

# Are You Well? Are We Safe?

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Framing the Issues  
From the Director  
Are You Well? Are We Safe?

# STATE OF THE NATION REPORT



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This year's *State of the Nation*, 'Are You Well? Are We Safe?' examines whether the elements necessary for New Zealand's communal wellbeing are present in the right measure. This is an opportunity to celebrate the good, but to also recognise where more mahi is required.

Our motivation for this report is Jesus' challenge to love God *and* to love our neighbours. Wellbeing must never be a self-centered pursuit; it is our communal responsibility to care for each other.

In launching this report, we invite you to play *your* part to ensure that all of your New Zealand neighbours are both well *and* safe.



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The Prime Minister has announced that the 2019 Budget will be New Zealand’s first ‘well-being budget’. This is her government’s attempt to mark out a different pathway for New Zealand—one which is not just focused on short-term economic matters, but also on long-term social and environmental concerns.

The Salvation Army applauds this broader focus. To this end, we have been offering New Zealanders, and our Government, the annual *State of the Nation* reports since 2008, in the hope that we would broaden our public discourse to include an expanded social dimension.

But as you consider the idea of ‘well-being’, you quickly come to appreciate that it is not a straightforward, easy to grasp, all agreed concept. Our first challenge is to define what is meant by well-being. In fact, most people would agree that individuals and their families should define their own concept of well-being and not the Government through documents like Budgets.

To a large extent, this idea of individual self-determination is justified, but it does not get us very far in helping to design public policies and in deciding collective priorities. Moreover, there are things which are justifiably ‘good’ or ‘bad’ regardless of an individual’s preferences or values. None of us wish to see children living in poverty or being exposed to violence or neglect, and none of us want to live in communities blighted by crime or addictions.

While these concerns do not translate into universal truths, they are a basis for a shared vision for our country—an idea of the things we should have more or less of. But more than this, in a caring society, we need to collectively provide a framework of support, based on some shared values that allow individuals and families to flourish with the freedom to determine their own lives, as far as possible.

The *State of the Nation Report 2019*, from The Salvation Army, is our initial contribution to this discourse around well-being. In presenting this contribution, we hope to encourage public debate around the sorts of things we as New Zealanders hold dear. The title of this year’s report—*Are You Well? Are We Safe?*—for us, encapsulates the idea of well-being. These two questions are at the core of our well-being, and, as well, this sense of inquiry conveys the notion that we are concerned about others’ conditions, and that we have things in common.

We are hopeful that with this more expansive well-being focus we will as a national community come to more fully acknowledge the social dimensions of our lives, and to value the environmental resources we depend on.

Thank you for your support and ongoing interest in our work.

**Lieutenant-Colonel Ian Hutson**  
Director—Social Policy & Parliamentary Unit



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## ARE YOU WELL? ARE WE SAFE?

The Salvation Army's *State of the Nation* reports have been published since 2008. At the time of the report's conception, the project was seen as a way of tracking our social progress as a nation. In undertaking this work, The Salvation Army was attempting to introduce and highlight important social values—such as equity and inclusion—into the public discourse.

A great deal has changed in this public discourse over the intervening 11 years. We believe our *State of the Nation* reports have contributed to these changes. For example, the previous government introduced its 'Better Public Service Targets', which, by the admission of the former Prime Minister Sir Bill English, were in part modelled on the indicators offered in the *State of the Nation* reports.

However, this programme of setting and measuring targets for public services had mixed blessings. This was in part because those responsible for delivering services and for generating improvements were also responsible for measuring and reporting progress. Sometimes improvements were reported without any apparent change in the outcomes seen on the ground; for example, the reported reduction in rates of child abuse and neglect.

The current Government has adopted a more expansive and ambitious programme to ensure that public policy and Government's resources are more broadly focused on social and environmental outcomes. The Prime Minister has announced that the 2019 Budget will be New Zealand's first 'well-being budget'. A number of government agencies have been busy developing conceptual frameworks of well-being, alongside ways of measuring progress toward improved

well-being. These efforts are coalescing around Treasury's Living Standards Framework and Statistics New Zealand's Indicators Aotearoa programme.

Creating a broader more holistic focus for such things as government budgets and public services is, however, no easy task. This is in part because the things being measured here are often quite different—water quality and child poverty, for example. Furthermore, a comprehensive system of reporting well-being indicators can quickly become complex and difficult for most citizens to understand and, even perhaps, be interested in. A recent article by Dan Weijer and Phillip Morrison in *Policy Quarterly*<sup>1</sup> identified this problem of public engagement. They have suggested that the big idea of 'well-being' needs to be both understood and engaging, if it is to have any success in shifting public policy discourse toward social and environmental concerns. They also argue that this challenge of, in-effect, popularising well-being as an idea, is a community-wide one and not just the job of government agencies, such as Treasury and Statistics New Zealand.

We agree with this argument and so see the *State of the Nation Report 2019* as being The Salvation Army's first contribution to making the idea of well-being better understood and appreciated by New Zealanders. This is not to say the 2019 Report aims to deliver the Government's message around well-being; The Salvation Army wishes to offer a more limited and perhaps more succinct version of well-being—one which concentrates on social outcomes and, specifically, the outcomes experienced by the poorest and most vulnerable New Zealanders.



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The *State of the Nation Report 2019* largely follows the format of previous reports, and reports on 26 indicators of well-being that cover five areas of social policy interest. The modest difference in the 2019 report is in how these areas of interest are framed, and in the summary evaluations of indicators.

Given the array of ideas behind well-being indicators—dealing as they must with such different things as water quality and child poverty—it is not possible to have a single number to report progress, such as that of GDP growth. Instead, the evaluation and reporting of progress across the spectrum of well-being will, by necessity, be interpretative and narrative. Also, through necessity, such evaluation will involve weighting and judgement, which can of course make the claimed results more contentious than having a result reported by a single number. This risk of contention was always part of the *State of the Nation* reports and nothing has changed in this respect in the 2019 Report.

The *State of the Nation Report 2019* frames its five areas of policy interest around outcome statements, which we believe describe or define what we, and perhaps many other New Zealanders, see as social progress. These outcome statements are as follows:

Our Children: **All our children are safe and doing well**

Work & Incomes: **Our growing prosperity is fairly shared**

Crime & Punishment: **Our homes and communities are free from violence and crime**

Social Hazards: **Our homes and communities are free from addictions and related harm**

Housing: **We all have housing which is healthy, safe and secure.**

In reality, the *State of the Nation* reports are basically a collection of publicly available statistics with some summary evaluations attached to them. These reports could just as easily be published by a government agency, rather than an NGO such as The Salvation Army. The move by Government to reporting its intentions and achievements against a broader well-being framework may eventually make The Salvation Army's efforts here redundant. We expect, however, that this may not be the case, given the Government's broader focus on the lives of all New Zealanders—not just the poorest and most vulnerable, as well the temptation for it to accentuate any good news and down play the bad news.

The value of a public policy discourse around the broadly defined 'well-being', remains to be seen. This value will be either damaged or enhanced to the extent by which the results reported and claimed are credible and match people's lived experience. This value is also measured by what we learn from our successes as well as our setbacks.

Many contributions to our well-being are only vaguely related to what successive governments can or should do. For this reason it is important that we see the results—both good and bad—as belonging to all of us and not look to blame or credit successive governments solely for the outcomes. Our social progress will be the result of Government's efforts as well as those of us as individual citizens—as families and as communities. Our expectations here are important as well, as these shape our efforts and sacrifices and decide what we will and will not tolerate.

The Salvation Army anticipates that the *State of the Nation Report 2019* can offer New Zealanders insights into our social progress, and the efforts and sacrifices still needed to make us the prosperous, just and sustainable nation we hope to be.



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## OUR CHILDREN

This section outlines a number of trends around the well-being of our children, adolescents and youth. The range of indicators used to outline these trends has changed a little over the past few years, mainly to ensure that changes that most accurately describe this well-being are captured.

In the *State of the Nation Report 2018*, we introduced teenage suicide as an indicator. This inclusion was made for two reasons. The first is that suicide rates are a good barometer-type indicator of how other areas in a society are functioning; for example, mental health, social engagement, economic opportunity and hopefulness. If we are a healthy society socially and culturally, then fewer people would end up taking their own lives. The second reason is that suicide data was published more frequently and more immediately, so this data was more useful in providing insights into the state of our society and communities.

For the *State of the Nation Report 2019*, we have dropped infant mortality as a reported indicator, although it is still monitored in our background work. Recent changes in New Zealand's already low-infant mortality rate have been quite small. There is a point when reporting a rate has little value as an indicator because, when the change is small, it does not draw attention to background social conditions that need to be addressed.

The greater emphasis now being placed on child poverty is applauded, as is the bi-partisan political support given to this issue, as a priority. What is disappointing is that in 2019 we don't have much to say about child poverty trends because we don't have enough information from official sources. It is difficult to identify the cause of

this failure, but it may be due to changes in the way citizens interact with public agencies—such as Statistics New Zealand. It may be the case that as citizens we are becoming more reluctant to participate in social surveys and to share information about our lives in such surveys. This reluctance may especially apply to the most vulnerable New Zealanders. If this is indeed the case, in the near future and as a society, we may find it difficult to have an informed debate over important social trends such as child poverty, because we simply don't know. If and when this happens, the marginalised, and especially marginalised children, become more marginalised.



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## CHILD POVERTY

### Unreliable data means that child poverty trends are not known

The *Household Incomes in New Zealand* report, which is published annually by Ministry of Social Development (MSD), did not report on recent rates of income poverty and hardship amongst children. The reason given for this failure is the unreliability of data derived from the 2016 and 2017 Household Economic Surveys (HES). Statistics New Zealand is apparently preparing a Child Poverty Report for release in early 2019, which will be based on more up-to-date survey information and supplemented with administrative data.<sup>2</sup>

### Numbers of children living in benefit-dependent households rises slightly

A parallel indicator to that of income poverty of children is the numbers of children living in households which are reliant on welfare benefits as their main source of income. Most children living in households receiving only a benefit are likely to be amongst the poorest children, mainly on account of the minimal income provided by benefits. For example, the most recent child poverty results from the 2015 HES suggest that as many as 92% of children from benefit-dependent households live in relative income poverty.<sup>3</sup> But around 45% of children living in such poverty come from households receiving wages—in other words, the working poor.<sup>4</sup> Trends in the number of children living on welfare benefits might then explain slightly more than half the overall trends in child poverty. The remaining component in this trend is what happens to the incomes of working-poor households. These incomes—as discussed in the Work and Incomes chapter of this report—are covered by changes

in minimum-wage legislation and Working for Families entitlements.

**Table 1** reports changes in the numbers of children living in benefit-dependent households between 2013 and 2018. As reported in the *State of the Nation Report 2017*, the numbers of children living in these households in 2017 reached the lowest point for at least 20 years, at 15.9% of all New Zealand children. At the depth of the Global Financial Crisis (GFC), this proportion almost reached 22%. The numbers and proportions of children reliant of welfare benefits rose slightly during 2018 by around 2,500 children to sit at almost 181,000 children or 16% of the under-18’s population.

