



The case for Mana Motuhake in Te Tairāwhiti

Estimates of regional social spending

NZIER technical report to Manaaki Tairāwhiti

July 2022

About NZIER

NZIER is a specialist consulting firm that uses applied economic research and analysis to provide a wide range of strategic advice.

We undertake and make freely available economic research aimed at promoting a better understanding of New Zealand's important economic challenges.

Our long-established Quarterly Survey of Business Opinion (QSBO) and Quarterly Predictions are available to members of NZIER.

We pride ourselves on our reputation for independence and delivering quality analysis in the right form and at the right time. We ensure quality through teamwork on individual projects, critical review at internal seminars, and by peer review.

NZIER was established in 1958.

Authorship

This report was prepared at NZIER by Philippa Miller Moore.

It was quality approved by Derek Gill.

The assistance of Peter Wilson, Julie Fry, Yvette Kinsella and Sarah Spring is gratefully acknowledged.

How to cite this document:

NZIER. 2022. The case for Mana Motuhake in Te Tairāwhiti. Estimates of regional social spending. A technical report for Manaaki Tairāwhiti.

Registered office: Level 13, Public Trust Tower, 22–28 Willeston St | PO Box 3479, Wellington 6140
Auckland office: Ground Floor, 70 Shortland St, Auckland
Tel +64 4 472 1880 | econ@nzier.org.nz | www.nzier.org.nz

© NZ Institute of Economic Research (Inc). Cover image © Dreamstime.com
NZIER's standard terms of engagement for contract research can be found at www.nzier.org.nz.

While NZIER will use all reasonable endeavours in undertaking contract research and producing reports to ensure the information is as accurate as practicable, the Institute, its contributors, employees, and Board shall not be liable (whether in contract, tort (including negligence), equity or on any other basis) for any loss or damage sustained by any person relying on such work whatever the cause of such loss or damage.



Contents

- 1 Introduction..... 1
 - 1.1 This report covers the current level of government spending in Te Tairāwhiti 1
- 2 Overview of findings..... 2
- 3 Method..... 3
 - 3.1 Categories of spending 4
- 4 Overview 4
- 5 Social spending by category 5
 - 5.1 Education..... 5
 - 5.2 Health 7
 - 5.3 Housing..... 7
 - 5.4 Justice..... 9
 - 5.5 Māori Development and Whānau Ora 10
 - 5.6 Oranga Tamariki 11
 - 5.7 Social welfare 11
- 6 Conclusion 14
- 7 References 15

Appendices

- Appendix A Data sources 16
- Appendix B Spending in Te Tairāwhiti 17

Tables

- Table 1 Operating spending in Te Tairāwhiti 2
- Table 2 Demographic profile 5
- Table 3 Education participation, 2020 6
- Table 4 Education spending, regional share Te Tairāwhiti..... 6
- Table 5 Health expenditure, regional share Te Tairāwhiti 7
- Table 6 Housing, Te Tairāwhiti..... 8
- Table 7 Housing operations expenditure, regional share Te Tairāwhiti 9
- Table 8 Justice, regional share Te Tairāwhiti 10
- Table 9 Māori Development, regional share Te Tairāwhiti 11
- Table 10 Vote Oranga Tamariki, regional share Te Tairāwhiti 11
- Table 11 Benefit payments, Te Tairāwhiti 12
- Table 12 Vote MSD, regional share Te Tairāwhiti 13
- Table 13 Spending in Te Tairāwhiti 17



1 Introduction

Manaaki Tairāwhiti is working to address long-term, inter-generational disadvantage using innovative, whānau-centred collaborative approaches that are improving wellbeing of the people of Te Tairāwhiti. Iwi in Te Tairāwhiti have a vision for a new system for social spending in Te Tairāwhiti. This involves mana motuhake – self-determination – in social development in the region.

Central to this approach is not just funding local agencies to provide services designed by the centre, but increasingly devolving programme design, delivery and governance to iwi and community-led organisations.

Manaaki Tairāwhiti has commissioned the New Zealand Institute of Economic Research to investigate the case for more devolution of social services to Te Tairāwhiti, in particular, and to similar collaborative organisations nationally.

In a companion report, we examine the conceptual case for devolution (Fry and Wilson 2022).

1.1 This report covers the current level of government spending in Te Tairāwhiti

This report estimates central government spending in the Te Tairāwhiti regional council area for selected social programmes for the fiscal years ended 30 June 2017 to 2022.

The purpose of this analysis is to identify expenditure in Te Tairāwhiti that could be delegated from central government agencies to provide more whānau-centred services.

An earlier NZIER report, *Regional government expenditure: Estimates of core crown spending by region*, examined total government spending across all votes and all regions (Stephenson 2013). It estimated that government operating expenditure on social welfare, health and education was about \$14,136 per capita in Te Tairāwhiti, compared with a national average of \$11,287. Per capita expenditure on social welfare, health and education were higher than the national average, reflecting the relatively young population and low employment rate (Stephenson 2013, 7).

