



# A ROAD TO RECOVERY

A STATE OF THE NATION REPORT FROM THE SALVATION ARMY



Te Ope Whakaora

SOCIAL POLICY AND  
PARLIAMENTARY UNIT

Working for the eradication of poverty in NZ

ISBN 978-0-9582975-4-7 (Paperback)

ISBN 978-0-95829675-1-6 (Electronic)

Authorised and approved by Commissioner Donald C. Bell, Territorial Commander,  
as an official publication of The Salvation Army New Zealand, Fiji and Tonga Territory.

“A Road to Recovery” was produced by The Salvation Army Social Policy and Parliamentary Unit,  
16b Bakerfield Place, Manukau City 2104, New Zealand.

Director: Major Campbell Roberts

Manager: Major Ian Kilgour

This Report is available for viewing or download from:

[www.salvationarmy.org.nz/socialpolicy](http://www.salvationarmy.org.nz/socialpolicy)

The Salvation Army Social Policy and Parliamentary Unit would like to thank community partner  
Duncan Cotterill Lawyers for their financial assistance with the production of this report.

**DuncanCotterill**  
LAWYERS

# **A ROAD TO RECOVERY**

A STATE OF THE NATION REPORT FROM THE SALVATION ARMY

**Alan Johnson**

Senior Policy Analyst

The Salvation Army Social Policy and Parliamentary Unit  
February 2010



Countdown advertised 150 jobs for its new store in Manukau and around 1500 applicants lined up for interviews. 21 January 2010.

**Photo:** APN/Christine Cornege

“In some respects, recessions and economic downturns are the medicine of the market ... But if we learn nothing from a recession and if our behaviours don’t change, the value of all that suffering and disappointment is lost. This is the real danger here and now in New Zealand.”

**FOREWORD**  
A ROAD TO RECOVERY

“God rescues the needy from the words of the wicked and the fist of the mighty. The poor are filled with hope, and injustice is silenced.”

**JOB 5:15–16**  
CONTEMPORARY ENGLISH VERSION

“God, grant me the serenity  
to accept the things I cannot change;  
**courage to change the things I can;**  
and wisdom to know the difference.”

**REINHOLD NIEBUHR**  
THE SERENITY PRAYER

**WE  
WELCOME  
YOUR  
FEEDBACK**

**SOCIAL POLICY AND  
PARLIAMENTARY UNIT**  
NEW ZEALAND, FIJI  
& TONGA TERRITORY

PO Box 76249, Manukau City 2104  
social\_policy@nzf.salvationarmy.org  
[salvationarmy.org.nz/socialpolicy](http://salvationarmy.org.nz/socialpolicy)

**Phone** (09) 261 0883

**Mobile** 027 450 6944

**Fax** (09) 262 4103

## FOREWORD

A year ago the world to most New Zealanders probably looked bleaker than it does today. Twelve months ago we had the reality of falling property prices and rising unemployment, mortgagee sales and bankruptcies. Today, while thousands of people queue for a few dozen jobs, house prices have bounced back to record levels. Some New Zealanders are doing well and some are struggling.

*A Road to Recovery* is The Salvation Army's third annual 'State of the Nation Report'. As with previous reports this report attempts to track social progress across five areas of interest: the position and progress of New Zealand's children, crime and punishment, the working lives and incomes of New Zealanders, social hazards, and housing.

This report is a one-to-five-year review of key indicators against which we might measure social progress or social decline. As in previous years, these indicators show mixed results: in some areas, outcomes are improving, in others, the trends don't look very positive. And perhaps most disappointing of all: in some areas, nothing has changed and the same discouraging picture remains.

On a positive note, there are signs that as a country we have become less tolerant of violence in the home, especially violence towards children. There are signs we are gambling less and heeding the call not to drive drunk. Our infant mortality rate has fallen, the number of pre-schoolers enrolled in early childhood education has risen, students from poorer schools are succeeding more, and there are fewer unwanted teenage pregnancies.

But there is no denying that the recession is taking a social toll. Unemployment is at a five-year high, gains made over the past five years in reducing child poverty have probably been lost, and there are signs of a widening income gap between the well paid and the poorly paid.

Most discouraging is the inevitable rise in our prison population and the high cost of running our prisons. Re-offending and re-imprisonment rates remain stubbornly high, and the public debate around violent crime is not only misdirected but is adding to the problem.

In many ways, New Zealand has weathered the economic storm of the global recession well. Our banking system has not been seriously corrupted by foolish lending, and dairy export prices have recovered. Interest rates have eased, the New Zealand dollar is softer and there is little inflationary pressure in the economy. Predictions of economic decline appear to have been overstated; it even seems feasible to talk of an economic recovery.

But an economic recovery of any sort should not be seen as the answer to our prayers. An economic recovery where Australian-owned banks recover their profitability and where agribusinesses maintain their international competitiveness may have little, if anything, to offer struggling Kiwi families. A recovery where there are high house prices and no new jobs is of little social value.

In some respects, recessions and economic downturns are the medicine—or more accurately perhaps, the surgical interventions—of the market. They are part of what

Austrian economist Joseph Schumpeter called “creative destruction”. Among other things, such downturns weed out weak businesses, revealing and punishing foolish financial decisions. They serve as lessons on how to behave with money and what not to do in our financial lives. But if we learn nothing from a recession and if our behaviours don’t change, the value of all that suffering and disappointment is lost. This is the real danger here and now in New Zealand.

For example, much of the economic growth of the past decade has been consumption driven, and much of this consumption has been debt financed. Over the past ten years our current account deficit has averaged 6% of GDP, which, in effect, means that we have spent \$1.06 for every \$1 we as a country earned from the world. This deficit was largely financed by debt: between 2000 and 2009 our foreign debt rose by \$130 billion. Much of this debt went into housing rather than into more productive forms of investment.

Yet despite this folly, The Treasury in its Half Year Economic and Fiscal Update 2009 is predicting that more of the same is likely to drive the expected recovery—initially, at least. While such an outcome is not within the influence of The Treasury or the wider Government at present, its acceptance in fairly neutral terms as being inevitable and not undesirable points to a lack of imagination.

If our economic recovery relies on us spending more, borrowing more and building more beach houses, we have learned little from the recession or the suffering and fear it brought.

A real danger here is that not only will the recovery not lead us to reflect on our past follies and lack of imagination, but neither will it lead us to repair the damage done by the recession. Some of this damage is catalogued in this report. It can be seen in such statistics as rising levels of child poverty, growing dependence on food banks, and a youth unemployment rate that has hit 26%.

Government has intervened in appropriate ways to minimise the cost and damage of the recession, but has spent heavily and borrowed heavily to do so. It will take some time for us to dig our way out of the hole of debt created by this spending—perhaps as long as a decade. Recovery will come at a cost, restricting the choices of what else we might do as a society. For this reason there is now, more than ever, a pressing need to ensure that sacrifices are shared evenly and that present choices are exercised fairly, with an eye to the future.

Government has some difficult choices to make over the next one or two years. These choices will not be made easier if we as a national community fail to accept the need for change. One necessary change is for more attention to be paid to the needs of the young and the vulnerable in our society. Let us hope that we have both the imagination and generosity of spirit to acknowledge this.



**Major Campbell Roberts**  
Director, The Salvation Army Social  
Policy and Parliamentary Unit



# CONTENTS

<b>Our Children</b>	3
<b>Crime and Punishment</b>	15
<b>Work and Incomes</b>	25
<b>Social Hazards</b>	35
<b>Housing</b>	41
<b>Endnotes</b>	48



(From left) Britney Williamson (8) and Tan-Charlie Malam (8) tucking into the healthy sandwiches they've just made using fresh salad leaves from the vegetable garden at Glen Innes Primary School. 30 October 2009.

**Photo:** APN/Martin Sykes

## OUR CHILDREN

The well-worn cliché that children are our future is not always borne out by the priority we afford children in our social spending and other resource allocations. By around 2022 New Zealanders aged over 65 will outnumber those aged under 15 for the first time in our history. This demographic milestone is not unexpected, but it does pose major challenges for us as a society as we consider the relative priorities of our social spending. An aging society that ignores the needs of the young and focuses more heavily on the needs of the elderly runs the risk of undermining the basis of its prosperity, which is, of course, the productivity and goodwill of its citizens.

Given the demographic and economic challenge of supporting an aging population, the potential inherent in each child is too valuable to waste. Such waste is already apparent in the gaps in opportunities and outcomes that exist between the children of middle New Zealand and those of our poorest families and communities. There are mixed signs around this gap. Some signs suggest that the gap is closing, while others suggest that it is in danger of widening. What is certain, however, is that now is not the time to become complacent in the allocation of efforts and resources to guard the wellbeing of New Zealand's most vulnerable children.

### CHILD POVERTY RATES BEGIN TO RISE AGAIN

2009 saw the publication by Ministry of Social Development of 'Household Incomes in New Zealand: Trends in Indicators of Inequality and Hardship 1982 to 2008'.<sup>1</sup> This report is an update of poverty measurement work undertaken by the Ministry, which is based on Statistics New Zealand's Household Economic Survey (HES). The HES is a household income survey, so poverty indicators derived from it are income based and measure poverty in relative income terms. For example, a household is said to be living in poverty if its income is less than half the medium income of similar-sized households. The Ministry of Social Development complements income-based poverty measures with what might be termed experiential-based ones that allow people to describe their living standards perhaps in terms of the possessions they have and activities they can take part in.<sup>2</sup> Although these measure different things, there is a consistency in the estimates of poverty that these two approaches come up with.<sup>3</sup>

The levels of poverty identified in any poverty measurement programme are often subject to dispute because of the assumptions that are required and the definitions that need to be accepted to make any progress. The actual quantum of relative poverty identified in any poverty measurement exercise is, however, only part of the social policy value to be gained from such an exercise. Poverty measurement also provides insights into poverty trends

**Table 1:** Percentage of children below selected poverty thresholds (after housing costs)

THRESHOLD TYPE	CONSTANT VALUE		RELATIVE TO CONTEMPORARY MEDIAN	
	50% 1998 Median	60% 1998 Median	50% Contemporary Median	60% Contemporary Median
1998	20	28	20	28
2001	20	29	21	30
2004	15	23	19	28
2007	12	16	16	22
2008	12	20	20	28

Source: Perry 2009

**Table 2:** Estimated number of children living in benefit-dependent households

As at 30 December	Total main benefits paid	Estimated number of children living in beneficiary households	Children in beneficiary households (as % of all NZ children)	Estimated number of children living in 'workless' households
2004	319,699	240,000	23%	189,600
2005	302,083	230,500	22%	179,900
2006	286,641	215,000	20%	171,200
2007	269,732	205,500	19%	166,400
2008	286,176	206,000	19%	171,200
2009	345,476	231,250	21%	195,900

Sources: Ministry of Social Development Benefit Factsheets and Statistics New Zealand Population Estimates

(are things becoming better or worse?), into the incidence of poverty (who is most likely to be poor?) and into the depth of poverty (how poor are the poor?).

Analysis of the 2008 Household Economic Survey by Brian Perry provides such insights, including that:

- poverty probably increased slightly during 2008 after several years of decline (Table 1)
- 20% of New Zealand children (or around 216,000 individuals) were estimated to live in relative poverty based on 60% of median income pegged to 1998 incomes and after taking account of housing costs; this figure is significantly less than the nearly 303,000 children or 29% of the child population living in relative poverty in 2001
- 49% of single-parent households were judged to be living in relative poverty according to the same measure (60% of median income at constant value after housing costs); 12% of two-parent households were also living in relative poverty<sup>4</sup>
- 10% of children living in households with one or more full-time workers were said to be living in relative poverty (under the same measure), as were 61% of children in households without a full-time worker, and 69% of children living in “workless” households

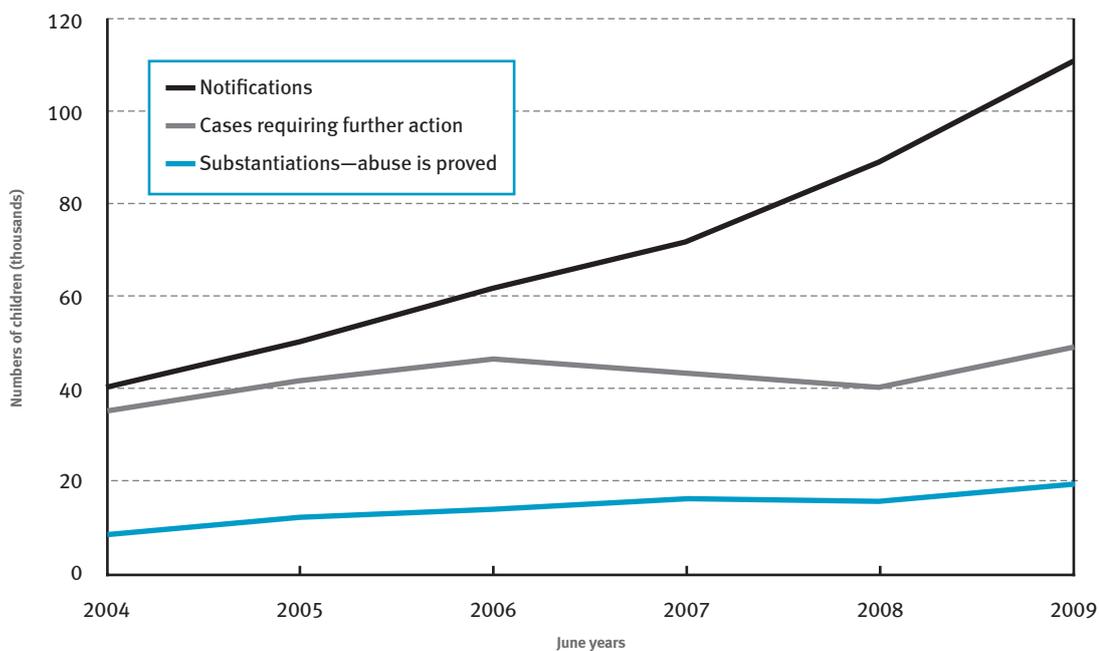
In summary, children living with one parent and relying on a welfare benefit for their main or only source of income are most likely to live

in relative poverty. This is an unsurprising but unnecessary result. It is unsurprising because relative income poverty measures will tend to measure the gap between market incomes (which statistically will always provide most of the household incomes against which median are measured) and incomes based on transfer payments such as welfare benefits and Superannuation. Given that welfare benefits are usually increased annually in line with the rate of inflation, and that wages and salaries in particular are determined both by supply and demand in the labour market and minimum wage legislation, it is quite likely that a gap between benefits and market incomes will emerge. In addition, if benefit rates are set with little or no thought to any objective of poverty reduction but on the basis of providing a barely adequate income with an appreciable income gap between those in work and those not,<sup>5</sup> then it is likely that welfare benefits become synonymous with relative poverty.

As a more immediate indicator of changes in levels of child poverty The Salvation Army has estimated the number of children living on benefits, including those living in households without any supplementary income. Such income might be gained through part-time work. Households without supplementary income may correspond with the “workless” households of the Household Economic Survey and Brian Perry’s analysis. These estimates are provided in Table 2.

