

Consultation on the Scope of the Treasury's Long-term Insights Briefing



New Zealand Council Of
Christian Social Services

Sustainable and Resilient Fiscal Policy Over Economic Cycles July 2024

Tirohanga Whānui | Overview

The New Zealand Council of Christian Social Services (NZCCSS) welcomes the opportunity to provide feedback on this Long Term Insights Briefing. We support the kaupapa to ensure that Aotearoa New Zealand has fiscal policy that works for all who live here, and that our systems can remain resilient in uncertain economic climates. The membership organisations who comprise NZCCSS work alongside the most vulnerable communities, for whom financial uncertainty is a daily reality, and we encourage decisions to be made with their wellbeing in mind.

Our main points are:

Item One – Sustainability and resiliency are suitable goals for fiscal policy, although we would encourage nuance in the definition of these terms

Item Two – Fiscal policy construction must begin with the foundational question “Who is the economy for?”

Item Three – Measuring the value of unpaid work should be a priority in Treasury’s work, especially as it relates to the capacity of communities to recover from shocks

Item Four – Insights and supports from and for the Māori economy and operationalisation of Te Tiriti in fiscal policy are critical for long term success

Item Five –The long-term impacts of climate change must be a consideration in determining what is sustainable fiscal policy.

Item Six – We would encourage Treasury to update its concepts of diverse and engaged consultation to include those outside the professional sphere, with lived experiences of poverty and financial hardship.

Item Seven – We encourage a requirement for a wellbeing component to be required when making fiscal policy, to ensure that vulnerable populations are not unduly overburdened by policies such as austerity.

Item Eight – We would encourage Treasury to consider the creation of measures of fiscal success that include poverty metrics for adults, especially older adults.

Item Nine – We would encourage the Treasury to consider the implementation of a universal basic income (UBI)

Taunakitanga | Recommendations

We raise the following points and recommendations for consideration:

Item One – Sustainability and resiliency are suitable goals for fiscal policy, although we would encourage nuance in the definition of these terms

Words derive their nuance from the context they are placed in, but also from the biases of the person reading them. While sustainability and resilience are commendable goals for fiscal policy, we would encourage clearer outlines on what Treasury means when it uses them. Is the sustainability in relation to the levels of growth our country achieves, or the capacity for government to fund core programmes of work? Is resiliency for businesses or for the not-for-profit sector? Is it policy that allows large multinationals to continue to make record-breaking profits or is it policy that inflicts hardship through austerity measures for already struggling families? While these things may happen in tandem, they often do not. Clarity around the context would be welcomed to ensure that the direction is understood by all.

Recommendation Proposal 1: We suggest clearly defining and contextualising these two key terms

Item Two – Fiscal policy construction must begin with the foundational question “Who is the economy for?”

Following from Item One, we ask Treasury the question – who is the economy for? Is the economy, and therefore supports that are pumped into it, designed to ensure a widespread and equitable increase in living standards for all of the people in our nation? Or are these policies and resources designed to support the persistent transfer of wealth from the populace to the hands of a few? Is the economy for businesses, or is for the people who rely on them? Bringing this to the forefront, reminding us all that the economy should be the servant of the people, not the master, will guide the development of long term policy that recentres people, personhood, and wellbeing.

Recommendation Proposal 2: We suggest examining and outlining the purpose and focus of the economy to recentre wellbeing and people in decision making.

Item Three – Measuring the value of unpaid work should be a priority in Treasury’s work, especially as it relates to the capacity of communities to recover from shocks

The volunteer and unpaid sectors have always been part of a functioning society, and they have always been persistently undervalued, underappreciated, and under contextualised when discussing the economy. Where work does not attract a dollar value, it is unvalued entirely. The 2022 Community and Voluntary Sector Survey (Te Hapori Tuhononga o Aotearoa, 2022) estimated that the voluntary sector in Aotearoa was estimated to equate to roughly \$4 billion in unpaid work. More than ever the work of the volunteer and unpaid sector needs to be brought into the sphere of fiscal policy. Community and the work they do is the core of recovery from significant fiscal shocks – from the sharing of kai with neighbours, to the support and care of older people and children, to direct community response in the face of the natural disasters. In order to accurately assess the sustainability and resiliency of the economy, Treasury needs to have an understanding of the way this is supported by the unpaid sector of the workforce.

Recommendation Proposal 3: We suggest engaging in workstreams that provides context and understanding to the value of unpaid work.

Item Four – Insights and supports from and for the Māori economy and operationalisation of Te Tiriti in fiscal policy are critical for long term success

Fiscal policy must reflect the people that it is for, and so Treasury’s policy must be reflective of our people. Te Tiriti, the foundational document of our nation, must be woven through the policies that govern our nation. Fiscal policy was critical in the colonisation of Aotearoa, and it will be critical in the next steps we take forward as a nation grounded in Te Tiriti. In addition, the resiliency, sustainability and innovation present in the Māori economy can provide significant insights that Treasury can use to model wider fiscal policy.

Recommendation Proposal 4: We suggest the strong integration of Te Tiriti into fiscal policy, and the use of the Māori economy as a template for resilient, sustainable fiscal success.