**Table 1: Estimates of the number of children living in benefit-dependent households—2013–2018<sup>5</sup>**

As at December	Working-age benefits paid	Number of children living in benefit-dependent households	Children in benefit-dependent households as % of all children
2013	321,869	209,100	19.1%
2014	309,145	194,500	17.7%
2015	301,349	185,700	16.8%
2016	297,010	181,600	16.3%
2017	289,788	178,300	15.9%
2018	299,345	180,700	16.0%



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## CHILDREN AT RISK

### Child abuse and neglect levels remain stable, while the numbers of children in State care reach a record high

The transition of children’s care and protection services from Child Youth and Family to the Ministry for Children—Oranga Tamariki—has little changed the numbers of substantiated cases of child abuse or neglect. Change so soon after this transition in 2016 is probably not to be expected on any account.

The numbers of possible cases of neglect or abuse reported to Oranga Tamariki by the public or referred by Police as a consequence of a family violence incident, grew sharply between 2017 and 2018 (June years). These numbers, for the most recent five years, are reported in **Table 2**. Between 2017 and 2018, reports of concern from the general public grew by slightly more than 10,000 to more than 92,000, which is a similar level of reporting seen in 2012 and 2013. Police referrals relating to domestic violence jumped almost 22,000 between 2017 and 2018. While such volumes will be taxing on Oranga Tamariki’s resources, they point to increased awareness and concern for children’s safety within Government agencies and the wider community.

**Table 2: Notifications/referrals for possible child abuse or neglect—2013–2018<sup>6</sup>**

Year ending 30 June	2013	2014	2015	2016	2017	2018
Care and protection reports of concern	90,893	88,768	83,871	84,228	81,840	92,250
Police family violence referrals	57,766	57,889	67,034	86,980	77,081	99,005
Total notifications or referrals	148,659	146,657	150,905	171,208	158,921	191,255

Despite this jump in notifications and referrals, the numbers of cases where child abuse or neglect has been proven or substantiated has changed little over the past two years. The numbers of individual children affected by these cases has, however, grown by more than 1300, or 11%, over the past two years, to almost 13,500. This is a similar volume to that reported in the 2015 and 2016 (June) years. Data on these substantiated cases and the numbers of children affected are reported in **Table 3** and **Figure 1**.

The nature of substantiated abuse or neglect has changed significantly over the past five years. Some of these changes were on account of changing priorities of Child Youth and Family, which saw the seriousness of emotional abuse and neglect downgraded in favour of physical and sexual abuse. This trend, of less importance being placed on emotional abuse and neglect, may have continued over the past two years, given the declines in such cases between 2017 and 2018. **Table 3** also reports that the numbers of substantiated cases of sexual abuse remained at around 1000 during 2017



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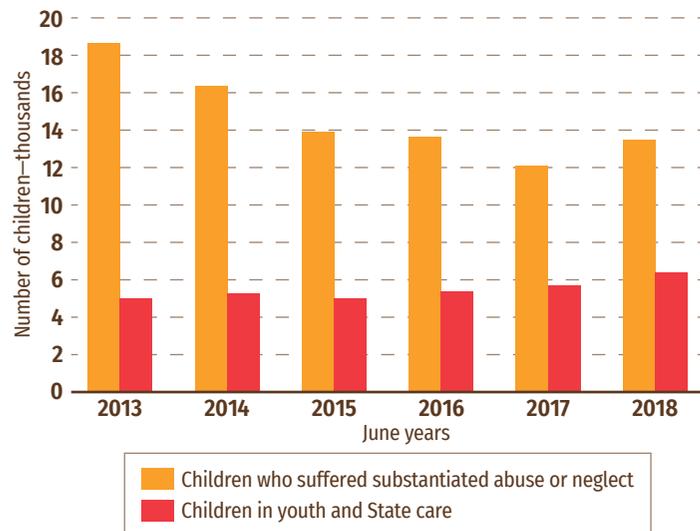
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and 2018, which is 30% fewer than in 2013. These figures are puzzling because they do not correspond with Police statistics on aggravated sexual assaults on children, which indicate volumes 50% more than those reported in **Table 3**. This Police data is reported in **Table 4**.

Also reported in **Figure 1** is the most recent five-year trend in the numbers of children and youth in State care. At the end of June 2018, there were 6365 children in care, which is the most ever. Half of this increase—of 657 children and youth—is on account of the extension of the age of care from 17 to 18 years—a change which has been welcomed by welfare agencies and community leaders.<sup>7</sup>

**Figure 1: Children abused and neglected or in State care—2013–2018<sup>8</sup>**



**Table 3: Oranga Tamariki’s substantiations of child abuse and neglect—2013–2018<sup>9</sup>**

Year ending 30 June	2013	2014	2015	2016	2017	2018
Emotional abuse	12,777	10,406	8,318	8,490	7,231	6,810
Physical abuse	3,343	3,305	3,235	3,073	3,136	3,490
Sexual abuse	1,459	1,329	1,275	1,167	1,038	1,010
Neglect	5,405	4,583	3,644	3,664	3,397	2,953
Total substantiations	22,984	19,623	16,472	16,394	14,802	14,263
Number of individual children as victims	18,595	16,289	13,833	13,598	12,117	13,464



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## CHILDREN AND VIOLENCE

### Little change in recorded violence offences against children

Little appears to have changed over the past four years in the nature and extent of adult violence toward children.

Police’s new system for recording offences involves the compilation of the Recorded Crime Victims Statistics (RCVS) data set, which provides better information around the demographic characteristics of victims of offences, such as physical and sexual assaults. Data on possible violent offending against children aged under 15 years old is offered in **Tables 4A** and **4B**. **Table 4A** records reported offences, or victimisations, against children, while **Table 4B** records the number of individual children involved in these reported offences. The caveat offered above, on possible violent offences, relates to the fact that at the time of reporting of the complaint in the RCVS data set, the allegation may not have been proved. This transition between the time of complaint and resolution—by proof of guilt or otherwise—means that the data offered in tables such as these is dynamic and may change a little from year to year, as the crime investigation and prosecution process works out.

The data offered in **Table 4A** shows little significant change between 2015 and 2018, with perhaps one exception: the gradual increase in reported serious assaults resulting in injury. The number of these offences may have risen by around 30% over the four-year period between 1 July 2014 and 30 June 2018. This is an increase of around 400 offences, involving approximately 375 more children. **Tables 4A** and **4B** also record a possible increase in the number of non-injury serious assaults between 2015 and 2018, although these volumes have fluctuated more than the injury assault volumes over this period.

Although the volumes of offences and victimisations reported in **Tables 4A** and **4B** are in their thousands, their volatility and the variable circumstances which produce them, make it unwise to draw definitive interpretations with just four years of data. It seems quite clear, however, that over this time the volume of reported offences have not dropped, and, as a preliminary finding, the extent of more serious physical assaults against children may be increasing. Whether these trends are due to changes in patterns of offending, or reporting, or both, is not known, however.

**Table 4A: Recorded violent offences against children aged under 15—2015–2018<sup>10</sup>**

June years	2015	2016	2017	2018
Common assault	1190	1244	1127	1191
Serious assault without injury	2117	2487	2894	2656
Serious assault resulting in injury	1239	1270	1369	1646
Aggravated sexual assault	1578	1459	1545	1451

**Table 4B: Numbers of children aged under 15 who have been a victim of a recorded violent offence—2015–2018<sup>11</sup>**

June years	2015	2016	2017	2018
Common assault	1039	1088	986	1054
Serious assault without injury	2024	2338	2501	2320
Serious assault resulting in injury	1172	1196	1303	1546
Aggravated sexual assault	1575	1345	1466	1398



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## YOUTH OFFENDING

### Youth offending levels fall to the lowest level in at least 25 years

As noted elsewhere in this *State of the Nation Report 2019*, the age cohort—which is now teenagers—appears to be behaving quite differently than older age cohorts did when they were teenagers. They are drinking less hazardously, having fewer babies and committing less crime than teenagers a decade ago. This pattern of lower rates of criminal offending is reported in **Figure 2**, and in a recently released report: *Youth Justice Indicators Summary Report*.<sup>12</sup>

Detailed data on criminal offending is only available back to 2003. This data shows that the number of young people aged under 16 years old who were charged with a criminal offence, fell to the lowest level in the year to 30 June 2018. This trend is illustrated in **Figure 2** for the past five years, and shows that 1785 youth aged under 16 were charged with an offence compared with 2739 people five years earlier—this is a reduction of 35%.

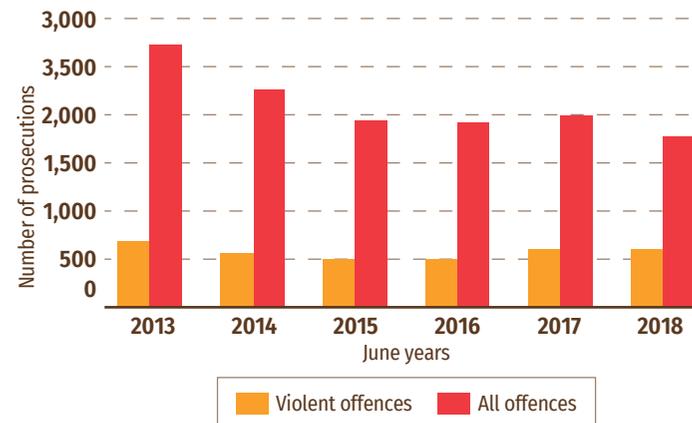
There is, however, a pattern in youth offending: less serious offending is dropping faster than more serious offending, such as violence. This trend is illustrated in **Figure 2**, which compares the volume of overall youth offending with violent offending—that is homicide, physical and sexual assaults and robbery. Such violent offending dropped only 13% in volume terms, over the past five years.

This decline in youth offending has been greatest for Pākehā/European youth than for Māori or Pasifika youth. Between 2010 and 2017, the offending rate for Pākehā/European youth aged under 16 fell 74%, while for Pasifika youth it fell 61% and by 59% for Māori.<sup>13</sup> This trend has

meant, of course, that the gap between rates of youth offending amongst Māori and non-Māori has widened—as indicated on the Māori/non-Māori **Gaps Table**, reported in the **Appendix** to this report.

Unsurprisingly, perhaps, data on youth offending shows that those who commit more serious offences and offend repeatedly have complex social and personal needs. The *Youth Justice Indicators Summary Report* reveals that ‘almost all of the children and young people referred for a youth justice family group conference (FGC), someone had previously expressed concern that they or their family needed help’.<sup>14</sup> This trend points not only to the complex nature of the more serious youth offending, but to the fact that further reductions in such offending will require a more intense and perhaps more targeted set of responses to assist the most at-risk youth.

**Figure 2: Number of people under 16 years charged with criminal offences—2013–2018<sup>15</sup>**



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## EARLY CHILDHOOD EDUCATION

### Early childhood education participation declines a little

After over a decade of rising rates of enrolment in early childhood education (ECE), enrolments and enrolment rates declined slightly during the year to 30 June 2018. This trend is identified in **Table 5**, which offers a number of indicators around progress in ECE enrolment and participation. The way enrolment data was collected changed in 2014, so close comparisons of data across this time need to be avoided. Data since 2015, however, is from a consistent collection base, so changes since then are more reliable.

In mid-2018, total enrolments in licensed ECE centres was 200,588 children, which was almost 1,200 fewer than at the same time 12 months earlier and at about the same level as five years earlier. This meant that the enrolment rate for the overall pre-school population also fell from 65.5% in 2017 to 64.3% in 2018.<sup>16</sup> For the 3- and 4-year-old population, which is a priority group for ECE enrolment, the enrolments fell slightly more from 95.7% to 94.1%.