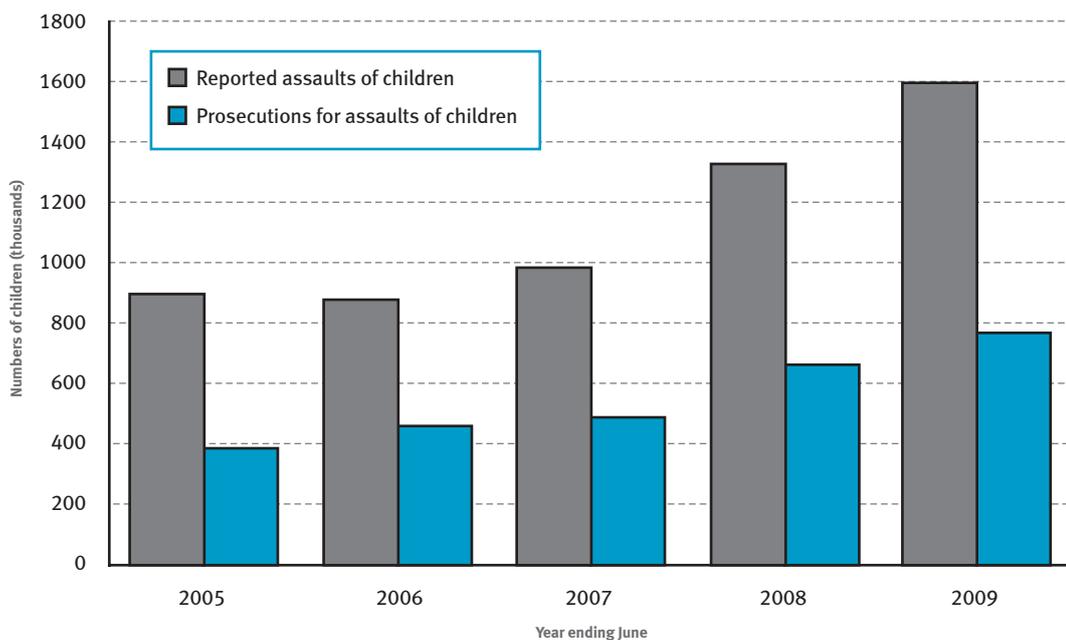
Table 2 indicates the impact of the recession on the number of children likely to be living in

**Figure 1: Child Youth and Family notifications and substantiations 2004–2009**



Sources: Department of Child Youth and Family Annual Reports and data provided directly to The Salvation Army

**Figure 2: Reported violence towards children 2005–2009**



Source: Statistics New Zealand crime statistics

households entirely dependent on benefits. This is now higher than five years ago during the period of declining unemployment, and grew 14% in the year to December 2009. While the recession has added over 50,000 people to welfare lines<sup>6</sup> in just 12 months (to December 2009), fewer people on benefits seem to have been able to secure even part-time employment. For example, in December 2004, 21% of people receiving a Domestic Purposes Benefit reported supplementary income. By December 2009, this had shrunk to just 15%.

### CHILDREN AT RISK

Child Youth and Family (CYF) is the State's child protection agency, which is responsible, among other things, for protecting children from harm and neglect under the Children, Young Persons and their Families Act. In the year to June 2009, CYF received over 110,000 referrals for possible child neglect or abuse. This figure was 24% higher than the previous year and 171% higher than five years earlier.

A significant policy change is most likely behind the bulk of this increase in notifications. For at least two years it has been common practice for Police to advise CYF of cases where they have attended a domestic violence incident where children have been present. This practice is probably the reason for the sharp increase in notifications, particularly since 2007, alongside the more modest but still unfortunate increase in the number of notifications judged to require further action.

Cases where some form of child abuse or neglect has been proven or substantiated have, however, increased steadily over the past five years, mainly because of these new Police reporting practices. Substantiated cases increased a massive 131% between 2004 and 2009, and totalled 19,596 in 2009. There was a 20% increase in substantiated cases between 2008 and 2009 alone. The majority of the recent growth in substantiated cases is due to proven emotional abuse associated with children witnessing violence within their families or households.

### VIOLENCE AND CHILDREN

Reported violence towards children rose 20% between 2008 and 2009 to 1600 reported assaults. This figure is nearly 80% higher than the 900 reported assaults five years earlier (in 2005). Of the reported assaults, Police resolved 78% and prosecuted offenders in 62% of cases. These rates of resolution and prosecution are consistent with previous years. This consistency suggests that the increased reporting is not due to trivial complaints brought about through the 2007 repeal of Section 59 of the Crimes Act, which removed any legal defence for assaulting a child. This conclusion is consistent with the Police's own assessment that the "amendment has had minimal impact on police activity".<sup>7</sup>

Rates of violent offending by young teenagers have fallen for the first time in nine years, although violent offending by females has risen, albeit from a low base. Trends in rates of violent offending by males are reported in

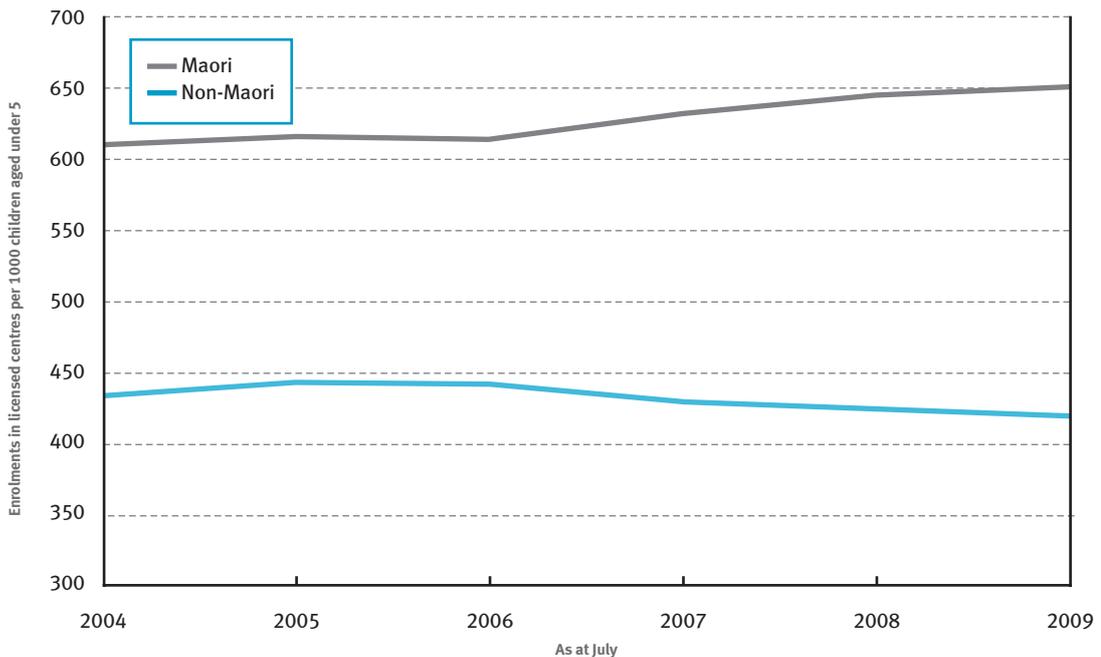
**Table 3: Rates of violent offending by 14 to 16 year-old males 2005–2009**

Apprehensions for offences per 1,000 population

Year ending June	2005	2006	2007	2008	2009	Change 2005–09	Change 2008–09
<b>MAORI MALES AGED 14–16</b>							
Grievous assaults	5.2	5.4	8.1	9.8	7.5	44%	-24%
Serious assaults	16.1	18.0	17.7	18.0	18.3	14%	1%
Intimidation and threats	17.9	20.3	24.4	26.1	22.0	23%	-16%
Robbery	8.2	10.9	9.4	10.7	10.4	27%	-4%
All violent crime	65.8	69.8	78.3	81.7	76.8	17%	-6%
<b>NON-MAORI MALES AGED 14–16</b>							
Grievous assaults	1.7	2.3	3.0	1.9	1.9	12%	-3%
Serious assaults	4.6	5.0	5.4	5.8	5.8	2.5%	0%
Intimidation and threats	6.1	7.2	6.8	7.4	7.8	2.8%	6%
Robbery	2.0	2.1	2.1	2.5	1.8	-9%	-26%
All violent crime	21.4	23.6	24.7	25.6	24.2	13%	-6%

Source: Statistics New Zealand crime statistics and population estimates

**Figure 3: Rates of enrolment in licensed early childhood education 2004–2009**



Source: Ministry of Education Education Counts website and Statistics New Zealand population estimates

**Table 3**, and shows an overall 6% drop in the rate of reported violent offending by 14- to 16-year-old males. This decline has come from both Maori and non-Maori youth populations.

Against this decline in male violent offending, violent offending by females aged 14 to 16 has risen by around 12%, with this growth in offending across all ethnic groups. In 2005, there were 11.5 apprehensions for violence for every 1000 females aged 14 to 16. By 2008, this rate of offending had risen to 14.5. It rose further to 16.2 in the year to June 2009.

### **MAORI EARLY CHILDHOOD EDUCATION ENROLMENT RATE CONTINUES TO FALL**

The trend of falling rates of enrolment of Maori pre-schoolers continued during 2009, with Maori children having just 65% of the enrolment rate of non-Maori and just over 70% of the enrolment for non-Maori children in the targeted three- and four-year-old age group. The Maori enrolment rate in licensed early childhood education centres fell slightly between 2008 and 2009 from 42.5% to 42.0% and from 43.6% in 2004. At the same time, non-Maori enrolment has risen from 61.3% in 2004 to 64.6% in 2007 to 65.1% in 2008. These trends are illustrated in **Figure 3**.

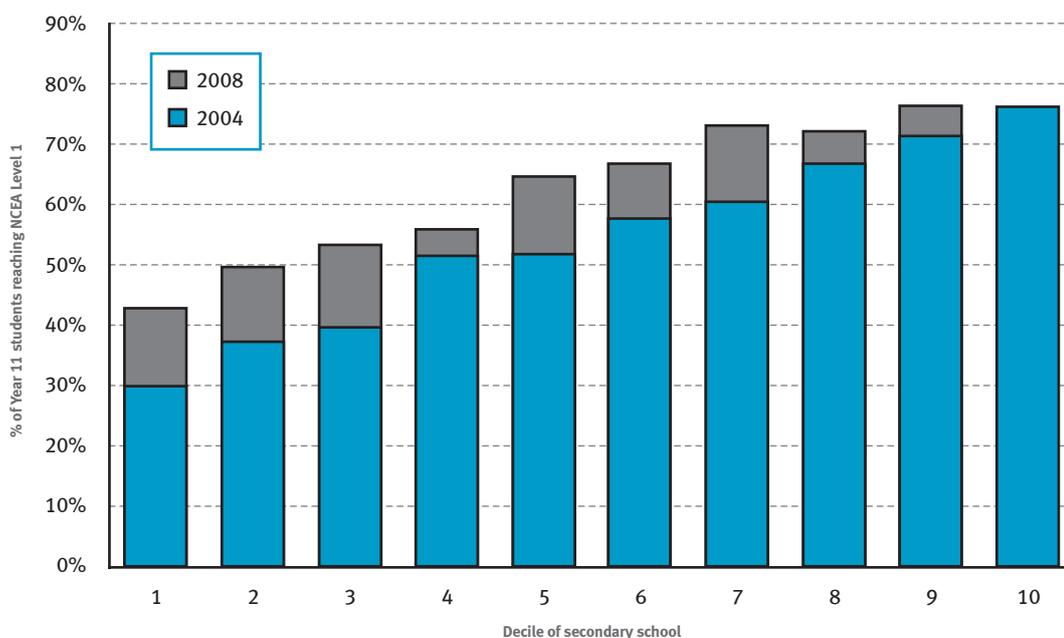
Both Government policy and educational thinking targets the three- and four-year-old age group for access to early educational opportunity. The resulting delivery of this policy is, however, demonstrably unfair towards Maori children. In July 2009, 73% of Maori three- and four-year-olds were attending

a licensed early childhood education facility, compared with almost all non-Maori children of the same age.<sup>8</sup>

Ironically, while the percentage of Maori children enrolled in early childhood education has fallen, the number of Maori pre-schoolers actually enrolled in licensed centres grew nearly 4% during 2008/09 to 36,118 children. This figure is nearly 10% higher than in 2004. For the population overall, total enrolments grew 2.2% during 2008/09 to 180,910 children, which is nearly 11% more than the 163,085 pre-schoolers enrolled in 2004.

The main reason for the anomaly between enrolment rates and enrolments for Maori children is the apparently high Maori birth rate. Over the five years to June 2009, the Maori population of pre-schoolers grew nearly 13%, while that for non-Maori grew at a more modest 4%.<sup>9</sup> Because the number of Maori children is growing faster than the number of enrolments in early childhood education, the Maori enrolment rate is falling. This trend poses considerable challenges as to where early childhood education centres to cater for Maori children will be placed and by whom. Simply relying on the current provision models, which is largely driven by private sector investment, may not necessarily address the early education needs of Maori children and their whanau. On a positive note, during 2008/09, enrolments in Kohanga Reo rose by 123 children to 9,288, reversing a six-year trend of declines.

**Figure 4: Rates of student achievement across secondary schools 2004–2008**



**Table 4: NCEA Level 1/Year 11 achievement gaps 2004–2008**

	PASS RATES		
	2004	2007	2008
Decile 1 secondary schools	30.2%	43.6%	43.2%
Decile 10 secondary schools	76.6%	78.1%	76.4%
Achievement gap between Decile 1 and 10	46.4%	34.4%	33.1%
Decile 1, 2 and 3 secondary schools	37.1%	47.6%	49.5%
Decile 8, 9 and 10 secondary schools	72.1%	75.6%	75.0%
Achievement gap between Decile 1–3 and Decile 8–10	35.0%	27.9%	25.4%

Source: National Qualifications Authority website

## NCEA ACHIEVEMENT GAPS CONTINUE TO NARROW

Recent improvements in rates of academic achievement by students from low-decile secondary schools were sustained during 2008. While students from poorer schools (deciles 1, 2 and 3) have pass rates that are much lower than those of students from wealthier schools (deciles 8, 9 and 10), this gap has narrowed since 2004. NCEA results for the 2008 academic year have consolidated these gains, as shown in [Figure 4](#) and [Table 4](#) for NCEA Level 1 pass rates by Year 11 students.<sup>10</sup> A similar improvement is also apparent in NCEA Level 3 pass rates by Year 13 students. Although achievement gaps have narrowed, they remain regrettably large. The Level 1/Year 11 pass rate at the poorest 30% of secondary schools is still only two-thirds of that of the wealthiest 30% of schools. More regrettably, the Level 3/Year 13 pass rate at decile 1 to 3 high schools is still only half that of decile 8 to 10 schools.

## INFANT MORTALITY RATE IMPROVES

New Zealand's infant mortality rate improved slightly during 2008/09 to stand at an equivalent of 4.54 deaths per 1000 live births (see [Table 5](#)). During the same period, however, Maori infant mortality rates (for June years) rose slightly to 8.49 (deaths per 1000 live births). The Maori infant mortality rate is over twice that of non-Maori, which at 3.96 (deaths per 1000 live births) is almost unchanged from two years prior.

By comparison, Australia's infant mortality rate was 4.2 (2007 figures), while the United Kingdom's was 4.8 (2007) and the United States was 6.7 (2006).<sup>11</sup> The infant mortality rate in many countries in Africa exceeds 100.

## FEWER PREGNANCIES AMONGST YOUNG TEENAGERS

The number of young teenagers having abortions or giving birth fell to the lowest rate in four years. In 2008, 39 11- to 14-year-olds gave birth, with a further 83 receiving abortions, meaning that the pregnancy rate for females in this age group dropped to 103 per 100,000<sup>12</sup> of abortions (see [Table 6A](#)).

Against this decline in pregnancy rates for young teenagers there appears to have been a significant increase in pregnancy rates for older teenage women aged between 15 and 19. In 2008, there were nearly 59 pregnancies per 1000 women aged 15 to 19 years, a slight increase from the rate of 58 in 2007 and 52 in 2005 (see [Table 6B](#)). While there has been an overall increase in birth rates since 2006, the number of births to teenage mothers has increased at a still faster rate. In 2004, births to teenage mothers represented 6.9% of all live births, while by 2008 this proportion had risen to 8.1%. By comparison, births to teenage mothers in Australia represent just 4.2% of births.<sup>13</sup>

The declining proportion of teenage pregnancies that end in induced abortions (from 48% in 2004 to 44% in 2008) is an encouraging trend and probably points to fewer unwanted pregnancies.

