



## Social Policy & Parliamentary Unit

Working for the eradication of poverty in New Zealand

### Budget Policy Statement (BPS) 2022 Finance and Expenditure Committee

#### Te Ope Whakaora – The Salvation Army New Zealand, Fiji, Tonga, and Samoa Territory

#### Executive Summary

1. The Salvation Army appreciates the enduring nature of the five overarching wellbeing objectives for this government. It is therefore important to offer some comment from our perspective on the revised versions of these objectives for Budget 2022, particularly as they inform long term wellbeing for New Zealanders. In the following sections, we provide specific insights on both the revised wellbeing objectives, as well as the two areas of policy focus for 2022. However, not all of these wellbeing or policy priorities are areas that are directly relevant to the mission and work of The Salvation Army. Therefore, we are only commenting on specific areas of the BPS 2022.

#### Background

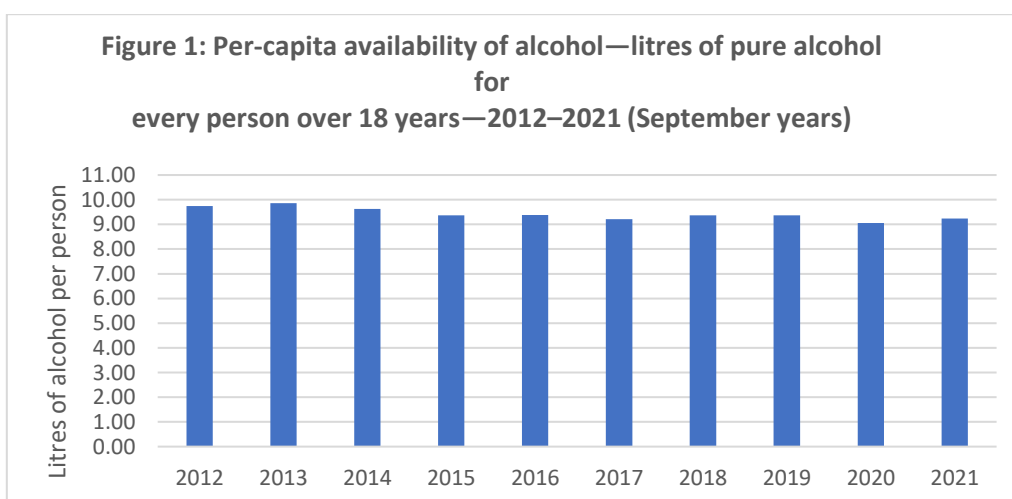
2. **The mission of The Salvation Army is to care for people, transform lives and reform society through God, in Christ and by the Holy Spirit's power.** The Salvation Army is a Christian church and social services organisation that has worked in New Zealand for over one hundred and thirty years. It provides a wide range of practical social, community and faith-based services around the country.
  - a. The Salvation Army employs almost 2,000 people in New Zealand, and the combined services support around 140,000 people annually. In 2020, these services included providing around 88,000 food parcels to more than 69,000 people, providing some 2,400 people with short-or long-term housing, over 4,000 families and individuals supported with social work or counselling, around 18,000 addictions counselling sessions, over 4,000 families and individuals helped with budgeting, other practical assistance to around 6,000 families and individuals, chaplains visited more than 2,300 prisoners, and 5,200 victims, defendants and families were supported at court.
3. This submission has been prepared by the Social Policy and Parliamentary Unit (SPPU) of The Salvation Army. The SPPU works towards the eradication of poverty by encouraging policies and practices that strengthen the social framework of New Zealand. This submission has been approved by Commissioner Mark Campbell, Territorial Commander of The Salvation Army's New Zealand Fiji Tonga, and Samoa Territory.

#### Specific Responses to BPS Wellbeing Objectives 2022

4. **Just Transition - supporting the transition to a climate-resilient, sustainable and low-emissions economy.** The Salvation Army acknowledges this important aspect of the BPS. However, we will not comment any specific matters here.

