

WHAT'S NEW JULY 2020

Central government's COVID-19 response and Budget 2020 investment

Budget 2020 is the second wellbeing budget for the current government. COVID-19 has seen the focus shift away from the government's published wellbeing priorities to economic and social recovery. This will be primarily achieved through the \$50 billion COVID-19 Response and Recovery Fund. It aims to preserve and/or create jobs through investment in specific sectors and additional investments to infrastructure and transport, housing and environment projects. Budget 2020 also focuses on social recovery through additional investments in health, social services, education, and continued efforts at reducing child poverty.

The key components of the government's COVID-19 Response and Recovery Fund that are relevant to each Auckland Plan outcome are set out below.

Belonging and Participation

Relevant directions and focus areas:

Direction 2 – improve health and wellbeing for all Aucklanders by reducing harm and disparities in opportunities

Focus Area 2 – provide accessible services and social and cultural infrastructure that are responsive in meeting people's evolving needs

Focus Area 3 – support communities to develop resilience in a changing world

Focus Area 6 – focus investment to address disparities and serve communities of greatest need

Key initiatives:

- \$5.6 billion for District Health Boards (DHBs) and the wider health system to maintain existing services and to prepare for pandemic response. Additional capital investment for DHBs.
- \$246.1 million investment in community services, including a significant funding boost for family violence service providers. This aligns with Direction 2 and Focus Area 2.
- \$1.6 billion in both government and non-government social services, which will support New Zealanders' education, employment and housing outcomes. This includes \$183 million for Family Violence Services. This will support the advancement of Direction 2, Focus Area 2 and Focus Area 6.
- \$12.1 billion package to support the immediate needs of New Zealanders, including the Wage Subsidy Scheme, a \$2.8 billion income support package for the most vulnerable, including a permanent benefit increase and a doubling of the Winter Energy Payment for 2020, and an initial \$500 million boost for health services. The boosts to income support and health services fit with Direction 2, Focus Area 2 and Focus Area 6.

- \$27 million package provided to social sector services and community groups to ensure they can continue to provide essential support to communities - included funding for community food distribution and extension of free school lunches programme; a further \$30 million support package was provided to bolster the delivery of food and welfare assistance (including emergency accommodation) by local authorities and Civil Defence Emergency Management Groups. This aligns with Direction 2, Focus Area 2 and Focus Area 6.
- Pre-budget, \$11 million distributed to budgeting and financial mentoring services; budget included an additional \$25 million over 2 years for budgeting services funded by MSD. Boosts to these services help advance Direction 2. Financial literacy services can support community resilience and therefore advance Focus Area 2 and Focus Area 3.
- The budget included \$990 million in measures directed to Māori, including \$137 million for Whānau Ora over the next 2 years; the budget also included a \$195 million Pasifika package. This generally aligns with Direction 2. The focus on Māori in particular fits with Focus Area 6.
- \$832.5 million to provide security of funding for services to people with long-term physical, intellectual and/or sensory impairment. Securing funding for these services fits with Focus Area 2.
- The Ministry of Health's COVID 19 Psychosocial and Mental Wellbeing Recovery Plan aims to protect and enhance people's mental wellbeing so that they can adapt and thrive after their lives have been disrupted by the COVID 19 pandemic. It seeks to build on the vision of He Ara Oranga: Report of the Government Inquiry into Mental Health and Addiction and the government's response. This aligns with Direction 2 of this outcome as well as Focus Area 2.

Māori Identity and Wellbeing

Relevant directions and focus areas:

Direction 1 – advance Māori wellbeing

Direction 2 – promote Māori success, innovation and enterprise

Focus Area 1 – meet the needs of and support aspirations of tamariki and whānau

Key initiatives:

- \$56 million initial response fund for Māori nationally including:
 - \$30 million targeted health funding for Māori
 - \$10 million whānau Māori community outreach
 - \$15 million Whānau Ora to reach into Māori communities
 - \$1 million to provide Māori businesses with advice and planning tools to tackle the economic impact.
- Budget 2020 included an additional \$900 million in response to COVID-19 Specifically Whānau Ora, Kohanga Reo, employment and skills training and housing challenges. A breakdown of this budget allocation for Tāmaki Makarau is not available but this targeted investment for Māori will have a likely impact across the outcome, in particular with Direction 1, Direction 2 and Focus Area 1.

Homes and Places

Relevant directions and focus areas:

Direction 1 – develop a quality compact urban form to accommodate Auckland’s growth

Direction 2 – accelerate the construction of homes that meet Aucklanders’ changing needs and preferences

Direction 3 – shift to a housing system that ensures secure and affordable homes for all

Focus Area 1 – accelerate quality development at scale that improves housing choices

Focus Area 2 – increase security of tenure and broaden the range of tenure models, particularly for those most in need

Focus Area 3 – improve the built quality of existing dwellings, particularly rental housing

Focus Area 4 – invest in and support Māori to meet their specific housing aspirations

Key initiatives:

- Immediate focus in lockdown on support for vulnerable people, including temporary accommodation. Further funding in Budget for transitional housing and local initiatives to tackle homelessness.
- Restrictions on evictions for a period of three months and on rent increases for six months to ensure that tenants did not have to face the prospect of homelessness during a global pandemic.
- Investment in housing and related infrastructure is a key element of central government’s recovery approach. This includes 8,000 new state or transitional homes, insulation and heating for 9000 homes, and \$40 million to deliver better housing for Māori. This aligns with Direction 2 and Direction 3 as well as Focus Area 1, Focus Area 3 and Focus Area 4.
- Implementation of fast track consenting, delivering infrastructure to enable housing development. These enablers may support progress with Direction 1 and Direction 2, with specific regard to Focus Area 1.
- \$85 million to implement Progressive Home Ownership scheme which will provide access to home ownership and include targeted programmes focussed on Māori outcomes. The scheme potentially advances Direction 3, while addressing Focus Area 2 and Focus Area 4..
- Extension of deadline for Healthy Homes Standards statement of compliance to allow landlords more time to access and upgrade properties. As long as the landlords take advantage of the extended deadlines to complete necessary upgrades, this would advance Focus Area 3.

