

Local Government Funding Review Local Government New Zealand

The Salvation Army New Zealand Fiji and Tonga Territory Submission

BACKGROUND

1. The Salvation Army is an international Christian and social services organisation that has worked in New Zealand for over one hundred and thirty years. The Army provides a wide-range of practical social, community and faith-based services, particularly for those who are suffering, facing injustice or those who have been forgotten and marginalised by mainstream society.
2. We have over 90 Community Ministry centres and Churches (Corps) across the nation, serving local families and communities. We are passionately committed to our communities as we aim to fulfil our mission of caring for people, transforming lives and reforming society through God in Christ by the Holy Spirit's power.¹
3. This submission has been prepared by the Social Policy and Parliamentary Unit of The Salvation Army. This Unit works towards the eradication of poverty by advocating for policies and practices that strengthen the social, public and spiritual good of New Zealand. This submission has also been informed by the Finance Department of The Salvation Army.
4. This submission has been approved by Commissioner Robert Donaldson, Territorial Commander of The Salvation Army's New Zealand, Fiji and Tonga Territory.
5. The Salvation Army wishes to speak to this submission if Local Government New Zealand is holding public oral submissions to this Review.
6. The Salvation Army is also a member of the **Inter Church Working Party on Taxation** (ICWPT) with most other Christian churches in New Zealand. This group is also making a comprehensive and robust submission to this Funding Review. The Salvation Army fully endorses and supports the arguments and conclusions the ICWPT has made in their submission. Our intention is that this Salvation Army submission will complement the substantial work of this group.

¹ <http://www.salvationarmy.org.nz/our-community/mission/>

THE SALVATION ARMY PERSPECTIVE

7. The Salvation Army **does not** agree with or support the discussions in Part 6.3 of the Funding Review Document that discuss Statutory Ratings Exemptions. In particular, The Salvation Army strongly **opposes** the rationale in Part 6.3.3 that talks about the ratings exemption that The Salvation Army and other churches are legally entitled to being a 'subsidy' that is 'imposed upon communities'. We do acknowledge that, as this Funding Review paper accurately sets out, funding the services provided by local bodies in the future is a major issue requiring changes to local and central government policies. But we cannot support redistributing a local body's revenue stream via removing ratings exemptions for organisations providing religious and charitable services. The Salvation Army strongly contends that there are numerous policy and social justifications for the existence of this ratings exemption for churches. These include:

7.1 The charitable services that The Salvation Army provides at our local Corps, Community Ministry centres, and Social Programme sites are provided for the benefit of all and any members of that community, not just Salvation Army church members. In fact, the most vulnerable and marginalised members of our society are generally the ones who regularly use our religious and charitable services. We submit that our services are an integral part of all local and regional communities they are located in. This is reflected in the breadth of services we offer in communities and the length of time we have been offering such services.

7.2 These ratings exemptions are **not** a subsidy. They are a statutory mechanism that acknowledges the significant work churches do in New Zealand. The Salvation Army, like other churches, still pay the full required rates for other land uses that are not exempt. For example, in many of our buildings, there are sometimes up to five different rates costs for the different services provided in different parts of the building or property. Furthermore, any Salvation Army property that has a Salvation Army Family Store on site pays full commercial rates for that part of the building or property.

7.3 If these current exemptions are abolished, this will greatly impact our ability to deliver many social services in local communities.

7.3.1 The Salvation Army is not a for-profit or commercial enterprise. Many of our social services in the community are delivered under contracts with central government departments. Therefore, the budgets for these are very limited and often restrictive. If the ratings exemptions were removed, we would have to re-look at the number and types of services we offer to communities due to the need to find or reallocate funds in order to pay these potentially higher rates.

7.3.2 Consequently, this will greatly impact those local communities that use and/or rely on our services and properties. Parts of our properties are available for a wide variety of community use. These include for weddings, funerals, children's play groups, community meetings, workshops and so on. In another example,

one of our Auckland Community Ministry centres provides showers and tea and coffee facilities for homeless people and rough sleepers in their local community. If these facilities were not available, then other facilities would need to be provided and maintained by local authorities or other organisations to address these social needs.

7.4 The Salvation Army submits that we attempt to have strong working relationships and partnerships with local and central government bodies. In the end, working towards the social, spiritual and public good of New Zealanders is critical to the work of local and central government, as well as the voluntary and charitable sector.

7.4.1 It is somewhat confusing that the services churches offer are generally welcome in local communities by the local authority and public on one hand, yet on the other hand potentially removing exemptions will place more financial hardship on these organisations to actually deliver these very same services.

7.4.2 Are these services truly valued in our nation when financial constraints are being imposed via central government social service funding, and potentially through the removal of ratings exemptions by local government? We believe these working relationships and partnerships between local bodies and the charitable sector are crucial to working towards the common good in our nation.