5. **Physical and Mental Wellbeing - supporting improved health outcomes for all New Zealanders and minimising COVID-19 and protecting our communities.**

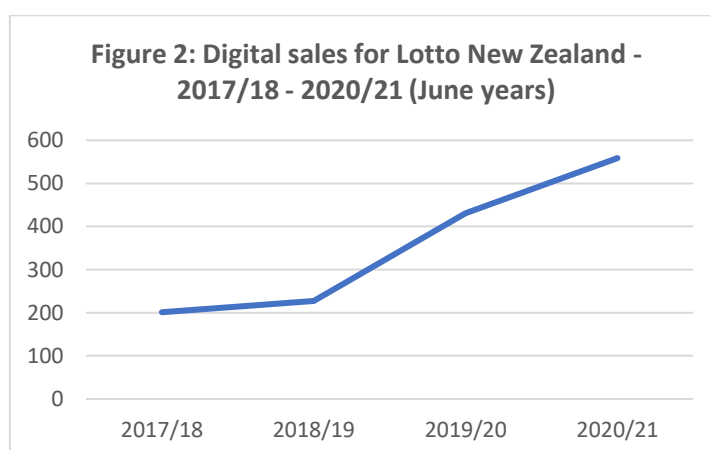
- a. The Salvation Army is a national provider of addiction treatment services (AOD and gambling harm). We have consistently advocated that addictions treatment services are not forgotten or side-lined in the ongoing mental health reforms in our nation. The BPS is correct in assessing the acute challenges of Covid to people’s mental and physical health. In this context, there are specific points regarding mental health and addictions that we want to raise in this submission.
- b. Firstly, we call for the urgent and clear review of the Sale and Supply of Alcohol Act 2012. After a decrease in alcohol availability in 2020, there was a slight increase in 2021. **Figure 1** shows that in 2021, the per-capita availability of alcohol for every person over 18 years was 9.24 litres.<sup>i</sup> Additionally, hazardous drinking behaviours continue to be particularly problematic for those aged 18-24 years old, and for Pacific people (**Table 1**). Proportionally, in 2021, nearly 35 per cent of all 18–24-year-olds, 33 per cent of Māori, and nearly 27% of Pacific people drank hazardously. Additionally, hazardous drinking continues to be prevalent in communities with high levels of social deprivation.
- c. In our experience, the impact of Covid and the resulting lockdowns have been massive for the drinking behaviours and any subsequent addiction to alcohol for many New Zealanders. We have tried to monitor and report on some of these impacts on our frontline AOD and gambling hard services with our six Covid 19 Social Impact Dashboards (2020) and two Lockdown Briefing Papers (2021).<sup>ii</sup>
- d. Consequently, an urgent and clearly defined review of the SASA Act 2012 is overdue. The current Minister of Justice has signalled in 2021 that a review is pending, but more details have not emerged since. The Salvation Army joins many other alcohol advocacy groups, churches and NGOs in strongly advocating for a clear and robust review of the SASA Act in 2022.



**Table 1: Proportion of population estimated to be hazardous drinkers—2016/17 – 2020/21<sup>iii</sup>**

	2016/17	2017/18	2018/19	2019/20	2020/2021
<b>Total population</b>	19.5%	19.8%	20.0%	20.90%	19.90%
<b>Men</b>	27.1%	27.3%	27.5%	28.70%	26.90%
<b>Women</b>	12.4%	12.7%	12.8%	13.60%	13.20%
<b>15-17</b>	7.6%	7.2%	6.3%	11.60%	10.20%
<b>18-24</b>	32.9%	31.7%	35.4%	32.40%	34.90%
<b>65-74</b>	10.5%	12.5%	11.7%	12.60%	11.10%
<b>Māori</b>	33.0%	31.7%	33.2%	36.10%	33.20%
<b>Pasifika</b>	23.40%	19.10%	22.70%	24.30%	26.50%
<b>Decile 1 income (highest)</b>	16.4%	16.2%	19.0%	19.70%	17.30%
<b>Decile 2 income</b>	15.4%	19.5%	18.2%	19.00%	16.60%
<b>Decile 3 income</b>	21.6%	21.4%	19.4%	21.80%	19.80%
<b>Decile 4 income</b>	21.6%	20.5%	19.7%	21.00%	21.10%
<b>Decile 5 income (lowest)</b>	22.9%	21.5%	23.9%	23.30%	24.90%