Environment and Cultural Heritage

Relevant directions and focus areas:

Focus Area 3 – account fully for the past and future impacts of growth

Focus Area 4 – protect Auckland's significant natural environments and cultural heritage from further loss

Key initiatives:

- The RMA fast-tracking bill enables fast-tracking of key projects. Six out of the 11 projects in the first tranche are in Auckland. Consideration of key environmental impacts as well as the principles of Te Tiriti as per Part 2 of the RMA will still be required. Under the new process the consents are expected to take between 45 and 75 days and will be presumed to be granted. The act allows the minister to consider a range of issues in making a decision on proposals, including if projects involve providing infrastructure to improve environmental (and other) outcomes, improving environmental outcomes for coastal or freshwater quality, air quality, or indigenous biodiversity, minimising waste or contributing to New Zealand's efforts to mitigate climate change and transition more quickly to a low-emissions economy. However, these are not mandatory considerations and it is unclear how they will be balanced against other criterion by ministers and to what extent projects may support or undermine efforts to address environmental degradation.
- The Wellbeing Budget priorities included a Just Transition (supporting New Zealanders in the transition to a climate-resilient, sustainable, and low-emissions economy), however the focus on the recovery from COVID-19 seems to have deemphasised this focus.
- Climate Change Commission to review New Zealand's Nationally Determined Contribution under the Paris Agreement, and report back in early 2021 to inform the setting of emissions budgets by the end of 2021. The setting of emissions budgets will align with Focus Area 3 by encouraging future thinking and consideration around emissions as Auckland grows.
- \$1.1 billion has been set aside to redeploy Kiwis into "environmental jobs" over the next 4 to 5 years. It is unclear how much of that may be invested in Auckland. One of the key challenges articulated in the Auckland Plan is reducing environmental degradation. The government has stated that the first tranche of environmental jobs will be for conservation and restoration only. This would fit with Focus Area 4.

Transport and Access

Relevant directions and focus areas:

Direction 1 – better connect people, places, goods, and services

Key initiatives:

- Eleven projects have been identified in the first tranche of shovel ready projects for fast tracking under the COVID-19 Recovery (Fast-track) Bill, which is expected to be introduced to the House shortly. Transport projects for Auckland include the Britomart East Upgrade, Papakura to Pukekohe electrification, Northern Pathway and Papakura to Drury SH1 roading upgrade. Once the Bill passes these projects will be referred directly to expert consenting panels, which will set appropriate conditions on the projects before they can proceed. This aligns with Direction 1.
- The budget allocated \$1.1 billion to improve transport across the country; this builds on the \$6.8 billion NZ Upgrade Programme for Transport. Within the \$1.1 billion, \$421.7 million has been allocated over the next four years which is outside of the National Land Transport Fund for rail infrastructure. It includes funds for the European Train Control System for Auckland, which will provide safer and more reliable services on the Auckland metropolitan rail network.

Opportunity and Prosperity

Relevant directions and focus areas:

Direction 1 – create the conditions for a resilient economy through innovation, employment growth and raised productivity

Direction 3 – develop skills and talent for the changing nature of work and lifelong achievement

Focus Area 2 – ensure regulatory planning and other mechanisms support business, innovation and productivity growth

Focus Area 3 – advance Māori employment and support Māori business and iwi organisations to be significant drivers of Auckland's economy

Focus Area 5 – increase educational achievement, lifelong learning and training, with a focus on those most in need

Key initiatives:

- Wage subsidy and its subsequent extension to retain jobs.
- Increases in infrastructure spending to stimulate the economy. This could potentially build on Direction 1 (create the conditions for a resilient economy through innovation, employment growth and raised productivity) as the infrastructure projects may result in greater productivity and jobs. Given that many infrastructure workers are Māori, this could also indirectly feed into Focus Area 3.
- Environmental employment package – 1.1b to create almost 11,000 jobs to restore the environment. Depending on how much of the environmental job investment will be directed to Auckland, this could also potentially build on Direction 1 in a similar way to that of the infrastructure projects and their subsequent employment growth.
- COVID-19 Response Bill gives SMEs more than \$3 billion in tax refunds – by keeping cash in small to medium businesses, this broadly aligns with Direction 1 to support resilience in the economy. This may also fit with Focus Area 2.
- \$900 million to support whānau, hapū and iwi to deal with the fall-out of Covid-19, including \$400 million on Māori education, and \$200 million on a Māori Employment Package targeted at the regions and \$50 million Māori trades training fund. This could potentially advance Focus Area 3 by targeting funds towards Māori education and employment. This also broadly fits with Focus Area 5.
- Funding boosts for He Poutama Rangatahi, Mana in Mahi and Māori Cadetships Food and Fibre Skills Action Plan This could advance Focus Area 3 by targeting funds towards Māori education and employment. This would also fit with Focus Area 5.
- Education package for trades and apprenticeships. This supports advances in Direction 3 and in particular Focus Area 5.