Given the substantial increase in government spending in the last three fiscal years to support whānau and businesses through COVID-19 lockdowns and the subsequent economic adjustment, and the more general change in spending priorities that comes with any change of government, simply updating Stephenson (2013) by say the CPI or the increase in gross domestic product (GDP), would likely produce misleading results.

Manaaki Tairāwhiti has therefore asked NZIER to undertake a targeted examination of current spending in Te Tairāwhiti across social programmes that are closely related to their activities. They asked us to analyse the following votes:

- Business, Innovation and Employment
- Education
- Health
- Housing and Urban Development

- Inland Revenue
- Justice
- Corrections
- Police
- Māori Development, including Whānau Ora
- Oranga Tamariki
- Social Development.

2 Overview of findings

Our high-level estimates of spending by sector are in Table 1. For a more detailed summary, see Appendix B.

Table 1 Operating spending in Te Tairāwhiti

2021 fiscal year, \$ million

Sector	Operating expenditure
Education	144
Health	497
Housing	4.6
Justice	187
Social welfare	11
Transfer payments	330
Total	1,174

Source: NZIER

The government provides a wide range of reporting on its budget, performance measures and outcomes at a national level. Much of the underlying spending is in the regions by way of transfers and services to households and individuals. Beyond spending on transfers and benefits, health and education, there is little publicly available data on how much is actually spent in the regions. Equally, there is little information on the allocation of spending between government agencies and the regions for joint initiatives such as *Reducing Family Violence and Sexual Violence*.

Te Tairāwhiti is demographically different from the rest of Aotearoa New Zealand, with a younger population, a higher Māori population and relatively low employment rates. Reflecting this the social welfare, education and health spend in the region is relatively high.

On Census night 2018, the Te Tairāwhiti territorial authority ranked 62 out of 67 in the national deprivation index (Dot loves Data, n.d.). The level of government social spending in the region reflects this.

The spend in the region is very uneven across votes, with some (health, education, Oranga Tamariki) in the hundreds of millions, while others like social and Māori development are rather small. In some cases, this may be an underestimate due to the lack of detailed information on operational spending, including its allocation to the regions. On the other hand, the budgets of organisations like Te Puni Kōkiri are small.

This means that some of the most easily devolved areas may not provide a significant revenue boost for iwi and other organisations in Te Tairāwhiti, but the spending may be better allocated.

The estimates provided in this report are indicative and based on assumptions about the allocation of expenditure. They are based on published reporting of government expenditure at the national level. As far as we know, there is no consistent approach applied across all central government to identify spending by region. Different departments publish different data depending on their operational and policy needs.

3 Method

This report is concerned with social services that are ultimately funded by the government. There are a number of different definitions of the ‘social sector’ and ‘social spending’, ranging from those used by international bodies to everyday discussions. The New Zealand Productivity Commission has defined social services as “*services dedicated to enhancing people’s economic and social wellbeing by helping them lead more stable, healthy, self-sufficient and fulfilling lives*” (New Zealand Productivity Commission 2015, 27). We adopt that definition.

The 2013 paper provided a comprehensive estimate of government operational and capital expenditure in the regions. This included expenditure on defence, economic, transport and primary sector, which have been excluded from this analysis. To address the objectives of Manaaki Tairāwhiti, we have adopted a slightly different methodology.

The 2013 report applied two different conceptual approaches to assign all crown expenditure to regions. The **expenditure approach** allocated crown expenditure according to where the money is spent. Under this approach, costs related to policy development and advice and the provision of ministerial services, for example, are not allocated to regions, but are all recorded as being spent in Wellington. The **service approach** allocated expenditure according to the region for which the service is provided, and head office costs were allocated to the regions on a per capita basis (Stephenson 2013, 1).

For this report, we have developed a simple approach based on the expenditure approach. We have focused on operational expenditure and excluded capital expenditure, except in the discussion of housing (section 4.3).

The 2013 report grouped expenditure into twelve categories: social welfare; health; education; core services; law & order; transport; defence; economic; heritage, culture and recreation; other economic; primary services; housing and community; and fuel and energy. Reflecting Manaaki Tairāwhiti priorities and the reorganisation of government functions over the past decade, we have grouped social spending into seven categories: education; health; housing; justice; Māori development; Oranga Tamariki; and social welfare.

The purpose of this analysis is to identify vote appropriations that are (potentially) spent directly in Te Tairāwhiti. We have also tried identifying operational expenditure that might be delegated to the region to enhance whānau outcomes.

3.1 Categories of spending

There are three broad categories of government expenditure:

- **Transfers or benefits:** where the Crown distributes money to people without expectation of a service of any kind to be provided (as distinct from providing funding for which a public service is to be provided, such as R&D funding)
- **Provision of public services:** which includes both direct government provision of services such as health and education as well as funding others to provide these services
- **Administration:** which includes spending to provide policy advice, construct and enforce regulation, standard setting, and other administration related to the core functions of government (Stephenson 2013, 4).