- e. Secondly, we continue to advocate for stronger regulation and investment in Budget 2022 on gambling harm treatment services, especially in the light of Covid and the major increase in online gambling in recent years. The Salvation Army raised concerns about online gambling in New Zealand and by New Zealanders gambling online overseas in our advocacy paper *Just a Click Away: Online gambling in Aotearoa* in 2021.<sup>iv</sup>
- f. One of the issues we highlighted was the significant increase in online gambling via MyLotto in New Zealand. **Figure 2** illustrates the surge in these numbers, particularly during the recent pandemic years and lockdown periods.<sup>v</sup> **Table 2** shows the increase of NZ Lotteries gambling compared to other forms of gambling. It is worth noting that gambling on pokie machines has decreased also, but this form of gambling still makes up the largest proportion of gambling expenditure for New Zealanders. Additionally, data from the DIA indicates that while the *number* of pokie machines is decreasing nationally, the existing machines are still heavily concentrated in areas of high social deprivation and these machines remain increasingly profitable for the gambling venues that house them. In the context of mental health and addictions, these figures illustrate our growing concern around current and future impacts of gambling harm, especially online gambling and pokie machines, for many New Zealanders in light of Covid.

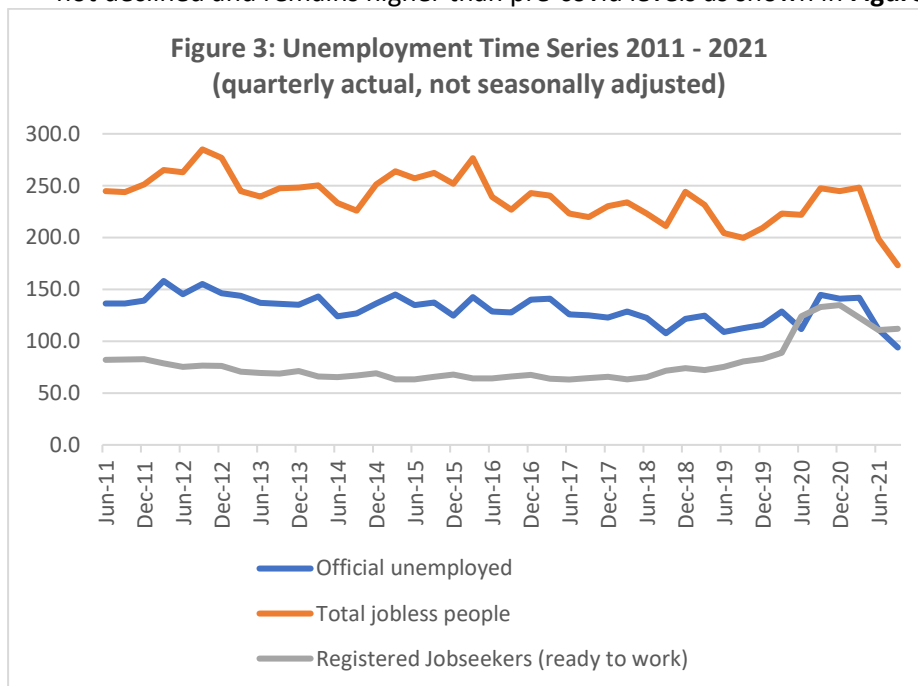


**Table 2: Gambling expenditures - \$million —2011–2020<sup>vi</sup>**

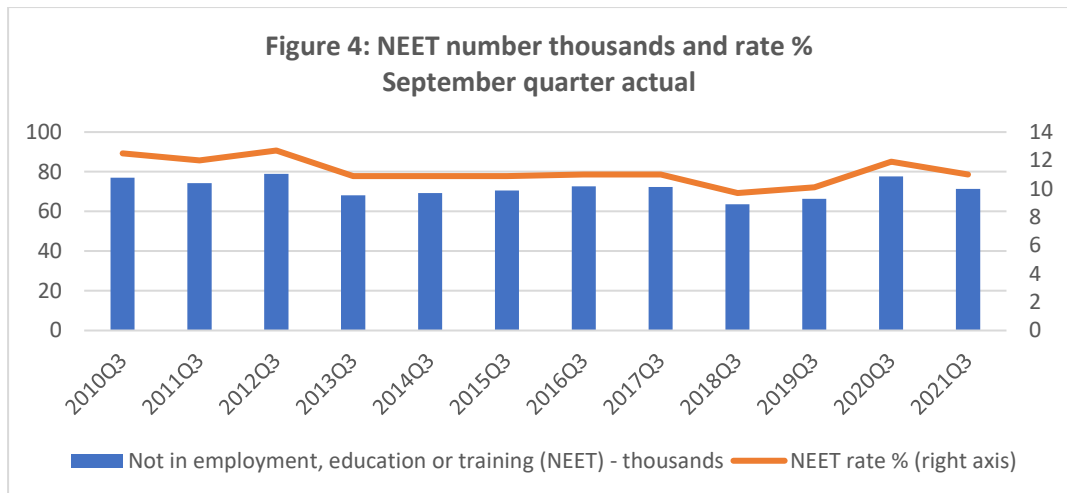
<i>Gambling activity</i>	<i>2015/16 \$m</i>	<i>2016/17 \$m</i>	<i>2017/18 \$m</i>	<i>2018/19 \$m</i>	<i>2019/20 \$m</i>
