from the Royal Commission into the attacks we will consider what funding or support is required to ensure our security and intelligence services provide New Zealanders with the information and confidence they need. In the meantime this Budget allocates an additional $50 million to support the New Zealand Intelligence Community to continue its work.

Mr Speaker,

This is usually the point in a Minister of Finance’s Budget speech where they discuss the economic and fiscal outlook.

But in applying a wellbeing approach to this Budget, we have not only examined the performance of our economy and finances, but also the welfare of our people, the health of our environment and the strength of our communities. So, the Budget presents a wellbeing outlook.

My ambition is that from now on, at every Budget, New Zealanders will be able to clearly see the direction their country is travelling in and how the Government of the day plans to influence that direction with the investments it makes.

**Wellbeing Outlook**

Mr Speaker,

Evidence from the Treasury’s Living Standards Framework which is made of four elements of wellbeing suggests New Zealanders currently have relatively high levels of wellbeing, but there are significant gaps.

The state of our financial and physical capital is broadly strong. New Zealand has relatively high material living standards and the economy is forecast to grow at 2.6 per cent on average over the next five years. While this is a lower growth rate than we have seen in recent years, it is still well ahead of forecasts for other advanced economies, including the US, UK and Canada.
The labour market is strong, with unemployment at 4.2 per cent and set to remain at around 4 per cent across the forecast period.

Wage growth is strong and is expected to average 3.4 per cent over the next five years, ahead of inflation.

The Government’s books are in good shape. The Treasury forecasts the Government’s fiscal position to remain strong, with surpluses across the forecast period and net debt reducing to below 20 per cent of GDP in 2021/22, consistent with our Budget Responsibility Rules.

Analysis of our human capital suggests that on average, New Zealanders are healthy and well-educated. Life expectancy continues to gradually increase and is above the OECD median. Our adult skill level is in the top performing OECD countries, and our expected educational attainment is above the OECD median.

Although the condition of our natural capital is generally worsening, the proportion of New Zealanders with access to suitable drinking water has gradually improved in recent years. In comparison to other OECD countries, the quality of our air is good in most places and at most times of year.

Evidence of our social capital suggests that New Zealanders are well connected. We generally have a strong sense of belonging and are in the top performing OECD countries for indicators like freedom from corruption, trust in others and trust in government institutions.

Despite these areas where New Zealand is relatively successful, our analysis has shone a powerful light on where the Government needs to intervene and invest to improve the overall wellbeing of New Zealand.

These areas of need include New Zealand’s poor mental health outcomes, significant numbers of children living in poverty, the country’s high levels of greenhouse gas emissions, unequal growth and low productivity, and significant disparities across indicators of wellbeing between Māori and Pacific peoples and other ethnic groups.

**Child Poverty Report**

Budget 2019 marks New Zealand’s first ever Budget Day report on child poverty. Our goal, as articulated by the Prime Minister, is for New Zealand to be the best place in the world to be a child.

We have passed legislation in this House to make sure that Governments now – and in the future – are held to account for decisions that have impacts on children living in poverty. The Child Poverty Reduction Act will help to ensure an enduring focus on reducing child poverty, political accountability against published targets, and transparent reporting on the progress we are making.

The Child Poverty Report indicates that as at 2017/18 around 180,000 New Zealand children lived in poverty, on a before housing costs measure, and around 250,000 on an after housing cost measure.

The Government has already set ambitious 10-year targets to halve child poverty and three-year targets to significantly reduce the rates.
This Budget builds on the Families Package from last year that came into effect after the baseline data for this report.

It also increases incomes and gives our education system the resources to help make New Zealand one of the best countries in which to be a child.

The Child Poverty Report indicates that, due to our policies, by 2020/21 we will reduce the number of children in poverty on the before housing cost measure by between 41,000 and 66,000 children, and between 50,000 and 74,000 children on the after housing cost measure.

I encourage members to read the full report in the Budget documentation.

**Wellbeing Approach**

Mr Speaker,

In producing this Budget we have drawn on the 61 indicators within the Treasury’s Living Standards Framework dashboard that cover everything from incomes and home ownership rates to subjective wellbeing and our sense of connection to our communities. We have looked at international and national evidence, including the views of the Government’s Science Advisors, Ministries and Departments, as well as other inputs such as the Child Wellbeing Strategy.

