

18 January 2018

**Submission**  
To the  
**Finance and Expenditure Select Committee**  
On the

**Budget Policy Statement 2018**

*“The notion of the common good also extends to future generations.  
The global economic crises have made painfully obvious the detrimental effects of  
disregarding our common destiny, which cannot exclude those who come after us.  
We can no longer speak of sustainable development apart from intergenerational solidarity.”*  
— Pope Francis, *Laudato Si’: On Care for our Common Home*, 2015

**Summary of main points**

- We welcome the Government’s intention to report against a broader set of well-being indicators and its commitment to intergenerational wellbeing.
- Ongoing earthquake recovery investment must attend to the needs of the poorest, and incorporate local tangata whenua voices in decision making. Mechanisms for the Provincial Growth Fund should ensure funds reach the most vulnerable people, and regions where unemployment, intergenerational poverty and social challenges are particularly high.
- We are pleased that the new government is making families a priority. We ask the government to: prioritise investing in more secure, affordable and good quality housing for families and individuals who are unable to afford to buy or rent in the current market; and ensure all children have a place they can call home.
- Climate change is the ultimate intergenerational issue and by far the most serious environmental issue we face. We welcome the setting up of an independent Climate Commission, commitment to a net zero carbon emissions goal and achieving New Zealand’s commitments under the Paris Agreement. We urge the government to commit to an integrated approach towards climate finance, with more funding for disaster resilience, recovery and adaptation projects in particular.

## **Introduction: Human Dignity & Inter-generational Well-Being**

1. Caritas Aotearoa New Zealand is the New Zealand Catholic Bishops' agency for justice, peace and development. We work on behalf of the New Zealand Catholic Bishops Conference for a world free of poverty and injustice through community development, advocacy, education, and emergency relief. We welcome the opportunity to comment on the government's Budget Policy Statement and Treasury's Half Year Economic and Fiscal Update released Thursday 14 December 2017.
2. Our submission is inspired and informed by:
  - Catholic Social Teaching (human dignity, solidarity, stewardship (being responsible guardians), common good, participation, preferential option for the poor and vulnerable, subsidiarity (empowering communities));
  - The experiences of communities in New Zealand and throughout the Pacific; and
  - The experiences of Catholic agencies working with poor and vulnerable communities.
3. As a Catholic Bishops agency, we recall the New Zealand Catholic Bishops 2017 Election statement, which highlights our focus for the proposed living standards framework. We hope for positive, pro-life attitudes and policies. We embrace the bicultural nature of Aotearoa New Zealand. We delight in cultural diversity. We envisage a nation that welcomes, protects, promotes and integrates migrants as an integral part of our communities. We want Kiwi children and mokopuna to grow up in a safe society (this includes tackling 'soft' and hard drugs, like 'P' head on). We care for our planet and our common home. We desire a fairer tax structure that supports the dignity of all workers. The wellbeing of all New Zealanders is of concern to everyone. We advocate for a thorough review and strengthening of the mental health sector as part of an integrated health system. We support efforts to bring about affordable housing and effective regional and provincial economic development policies that promote employment opportunities. We are deeply disturbed by the growing prison population in New Zealand and encourage the establishment of pathways of care, guidance, participation, belonging, work and purpose, especially for young people. We urge you to reflect, discuss and debate these issues within the context of developing a living standards framework that upholds the common good of our nation.

## **Living Standards Framework & Inter-generational Well-Being**

4. We welcome the Government's intention to report against a broader set of well-being measures (financial and physical, human, social and natural) in future budgets and its commitment to achieving the Sustainable Development Goals and sustainable inter-generational well-being.
5. We acknowledge the Government's commitment to operate within the Government's Budget Responsibility Rules, including running sustainable operating surpluses across the economic cycle; ensuring Net Core Crown Debt is below 20% of GDP within 5 years of taking office; and keeping government expenditure as a percentage of GDP in line with historic trends. We are concerned that household debt has increased to near-record levels of 167 per cent of disposable income; that productivity growth has been weak; and that over the last 30 years, the share of the economy going to wages and salaries has declined putting pressure on people's well-being.
6. We agree that the government should make efforts to reduce net crown debt to lower levels insofar to provide resilience in the likely case of financial and physical, human, social and natural crisis. We note that the Government is committed to a fairer tax structure; announced the Tax Working Group 23 November to "improve the structure, fairness and balance of the tax system"; and will also contribute to positive environmental outcomes, including a low carbon economy.

