

27 January 2017

Submission

To the

Finance and Expenditure Select Committee

On the

Budget Policy Statement 2017

A technological and economic development which does not leave in its wake a better world and an integrally higher quality of life cannot be considered progress. Frequently, in fact, people's quality of life actually diminishes – by the deterioration of the environment, the low quality of food or the depletion of resources – in the midst of economic growth. Pope Francis, Laudato Si' #194, 2015

Summary of main points

Kaikōura earthquake response

- Caritas is pleased that responding to the Kaikōura earthquake is a key strategic priority for the 2017 Budget.
- It is essential that the long-term wellbeing of the local community is at the centre of the rebuild and recovery effort for the Kaikōura region.
- Local, including tangata whenua, voices must be included and guide the direction of the immediate and long-term recovery of the region.

Affordable and stable homes for all

- Access to decent and permanent accommodation is the foundation upon which communities and families can flourish.
- The government's current planned increase to social housing places needs to recognise the significant need for affordable and stable housing for low-income families and individuals.
- It is important to prioritise investing in public housing and more options for secure, affordable and good quality housing for families and individuals who are struggling in the current private rental market.

Protecting migrant workers

- The government has a responsibility to take a pro-active approach to uphold and protect the dignity and rights of migrants in the workplace, as the economy benefits significantly from migration.

Climate change and building resilience

- To have a productive and resilient economy for the long term, New Zealand needs to invest in mitigating and adapting to climate change and move towards a low-carbon economy.
- The New Zealand Aid Programme should increase funding to support climate change mitigation and adaptation programmes in Pacific countries to benefit the most vulnerable communities in Oceania.

Introduction

1. Caritas Aotearoa New Zealand is the Catholic agency for justice, peace and development. We are mandated by the New Zealand Catholic Bishops to undertake advocacy, development, education and humanitarian work both globally and locally.
2. Our comments on the 2017 Budget Policy Statement are formed by:
 - Reflection on Catholic social teaching regarding economic justice and caring for our common home
 - The experiences of our partners and Catholic communities in New Zealand and in the Pacific
 - The experiences of Catholic agencies working with vulnerable communities
3. It is important for this committee to hold in tension that in building a productive and competitive economy, we ensure economic growth brings a better quality of life for everyone in New Zealand and no one misses out on the essentials for their wellbeing.

Kaikōura earthquake response

4. Caritas is pleased to see the priority given to the Kaikōura earthquake response in the Budget Policy Statement 2017. It is essential that the long-term wellbeing of the local community is at the centre of the rebuild and recovery effort, while allowing for necessary infrastructure rebuilding costs.
5. We support the government's approach to prioritise its response to this earthquake and the Christchurch earthquakes above lowering income tax.
6. The Kaikōura earthquake on the 14th of November last year has had a significant impact for communities in this region. While the Budget Policy Statement states that this may not affect the overall performance of the economy, it is important that any assessment of the impact of the earthquake recognise more than just the fiscal impacts.
7. Since the earthquake, Wellington Catholic Social Services have worked to coordinate support coming from the wider Catholic community in partnership with Te Tai o Marokura. Caritas has been involved in the fundraising efforts for the earthquake recovery as well as advocacy and programme support with Te Tai o Marokura.
8. Te Tai o Marokura is a social service provider that has been operating in Kaikōura for over thirty years. They inform us that people from Kaikōura who have never required social services before are coming to seek help and support. This has put significant pressure on existing organisational capacity to respond to the needs around them.

9. We emphasise the importance of listening to and working alongside existing community networks to ensure that support for recovery goes to where it is most needed and is carried out in a way that reflects the priorities of the community. We hope that a long-term plan for ongoing recovery will give local voices, including tangata whenua, a special place at the table so they can shape the direction for the future of their community.

Affordable and stable homes for all

10. Within the strategic priority of building a more productive and competitive economy, we would like to see an elaboration on the government's commitment to invest in better quality social housing and emergency housing to include an equal commitment to ensure all people can access decent, stable and affordable housing.
11. It is unacceptable that while the country is reporting good economic progress and growth, working families are unable to afford or access stable and decent homes.
12. Caritas has raised the issue of affordable housing in previous submissions to this committee. We welcome the government's announcement late last year to invest in emergency housing and the capital funding made available to build suitable housing for emergency accommodation. However, this is only a temporary relief to the greater need for permanent, affordable housing in New Zealand.
13. Housing is a basic right, and access to decent and permanent accommodation is the foundation upon which families and individuals can flourish. Stability is essential for the growing resilience of a community and neighbourhood where children can grow and learn in a secure environment. State housing has historically provided stability for families and individuals who have struggled in the private rental market.
14. We are concerned that since the government's announcement in 2014 to transfer Income Related Rent (IRR) places to community housing providers, the total number of places for IRR has decreased from approximately 69,000 places in 2013/2014 to about 61,400 places in 2016. The *Social Housing Purchasing Strategy 2016* outlines only 6,000 addition places to be purchased over the next four years.
15. Meanwhile census trends reveal homelessness in New Zealand steadily increasing between 2001 and 2006, and accelerating between 2006 and 2013. Over the last two years we have heard various Catholic-based social service providers report of more families struggling to find affordable and stable housing.
16. De Paul House, an emergency housing provider based on the North Shore reported their busiest year in 2016 with raw demand almost doubling from previous years. Some families they support have been forced out of private rentals due to unaffordable rent increases. De Paul House has found that more working families now require emergency housing alongside beneficiary families.