No other New Zealand Government has used this level of evidence and statistical analysis as the foundation for a Budget.

The process for Budget decisions has also changed. In the past, Ministers and agencies focused almost exclusively on their own areas of responsibility when designing Budget initiatives – an approach that has not worked for addressing New Zealand’s long-term challenges.

This year Ministers worked closely together, focussing on how they could collectively tackle the Budget priorities as well as addressing their individual portfolios. There are many examples in this Budget where that collaboration has seen new and innovative programmes emerge.

Mr Speaker,

Through this robust process for Budget 2019, we set five priorities grounded on a solid body of evidence. I will shortly work through the detailed initiatives within each of these priorities.

We are also making the significant investments necessary to meet cost pressures that have built up over the previous decade of underinvestment.

To do this, we have increased the operating allowances for new spending in this Budget to an average of $3.8 billion per year over the four year forecast period, an increase from the $2.4 billion set at the last Budget. We have also increased the multi-year capital allowance by $1.7 billion to $14.8 billion.

We have kept in mind the importance of balance and our commitment to carefully managing the country’s finances. We have maintained a sustainable surplus this year and kept debt at manageable levels.
This balanced investment approach is important given the continuing risks of the trade disputes between the US and China, Brexit uncertainty, and a slowing global economy.

The increased government investment in Budget 2019 will stimulate the domestic economy in the face of this global slowdown, and outweighs the costs of higher spending and debt.

With interest rates at historic lows, now is the time to make the high value investments we need to secure our future living standards.

The Public Finance Act obliges us to present a long-term fiscal strategy. This year that takes us beyond the five year commitment made by this Government to our current debt target, in our Budget Responsibility Rules.

We have decided that this prudent buffer should be set out as a net debt to GDP percentage range, rather than nailed to a single figure after the expiry of our current debt target in 2022. That range is set to be 15-25 per cent. A range gives governments the capacity to take well-considered actions appropriate to the nation’s circumstances – circumstances that change over time. It establishes boundaries within which debt is kept to sensible and sustainable levels and fiscal choices are driven by impact and value.

The Budget shows net core Crown debt tracking at just under 20 per cent throughout the long term projections out to 2032.

**Budget Priorities**

Mr Speaker,

Turning now to the major priorities of the Wellbeing Budget.

*He Ara Oranga* (the report of the Inquiry into Mental Health and Addiction) revealed that we need a whole new approach to mental health and addiction in New Zealand.

As it stands we only have mental health and addiction services for those with the highest needs. People with emerging issues, or mild to moderate mental health or addiction needs, have largely been left on their own, or have had to wait too long to get help.

Most New Zealanders will have themselves or have a friend or family member who has struggled with addiction or with their mental wellbeing. Data suggests one-in-five New Zealanders experience mental health and addiction challenges at any given time.

This comes at huge cost to individuals, families – and to the economy. It’s estimated that in 2014 the economic cost of serious mental illness alone was $12 billion, or five per cent of GDP.

It is time to finally take mental health seriously.

This Wellbeing Budget makes an investment of $455 million to create new frontline services for mental health.

The Government’s aim is to transform our approach so that within five years every New Zealander who needs it has access to a range of free services that support and maintain their mental wellbeing.
This new layer of services will put trained mental health workers in doctors’ clinics, iwi health providers and other health services so that when people reach out for help there is a trained mental health worker immediately available.

Mr Speaker,

If there is one issue that has brought discussion about mental health and addiction to the fore in recent years it is New Zealand’s tragic suicide rate. One death from suicide is one death too many and the effects of each suicide on friends and family is devastating.

This Wellbeing Budget is investing $40 million into suicide prevention services, to give at risk people intensive support. This includes better recognition and support for people who have self-harmed or experienced suicidal distress.

Demand for addiction treatment services has grown steadily over the last decade, and we need to do more to support people struggling with alcohol and drugs. That starts with early intervention. Investments in this Budget will make it easier for an estimated 5,000 people a year to get early support through primary care for alcohol and drug issues.

Budget 2019 also provides $44 million over four years to improve existing drug addiction services, with a focus on residential care, detoxification services and ongoing support for more than 2,000 people that are currently receiving assistance.

