

Climate Justice Taranaki submission to the New Zealand Government Budget Policy Statement 2021 (Budget 2022), 27 Jan 2022

1. Climate Justice Taranaki Inc. (CJT) is a community group dedicated to environmental sustainability and social justice. This includes issues of inter-generational equity, notably in relation to climate change, which will impact future generations' inalienable rights to safe water, food and shelter, crucial to sustaining livelihoods and quality of life. CJT became an incorporated society in 2015.
2. We appreciate the opportunity to comment on the government's Budget Policy Statement 2021 (Budget 2022)¹.

General comments

3. The Policy Statement does not adequately reflect the urgency and magnitude of the climate emergency that we are now in. It fails to draw out the linkages between wellbeing, climate change and the associated financial implications for just transition away from the extractive, exploitative economy to one that is regenerative and inclusive.
4. The document lays out some of the chronic, disproportionate impacts on Māori, Pacifica and children in terms of health, mental health, housing accessibility and jobs, etc. As climate change will make such impacts worse, support for Māori, Pacifica and vulnerable communities to deal with climate catastrophes and adaptation will also be needed. The impact of climate change on Māori customary rights and cultural wellbeing² need to be addressed also.
5. Budget allocations for health reform are much needed. This obviously goes well beyond dealing with covid. Much greater investment is needed to repair, upgrade and expand public hospitals, community clinics and the team and welfare of health workers. Covid-19 is an acute threat that demands utmost efforts, but it is important that they are not made at the expense of other health and wellbeing priorities.

Wellbeing objectives

6. Although the wellbeing objective – "*Just Transition – Supporting the transition to a climate-resilient, sustainable and low-emissions economy*" – sounds fine, little is offered other than the Climate Emergency Response Fund (CERF). Just transition requires policy transformations with people's wellbeing (present and future generations) and te taiao (the environment) at the heart, rather than perpetual economic growth. The government has the responsibility to support a carefully and proactively planned and managed transition, to ensure that the vulnerable sections of society are especially cared for during the likely disruptive process, rather than allowing businesses, industries and the powerful to drag on with business as usual.
7. Our group has written extensively about just transition and the key steps it entails, notably in *Toitū Taranaki 2030 – A Community Powered Strategy for a Fast and Just Carbon Neutral*

¹ https://www.parliament.nz/en/pb/sc/make-a-submission/document/53SCFE_SCF_FINS_118274/budget-policy-statement-2021-budget-2022

² <https://thespinoff.co.nz/nga-pae-o-te-maramatanga/21-12-2021/a-threat-to-our-identity-the-impact-of-climate-change-on-maori>

Transition(April 2021)³, and in our submission (November 2021)⁴ on the Ministry for the Environment consultation document *Te hau mārohi ki anamata – Transitioning to a low-emissions and climate-resilient future*. We ask that these documents be read as part of this submission.

8. Wellbeing objective 3 "*Future of Work – Enabling all New Zealanders and New Zealand businesses to benefit from new technologies and lift productivity and wages through innovation*" – puts too much weight on new technologies and productivity. The 2021 budget policy statement⁵ explained that the five wellbeing objectives were built on the Living Standards Framework and "*should not change from year to year*". But we are in a climate emergency. We must downsize resource use and human’s ecological footprint urgently and substantially. The “Future of work” should give emphasis to supporting workers and communities in ways that build climate resilience, food, water and energy security, and affordable, sustainable housing, without relying on unproven technologies and conventional economic productivity. Focus instead on revitalising available skills, expertise and mātauranga and nurturing social innovation that contributes to community wellbeing and environmental restoration aligned with He Ara Waiora⁶. Such a focus would reflect better the meaning of wellbeing, as stipulated in the policy statement, "*Wellbeing means giving people the capabilities to live lives of purpose, balance, and meaning to them*" (page 23).
9. Wellbeing objectives 4 and 5 to lift "*Māori and Pacific Peoples incomes, skills and opportunities*" and reduce "*child poverty*" rely heavily on affordable, safe and stable housing. To address Aotearoa’s housing crisis, the Public Policy Institute of the University of Auckland (Paul, et al. 2020)⁷ proposes a new paradigm for housing policy and ten policy ideas for the government to thoroughly consider:
 - A Ministry of Public Works
 - A Green Investment Bank
 - A State Lending Agency
 - Transferring Regulation of Mortgage Lending to Parliament
 - Enabling Public Sector Leadership for Housing Policy
 - Supporting Tino Rangatiratanga in Housing Policy
 - Fair Taxation of Housing
 - Expanding State and Community Housing
 - Enhancing the Rights of Renters
 - Tackling Homelessness
10. A case has also been made for a universal state-housing policy, as it not only creates more affordable housing, but combats gentrification and stigma, and makes housing more democratic, environmentally sustainable, and accessible (Cole, 2020)⁸. In addition, progressive tax and