17. Hutt Valley Benefit Education Service Trust provides advocacy for beneficiaries in the Hutt Valley. They have noticed an increase in need for housing advocacy alongside their other advocacy services. Temporary Additional Support is an income support payment that is intended to be a temporary payment. However, for low-income people renting in the private market, it is now commonly provided as a long-term payment to supplement the cost of housing as the Accommodation Supplement is not enough.
18. The government needs to urgently prioritise investing in more public housing and more options for secure, affordable and good quality housing for families and individuals who cannot access the current private rental market. The consequence of an inadequate response will be felt most strongly by children and families who spend significant lengths of time without a stable home.

Protecting migrant workers

19. The *Half Year Economic and Fiscal Update 2016* highlights that New Zealand's current economic growth is supported by increasing migration. Caritas believes that New Zealand can do much better to ensure that temporary and permanent migrants who arrive here are treated with dignity and that their rights are protected and upheld. This is particularly important in workplaces.
20. Last year, Caritas released a qualitative research report *Stand up for what's right – Supporting migrant workers*. This examines the experience of migrant workers faced with unfair treatment and what support enabled them to seek help.
21. In our report, we highlight several factors that make some migrant workers vulnerable to unfair treatment in the workplace. These vulnerabilities can also make it difficult for exploited migrants to access justice. Some of the challenges faced by migrant workers include the uneven power dynamics between employers and employees, and migrant workers' lack of awareness of employment laws and processes.
22. According to an Official Information Act request to the Ministry of Business, Innovation and Employment last year, since 2013, an average of 600 complaints are placed each year to the Labour Inspectorate involving migrants. In 2014, the Labour Inspectorate resolved 950 complaint cases, of which more than half involved migrant workers.
23. We estimate the actual number of situations of unfair treatment or migrant workers could be much higher as most of the situations we heard about in our interviews did not result in a complaint to the Labour Inspectorate.
24. It is important that our economic growth does not come at the cost of migrant workers being exploited.
25. Even as net migration is assumed to decrease in the coming year, we see that in the interest of a fair and productive economy, the government should take a pro-active approach to ensure industries benefiting from migrant labour are compliant with employment legislation.

26. An effective approach will require working with migrant communities to disseminate information about employment standards and processes so they are well understood by migrant employees and employers.

Climate change and building resilience

27. In our submission last year on the *Budget Policy Statement 2016*, we highlighted the implications of the 2015 Paris Agreement on climate change. While we are pleased that New Zealand ratified the agreement in 2016, the significant implications of the Agreement are not reflected in any way in the Budget Policy Statement.

28. The Budget Policy Statement 2017 outlines the need to increase our resilience by paying down debt so we can respond to economic shocks and natural disasters. To have a productive and resilient economy, it is even more important to prioritise long-term climate change adaptation in New Zealand and make a move towards a low-carbon economy.

29. According to the New Zealand Parliamentary Commissioner for the Environment Dr Jan Wright, sea-level rise over the coming decade will lead to more frequent, severe and extensive flooding of low-lying areas near our coast. We reiterate the recommendation for the government to set aside funds for long-term climate change adaptation.

30. While we welcomed the phasing out of the Emission Trading Scheme's 'one-for-two' subsidy in the 2016 Budget, we see this as a small step on a much longer road to make further changes to the scheme and a deeper commitment to tackle climate change. This includes reviewing the scheme's \$25 cap on the price of New Zealand's emission units and the continued exclusion of agriculture – the country's largest single contributor to greenhouse gases.

31. New Zealand along with most of the global community made a commitment at Paris to try to hold the increase in the global average temperature to well below 2°C above pre-industrial levels, and pursue efforts to limit to 1.5°C.

32. This latter limit is particularly vital to our Pacific neighbours, many of whom are already losing land, homes and livelihoods to climate change. In addition to funding New Zealand's climate change adaptation, New Zealand must provide much increased funding through the New Zealand Aid Programme for climate change mitigation and adaptation – to benefit the most vulnerable communities of Oceania.

Conclusion

33. Good economic development and a healthy economy must bring long-term benefits to all New Zealanders so no one goes without the basics, and we meet our international obligations as a good neighbour. We ask that the long-term wellbeing of communities be at the centre of all Budget considerations.

34. In this submission, we have highlighted several vulnerable groups we believe need to be considered in the Budget 2017 priorities – the local Kaikōura community who have been affected by the 2016 earthquake; low-income people who are missing out on stable, decent and affordable homes; vulnerable migrant workers; and people in New Zealand and the Pacific who will be most affected by climate change.
35. Policy considerations should enable all who live and work in New Zealand, both new migrants and locals, to live with dignity and flourish in their communities. A productive and resilient economy must prioritise adaptation to climate change and begin to move towards a low-carbon economy.
36. We encourage the government to take a long-term view of solutions to these issues and to stand in the shoes of vulnerable communities as you prepare for Budget 2017.