We also need to upgrade current facilities and add capacity by building new facilities. That’s why we’re investing $200 million into new and existing mental health and addiction facilities.

At the same time as we develop new models of mental health and addiction treatment, we also need to do more to support and expand existing services. As part of the overall funding boost for DHBs a total of $213.1 million is ring-fenced to enhance mental health and addiction services.

Budget 2019 supports the mental health of our young people by extending nurses in schools to a further 5,600 students by commencing the rollout to decile 5 secondary schools at a cost of $19.6 million over four years. We have also previously backed the integrated therapies programme, Piki, to support those aged 18 to 24.

This Budget also helps address some of the most pressing causes and effects of mental health issues that lie outside of the health sector.

Budget 2019 is investing $197 million into Housing First, meaning a total of 2,700 people will now have their lives turned around by helping them into permanent homes. This represents the largest government investment ever in addressing chronic homelessness.

The Government is also investing $128.3 million over four years in mental health and addiction services in our Corrections system. Not only is there a clear need for better treatment in our prisons, we know that by supporting offenders to overcome addiction we can save taxpayers in the long run by reducing reoffending.

Taken together, the investment in our mental health priority is worth $1.9 billion. I want every mother, father, brother, sister or friend who has seen their nearest and dearest suffer to know that we have heard the call and we are answering it – mental health is no longer on the periphery of our health system, it is front and centre in all our wellbeing.
Mr Speaker, our second priority is to Improve Child Wellbeing.

We know that every year, almost 300,000 children are affected by domestic violence. Within the State care system, nine out of 10 children and young people have had a family violence incident in their lifetime, half within the last year.

Addressing family and sexual violence requires working in new and different ways across government, with communities and with Māori. Through the Wellbeing Budget process, eight government agencies have taken shared responsibility for this issue through a joint venture, and developed a single, whole-of-government package of initiatives to address New Zealand’s long-term record on family and sexual violence.

The $320 million package includes funding and support for:

- sexual violence crisis support services for children and young people;
- enabling victims of sexual violence to give evidence in alternative ways to reduce the risk of experiencing further trauma;
- dedicated funding for a kaupapa Māori response to sexual violence; and
- covering one million New Zealanders with Integrated Safety Response sites.

There has never before been investment of this scale in preventing and responding to family and sexual violence. I want to particularly acknowledge the leadership of Parliamentary Under-Secretary Jan Logie in pulling together this ground-breaking package.

Mr Speaker,

If all New Zealand’s children are to do well, we must do more to break the cycle and stop our most vulnerable from falling through the cracks.

The Wellbeing Budget starts to deliver a new system by targeting investment towards providing the very best care for children at serious risk and in the most need of help. I want to thank the Minister for Children, Tracey Martin, for her strong advocacy for children in care.

A new Intensive Intervention Service will use highly skilled support workers to help families and whānau of children most at risk of entry into the State’s care to remain safely at home.

This will cover around 150 families and 400 children in its first year. In addition, the Budget provides $26.7 million for the Ministry’s NGO partners currently providing early intervention services.

This Budget is investing $525 million into care to back new National Care Standards. We’re also investing in extra capacity, with 350 additional frontline staff including social workers, and more caregivers.

Legislative changes mean most 17-year-olds will be included in the youth justice system from 1 July 2019. The Wellbeing Budget provides extra funding to make this transition successful and to improve the outcomes for some of the most vulnerable children in our care.
Mr Speaker,

This Government is committed to ensuring the welfare system is fairer and upholds the dignity of New Zealanders that need support from it.

We have already announced that we will increase abatement thresholds for those on benefits who work in line with increases to the minimum wage and to remove the punitive sanctions for those women who do not name the father of their children.

Today we add to that by taking the decision that the Government will index main benefits to average wage increases. In 2017 the Children’s Commissioner, Andrew Beecroft said the single best thing that the government could do to combat child poverty was the indexation of benefits. Today that is exactly what we will do. It is estimated that around 329,000 individuals and families will be better off as a result.

Mr Speaker,

Evidence tells us that educational outcomes early in life are linked to child wellbeing, and the potential for positive outcomes later in life.

Through the Wellbeing Budget, this Government is delivering a number of significant investments to improve New Zealand’s education system. This includes investing in more teachers, including training an additional 2,480, employing more than 600 Learning Support Coordinators in schools, and increased funding for operational grants to meet demand and cost pressures.

