

Budget Policy Statement



New Zealand Council Of
Christian Social Services

January 2025

Tirohanga Whānui | Overview

The New Zealand Council of Christian Social Services (NZCCSS) welcomes the opportunity to provide feedback on the Budget Policy Statement. We challenge the kaupapa to focus only on GDP-based metrics of growth and productivity and instead consider that:

- the economy must serve the wellbeing of people, not just profits.
- productive communities include massive amounts of unpaid labour.
- bold investment is needed in social outcomes.
- funding cost pressures through reprioritisation in 2024 resulted in deep cuts to frontline prevention services.
- aged care is New Zealand key infrastructure and requires long-term investment.

Item One – Productivity cannot be prioritised over all else without changes to the definition.

Healthcare, cultural competency, equity and wellbeing cannot be deprioritised to facilitate GDP-focused productivity. Sacrificing key parts of our society because they do not serve purely to grow GDP will not make our lives better. As priorities shift globally towards ‘stability’ and ‘resiliency,’ the discussion of a wellbeing economy increases in volume and frequency. There is a strong, international movement to reorient the economy to be a vehicle for improving quality of life, not just the depth of certain pockets [1]. GDP should, in theory, be reflective of our wellbeing, on the understanding that as GDP improves, we are more likely to be able to afford things that improve our quality of life.

To evidence this, experience-based wellbeing metrics must temper the statistical ones to produce a truer picture of what is happening – such as has been employed in our Child Poverty Statistics. In this space, the statistical information (percentage of children living at certain income levels) is matched with the lived experiences of poverty for these children (an assessment called the DEP-17) [2]. This inclusion of a qualitative aspect is missing in GDP, especially as an indicator of productivity in communities.

Recommendation One – Ensure that metrics of growth and productivity include consideration for wellbeing.

Item Two – Funding cost pressures through reprioritisation has harmed front line services.

The policy statement places an emphasis on reprioritisation to manage cost pressures. The NGO sector experience of this in the last Budget round was funding agencies removing significant amounts of funding from vital community prevention services and failing to address any input cost pressures for NGO partners. NGO partners provide key services to New Zealanders. To maintain the quality of services it is vital to maintain the real value of service funding by addressing inflationary changes to input costs.

Government agencies also deliver important services to New Zealanders. Reprioritisation cuts to ‘back office’ functions have frequently resulted in a frontline that is unable to maintain the quality of services to communities.

Recommendation Two – Ensure that any future cuts in spending cannot impact the frontline services in our communities.

Item Three – A productive community is more than its GDP per hour.

The 'third sector' provides millions of hours of unpaid labour each year that fill the gaps that government and business cannot [3]. Volunteers and not-for-profit organisations enrich the lives of New Zealanders and provide services that would never exist outside of a volunteer system. This unpaid labour is associated with improvements in mental and physical wellbeing and is estimated to provide approximately \$4 billion dollars a year in economic value [4]. As an indicator of the economic health of a community, the capacity for members to engage in non-income related work demonstrates a level of financial and time-based freedom [5]. When calculating how 'productive' a country is, methodologically refusing to include the value of the community ignores the enormous contribution and value being generated by the third sector.

Recommendation Three – Ensure that the value of the third sector is included in official metrics.

Item Four – The scale of social investment must match the scale of social costs.

The Government will consider proposals for implementing a social investment approach. The NGO sector is strongly supportive of efforts to improve our understanding of what is working for people and to increase our impact.

We know that the social costs associated with the life outcomes for people with high needs are significant. The current approach to investment by government often results in over investment in 'bottom of the cliff' responses rather than effective early intervention. The NGO, community and charitable sectors do great work, but most would contend that communities lack the scale of resources necessary meet the needs of New Zealanders with high needs.

Initial indications are that the likely approach to social investment will involve extremely limited new investment and that it will try to squeeze more out of the charitable sector that the government has underfunded over decades. This includes the compounding cuts in real value because of the unaddressed significant inflationary cost pressures in recent years.

Recommendation Four – Ensure that bold investment in social outcomes is a priority in spending.

Item Five – Aged care is key infrastructure and requires social investment.

Regarding the identified priority of "developing a long-term, sustainable pipeline of infrastructure investments" we encourage this government to consider Standard Aged Residential Care Beds as a significant and highly under-supported form of infrastructure.

The ageing population is a vital long-term consideration. By 2050, it is anticipated that there will be 1.5 million over-65s in Aotearoa New Zealand [6]. The aged care sector is increasingly under pressure, this contributes to significant pressure on hospital care and other health services. A social investment mindset would invest heavily in establishing new aged care capacity to free up ward and emergency room beds in the wider health system.

The current funding approach has resulted in standard beds being operated at a loss, with many battling against closure. Every Standard bed that closes is one more person that must be housed elsewhere, often in significantly more expensive settings. Aged Residential Care, specifically Standard Bed Only facilities, are a critical part of our healthcare infrastructure that currently falls outside the understood scope. Without Standard Beds, our acute healthcare services cannot function for the rest of our society, and our older people are left languishing in unsuitable environments.

Recommendation Five - Standard Beds for Aged Residential Care are considered to be a form of infrastructure and specifies a Budget line to ensure the delivery of adequate levels of Standard Beds throughout our nation.

Ngā Tohutoro | References

- [1] Wellbeing Economy Alliance. <https://weall.org/>
- [2] StatsNZ (2019) Measuring Child Poverty: Material Hardship. <https://www.stats.govt.nz/methods/measuring-child-poverty-material-hardship#appendix2>
- [3] Hāpai Hapori Community Matters. *Strengthening our Approach to Volunteering: Executive Summary*. https://www.communitymatters.govt.nz/ask-us/view/1840?t=316562_372737#:~:text=The%20economic%20value%20of%20volunteering, half%20of%20total%20volunteer%20hours.
- [4] Roy, K. & Ziemek, S. (2000). On the economics of volunteering. On the economics of volunteering, ZEF Discussion Papers on Development Policy, No. 31, University of Bonn, Center for Development Research (ZEF), Bonn
- [5] Volunteering New Zealand (2024). The State of Volunteering Report 2024. https://www.volunteeringnz.org.nz/wp-content/uploads/f_SOV-report_2024_web.pdf
- [6] StatsNZ (2022). One million people aged 65+ by 2028. <https://www.stats.govt.nz/news/one-million-people-aged-65-by-2028/#:~:text=%E2%80%9CThe%20number%20of%20people%20aged, 1.5%20million%20by%20the%202050s.>

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. Our mission is to call forth a just and compassionate society for Aotearoa, 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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