



**Budget Policy Statement 2025**  
**Submission to the Finance and Expenditure Committee**

**The Salvation Army Te Ope Whakaora New Zealand, Fiji, Tonga, and Samoa Territory**  
**3<sup>rd</sup> February 2025**

**Summary**

- The Salvation Army Te Ope Whakaora welcomes the opportunity to submit on the Budget Policy Statement 2025 (BPS). Our submission focuses on the commitments made to basing the Budget 2025 on a social investment approach to drive better results from social services and improve life outcomes for people.
- The economic downturn of the past two years and reduced government spending on crucial social supports is deepening hardship. We renew our call for comprehensive social investment analysis to be applied to all major Budget 2025 decisions. Such an approach needs to place spending in the context of expected social benefits that arise from it.
- Food insecurity is rising, and we urge Government to continue to resource direct food support and work with NGOs, communities and businesses to design a social investment plan to end food insecurity.
- The large increase in public housing during 2024 has had measurable impact enabling a significant reduction in those on the housing register waiting to be housed. The current level of planned public housing is not sufficient to continue to reduce housing need. There is a strong social investment case to support further increases to public housing number above those planned in the next two years.
- A social investment approach requires a broader understanding of wellbeing outcomes than is acknowledged in the BPS goals statement. It should include analysis of how Budget investments contribute to reducing the disparities in outcomes experienced by Māori and Pacific, who face large disparities in some social outcomes.
- Other areas that must also be seen as priorities include: child poverty reduction, reducing violent offending and family violence, supporting successful reintegration of people on release from prison, and responses to rising meth and other illicit drug addictions.

**Background**

1. 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 one hundred and forty years. It provides a wide range of practical social, community and faith-based services around the country.
2. The Salvation Army employs almost 2,000 people in New Zealand, and the combined services support around 135,000 people annually. In the year to June 2024, these services included providing around 88,000 food parcels and vouchers to families and individuals,

providing some 2,300 people with short- or long-term housing, around 4,400 families and individuals supported with social work or counselling, around 5,300 people supported to deal with alcohol, drug, or gambling addictions, around 3,500 families and individuals helped with budgeting, and court and prison chaplains helped 4,000 people.

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 advocating for policies and practices that strengthen the social framework of New Zealand. This submission has been approved by Commissioner Janine Donaldson, Territorial Commander of The Salvation Army's Aotearoa New Zealand Fiji Tonga, and Samoa Territory.

### **Budget goals and objectives**

4. This submission is in response to the Budget Policy Statement 2025 released on 17th December 2024. The release of the government Budget 2025 on 22nd May 2025 will be crucial to ensuring the people and communities where The Salvation Army is working are supported and resourced to live with dignity and thrive. The continuing downturn that has been defined the past two years in this country is weighing most heavily on people on low incomes.

### **Social Investment Approach**

5. We note the commitments made to basing the Budget 2025 on a social investment approach to drive better results from social services and improve life outcomes for people (BPS p.2). Two policy areas from our work in communities across the country are examples of areas for Budget investment that offer huge potential for better social outcomes.

### **Food Insecurity – turn social disinvestment into social investment**

6. The dramatic rise in food insecurity over the past two years has hit the communities where TSA is working very hard. The impact is disproportionately on Pacific children, half of whom live in households going without food regularly.<sup>1</sup>
7. At the same time our organisational capacity to respond has been limited by reduction funding for direct food assistance. For example, our largest centre Manukau has had to move to an appointment system for food assistance because there is insufficient food to meet the presenting needs. Total food parcels distributed across all the 60 welfare centres around the country totalled 84,500 in the year to December 2024. This was six percent down on 2023 (90,000) but still some 40 percent higher than pre-Covid.
8. It is premature to return food support funding to pre-Covid settings, which is the primary rationale used by government for halving funding in 2024 and ending funding by 2025. Our experience is that hardship is in fact increasing again and worse than pre-Covid. It is short-sighted and unwise to reduce this critical social support in the midst of a deep recession, high numbers requiring welfare support and growing hardship.
9. The Salvation Army would welcome the opportunity to work with government agencies and other NGOs on a social investment plan for food security in this country and now is the time to be doing this. The food sovereignty framework The Salvation Army has been implementing over the past 18 months is transforming and diversifying the types of response including fruit & vege co-operatives, new community gardens, shared cooking groups and choice model social supermarkets. This is a medium to long-term vision and

continued government investment in social food security programmes is needed now and in coming years.

10. We urge Government to continue to resource direct food support and work with NGOs, communities and businesses to design a social investment plan to end food insecurity.

