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Committee Secretariat  
Finance and Expenditure Committee  
Parliament Buildings  
Wellington  
Phone: 04 817 9520  
[fe@parliament.govt.nz](mailto:fe@parliament.govt.nz)

### **Caritas submission on 2021 Budget Policy Statement**

*“Yet the brutal and unforeseen blow of this uncontrolled pandemic forced us to recover our concern for human beings, for everyone, rather than for the benefit of a few. (Pope Francis, paragraph 33, Fratelli Tutti)*

#### **Summary of main points**

- The New Zealand pandemic response illustrates that strong, decisive action can be taken when there is a clear and recognised threat to human life and when there is sufficient will to act to protect the vulnerable. The government has properly prioritised the health of its people ahead of short-term financial considerations. The focus of the team of five million on the common good is something we need to continue to build on as we create a more just and peaceful society in the post-Covid world.
- The transition to a carbon-neutral economy will require transformative change – particularly in transport and agriculture. The pace of worldwide technological change is unlikely to slow. As we move through this transition we need to ensure that the negative impacts of change don't unfairly fall on the poor and vulnerable in our society.
- To become a more just, peaceful and sustainable society where all people are treated with dignity then we must ensure that the poor, the old, those with disabilities, the sick, and the unemployed can participate fully in future successes of Aotearoa New Zealand. In the workplace casual workers and migrant workers need to be treated with dignity.
- There is much we can learn from an indigenous perspective – placing a greater value on long term intergenerational sustainability.
- In the post-Covid world, rather than hastily seek to rebuild old industries which place an undue environmental burden on the planet we should seek to create new opportunities that are truly sustainable.

## 1 Introduction

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 (NZCBC) for a world free of poverty and injustice through community development, advocacy, education, and emergency relief. We are mandated by the NZCBC to analyse issues of injustice; identify root causes and construct appropriate responses; and to be a voice for the Catholic Church on matters of justice, peace and development.

Catholic Social Teaching reinforces the dignity of each and every person, along with their responsibilities, regardless of culture, ethnicity, gender or religion. Key principles of Catholic social teaching:

- ☐ Human dignity – Te tapu o te tangata;
- ☐ Solidarity – Kotahitanga;
- ☐ Subsidiarity - Mana whakahaere;
- ☐ Preferential option for the poor and vulnerable - He whakaaro nui mō te hunga rawakore;
- ☐ Participation - Nāu te rourou, nāku te rourou;
- ☐ Stewardship – Kaitiakitanga; and
- ☐ The Common Good - Hei painga mā te katoa.

The review of government finances and spending at the dawn of the post-Covid world is an appropriate time to step back and take a national and international perspective.

The Pandemic response illustrates that strong, decisive action can be taken when there is a clear and recognised threat to human life and when there is sufficient will to act to protect the vulnerable to and support those most impacted.

The COVID crisis has exposed vulnerabilities and weaknesses in our economic and political systems, and our too ready acceptance of issues such as extreme poverty, environmental degradations, and trafficking of people. If the new post-Covid society is to have a firm foundation then it must allow all people to participate in working for the common good of all.

The government has properly prioritised the health of its people ahead of short-term financial considerations. The focus of the team of five million on the common good is something we need to continue to build on as we create a more just and peaceful society in the post-Covid world.

*“If the solutions for the pandemic bear the imprint of egoism, whether it be by persons, businesses or nations, we may perhaps emerge from the coronavirus crisis, but certainly not from the human and social crisis that the virus has brought to light and exacerbated. Therefore, be careful not to build on sand (cf. Mt 7:21-27)! To build a healthy, inclusive, just and peaceful society we*

*must do so on the rock of the common good. – Pope Francis<sup>1</sup> [General Audience 9 Sept 2020 Catechesis “Healing the world”: 6. Love and the common good ]*

## 2. Just transition

The transition to a carbon-neutral economy will require transformative change – particularly in transport and agriculture. The pace of worldwide technological change is unlikely to slow. As we move through this transition we need to ensure that the negative impacts of change don't unfairly fall on the poor and vulnerable in our society.