NZ RACING BOARD (TAB)	\$342	\$338	\$350	\$332	\$315
NZ LOTTERIES COMMISSION	\$437	\$555	\$561	\$530	\$631
GAMING MACHINES (outside Casinos)	\$843	\$870	\$895	\$924	\$802
CASINOS	\$586	\$572	\$578	\$616	\$504
<b>TOTAL</b>	<b>\$2,209</b>	<b>\$2,334</b>	<b>\$2,383</b>	<b>\$2,402</b>	<b>\$2,252</b>

**6. Future of Work – enabling all New Zealanders and New Zealand businesses to benefit from new technologies and lift productivity through innovation.**

- a. The current welfare setting is not sufficient to support New Zealanders who are not in full-time paid employment. In our Covid dashboards and briefings we highlighted the disparity between part-time/contractors/unemployed with full-time workers accessing our welfare services. Implementing strong budget policies to support all New Zealanders into stable employment is essential in the overall wellbeing of all New Zealanders.
- b. The official unemployment rate in the September 2021 quarter at 3.2% was the lowest quarterly figure since 2007. Despite the decline in unemployment the number of people receiving Jobseeker payments and deemed ‘ready to work’ has not declined and remains higher than pre-covid levels as shown in **Figure 3**.<sup>vii</sup>



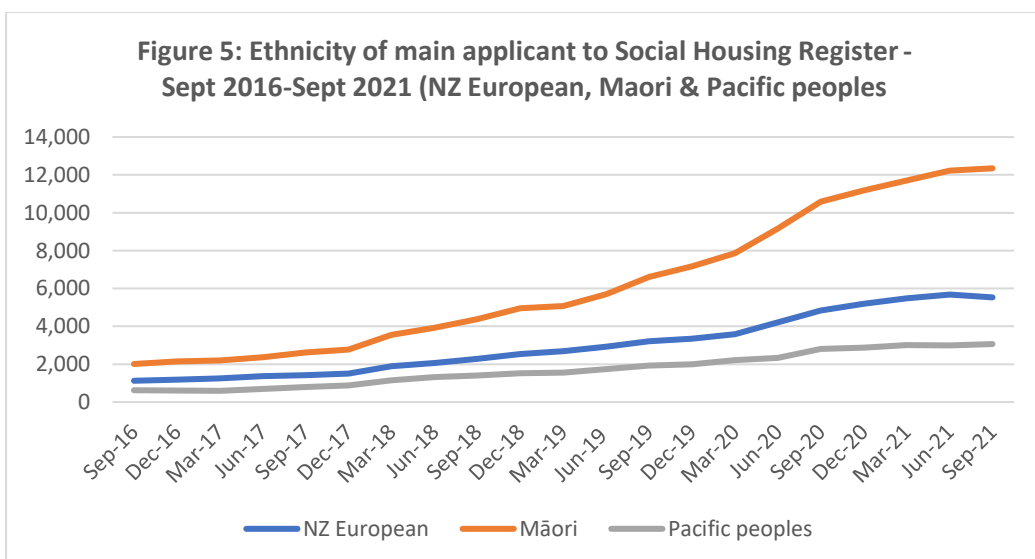
- c. In addition, unemployment disproportionately impacts some groups more than others. Young people not in education, employment or training (NEET) also remains high as shown in **Figure 4**.<sup>viii</sup> Unemployment among younger people has not reduced as much as for other ages groups and the rate is three times as high as the total population (StatsNZ release December).