This Budget will also reduce the financial pressure on families when it comes to their children’s education. The idea of a free education has been compromised by ever-increasing so-called voluntary donations.

So from the start of the next school year, all decile 1-7 state and state-integrated schools, will be eligible to receive $150 per student per year if the school agrees to stop requesting donations from parents. Nearly half a million children at 1,700 schools will benefit from this.

Meanwhile, more than 145,000 households are estimated to benefit from the removal of the $76.70 NCEA fee that families pay every year for around 168,000 secondary students.

Mr Speaker,

Evidence also shows how children’s nutrition and physical activity are linked to their academic achievement. I am particularly proud that this Budget provides a $47.6 million investment for an innovative joint initiative from the Ministry of Health, Ministry of Education and Sport New Zealand to promote healthy eating and physical activity for children.

All schools and early learning centres will be supported with new resources including health promotion guidelines and staff, and school physical activity advisors. This is an excellent example of the joined-up government approach to wellbeing, with the project a true collaborative effort from the three agencies.
Mr Speaker,

Our next priority is Supporting Māori and Pasifika Aspirations.

As a Government we have committed to doing things differently for Māori and Pasifika.

The evidence in the Wellbeing Outlook shows Māori and Pacific peoples score consistently lower on most areas of wellbeing relative to the general population, including in measures of income, education and housing.

That is why this Government has made targeted support for Māori and Pasifika aspirations a priority for Budget 2019.

The centrepiece for this is the allocation of an additional $80 million to support whānau through Whānau Ora.

We are also investing a further $50 million to reduce health inequities for Māori and Pacific peoples by providing targeted services and support, and growing our Māori and Pacific health workforces.

To further help Māori open up economic opportunities, the Government is investing $56 million over the next four years to unlock the potential of Whenua Māori. Current research shows that 600,000 hectares, nearly 40 per cent of Māori land, is underdeveloped.

Mr Speaker,

Seventy-six per cent of those in high security Corrections settings identify as either Māori or Pacific. The reimprisonment rates of people released from high security are above 70 per cent.

That's why the Wellbeing Budget contains $98 million in funding for a new kaupapa-based corrections pathway, including for high-security prisoners. The initiative is co-designed by Whānau Ora, Corrections, the Ministry of Social Development and Iwi, and aims to tackle the long-term challenge of Māori overrepresentation in the prison system. I want to credit Minister Kelvin Davis for his role in leading this work.

The new pathway will enable people to experience a Māori and whānau-centred approach for all of their time with Corrections.

We are acknowledging that our system does not work for the majority of Māori. This is a system change and a culture change for our prisons.

Mr Speaker,

Our languages speak to our sense of belonging, our identity and our understanding of how we came to be here.

The Government has an aspiration that basic te reo Māori will be spoken by a million people in Aotearoa by 2040. Nearly $10 million in this Budget will fund Te Taura Whiri, the Māori Language Commission, and support an increase in certification for te reo teachers.

A further $14 million is being invested over the next two years to support Te Māngai Pāho to fund more te reo Māori and Māori focussed content for broadcast across the motu.
Pacific languages in New Zealand are also an important part of our cultural wellbeing. However, without action we risk losing a sense of culture and belonging for our Pacific people. The Budget provides $20 million to establish a new Pacific Language Unit, with a set of language support functions to help ensure the survival of Pacific languages in New Zealand.

Through this Budget we’re investing $27.4 million to ensure Pacific students and their families have the skills, knowledge and opportunities to pursue any education pathway. We’re also investing $14.5 million to place up to 2,220 Pacific young people into employment, education or training.

This Budget supports Pacific businesses through an $11 million investment in the Pacific Business Trust to expand the delivery of a range of business services, and support economic development activities focussed on growing Pacific businesses and job opportunities.

Mr Speaker,

The next priority is Building a Productive Nation so that New Zealanders thrive in the digital age.

Productivity growth is a key driver of incomes, both at a household and country level. But New Zealand has struggled for decades to be productive. We are committed to turning this around.

This will require industries and businesses to innovate and adopt cutting edge technology. It also means New Zealanders will need to acquire new skills to take advantage of the opportunities in the changing job market.