**Table 5: Changes in New Zealand's infant mortality 2004–2009**

Year ending September	Live births during preceding 12 months	Total infant deaths (under five years)	Infant mortality rate (per 1,000 live births)
2004	58,380	308	5.28
2005	57,615	321	5.57
2006	59,115	285	4.82
2007	62,362	305	4.89
2008	64,540	340	5.27
2009	63,159	287	4.54

Source: Statistics New Zealand

**Table 6A: Pregnancy and abortions for 11 to 14 year-olds 2004–2008**

Year ending December	No. of live births	No. of induced abortions	Pregnancy rate (per 100,000)	% of pregnancies aborted
2004	36	85	98	70%
2005	37	92	105	71%
2006	35	105	115	75%
2007	52	104	130	67%
2008	39	83	103	68%

Source: Statistics New Zealand

**Table 6B: Pregnancy and abortions for 15 to 19 year-olds 2004–2008**

Year ending December	No. of live births	No. of induced abortions	Pregnancy rate (per 1,000)	% of pregnancies aborted
2004	4,008	3,758	52.5	48%
2005	4,099	3,718	51.8	48%
2006	4,338	3,978	54.0	48%
2007	4,903	4,173	57.9	46%
2008	5,185	4,097	58.8	44%

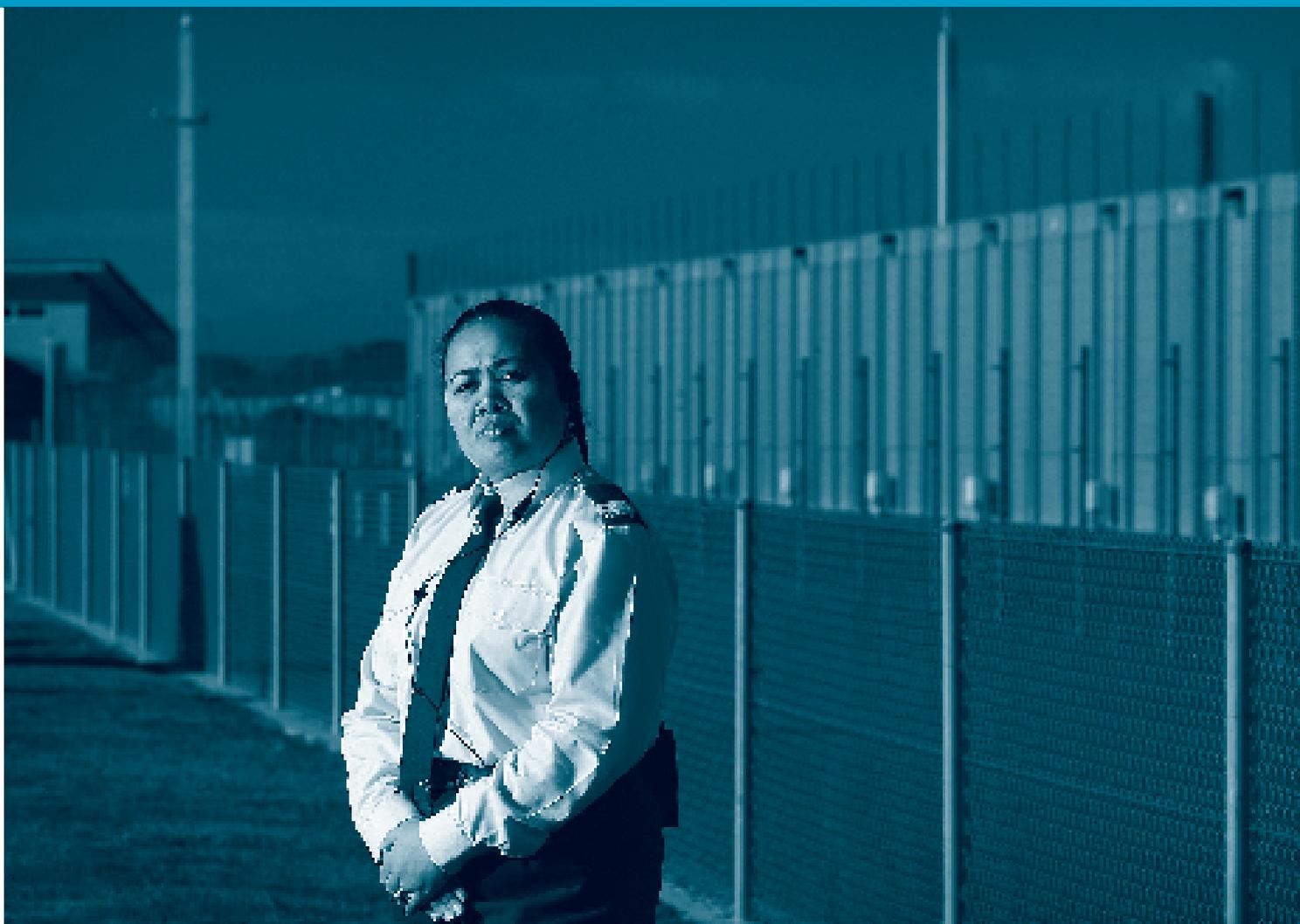
Source: Statistics New Zealand

# PROGRESS REPORT CARD: OUR CHILDREN

CHILD POVERTY		RESULTS	
<p>There is not a lot of good news here, with the looming possibility that one-in-four children may soon be living on a benefit and potentially living in relative poverty. Flaws in the Working for Families package are now becoming apparent with the downturn in employment, and there is a pressing need to consider some form of universal income entitlement for children.</p>			↓
CHILDREN AT RISK			→
<p>The huge increase in reporting possible child abuse and neglect is a welcome but sad trend. It is welcome because it probably represents a changing society-wide attitude toward violence within families, but it is sad because of the extent of the problem. The challenge now is to bring this rate of notification down. This requires more fundamental attitudinal changes among perpetrators of violence, especially within the home.</p>			→
CHILDREN AND VIOLENCE			→
<p>The increased reporting of violence towards children is concerning as there is no evidence to suggest whether this increase is due to increasing levels of violence or increased reporting due to declining tolerance toward violence. Declining rates of violent offending among young teenage males is also encouraging. The offsetting increase in rates of violent offending by female teenagers is concerning.</p>			→
EARLY CHILDHOOD EDUCATION			→
<p>We are probably still experiencing the effects of the rapid expansion of commercial early childhood education provision brought about through policies of the previous Labour Government. Benefits of this expansion do not appear to have trickled down to poorer communities. Any additional resource for early childhood education should ideally focus on addressing what is now a historic inequity in the uneven provision of early childhood education across communities.</p>		→	
EDUCATIONAL ACHIEVEMENT		↑	
<p>Narrowing the achievement gap between students from poor and wealthy communities is encouraging, even if the gap is still too wide. Currently, there seems to be little official effort or interest in lifting student achievement further. This is disappointing.</p>		↑	
INFANT MORTALITY RATES		↑	
<p>The minor improvement in overall infant mortality rates is a welcome sign that the previous trend of rising infant mortality was not necessarily a sign of long-term decline. Any future focus on infant and maternal health should give priority to reducing the stubbornly-high Maori infant mortality rate.</p>		↑	

Overall improvement ↑	Mixed results →	Overall decline ↓
--------------------------	--------------------	----------------------



Daisy Fau Tanuvasa is a female prison officer at the women's prison in Wiri, Auckland. 4 June 2009.

**Photo:** APN/Greg Bowker

## CRIME AND PUNISHMENT

It seems that an important social experiment commenced in New Zealand around 2002 with Parliament passing the Sentencing Act. This Act ushered in a new way of thinking about crime and punishment. It created the expectation that offenders would face harsher penalties and longer sentences and that, as a result, our communities and homes would be safer. Since 2002, New Zealand's prison population has grown by over 40%, our rate of imprisonment has increased by 21% and the number of people serving community-based sentences has more than doubled. Yet despite this tougher stance on crime, the rate of violent offending has increased by 10% since 2002.

Political responses to these trends have regrettably been more of the same. During 2009, Parliament considered at least seven pieces of legislation<sup>14</sup> that, it might be argued, sought to make the criminal justice system more punitive. Furthermore, little attention has been paid to the rising cost of this more punitive approach. For example, the financial cost of running the Department of Corrections rose 64% in inflation-adjusted terms between 2004 and 2009. It is likely to top \$1 billion for the first time during 2009/10.<sup>15</sup>

### SLIGHT INCREASE IN OVERALL CRIME RATES

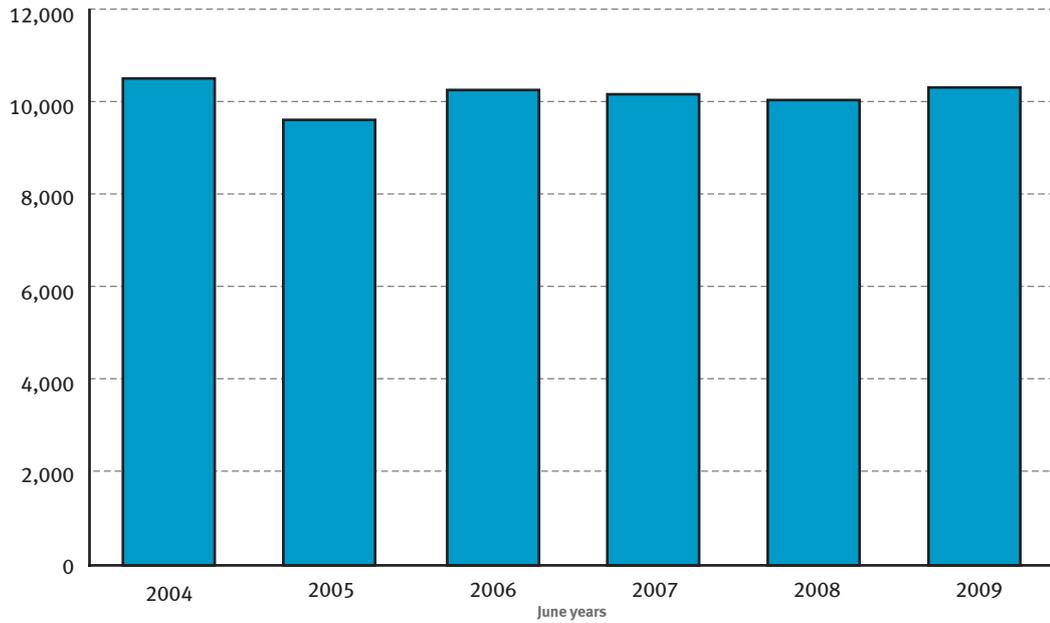
For the year to 30 June 2009, 442,540 crimes were reported to Police, an increase of nearly 4% from the previous year but slightly less than the 447,146 crimes reported in the record year of 2002/03. As a rate per 100,000 people, New Zealand's reported crime rate rose slightly from 10,086 crimes per 100,000 people in 2007/08 to 10,361/100,000 people in 2008/09 (see [Figure 5](#) for trends). Five years previously, in 2003/04, the rate was slightly higher at 10,580 crimes for every 100,000 New Zealanders.

Police managed to resolve 47.9% of these reported crimes, a modest improvement on the resolution rate of 47.0% for the previous year and significantly better than the rate of 45.1% five years previously, in 2003/04.

Generally, Police resolution has consistently risen across all types of crime. Some types, however, have a greater chance of being resolved because they receive priority attention (such as very serious crimes), or because they are the result of Police operations (such as with drug busts), or because the offender is known to the victim (as with domestic violence). Other types, especially those of burglary and theft, which account for about 40% of all reported crime, have a very low chance of being solved (typically 20-25%), mainly because the offender is most often not known to the victim and because these crimes do not receive Police priority.

**Figure 5: Rates of reported crime in New Zealand 2004–2009 per 100,000 people**

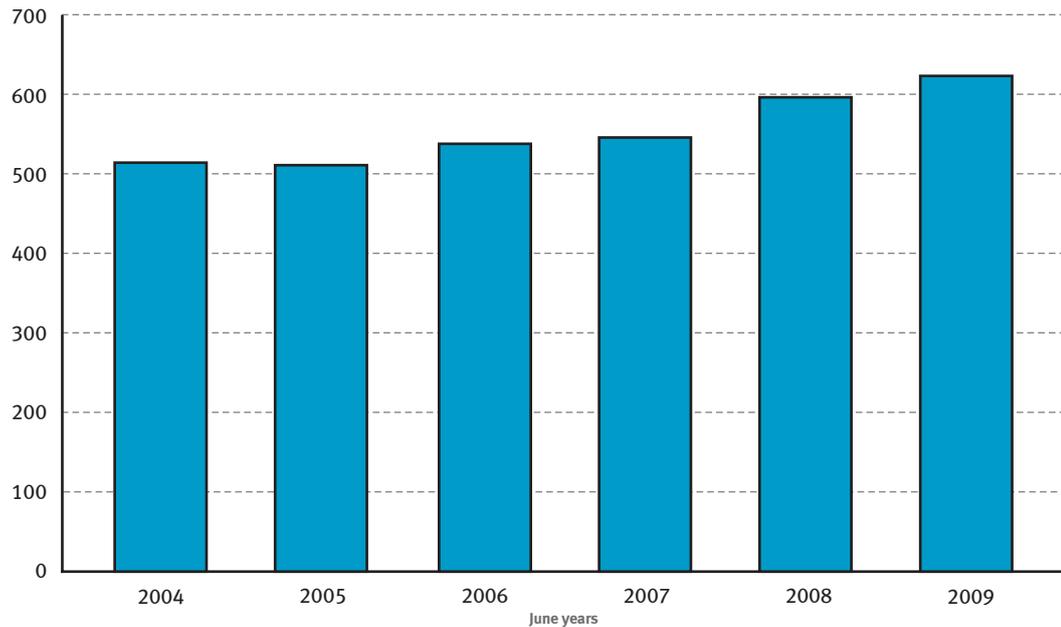
Rates are based on Statistics NZ national population estimates for the previous December year



Source: Statistics New Zealand crime statistics and population estimates

**Figure 6: Rates of serious crime in New Zealand 2004–2009 per 100,000 people**

Rates are based on Statistics NZ national population estimates for the previous December year



Source: Statistics New Zealand crime statistics and population estimates

Perhaps unsurprisingly, the types of crime with low rates of resolution are those accounting for a declining share of total reported crime. For example, in the year to 30 June 2000, burglaries and thefts accounted for 46% of all reported crime and 22% of resolved crime, while by 2009, burglaries and thefts make up less than 40% of all reported crime and just 17% of resolved crime. During this decade, reported crime rose a modest 2.4%, while reported burglaries and thefts declined 12%.

The New Zealand Safety and Crime Survey 2006<sup>16</sup> reported that only 36% of respondents who had been victims of a crime bothered to report it to Police, while a similar result of a 40% reporting rate came from a similar survey in 2001. Nearly half of those failing to report a crime said it was too trivial to report, while one-third felt that “the Police could not have done anything, would not have been bothered, or were too busy to attend to the matter”. When crimes were ranked according to the seriousness of the offence, only half of the most serious crime was reported, while just 17% of the least serious crime was reported.

A follow-up Safety and Crime Survey was undertaken by the Ministry of Justice in early 2009. The results are expected to be published during 2010.

## DOMESTIC VIOLENCE IS DRIVING HIGHER RATES OF SERIOUS CRIME

Rates of serious crime, those involving serious violence or sexual attacks,<sup>17</sup> rose over the 12 months to June 2009 to 625 crimes for every 100,000 people, an increase of 5% above the rate of 597 per 100,000 in 2007/08 and 22% more than the rate of 513 offences for every 100,000 in 2003/04 (see [Figure 6](#) for trends). Perhaps as much as three-quarters of this increase may be due to increased reporting of family or domestic violence.

Domestic violence is not reported as a separate category of offending, although Police do record domestic incidents separately and at some future time this information may be released by them<sup>18</sup>. As a proxy for domestic violence, we have analysed crime data by the location of offending and made the assumption that offences of a violent or sexual nature that take place in a dwelling are most likely to be cases of domestic violence.<sup>19</sup>

[Table 7](#) reports this contribution and is based on crime data reported by Statistics New Zealand. As this table shows, you are more likely to be a victim of violence in your home than anywhere else.

[Table 7](#) offers some welcome news, which is the impact of the “It’s not OK” campaign against family violence. This campaign commenced in September 2007. The resulting increasing level of reporting of domestic violence is apparent in the figures in [Table 3](#) for the 2008 and 2009 years.

**Table 7: Estimates of domestic violence and its contribution to violent offending**

Year ending June	2004	2005	2006	2007	2008	2009	% Change 2004–09
Serious violence offences in dwellings	25,378	25,780	28,327	29,681	34,493	38,167	50%
All reported violence offences	45,512	45,941	50,644	52,892	58,760	62,874	38%
Sexual attacks in dwellings	1,292	1,348	1,481	1,491	1,515	1,589	23%
All reported sexual attacks	2,148	2,189	2,409	2,374	2,364	2,440	14%
Total “domestic violence” type offences in dwellings	27,526	27,969	30,736	32,055	36,857	40,607	48%
<b>Total all reported violence offences + sexual attacks</b>	<b>47,660</b>	<b>48,130</b>	<b>53,053</b>	<b>55,266</b>	<b>61,124</b>	<b>65,314</b>	<b>37%</b>
‘Domestic violence’ as % of all violence offences & sexual attacks	59%	58%	58%	58%	60%	62%	
Share of growth in violence offences + sexual attacks attributable to ‘domestic violence’ type offences							74%

Source: Statistics New Zealand crime statistics

**Table 8: Community and home-based sentences 2004–2009**

Year ending June	2004	2005	2006	2007	2008	2009	% Change 2004–09
Community work sentences	28,043	27,928	28,400	31,387	35,650	40,334	44%
Supervision sentences	4,928	5,301	5,565	6,359	9,497	12,128	146%
Other community-based sentences					1,371	3,186	
Home detention orders and sentences	1,950	1,515	1,293	1,517	2,736	3,175	63%
<b>Total community-based sentences</b>	<b>34,921</b>	<b>34,744</b>	<b>35,258</b>	<b>39,263</b>	<b>49,254</b>	<b>58,823</b>	<b>68%</b>

Source: Department of Corrections Annual Reports

## GROWTH IN COMMUNITY-BASED SENTENCES CONTINUES UNABATED

Community-based sentences, which include various forms of home detention, grew by nearly 20% during 2008/09. This growth is on the back of 25% growth during the previous year. For the year to June 2008, 58,823 community sentences were being or had been served, including nearly 3200 home detentions. These trends are reported in detail in [Table 8](#).