ECE enrolment amongst Māori children remained steady between 2017 and 2018 at around 57.3%, while the rate for non-Māori dropped from 69.6% to 68.5%. Consequently, the enrolment gap—between Māori and non-Māori—narrowed by 1.6% to 11.2%. In 2013, this gap was 15.6%. Trends in ECE enrolment rates for Māori and non-Māori over the past decade are represented in **Figure 3**, and also reported in the **Gaps Table** in this report's **Appendix**.

Ministry of Education also surveys the parents of new entrants over their child's ECE engagement, prior to starting school. Some of the outcomes from this survey, for the years to 30 June, are offered in **Table 5**. Paradoxically, these prior

participation rates have risen marginally between June 2017 and June 2018 by 0.1% to 96.9%. This inconsistency with recent small drops in overall enrolments is due to the lag between overall ECE participation and the participation of 5-year-olds who have recently started at school. Despite this overall small increase in prior participation rates, these prior participation rates have fallen for the poorest and richest three deciles (as measured by the decile rating of the school the children are enrolling in). Prior participation rates for children enrolling at the middle four deciles have risen to offset these declines. Children enrolling in the poorest three deciles of schools showed the greatest fall in prior participation between 2017 and 2018 from 95.0% to 93.0%.

While new entrant children from poorer families and communities have high rates of prior engagement in ECE, the extent of this engagement is not as much as those children from higher-income families and neighbourhoods. During the year to 30 June 2018, more than 40% of new entrants, in the poorest three deciles of schools, had less than one year of prior ECE attendance. Just 14% of children attending the highest three deciles of school shared this experience, pointing to the extent of ECE engagement gap which still exists.<sup>17</sup>



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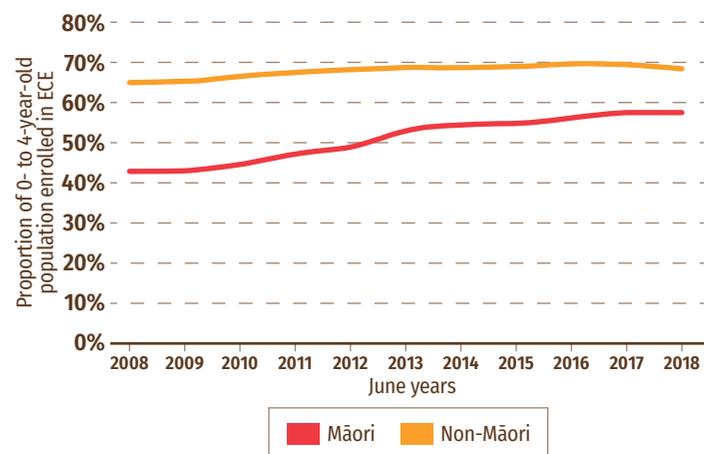
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Table 5: Prior participation in ECE by new entrants in primary school—2013–2018<sup>18</sup>

June years	2013	2014	2015	2016	2017	2018
Total ECE enrolments	200,942	200,002	198,887	201,675	202,772	200,588
ECE enrolment rate—under 5 population	63.7%	63.9%	63.8%	65.4%	65.5%	64.3%
ECE enrolment rate for 3- and 4-year-olds	96.3%	95.1%	94.2%	95.9%	95.7%	94.1%
Overall ECE participation rate prior to starting school	95.6%	95.9%	96.2%	96.6%	96.8%	96.9%
Prior ECE engagement rate—poorest three deciles	90.3%	91.6%	92.9%	94.2%	95.0%	93.0%
Prior ECE engagement rate—richest three deciles	98.5%	98.5%	98.7%	98.7%	98.9%	98.7%
Participation gap	-8.2%	-6.9%	-5.8%	-4.5%	-3.8%	-5.7%

Figure 3: ECE enrolment rates for Māori and non-Māori under 5-year-olds—2008–2018<sup>19</sup>



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## EDUCATIONAL ACHIEVEMENT

### Some NCEA achievement gaps widen a little

Summary NCEA results from 2017 have shown that some achievement gaps widened slightly between 2016 and 2017, following several years of these gaps narrowing. **Table 6A** reports the proportion of school leavers leaving school with less than a NCEA Level 1 qualification. This data is reported by the decile rating of the secondary school these students left from. On the same decile basis, **Table 6B** reports the proportion of students leaving school with NCEA Level 2 or better.

Data in **Tables 6A** and **6B** show the gap in achievement outcomes between the poorest three deciles (deciles 1 to 3) and richest three deciles (deciles 8 to 10). This data shows that these gaps narrowed between 2012 and 2016, but widened a little between 2016 and 2017. The extent of this increase cannot be seen as significant at this stage, although the fact that further improvements did not emerge is worth noting. As reported in the **Gaps Table** in the **Appendix**, the achievement gap indicators between Māori and non-Māori remained the same, or improved, between 2016 and 2017.

In a graphical format, **Figure 4** compares the proportion of school leavers leaving school with University Entrance (UE) from each decile for 2012 and 2017. This data shows two trends. The most noticeable is that UE pass rates fell between 2012 and 2017 for almost every decile, although the falls were greatest in the lowest (poorest) deciles. This decline was on account of the application of stricter standards in 2014, which saw the overall pass rate fall from 42.2% in 2013 to 39.3% in 2014. The aggregate pass rate for the poorest three deciles,

however, fell 5.1% between 2013 and 2014 from 23.5% to 18.4%. For the students from the richest three deciles of schools, the UE achievement rate fell 2.9% from 64.9% in 2013 to 62.0% in 2014. The second trend to emerge from the data behind **Figure 4** is the widening of the achievement between 2012 and 2017 from 40.9% to 43.6%.

The gap between Māori and non-Māori UE pass rates narrowed a little from 23.7% in 2012 to 23.9% in 2017.

**Table 6A: Students leaving school with less than NCEA Level 1—2012–2017<sup>20</sup>**

	2012	2013	2014	2015	2016	2017
Decile 1 (poorest)	27.2%	25.9%	23.5%	22.7%	20.7%	23.1%
Decile 2	21.9%	20.2%	19.5%	16.6%	15.7%	16.4%
Decile 3	21.0%	19.3%	17.7%	15.9%	12.8%	14.7%
Decile 4	17.4%	15.3%	13.3%	12.1%	11.9%	12.4%
Decile 5	14.4%	13.8%	10.7%	10.0%	9.1%	10.3%
Decile 6	13.3%	12.4%	10.4%	10.2%	9.0%	8.7%
Decile 7	10.5%	9.4%	8.8%	7.4%	7.3%	7.0%
Decile 8	8.0%	7.3%	5.6%	5.7%	5.5%	5.1%
Decile 9	5.0%	4.2%	4.0%	3.5%	3.8%	3.4%
Decile 10 (richest)	3.6%	3.2%	2.7%	2.5%	2.4%	3.2%
Total	14.4%	14.3%	12.2%	11.1%	10.2%	10.4%
Deciles 1 to 3	23.1%	21.6%	20.0%	18.3%	16.1%	17.9%
Deciles 8 to 10	5.5%	4.9%	4.1%	3.9%	3.9%	3.9%
Achievement gap	17.6%	16.7%	15.9%	14.3%	12.2%	13.9%



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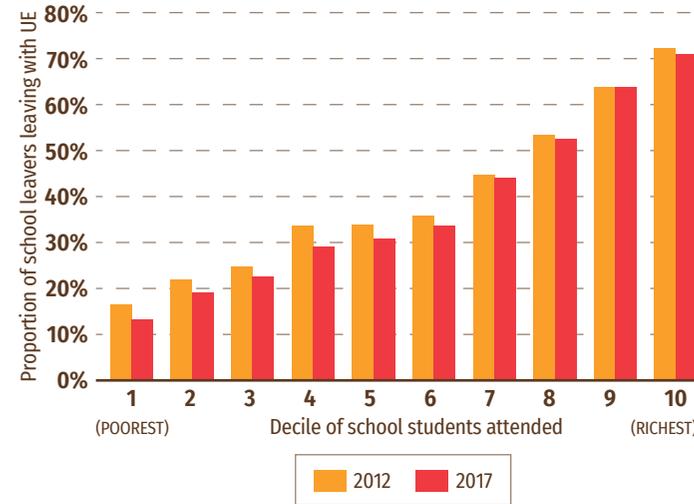
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**Table 6B: Students leaving school with better than NCEA Level 2 –2012–2017<sup>21</sup>**

	2012	2013	2014	2015	2016	2017
Decile 1 (poorest)	58.6%	59.4%	63.6%	64.6%	66.8%	64.4%
Decile 2	63.2%	65.6%	66.3%	69.4%	70.8%	72.9%
Decile 3	64.7%	67.0%	70.2%	72.7%	75.3%	74.0%
Decile 4	70.2%	73.0%	76.0%	77.4%	77.7%	77.4%
Decile 5	73.8%	74.4%	78.9%	80.0%	80.9%	79.4%
Decile 6	73.7%	75.4%	79.3%	79.4%	80.9%	80.8%
Decile 7	79.7%	81.2%	82.2%	84.3%	85.0%	84.8%
Decile 8	83.6%	84.7%	87.2%	87.6%	87.6%	88.5%
Decile 9	89.6%	90.5%	91.1%	91.6%	92.5%	92.2%
Decile 10 (richest)	92.1%	92.5%	93.4%	94.4%	94.1%	93.4%
Total	74.9%	74.9%	78.2%	79.8%	80.8%	80.7%
Deciles 1 to 3	62.4%	64.2%	67.0%	69.2%	71.4%	70.6%
Deciles 8 to 10	88.4%	89.2%	90.5%	91.1%	91.4%	91.3%
Achievement gap	26.0%	25.0%	23.5%	21.9%	20.0%	20.7%

**Figure 4: Proportion of students leaving school with UE by decile of their schools—2012 and 2017<sup>22</sup>**



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## TEENAGE PREGNANCY

### Declining teenage pregnancy rate continues

New Zealand’s teenage pregnancy rate (for 15- to 19-year-olds) has halved over the past eight years, from a rate of 50 pregnancies for every 1000 women aged 15 to 19 years in 2010 to less than 23/1000 in 2018.<sup>23</sup> Given the extent of such a change and the absence of any specific identifiable contributing causes, it is tempting to suggest that we are seeing a cultural change here: that a large group of people have collectively adopted values which drive different behaviours and social outcomes. Estimates of teenage pregnancy rates for 11- to 14-year-olds and for 15- to 19-year-olds for the five years to December 2017, are provided in **Tables 7A** and **7B**.

**Figure 5** offers a long-term view of this trend in declining teenage pregnancies, and compares the rate for the total population with that of Māori women aged between 15 and 19 years. This comparison is also reported in the **Gaps Table** in this report’s **Appendix**. Although the Māori teenage pregnancy rate has also halved since 2010—from 100 pregnancies per 1000 women to 52/100—this rate has remained twice that of the total population.

A principal difference in teenage pregnancy patterns between Māori and non-Māori is the proportions of pregnancies which end in abortion. For the total population of 15- to 19-year-olds, around 38% of pregnancies are terminated—as reported in **Table 7B**. For Māori, this termination rate is around 26%, which means that the pregnancy termination rate for non-Māori women aged 15 to 19 is almost 50%.<sup>24</sup>

This difference illustrates an important contrast in cultural values, which should be appreciated as we discuss well-

being. *State of the Nation* reports have focused on teenage pregnancy rates, not because teenagers having children is bad or wrong, but because of the clear links between the age at which a woman has children, her educational status when she does, and the subsequent poverty of her and her children. One response to reducing child poverty is to encourage women to have children after they have finished their education and found a place in the labour market, and this response is implicit in a focus on teenage pregnancy rates. However, there is nothing inevitable in the link between child poverty and the age of a poor child’s mother at the time she gave birth. An alternative response, to alleviation of child poverty, is simply to better support and care for younger mothers and their children. While this is not a pathway chosen by the past or present governments, the focus and policy choices being made here are merely outcomes of the cultural values being applied.