Budget 2019 allocates $157 million into innovation, with initiatives to support businesses to become more productive and develop high value low-emissions products. $26 million of this will go towards helping commercialise science and research and turn ideas into products and services.

This package will support the Government’s target to invest two per cent of New Zealand’s GDP into research and development by 2027.

Mr Speaker,

There is evidence of a gap in our domestic capital markets, which may be slowing the growth of New Zealand firms. This gap is not being filled by current venture capital.

In a productive economy it’s important to have well-functioning early stage capital markets and a healthy start-up ecosystem. New start-ups are well served but expansion after the start-up phase is not well supported.

So Budget 2019 establishes a new $300 million fund to support the New Zealand Venture Investment Fund in making venture capital investments to take start-up businesses to the next level.

The Guardians of the New Zealand Super Fund will support this new investment though governance and by leveraging their investment expertise.
Mr Speaker,

The Government wants to make sure New Zealanders are equipped with the skills they need to adapt and thrive as their workplaces change, and to ensure young people entering the workforce are well prepared.

This Government has launched a vital reform of our vocational education and training system. We need more high quality accessible trades training and apprenticeships. But at the same time our polytechnic system is struggling. We need better coordination with on-the-job training and a nationwide coordinated system that supports quality regional provision. This Budget allocates $197 million to support these changes.

The Wellbeing Budget boosts Mana in Mahi, the programme that subsidises employers to take on apprentices, extending the places available from 150 to almost 2,000, and progresses towards our goal of 4,000 places.

An additional $26.6 million is allocated through the Provincial Growth Fund to extend He Poutama Rangatahi to assist young Māori and Pacific people who are not in employment, education or training and are at risk of long-term unemployment.

The Wellbeing Budget continues the development of the School Leavers Toolkit to better equip young people for life after leaving school. The goal of this programme is for all secondary school students to have access to programmes which will provide civics knowledge and skills, financial literacy, and key workplace competencies.

Mr Speaker, the final Budget priority is Transforming the Economy.

As an outward facing export nation the risks to New Zealand from climate change cannot be underestimated. More frequent and intense weather events will affect the country’s agricultural and horticultural sectors, with flow-on implications for exports and the economy as a whole.

The transition to a low-carbon economy will take time and Budget 2019 is an important step.

It provides funding to ensure the Independent Climate Change Commission can provide the advice, guidance and monitoring New Zealand needs to reduce greenhouse gas emissions in line with our goal of limiting global warming.

Budget 2019 also allocates significant investments into research and development initiatives to develop new ways to reduce emissions.

$8.5 million will be invested in the Global Research Alliance on Agricultural Greenhouse Gases together with an investment of $3.2 million for the Agricultural Climate Change Research Platform. This will support world-class research here in New Zealand to help agriculture deal with the effects of climate change.
Mr Speaker,

So much of what New Zealand relies on for wellbeing is derived from the land. Changing the way we use our land can have significant benefits for the health of our waterways, contribute to our climate change goals and increase productivity.

The Wellbeing Budget provides more support for farmers and councils to make positive land use changes. A $229 million Sustainable Land Use Package will invest in projects to protect and restore at-risk waterways and wetlands and provide support for farmers and growers to use their land more sustainably.

The Budget provides support to address capability gaps and inconsistent practices across regions in relation to the development and implementation of freshwater rules. This includes improving consistency between councils, better compliance and enforcement, better engagement with Māori, and improving scientific knowledge to inform plan development.

Forestry plays a critical role in improving water quality, reducing carbon emissions and creating jobs. The Wellbeing Budget allocates over $49 million to help transform the forestry sector and support our One Billion Trees programme. Combined with existing funding, this equates to an investment of $58 million in Te Uru Rākau.

Foresters and landowners will have the support they need to increase the value they receive from wood and timber resources.

I want to congratulate the combined group of Ministers who worked together across portfolio and agency boundaries to bring this package forward.

Mr Speaker,

Rail has huge benefits for New Zealanders' wellbeing, including unlocking regional economic growth, reducing emissions and traffic congestion, and preventing deaths and injuries on our roads. The previous Government took a hands-off approach and left rail in a state of managed decline.

Today we begin to turn this around.

