

Budget Policy Statement 2026



New Zealand Council Of
Christian Social Services

February 2026

Tirohanga Whānui | Overview

The New Zealand Council of Christian Social Services (NZCCSS) welcomes the opportunity to provide feedback on the 2026 Budget Policy Statement. We challenge the kaupapa to focus on reducing government debt at the expense of funding core public services. The proposed limits to the operating allowance are unlikely to cover the costs of existing services and combined with a lack of consideration for New Zealand's high rates of poverty, this will likely put further financial pressure on future governments and communities.

Taunakitanga | Recommendations

We raise the following points and recommendations for consideration:

Item One: The proposed operating allowance is insufficient to maintain existing public services

While we tautoko the need for governments to be fiscally responsible, we strongly disagree with a focus on debt at the expense of funding for core public services. The proposal to limit the governments operating allowance to \$2.4 billion, including \$1 billion for new spending is unlikely to be adequate for the continuation of existing services after factoring in the rising costs of these services (Te, 2026). Inadequate funding of existing services risks worsening the issues already occurring as a result of decades of deferred maintenance, such as those seen in New Zealand's health system (Frizelle, 2025). This deferral of spending pushes these costs onto future governments while also having a long-term impact on the quality of the services provided. While in the short-term underfunding public services is likely to have substantial disadvantages for the public who rely on these services such as longer wait times, reduced access and higher costs of services, issues that are likely to disproportionately impact lower income households.

Recommendation One: We strongly recommend shifting the focus of Budget 2026 away from reducing Government debt and instead ensure that funding is adequate to uphold the wellbeing of New Zealanders by at the very least covering existing services.

Item Two: The Budget Policy Statement 2026 makes no mention of poverty

The Budget Policy Statement 2026 makes no mention of poverty, despite this being a serious issue faced by a substantial portion of the New Zealand population. In the year ending June 2024, 11.2% the New Zealand population lived in poverty (based on <50% median equivalised disposable household income before housing costs (BHC)) (Stats NZ, 2025a), a substantial increase from 10.2% in 2021 (Stats NZ, 2023). Despite the child poverty reduction targets introduced in 2018, in this same period 12.7% of children lived in households experiencing poverty (based on this same metric) (Stats NZ, 2025b) with Treasury forecasting 11.9% children will still be living in poverty by 2029 (Government of New Zealand, 2025).

In 2025 the government reconfirmed their commitment to meet these targets which aim to reduce this figure to 5% by 2028 (Hu, May 2025). However, there has been no mention of child poverty or whole population poverty in the Budget Policy Statement.

In order to have a substantial impact on reducing the number of New Zealanders living in poverty, this issue needs to be at the forefront of decision making and consideration of funding and service cuts. The detrimental impacts of experiencing poverty span generations and reach far beyond the households directly impacted. Poverty results in increased healthcare costs, reliance on social services and welfare. While a focus on reducing debt now may appear beneficial in the immediate future, investing in our society will provide a benefit that spans generations (Ashton et al, 2020), enhancing productivity growth and social cohesion (Royal Society, 2021).

Recommendation Two: The focus on reducing, not just child poverty, but whole population poverty, should be forefront of any financial decisions and planning by the government, with policies which aim to reduce poverty considered a priority (NZCCSS, 2025).

Ngā Tohutoro | References

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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 100 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.

Ingoa whakapā | Contact Name

Alicia Sudden ceo@nzccss.org.nz

Dr Katie Schraders