## MINOR INCREASE IN PRISONER POPULATION

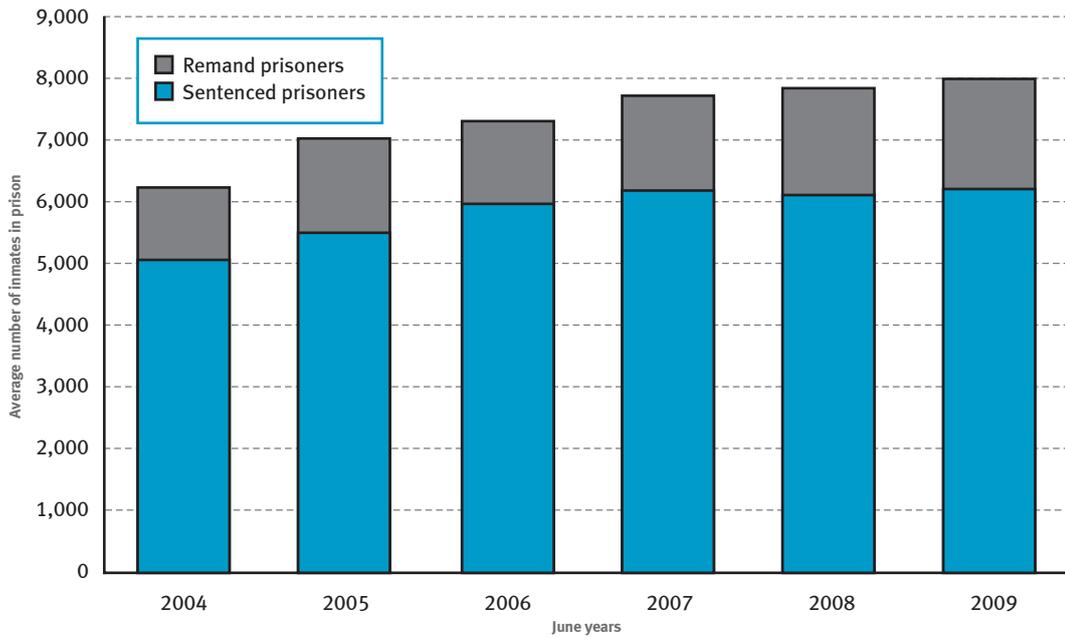
The average prison population exceeded 8000 for the first time during 2008/09 (see [Figure 7](#) for trends). The average number of inmates held in New Zealand's prisons during 2008/09 was 8012, of whom 6227 were sentenced prisoners and 1787 were held on remand.<sup>20</sup> 95% of prisoners were male, 49% were Maori.<sup>21</sup> The average number of prisoners in 2008/09 was 2% higher than for the previous year and 29% higher than in 2003/04. As in previous years, the remand prisoner population has grown at a faster rate than the sentenced prisoner muster. The remand prisoner population rose 4% over the year to June 2009 and has risen 55% since 2004. The current growth in New Zealand's prison population is consistent with Department of Correction's forecasts that the number of prisoners will exceed 9000 by early 2011 and that by this time, the country's prisons and police cells will be at full capacity.<sup>22</sup>

Consistent with these modest increases in the national prison muster is the outcome that imprisonment rates have stabilised for the overall population, although there appears to have been a slight increase in Maori imprisonment rates. For 2008/09 the imprisonment rate for the total New Zealand population was 186 prisoners per 100,000 people, up 1% on the 2007/08 figure of 184 but an increase of nearly 22% over the 2003/04 rate of 152 prisoners per 100,000 people.

Maori are 5.6 times more likely to be imprisoned than non-Maori, and they consistently account for nearly half the prison population despite the fact that Maori make up just 15% of the national population. Maori imprisonment rates appear to have risen slightly over 2008/09, from a rate of 585 prisoners per 100,000 people in 2007/08 to 604 in 2008/09 (see [Figure 8](#) for trends). This latest figure is slightly less than the historical high of 607 prisoners per 100,000 people in 2006/07, but is 17% higher than the imprisonment rate of 514 per 100,000 in 2003/04.

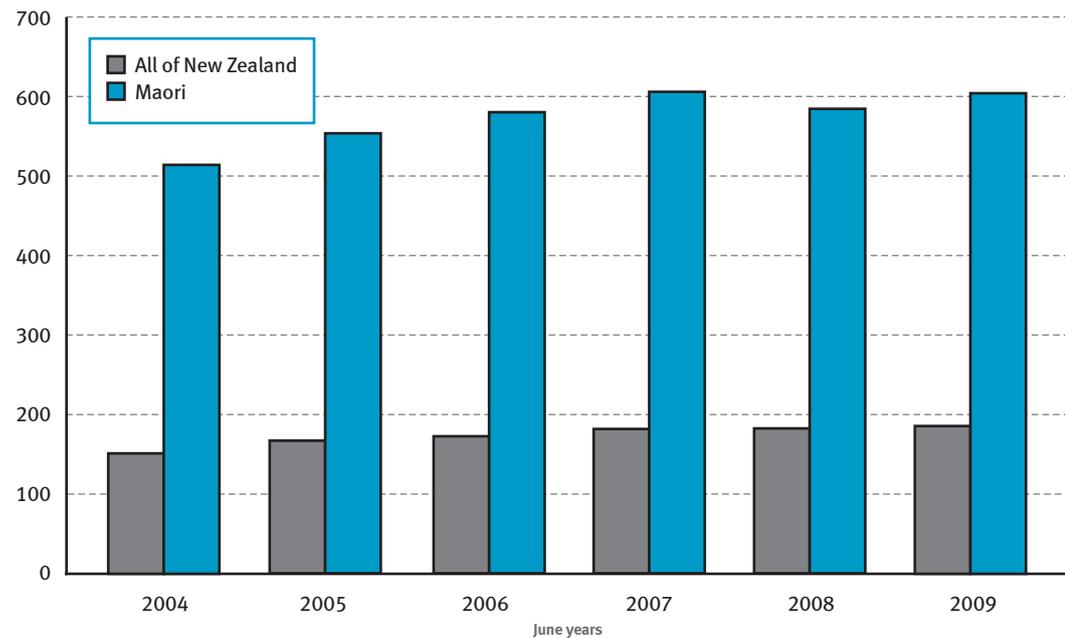
Because 95% of prisoners are male, the male imprisonment rate is nearly twice these population-wide rates and stands at 1163 prisoners per 100,000 people for Maori males and 214 per 100,000 for non-Maori males.

**Figure 7: Average prison population 2004–2009**



Source: Department of Corrections Annual Reports

**Figure 8: Rates of imprisonment 2004–2009 per 100,000 people**



Sources: Department of Corrections data supplied directly and Statistics New Zealand population estimates

## NO PROGRESS ON REDUCING RE-OFFENDING

Perhaps the most discouraging aspect of the whole criminal justice system is the complete lack of progress in reducing rates of prisoner re-offending. Nearly half of released prisoners will re-offend within 12 months of their release, while over one-third will be back in prison within two years of their release. Rates of re-offending and re-imprisonment are higher for Maori than for non-Maori. These rates have changed little over the past five years, as illustrated in [Table 9](#).

## THE COST OF LOCKING PEOPLE UP CONTINUES TO RISE

During 2009/10, the cost of running the Department of Corrections will exceed \$1 billion for the first time. In inflation-adjusted terms, the cost of the penal system rose 64% in the five years to June 2009. This cost increase is as a result of increased prisoner and offender numbers as well as the increasing cost of locking someone up. The trends in prisoner costs for both sentenced and remand prisoners is shown in [Figure 9](#).

The average cost of keeping remand prisoners was \$78,117 in 2008/09, an increase (in inflation-adjusted terms) of 7% over the previous year and an increase of nearly 63% over the previous five years. Average costs for sentenced prisoners rose a more modest 3% in real terms during 2008/09 to \$89,016 per prisoner, although this cost is still 53% more than the equivalent cost back in 2004/05.<sup>23</sup>

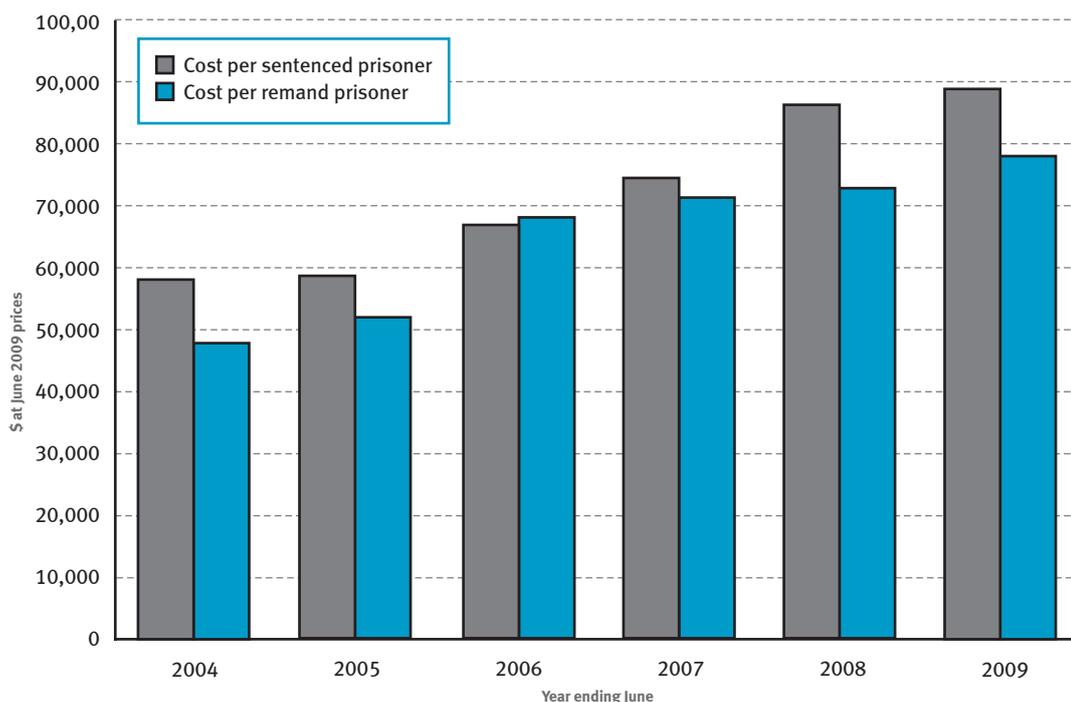


**Table 9: Prisoner recidivism, and spending on rehabilitation and reintegration services**

Year ending June	2004	2005	2006	2007	2008	2009
<b>TOTAL PRISON POPULATION</b>						
12 month re-imprisonment rate	28.0%	28.9%	27.7%	27.6%	27.2%	27.6%
12 month release to re-conviction rate	42.3%	42.6%	41.1%	42.3%	43.5%	47.6%
24 month re-imprisonment rate	38.2%	37.2%	39.2%	38.8%	39.7%	36.8%
24 month prison to re-conviction rate	56.5%	55.4%	56.4%	55.4%	57.6%	58.7%
<b>MAORI PRISON POPULATION</b>						
12 month re-imprisonment rate	31.9%	32.0%	29.9%	31.2%	30.5%	31.0%
12 month release to re-conviction rate	47.6%	47.0%	44.9%	47.6%	47.9%	52.3%
24 month re-imprisonment rate	42.9%	41.6%	43.9%	42.5%	42.1%	41.5%
24 month prison to re-conviction rate	62.7%	61.1%	61.5%	60.3%	62.4%	64.4%
<b>SPENDING ON REHABILITATION AND RE-INTERGRATION SERVICES FOR PRISONERS</b>						
Total spend in June 2009 (\$millions)	51.1	45.6	49.5	48.9	58.3	58.6
Spend per sentenced prisoners in June 2009 (\$)	10,048	8,258	8,277	7,896	9,482	9,417

Source: Department of Corrections Annual Reports

**FIGURE 9: Average cost of keeping a prisoner 2004–2009**



Source: Department of Corrections Annual Reports

# PROGRESS REPORT CARD: CRIME AND PUNISHMENT

OVERALL CRIME		RESULTS	
<p>Although rates of reported crime remain static, the extent of unreported crime and rising community indifference to non-violent crime are sources of some concern.</p>			→
SERIOUS CRIME			→
<p>While the figures showing increasing rates of violent offending appear discouraging, increased rates of reporting of domestic violence is no doubt the underlying cause for this. Continuing Government support for the “It’s not OK” campaign makes sense and is encouraging.</p>			
IMPRISONMENT AND SENTENCING			↓
<p>The modest increase in prisoner numbers during 2008/09 may just be a temporary lull in a most discouraging trend. The continuing rapid increase in community-based sentences should be raising questions over the viability of the current approach, but regrettably it isn’t.</p>			
RECIDIVISM		↓	
<p>When you always do what you have always done, you always get what you always got. The case for a major overhaul of prison programmes is apparent, with little visible political commitment to change.</p>			
Overall improvement	Mixed results	Overall decline	
↑	→	↓	



(From left) Esther Wood, Dee McColl, Marjorie Peterson and Karen Daniel pack Christmas food parcels at The Salvation Army North Shore Community Ministries

Photo: [thephotographer.co.nz](http://thephotographer.co.nz/)/Bruce Millar

## WORK AND INCOMES

The recession has taken its toll on job numbers, on families' working lives and on household incomes. Two years ago, New Zealanders were probably in danger of working too much and, by doing so, sacrificing their home lives. Today, it seems that some households are doing all right, that some are working harder and that some are not working at all. As a result, there are emerging signs of a growing gap between the well-off and those who have few resources to fall back on.

### TOTAL EMPLOYMENT DROPS BY 40,000 JOBS

The impact of the recession is being witnessed in the decline of the labour market and the shedding of over 40,000 jobs in the year to 30 September 2009. Over half these jobs were lost in Auckland; two-thirds of them in manufacturing.

At the end of September 2009, New Zealand had a total of 2.154 million jobs, 23% of which were part-time (see [Figure 10](#)). This figure is 1.8% lower than a year previously, although there were still 6.5% more jobs in late 2009 than five years earlier in 2004. While there are more jobs than five years ago, there are, of course, more people looking for them, with the working age population growing nearly 8% over the five years to September 2009.