**Table 7A: Pregnancies and abortions to 11- to 14-year-olds—2011–2017<sup>25</sup>**

Year ending December	Live births	Abortions	Pregnancy rate per 1000	% of Pregnancies aborted
2011	25	68	0.8	73%
2012	18	51	0.6	74%
2013	20	48	0.6	71%
2014	27	57	0.7	68%
2015	24	32	0.5	57%
2016	15	32	0.4	64%
2017	18	30	0.4	63%



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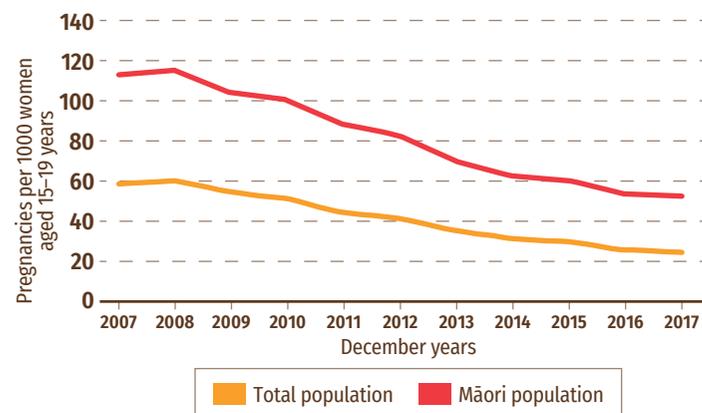
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Table 7B: Pregnancies and abortions to 15- to 19-year-olds—2012–2017<sup>26</sup>

Year ending December	Live births	Abortions	Pregnancy rate per 1000	% of Pregnancies aborted
2012	3768	2489	40.9	40%
2013	3283	2096	35.3	39%
2014	2895	1758	30.5	38%
2015	2841	1635	29.2	37%
2016	2466	1451	25.3	37%
2017	2298	1414	24.1	38%

Figure 5: Pregnancy rates for 15- to 19-year-olds—2007–2017 (December years)<sup>27</sup>



## YOUTH AND ADOLESCENT SUICIDES

### Small rise in youth and adolescent suicides, driven by rise in female suicides

The youth suicide rate rose during the year to 30 June 2018, to the highest level in five years. The suicide rate for 15- to 19-year-olds rose from 12 deaths for every 100,000 population to almost 17 per 100,000 between 2017 and 2018. While the female suicide rate remained lower than the male rate, it rose more sharply between 2017 and 2018 from seven deaths per 100,000 to 13 per 100,000. Data on recent changes in the numbers and rates of youth and adolescent suicide are offered in **Table 8** and **Figure 6**.

Table 8: Youth suicide deaths and rates (per 100,000 people)—2013–2018<sup>28</sup>

June	2013	2014	2015	2016	2017	2018
<b>10- to 14-year-olds</b>						
Males—number	3	2	5	5	6	3
Males—rate	2.1	1.3	3.3	3.3	3.9	1.9
Females—number	3	4	5	3	7	5
Females—rate	2.2	2.8	3.5	2.1	4.8	3.3
Total—number	6	6	10	8	13	8
Total—rate	2.1	2.0	3.4	2.7	4.1	2.6
<b>15- to 19-year-olds</b>						
Males—number	43	25	35	34	28	33
Males—rate	27.4	15.5	21.4	20.8	17.2	20.5
Females—number	20	21	17	17	10	20
Females—rate	13.5	13.8	11.1	11.0	6.5	13.1
Total—number	63	46	52	51	38	53
Total—rate	20.6	14.7	16.4	16.0	12.0	16.9



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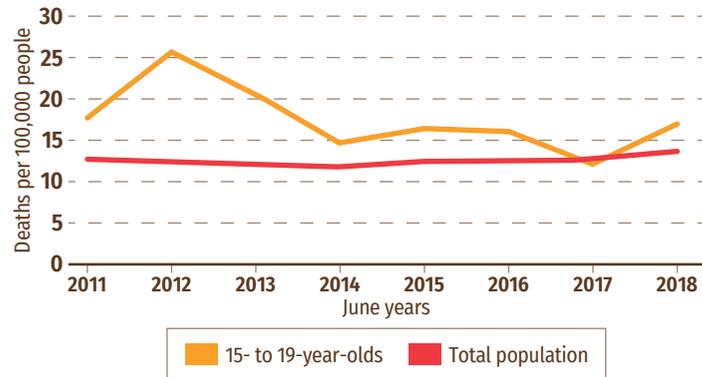
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Figure 6: Suicide rates for 15- to 19-year-olds and total population—2011-2018<sup>29</sup>



## ASSESSMENT: OUR CHILDREN

### CHILD POVERTY

The absence of data to make reliable assessments of child poverty trends is disappointing, and means that little can be said of the impact of recent improvements in job numbers, or of changes in policies around minimum wages and benefit levels. The small increase in numbers of children in benefit-dependent families should not have had an impact of poverty rates, however.

### RESULT

NC

### CHILDREN AT RISK

The numbers of children judged to be at risk of abuse or neglect have hardly changed over the past three years, so there is no sign of any improvement. Record numbers of children are now in State care but only some of this increase is due to the extension of the age of State care from 17 to 18 years.

—

### CHILDREN AND VIOLENCE

The numbers of children who are recorded as being victims of sexual assaults have changed little over the past three years. Somewhat alarmingly, the number of serious physical assaults on children has risen recently. Whether this is due to greater levels of offending or reporting, is not known.

—



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<b>YOUTH OFFENDING</b>	
The overall decline in youth offending rates is welcome, although a rising proportion of what remains is violent offending. Further declines in offending rates will require us to work more intensively with a core group of offenders who demonstrate a number of other social and personal problems.	<b>+</b>
<b>EARLY CHILDHOOD EDUCATION</b>	
Enrolments in licensed ECE centres fell by around 1% between 2017 and 2018, and there is some initial evidence the participation gap between low- and middle-income families has widened again. At this stage, the trends are not significant and further declines are needed before concern should be raised.	<b>NC</b>
<b>EDUCATIONAL ACHIEVEMENT</b>	
Recent modest progress in closing the still-wide NCEA achievement gaps may have stalled in 2017, with some gaps widening a little. While this change may be an isolated outcome, it points to the fragility of this recent progress and to the need to consider more radical interventions to close these gaps in a meaningful way.	<b>NC</b>
<b>TEENAGE PREGNANCY</b>	
Teenage pregnancy rates fell during 2017, and look still to be declining in 2018. Significant differences in such rates between Māori and non-Māori persist in pointing to significant differences in cultural values around this indicator.	<b>+</b>
<b>YOUTH AND ADOLESCENT SUICIDE</b>	
Youth suicide numbers and rates have changed little over the past four years. As a background indicator of other conditions—such as those around mental health, connectedness and social well-being—this lack of improvement is disappointing.	<b>NC</b>

+ Positive progress   - Poor outcome or decline   **NC** No change



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## OVERALL ASSESSMENT

### All our children are safe and doing well

The vast majority of New Zealand's children are no doubt safe and doing well, and there is no data available to suggest that their status is under any threat. But there is a persistent core of children and teenagers who are either being harmed by their circumstances or have diminished prospects. There is little evidence available to suggest that this group of children and teenagers has got any smaller over the past two or three years.

It is the case that over the past five years, youth offending rates have fallen and that fewer school leavers are leaving school without qualifications. The continuing decline in teenage pregnancy rates should be applauded, particularly if it allows young women to be better prepared for later motherhood. However, progress around educational achievement and youth offending appears fragile, and it is by no means certain that further improvements are assured with the current approaches.

Across the other indicators considered here to be relevant to children's well-being, there has been little or no appreciable progress over the past year or two. This has meant that the gaps between the children in the mainstream of our society and those on the margin have not narrowed.

There has been no appreciable fall in the numbers of children, judged by Oranga Tamariki, to be at risk of neglect or abuse. While the numbers of such children have remained the same for the past three years, the number of children in State care has reached a new record, growing by almost 30% in five years. Increased reporting by the public and Police of potentially harmful situations for children are

to be applauded, but little seems to have changed in the background conditions that create these situations.

Youth suicide rates show no sign of declining, pointing perhaps to something of a wider malaise around provision of adolescent mental health services, and to a sense of hopelessness amongst a small but not insignificant group of teenagers and young adults. The more open reporting of suicide statistics is a welcome first step to addressing this very sensitive issue in an appropriate way.

The differences in the fortunes of New Zealand children are important as we consider appropriate interventions. The gaps between most children and their families and those who are marginalised have not closed appreciably, despite concerted efforts by State agencies and communities. There is even a sense from the data available that recent progress has stalled. The continuation of current approaches—especially in education, care and protection and income support—seem unlikely to produce different results. The time for more radical responses that look for generational changes for a moderate size group of families is perhaps overdue.



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## WORK & INCOMES

New Zealand appears to be at an interesting junction in terms of work and income. On one road we have an aging population, which means our working-age population will grow at a far slower rate than at any other time in our history. On a second road we have unemployment falling to the lowest level in 10 years, alongside regular reports of growing labour and skill shortages. Against these shortages we appear to have only modest income growth, much of which is being driven by increases in the statutory minimum wage, rather than by market pressures. On the fourth road of the intersection we have a persistent number of around 300,000 working-age individuals receiving a welfare payment.

These circumstances are underpinned by two structural challenges: first, there is our need for ongoing economic growth in order to address our infrastructure, social and environmental deficits; second, is our poor productivity record, which has meant, amongst other things, that we have required quite rapid growth in our labour force to underpin economic growth.

The previous Government's response to these challenges was to facilitate the expansion of the dairy industry through providing easier access to water resources, and to open the gate to new migrants. This response contributed to credible growth in the economy and in the job market. It also put increasing stress both on water quality—as the national dairy herd grew by 21% in 10 years<sup>30</sup>—and on urban infrastructure. Such a growth model was probably not sustainable without greater levels of investment in urban infrastructure, and also without a more considered way of managing water resources.

The conundrum now is to find a new growth model that addresses these underlying structural problems of our various deficits and poor labour productivity growth, within the constraints of an aging population and ongoing labour shortages. Our success in addressing these challenges will in part show up in changes in our labour markets and in patterns of income growth and distribution. Some indicators in these areas are reported in this chapter.