7.5 These exemptions for religious and charitable purposes are already clearly and legally enshrined in the Local Government (Rating) Act 2002. Local Government bodies have already tried to abolish ratings exemptions for land in the early 2000s and failed to have these exemptions removed as the Government determined that: “rates exemptions provide a practical means of assistance to a wide range of activities which benefit the community generally”. Now in 2015, these bodies are attempting again to abolish ratings exemptions for religious and charitable purposes that are critical to the spiritual and social fabric of New Zealand. We do not support this attempt by local government bodies to have a ‘second bite of the cherry’ by suggesting a removal of ratings exemptions.

7.6 Finally, Part 6.3.3 of the Funding Review document suggests that these types of religious and charitable ratings exemptions could be decided by the local authority themselves rather than through the Local Government (Rating) Act 2002. The Salvation Army **opposes** this suggestion. We submit that the current codification of these exemptions in national legislation is appropriate and should remain. As indicated in part 7.4 of the Funding Review document “Taxes which are comparatively simple to understand and apply are less costly to administer and comply.” A national policy is much more straightforward.

7.6.1 If rating exemptions were done on a council-by-council process, this would likely be enormously time and resource consuming for both The Salvation Army and that specific local authority. For example, The Salvation Army is a national body

that also works locally. Therefore we work in a large majority of the 78 Councils across New Zealand.

7.6.2 If the ratings exemptions were removed, it would be a huge task for our organisation to work with dozens and dozens of local bodies to advocate for and respond to ratings exemptions for religious and charitable purposes in that local community. Again, this will place more stress on our limited human and fiscal resources, which directly impacts our service provision in local communities.

7.6.3 Furthermore, this suggested change will only add to other council-by-council priorities that The Salvation Army is already engaging with and trying to respond to, such as the Local Alcohol Plans, and Local Approved Products Policies.

7.6.4 There is no sound justification for this type of individualised approach by Councils.

8. The Salvation Army **supports** most of the discussions in Part 6.4 of the Funding Review about individual ratepayers facing financial hardship.

8.1 We acknowledge that, as the Funding Review indicates, take up of the central government-funded rates rebate scheme for low income earners has been disappointingly low. The suggestion on page 61 of the Review document of implementing some national promotion of this scheme is positive.

8.2 The Salvation Army submits that community and charitable organisations like itself can assist in promoting this scheme with low income earners across the country. If there was a national campaign where this scheme was actively promoted and discussed, the community and voluntary sector could be a great asset to such a campaign.

8.3 In 2014, The Salvation Army helped over 120,000 people in New Zealand and delivered over 13,000 budgeting sessions to generally lower income earners in communities with high social deprivation. A national promotional campaign for this rebates scheme involving local and central government, and the community and voluntary sector, would be another excellent example of collaboration by all parties for the common public good of our nation.

9. Finally, in May 2015, The Salvation Army will release a social report titled ***Mixed Fortunes***. This report will look at regional comparisons across several social progress indicators including youth unemployment, student achievement, and labour participation and so on. Essentially, The Salvation Army will analyse whether there is social polarisation and inequality between our regions. The regional analysis makes this report very unique and potentially hugely significant to discussions of national economic growth and regional development policies. We submit that this piece of work will be crucial to the on-going development of local government policies and we hope to engage Local Government New Zealand further once these findings are release.

THE SALVATION ARMY OVERVIEW

10. History

- 10.1** The Salvation Army has worked for the social and public good of New Zealand since it started work in Dunedin in 1883.
- 10.2** By the end of 1883, 25 centres of worship and charitable work had been established across New Zealand. By the end of the 1880s, The Salvation Army had a site and some form of charitable work operating in every town in New Zealand that had a population of 1,500 or more people. Therefore, The Salvation Army has always been an international organisation that works tirelessly for the good of local and regional communities in our nation.

11. Current Situation

- 11.1** Today, The Salvation Army is a registered charity under the Charities Act 2005, (registered number CC37312). Consequently, The Army has developed into both a strong Christian church, and a social services agency that offers and delivers numerous social programmes and services in local communities around New Zealand.
- 11.2** To give a snapshot of Salvation Army services, we note that in 2014²:
- **55,425** food parcels given to individuals and families across our 63 Community Ministry centres.
 - **3,807** people received budgeting support across New Zealand from our budgeters.
 - **7,010** elderly and infirm people received in-home support from our HomeCare service.
 - **1,512** people received day or residential addiction treatment from our Salvation Army Addictions Service.
- 11.3** The Salvation Army is committed to local communities in New Zealand. Whether these are larger urban communities or smaller rural or provincial communities, The Salvation Army regularly works with local and central government to ensure that appropriate social services are delivered in these locations.

² Figures for this section are taken from The Salvation Army 2014 Annual Report available here - <http://www.salvationarmy.org.nz/sites/default/files/uploads/20141219-The-Salvation-Army-Annual-Report-2013-14.pdf>

CONCLUSION

12. In summary, The Salvation Army makes the following recommendations:

- 12.1** The Ratings Exemptions currently codified in the Local Government (Ratings) Act 2002 for land used for religious worship, religious education or charitable purposes should remain in this national legislation and **should not be removed**.
- 12.2** The Salvation Army can, after further discussion, foreseeably assist in any possible national promotional campaign around promoting uptake of the central government's **Rates Rebates Scheme**.

For further information or discussion, please contact:

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