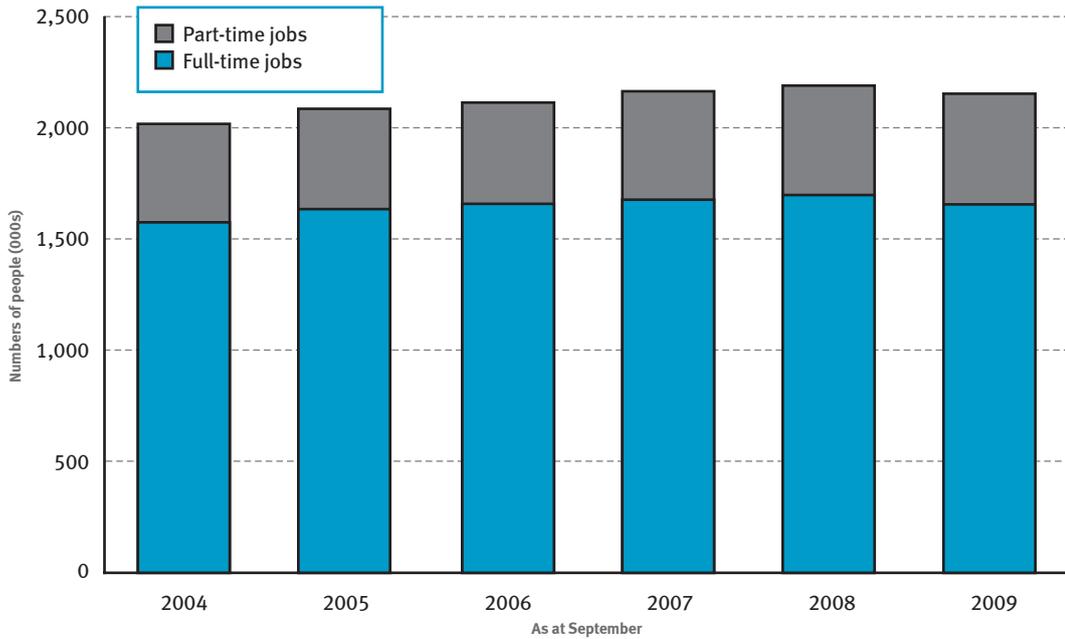
As might be expected in any economic slowdown, the job market has shrunk in a number of ways in addition to the simple loss of jobs. More workers are working part time, while some people of working age are falling out of the workforce, perhaps because of

difficulties in finding work. For example, the proportion of people in part-time work rose to 23.1% in September 2009, up from 22.5% a year earlier and from 21.9% five years earlier. It is doubtful that this trend towards more part-time work is voluntary; Statistics New Zealand's Household Labour Force Survey reports that the number of people who are underemployed (those who would work more hours if they could) increased from 82,000 in September 2008 to 122,000 in September 2009.<sup>24</sup>

Labour force participation rates generally follow the fortunes of the labour market, with participation rates rising when there is a lot of work available and falling when times get tough. As expected, participation rates have fallen as jobs have become scarcer, with the overall seasonally-adjusted rate falling from 68.6% in September 2008 to 68.0% in September 2009. This fall in participation is not evenly distributed across the workforce, with the participation rate of males falling faster (75.6% in September 2008 to 74.1% in September 2009) than that of females (62.5% in September 2008 to 62.3% a year later).

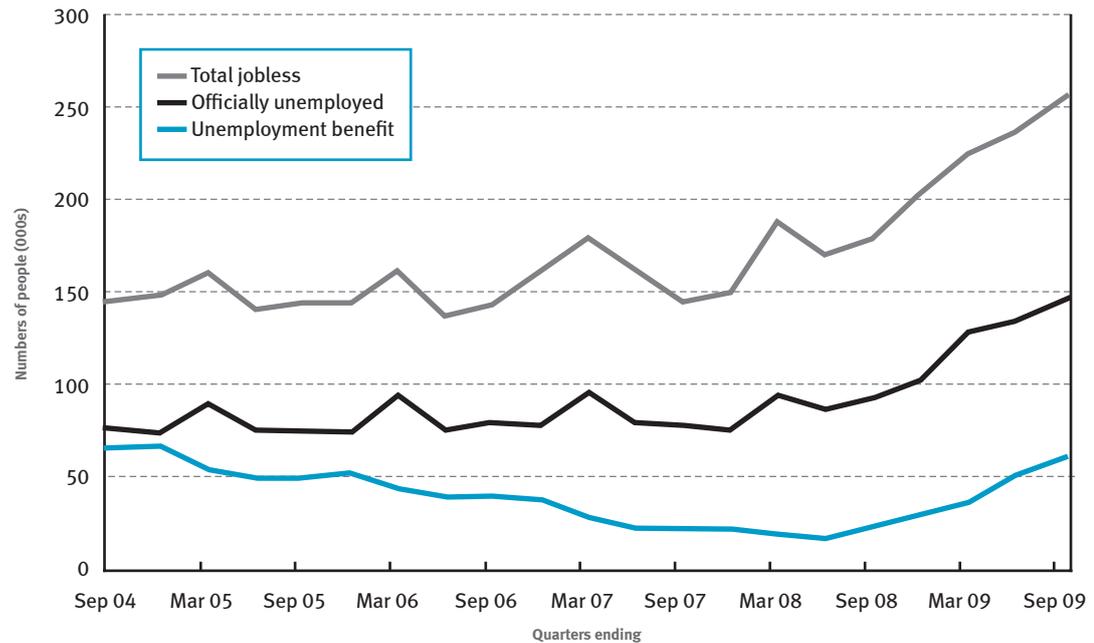
Distribution of the unemployment burden is especially skewed towards younger age groups. For example, the participation rates for 15- to 19-year-olds fell 3% from 51.4% in September 2008 to 48.4% in September 2009, while that for 45- to 49-year-olds fell just 0.7% from 87.1% to 86.4% over the same period. Youth unemployment has, in fact, risen quite alarmingly, from just under 16% in September 2008 to over 25% in September 2009.

**Figure 10: Total employment in New Zealand 2004–2009**



Source: Statistics New Zealand Household Labour Force Survey

**Figure 11: Unemployment statistics 2004–2009**



Source: Statistics NZ Household Labour Force Survey and Ministry of Social Development Benefit Factsheets

## JOBLESS NUMBERS HIT QUARTER MILLION

The broadest measure of unemployment is Statistics New Zealand's Household Labour Force Survey's estimates of jobless people. This estimate includes both those who are out of work and actively seeking it and those who are out of work and while not actively looking for a job, would be available for work if appropriate work were available. Statistics New Zealand estimates that 254,000 people were jobless in some way or another in September 2009 (see [Figure 11](#)). This figure is an increase of 42% within one year and a rise of 75% since September 2007 when the recession began.

A more widely accepted unemployment measure is that of "official unemployment", which is based on the number of people out of work and actively seeking a job. The official unemployment rate hit 6.5% in September 2009, up from 4.3% in September 2008. In people terms, this is an increase of over 50,000 people from 98,000 unemployed workers in September 2008 to 150,000 by the end of September 2009. At the start of the recession, in September 2007, 82,000 people were 'officially' unemployed by this measure.

The third worthwhile measure of unemployment is the number of people receiving an unemployment benefit from Work and Income. This number has risen by 117% between December 2008 and December 2009, from 30,508 recipients to 66,328. The number of people receiving an unemployment benefit is at its highest since mid-2004.

## STRONG WAGE GROWTH ALONGSIDE GROWING INEQUALITY

Despite the slowdown in the economy, average weekly earnings have experienced the sharpest rise in more than five years. Average weekly earnings had risen to \$955 per week by December 2009, which is a 2.7% inflation-adjusted increase over earnings a year earlier (see [Figure 12](#) for trends). Over the past five years, average weekly earnings have risen 7.2% in inflation-adjusted terms.

Averages can be deceiving, of course. And, in this case, the recent rise in average weekly earnings is not equally shared across all employees. In particular, low-paid workers, such as those in the retail and hospitality sectors, have seen minimal increases in their hourly wage rate, while better paid workers, such as those in the business services and finance sector, have experienced above average wage growth. Average hourly earnings for retail sector workers fell slightly from \$16.97 to \$16.84 between December 2008 and December 2009, while hospitality workers' wages rose from \$15.59 per hour to \$16.39 over the same period. By comparison, average hourly earnings for workers in the finance sector rose nearly 6% from \$33.67 to \$35.92.<sup>25</sup>

The gap in hourly earnings between males and females has widened slightly. In December 2009, male average hourly earnings were \$26.98, which was \$3.48 per hour more than females, who earned on average \$23.50. A year earlier, this gap was \$3.14 (\$25.85 for

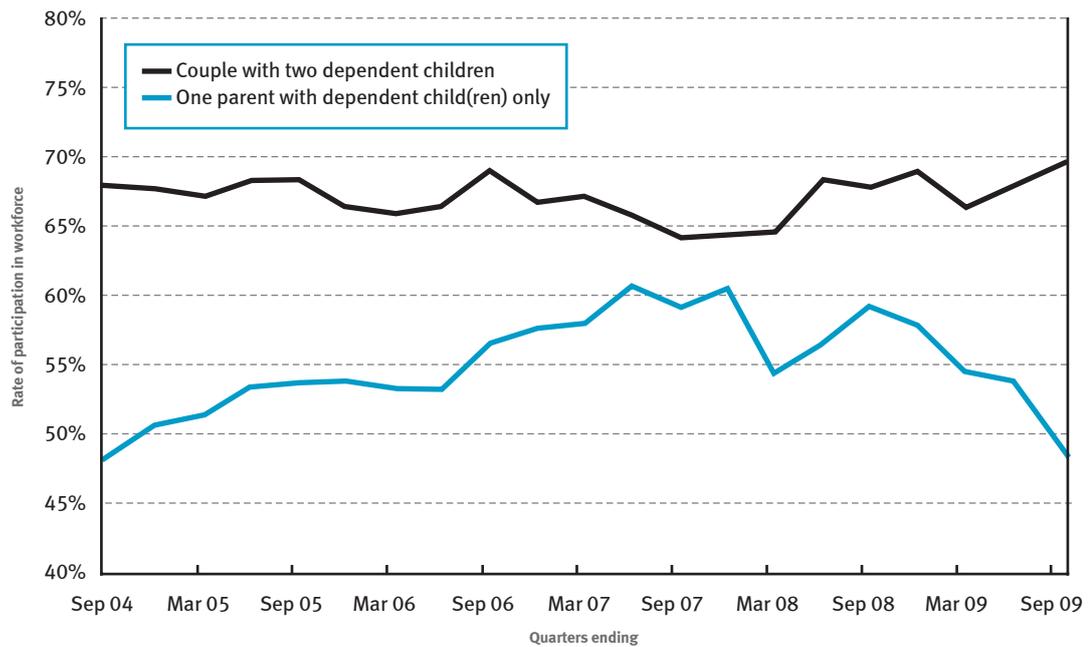
**Figure 12: Average weekly wages 2004–2009**

Inflation adjusted in December 2009 \$



Source: Statistics New Zealand Quarterly Employment Survey

**Figure 13: Labour force participation of families with children 2004–2009**



Source: Statistics New Zealand Household Labour Force Survey

males and \$22.71 for females). Five years ago, the gap was \$3.01 (\$21.56 for males and \$18.55 for females).

### **OPPOSITE FORTUNES FOR FAMILIES IN THE LABOUR MARKET**

The difficult employment situation appears to be affecting various types of households in different ways. This variability is nowhere more apparent than with the opposing fortunes of households with children, as shown in [Figure 13](#). The labour force participation rates of households with two parents actually rose during 2009—in the face of a shrinking job market—while that for single-parent household shrunk a great deal faster. In September 2009, the participation for two-parent families with dependent children was the highest in at least eight years at 69.4%, while the rate for single-parent families with dependent children fell to the lowest level in nearly five years at 49.3%. These trends are consistent with the blow out in the number of people receiving the Domestic Purposes Benefit, which has grown by 9%, or over 9000 families, during the year to September 2009.

The number of families living on the DPB is now the highest in nearly five years and has completely reversed the reduction in numbers brought about by an expanding job market and the introduction of the Working for Families package.

The most recently published information on the take up of Working for Families is for the year to March 2008 and this report claimed that nearly 385,000 families were receiving at

least one of the tax credits offered to working families through this programme.<sup>26</sup> The average value of such credits was reported to be \$6,503 per annum. It seems likely that this take up has declined, in part because perhaps as many as 20,000 households with children have lost their jobs and have become dependent on benefits since March 2008, and because two-parent families may lose some of their entitlements as they spend more effort working. The value of the Working for Families package in relieving poverty should be questioned if these outcomes are emerging.

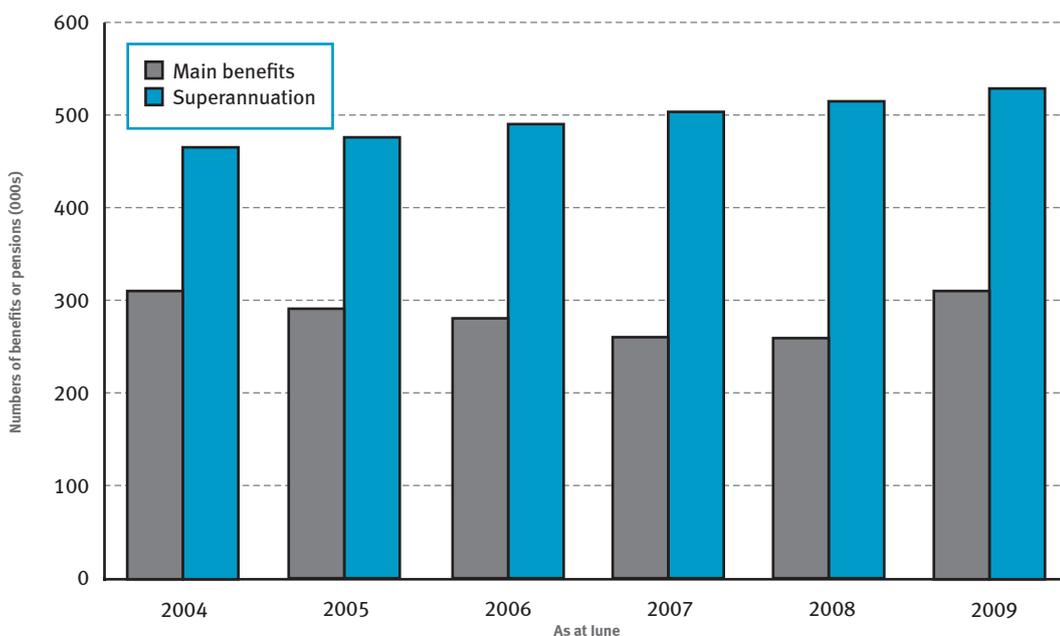
### **BENEFIT AND PENSION NUMBERS CLIMB AS EXPECTED**

The number of main benefits paid out by Work and Income rose 20% during the year to 30 September 2009 to 310,300. This increase has completely swallowed five years of gains from rising employment, which at one point saw benefit numbers fall to less than 280,000.

The number of pensions paid through the New Zealand Superannuation scheme are published infrequently and usually more than a year late. Estimates by The Salvation Army suggest that at the end of June 2009 around 527,000 pensions were paid, which is an increase of 2.6% over the previous year and 13.5% over five years previously (see [Figure 14](#)). Pension numbers are expected to grow by 14,000 to 15,000 annually for the next two or three years, and then to accelerate as Baby Boomers begin to retire.

The cost of social support has risen by 7.5% in inflation-adjusted terms over the past year,

**Figure 14: Benefit and pension numbers 2004–2009**



Sources: Ministry of Social Development Benefit Factsheets and 2008 Statistical Report and Statistics New Zealand population estimates

**Table 10: Expenditure on the major income support programmes 2004–2010**

Programme	2004	2005	2006	2007	2008	2009	2010 (budgeted)
NZ superannuation	5,889	6,083	6,414	6,810	7,348	7,744	8,246
Accommodation supplement	702	750	843	877	891	989	1,166
Income-related rents	342	373	399	440	474	512	540
Domestic purposes benefit	1,569	1,547	1,493	1,468	1,478	1,530	1,647
Invalids benefit	976	1,026	1,073	1,132	1,216	1,260	1,297
Sickness benefit	470	510	541	573	582	613	692
Unemployment benefit	1,084	831	712	613	458	586	1,078
Working for Families	833	846	1,285	1,699	2,460	2,646	2,726
<b>TOTAL (\$ millions nominal)</b>	<b>11,865</b>	<b>11,966</b>	<b>12,760</b>	<b>13,612</b>	<b>14,907</b>	<b>15,880</b>	<b>17,392</b>
<b>TOTAL (\$ millions June 2009)</b>	<b>14,048</b>	<b>13,834</b>	<b>14,368</b>	<b>14,715</b>	<b>15,798</b>	<b>16,179</b>	<b>17,392</b>

Sources: New Zealand Government Financial Statements and 2009 Budget and Housing New Zealand Annual Reports

mainly as a result of the recession and ongoing financial commitment to long-standing policies such as those around retirement incomes and housing support. [Table 10](#) reports Government's historic or budgeted expenditures on key income and social support programmes. The expenditure on these programmes during the 2009/10 fiscal year is expected to be almost \$17.4 billion, 7.5% more in inflation-adjusted terms than for the previous year and 25% more (in inflation adjusted terms) than in 2004/05.

### **GROWTH IN FOOD PARCEL DEMAND CONTINUES UNCHECKED**

Growth in demand for food parcels through The Salvation Army's network of food banks grew by nearly 40% during 2009. For the year to 30 December 2009, nearly 47,000 food parcels were provided to over 25,000 families through the Army's 48 Community Ministries centres (see [Figure 15](#)). This number of food parcels is 39% more than provided in 2008, when 33,700 food parcels assisted 19,330 families. The 2008 figures were themselves quite exceptional; they represented a 29% growth on the previous year.