### **Debt risk profile should incorporate the lessons from Covid19**

New Zealand governments will need to preserve their capacity to take rapid action in the face of any unforeseen challenges to help those in need – either here or overseas. The BPS acknowledges our current low debt levels relative to major trading partners. However, it makes no mention of New Zealand's other vulnerabilities which historically have required it to have lower public debt burden than larger trading partners such as the UK, USA or Australia. These vulnerabilities, which were exposed during the global pandemic include:

- longer supply chains for essential products such as medicines imported from overseas<sup>2</sup> and weaker buying power in global marketplaces for some imported products based on our smaller national aggregate demand than other much larger nations.
- greater exposure to global export market volatility as a percentage of GDP
- A large and ongoing current account deficit and high household debt.

In light of these vulnerabilities and the potential for another global shock New Zealand would be wise to keep its public debt levels at current levels or at least below those of our major trading partners so that in the event of a crisis such as an earthquake, outbreak of foot & mouth disease - or another global pandemic –we are able to provide additional immediate funds for the response and recovery.

Another good reason for working within prudent debt levels is that we are concerned with intergenerational equity. Caritas supports the transition to a climate-resilient, sustainable and low-emissions economy while building back better from Covid 19. Future generations should not be unduly encumbered with high debt levels.

The transition to a low-emissions economy will involve some cost – particularly for mining, coal, oil and gas sectors. Regions such as Taranaki, Huntly, and the West Coast are likely to be hard hit. It will be important that the government set out a clear transition phase towards the new economy so that people

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<sup>1</sup> [http://www.vatican.va/content/francesco/en/audiences/2020/documents/papa-francesco\\_20200909\\_udienza-generale.html](http://www.vatican.va/content/francesco/en/audiences/2020/documents/papa-francesco_20200909_udienza-generale.html)

<sup>2</sup> <https://www.stuff.co.nz/national/health/coronavirus/123410231/medicine-shortages-could-worsen-as-christmas-looms-over-busy-ports>

and businesses have time to adjust. Transition policy changes need to be conscious of the real world impact on the lives of those most affected.

Targeted support for education, retraining and support for new sustainable businesses are all going to be needed to generate new jobs and export earnings to replace those lost in declining older fossil fuel industries.

There may also be opportunities through tax reform to address New Zealand's long term challenges around wealth inequalities, low productivity and low wages.

### 3. Future of Work - Building back better in a post-Covid world

What, in a practical sense, does it mean to build back better in the context of Aotearoa New Zealand?

#### Employment

To become a more just, peaceful and sustainable society where all people are treated with dignity then we must ensure that the poor, the old, those with disabilities, the sick, and the unemployed can participate fully in future successes of Aotearoa New Zealand. In the workplace casual workers and migrant workers need to be treated with dignity. Research continues to reveal migrant exploitation on our own shores<sup>3</sup>. The government has an important role to play with inspecting workplaces and enforcing employment laws as well as addressing growing inequality and environmental degradation.

New Zealand should have a reputation as a highly productive, technologically proficient, high wage workforce that enhances the human dignity of all people. This means moving away from sectors dependent on low wages and casualised labour. It also means not subsidising carbon-heavy industries such as fossil-fuel consuming airline travel and phasing out of coal-powered base load energy production. Rather there will be a need to provide more public funding into new productive employment opportunities: Education, Skills development and In-demand employment skill gaps.

There are a number of “shovel-ready” projects that could help develop a new way forward. A few examples could include:

- New work schemes focussed on riparian planting, cleaning up waterways and oceans
- Large scale renewal of sewerage, wastewater and other outdated urban infrastructure (Wellington, Hawkes Bay, etc)
- Reduction in nitrate and other fertiliser use that reduces water quality<sup>4</sup>.
- Planting of indigenous forests on unproductive land.
- Taxing road congestion, raising the ETS price and increasing the Road User Charges to better reflect the true wear and tear cost on roads, of trucks and other heavy vehicles.

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<sup>3</sup> ['Exploitation is my destiny': Migrant workers open up about 'modern slavery' in NZ | Newshub](#)

<sup>4</sup> <https://www.stuff.co.nz/national/300225911/drinking-water-nitrate-limit-11-times-higher-than-it-should-be--health-expert>

We acknowledge the increased investment into school infrastructure for State-owned schools<sup>5</sup> but we are concerned about discrimination against integrated schools that have a religious identity. Integrated schools were excluded from the recent increased spending on school infrastructure maintenance.