- d. Disrupted education through Covid-19 means Budget needs to invest in supporting young people to continue their education or training and to connect better with the employment market. In addition, there has been an increase in young Maori leaving school with no qualification (less than NCEA 1) which will impact employment opportunities in the future.

**7. Māori and Pacific Peoples – lifting Māori and Pacific Peoples incomes, skills and opportunities, including through access to affordable, safe, and stable housing**

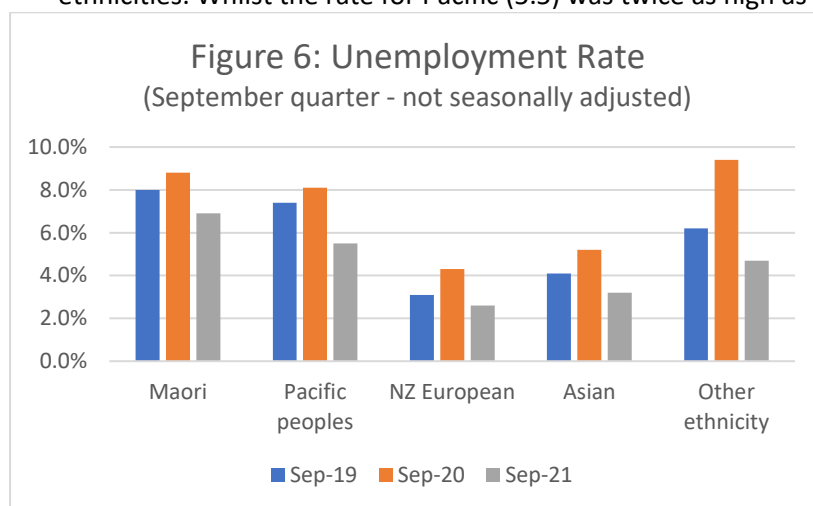
- a. The Salvation Army is very supportive of this ongoing focus for Budget 2022. We acknowledge that the increasing number of applicants on the social housing register is a well-known indicator of the housing stress many vulnerable New Zealanders face. But as **Figure 5** illustrates, the disproportionate numbers of Maori and Pacific peoples on the register are extremely concerning.<sup>ix</sup> With Maori and Pacific peoples featuring heavily in the sharper end of the housing continuum facing different forms of housing stress, and also in private rental, the urgency of this goal cannot be underestimated.



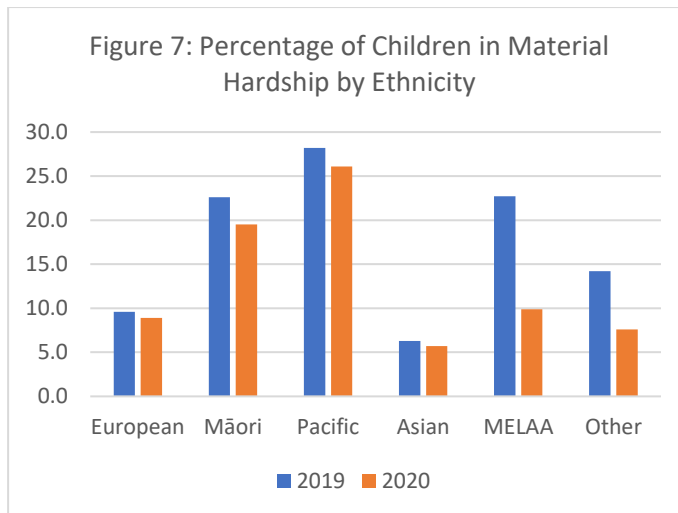
- b. As we have done consistently, we affirm that the role of community housing providers (CHPs) is vital here to help address these housing issues with their expertise on progressive home ownership schemes, holistic support services, and deep connections into local communities. For example, although the number of

public houses provided by CHPs has been increasing over recent years, as at November 2021, about 14 per cent of the nearly 75,000 public houses around the country were from the CHPs.<sup>x</sup> Additionally, increasing the number of Maori and Pacific providers equipped and capable of functioning as effective CHPs are other solutions to these concerning numbers.

