

# Talking Cents

May 2017

Talking Cents is an ecumenical group charged by the Auckland Anglican Diocesan Council to promote an alternative to current economic and political thought, and to encourage debate within the church. Ministry units are encouraged to distribute these articles. This article is contributed by David Hall, a member of the Anglican Auckland Social Justice Group

## The Budget – will it be a moral document?

I was recently reading an article by Jim Wallis, President of Sojourners, entitled “Truth that bears repeating: A Budget is a Moral Document”<sup>1</sup>. Jim Wallis was talking about the first budget proposal of the new President, Donald Trump, and his desire to substantially increase spending on defence and border security and cut back substantially on social spending.

On 25<sup>th</sup> May 2017, the new Finance Minister, Steven Joyce, will present his first, and maybe his last, budget for New Zealand. This Budget will be presented just 4 months before the General Election and is expected to be National’s big opportunity to present policies that may/could win the September General Election.

What is a budget? The straight-forward answer is a list of expected and estimated incomes and expenditures over a period of time that can be used to monitor actual income and expenditure over the same period of time. In essence, a budget is a tool to help control the income and expenditure of an individual, a household, an organisation, a company etc. In other words, a budget helps us manage our financial resources. It is an accounting tool, plain and simple.

But is it that simple? Even at the personal and household level, drawing up a budget indicates priorities and values. How much do you budget on alcohol, how much on eating out, how much

do you plan to give to charity in the year? Jim Wallis certainly has a very important point when he says that “The Budget is a Moral Document”.

The national budget process in the USA is significantly different from the process we have in New Zealand. In the USA, there is much more “horse-trading” between different interest groups to get particular projects included, projects that will have an impact in a Member of Congress’s local area. For example, it may be very difficult to close an unnecessary military base in a state where the local congressional representatives vote is critical to passing the complete budget. The impact of lobbyists also has a very significant effect on budget decisions and adds to the horse trading. The USA National budget is very much a political document which may, or may not, have any moral base.

The President proposes the budget and then must work with whatever Congress finally gives him. Yes, the President does have the power of veto over the final document but that is basically academic as to veto the budget bill would almost certainly mean that the US Government would run out of money. President Donald Trump may well find the process difficult to live with after years of making his own decisions.

But what about our New Zealand Budget? Is it just a very large accounting exercise, or are there moral and political considerations?

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<sup>1</sup> <https://sojo.net/articles/truth-bears-repeating-budget-moral-document>

As Christians, how do we respond to the priorities that the Government uses to come up with the document we will see on 25<sup>th</sup> May? Unlike in the USA, what Steven Joyce presents on 25<sup>th</sup> May will, except for very minor changes, be what the House of Representative finally agrees to and the Governor General signs. This does not mean that there is no “horse-trading”, just that we do our “horse-trading” behind closed doors and, usually, before the budget document is made public.

Jesus made it very clear that we must “love our neighbour as ourselves”. This means that we, as a nation, have the responsibility to ensure that nobody falls through the safety net into the pit. How well the proposed budget ensures that the safety net has no holes in it is one of the measures we can use to judge the budget.

There is much speculation that now the Nation’s finances are in surplus – a surplus of some \$500 million is currently predicted- then Steven Joyce should cut taxes, particular income tax. Before doing that, he should be absolutely sure that the safety net is working.

Since the Global Financial Crisis (GFS) in 2008 there has been a slow but steady erosion of funding of the major Government services that provide the safety net including Social Services, Education, Housing and Health. Although each sector has received additional funding each year it has not been sufficient to cover population increases and inflation. This has resulted in cuts to services that tend to impact most on the poor and lower middle class.

The housing crisis is indicative of what has happened over the last 9 years. The fact that the Government is trying to buy old motels to provide emergency accommodation is an example of the lack of concern for the safety net over these years.

The tax changes in 2009 cut income tax and increased GST to 15%. This was a positive for the rich and a negative for the poor because of the

poor spend all their income on essentials for daily living - hence pay GST on everything; whilst the rich will save some of their income or spend it on non GST items such as overseas travel.

The Government maintained, throughout this period, that it was essential to “run a tight ship” because of the impact of the GFS. However, over the last few years we have heard from the Government that New Zealand’s economy is doing well and is one of the most successful in the world. Whilst, at the same time the gap between the rich and poor has continued to increase and New Zealand is one of the most unequal countries in the developed world.

While we have many thousands of families who have poor accommodation and are never sure if they can put food on the table each week because they are reliant on welfare or are only paid the minimum wage, tax cuts cannot be justified. The only cut that could possibly be justified would be a cut in GST. As Christians, who believe that Jesus was serious when he told us to “love our neighbour”, income tax cuts that benefit the rich, cannot be supported.

Certainly, the first priority should be to reverse the de facto cuts in health, education, housing and welfare that have been made since the GFS.

And then on 18 April 2017 the Government announces a deal to solve the problem of the Equal Pay claim of Kristine Bartlett and the Etu Union - \$2 billion over 5 years for 55,000 Care Workers. Many Care Workers will be on or over the Living Wage on 1<sup>st</sup> July instead of stuck on the Minimum Wage. Maybe the National Party has had a Damascus Road experience? But no, two days later the Government announces proposed legislation to stop equal pay comparisons with groups in other industries.

In no way should we begrudge the Care Workers a fair wage for what they do, but one has to wonder what will be cut in the Budget. Could it be the hinted tax cuts. Maybe Governments do have Damascus Road Experiences!