This growth in demand has occurred across the whole country, with all suburbs and towns showing similar levels of increase. However, the Army's South Auckland Community Ministry, which by itself accounts for nearly one-fifth of the food parcels provided nationally, saw demand spike during the December 2009 quarter, when it provided

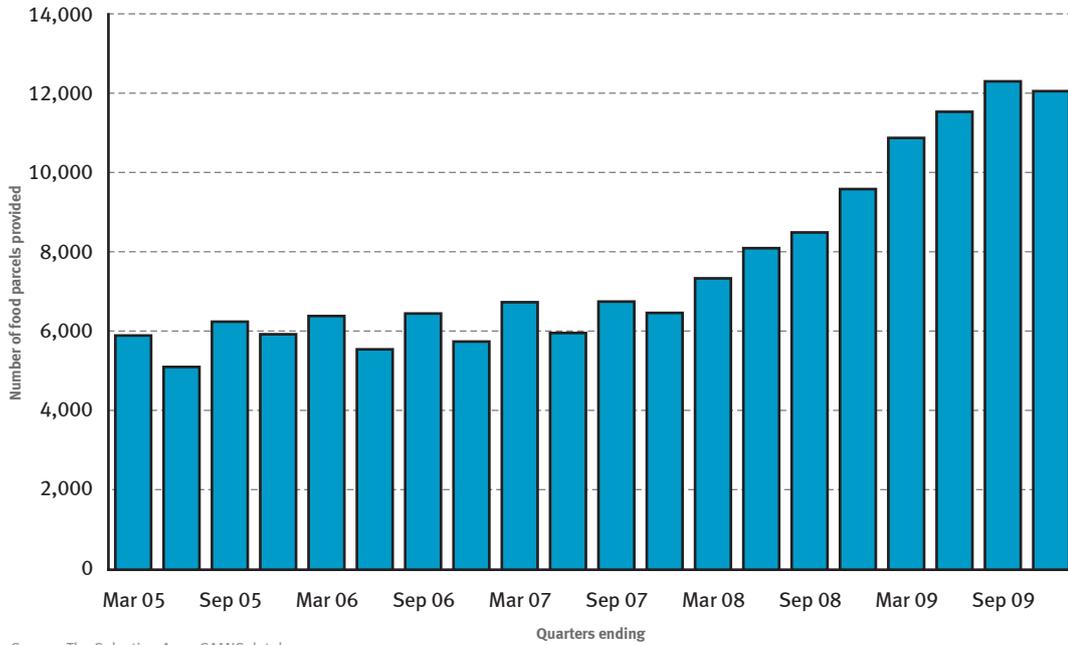
more than 200 food parcels per week. Two years earlier this Community Ministry centre was providing less than 100 parcels per week.

### **COSTS FACING LOW-INCOME HOUSEHOLDS EASE**

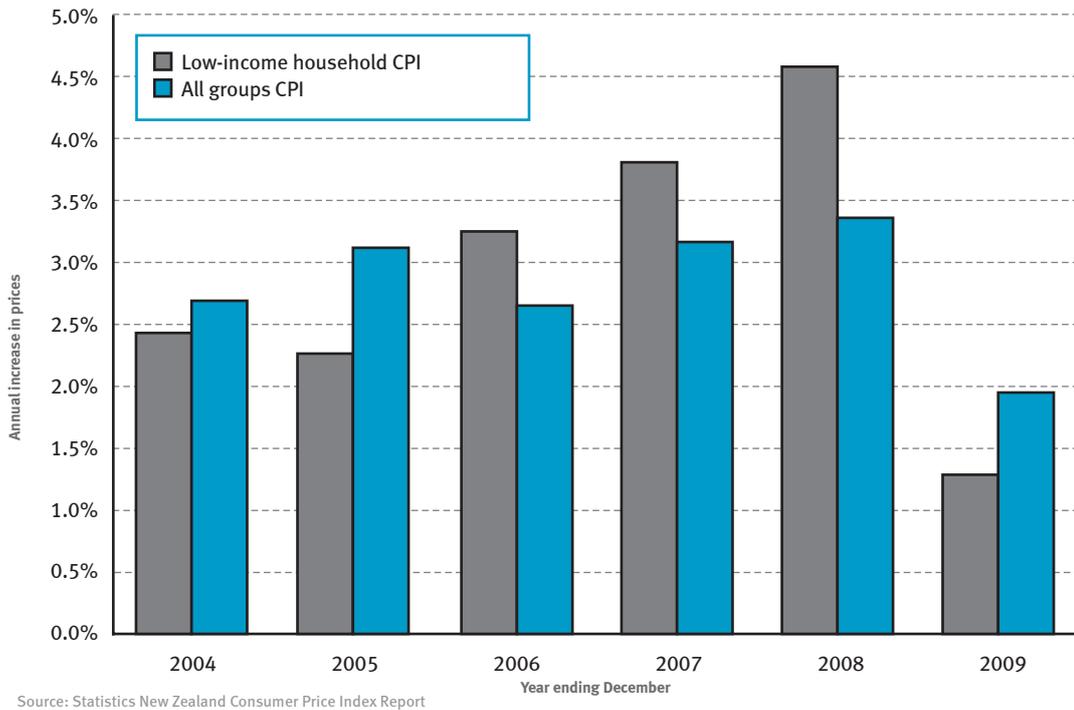
The Consumer Price Index (CPI) fell 0.2% in the December 2009 quarter on the back of lower food prices and relatively weak price pressure across other categories of goods and services. An overall price decline for the quarter resulted in an annual CPI increase of just below 2%.

The Salvation Army's low-income household CPI, which uses a different expenditure weighting to that of the CPI, suggests that annual price increases faced by low-income households was less than the overall CPI for 2009. The low-income household CPI shows a 1.3% increase for the year to December, which follows a 4.6% increase for the previous 12 months (see [Figure 16](#)). The low-income household CPI indicates that over the past five years, prices for low-income households have risen by 16%, which is only slightly more than the 15% increase in the main CPI for the same period.

**Figure 15: Food parcel distribution by The Salvation Army 2005–2009**



**Figure 16: Low-income household CPI 2004–2009**



# PROGRESS REPORT CARD: WORK AND INCOMES

EMPLOYMENT AND UNEMPLOYMENT		RESULTS	
<p>There is little good news here except that perhaps it could be worse. A sharp rise in youth unemployment is particularly concerning, and while Government initiatives to address this issue are encouraging, more effort may be required, especially if economic recovery fails to create new jobs.</p>			↓
WAGES AND INCOMES			→
<p>Good news for some workers and unwelcome news for others as growth in wages and salaries begins to diverge. Recent economic prosperity has delivered broad-based income growth and this appears to be slipping away in these times of adversity. Widening income inequality is a real possibility for the immediate future.</p>			
WORKING FAMILIES			→
<p>Some families with dependent children are working longer hours, while others—especially single parent families—are falling on to the welfare queues again after five years of increasing employment. Closer attention needs to be paid to the value of the Working for Families package as a means of reducing child poverty and family hardship.</p>			
BENEFITS AND PENSIONS		↓	
<p>Few surprises here given the extent of recent job losses. The Government’s willingness to continue supporting current welfare and income-support programmes is pleasing, especially at a time when it struggles with budget deficits. Further growth in the cost of these programmes is likely to severely test this commitment, however.</p>			
LIVING COSTS AND FOOD POVERTY		↓	
<p>The continuing rise in demand for food parcels is a strong indicator of the stress being experienced by low-income households, especially those struggling to find work and to repay debt. This increased reliance on food aid is not a sustainable social policy. It raises serious concerns about the adequacy of current benefit levels.</p>			
Overall improvement ↑	Mixed results →	Overall decline ↓	



Roskill South anti-liquor outlet campaigners (from left) Raewyn Sheehan, Ruby Vakauta, Rachael Vakauta, Shona McCormack and Zena Wrigley, protest against a proposed liquor outlet opening opposite Waikowhai Intermediate School and Hay Park Primary School in Waikowhai, Roskill South. 15 December 2008.

**Photo:** APN/Brett Phibbs

# SOCIAL HAZARDS

Social hazards are a selective set of activities that are potentially harmful both to individuals and, through them, to the neighbourhoods and communities they are part of. These activities are accepted, or perhaps informally condoned, by communities on the basis of individual choice and the limited potential for individual harm. Most often there are social limits on these activities to ensure that any potential for harm is managed. In this report we consider three types of social hazards: alcohol, illicit drugs and gambling.

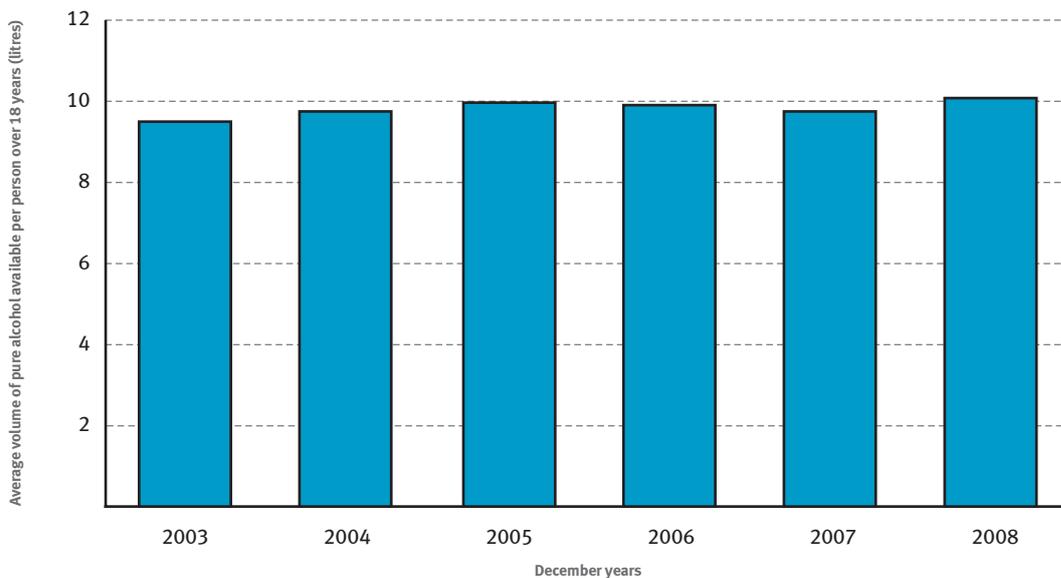
## ALCOHOL CONSUMPTION INCREASES WHILE DRINK DRIVING MAY BE DECLINING

Rates of consumption of alcohol rose by 3% during 2007/08 to 10.1 litres of pure alcohol being consumed for every New Zealander over 18 years old. In 2007/08, the rate

of consumption was 9.8 litres. Given this relatively modest increase and fairly static levels of consumption over the past five years, it appears, at this stage, that this recent change is not significant.

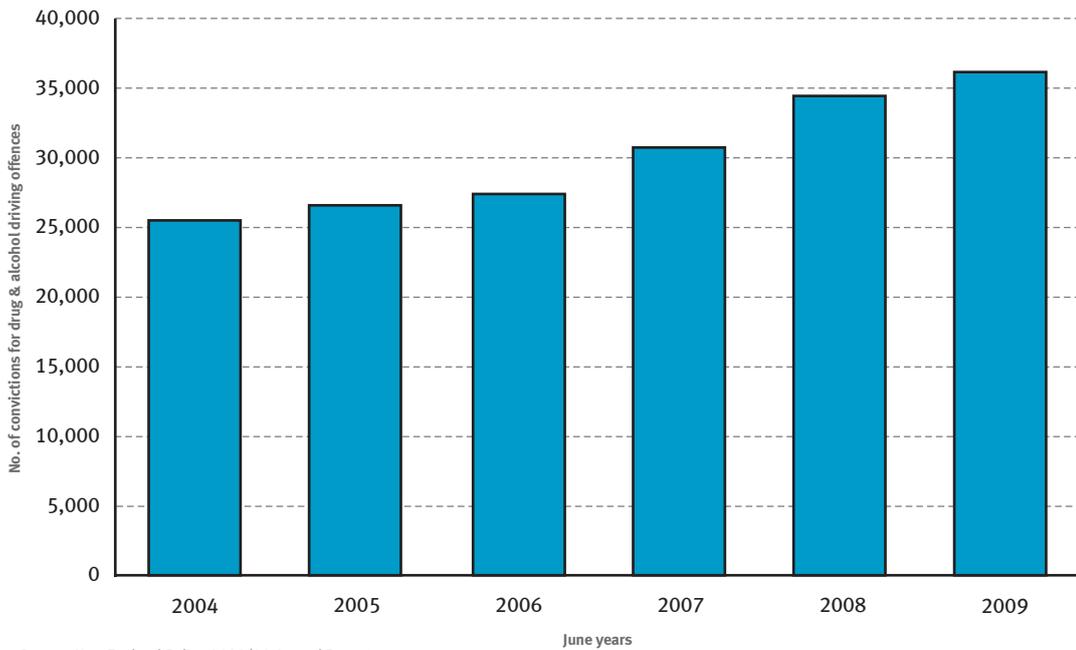
The number of drink-driving offences rose 5% during 2008/09 to 36,199 offences, up from 34,445 in 2007/08 and 25,496 in 2003/04 (see [Figure 18](#)). This increase is, however, most likely the result of increased surveillance by Police, as there are signs that drink driving rates are declining. For the year to 30 June 2009, 1.7% of the 2.16 million compulsory breath tests conducted by Police resulted in drink-driving offences, while in 2007/08, 2.2% of the 1.55 million breath tests conducted did so. The recent rate of failed tests is comparable with the rate achieved in 2003/04, when drink-driving offences represented 1.6% of the 1.56 million compulsory breath tests conducted.<sup>27</sup>

Figure 17: Per capita availability of alcohol for consumption, 2003–2008<sup>28</sup>



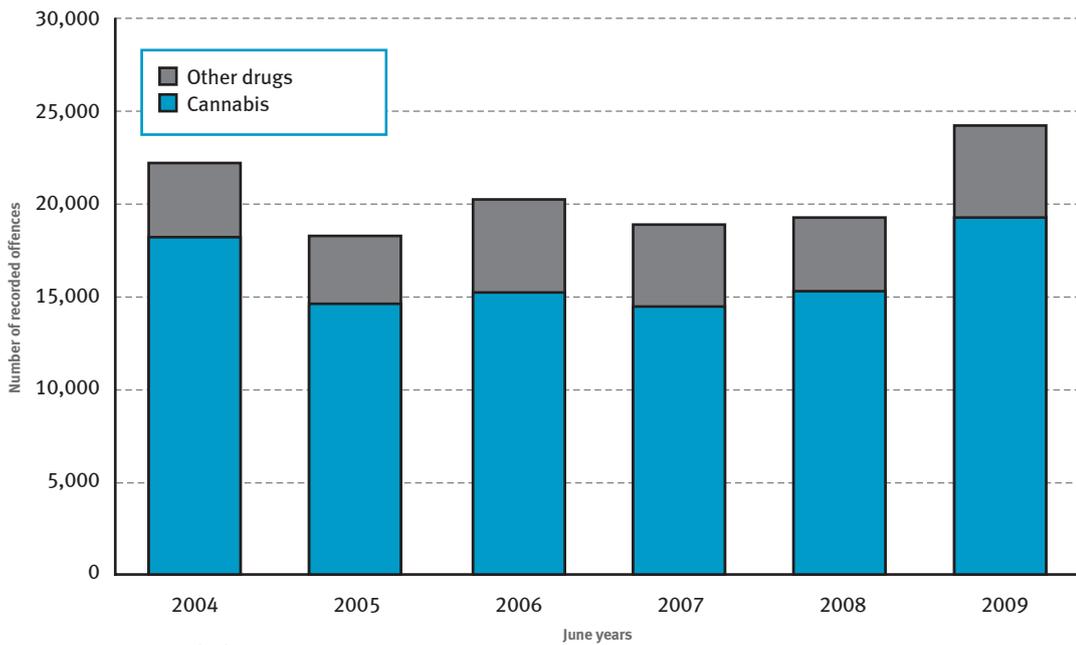
Source: Statistics New Zealand Alcohol and Tobacco Available for Consumption Reports

**Figure 18: Drug and alcohol impaired driving offences 2004–2009**



Source: New Zealand Police 2008/09 Annual Report

**Figure 19: Reported drug offences 2004–2009**



Source: Statistics New Zealand crime statistics

## DRUG-RELATED CRIME INCREASES

Drug-related crime increased by 26% during 2008/09 for both cannabis and non-cannabis drugs. In total, 19,246 cannabis-related offences were recorded for the year to 30 June 2009, of which just under half, or 9131 offences, were for personal use or possession for personal use only (see [Figure 19](#)). Non-cannabis drug offences totalled 5002 for 2008/09, an increase of 26% over 2007/08 and of a similar scale to the number of such offences in 2005/06. Without a reliably-reported measure of the relative priority that Police give to drug-related operations, it is difficult to determine if this significant increase in drug-related crime is due to increased levels of criminal activity or better and more comprehensive surveillance by Police. Police appear to have given additional emphasis to cannabis control during 2008/09 through their National Cannabis Crime Operation. This may account for the increases during 2008/09.