We have identified transfers or benefits that are paid directly to people living in Te Tairāwhiti, although these would not be available for delegation. Administration expenditure, such as the provision of ministerial services and policy advice, has been excluded where it can be identified. The provision of public services expenditure has been allocated based on the demographic profile of Te Tairāwhiti (see Table 2).

4 Overview

Data collected for the 2018 Census showed that Te Tairāwhiti has a resident population of 47,565, approximately 1% of the total population of Aotearoa New Zealand. About 52% of the population identified as Māori¹ (compared with 16.2% nationally) and 23.5% were aged under 15 (19.3% nationally).

The Census data is an underestimate (Stats NZ 2020b). Manaaki Tairāwhiti have informed us that their calculations suggest that the resident population of Te Tairāwhiti may be closer to 51,000 of which 56% (28,560) identify as Māori. Overall, this does not change the share of the total population, which is about 1%. The higher proportion of the population that identifies as Māori implies that more people may be eligible for assistance under programmes that target Māori. Because most funding for these programmes is capped, the effect is to reduce the per capita allocation.

We have used the Census data as the basis for our calculations, as it is, despite all the concerns raised about its accuracy, still the official statement of the Government

¹ In the Census, people are asked to identify their ethnicity and are given a number of choices from a list, plus being able to write their ethnicity in a space provided. People are advised that they can state more than one ethnicity, which many people do. In 2018, 13% of the total population recorded more than one ethnicity (Stats NZ 2020a). Using the raw answers, any tabulation of ethnicity will, therefore, sum to more than 100% of the population (Stats NZ 2019). Other Government agencies, like the Ministry of Health, use a 'prioritised ethnicity' system, which assigns a single ethnicity to a person. This means that responses always total 100% of the population. The prioritisation used by the Ministry of Health is Māori, Pacific Peoples, Asian, Middle Eastern/ Latin America/ African (MELAA), Other and European. So a person who states their ethnicity as say Māori, Pacific and European will be recoded as Māori. Under this priority ranking, only people who state that European is their sole ethnicity will be recorded as European (Ministry of Health 2017).



Statistician of the population of New Zealand. Government departments will use Census data as the basis for allocating funding.

Table 2 Demographic profile

Census 2018, share of total population

	Aotearoa New Zealand	Te Tairāwhiti	Aotearoa New Zealand	Te Tairāwhiti
Total population	4,793,358	47,565		
European	3,357,744	27,840	70.0%	58.5%
Māori	777,195	24,807	16.2%	52.2%
Pacific	386,616	2,151	8.1%	4.5%
Asia	729,966	1,377	15.2%	2.9%
Middle Eastern/Latin American/African	72,969	219	1.5%	0.5%
Under 15 years	927,096	11,196	19.3%	23.5%
15-29 years	990,270	8,703	20.7%	18.3%
30-64 years	2,138,628	20,205	44.6%	42.5%
65 years and over	737,370	7,464	15.4%	15.7%

Source: Stats NZ

5 Social spending by category

The following sections discuss the Votes and appropriations that have been included, the data sources and assumptions that support our estimates. We have included tables of the estimates for the social spending categories identified by Manaaki Tairāwhiti.

5.1 Education

Education expenditure includes operational expenditure on:

- early childhood education
- primary school education
- secondary school education
- tertiary education
- school property management

The Ministry of Education website Education Counts² provides data on the education spend for early childhood education (ECE) and state and integrated schools by region. It also identifies the number of ECE and school-age students.

² <https://www.educationcounts.govt.nz/home>

Education Counts data is only complete to the end of 2020, so we have allocated the Vote: Education expenditure for the fiscal years 2021 and 2022 in proportion to the Te Tairāwhiti share of expenditure in the Education Counts data.

The 2013 report used information on the funding for tertiary institutions, including wānanga and allocated this according to the share of students at each campus. Tairāwhiti Polytech is part of the Eastern Institute of Technology. Following the review of vocational education (RoVE) and the establishment of Te Pūkenga to provide a unified vocational education system information, information on the regional spend on tertiary education is more difficult to establish. We can identify the number of tertiary students enrolled with Te Pūkenga or wānanga in Te Tairāwhiti. Although there may be niche opportunities for vocational training in Te Tairāwhiti, we expect that funding will not be delegated from the Te Pūkenga budget to other providers.

There is potential to increase the use of Private Training Establishment (PTE) structures to deliver education and training in Te Tairāwhiti. To access government funding, a PTE has to be registered with the New Zealand Qualification Authority (NZQA).