### **Affordable Housing for people on lower-incomes – investment in people and enduring infrastructure**

11. The year to June 2024 saw the largest increase in the number of public housing units available for many years with 4,500 units added and growth of 18,400 since 2017. This meant that it was possible to reduce the number of people on the public housing register by some 3,300 people, lower than it has been since September 2020. These housing units are essential social infrastructure and will contribute to the health and wellbeing of tens of thousands of people for decades to come.
12. Announcements from the Kainga Ora and the Minister for Housing recently advised that Kainga Ora plans to add just 2,650 units over the two years to June 2026<sup>2</sup> and that community housing will be funded for 1500 homes<sup>3</sup> over the same period. That suggests that the additional supply of public housing per year in 2025 and 2026 will be only around half that of the past year, well below what is needed to further reduce the number of people in need of public housing.
13. We urge government to reconsider the level of funding for public housing over the coming years and commit to supporting this with a genuine social investment analysis. The recent review of Kainga Ora was notable for the lack of social investment analysis, focusing on a very narrow understanding of financial sustainability for a government social agency. We argue that government borrowing to finance affordable housing supply is a prudent and wise investment in the future life outcomes of people facing homelessness and housing insecurity. It will pay for itself many times over in the life improvements and safer, healthier communities it creates.
14. In addition, as the Government transitions away from emergency housing, it is essential to ensure that robust investment is directed towards expanding transitional housing as a sustainable, long-term solution for those experiencing housing insecurity. The Salvation Army works extensively in the transitional housing space, providing not only safe accommodation but also wraparound support services to help individuals and families regain stability. While transitional housing is an essential component of the housing continuum for those we support, it is not a substitute for permanent, affordable social housing. Without a continual increase in public housing supply, transitional housing will become another bottleneck rather than a stepping stone. We urge the Government to ensure that as emergency housing is phased out, it is replaced not only with a well-resourced transitional housing system but also with a significant expansion in social housing stock to provide permanent, affordable homes for those in need.

### **Wellbeing objectives**

15. The Goals and priorities (BPS p.1) statement reaffirms the three overarching goals and priorities for the government's term in office: a stronger economy, more efficient effective public services; and bring the Government's books back in order; and state that they also meet the Government's wellbeing objectives. The Salvation Army does not believe that

these goals can be understood as fully addressing the social, economic, environmental and cultural wellbeing of people in Aotearoa New Zealand.

16. Even when seen from simply an economic perspective, the goal of “spending restraint” (BPS p.3) amounts to a reduction in spending in real terms and risks being a disinvestment in wellbeing. The received economic wisdom is that governments should act counter-cyclically in a recession, to increase resources circulating and seek to minimise loss in employment loss and productive capacity.<sup>4</sup> The sustained recession of the past two years will be most likely intensified and/or prolonged by further reductions in government spending.
17. The social and cultural wellbeing dimensions of such decision-making we see in the growing poverty and hardship in communities around the country. The future outcomes of tamariki and rangatahi are being undermined by lack of material resources and access to affordable housing, food, healthcare, mental health support, employment and training opportunities.
18. A social investment approach requires a broader understanding of wellbeing outcomes than is acknowledged in the BPS goals statement. It should include analysis of how Budget investments contribute to reducing the disparities in outcomes experienced by Māori and Pacific, who face large disparities in some social outcomes. Outcomes for Māori and Pacific people need specific focus in the Budget because of the disproportionate impact from rising unemployment and increasing hardship on key social outcomes (such as food insecurity see paragraph 6 above).
19. Economic and social goals can be prudently achieved we believe by using the tax and transfer system so that those with more resources contribute more to support those with who are bearing the hardest impacts of the recession. Introducing tax on capital gains and/or raising the highest income tax rate to help fund relief for lower income earners are options that should be included in Budget 2025 and future years.

### **Other Budget priorities**

20. We look to the Budget 2025 to support meaningful reduction in child poverty, wise investment in policies aimed to reduce violent offending and family violence, support successful reintegration of people on release from prison, resource effective evidence-based health responses to rising meth and other illicit drug addictions that focus on harm reduction and reducing demand.

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<sup>1</sup> Ministry of Health, *NZ Health Survey 2024* <https://www.health.govt.nz/publications/annual-update-of-key-results-202324-new-zealand-health-survey>

<sup>2</sup> <https://kaingaora.govt.nz/en/NZ/news/second-stage-of-assessments-under-way-for-state-housing-projects/>

<sup>3</sup> <https://www.beehive.govt.nz/release/government-invests-1500-more-social-homes>

<sup>4</sup> <https://www.macrobusiness.com.au/2024/03/reserve-bank-wrestles-with-worsening-recession/>