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## **Finance minister's pre-Budget speech signals funding boost for health**



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Finance minister Nicola Willis (pictured at her swearing in ceremony at Government House) says the Budget spending will be focused on front-line service delivery

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Plans to boost health funding have been signalled by finance minister Nicola Willis in a pre-Budget speech this morning.

But Ms Willis' address lacked any details on which areas the Government plans to target with the money and how much of it is new spending.

Health minister Shane Reti signalled in March that any changes to capitation and primary care funding could be 12 to 15 months away. And Ms Willis confirmed Budget 2024 will be tight, with an operating allowance of less than \$3.5 billion.

"That's less than the previous Government's allowance and it will be adhered to – a first in recent years," Ms Willis says. "That has been possible because of our Government's willingness to redirect existing spending to a better purpose. It may be a surprise to some, but certainly not to me, that we can, and we should, always be looking for ways to work better, smarter and more efficiently with taxpayers' money."

## **Front-line services to be targeted**

“Our Budget will prioritise targeted new spending for the essential front-line services you rely on. You can expect a significant funding boost for the health system and targeted new investment in other essential front-line services including education, disability services and police.

“Our approach is about more than new money. The investments we make will be resolutely focused on front-line service delivery, putting money where it will deliver results that matter for you.”

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## **Public service spending**

Ms Willis also highlighted the Government's push to cut public service spending and confirmed it had already achieved its savings target.

"On taking office at the end of last year, we acted quickly with our mini-Budget to rein in government spending – banking \$7.5 billion of immediate savings and quickly setting up a programme to find \$1.5 billion of ongoing annual savings across government agencies," she says.

"This has meant that in the case of some agencies, including the Ministry of Health, the Ministry of Education, the police, Oranga Tamariki and the defence force, every single dollar of savings found has been redirected towards improving the front-line services that agency is responsible for delivering."

**Budget 2023 health allocation**

The previous Government committed \$26.5 billion to health in Budget 2023. The so-called “no frills” Budget included \$99 million for the winter response, \$118 million to reduce waiting lists and \$20 million to improve health equity for Māori and Pasifika. More than \$1 billion was earmarked to increase health sector pay rates and boost staff numbers, with a further \$20 million to boost COVID-19 immunisation and screening coverage for Māori and Pasifika.

**New social agency in July**

Ms Willis also announced the Government's plans to establish a new Social Investment Agency to replace the Social Wellbeing Agency from 1 July this year.

"Social investment is about driving better results from social services – particularly for our most vulnerable New Zealanders who are too often failed by the status quo. It's about intervening early to prevent a child's life from veering off track. It's about fulfilling human potential," she says.

"Because the sad reality is that despite the Government currently investing more than \$70 billion every year into well-intentioned social services, we are not seeing the outcomes we want. We can see the lack of appropriate support for the most vulnerable reflected in rises in welfare dependency, declining educational attendance and achievement levels, and rising rates of youth and violent crime.

"Social investment is a systematic way of using data, evidence and modern analytics to invest in earlier and better intervention that breaks these cycles of despair."

## **Tax cuts front and centre**

Central to Budget 2024 is the Government's plan to deliver tax cuts.

"I can confirm that our Budget will deliver further tax relief. Its focus will be income tax relief aimed at middle and lower-income workers. The relief will be meaningful, but modest," she says.

"It is overdue. Unlike most developed countries, New Zealand has made no adjustments to tax brackets to compensate for rampant inflation. Indeed, New Zealanders have not seen any changes to personal income rates and thresholds for 14 years, despite prices being 40 per cent higher now than they were in 2010."

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