³ <https://climatejusticetaranaki.files.wordpress.com/2021/05/toitu-taranaki-2030-just-transition-community-strategy-apr21-web.pdf>

⁴ <https://climatejusticetaranaki.files.wordpress.com/2021/11/cjt-submission-on-te-hau-marohi-ki-anamata-erp-discussion-nov21v2.docx.pdf>

⁵ <https://www.treasury.govt.nz/publications/wellbeing-budget/wellbeing-budget-2021-securing-our-recovery.html#section-4>

⁶ <https://www.treasury.govt.nz/information-and-services/nz-economy/higher-living-standards/he-ara-waiora>

⁷ <https://www.policycommons.ac.nz/2020/10/06/transformative-housing-policy-for-aotearoa-new-zealand/>

⁸ <https://counterfutures.nz/9/CF%209%20Cole.pdf>

regulations designed to curb housing speculations and multiple property ownership would also ease the current housing crises⁹.

11. Indeed, ensuring government investment and control in essential services like housing, health, education, energy and mass transport, taking them away from the profit-driven marketplace, would be essential for the wellbeing of not just the most vulnerable but society as a whole. It is key to our just transition to a socially and environmentally well and regenerative world. Resources for and decisions by Māori for Māori on these essential services are crucial.

Policy area of focus – Embedding health reforms

12. A major health system reform is long overdue, considering the government’s vision for “*a truly national public health service that delivers for all New Zealanders and places a greater focus on primary and community care*” (page 24). Covid-19 is just another ‘canary in a coal mine’ for New Zealand’s severely under-funded and inequitable health system. Our current health system has and continues to be plagued by numerous other issues. Embedding health reforms as a policy area of focus in the upcoming budget is therefore critical.
13. The document would benefit from explanations on the focuses and spread of the \$9.8 billion multi-year capital allowance across the four-year forecast and the proposed \$16 billion operating allowance for the same duration (page 26). As noted above, there is clearly urgent need of capital investment in hospital repair, upgrade and new build, community clinics, as well as providing decent wages and training for an adequately sized health care work force.

Policy area of focus – Addressing climate change

14. Our group supports the establishment of a Climate Emergency Response Fund (CERF), as “*an enduring, multi-year funding mechanism, to support our transition to a low-emissions and climate resilient economy in a way that protects vulnerable communities*” (page 24).
15. We note that the CERF is to be funded by cash proceeds from the ETS - \$4.5 billion based on Treasury’s forecasts over 2022/23 to 2025/26. The statement also confirms that budget 2022 will support CERF towards the government’s first Emissions Reduction Plan to be released on 31 May 2022, while future budgets may consider support for climate adaptation and mitigation. We ask that the recommendations presented in our submission¹⁰ on *Te hau mārohi ki anamata* be thoroughly considered when allocating funding from the CERF. In particular, we are concerned that rather than supporting community-based initiatives, funds will be mis-used for ‘think big’ type projects driven by industries to greenwash their operations (e.g. hydrogen for drying wastewater sludge¹¹ or for producing fertilizer for industrial agriculture¹²).
16. We are pleased to read of the government’s new commitment of \$800 million from the CERF to increase “*support for countries most vulnerable to the effects of climate change to \$1.3 billion*”

⁹ <https://www.newsroom.co.nz/unbridled-nz-housing-speculation-attacked-by-un-representative>

¹⁰ <https://climatejusticetaranaki.files.wordpress.com/2021/11/cjt-submission-on-te-hau-marohi-ki-anamata-erp-discussion-nov21v2.docx.pdf>

¹¹ <https://www.stuff.co.nz/taranaki-daily-news/news/121996765/new-plymouths-wastewater-treatment-plant-gets-37m-for-new-thermal-dryer>

¹² <https://www.stuff.co.nz/environment/300428537/wind-turbines-reaching-206m-tall-proposed-for-taranaki-site-as-part-of-70m-green-hydrogen-project>

over the four-year period from 2022 to 2025, with at least 50 per cent of that funding going to Pacific Island countries.” The \$40 million in new funding for administration costs seem rather excessive.