Table 3 Education participation, 2020

Number of students

Description	Gisborne region	Aotearoa New Zealand (excludes international students)
Enrolments in ECE	2,129	190,348
Number of primary and secondary students	9,430	826,347
Number of teachers in state and state-integrated schools	846	62,630
Number of schools	52	2,536
Te Pūkenga	1,520	112,920
Wānanga	785	30,090
Private Training Establishments	285	48,125

Source: Education Counts

Table 4 Education spending, regional share Te Tairāwhiti

(\$'000)

	2017	2018	2019	2020	2021	2022	Per capita 2020
ECE	20,467	20,726	21,366	22,290	23,938	25,888	11,244
State and state-integrated schools	84,066	84,884	85,479	96,105	120,548	106,484	12,783

Source: Education Counts

5.2 Health

Health spending includes:

- expenditure administered by the Ministry of Health, including payments to the former district health boards (DHBs) and national disability services, under Vote Health
- Accident Compensation Corporation (ACC) expenditure.

Until 1 July 2022, most health spending could be allocated very accurately to regions as each DHB had its expenses appropriated separately. This regional transparency has changed following the establishment of Te Whatu Ora - Health New Zealand on 1 July 2022 to manage all health services, including hospital and specialist services, and primary and community care. As a result, there is now one appropriation for all health spending delivered by Te Whatu Ora. There will be four new regional divisions, which are expected to work with district offices, located closer to local communities, to develop and implement plans based on local needs to improve the health and wellbeing of communities (“Health NZ / Hauora Aotearoa What’s Changing?” 2022). This may provide better opportunities for collaboration at a local level but does not indicate whether there will be a greater delegation of expenditure to community-based organisations.

DHB funding was based on a formula which identified need based on population size, age profile, socio-economic status, ethnicity and additional costs which come from meeting the needs of rural populations. DHB spending, on a per capita basis, has been higher in rural regions and those with relatively high social welfare spend.

Health spending in Te Tairāwhiti is summarised in Table 5. In addition to the appropriation for Tairāwhiti DHB (TDHB), the appropriation for national disability support services has been apportioned by population share. ACC provides data on the total cost of claims by region but does not provide a breakdown of costs within region.

Some of the Ministry of Health’s COVID-related expenditure has been spent in the regions, but it is expected that this will not continue in future so this has been excluded. Other health appropriations have not been included because these largely relate to national policy and programmes which are unlikely to be delegated or the source of delegated expenditure. DHB capital expenditure has also not been included.

Table 5 Health expenditure, regional share Te Tairāwhiti

(\$’000)

	2017	2018	2019	2020	2021	2022
Tairāwhiti DHB	154,031	160,653	166,213	175,629	191,236	202,827
National Disability Support Services	14,256	15,066	16,301	19,187	19,908	21,955
ACC – cost of claims	33,770	36,037	36,635	39,668	45,681	

Source: NZIER estimates; Tairāwhiti DHB; The Treasury; ACC

5.3 Housing

Expenditure on housing and related issues covers a wide range, including building regulations and residential tenancy services, building and rental of social housing, emergency housing, accommodation supplements and programmes to assist first-time



buyers and promote affordable housing. These programmes are administered by the Ministry of Business, Innovation and Employment (MBIE), Ministry of Housing and Urban Development (MHUD), Kainga Ora, Te Puni Kōkiri and the Ministry of Social Development (MSD).

There have been several changes in the government’s organisation of its housing functions and government expenditure on housing as a category has increased since our 2013 report. The restructuring of government housing services over the past six years means that information is dispersed and difficult to reconcile.

Responsibility for building regulation and tenancy services has been retained within MBIE following the establishment of Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development. There will be some tenancy services expenditure in Te Tairāwhiti. We have not calculated this as it appears to fall outside Manaaki Tairāwhiti's current scope of interest.

The provision of housing is within Manaaki Tairāwhiti's scope of interest. Kainga Ora (Housing NZ) data indicates that the stock of social housing in Te Tairāwhiti is largely unchanged over the period 2017 to 2021, increasing from 1258 units to 1264. On the other side, demand for social housing has increased significantly over the same period in Te Tairāwhiti (and in the rest of Aotearoa New Zealand). The MSD housing register records an increase of 444%, from 108 units in December 2017 to 588 in December 2021 in Te Tairāwhiti. About 78% of those on the housing register want 1- or 2-bedroom units, which account for 37% of the current stock. Approximately 1% of the population of Te Tairāwhiti receives an accommodation allowance from Work and Income (WINZ/MSD).

Table 6 Housing, Te Tairāwhiti

Number of accommodation units

	2017	2018	2019	2020	2021	2022
Kainga Ora managed stock	1258	1255	1257	1257	1264	
MSD housing register	108	216	375	555	588	
Transitional housing places		32	32	32	35	
Emergency Housing Special Needs Grant approved		179	650	883	827	
Value of emergency housing approved (\$'000)		\$206	\$1,493	\$2,937	\$3,568	
Accommodation supplement			3992	4239	4374	4155

Source: Kainga Ora; MSD

There are operational costs associated with managing the existing social housing stock and tenants. We have tried to identify the appropriations within housing and social development. Table 6 estimates the possible operational costs of public housing and housing assistance in Te Tairāwhiti based on population.