- c. Unemployment rates as mentioned prior, have declined in 2021 however the disparity between Maori and Pacific people’s unemployment rates continues to be a concern as shown in Figure 6. In September 2021, the Māori unemployment rate of 6.9% was more than twice as high as the rate for European (2.6%) and Asian (3.2%) ethnicities. Whilst the rate for Pacific (5.5) was twice as high as European.



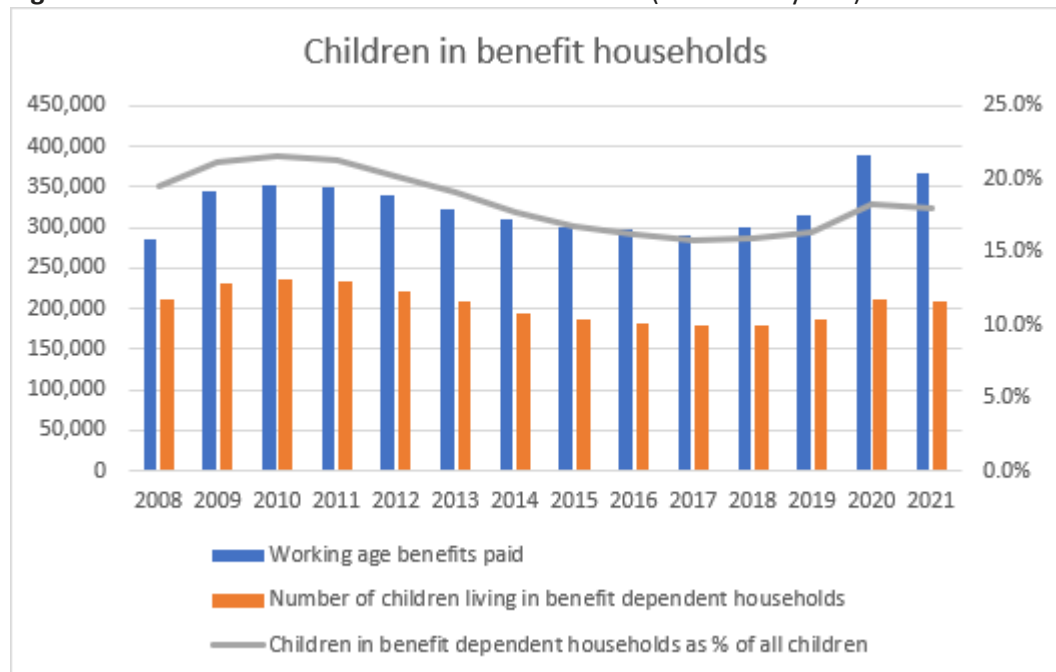
- d. The cost of housing is the primary expense for most households and often dictates the levels of hardships New Zealanders face. The housing challenges for Maori and Pacific shown above, in addition to unemployment rates paint a dire picture of wellbeing outcomes for Maori and Pacific. This is evident in the percentage of children living in material hardship shown in **Figure 7<sup>xi</sup>**
- e. In 2020, Pacific children are 3 times more likely to live in material hardship compared to European children and more than 4 times more likely than Asians. Maori children are two times more likely to live in material hardship compared to European children and more than three times compared to Asians. The population of Maori and Pacific are predominantly younger compared to other ethnic groups. Therefore, lifting the living standards and alleviating these hardships for Maori and Pacific children have long-term impact on their wellbeing.



**8. Child Wellbeing – reducing child poverty and improving child wellbeing, including through access to affordable, safe and stable housing**

- a. A focus on continuing to lift incomes for low-income households with children will be essential to improving child wellbeing. **Figure 8<sup>xiii</sup>** shows that the number of children in benefit households remained high in 2021 reaching 208,770 in December 2021 and is still more than 21,000 higher than December 2019 before the impact of Covid-19 pandemic. Almost one in five children (18.6%) live in benefit-dependent households and they are more likely to have incomes below the official poverty lines.

**Figure 8:** Estimates of Children in Benefit Households (December years)



- b. The 2021 Budget Child Wellbeing report showed that to achieve child poverty reduction targets further significant investment in lifting incomes of lower income households with children is needed. Budget 2022 will need to identify the resourcing needed over the coming four-five years to reach the 2028 target. This should include

fully implementing the changes to the welfare system as recommended by the WEAG report Feb 2019.

