

Budget analysis

The Government approach in its 2021 budget was focused on addressing child poverty, mainly through increased support for people on benefits. The budget is expected to lift up to 33,000 children out of poverty, although 180,000 to 190,000 children are expected to remain in poverty, despite their families being slightly better off. Various other measures will support children, families and the education system to some extent. A review of the Working for Families tax credits has also been signalled, with the potential to reduce child poverty further.

Benefit changes

The benefit increases, \$20 from this July and a further \$12 to \$35 next April, will make a significant difference to the income of many families. Couples will for the first time be treated as individuals, meaning families will get up to \$110 a week.

Benefit increases were in line with the recommendations from the Welfare Expert Advisory Group (WEAG) that reported in 2019. However, they take full effect in April 2022, meaning the impact is diminished by three years of inflation, particularly housing inflation, which has been significant in this period.

Training Incentive Allowance

This allowance enables single parents, often women, to study to improve the financial outlook for themselves and their family long term. Educational opportunities for parents have been shown to have a beneficial impact on children's education outcomes and expectations.

The allowance of up to \$114 a week can be used for study costs such as fees, books, transport or childcare costs and takes effect from July. This may be a way for encouraging those on the benefit, particularly Māori and Pacific people, to study for early childhood teaching qualifications. Student allowances will also rise from April next year, by \$25 a week.

Māori initiatives

The budget provided \$1.1 billion for Māori initiatives: \$380 million for housing including 1000 new homes including papakāinga, repairs to 700 Māori-owned homes and expanding support services; \$242.8m for health initiatives including setting up the new Māori Health Authority; \$150m in Education including lifting kōhanga reo teachers' pay; \$42m to build a sustainable Māori media sector and programme content; \$15m for Māori tourism; \$14.8m for the Māori language strategy.

Pacific Initiatives

\$108 million was provided to help Pacific communities recover from Covid 19. This includes boosting the Tupu Aotearoa programme that supports Pacific people into training and employment, establishing a Pacific Wellbeing strategy to measure wellbeing across government programmes, supporting Pacific business affected by Covid with 16.2 million.

In Pacific education, there is \$20.8 million to support Pacific bilingual and immersion education in schools and \$5 million to support embedding Tapasā in the education sector as well as \$5.1 million to develop the Tokelauan language and the Niue language as NCEA subjects. .

Education

Education leaders are clear that the increase in welfare support is a major improvement that will enhance children's education.

There has also been a small increase in ECE funding of 1.2 per cent from next year, – and for kindergarten, an amount already announced that compensates for a salary increase in July. The funding for pay parity for teachers in early learning centres outside kindergartens was also announced. Services that opt for the extra funding will need to attest to paying the first six steps of the Kindergarten Teachers Collective Agreement.

There were various other small initiatives in education including \$677 million for learning support in schools including wrap-around and truancy services and alternative education.

Employment

Sick leave changes which came in just before the budget will benefit families enormously, by doubling the amount of sick leave available to everyone from five to ten days a year.

Health

Increased health funding comes in the wake of health reforms that include a separate Māori Health authority and a national health service to replace District Health Boards. There's \$500 million for these reforms, while existing public health services receive a five per cent increase. Specific programmes to be funded include an extra \$200 million for Pharmac for extra drug spending, money for do-it-yourself home cervical screenings tests, and more for maternity services and family planning.

Overall

The Child Poverty Action Group provided a detailed analysis of the budget, including graphs that explain how families are affected in different circumstances including in different regions where various accommodation supplements apply. [CPAG-Budget-2021-AnalysisSummary.pdf](#) The new benefit rates will be indexed to wages which should see them rising over time.

Although there is still a long way to go to address child poverty, with housing particularly being a significant factor, the Government has adopted a clear holistic approach that aims to produce a more equal society over time.