Police have begun reporting on a voluntary survey of arrested offenders that provides some useful insights into the prevalence of drug use among offenders and the contribution drug use has made to their offending. This survey, known as the Arrestee Drug Abuse Monitoring Survey, is conducted at four police stations. The survey indicates that 91% of arrestees have consumed alcohol in the 12 months prior to their arrest, 80% had consumed cannabis and 31% had used methamphetamines. 80% of respondents using alcohol reported that their alcohol use

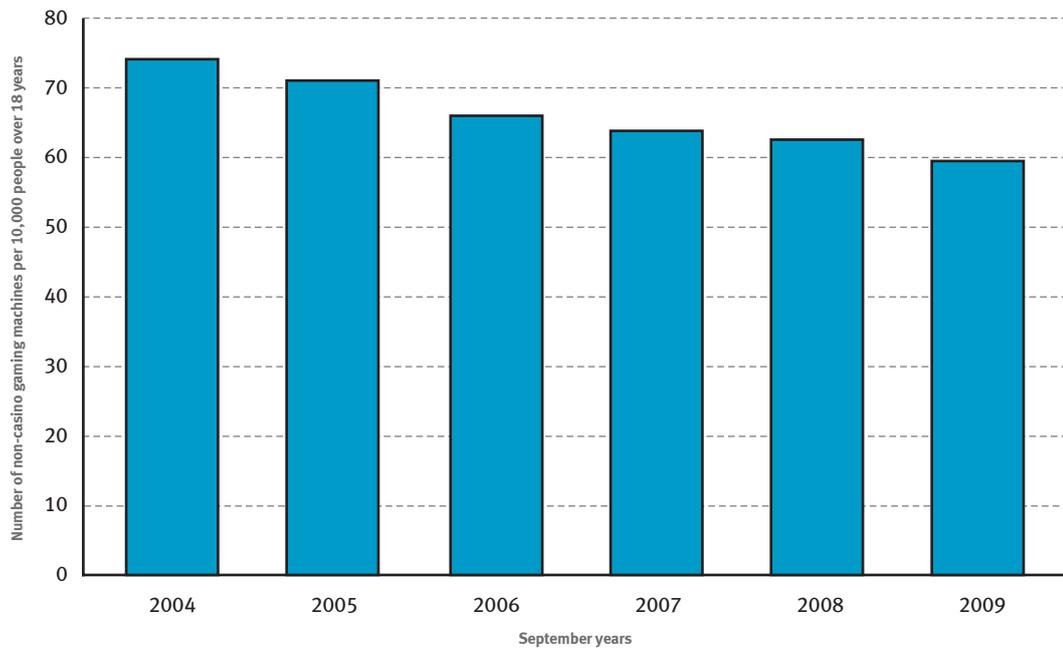
had contributed to their offending, while 68% of methamphetamine users reported that the drug had contributed to their offending, and 36% of cannabis users attributed cannabis use to their offending.<sup>29</sup>

## GAMBLING LOSSES CONTINUE TO DECLINE

In 2009, adult New Zealanders, on average, lost \$630 by gambling, of which around \$85 will be at the TAB or races, \$275 will be on the “pokies” (non-casino gaming machines), \$150 will be at the casino, and \$120 will be in lotteries such as Lotto and Big Wednesday. These amounts are around 20% less than the per-capita losses incurred in 2004, when an average of \$787 per adult was gambled away, including nearly \$400 on “pokies”.

The declining fortunes of the pokies industry has continued during 2009, with the fifth straight year of decline in revenues (i.e., gambling losses by machine users) and in gaming machine numbers. Pokies or non-casino gaming machines is still the largest source of gambling losses by far, accounting for nearly 44% of the \$2 billion that New Zealanders lost in gambling during 2009. Pokies' share of this gambling take has, however, declined steadily from 2004, when the machines took nearly 51 cents of every dollar lost. Over the same period, the prevalence of gaming machines in New Zealand's pubs and clubs has dropped from 74 machines for every 10,000 adults in 2004 to 60 machines in late 2009 (see [Figure 20](#)).

**Figure 20: Prevalence of non-casino gaming machines 2004–2009**



Source: Department of Internal Affairs website

# PROGRESS REPORT CARD: SOCIAL HAZARDS

ALCOHOL		RESULTS	
The recent small increase in rates of consumption does not yet spell out a trend towards higher levels of drinking. The reduced incidence of drink driving is encouraging.			→
DRUG-RELATED CRIME			→
An encouraging sign is that the sharp increase in drug-related crime is most likely the result of more effective Police surveillance through their National Cannabis Crime Operation and other anti-drug campaigns.			
GAMBLING		↑	
The continuing reduction in gambling losses is encouraging, and the reduced prevalence of non-casino gaming machines is another welcome trend.			
Overall improvement ↑	Mixed results →	Overall decline ↓	





Builder Fred Van Der Sanoe goes over the plans with Daniel and Leah McCurdy who have bought a new house in Avondale, Auckland, valued at \$445,000. They have to provide \$312,000 and the rest is provided by the charitable New Zealand Housing Foundation and Auckland City Council through a shared equity scheme. 7 August 2009.

**Photo:** APN/Dean Purcell

# HOUSING

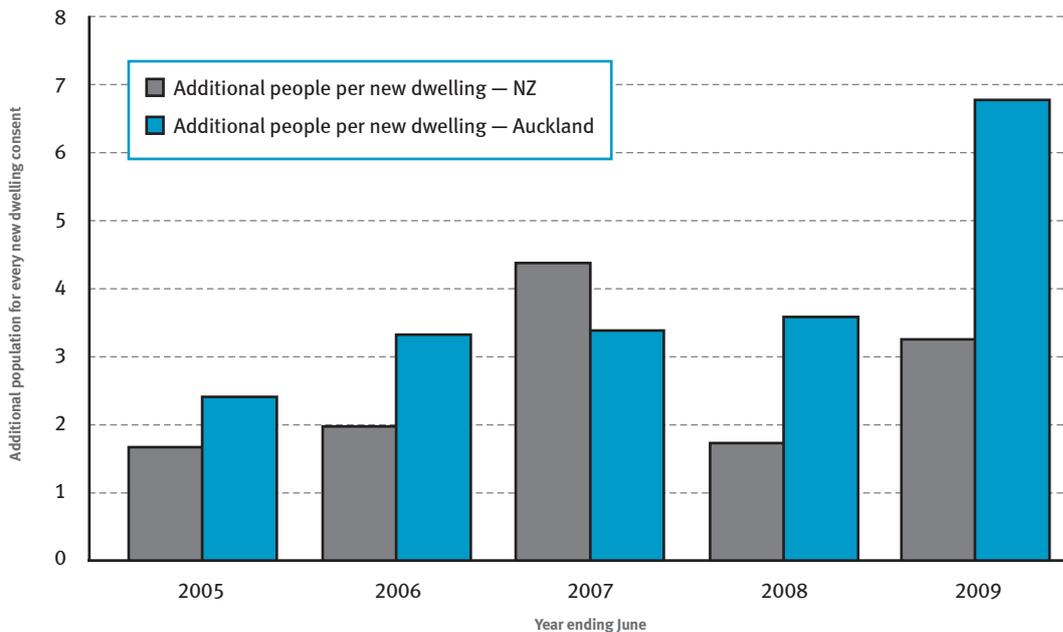
## AUCKLAND'S HOUSING SHORTAGE GROWS LARGER

New house building activity has plunged to twenty-year lows as a consequence of the recession, while population growth has risen in the face of reduced outward migration. The result, unsurprisingly, is a burgeoning housing shortage in Auckland.

During 2009, consents for new dwellings were roughly half what they were in 2007, before the recession, at around 16,600 (year ending September 2009). For the same period, the population grew 1.2%, or by nearly 52,000 people. This population growth was the highest in five years, due to continuing high birth rates and a slowdown in outward migration to Australia.

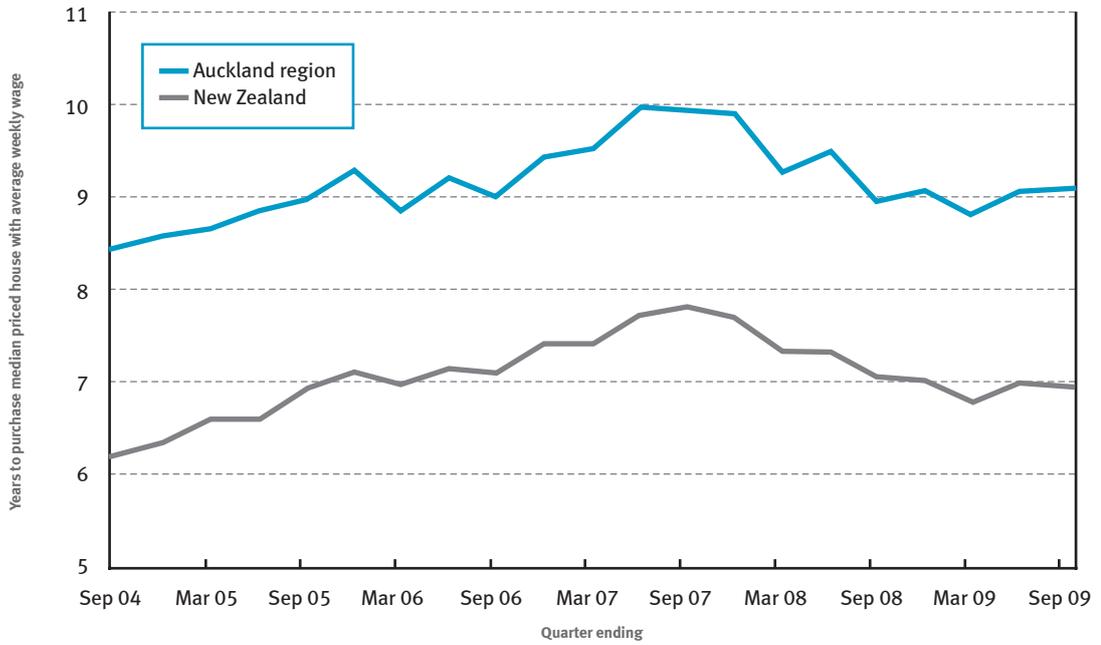
The geographical spread of this population growth and new house building is the source of concern rather than the actual numbers themselves. There are enough houses being built to cater for recent population growth; the problem is that they are being built in the wrong places. As in previous years, around half of New Zealand's population growth takes place in Auckland, yet less than one-quarter of consents for new dwellings is being issued in that region. This mismatch is shown in [Figure 21](#), which compares population growth and new housing building for New Zealand as a whole and for Auckland separately. The indicator provided in this figure is the number of additional people in the population for each new dwelling consent issued. Figure 21 shows

Figure 21: Population growth and new house building 2005–2009



Source: Statistics New Zealand population estimates and consent for new dwellings

Figure 22: Housing affordability 2004–2009



Sources: Real Estate Institute of New Zealand website and Statistics New Zealand Quarterly Employment Survey

the recent deterioration in this indicator, especially for Auckland, where the number of additional people for every new house has risen from 3.6 people per house to 6.8 people between 2008 and 2009 (June years). The situation has deteriorated for the rest of New Zealand as well, although it does not appear to be concerning at this stage.

Auckland's housing shortage is especially acute in South Auckland, where in Manukau City one new house is being built for every 14 new residents and where the cumulative housing shortage of the past three year now exceeds 3000 houses. During 2008/09, the whole Auckland region was short over 4100 houses, 1400 of which were in Manukau City and 1300 in Auckland City.

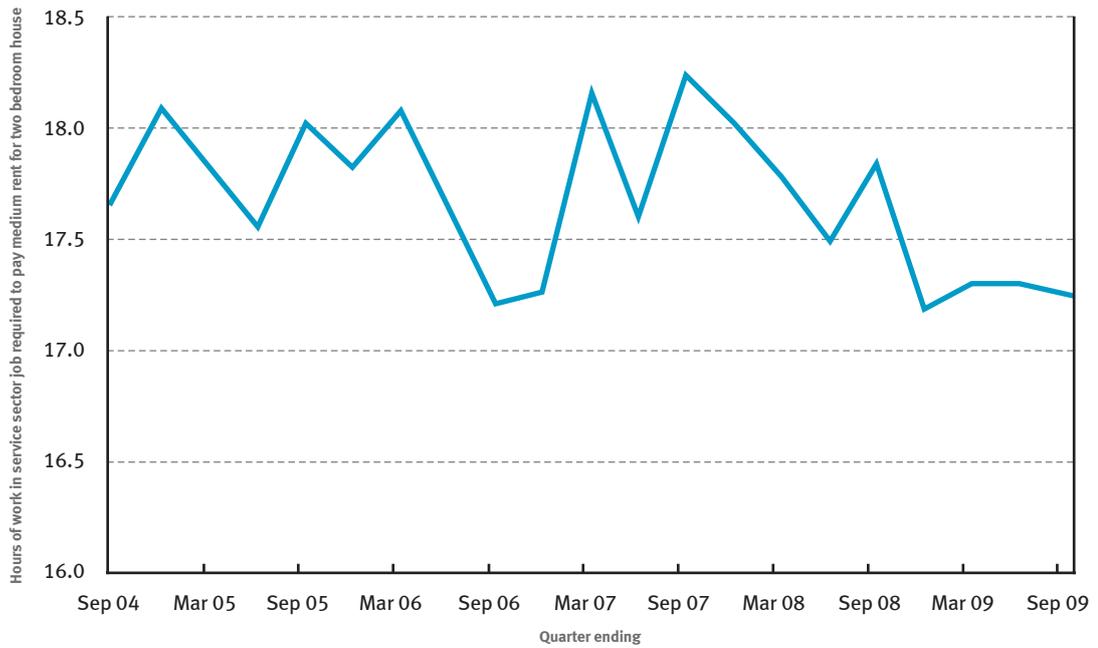
## IMPROVEMENTS IN HOUSING AFFORDABILITY ARE STALLED

House prices recovered during 2009 and have now, more or less, climbed back to the levels they reached in mid-2007, before the recession. The median house price for New Zealand stands at around \$345,000 and at \$450,000 for the Auckland region.<sup>30</sup> Modest wage and salary growth during 2009 has contributed to growing incomes for some households, and these improvements have meant that housing for working households has become relatively more affordable since the peak of the housing boom in mid-2007.

The affordability measure of years of work required to purchase the median-priced house has shown little change over the past 12 months (see [Figure 22](#)). It will take seven years of work at the average wage to purchase the median-priced New Zealand house, and over nine years to purchase the median-priced Auckland house. These indicators have improved from the peaks of 2007, where the ratios were 7.8 years for the median-priced house nationally and nearly 10 years in the case of Auckland.

