



The New Zealand Government's 2005 Budget: missed opportunities for significant public health progress

The Government's 2005 Budget of May 2005¹ has increased the level of funding for health services, for primary care, and for health research. However, it is a weak budget in overall public health terms, omitting basic steps necessary to improve the overall health status of New Zealanders.

Key issues on which progress could have been made from a public health perspective include the following:

- **Improved progressivity**—Deprivation and income inequalities have a major impact on health in New Zealand.² Identifying the potential health benefits of wealth redistribution policies is complex, but preliminary modelling work based on New Zealand census mortality data is suggestive of overall reductions in the inequalities in mortality and in overall mortality rates if income is more equally distributed (Personal Communication, T Blakely, University of Otago). These potential equity benefits are particularly necessary, due to the marked increase in inequalities in this country as a result of various government policies since the early 1980s.³

While the 2004 *Working for Families* budget package was a valuable initiative to address inequalities, the 2005 Budget did not substantively advance government policy on deprivation and income inequalities by making the overall tax and benefit system more progressive. It also lacked specific reforms that could potentially benefit low-income New Zealanders, such as making childcare a tax-deductible expense.

- **Focus on prevention**—The Budget included commendable funding for primary prevention in some components of the cancer control package and for immunisation. Nevertheless, this will have a relatively minor impact on prevention in comparison to what is achievable. Recent work by the Ministry of Health, identifying the major upstream causes of preventable death by risk factor in New Zealand,⁴ shows the major scope for primary prevention (e.g. diet for 29% of deaths, tobacco [18%], and deprivation [17%]). Furthermore, the scientific evidence-base for cost-effective interventions in some of these areas of primary prevention is strong, particularly with regard to tobacco control.⁵
- **Support for Maori**—Substantive progress with improving Maori health is critical to reducing health inequalities,⁶ enhancing social justice, meeting the Government's Treaty of Waitangi obligations, and meeting key Government goals.⁷ Some of the Budget items relating to healthcare and housing for lower income population groups may provide minor health benefits to Maori. Nevertheless, there was no specific funding for Maori health programmes^{8–10} and indeed the word "Maori" was not mentioned once in the Budget speech; despite the evidence favouring culturally appropriate prevention programmes and healthcare services designed to address Maori health needs.^{11–13}

- **Action on health protecting taxes**—This Budget further elaborated aspects of a proposed carbon charge (a desirable intervention from a global public health perspective), but it failed to introduce other health protecting taxes. It failed to raise tobacco tax despite the lack of a non-indexation rise since 2000, and strong New Zealand¹⁴ and international evidence for public health benefits from increasing this tax. There is also an ethical justification of tobacco taxes when the revenue is used appropriately for tobacco control.¹⁵ Similarly, there is also strong international evidence for the health benefits from alcohol taxes.^{16,17}

An increase in alcohol taxes is particularly relevant in New Zealand, given the high prevalence of self-reported hazardous drinking patterns (eg, 27% of males¹⁸) and the high net annual years of life lost from alcohol use.¹⁹ Other potential targets for health protecting taxes were also ignored (e.g. on foods high in saturated fat,²⁰ salt in processed foods, and the advertising of high sugar and/or fat foods).

Central government fiscal policies can only address some of the multiple social and economic determinants of health status. Nevertheless, it creates an important fiscal framework and the Government missed obvious opportunities in this Budget to significantly improve public health and reduce health inequalities in New Zealand. We will now have to wait for the next budget for an opportunity for further progress in these areas.

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