### **Living Wage**

Covid19 has also revealed the real “frontline heroes” during a Pandemic. Those who stock our supermarket shelves, clean our hospitals and offices, nurses, teachers and childcare workers. Perhaps now is the time to ensure that wage rates better reflect the real value of the work, traditionally done predominantly by women. Payment of a living wage would be a good step towards that overdue recognition.

We welcome the recent Covid-driven increased participation in education by young people<sup>6</sup> and the Apprenticeship Support measures which the government has put in place. These are to be commended.

We also welcome the increased participation, particularly by Māori and Pacific students in staying on at school cited in the BPS (p.6).

The international tourist and hospitality sectors have both been negatively impacted by the downturn in overseas tourists. Due to their higher employment rates in these sectors women and young workers have been disproportionately affected. It will be important to ensure that new targeted training and employment opportunities are provided in the post-Covid economy of the future to ensure greater equality. This should not mean simply subsidising tourism and hospitality businesses under the old economic model but rather using just transitional programmes to create training and new sustainable employment for all workers - including women and young people.

### **Participation for those caught on the wrong side of the Digital Divide**

Similarly some long term unemployed and those struggling with mental health issues are older male workers. New targeted programmes will be required to ensure these workers (and retired people) have a “place at the table” to be able to participate in the new post-Covid society. Those caught on the wrong side of the Digital Divide will require special assistance as bank branches close and crucial information and services are increasingly provided online or in the mobile format.

The abolition of cheques by the banking system is creating another barrier to participation of those who are not digitally literate or who do not own a computer. Additional funding should be provided to help create a just transition for people who are increasingly marginalised from society by this move. Given the cost savings involved in automation for the banking sector perhaps they can provide additional funding required – either voluntarily or via a government levy for this purpose.<sup>7</sup>

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<sup>5</sup> School Property investment (\$119.5 million operating and \$115.4 million capital at Budget 2020, then another \$164 million capital in November 2020) to expand, maintain and enhance the quality of the School Property portfolio

<sup>6</sup> BPS Statement , p.6

<sup>7</sup> [Bank Cost Savings via Chatbots to Reach \\$7.3 Billion by 2023 \(juniperresearch.com\)](https://www.juniperresearch.com/news/bank-cost-savings-via-chatbots-to-reach-7.3-billion-by-2023)

#### 4. Māori & Pacific: Long term intergenerational perspective

New Zealand has earned a reputation for practical approaches that work well in local conditions. This has been particularly the case in the Pacific region. During the Covid crisis the governments of New Zealand and Pacific nations worked closely to minimise harm to our Pacific neighbours and to ourselves. We worked together. There are lessons in that for the future.

We also recognise the intergenerational relationships between Pacific and Tangata Whenua communities in Aotearoa New Zealand. The Catholic worldview, the Pacific view and that of Te Ao Māori – the indigenous perspective – place a greater value on long term intergenerational sustainability. It would be foolish indeed to consume non-renewable resources today and to find tomorrow that our children are left with nothing.

Pope Francis recently spoke to the Global Indigenous Forum, 2 Feb 2021 and said:

*“In reality, it is a question of promoting a development that does not take consumption as a means and an end, but one that truly cares for the environment, listens, learns and dignifies. This is integral ecology, in which social justice is combined with the protection of the planet. Only with this humility of spirit can we see the total defeat of hunger and a society based on enduring values, which are not the fruit of passing fads and biases, but of justice and goodness. I trust that your work these days will bear abundant fruit, of love for the world we want to build together and which we wish to hand on to those who come after us as a treasure, and not as a heap of waste and debris. – Pope Francis<sup>8</sup>*

#### Creating the new post-Covid world

In dreaming of a new world the Covid crisis has taught us the value of working together and considering the common good. Such a longer-term perspective should influence the way all of us think about intergenerational issues such as:

- Responsible debt levels – intergenerational justice
- Care of creation – Just transition
- Community building and self-determination – In our work in the Pacific we encourage community self-determination – the ability for communities to determine their own futures. Pope Francis emphasises the importance of the identity of a people. “To be a part of a people is to be part of a shared identity arising from social and cultural bonds.”<sup>9</sup> “Good politics will seek ways of building communities at every level of social life, in order to recalibrate and reorient globalisation and this avoid its disruptive effects.”<sup>10</sup> As a small open economy over 50% of New Zealand’s share market is owned overseas<sup>11</sup>. This has implications for self-determination, an intergenerational perspective and the capacity to be effective kaitiaki of the resources of Aotearoa New

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<sup>8</sup> [http://www.vatican.va/content/francesco/en/messages/pont-messages/2021/documents/papa-francesco\\_20210202\\_messaggio-forum-popoli-indigeni.html](http://www.vatican.va/content/francesco/en/messages/pont-messages/2021/documents/papa-francesco_20210202_messaggio-forum-popoli-indigeni.html)

<sup>9</sup> Pope Francis, Fratelli Tutti” 158.

<sup>10</sup> Pope Francis, “Fratelli Tutti”, p.182

<sup>11</sup> <https://www.interest.co.nz/news/108039/until-onset-pandemic-foreign-investors-increased-their-exposure-here-only-taking-level>

Zealand. The same long term approach we bring to our work in the Pacific needs to be reflected in the development of Aotearoa New Zealand – respecting people, community, culture and identity.

- We also need to continue to honour our international commitments around aid and development. The government should outline a timeframe to achieve its commitment to 0.7% of GNI to aid by 2030.
- New Zealand also has a duty, as a relatively wealthy neighbour in the Pacific, to help Pacific nations deal with the effects of climate change. Additional climate finance needs to be made available for this purpose and grassroots communities need access to such funds in a transparent and accountable way.

## Housing

House prices in New Zealand have jumped 44% since 2017. Public housing waiting lists have quadrupled in the same period. Rental prices have followed these increases and many households are finding it difficult to pay rent and pay for necessities such as food, power and doctors' visits.

Security of tenure in a home is a vital part of the stability that whanau need as children grow and develop. Having security of tenure at the local school and the stability of friendships and community are all important in building social capital and trust. Ensuring that all New Zealanders can set an achievable goal of home ownership should be a goal for this and future governments. New Zealand has achieved that goal before and with sufficient will, we can do it again.

Vastly increasing the supply of new affordable houses will ultimately be the main way to resolve the housing crisis and begin to make the impact on poverty, ill-health and unemployment that still blights the nation four years after the government was elected to make transformational change.

This could include large-scale community housing construction to provide warm dry homes together with a closely targeted “Rent to buy” scheme to assist low-income households beginning with Māori and Pasifika whanau. This could be a collaboration with iwi organisations, the private sector, banks or credit unions, local and central and government. Making it easier to access suitable land and easier to gain resource consents will be key to accelerating housing construction by government, community and commercial organisations.

Pope Francis has reminded us recently that all people deserve access to the necessities of life. The advances of new technologies need to be at the service of all people and the planet – not the other way around.

*“The resulting economic crisis has highlighted another illness of our time: that of an economy based on the exploitation and waste of both people and natural resources. All too often, we have neglected solidarity and other values that make it possible for the economy to serve integral human development rather than particular interests. The current crisis thus provides a helpful opportunity to rethink the relationship between individuals and the economy. There is need for a kind of “new Copernican revolution” that can put the economy at the service of men and women, not vice versa. In a word, “a different kind of economy: one that brings life not death, one that is*

*inclusive and not exclusive, humane and not dehumanizing, one that cares for the environment and does not despoil it” .[\[4\]](#)*

## 5. Whanau wellbeing (including children)

If Aotearoa New Zealand is to have a bright and hopeful future then we urgently need to address child poverty and the wellbeing of those families and whanau struggling with low incomes, unemployment or under-employment.