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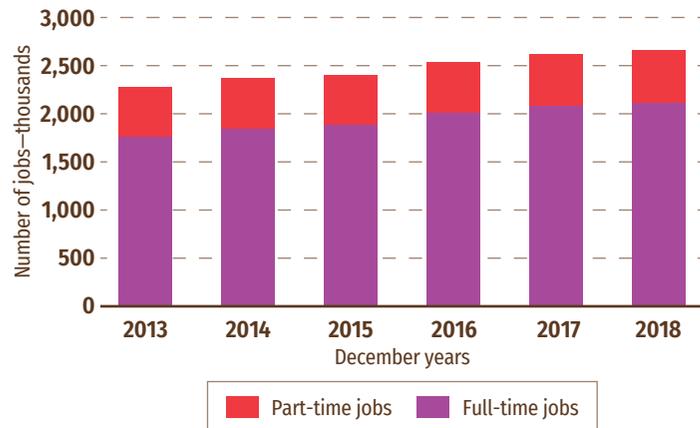
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## EMPLOYMENT AND UNEMPLOYMENT

### Job growth slows a little in face of capacity constraints

The number of jobs delivered by New Zealand’s economy continued to grow during 2018, although at a slightly slower rate than in previous years. At the end of December 2018, there was an estimated 2.64 million jobs, of which 80%, or 2.11 million, were full-time. On a 12-month averaged basis, the number of jobs grew by 2.6% over the 12 months to 31 December 2018 and over 18% during the previous five years. Taken on the same 12-month averaged basis, annual job growth to 31 December 2017 was 4.2%. These figures are reported in **Figure 7**.

Figure 7: Total employment in New Zealand—2013–2018<sup>31</sup>



By December 2018, 1.31 million women were employed, making up 47.4% of the workforce. This is an increase of 180,000 women over the last five years. This has meant that over the past five years the female labour force grew by 17% compared with just 11% growth in the male labour force.

### Unemployment reaches 10 year low in September

Official unemployment reached a 10 year low of 3.8% or 106,000 people but rose slightly during the December quarter to 4.4% or around 120,000 people. Taken on an annual basis unemployment during 2018 averaged 118,000 people which is more than 6% fewer than for 2017 and 13% less than five years earlier.

Against these decreases there was a small increase in the numbers of people receiving a Jobseeker payment. At the end of 2018, 74,100 people were receiving a Jobseekers’ payment and assessed as being ‘work ready’. This is a 13% increase over the previous year when 65,600 people were receiving the payment, and approximately the same number as in late 2013.

Statistics New Zealand reports several broader measures of unemployment, including people who are seeking work but are not presently available for work. These broader measures, plus those deemed to meet the definition of being officially unemployed, might be termed ‘jobless’—that is people who are presently out of work but would accept paid employment if a suitable job was available to them. This jobless total, as well as the official unemployment figure, and numbers of people receiving a Jobseeker payment, are reported in **Figure 8** for the past five years. As this graph shows, the jobless numbers have trended down over the past two years, from an average of 243,000 in 2016 to 225,000 in 2017 and 2018.



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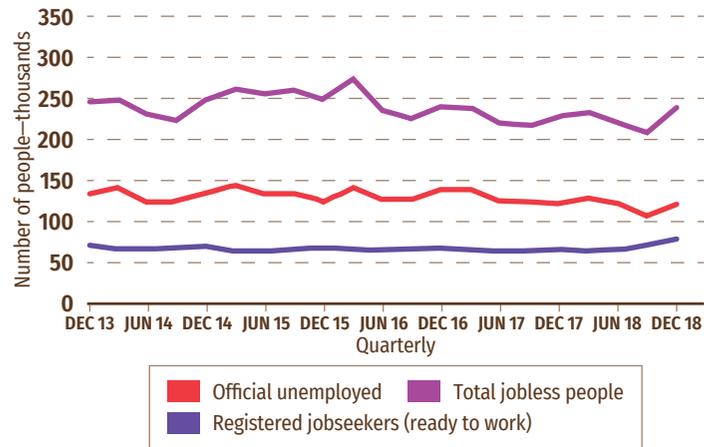
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Figure 8: Measures of unemployment—2013–2018<sup>32</sup>



**Labour utilisation lifts in the face of growing labour shortages**

The present low unemployment rate has resulted in several signs that New Zealanders are working harder and fewer workers are under-employed. The labour force participation rate has been trending upwards for several years and averaged an historic high of 70.6% during 2018, which is the same as in 2017, but significantly higher than the 67.8% during 2013. Statistics New Zealand also reports that the under-utilisation rate—the proportion of employed workers who would like more work—fell in September 2018 to a 10-year low of 10.9%. Furthermore, a greater share of jobs are full-time rather than part-time, suggesting also that employers are struggling somewhat to find enough workers. On average during 2018, 20.7% of jobs were part-time, while five years previously this ratio was at 22.1%.

**Migration flows are unlikely to have caused current labour shortages**

It seems unlikely that stricter immigration rules—at least for now—are responsible for what appears to be a growing labour shortage. Net migration for the year to 30 September 2018 reached 62,700 people, of whom 82%, or 51,500, were of working age. Against this migration, the job market expanded by around 70,000 jobs. The most recent net migration figures are the third highest on record and are reported in Figure 9 for the past 10 years.

Figure 9: Net migration into New Zealand—2009–2018<sup>33</sup>



**Our aging workforce is taking its toll**

The underlying cause of New Zealand’s increasing labour shortage is our aging population. In short, the numbers of young people entering the labour force is now close to the numbers of people leaving it. This problem is, to



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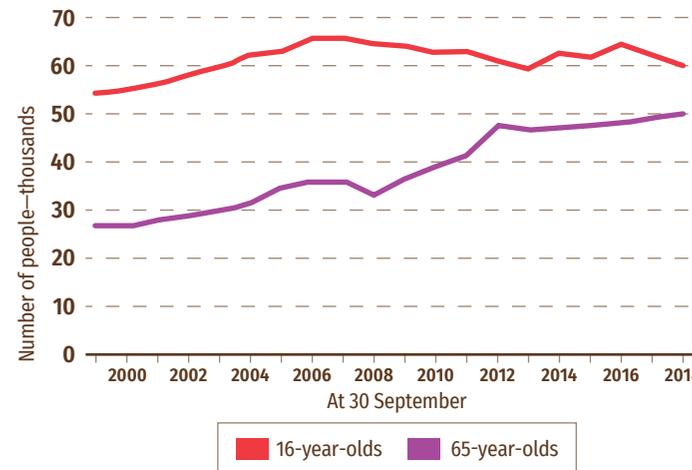
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some extent, illustrated in **Figures 10** and **11**. **Figure 10** offers a comparison of the numbers of 16-year-olds in the population compared with the numbers of 65-year-olds. These age groups are used here as a proxy for the numbers of people potentially entering paid work compared with the numbers retiring. Over the past 20 years, the gap between 16-year-olds and 65-year-olds has narrowed from between 28,000 to 30,000 people per year to 10,000. Based on the current estimated population structure, this gap is likely to close to 5,000 to 6,000 people per year by 2028. In other words by 2028 our working age population will grow through natural increase by only 5,000 to 6,000 people or by about 0.2% annually.

The other part of the aging population problem is illustrated in **Figure 11** that reports estimates of the numbers of people aged over 65 years who are still engaged in the workforce in some way. These numbers grew consistently between 2008 and 2017, from 80,000 people to 170,000 people. Since 2017, the number of people aged over 65 who are still working has stabilised at around 170,000 people, as participation rates—especially amongst the 65- to 69-year-olds—remained steady. Such a tapering off of this participation rate was to be expected, although there still remains scope for further increases both in the participation rates and numbers of older workers.

**Figure 10: Numbers of 16-year-olds and 65-year-olds—1999–2018<sup>34</sup>**



**Minimal change in youth employment prospects**

Despite what appears to be a tightening labour market, younger workers do not appear to be benefiting, with high rates of employment and lower NEET rates (not in employment, education or training). These trends are offered in **Figure 11** and **12**.

The number of 15 to 19 years olds in employment more or less remained unchanged during 2018 at an average of around 119,000 people. Such a result needs to be seen in the context of a 2.6% increase in the total number of jobs within the economy. Actual employment numbers for 15-to 19-year-olds are reported against those for peoples aged over 65 years old in **Figure 11**.

Engagement in the labour market amongst younger workers can also be measured in terms of NEETs. NEET numbers



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for the past six years for the 15- to 19-year-olds and 20- to 24-year-olds are reported in **Figure 12**. This data shows no change since 2016 in overall NEET numbers with around 80,000 15- to 24-year-olds not in education, training or employment. Since 2013, the overall labour market has expanded by more than 400,000 jobs. While the numbers of 15- to 19-year-olds in employment has grown by 20,000 since 2013, their share of the total job market has not risen. In essence, this age group's fortunes have not improved at all since the setbacks of the GFC.<sup>35</sup>

In 2018, the NEET rate for Māori 15- to 24-year-olds averaged 18.6% compared with 10.2% for non-Māori. In 2017, the Māori rate averaged 18.7%, while in 2013 it averaged 22.9%.<sup>36</sup> Differences in Māori and non-Māori NEET rates are also reported in the **Gaps Table** in the **Appendix** alongside other well-being indicators.

Figure 11: Employment of 15- to 19-year-olds and those over 65-year-olds—2008–2018<sup>37</sup>

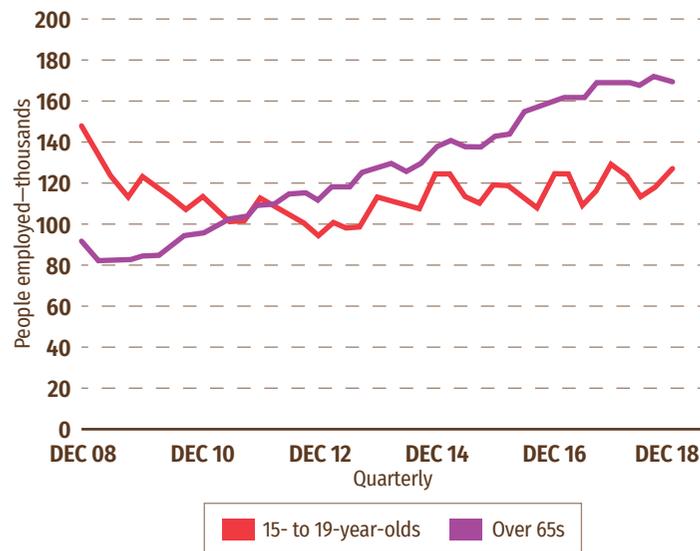
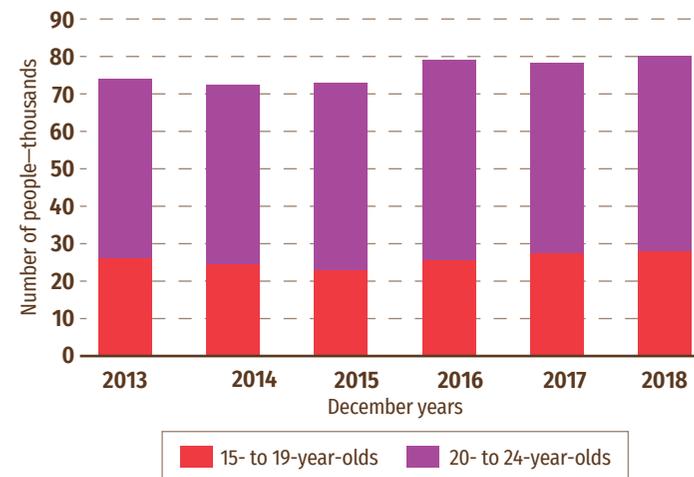


Figure 12: Young adults not in employment education or training—2013–2018<sup>38</sup>



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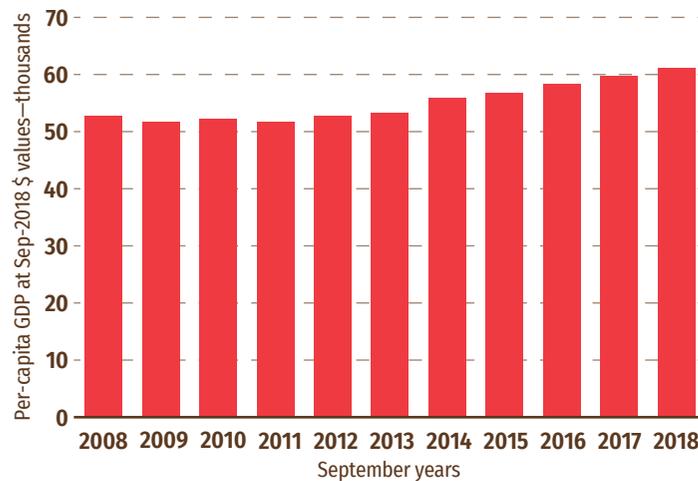
## INCOMES

### Consistent but modest growth in incomes across the board

Across a range of measures, New Zealanders' incomes appear to have risen modestly but consistently over the past year or so, alongside possible trends of narrowing inequalities.