Table 7 Housing operations expenditure, regional share Te Tairāwhiti
(\$'000)

Vote	2019	2020	2021	2022
HUD Kainga Ora - Homes and Communities		153	335	752
MSD Services to Support People to Access Accommodation	260	488	692	674

Source: NZIER estimates; The Treasury

The important component in addressing housing issues is new investment to either upgrade or build new housing. Although there appears to have been little public sector investment in housing in Te Tairāwhiti up to 2021, there is now an identified pipeline of investment (Kāinga Ora, n.d.). In addition, on 11 May 2022, the Government announced a partnership with Toitū Tairāwhiti to build 150 new homes, with a government investment of \$55 million from the Whai Kāinga Whai Oranga fund (New Zealand Government 2022).

Kainga Ora's investment in new housing is not allocated on a regional basis, as it prioritises its investment to areas of highest need, and it is not appropriate to pro-rata housing investment based on regional population. There are no estimates of the investment value attached to Kainga Ora's work plans.

In estimating the potential value of government investment in housing in Te Tairāwhiti there are a number of issues to consider. We do not have a good estimate of Kainga Ora's build or renovation costs. Redeveloping properties that are already in the Kainga Ora portfolio should reduce their costs. We estimate that the average cost of newly constructed public and supported Kainga Ora homes is about \$775,000 per dwelling (Kāinga Ora 2021, 150, 127). At the lower end, Stats NZ data on building consents issued for April 2022 implies a national average value per new dwelling of \$392,000. Based on a minimum delivery of 203 housing units to 2024 (Kāinga Ora, n.d.), this implies a possible investment of between \$79 million and \$157 million in social housing in Te Tairāwhiti over the next two years.

We could not identify what share of Vote Māori Development housing appropriation has been allocated to Te Tairāwhiti up to the end of fiscal year 2022. A per capita allocation based on the Māori population of Te Tairāwhiti suggests that this would not be significant (see Table 9).

5.4 Justice

The 2013 report estimates that government spending on law and order was about 5% of total expenditure. Spending on Corrections, the judicial system and Police made up about 93% of that expenditure.³ Some aspects of expenditure on Oranga Tamariki can be categorised as law and order, but we have not made that distinction (see section 4.6).

Both Corrections and Police have highly aggregated appropriations, so we cannot identify spending on programmes from the Estimates that might be delegated to local management. There is one appropriation for *Reducing Family Violence and Sexual Violence* under Vote Justice, and we have not been able to find any information on how this is allocated between the participating agencies. Manaaki Tairāwhiti and the South Auckland Social Wellbeing Board have both received funding from this program (Sepuloni 2020).

³ Law and Order expenditure also included Customs, and the Serious Fraud Office.

We have estimated the regional share of Corrections expenditure on the *Re-offending is reduced* appropriation. This will not all be spent in the region, as some will be for programmes within the prison system.

Alternative approaches to youth and community justice are in scope. Courts are part of iwi ambitions for devolution. Iwi currently run Rangatahi courts and are trialling Te Ao Marama. Some of the expenditure on district and youth courts could be re-purposed as part of an iwi or community justice approach. The budget for the administration of the District Courts for the fiscal year ended June 2022 was \$98 million. Based on a population allocation, about \$0.9 million might be spent in Te Tairāwhiti.

We have followed the 2013 paper in allocating expenditure on Police by the number of staff per Police district (NZ Police 2021). Te Tairāwhiti is part of the Eastern Police District with Hawke’s Bay. Following the 2013 methodology, spending is apportioned according to relative population sizes (Stephenson 2013, 21).

The following table identifies some appropriations that might be considered available for local delegation or greater community/government engagement.

Table 8 Justice, regional share Te Tairāwhiti

\$’000

Vote	Appropriation	2017	2018	2019	2020	2021	2022
Corrections	Re-offending is Reduced	1,809	2,157	2,431	2,663	3,116	3,554
Courts	District Courts	842	844	843	781	980	989
Justice	Legal Aid	1,444	1,601	1,796	1,925	2,261	2,346
	Community Justice Support and Assistance						604
	Reducing Family Violence and Sexual Violence			44	61	103	129
Police	Policing Services					14,722	14,696
	Road Safety Programme	2,864	2,929	2,860	3,054	3,289	2,765

Source: NZIER estimates; The Treasury

5.5 Māori Development and Whānau Ora

The budget for Vote Māori Development (Te Puni Kōkiri) was \$542 million for the fiscal year ended June 2022, approximately 0.4% of government expenditure. The appropriation for *commissioning Whānau Ora outcomes* represents 27.5% of the Vote. Appropriations for *Māori housing* and *Realising the social, economic and cultural development aspirations of Māori* were 18% and 13%, respectively.