Children need a firm foundation to reach their full potential. Such a foundation is more difficult in the absence of a warm dry place to call home and in the absence of family or whanau support . Healthy children tend to be raised in healthy families / whanau. The best solution is to work with whanau in a holistic approach to the wellbeing of mokupuna/children. We acknowledge some progress on reducing child poverty during the last three years but we also encourage the government to make a sustained effort and not to let up. The incidence of poverty among children with disabilities , Māori and Pacific families remains well above the national average. <sup>12</sup>

In Northland – Tai Tokerau - shameful living conditions continue to be reported. Housing shortages mean that some elderly people are having to sleep on couches and move between family members. <sup>13</sup>

## 6. Physical and mental wellbeing

New Zealand has been falling behind other countries with regard to healthcare. Rates of diabetes<sup>14</sup>, cancer<sup>15</sup> and heart disease<sup>16</sup> show New Zealand to be performing very badly compared to other developed countries.

It’s not just physical health and wellbeing. In mental health too New Zealand is performing badly. Youth suicide rates – particularly for young males remain high. But it's not just the young. “Between 2011 and 2019 the number of suicides of older men remained consistently high and almost doubled that of women of the same age.” <sup>17</sup>

Farmers were noted as being particularly vulnerable as they struggle with a range of problems including farm succession, isolation and depression. <sup>18</sup> Among all New Zealand men, Māori and Europeans had higher rates of suicide than Asian or Pacific men. <sup>19</sup> This was true in every year between 2007-2019.

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<sup>12</sup> [Child poverty numbers improving - Stats NZ \(newsroom.co.nz\)](https://www.stats.govt.nz/news/child-poverty-numbers-improving)

<sup>13</sup> [Our Hidden Homeless: Northland's elderly living in Third World conditions - NZ Herald](https://www.nzherald.co.nz/nz/news/article.cfm?storyid=11111111)

<sup>14</sup> [https://secure.cihi.ca/free\\_products/international-comparisons-en-web.pdf](https://secure.cihi.ca/free_products/international-comparisons-en-web.pdf)

<sup>15</sup> [https://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_cancer\\_rate](https://en.wikipedia.org/wiki/List_of_countries_by_cancer_rate)

<sup>16</sup> [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(00\)02496-X/references](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(00)02496-X/references)

<sup>17</sup> <https://www.otago.ac.nz/news/news/otago732667.html>

<sup>18</sup> <https://www.stuff.co.nz/business/farming/99964077/farmer-suicides-highlight-vulnerability-as-official-figures-rise-for-past-year>

<sup>19</sup> <https://www.mentalhealth.org.nz/assets/Suicide/2020-Annual-Provisional-Suicide-Statistics.pdf>

In the new society, post-Covid, New Zealand needs to continue to prioritise the health and wellbeing of all its people.

*“Once this health crisis passes, our worst response would be to plunge even more deeply into feverish consumerism and new forms of egotistic self-preservation. God willing, after all this, we will think no longer in terms of “them” and “those”, but only “us”. If only this may prove not to be just another tragedy of history from which we learned nothing. (Pope Francis, paragraph 35, Fratelli Tutti).*

## 7. Conclusion

In the post-Covid world, rather than hastily seek to rebuild old industries which place an undue environmental burden on the planet we should seek to create new opportunities that are truly sustainable.

In housing, employment, healthcare and environmental guardianship or kaitiakitanga we can do much better. We need to take a first principles approach to creating a new, healthy, and sustainable society. An economy that serves its people.

Times of crisis can change us for the better or for the worse. In his 2021 book “Let Us Dream” Pope Francis calls on people of goodwill to use this post Covid time as an opportunity to rethink our priorities.

*“We cannot return to the false securities of the political and economic systems we had before the crisis. We need economies that give to all access to the fruits of creation, to the basic needs of life: to land, lodging, and labor. We need a politics that can integrate and dialogue with the poor, the excluded, and the vulnerable, that gives people a say in the decisions that impact their lives. We need to slow down, take stock, and design better ways of living together on this earth. It’s a task for all of us, to which each one of us is invited. But it’s a time especially for the restless of heart, that healthy restlessness that spurs us into action. Now, more than ever, what is revealed is the fallacy of making individualism the organizing principle of society.”<sup>20</sup>*

Caritas would like to make an oral submission to the Committee.

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<sup>20</sup> <https://www.amazon.com/Let-Us-Dream-Better-Future/dp/1982171863?author-follow=B01E5MCOOI&>