Per-capita gross domestic product (GDP) rose 2% in inflation-adjusted terms over the most recent 12 months of available data and by 14% over the past five years. Per-capita GDP stood at an estimated \$61,000 in late 2018.<sup>39</sup> The trend for estimates of inflation-adjusted per-capita GDP for the past 10 years is reported in **Figure 13**.

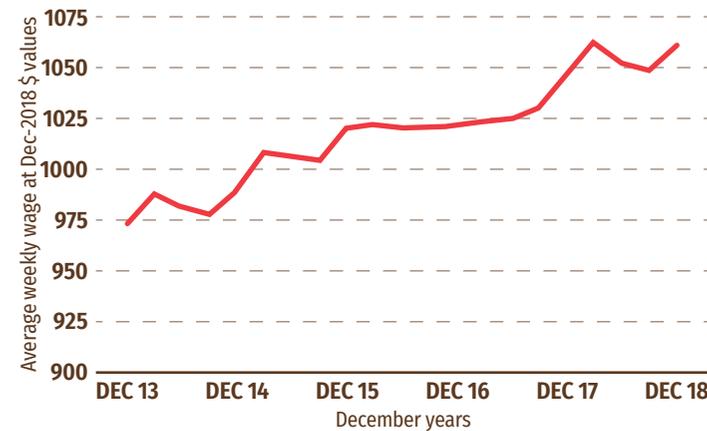
**Figure 13: Real per-capita GDP—2008–2018 (in Sept-18 \$ values)<sup>40</sup>**



A similar 2% real increase in average wages has also been reported for the past 12 months. In December 2018, the average weekly wage, or salary, for all workers, stood at

\$1061. In inflation-adjusted terms and on annual average basis this is a 2.3% increase over the 12 months. Over the past five years, the average weekly wage/salary has risen by a credible 8.9%. The trend in average wages over the past five years is reported in **Figure 14**.

**Figure 14: Real average weekly wage for all workers—2013–2018<sup>41</sup>**



### Small improvements in wage inequalities

The pay gaps between men and women and between those in the best and worst paid sectors appear to have narrowed, although the rates at which these inequalities have diminished probably remains inadequate for those who believe that these are too wide and quite unjustified.

Average ordinary time hourly wages for men and women for the past decade are charted in **Figure 15**. Averaged over 2018, men's average ordinary time wage as \$33.02 per hour, while that of women was \$29.13 or 88.2% of men's. There is, however, a discernible trend for a narrowing wage gap between men and women since 2015, and certainly over



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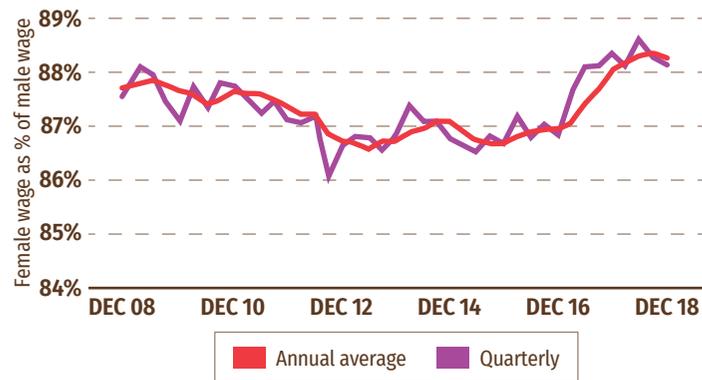
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the past 25 years. In 2015, women received around 86.8% of men’s ordinary time wage, although this figure was lower than prior to the GFC when this proportion approached 88%. We now have almost 30 years of regular data on gender wage differences and, during the early 1990s, women on average were paid just over 82% of men’s wages.<sup>42</sup>

**Figure 15: Comparison of female and male average ordinary time hourly wage—2008–2018<sup>43</sup>**



Over the past two years, a similar trend of reducing income equality between the best and worst paid business sectors is also possibly emerging. At the end 2018, workers in the hospitality sector earned on average a wage of \$20.45 per hour, which was 46% of that received by workers in the finance and banking sector who received an average wage of \$44.50 per hour. Five years previously, hospitality workers received less than 44% of finance/banking workers. Whether or not this recent change is a long-term trend remains to be seen, although it is important to appreciate the longer term context of this inequality. Hospitality workers during the early 1990s earned around 60% of those in the finance and banking sectors but this ratio fell gradually until 2014.<sup>44</sup>

**More workers picked up by statutory minimum wage**

On 1 April 2019, the statutory adult minimum wage will be increased to \$17.70 per hour, while the youth equivalent was set at 80% of this. This new adult rate is \$1.20 per hour more than in 2018 and will probably represent an inflation-adjusted increase of almost 6%. Over the past five years, the adult minimum wage has increased by over 17% in inflation-adjusted terms.

As the minimum wage has been increased through annual reviews—as required in the Minimum Wage Act 1983—it appears that increasing numbers of workers are being picked up by these minimums. This trend is illustrated in **Figure 16** for the past 10 years. In 2018, the number of workers affected by the new wage rates to be set in 2019 was estimated at 209,000 people, or 8% of the workforce. Five years earlier, when the adult minimum wage was set at \$14.25, this proportion was 5%. This trend, of an increasing share of the workforce being paid the statutory minimum wage, can be seen both positively and negatively: negatively, because employers paying wages close to the minimum wage are not inclined to lift their workers’ wages in parallel with increases in this minimum; positively, in that the minimum wage legislation is having an impact in lifting incomes for the poorest paid New Zealanders.

What is also encouraging is the extent of recent increases in the statutory minimum wage relative to other wages and salaries. This improvement is shown in **Figure 17**, which reports the adult minimum wage as a proportion of the average hourly wage received by employees. This proportion has risen gradually from 50% in 2009 to an expected 56% in 2018.



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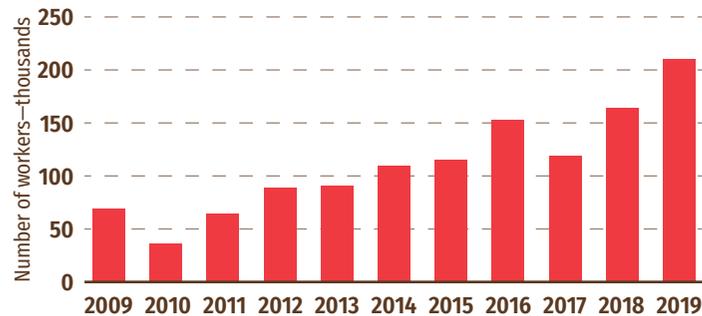
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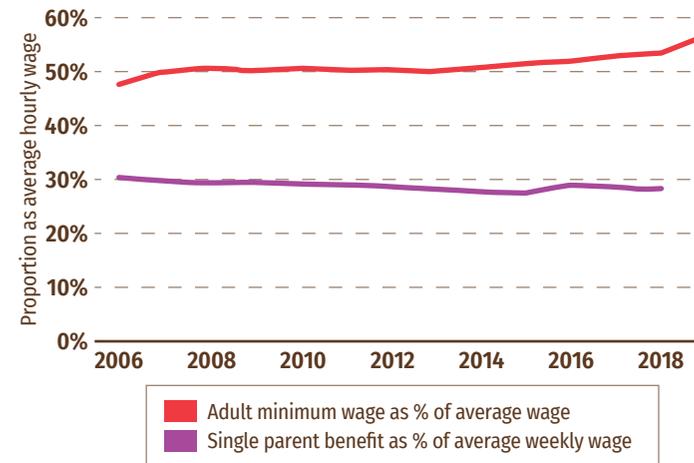
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Also reported in **Figure 17** is a typical relationship between working-age benefits and average wages and salaries. Here the reported indicator is the value of a single parent's benefit (presently the Sole Parent Support) relative to the average weekly income for working adults. This proportion has gradually declined from 29% in 2009 to 27% in 2015, but rose back to almost 29% with the increase in benefit levels announced in the 2015 Budget.<sup>45</sup> Since then this ratio has begun to slip away again and is now less than 28%. An increase of almost \$30 per week is required to reinstate the single parent benefit to the same relativity with average wages/salaries which it had in 2006.

**Figure 16: Number of workers receiving the statutory minimum wage—2009–2019<sup>46</sup>**



**Figure 17: Minimum wages and benefits as a proportion of average wages—2006–2018<sup>47</sup>**



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## BENEFITS AND PENSIONS

### Working-age benefit numbers stabilise, while NZ Super numbers rise predictably

Despite the 2.6% growth in job numbers during 2018, and the still rising labour market participation rate, the number of people receiving a working-age benefit remained fairly constant at just under 300,000. The trends in working-age benefits, alongside that of New Zealand Superannuation receipt, are provided in **Figure 18** for the past ten years. The number of people receiving either Superannuation or a Veteran’s Pension continued to rise during 2018 by almost 450 per week. By the end of 2019, more than 800,000 people will be receiving Superannuation or a Veteran’s Pension.

The breakdown of working-age benefits by type of benefit is reported in **Figure 19** for the most recent five years. One feature of this data is its constancy—particularly in the numbers of people receiving a Supported Living Payment or a Jobseeker/Health Condition payment. Combined, these two payments make up just over half of all benefits paid and offer basic income support to about 150,000 adults.

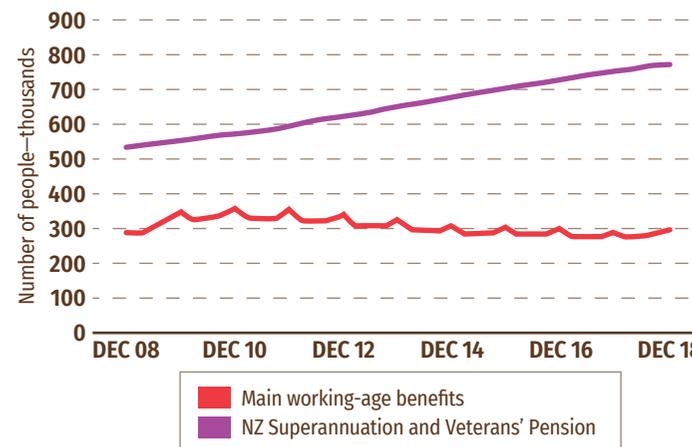
Despite this constancy, little or no recognition is given in welfare law that for perhaps 150,000 people their receipt of a benefit is more or less permanent and not due an unusual set of circumstances in their lives, which will be overcome once he or she gets a job. Despite recent changes in the Social Security Act, the overriding purpose of welfare law is to support people while they search for work. There are no purposes or principles within New Zealand’s welfare laws which set out the reason why the State chooses to support working-aged people without independent income or indeed how State provided income support is determined.<sup>48</sup>

As New Zealand enters a period of its history where labour is likely to be in short supply, the reality now appears that we will have a core group of people—perhaps numbering

150,000—who are unlikely to work due to illness or disability. In such a period, the pretext that working-age welfare payments are a temporary measure to tide individuals over until they find work, is wearing thin. In other words, welfare policy can no longer be seen as mainly necessary to correct for short-comings in the labour market which leave people out of work and income. In a tighter labour market, we might expect employers to be more accommodating to the needs of employees with health conditions, disability or care responsibilities, but it seems quite unlikely that all 300,000 working-age New Zealanders currently receiving a welfare payment will be welcomed into work.