## **Exclusion: Margins & Peripheries**

7. In response to our 2017 Budget Policy Statement submission, we were pleased that public funding was applied to earthquake recovery – including Kaikōura. We do not believe, however, that the community is yet back on its feet. Ongoing investment and local development will be required to rejuvenate a healthy local community and economy that is particularly attentive to the needs of the poorest. We reiterate the need for local tangata whenua voices to be heard in decision making about recovery investment options.
8. We agree that it is essential for New Zealand’s regions to thrive. We welcome the provincial growth fund allocation of \$1 billion per year (\$3.6 billion in total) as an opportunity for regional and provincial economic development, sustainable job creation, social inclusion and participation. Mechanisms should be put in place to ensure these funds reach the most vulnerable people, and regions where unemployment, intergenerational poverty and social challenges (such as those in adjusting to a new low carbon economy) are particularly high.
9. Investments should also increase sustainable regional and national resilience by improving critical infrastructure, such as regional rail and regional ports, throughout the entire country (rather than only in Northland) and internationally competitive technology platforms.

## **Families, Children & Affordable Housing**

10. Caritas has raised the issue of families and affordable housing in previous submissions to this committee. Housing is a basic right. Access to decent and permanent accommodation is the foundation upon which families and individuals can flourish. We are therefore pleased that the new government is making housing a priority. As a matter of urgency, we ask the government to: prioritise investing in more secure, affordable and good quality housing for families and individuals who are unable to afford to buy or rent in the current market; and ensure all children have a place they can call home.
11. We believe every New Zealander has a right to a warm, dry and safe home. We welcome the Healthy Homes Guarantee Act of 2017 that will ensure all rentals are warm and dry. The planned investment in public housing and addressing supply side issues, such as, access to land and labour, is another part of the solution. Effective policies to support regional and provincial economic development and consequent employment are needed to alleviate the housing problem. When making decisions, we also urge agencies and authorities to listen to local community voices including those of tangata whenua.
12. We are encouraged that the Families Package aims to make around 384,000 families with children better off by an average of \$75 a week by 2020/21; that a projected 88,000 children will be lifted out of poverty by 2020/21;<sup>1</sup> that a Winter Energy Payment will assist low-income families; and, amongst other, that the KiwiBuild initiative aims to deliver 100,000 affordable houses over 10 years for first-home buyers. We are particularly interested in how the success of these policies will be monitored, reported on and evaluated.

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<sup>1</sup> Budget Policy Statement 2018; published, 14 December 2017; Government of New Zealand; pages (2), 20; Parl. No: B1; ISBN: 978-1-98-853449-7 (Online); ISBN: 978-1-98-853448-0 (Print); Pub. type: Budget 2018; © Crown Copyright; pages 4 & 6, B1.

## **Environment & Climate Change**

13. As Caritas Aotearoa New Zealand stated last year, the adverse impacts of climate change is the ultimate intergenerational issue and by far the most serious environmental issue we face. We therefore welcome the setting up of an independent Climate Commission, establishing the process for setting a net zero carbon emissions goal and achieving New Zealand's commitments under the Paris Agreement.
14. Caritas has issued a report on the State of the Environment in Oceania each year over the last four years. These reports share the stories of the real-life impacts of climate change on the peoples of Oceania. There is no room for complacency. We need to continue to accelerate progress towards a resilient low carbon future.
15. We urge the government to commit to an integrated approach towards climate finance for mitigation, adaptation and loss and damage; uphold social and cultural integrity; advance livelihoods; and provide for long-term preparedness. Climate finance projects funded by New Zealand must ensure authentic outreach, face to face engagement and that local communities are fully aware and involved in decision-making. Our neighbours, especially those in Oceania, are facing the brunt of adverse climate impacts. More funding is needed for disaster resilience and recovery and adaptation projects in particular.

## **Conclusion**

Good fiscal management and healthy economic development includes meeting our international obligations as a good neighbour and bringing long-term benefits to all New Zealanders, so no one goes without the basics. We ask that human dignity and inter-generational well-being be at the centre of all Budget considerations.