17. In view of the magnitude and urgency of work required to reduce our emissions and transition to a truly environmentally and socially sustainable economy, a great deal more funding will be required beyond the initial funding for the CERF. An end to all free allocations¹³ for so-called emissions intensive trade exposed industries under the ETS will help raise funds for the CERF. Other revenues may be raised from levies designed to deter polluters and ensure that they pay the fair price of the damages and contribute to environmental restoration. Notably, given that there is no retrospective approach to the ETS, the massive environmental damage and long-lasting harms already caused by these industries will have to be borne by the NZ taxpayer and citizens more generally. In effect, these industries have had a ‘free-ride’ in polluting our environment - ‘privatizing the profits and socializing the losses’. The current settings of the ETS continue this appallingly unjust situation.
18. Moreover, the government’s open support for business ventures that clearly go against mitigating climate change, such as OMV exploratory drilling for oil and gas^{14, 15, 16} and Rocket Lab^{17, 18} associated with the US military, makes us wonder if it is simply giving lip service to addressing climate change and just transition. The funding subsidies for EVs take away resources much needed for an effective and affordable public transport system which would also contribute to levelling inequality.
19. Indeed, the central and local governments need to cut spending on all unnecessary, climate damaging projects such as new roads, any new fossil fuel reliant public infrastructure, and co-financing for industries to research or develop costly technologies that do not contribute to solving climate and other environmental problems or improving community wellbeing (E.g. large-scaled hydrogen development^{19,20,21,22, 23} carbon capture and storage). Some of the shovel-ready projects that were funded under the Covid Recovery Fast Track process have been

¹³ <https://climatejusticetararaki.files.wordpress.com/2021/09/cjt-submission-on-ets-industrial-allocations-17sep21final.pdf>

¹⁴ <https://www.newshub.co.nz/home/politics/2019/04/outrage-over-austrian-oil-giant-omv-s-new-zealand-drilling-plans.html>

¹⁵ <https://www.upstreamonline.com/exclusive/offshore-and-onshore-omv-gets-ready-to-drill-in-new-zealand/2-1-1123103>

¹⁶ <https://www.epa.govt.nz/news-and-alerts/latest-news/omv-new-zealand-marine-discharge-consent-granted-with-conditions/>

¹⁷ <https://www.mbie.govt.nz/assets/a6f07cf6cf/cabinet-paper-contract-between-the-nz-government-and-rocket-lab.pdf>

¹⁸ <https://www.nzherald.co.nz/business/rocket-lab-shares-jump-as-us-military-funding-confirmed/H7IBEHJ4HMNE734JKWVC74NJ6E/>

¹⁹ https://www.energywatch.org.nz/issues/EW82_4-2020.pdf

²⁰ <https://www.stuff.co.nz/environment/climate-news/122689734/sustainability-is-wishful-thinking-get-ready-for-the-energy-downshift>

²¹ <https://theconversation.com/why-hydrogen-energy-has-seduced-a-generation-of-politicians-157983>

²² <https://thefifthestate.com.au/columns/spinifex/hydrogen-in-the-gas-grid-is-a-great-idea-if-you-own-the-gas-grid/>

²³ <https://earthjustice.org/features/green-hydrogen-renewable-zero-emission#:~:text=Reclaiming%20Hydrogen%20for%20a%20Renewable%20Future%20responds%20to%20fossil%20fuel,or%20gas%20from%20factory%20farms>

widely criticised because of the erosion of democratic processes and loss of opportunities to do things differently^{24,25}.

20. Information and Communication Technology (ICT) such as cloud computing, 4G and 5G wireless communications and the associated infrastructure and data centres consume huge amounts of energy and mined minerals²⁶. Its growth needs to be curtailed and strictly managed to minimize its climate and other environmental and social impacts. Cryptocurrencies are reliant heavily on ICT and they fuel the purely speculative, unproductive economy. We do not support the development of a Central Bank Digital Currency²⁷. Spending on military weapons and operations goes against humanitarian, financial and climate expectations, and should also be stopped. We also ask that the government refrain from investing in agricultural technologies that focus purely on yield and profitability without regards for the environment and wellbeing of growers, consumers and local communities. We condemn the government's collaboration with Israel in agritech development on Palestinian soil^{28,29}.
21. Instead of using public money to fund profit driven industries, funding priorities should instead go to safeguarding Māori rights and cultural wellbeing, conserving resources and energy by downsizing unsustainable activities, accelerating social innovations, and growing initiatives that nurture people, communities, biodiversity and the environment.