Budget 2019 invests more than $1 billion over the next two years in modernising KiwiRail. These are the first steps in implementing our Future of Rail programme. This includes $375 million for new wagons and locomotives, $331 million to invest in track and other supporting infrastructure, $300 million from the Provincial Growth Fund for regional rail and $35 million to begin the process of replacing current ferries that are nearing the end of their life.

Mr Speaker,

Alongside this investment in rail, this Budget makes other significant investments in our infrastructure.

One of New Zealand's greatest long-term economic challenges has been underinvestment in our crucial infrastructure.

We are committed to closing this infrastructure deficit.
Mr Speaker,

This year we have shifted to a rolling multi-year capital allowance. In the past, Governments have set a single-year capital allowance for the coming year.

This approach has meant trade-offs were made between initiatives submitted in a single year, rather than based on a medium or long-term view of likely capital requirements.

The multi-year capital allowance allows the Government to make better long-term investment decisions and provide greater clarity for the construction sector. We have established the New Zealand Infrastructure Commission, Te Waihanga, funded through this Budget. Its job includes producing an infrastructure pipeline and developing a 30-year strategy to provide certainty about the long-term infrastructure requirements of New Zealand.

Mr Speaker,

The Wellbeing Budget, for the first time, makes a multi-year commitment to building new schools and classrooms by setting aside $1.2 billion funding for the first waves of a 10-year School Property Programme.

Budget 2019 allocates $286.8 million in capital for the first wave of investment to build the new schools and classrooms referenced above. A traditional Budget would have stopped there, leaving uncertainty about what funding would be made available in future Budgets.

The multi-year capital allowance means we can now plan further ahead. An additional $913.3 million is being set aside in this Budget to allow the Ministry of Education, as well as schools and communities, to better plan for growth over the next 10 years.

This is the largest ever investment in school property by a New Zealand Government.

Mr Speaker,

Last year, DHBs reported that about 19 per cent of their assets were in poor or very poor condition. The current Government inherited issues with earthquake-prone hospitals, asbestos, leaky roofs and buildings that have simply come to the end of their useful life.

That’s why Budget 2019 includes two years of capital funding for health: $850 million for 2019/20 and a further $850 million for 2020/21. On top of the $750 million invested last year, we are delivering on fixing our hospitals.

In addition, the Coalition Government has committed to the rebuild of Dunedin Hospital. Budget 2019 sets aside the money for the rebuild, which will be allocated over the life of the project.

These crucial investments in our schools and hospitals are the central components to the Government’s infrastructure package in Budget 2019. In addition the Budget contains a host of investments that support the provision of critical public services and provides for new programmes across portfolios, that I do not have time to fully outline today.
Mr Speaker,

Before I finish today I want to be clear that, as significant as it is, this Budget is just one step in a longer process of reforms. For the Government to embed wellbeing into how we undertake public policy and make decisions, we need to go beyond the Budget process.

We are amending the Public Finance Act to ensure that broader framing is used in the development of each Budget, as we have done with the Budget delivered today. Each year, the Government will be required to set out how its wellbeing objectives, together with its fiscal objectives, will guide its Budget and fiscal policy. In addition, the Treasury will be required to report on current and future wellbeing outcomes at least every four years.

The Government will also reform the public finance system and the State Sector Act to reduce risk aversion, promote innovation, and support a more rapid response by the public sector to issues and challenges. This will mean changes to budgeting, planning and accountability requirements for agencies.

Mr Speaker,

The Wellbeing Budget is about a new approach to tackling New Zealand’s long-term challenges. We do not claim perfection on this first attempt. But we do believe that this Budget represents a significant step forward.

Our priorities are clear:

• taking mental health seriously;
• breaking the cycle on child poverty and domestic violence;
• supporting Māori and Pasifika aspirations;
• investing in crucial national infrastructure, like building new hospitals and schools; while
• managing the books responsibly; and
• addressing long-term economic challenges such as building a sustainable economy and preparing for the jobs of the future.

In 1968 Robert Kennedy bemoaned the limits of GDP in a well quoted speech. In it he concluded that it “measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country. It measures everything in short, except that which makes life worthwhile.”

Today, Mr Speaker, 51 years on, we begin through this Budget to value and to measure all that makes life worthwhile in New Zealand.

Mr Speaker, I commend to this House, the Wellbeing Budget.