

# New Zealand budget delivers billions for the military, starves public services

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The Labour Party-led government delivered its second budget on Thursday, which it fraudulently promoted as a “wellbeing” budget. Finance Minister Grant Robertson told parliament it would address “New Zealand’s poor mental health outcomes, significant numbers of children living in poverty” and the environmental crisis.

In fact, despite nationwide strikes by teachers and nurses, the budget continues to starve essential services, including healthcare, education and housing, which have been subject to more than a decade of severe austerity measures since the global financial crisis of 2008.

The aim of the Labour-led government, no less than the 2008-2017 National Party government, is to keep taxes low for the rich and corporations, while making the working class pay for the crisis of capitalism and intensifying preparations for war.

The economy faces deepening turmoil internationally, driven primarily by the Trump administration’s economic war against China, New Zealand’s largest trading partner. Robertson warned in a post-budget speech on Friday: “There is a global slowdown and it is impacting on New Zealand... The US-China trade war is showing no sign of actually stopping at this point.”

The *New Zealand Herald*’s financial commentator Brian Fallow noted that an “air of dark foreboding” surrounded the budget’s discussion of international risks. There was also “the increasing risk that Britain will crash out of the European Union without a deal, or of a shooting war in the Gulf.”

Economic growth for the year to June 2019 is expected to be 2.4 percent, down from a previous Treasury forecast of 2.9 percent. Treasury expects gross domestic product (GDP) to expand by 3 percent next year, but most media commentators have described this

as overly optimistic. Any further reduction would mean spending cuts. The government’s self-imposed “budget responsibility rules” mandate that core government spending remain under 30 percent of GDP.

According to an analysis by the *Herald*, overall spending is about 5.4 percent more than last year’s budget, when inflation and population growth are accounted for.

The most significant funding boost is to the Defence Force, increasing its allocation by an extraordinary 23 percent, from \$4.11 billion last year to \$5.06 billion in 2019-2020. Much of this will go toward buying four new air force planes. The Labour-led government, with the right-wing nationalist NZ First playing a major role, is upgrading the military in order to fully integrate the country into the US build-up to war against China.

Likewise, the intelligence agencies, the Government Communications Security Bureau and the Security Intelligence Service, received a funding boost of about 25 percent each. With social unrest and global tensions rising, the aim is to further enhance their ability to spy on the population in New Zealand, the Pacific region and countries such as China.

The opposition National Party, which leaked key details of the budget two days early, hypocritically denounced Labour for having “money for tanks but not for teachers.” In fact, the spending is part of a bipartisan plan, announced in a 2016 Defence White Paper, to spend \$20 billion on military upgrades over 15 years. Labour and the Greens backed the plan, while NZ First demanded even more money be spent on war preparations.

An increase of \$614 million for the Ministry of Education will barely cover population growth and inflation. It does not address the deep crisis in schools. The day before the budget was announced, 52,000

teachers took part in one of the biggest strikes in New Zealand's history to demand pay increases of 15 to 16 percent—following an effective decade-long pay freeze—smaller class sizes, more resources and less workload.

Prime Minister Jacinda Ardern, along with much of the media, promoted an extra \$1.9 billion in funding for mental health, suicide prevention and addiction treatment programs. The money, however, spread across five years, is completely inadequate given the scale of these social problems. And it is not matched by increased capacity in hospitals.

Funding for the country's District Health Boards is \$300 million below what is needed to maintain current services, according to the Association of Salaried Medical Specialists. "Many hospital services will continue to struggle with increasing demand, and current unmet need for services is unlikely to be addressed," the association stated.

There is a worsening situation in public hospitals, including a drastic shortage of staff. Tens of thousands are languishing on surgery waiting lists, including elderly people and young children. Last year, 30,000 nurses and healthcare assistants held a nationwide strike demanding improved wages and staff-to-patient ratios. The struggle was eventually shut down by the New Zealand Nurses Organisation, which imposed a sellout deal.

This year, 3,000 junior doctors have conducted five separate strikes. Ambulance paramedics, anaesthetic technicians and midwives have also taken industrial action.

Claims that the budget will reduce poverty, which affects one in four children, are completely hollow. The decision to index unemployment benefit increases to the average wage is expected to lift weekly welfare payments by a miserable \$17 by the year 2023. The government's own Welfare Expert Advisory Group recommended increasing poverty-level benefits by 47 percent, which the government rejected.

There are no measures to properly address the housing crisis. At least 40,000 people, one in 100, are homeless, but the budget only provides funding for just over 1,000 new emergency housing places.

The median weekly rent hit \$500 in April for the first time, after a 5.3 percent annual increase. The government's main response has been the Kiwibuild

scheme, which underwrites private developers to build houses and sell them for profit. The scheme has proven to be a debacle. Labour promised it would deliver 100,000 "affordable" houses over 10 years, but so far only 79 have been built, most of them priced around \$500,000 or more—well beyond the reach of most families.

Claims that the budget will deliver "environmental wellbeing" are a fraud. A Zero Carbon Bill, mandating carbon neutrality by 2050, is completely meaningless because none of its emissions reduction targets can be enforced. A \$229 million budget allocation to "clean up waterways" will largely provide handouts for the agriculture industry, one of the main sources of pollution.

The Ardern government's second budget sets the stage for increased social inequality and class struggle. Secondary teachers are planning further industrial action, starting next week. Other sections of the working class and young people will follow, coming into ever-more direct conflict with the Labour Party and its pro-business program of austerity and militarism.



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