- c. Housing costs are deeply affecting the wellbeing of children and their whanau. Designing welfare support changes to better address the impact of high housing costs (mainly rents for lower income households) is necessary. The accommodation supplement and other housing support mechanisms need to be changed to work better for low-income households. The WEAG report proposed changes that need to be given resourcing priority in Budget 2022 and beyond.

## Key policy focus areas for Budget 2022

### 9. Embedding health reforms

- a. Although The Salvation Army is not a primary provider of health care, as stated earlier, we are a major provider of addictions treatment services. We understand why this is a priority policy area for Budget 2022. But again, we contend that the addictions treatment area has not garnered the same amount of funding investment and attention as other aspects of mental health. As outlined above regarding AOD and gambling harm, we expect the demand for these services will continue to increase as we enter year three of this pandemic. Therefore, we advocate for the stronger inclusion and funding of these services in the coming Budget 2022 Vote Health allocations as they are rolled out this year and beyond. Addictions treatment has remained the 'poor cousin' in many ways to the bigger mental health public discussion. We affirm that in light of the current public data (as outlined above) and the frontline interaction with communities by our treatment services, this arrangement must change urgently to ensure the ongoing wellbeing of people and whanau.
- b. Furthermore, while many of these health reforms are understandable, we sincerely hope that this increased centralisation of our public health system does not lead to increased bureaucracy and over-reach of central government into local communities. This a tenuous balance to try and maintain. But as a strong advocate for local communities and local answers and solutions to local problems, The Salvation Army continues to emphasise the voice of local communities, particularly the most marginalised and vulnerable in those communities.

### 10. Modernising the public finance system

- a. In our reading of the BPS document, we noted little information about this policy priority. The Salvation Army, as with many other civil actors, is very interested in how this reform will be framed and be rolled out. We have lived through different finance systems and priorities, whether they are social investment or something else. We believe that the input from the NGO and community sector and churches (especially those with large social services agencies) is crucial to inform these reforms.

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<sup>i</sup> Alcohol available for consumption data tables, MOH, Wellington, <http://infoshare.stats.govt.nz/> (accessed 19 January 2022).

<sup>ii</sup> Our reports are all available here: <https://www.salvationarmy.org.nz/research-policy/social-policy-parliamentary-unit/reports>



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- iii [https://minhealthnz.shinyapps.io/nz-health-survey-2020-21-annual-data-explorer/\\_w\\_733228fa/#!/explore-indicators](https://minhealthnz.shinyapps.io/nz-health-survey-2020-21-annual-data-explorer/_w_733228fa/#!/explore-indicators), (accessed 17 November 2021)
- iv Available at: <https://www.salvationarmy.org.nz/article/just-click-away-online-gambling-aotearoa>
- v *Integrated Report 2020/21*, Lotto NZ, <https://assets.mylotto.co.nz/assets/uploads/f9fd2390-509d-11ec-b7e0-455213321d7c.pdf> (accessed 15 January 2022).
- vi Gambling Expenditure, DIA, Wellington, <https://www.dia.govt.nz/gambling-statistics-expenditure> , (accessed 20 January 2022).
- vii StatsNZ **Household Labour Force Survey December 2021** quarter and Ministry of Social Development – Benefit Factsheets. Retrieved from <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html>
- viii StatsNZ Infoshare, Youth Labour Force and Education Status – average of quarterly actuals.
- ix *Housing Register September 2021*, MSD, Wellington, <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/housing/index.html#nbspLatestresultsndashnbspSeptember20211> (accessed 20 January 2022).
- x *Government housing dashboard*, MHUD, Wellington, <https://www.hud.govt.nz/research-and-publications/statistics-and-research/the-government-housing-dashboard/> (accessed 20 January 2022).
- xi StatsNZ, Child Poverty Statistics: Year ended June 2020, updated 22 April 2021. Retrieved from <https://www.stats.govt.nz/information-releases/child-poverty-statistics-year-ended-june-2020>
- xii Benefit Fact Sheets, Ministry of Social Development, **December 2021**. Retrieved from <https://msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html>