The appropriation for *Commissioning Whanau Ora outcomes* is allocated between the three commissioning agencies: Whānau Ora Commissioning Agency (Te Pou Matakana) in the North Island; Te Pūtahitanga o Te Waipounamu in the South Island; and Pasifika Futures.

We have not found a breakdown of Te Pou Matakana expenditure by region. We have estimated per capita spending using Te Pou Matakana revenue (Whānau Ora 2021) and the 2013 Census estimates of people of Māori descent in the North Island (Te Pou Matakana 2016, 13). We have estimated Te Pou Matakana expenditure in Te Tairāwhiti based on a per capita figure of \$161 per Māori person. Whānau ora expenditure is already delegated to local providers. This estimate is provided as a possible baseline.

We have allocated the appropriations for *Māori housing* and *social, economic and cultural development* by the Te Tairāwhiti share of the Māori population. These two appropriations amount to approximately \$319 per Māori person in Te Tairāwhiti per annum.

Table 9 Māori Development, regional share Te Tairāwhiti

(\$'000)

Appropriation	2018	2019	2020	2021	2022	Per capita (\$)
Māori housing	608	850	1,106	1,159	3,139	\$193
Realising the social, economic and cultural development aspirations of Māori				2,537	2,267	\$127
Whanau Ora – Te Pou Matakana	2,139	1,944	3,256	4,011		\$162

Source: NZIER estimates; The Treasury; Whānau Ora

5.6 Oranga Tamariki

There is effectively only one appropriation under Vote Oranga Tamariki, *Investing in children and young people*, which was \$1.3 billion for the fiscal year ended June 2022. This includes statutory care and protection functions, youth justice (including operating residences) and preventative programmes. Using a population-based allocation, where the population aged 15 years or younger in Te Tairāwhiti is about 1.2% of the total population aged 15 years or younger in Aotearoa New Zealand, we estimate the following expenditure by Oranga Tamariki in Te Tairāwhiti over the past five years.

Table 10 Vote Oranga Tamariki, regional share Te Tairāwhiti

(\$,000)

Te Tairāwhiti	2018	2019	2020	2021	2022
Share of total	103,659	117,595	135,923	164,860	176,199
Investing in Children and Young People	97,939	113,184	130,466	153,552	162,452

Source: NZIER estimates; The Treasury

5.7 Social welfare

The 2013 paper defined social welfare as a category that included:

- transfers and benefits administered by MSD⁴
- Working for families administered by the Inland Revenue Department (IRD)
- provision for social housing

⁴ Disability services are funded through Vote: Health, while disability allowances are funded through Vote: Social Development.

- other payments such as education grants.

We have excluded social housing provision, aside from the accommodation allowance, as housing is treated as a separate topic in section 4.3. Social welfare spending is estimated at about 26% of total government spending in 2022, down from 32% in 2013. This reflects an increase in other government spending, including the reorganisation of public housing.

Social welfare spending includes the transfers and benefits administered by MSD:

- New Zealand superannuation (47%)
- Jobseeker support (10.2%). This has increased significantly over the past two years as part of the COVID-19 support packages
- Accommodation assistance (6.6%)
- Supported living allowance (disability) (5.4%)
- Sole parent support (4.5%)
- Education-related support (student allowances are 1.7%).

IRD continues to administer in work tax credits and family support, which together are about 7% of the social welfare spend. The total includes Covid-19-related benefits, which will probably be discontinued. These were less than 2% of total social welfare spend in 2022. Table 10 provides an estimate of the benefits payments in Te Tairāwhiti based on the numbers on each main benefit. The allocation of IRD credits has been based on population share.

Table 11 Benefit payments, Te Tairāwhiti

(\$,000)

	March 2021	March 2022
Superannuation	167,568	179,077
Jobseeker	45,266	52,435
Supported living payment	33,466	38,260
Sole parent support	27,882	33,008
Accommodation supplement	28,353	29,848
Family tax credit	21,300	20,640
In work tax credit	6,020	6,200

Source: NZIER estimates; MSD; The Treasury

Social welfare spending on superannuation, Jobseeker and other benefit payments, accommodation allowances and tax credits are a significant proportion of government spending in the regions. As we note in our companion conceptual paper, economies of scale and scope in the provision of these sorts of programmes make it highly unlikely they would be delegated to whānau or community organisations.

There is potential for some decentralisation or delegation of the systems that MSD, in particular, use to manage the benefits system. The trend away from face-to-face (kanohi ki

te kanohi) engagement has been a major issue for many beneficiaries and superannuitants, especially where they have limited access to or engagement with digital technology and networks. Greater whānau or community input could improve how benefits and allowances are allocated and managed. Table 11 allocates appropriations within Vote Social Development that appear to be primarily operational and that might be delegated to regional management.