Economic reform: Ditch perpetual growth – bring on degrowth – make unpaid work count

22. The last two chapters of the policy statement are dedicated to economic and fiscal forecasts and strategy. These include extensive descriptions (bordering on bragging) of NZ's GDP growth, the unexpectedly low unemployment and 'favourable debt position', despite covid.
23. Yet it is irrefutable that as a wealthy nation, Aotearoa NZ has breached multiple ecological boundaries in the pursuit of economic/GDP growth. A 2020 report³⁰ commissioned by the Ministry for the Environment showed that NZ has exceeded its "fair share" of the global safe operating space for most production-based and consumption-based boundaries: climate change, biodiversity and biogeochemical flows (nitrogen and phosphorus). Fanning (2021)³¹ pointed out that NZ's ecological and material footprints are more than 3 and 3.5 times above their boundaries while carbon emissions are in severe overshoot, approaching 4 times the boundary level.
24. Income gap and social inequality³² in NZ are worsening, and especially amongst Māori³³ and Pacific peoples, as recognised in the budget policy statement. In the two decades from 1984

²⁴ <https://climatejusticetaranaki.files.wordpress.com/2020/06/cjt-submission-covid-19-fast-track-bill-21jun20-final.pdf>

²⁵ <https://www.engineeringnz.org/news-insights/what-does-shovel-ready-list-reveal/>

²⁶ <https://www.safertechnology.co.nz/wp-content/uploads/2021/04/STANZ-Submission-to-Climate-Change-Commission-March-2021.pdf>

²⁷ <https://www.rbnz.govt.nz/notes-and-coins/future-of-money/cbdc>

²⁸ <https://agritechnz.org.nz/event/israel-nz-embracing-agri-technologies-through-partnership/>

²⁹ <https://www.scoop.co.nz/stories/PO2201/S00045/government-agriculture-seminar-based-on-ethnic-cleansing-war-crimes-and-human-rights-abuses.htm>

³⁰ <https://www.stockholmresilience.org/download/18.66e0efc517643c2b810218e/1612341172295/Updated%20PBNZ-Report-Design-v6.0.pdf>

³¹ <https://www.nature.com/articles/s41893-021-00799-z>

³² <https://berl.co.nz/our-pro-bono/inequality-and-new-zealand>

³³ <http://maramatanga.ac.nz/node/1153>

when Rogernomics³⁴ began to take hold, NZ saw the largest increase in income gaps of any developed nation³⁵. During the Covid-19 pandemic, the government's wage subsidies to businesses, based on the neoliberal 'trickle down' assumption, has worsened inequality^{36, 37}. While the subsidise benefitted business and property owners and shareholders by the billions, workers and tenants were left with little support and having to deal with less work hours and inflation³⁸. There is no moral excuse to allow sections of our society to fall below basic social foundations. Perpetual economic growth is not working for people, the environment or humanity's future.

25. With the increasing breakdown of the global supply chain, there is an urgent need for NZ to move away from its export driven economy and become self-sufficient, both in terms of food and manufacturing. It is ludicrous for Air NZ to brag about air freighting fresh apricots, salmon, cats and dogs overseas in the middle of a pandemic and climate emergency, just as it is for the government to continue its support for the export of raw logs and milk powder. In terms of shrinking NZ's much oversized transport emissions, a great deal is yet to be done³⁹.
26. Centuries of economic growth, most notably since the Industrial Revolution, have come at a tremendous cost to the planet, developing nations and those who have long been marginalised. Globally neo-liberalized economies have supercharged the impacts. *"We need economies that can shift into a lower gear without harming people's lives, so degrowth basically calls for a planned down-shifting of the economy so that we use less fossil fuels, we use less unnecessary resources but at the same time distribute existing income and opportunities more fairly so that people can have access to the things they need to live flourishing lives"*, Jason Hickel (2020)⁴⁰. *"In short, life in a degrowth economy would involve less work and more time together. Less individual ownership and more sharing. Less debt and more services provided by the government to everyone"*, Erin Remblance (2021)⁴¹.
27. The white paper by Wilkins and Murphy (2021)⁴² tells us that it is time to invest in degrowth. Absolute decoupling requires that as GDP and wellbeing grow, negative environmental impacts stop growing or reduce. The authors point out that degrowth policies would enable *"managed reduction in material throughput through:*