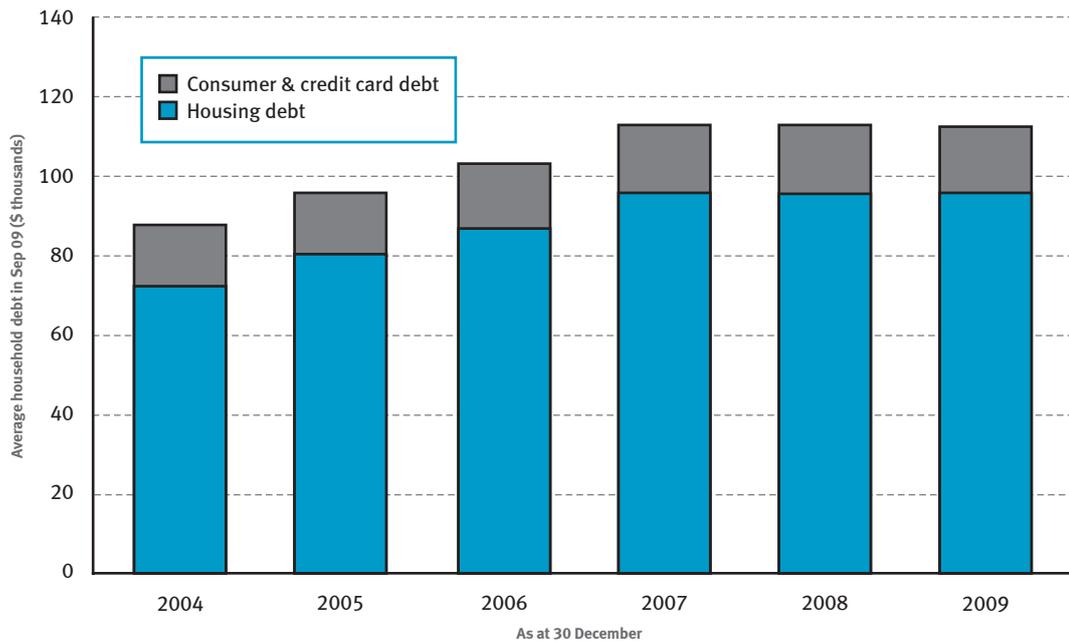
The recession has, of course, brought about a shift in monetary policies, which has seen interest rates fall to historical lows in efforts by governments and central banks to soften the impact of weakening demand. For example, New Zealand's Reserve Bank has reduced

**Figure 23: Rent affordability 2004–2009**



Sources: Department of Building and Housing Building Industry Trends Report and Statistics New Zealand Quarterly Employment Survey

**Figure 24: Average household debt 2004–2009**



Sources: Reserve Bank of NZ Financial Statistics and Statistics New Zealand household estimates

the official rate to just 2.5%. Interest rates, including mortgage interest rates, have fallen somewhat more modestly to around 6 to 7%, which is four percentage points lower than the same time in 2008.<sup>31</sup> This interest rate reduction has brought welcome relief for households with large mortgages and has seen an improvement in housing affordability indicators, which take account of the costs of servicing housing debt. For example, the Reserve Bank estimates that the mortgage-related payments on an 80% mortgage for a median-priced house is around 33% of an average household's disposal income in late 2009, compared with 45% in September 2008 and 48% in September 2007.<sup>32</sup> Given the recent bounce back in house prices, this affordability gain may be short-lived if, and most likely when, mortgage interest rates begin to rise again during 2010.

The Reserve Bank also reports the spread of house price increases across properties of different values.<sup>33</sup> This data suggests house price inflation has been most pronounced at the bottom end of the property ladder, where prices in September 2009 were 60% higher than they were five years earlier. Over the same period, middle-valued properties had risen in value by about one-third, while the highest valued properties had risen in value by about one-quarter. Clearly, the housing affordability picture is not the same for everyone.

## RENTS KEEP PACE WITH WAGES

Over the past decade or so, rental housing markets have tended to follow the same growth path as wages, understandable given that for most households, wages pay rents. This relationship has continued over the past 12 months, as indicated in [Figure 23](#). This indicator estimates the number of hours a low-paid worker in the service sector would have to work at their pre-tax wage to pay the rent of a typical two-bedroom house. As [Figure 23](#) shows, the affordability of rents has not changed significantly over the past five years.<sup>34</sup>



## HOUSING-RELATED DEBT RISES SLIGHTLY

Average household debt fell slightly over 2009 on the back of reduced consumer-related and credit card debt. Against this slight fall, overall housing-related debt rose by 0.5% in inflation-adjusted terms, despite the reduction in house prices and a general slowdown in the housing market.

At the end of September 2009, New Zealand's households owed nearly \$166 billion for housing, a further \$12 billion to banks on consumer loans and nearly \$5 billion on credit cards. Overall, household debt rose 2.3% in nominal terms over the year to the end of September 2009. Adjusting for inflation and population growth, average household debt fell slightly by 0.3% to around \$112,750 per household. Of this debt, \$96,000 was housing-related debt, 0.5% more than the previous year and 32% more than at September 2004 (see [Figure 24](#)).

The good news on the debt front is that it appears that Kiwi households are avoiding consumer and credit card debt. During the year to 30 September 2009, average household consumer and credit card debt fell 5% in inflation-adjusted terms to \$16,800 per household. This is a reduction of around \$900 per household. However, taken over a longer timeframe, the average New Zealand household still owed 11% more on consumer durables, cars and credit cards in September 2009 than five years previously.

# PROGRESS REPORT CARD: HOUSING

HOUSING SUPPLY		RESULTS	
<p>A significant housing shortage is emerging in Auckland as a consequence of the downturn in the building industry. While the housing sector's future is looking a little brighter overall, market fundamentals of housing costs and household incomes no longer add up for low-income households and residential property investors. Any improvement over the next few years seems unlikely.</p>			↓
HOUSING AFFORDABILITY			→
<p>Recent improvements in home ownership affordability appear to have slowed and there are some signs of rising house values. The respite offered by low interest rates is likely to disappear during 2010, which may put a brake on further house price increases. The rental market has continued on similar settings as the recent past, although prospects for future increases in supply of rental housing or affordable rents are not bright.</p>			
HOUSING DEBT		↑	
<p>The very modest increase in housing-related debt is encouraging, while reduction in other forms of debt might be pointing towards a new frugality and may assist in building a more balanced economy.</p>			
Overall improvement ↑	Mixed results →	Overall decline ↓	

“A real danger here is that not only will [New Zealand’s economic] recovery not lead us to reflect on our past follies and lack of imagination, but neither will it lead us to repair the damage done by the recession.”

**FOREWORD**  
**A ROAD TO RECOVERY**

## ENDNOTES

- <sup>1</sup> Perry, B. (2009), Household Incomes in New Zealand: Trends in Indicators of Inequality and Hardship 1982 to 2008, Ministry of Social Development, Wellington; available at [www.msd.govt.nz/about-msd-and-our-work/publications-resources/monitoring/household-incomes/index.html](http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/monitoring/household-incomes/index.html)
- <sup>2</sup> See the background on the New Zealand Living Standards survey and research at [www.msd.govt.nz/about-msd-and-our-work/publications-resources/monitoring/living-standards/index.html](http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/monitoring/living-standards/index.html)
- <sup>3</sup> See Perry (2009) Table K p.128 for a comparison between the HES based estimates and the Economic Living Standards Index (ESLI) of the New Zealand Living Standards survey.
- <sup>4</sup> See Perry (2009) Table 10.1 p.165.
- <sup>5</sup> This income gap was in fact the intent of the benefit cuts of 1991.
- <sup>6</sup> Between September 2008 and September 2009, the number of people receiving an unemployment benefit grew by 37,387 people to 60,660. Additionally, over the same period the numbers receiving the DPB rose 9185 to 107,658 people, the numbers claiming a sickness benefit increased 8176 to 56,384 and the numbers in receipt of an invalid's benefit rose 1397 to 85,015 people. Source: Ministry of Social; Development's Benefit Factsheets available at [www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/2009-national-benefit-factsheets.html](http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/2009-national-benefit-factsheets.html)
- <sup>7</sup> See p.1 of "5th review of police activity since the enactment of the Crimes(substituted section 59) Amendment Act 2007" available at [www.police.govt.nz/sites/default/files/resources/latest/S59%205th%20review%20web%20report.pdf](http://www.police.govt.nz/sites/default/files/resources/latest/S59%205th%20review%20web%20report.pdf)
- <sup>8</sup> These enrolment rates are based on the total enrolments reported by the Ministry of Education and Statistics New Zealand's population estimates for the relevant age cohorts. The enrolment rate for non-Maori 3 to 4-year-olds was nearly 104% in 2009, suggesting that a substantial number of children are enrolled in at least two facilities.
- <sup>9</sup> Statistics New Zealand Population Estimates report that between June 2004 and June 2009 the Maori population aged under five increased by 11,290 to 99,420 children, while the non-Maori under five population grew by just 10,830 children to 264,140. These estimates don't agree with birth statistics, which suggest that around 22–23% of births are recorded as Maori.
- <sup>10</sup> The indicators used in these comparisons are the proportion of Year 11 students achieving NCEA Level 1 and the proportion of Year 13 students achieving NCEA Level 3. Commonly reported pass rates include the achievements by older students—for example, Year 12 students who achieve Level 1, most likely on their second attempt. The pass rates for Decile 10 secondary schools have been adjusted to omit the participation and achievements of students from four secondary schools, that do not fully participate in the NCEA assessment regime and as a consequence have relatively low pass rates. Source: New Zealand Qualifications Authority website at [www.nzqa.govt.nz/qualifications/ssq/statistics/statsreports.do](http://www.nzqa.govt.nz/qualifications/ssq/statistics/statsreports.do)
- <sup>11</sup> See OECD Health Statistics at [www.oecd.org/document/16/0,3343,en\\_2649\\_34631\\_2085200\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/16/0,3343,en_2649_34631_2085200_1_1_1_1,00.html)
- <sup>12</sup> These estimates of pregnancy rates exclude pregnancies which aborted naturally.
- <sup>13</sup> See Australian birth statistics at the Australian Bureau of Statistics website at [www.ausstats.abs.gov.au/Ausstats/subscriber.nsf/0/A92CC3C50D320CA2CA25766A00124D19/\\$File/33010do006\\_2008.xls](http://www.ausstats.abs.gov.au/Ausstats/subscriber.nsf/0/A92CC3C50D320CA2CA25766A00124D19/$File/33010do006_2008.xls)
- <sup>14</sup> These pieces of legislation include four Bills amending the Sentencing Act 2002 to make belonging to a criminal gang an aggravating factor in sentencing, to confiscate cars from boy racers, to confiscate instruments used in committing a crime, and to require offenders to pay a restitution levy to their victims. In addition, there was an amendment to the Crimes Act 1961 increasing the penalty for being part of a criminal gang from five to ten years imprisonment and an amendment to the Criminal Investigations Act 1995 extending police powers to compulsorily take bodily samples from people arrested for certain crimes. Also considered was the "three strikes" Bill of the Act Party, known as the Sentencing and Parole Reform Bill.
- <sup>15</sup> For the 2003/04 financial year, total expenditure by Department of Corrections was \$496 million and for the 2008/09 year this had risen to \$962 million. Source: Department of Corrections Annual Reports; Vote Corrections in the 2009/10 Budget provided for operational expenditure of \$1.0654 billion with a further \$402 million in capital expenditure. See these estimates at [www.treasury.govt.nz/budget/2009/estimates](http://www.treasury.govt.nz/budget/2009/estimates)
- <sup>16</sup> See Mayhew, P and Reilly, J (2007) The New Zealand Crime and Safety Survey 2006, Ministry of Justice available at [www.justice.govt.nz/publications/globalpublications/k/New%20](http://www.justice.govt.nz/publications/globalpublications/k/New%20)

Zealand%20Crime%20and%20Safety%20Survey%202006%20-%20Key%20findings%20report

<sup>17</sup> For the purposes of discussion, serious crime is defined here as homicide, kidnapping and abduction, robbery, grievous assault, serious assault, and sexual attacks.

<sup>18</sup> The Police 2008/09 Annual Report provides three somewhat confusing indicators of the levels of domestic violence that they respond to. It reports that in 2008/09 Police responded to 42,437 incidents of family violence compared to 43,307 such incidents in 2007/08. These incident responses resulted in 48,389 recorded offences in 2008/09 (43,238 in 2007/08) although Police acknowledge, somewhat unhelpfully, that not all these offences are violence-related. Police also report that they attended 36,586 domestic disputes in 2008/09, down from the 39,357 they attended in 2007/08 and the 37,443 attended in 2006/07. See New Zealand Police 2008/09 Annual Report p.33 and p.94.

<sup>19</sup> The obvious exception within this assumption is that of home invasion type attacks, where a person is attacked by an unknown person in their own home. The prevalence of such attacks are not reported but are not thought to be a significant proportion of violence and sexual offending in private dwellings (probably <5%). For the sake of this discussion domestic violence is defined as all homicides, grievous assaults, serious assaults, common assaults, threats and intimidation, and sexual attacks that take place in a dwelling.

<sup>20</sup> This data has been taken from various Annual Reports of the Departments of Corrections. For the most recent data see pages 95 to 99 of the Departments 2008/09 Annual Report, which is available at [www.corrections.govt.nz/news-and-publications/statutory-reports/annual-reports.html](http://www.corrections.govt.nz/news-and-publications/statutory-reports/annual-reports.html)

<sup>21</sup> The proportion of prisoners who are Maori is based on information provided directly by Department of Corrections and is for sentenced prisoners only. For the year to 30 June 2009, 49.2% of sentenced prisoners were Maori. This proportion has remained fairly, stable at around 49% to 50%, since 2004.

<sup>22</sup> See the Department of Correction's Briefing for the Incoming Minister November 2008, Figure 4 p.23, which is available at [www.corrections.govt.nz/news-and-publications/statutory-reports/briefing-for-the-incoming-minister-2008/executive-summary.html](http://www.corrections.govt.nz/news-and-publications/statutory-reports/briefing-for-the-incoming-minister-2008/executive-summary.html)

<sup>23</sup> These estimates are based on Department of Corrections Annual Reports and its reported costs of operating various types of custodial services. These estimates are average costs based on the total cost of the custodial services divided by the average number of prisoners being held. Clearly, the cost of some custodial services such as maximum security are more than the cost of other services.

<sup>24</sup> See Table 11 of Statistics New Zealand's Household Labour Force Survey spreadsheet at [www.stats.govt.nz/browse\\_for\\_stats/work\\_income\\_and\\_spending/employment/householdlabourforcesurveyestimatedworkagepopulation\\_mrsep09qtr.aspx](http://www.stats.govt.nz/browse_for_stats/work_income_and_spending/employment/householdlabourforcesurveyestimatedworkagepopulation_mrsep09qtr.aspx)

<sup>25</sup> See Table 9, Quarterly Employment Survey December 2009 —Statistics New Zealand

<sup>26</sup> See the Inland Revenue Department's website at [www.ird.govt.nz/aboutir/external-stats/working-for-families-tax-credits/](http://www.ird.govt.nz/aboutir/external-stats/working-for-families-tax-credits/)

<sup>27</sup> Data source: New Zealand Police 2008/09 Annual Report p. 40 & p. 95.

<sup>28</sup> Data source: Statistics New Zealand at <http://search.stats.govt.nz/search?w=alcohol>

<sup>29</sup> See New Zealand Police 2008/09 Annual report, p. 9.

<sup>30</sup> Data source Real Estate Institute of New Zealand website at [www.reinz.org.nz/reinz/public/market-information/market-information\\_home.cfm](http://www.reinz.org.nz/reinz/public/market-information/market-information_home.cfm)

<sup>31</sup> See data file for the Reserve Bank's Financial Stability Report, November 2009 at [www.rbnz.govt.nz/finstab/fsreport/fsr\\_nov2009\\_data.xls](http://www.rbnz.govt.nz/finstab/fsreport/fsr_nov2009_data.xls) spreadsheet sheet "Data 3.11"

<sup>32</sup> See RBNZ Financial Stability Report, November 2009, Figure 3.14 and accompanying data at the above website address.

<sup>33</sup> See Reserve Bank Financial Stability Report data file at the above website—worksheet "Data D1"

<sup>34</sup> This indicator is based on median rent estimates from the Department of Building and Housing's Building Industry Trends Report and from Statistics New Zealand's Quarterly Employment Survey's estimates of ordinary time earnings in the hospitality sector.

## ABOUT THE AUTHOR

### **Alan Johnson BTP, MPhil (Hons)**

Alan Johnson is a Senior Policy Analyst at The Salvation Army Social Policy and Parliamentary Unit. Alan has an academic background in town planning and economics and has lectured at the University of Auckland and Unitec, in planning, economics and social policy. He has extensive policy and management experience in both the local government and community sectors, with a particular interest in housing, urban economics and community development. Alan served as a Manakau City Councillor for fourteen years and as a director of the Counties Manakau District Health Board for three years. He lives in South Auckland and is active in that community on issues around education, sport and housing.





**The Salvation Army Social Policy and Parliamentary Unit**

New Zealand, Fiji & Tonga Territory

PO Box 76-075, Manukau City 2104, New Zealand

Phone (09) 261 0883 | Fax (09) 262 4103 | [salvationarmy.org.nz/socialpolicy](http://salvationarmy.org.nz/socialpolicy)



Te Ope Whakāora

**SOCIAL POLICY AND  
PARLIAMENTARY UNIT**

Working for the eradication of poverty in NZ