Table 12 Vote MSD, regional share Te Tairāwhiti

(\$,000)

	2017	2018	2019	2020	2021	2022
Improved employment and social outcomes support	6,586	6,551	6,903	7,499	10,298	12,405
Services to support people to access accommodation			260	488	692	674
Management of student support	167	165	166	180	234	205

Source: NZIER estimates; The Treasury

6 Conclusion

The Aotearoa New Zealand government provides a wide range of reporting on its budget, performance measures and outcomes at a national level. Much of the underlying spending is in the regions through transfers and services to households and individuals. Beyond spending on transfers and benefits, health and education, there is little publicly available data on how much is spent in the regions. Equally, there is little information on the allocation of spending between government agencies and the regions for joint initiatives such as *Reducing Family Violence and Sexual Violence*. The time required to obtain this information via official information requests or by building a comprehensive model is significant. In the absence of this investment, it is necessary to make a number of assumptions. These estimates need to be recognised as indicative.

Demographically, Te Tairāwhiti is different from New Zealand (table 2). At the 2018 Census, the Te Tairāwhiti territorial authority ranked 62 out of 67 in the national deprivation index (Dot loves Data, n.d.). The level of government social spending in the region reflects this.

The spend in the region appears to be very uneven across votes, with some (health, education, Oranga Tamariki) in the hundreds of millions, while others like social and Māori development are rather small. In some cases, this may be underestimated due to the lack of detailed information on operational spending, including its allocation to the regions. On the other hand, the budgets of organisations like Te Puni Kōkiri are small.

As we have noted in our companion report, addressing persistent disadvantage is possible, but it will take a different kind of service provider system to achieve (Fry and Wilson 2022, 48). The challenge for the government is to accept that its current spending is not delivering the outcomes it desires.

In this report, we have estimated the quantum of funding that would be available were the Government to agree to spend its resources via devolved, collaborative initiatives in Te Tairāwhiti.



7 References

- Dot loves Data. n.d. "Manaaki Tairāwhiti Analysis of Tairāwhiti."
- Fry, Julie, and Peter Wilson. 2022. "Ki Te Kotahi Te Kakaho Ka Whati, Ki Te Kapuia e Kore e Whati." Wellington: New Zealand Institute of Economic Research.
- "Health NZ / Hauora Aotearoa What's Changing?" 2022. Future of Health Te Anamata o Te Oranga. 2022. <https://www.futureofhealth.govt.nz/health-nz/>.
- Kāinga Ora. 2021. "Annual Report 2020-2021."
- . n.d. "About Kāinga Ora – Homes and Communities."
- Ministry of Health. 2017.. ". HISO 10001:2017 Ethnicity Data Protocols." Wellington: Ministry of Health.
- New Zealand Government. 2022. "Government Partners with Toitū Tairāwhiti to Deliver up to 150 New Homes for Whānau." The Beehive. 2022. <https://www.beehive.govt.nz/release/government-partners-toit%C5%AB-tair%C4%81whiti-deliver-150-new-homes-wh%C4%81nau>.
- New Zealand Productivity Commission. 2015. "More Effective Social Services." Wellington: New Zealand Productivity Commission. <http://www.productivity.govt.nz/sites/default/files/social-services-final-report-main.pdf>.
- NZ Police. 2021. "Annual Report 2020-2021." NZ Police. <https://www.police.govt.nz/sites/default/files/publications/annual-report-2020-2021.pdf>.
- Sepuloni, Carmel. 2020. "Place-Based Initiatives – Evaluation Findings and Long Term Funding." Wellington: Government of New Zealand.
- Stats NZ. 2019. "2018 Census Population and Dwelling Counts." 2019. <https://www.stats.govt.nz/information-releases/2018-census-population-and-dwelling-counts>.
- . 2020a. "2018 Census Data Allows Users to Dive Deep into New Zealand's Diversity | Stats NZ." 2020. <https://www.stats.govt.nz/news/2018-census-data-allows-users-to-dive-deep-into-new-zealands-diversity>.
- . 2020b. "Post-Enumeration Survey: 2018." 2020. <https://www.stats.govt.nz/information-releases/post-enumeration-survey-2018/>.
- Stephenson, John. 2013. "Regional Government Expenditure: Estimates of Core Crown Spending by Region." NZIER report to the Ministry of Business, Innovation & Employment and The Treasury.
- Te Pou Matakana. 2016. "Whānau Direct Outcomes Snapshot 2015-2016." https://whanauora.nz/wp-content/uploads/2021/06/TPM_0014-Whanau-Direct-Outcomes-Snapshot-eDoc.pdf.
- Whānau Ora. 2021. "Whānau Ora 2020/21." 2021. <https://whanauora.nz/wp-content/uploads/2022/04/Whanau-Ora-Annual-Report-2021-Updated-8-Mar-DIGITAL-Small-compressed-1.pdf>.