This has probably been the reality for some time, but until unemployment fell to 4% it was possible to ignore the fact that many people are outside the labour market for reasons unrelated to the labour market. This means the pre-occupation of welfare law with work, needs to become more balanced by considerations such as adequacy of income and quality-of-life of those with limited choice but to rely on income support from the State.

Figure 18: Welfare benefit and retirement pensions—2008–2018<sup>49</sup>



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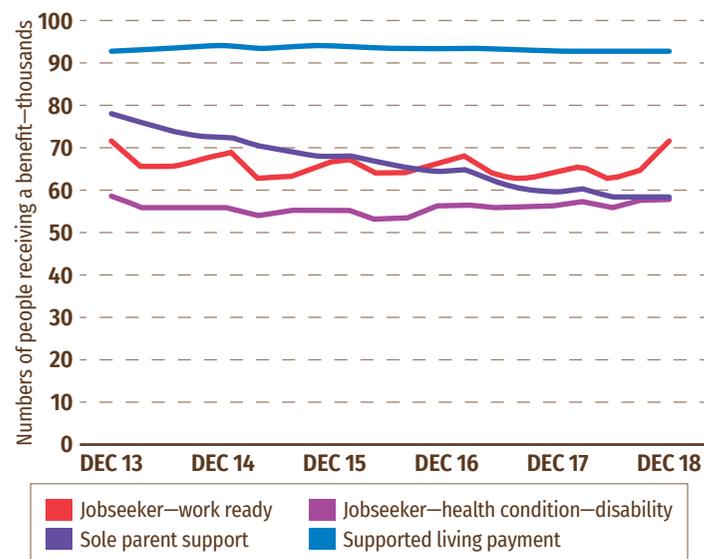
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Figure 19: Working-age benefit numbers by type of benefit—2013–2018<sup>50</sup>



**Growth in welfare spending dominated by Superannuation**

Table 9 reports Government spending over the past five years on income support. In inflation-adjusted terms, this spending grew by 9% between 2013 and 2018. In nominal dollar terms this was an increase of \$3.2 billion overall, although all of this increase and more was taken up in the \$3.5 billion increase in spending on New Zealand Superannuation. As a share of Core Crown Expenditure, Government spending on income support programmes remained stable at just under 30% for most of the past five years. The 2018 results, however, do not take into account increased spending on housing subsidies announced by the previous Government in May 2017, and the increases in Working for Families payments announced by the present

Government in December 2017. These increases will show up in the 2018/19 Government accounts when total spending on income support programmes is expected to reach almost \$26.8 billion.<sup>51</sup>

Table 9: Expenditure on the main income support programmes—2013–2018—\$millions nominal<sup>52</sup>

	2013	2014	2015	2016	2017	2018
NZ Superannuation & Veteran's Pensions	10,406	11,078	11,769	12,453	13,218	13,862
Main working-age benefits	4,660	4,508	4,385	4,347	4,390	4,355
Housing subsidies	1,788	1,806	1,832	1,919	1,977	2,093
Working for Families tax credits	2,595	2,532	2,403	2,352	2,359	2,495
Other benefits & allowances	1,340	1,263	1,291	1,370	1,395	1,464
Total benefit expenses	20,789	21,187	21,680	22,441	23,339	24,005
Real growth in spending on benefits	1.3%	0.0%	2.2%	3.1%	2.2%	1.2%
Core Crown Expenses	69,962	71,174	72,363	73,929	76,339	80,576
Benefits as share of core Crown Expenditure	29.7%	29.8%	30.0%	30.4%	30.6%	29.8%
NZ Superannuation as share of core Crown Expenditure	14.6%	15.3%	16.0%	16.6%	17.1%	16.8%



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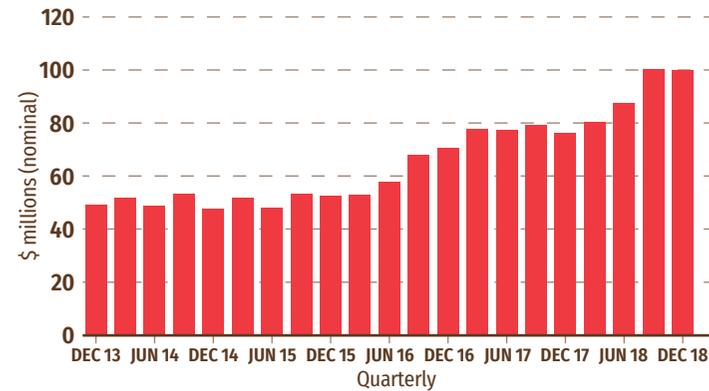
## LIVING COSTS AND FINANCIAL HARDSHIP

### Government spending on hardship assistance reaches \$100 million per quarter

**Figure 20** reports Government spending on additional hardship assistance, which is provided mainly to families and households receiving a working-age benefit. In September 2018, this spending topped \$100 million for the first time and remained at this level during the December 2018 quarter as well. Total spending on hardship programmes during 2018 reached \$370 million, which is nearly 19% more in nominal terms than the 2017 pay-outs of \$312 million.

These changes are welcomed by agencies such as The Salvation Army who are engaged in supporting poorer and more vulnerable New Zealanders, as they have a tangible impact on people’s material well-being. The trend for increasing numbers and value of hardship payments can be traced back to early 2016, around the time the previous Government acknowledged the housing crisis and associated poverty this was causing. These increases are also assisting the improvement of relationships between people receiving benefits and Work and Income—the Government agency responsible for administered welfare benefit programmes.

**Figure 20: Government spending on additional hardship assistance—2013–2018**



### Low-income living cost indexes move ahead of CPI

Statistics New Zealand recently started reporting a variety of price indices which might be faced by various sorts of households. This innovation is welcomed, as it provides those involved in designing income-support programmes with additional information on the living circumstances of those served by such programmes. **Figure 21** reports changes in some of these indexes over the past five years. For the sake of easy comparison, these have been indexed back to December 2013.

It appears that over the past two years, living costs for the poorest households have risen at a slightly faster rate than for other households. For households receiving a working-age benefit, living costs rose 2.2% during 2018 and 4.6% since late 2016. By comparison, household living costs across all households rose 2.1% and 3.9% for the same respective periods.



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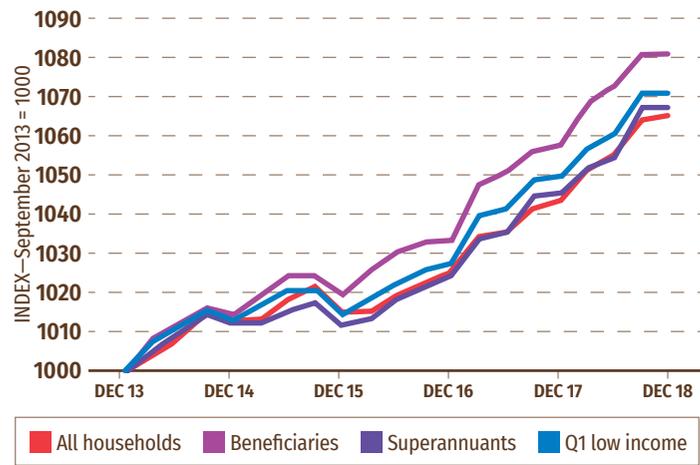
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Figure 21: Low-income households living cost index—2013–2018<sup>53</sup>



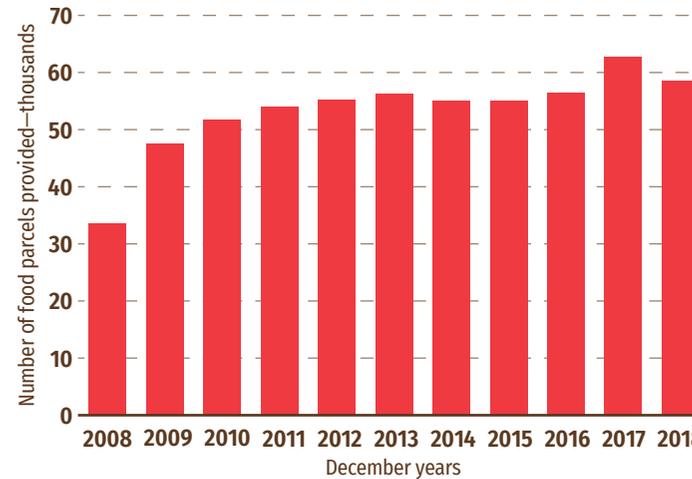
**Encouraging fall in Salvation Army foodbank demand**

The Salvation Army operates foodbanks from 67 sites throughout New Zealand. During 2018, the Army distributed just over 61,400 food parcels to 30,500 individual families or households. This distribution was a 3% reduction on that of 2017, when almost 63,300 food parcels were distributed to more than 32,000 families or households. The change in demand was not even across the country, with increased demand recorded in Auckland and Northland but small declines elsewhere in the country. The 2017 volumes were, however, exceptional in historic terms as shown in **Figure 23**, which reports total food parcel distributions by The Salvation Army since 2008.

The Salvation Army has not undertaken any detailed assessment of why food parcel demand fell during 2018. This fall is believed to be related to increased income support

through Ministry of Social Development’s temporary and additional support programme (TAS), which is reported above in **Figure 22** as well as the new Winter Energy Payment.

Figure 22: Food parcels distributed by The Salvation Army—2008–2018<sup>54</sup>



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## ASSESSMENT: WORK AND INCOME

EMPLOYMENT	RESULT
Moderately strong growth in job numbers continued during 2018, although this growth is probably a legacy of past policies and events rather than of current settings.	+
UNEMPLOYMENT	RESULT
The official unemployment rate reached a 10-year low, mainly due to demographic factors. Without continuing migration growth, the workforce will be constrained by our aging population. Despite this low unemployment rate, the persistence of around 70,000 NEET 15- to 24-year-olds remains a major concern and points to a continuing problem around poor skill levels amongst some school leavers and our inability to engage them in the workforce.	NC
INCOMES	RESULT
Generally good news across the incomes front with modest real growth in incomes for those in work, and some evidence of declining income inequalities. These trends are probably related to more aggressive increases in the statutory minimum wage than they are to wage pressure from labour and skill shortages.	+
BENEFITS & PENSIONS	RESULT
It has been business as usual during 2018 in the area of benefit numbers. The numbers of people receiving NZ Superannuation continued to grow by 450 per week, as expected, and this number will reach 800,000 by early 2020. Against this, the number of people receiving a working-age welfare benefit remained constant at just under 300,000 and this despite a record low unemployment. Alongside this, there was improved access provided to emergency benefits and grants, which has probably reduced levels of material hardship. None of these trends have raised interest in the need for extensive change in our welfare policy settings, which is disappointing.	-
LIVING COSTS & FOOD POVERTY	RESULT
Living costs for beneficiary households have risen faster than for others, although by a small margin. Government's additional income supplements—such as the Winter Energy Payment—and more generous allocation of emergency grants, probably contributed to the reduction in demand for food parcels from The Salvation Army.	+

+ Tangible or consistent progress - Slipping back NC No change



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## OVERALL ASSESSMENT

### Our prosperity is fairly shared

The past five years have seen increasing prosperity for most New Zealanders and a very modest narrowing of income inequalities. Those living on welfare benefits remain economically excluded, however.