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<http://sites.tepapa.govt.nz/sliceofheaven/web/html/rogernomics.html#:~:text=The%201984%20Labour%20Government%2C%20led,controversial%20Finance%20Minister%20Roger%20Douglas.&text=Until%20the%20century's%20end%2C%20governments,people's%20lives%20and%20the%20economy.>

³⁵ <https://www.theguardian.com/commentisfree/2014/dec/12/how-new-zealands-rich-poor-divide-killed-its-egalitarian-paradise>

³⁶ <https://thekaka.substack.com/p/covids-big-winners-and-losers-revealed>

³⁷ <https://www.rnz.co.nz/national/programmes/ninetoon/audio/2018828257/the-cost-of-the-pandemic-the-financial-winners-and-losers>

³⁸ https://www.rnz.co.nz/news/national/460225/rising-cost-of-living-in-aotearoa-may-trigger-civil-disobedience-social-service-says?fbclid=IwAR2qa9ZJgBRsoeOT1Xkya6BRw_uLR0rYTYF6qIY3xP0VRXsk7qRdimWvqg

³⁹ <https://climatejusticetaranaki.files.wordpress.com/2021/06/cjt-submission-to-motransport-hikina-te-kohupara-with-toitu-23jun21.pdf>

⁴⁰ <https://www.rnz.co.nz/national/programmes/afternoons/audio/2018766960/jason-hickel-how-degrowth-will-save-the-world>

⁴¹ https://independentaustralia.net/politics/politics-display/the-value-of-a-degrowth-economy-our-planet-would-be-richer-for-it_15546#:~:text=The%20value%20of%20a%20degrowth%20economy%3A%20Our,would%20be%20richer%20for%20it&text=Decades%20of%20economic%20expansion%20have,future%20option%2C%20writes%20Erin%20Remblance.

⁴² https://www.purposecapital.co.nz/wp-content/uploads/2021/12/White-Paper_Investing-in-Degrowth_Dec-2021.pdf

- *discriminately reducing economic activities that are ecologically and socially destructive*
- *Increasing economic activities that are environmentally regenerative and socially supportive*
- *achieving a rapid transition to renewable energy*
- *improving employment and providing a universal income*
- *redistributing wealth over time”*

28. For too long, unpaid work, notably caring for children, the elderly and the sick at home and volunteering for charity and environmental causes, have been ignored by the entrenched capitalist, profit-driven economic model. Prof. Dame Marilyn Waring (2019)⁴³ explained the flaws of the GDP focussed accounting system and how unpaid work really counts. A well designed and implemented universal basic income (UBI), or better still universal basic services (UBS)⁴⁴, enabled by progressive economic and fiscal policies, involving major tax⁴⁵ and monetary system⁴⁶ reforms, will level the playing field and go a long way to ensuring people’s wellbeing. It will give people *“the capabilities to live lives of purpose, balance, and meaning to them”*, as envisioned by the government.
29. We ask that rather than emphasising on GDP growth and debt avoidance, that this wellbeing budget be expanded to provide resources for the above-mentioned reforms, notably to take back control and increase funding for state assets and public services⁴⁷. These reforms would be critical investment for the people of Aotearoa NZ.

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https://www.ted.com/talks/marilyn_waring_the_unpaid_work_that_gdp_ignores_and_why_it_really_counts?fbclid=IwAR3sHeF6lOyC470v9cueXY-Mh5VW2_dTx9ZKoHQOZuG-TsWG9a7gobxmAZw

⁴⁴ <https://en.unesco.org/inclusivepolicylab/analytics/move-debate-universal-basic-income-universal-basic-services>

⁴⁵ <https://www.reuters.com/business/millionaires-group-calls-wealth-tax-virtual-davos-2022-01-19/>

⁴⁶ <https://positivemoney.org.nz/>

⁴⁷ <https://www.letsdoevenbetter.nz/>