Appendix A Data sources

This paper used a variety of government sources to identify expenditure streams. Our starting point was Budget 2021 expenditure data. We referred to annual reports and Statements of Performance Expectations, but in general, these do not provide information that could be used to inform our analysis. The primary sources are listed below and have been referenced in the tables in this report.

Accident Compensation Corporation. 2021. "ACC General Claims Data." data.govt.nz.

Education Counts. 2021a. "Early Learning Participation Time Series Data: Enrolments."

———. 2021b. "Tertiary Participation Provider-Based Enrolments, ENR.45 Students by Subsector and Study Region 2012-2021."

Kainga Ora. 2021. "Housing Statistics Managed Stock & Vacant Stock Territorial Local Authority."

Kāinga Ora. 2022. "Housing Statistics." 2022.

<https://kaingaora.govt.nz/publications/housing-statistics/>.

Ministry for Social Development. 2021. "Housing Register - December 2021."

Ministry of Education. n.d. "Education Counts." Ministry of Education. Accessed May 26, 2022. <https://www.educationcounts.govt.nz/know-your-region/region/region-summary?region=5>.

Ministry of Housing and Urban Development. 2021. "Public Housing in East Coast Region."

Ministry of Housing and Urban Development. <https://www.hud.govt.nz/assets/News-and-Resources/Statistics-and-Research/Public-housing-reports/Regional-factsheets-September-2021/Housing-regional-factsheets-September-2021-East-Coast.pdf>.

Ministry of Social Development. 2021. "Housing Register."

<https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/housing/index.html>.

———. 2022. "Monthly Benefits Update: March 2022."

NZ Police. 2021. "Annual Report 2020-2021." NZ Police.

<https://www.police.govt.nz/sites/default/files/publications/annual-report-2020-2021.pdf>.

NZ.Stat export. 2022. "Dataset: Age and Sex by Ethnic Group (Grouped Total Responses), for Census Night Population Counts, 2006, 2013, and 2018 Censuses (RC, TA, SA2, DHB)." Stats NZ.

Tairāwhiti District Health. 2021. "Tairāwhiti District Health Board Annual Report 2020/21."

<https://www.hauoraTairāwhiti.org.nz/assets/Uploads/AR-20-21.pdf>.

The Treasury. 2021. "Expenditure Data - Estimates of Appropriations 2021/22."

Whānau Ora. 2021. "Whānau Ora 2020/21." 2021. <https://whanauora.nz/wp-content/uploads/2022/04/Whanau-Ora-Annual-Report-2021-Updated-8-Mar-DIGITAL-Small-compressed-1.pdf>.



Appendix B Spending in Te Tairāwhiti

Table 13 Spending in Te Tairāwhiti

Sector	Agency	Program	Transfers	Operational (region) [provision of public services]	Operational (national, pro rata) [administra tion]	Capital expenditure		
						2021	2022	2023
Education	Education	Early Childhood		23,938				
		State and state-integrated schools		120,548				
Health	Health	Other than TDHB			191,236			
	TDHB	<i>Prevention</i>		53,903				
		<i>Early detection and management</i>		152,481				
		<i>Intensive assessment and treatment services</i>		7,819				
		<i>Rehabilitation and support</i>		25,818				
	Health	National disability support services				19,908		
MBIE	ACC - cost of claims		45,681					
Housing	MSD	Emergency Housing approved		3,568				
	MHUD	Kainga Ora - Homes and Communities				335		
	MSD	MSD - Services to Support People to Access Accommodation		692				
	<i>Kainga Ora</i>	Housing supply pipeline - value					15,288	34,104
Justice	Corrections	Re-offending is Reduced			3,116			

Sector	Agency	Program	Transfers	Operational (region) [provision of public services]	Operational (national, pro rata) [administra tion]	Capital expenditure
	Courts	District Courts			980	
	Justice	Legal Aid			2,261	
		Community Justice Support and Assistance				
		Reducing Family Violence and Sexual Violence		1,000		
	Police	Policing Services			14,722	
		Road Safety Programme			3,289	
	Māori	Māori housing			1,159	
		Whai Kāinga Whai Oranga				55
		Realising the social, economic and cultural development aspirations of Māori		2,537		
		Whānau Ora			4,011	
	Oranga Tamariki	Investing in Children and Young People			153,552	
Social Welfare	MSD	Superannuation	167,568			
		Jobseeker	45,266			
		Supported living payment	33,466			
		Sole parent support	27,882			
		Accommodation supplement	28,353			
	IRD	Family tax credit	21,300			
		In work tax credit	6,020			
	MSD	Improved Employment and Social Outcomes Support			10,298	

Sector	Agency	Program	Transfers	Operational (region) [provision of public services]	Operational (national, pro rata) [administra tion]	Capital expenditure		
		Services to Support People to Access Accommodation			692			
		Management of Student Support			234			
	Total		329,855	434,756	217,786	15,382	34,191	62,487