Item Five –The long-term impacts of climate change must be a consideration in determining what is sustainable fiscal policy

This consultation mentions shocks, listing natural disasters and weather events as examples. However, the economy cannot exist in a vacuum and these shocks cannot be considered without consideration of the cause of their recent increase – the looming climate crisis. It is not possible to create fiscal policy with sustainability as its core without the integration of policy that ensures we try to improve the climate crisis and slow the onslaught of the shocks we are likely to experience.

Recommendation Proposal 5: We suggest the integration of climate policy with fiscal policy to ensure that these systems are complimentary and mutually sustainable.

Item Six – We would encourage Treasury to update its concepts of diverse and engaged consultation to include those outside the professional sphere, with lived experiences of poverty and financial hardship.

Consultation is an integral part of developing policy and relies heavily on the expertise and perspectives of sector experts. We tautoko the range of experts that have been invited to consult on this Long-Term Insights Briefing, but the list leaves out the key experiences of groups with a very different experience of engaging with our economy. The lived experiences of people living with poverty and financial hardship are key. By understanding how policy and changes to policy have impacted our most vulnerable, and by valuing their thoughts on how the financial and economic systems of our country could impact them, we can work to ensure that fiscal policy works altruistically across the population.

Recommendation Proposal 6: We suggest ensuring that a more complete picture of the impacts of fiscal policy is developed by the inclusion of perspectives from those with lived experience of poverty and financial hardship.

Item Seven – We encourage a requirement for a wellbeing component to be required when making fiscal policy, to ensure that vulnerable populations are not unduly overburdened by policies such as austerity.

We tautoko the direct mention of the Living Standards Framework and He Ara Waiora in the consultation document. We hope that the context provided by both of these frameworks allow the concerns outlined in Item One and Item Two to be given the appropriate focus.

Recommendation Proposal 7: We support the inclusion of the Living Standards Framework and He Ara Waiora through this process and beyond.

Item Eight – We would encourage Treasury to consider the creation of measures of fiscal success that include poverty metrics for adults, especially older adults.

Aspirations of sustainability and resiliency in our economy require metrics on what the success of that policy looks like. A significant gap in our understanding of our national economic resiliency is the lack of a poverty metric as it relates to adults. We would support the development of such a metric, and in particular the development of a poverty metric and monitoring framework analogous to the Child Poverty statistics for our vulnerable over 65 population.

Recommendation Proposal 8: We suggest developing a poverty metric for adults to use as an indicator of economic resiliency in the population, with a particular focus on over 65s.

Item Nine – We would encourage the Treasury to consider the implementation of a universal basic income (UBI)

Universal basic incomes have been demonstrated to reduce poverty and as a result benefit both mental and physical health resulting in a reduction in costs to the healthcare system in the long run (Patel & Kariel, 2021). The benefits of a UBI are more marked in times of economic upheaval (McKay et al, 2023), with the covid-19 pandemic highlighting governments struggles to balance supporting their populations through the economic hardship. At this time there was a big push in many countries around the world to implement a universal basic income to help support households through the hardship (Nettle et al, 2021). A UBI also goes some way in recognising unpaid work such as that raised in item three.

Although an argument can be made that such methods could be designed to be implemented only in times of dire need, however, with the cost of living having risen markedly since 2020, it is likely that if a similar economic crisis were to occur now, such as another pandemic or a climate disaster, the struggles faced by people in Aotearoa would be much greater than what was seen in 2020. Additionally with the current climate crisis likely to result in more pronounced and regular economic shocks, it seems imperative to have measures in place that will lesson the blow of these cycles before they hit.

Recommendation Proposal 9: We suggest trialling a UBI in the New Zealand context to see if this could be incorporated either as an approach in times of economic shocks or as a permanent measure.

Tohutoro kua tohua | Selected references

McKay, F.H., Bennett, R., & Dunn, M. (2023). How, why and for whom does a basic income contribute to health and wellbeing: a systematic review. *Health Promot Int.* 2023 Oct 1;38(5):daad119. doi: 10.1093/heapro/daad119. PMID: 37804514.

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Patel, S. B., & Kariel, J. (2021). Universal basic income and covid-19 pandemic: Evidence backs up health benefits and may show the way forward. *BMJ*; 372 :n193. doi:10.1136/bmj.n193. <https://www.bmj.com/content/bmj/372/bmj.n193.full.pdf>

Te Hapori Tuhononga o Aotearoa – Community Networks Aotearora. (2022). *State of the Sector 2022: Community and Voluntary Sector Survey Report*. <https://www.volunteeringnz.org.nz/wp-content/uploads/State-of-the-Sector-2022-FINAL-III-Digital.pdf>

Ko wai tātou | Who we are

NZCCSS has six foundation members; the Anglican Care Network, Baptist Churches of New Zealand, Catholic Social Services, Presbyterian Support and the Methodist and Salvation Army Churches.

Through this membership, NZCCSS represents over 230 organisations providing a range of social support services across Aotearoa. We believe in working to achieve a just and compassionate society for all, through our commitment to our faith and Te Tiriti o Waitangi. Further details on NZCCSS can be found on our website www.nzccss.org.nz.

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