Per-capita GDP has grown 14% in inflation-adjusted terms, while the average wage received by employees has lifted by almost 9% on the same inflation-adjusted basis. The impact of these real increases in incomes on living standards depends significantly on what happens to housing costs. While no two households are the same with respect to their incomes and housing costs, it generally does not appear from the data available that these higher incomes have been soaked up in higher housing costs. Levels of housing related poverty remain largely unchanged however.

The wages gap between men and women narrowed slightly, from 86.7% at the end of 2013 to 88.2% at the end of 2018.<sup>55</sup> By the end of 2018, the gender wage gap was perhaps the narrowest in history and marginally less than prior to the GFC in 2010.<sup>56</sup> A similar narrowing of wage rates can be seen in comparisons of average wages paid in the poorest paid sector (hospitality) and the highest paid sector (financial services).

Significant increases in the statutory minimum wage have probably contributed to the reduction in wage inequality. As a proportion of the average hourly wage, the adult statutory minimum wage rose from 50% in 2013 to around 56% in early 2019, with the most recently announced increase. Between 2013 and 2019, the adult statutory minimum wage rose almost 18% in real terms. More workers are working for the

statutory minimum wage now than in 2013. In 2013, around 92,000 workers were receiving the statutory minimum wage and by early 2019 it is estimated that 209,000 workers, or 8% of the workforce, will be receiving the wage. This outcome points to both the importance and real benefits of minimum wage legislation in driving a more inclusive economy.

But welfare beneficiaries remain outside of this inclusiveness, entirely as a result of policy choice. With the exception of a one-off increase in benefit rates in 2016, these rates have not been increased in real terms since the benefit cuts of 1991. The result has been persistent poverty rates—especially amongst children—as well as increasing material hardship. This material hardship is partly witnessed by foodbank demand, which rose sharply during the GFC and has remained at similar levels since.

A recent response to this hardship has been the significant increase in supplementary income support for people receiving benefits. The number of additional payments made for hardship reasons, rose from just over 800,000 in 2013 to almost 1.3 million in 2018, with the value of payments increasing from \$202 million to \$350 million for these periods. This more generous provision of top-up benefits alongside the new Winter Energy Payment, which is worth \$43 million in the current financial year, have probably taken the sharp edge off the material hardship being felt by families and households living on benefits. An example of this impact is the 3% decline during 2018 in demand for food parcels from The Salvation Army foodbank network.

However, the numbers of working-age adults receiving a benefit remains constant around 285,000, and this is despite the official unemployment rate in September 2018 sinking to a 10-year low of 3.7% of the workforce. The core of those



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receiving a benefit, around 150,000 adults, do so for health or disability reasons and so are paid the Supported Living payment or the Jobseeker/Health Condition payment. Their needs and this number of people are unlikely to change even in times of low unemployment. This permanence, alongside the economic exclusion suffered by those reliant on welfare payments, suggest that a radical re-think is required for setting benefit levels. Such a re-think should look at avoiding the need for top-up and supplementary payments, and could consider indexing benefit levels to changes in wages and salaries as we already do for New Zealand Superannuation.



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## CRIME & PUNISHMENT

Crime and the appropriate punishment of offenders remain very topical issues for New Zealanders, but the general public remains quite uninformed about levels and patterns of criminal offending and of the value and effectiveness of prison.

While crime is seen to be a widespread problem, the victimisation of criminal offending is very concentrated and quite specific. The 2014 Crime and Safety Survey, for example, reported that just over 3% of the population experienced 53% of offences and 1% of the population experienced 62% of the family violence.<sup>57</sup>

Tougher and longer prison sentences are seen as the answer to an apparent increase in violent crime. Yet, the *Department of Corrections Annual Report* indicates that of the 8000 people who will be discharged from a prison this year, perhaps 2500 will be back in prison within 12 months and 3500 will have returned with 24 months.

Part of the problem here is a lack of reliable data on criminal offending, especially around family violence. Headline crime data, which in the past showed that crime rates were rising or falling, proved to be illusory. Most crime goes unreported, and much of the offending reported to police was just not included in the statistics offered to the public. There is, however, evidence that some types of offending are declining, although this evidence is not conclusive enough to convince a public which is at risk of being misled by a sometimes sensationalist media.

This chapter attempts to collect the various data available on patterns of criminal offending and victimisation and

on trends in sentencing and imprisonment, in an attempt to nurture a more informed debate around crime and punishment in New Zealand. The results of this collection are somewhat equivocal, both in terms of the trends, which might be identified, and the confidence to draw any strong conclusions at this stage.



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## OVERALL CRIME

### Most crime goes unreported and unresolved

There is no reliably consistent source of data on crime and criminal offending to allow us to assess if rates of crime are falling or rising. Data on criminal offending and the related victimisation is available from three official sources: Police, Statistics New Zealand and Ministry of Justice. The Ministry of Justice publishes data on the outcomes from court processes, and has also recently published the initial results from the 2018 New Zealand Crime and Victims' Survey (NZCVS).<sup>58</sup>

The NZCVS replaces the New Zealand Crime and Safety Survey, which was undertaken every five years or so and last released in 2015. The expectation is that the NZCVS will be undertaken annually, and, eventually, be able to offer some insight into the changing nature and pattern of criminal offending and victimisation across New Zealand. Both surveys asked randomly selected New Zealanders of their experience of crime over the 12 months before the interview. The NZCVS is seen as a future, reliable source of information on actual levels of crime and not just the reported and recorded offending and offences offered through Police and court statistics.

Key results to emerge from the 2018 NZCVS are as follows:

- An estimated 1.777 million offences were experienced over a 12-month period prior to the person's interview. Of these offences, just under 1.2 million were personal offences (against an individual), while the remaining 577,000 were against households or property-related offences. Not included in these offences are victimless offences (e.g. illicit drug use), administrative offences

(e.g. breaches of order, or public nuisance) as well as offending against businesses and children.

- These offences happened to 355,000 households, and the personal offences victimised 575,000 adult New Zealanders. Adults, of course, live in households, so if we take into account the numbers of adults impacted by household offences, and/or personal offences, then 1.155 million adults were victims of criminal offending during the 12 months preceding the survey. This figure represents 29% of the adult population. Over the same period, 32% of households experienced a household-related offence.
- The three most common offences were burglary (17% of households), harassment or threatening behaviour (8% of adults) and fraud or deception (7% of adults).
- Men were as likely as women to be a victim of crime, and people living in the large cities were as likely as other New Zealanders to be victims.
- Māori faced a greater chance of being a victim of a criminal offence at 37% compared with the New Zealand-wide rate of 29%.
- Similarly, younger adults were more likely to be a victim of crime than were those aged over 65 years or older. The prevalence for those aged between 20 to 29 years old was 40%, while it was 18% for those aged over 65.

Other data on criminal offending remains useful, despite the obvious utility offered by a regular and consistent victims' survey, such as NZCVS. Data on reported and recorded crime, along with information on offender apprehension, prosecution, conviction and sentencing, tell us a great deal about how we as a society are managing criminal offending. Some of this data is offered below and covers the last four or five years.



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In 2016, Police changed the way it reported crime statistics. The new system is based on counts of victims of crime—the Recorded Crime Victims Statistics (RCVS) and the Recorded Crime Offenders Statistics (RCOS).<sup>59</sup> Each statistical series is presented in two ways. The RCVS reports on the number of victimisations or the number of offences which a victim has reported to Police, as well as the number of unique victims. This accounts for some victims experiencing a number of offences in one incident. Similarly, the RCOS reports on the number of unique offenders, and the number of offences they have committed and which have been pursued by Police. Here a pursuit or proceeding might be referring the offence to courts, perhaps in pursuit of a conviction, or may involve a warning or some form of diversion. The various counts of the volumes of offences, offenders and victims are offered in summary form in **Table 10** for the four years to June 2018.

Overall, the data reported in **Table 10** shows some volatility over the past four years, with a rise in reported offending for the year to 30 June 2017 and a subsequent decline in the most recent year. Two observable trends emerge from this data. One is that there has been no appreciable change in the level of victimisation, both in terms of numbers of unique victims and the numbers of reported offences. Against this constancy, the numbers of offenders apprehended and the numbers of offences dealt with by Police fell by around 15% between 2015 and 2018. This difference can probably be accounted for by a decline in the resolution rate. This rate can be seen as the number of offences proceeded with by Police, as a proportion of the number of offences reported to them, as in the number of unique victimisations. Resolution rates measured here as the rate of reported victimisations leading to proceedings is reported in **Table 11** for violent offences and dishonesty offences.

**Table 10: Summary of adult offence volumes—2015–2018 (June years)<sup>60</sup>**

June years	2015	2016	2017	2018
Number of unique offenders	116,125	112,884	107,136	99,881
Proceedings against offenders	172,628	170,852	164,970	153,886
Number of unique victims	208,206	217,269	221,674	211,492
Number of victimisations	249,690	262,509	270,173	260,896

**Table 11: Estimates of resolution rates for violent and dishonesty crimes—2015–2018<sup>61</sup>**

June years	2015	2016	2017	2018
<i>VIOLENT OFFENCES</i>				
Number of proceedings	28,517	28,228	27,243	25,419
Number of victimisations	50,167	53,978	55,992	55,840
Rate of proceedings to victimisations	56.8%	52.3%	48.7%	45.5%
<i>DISHONESTY OFFENCES</i>				
Number of proceedings	30,907	30,014	28,184	25,451
Number of victimisations	199,179	208,195	213,771	204,651
Rate of proceedings to victimisations	15.5%	14.4%	13.2%	12.4%

The reporting by Police of offences as ‘victimisations’ and as ‘proceeding against apprehended offenders’ means that it is possible to have at least two versions of recorded crime data. But not all categories of crime have victims, so it is not possible to have a comprehensive offence number based on this approach. In order to estimate such a number, a combination of proceedings data and victimisation data can



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be used to provide a proxy of the recorded crime numbers—an estimate is offered in **Table 12**.

Taken over the four-year period covered by this data, there has been no overall change in the number of recorded offences—at just over 360,000 annually. There has, however, been a noticeable change in the composition of this offending. This change has seen an increase in the numbers of offences for assaults (+5000), burglary (+7000), dangerous acts endangering people (+2,400), and breaches of justice orders (+2,200). Offsetting these increases there have been declines in public order offences (-5,200), traffic offences (-4,200), and thefts (-2,200).

**Declining resolution rates contribute to falling numbers of convictions**

The decline in resolution rates, reported in **Table 11**, has probably contributed to the recent decline in the numbers of people being convicted for an offence. This decline is reported in **Table 13**.

Between the 2013 and 2018 June years, the numbers of convictions for offences (not the number of individuals convicted) fell 15% from 190,000 to 162,000, although this entire drop occurred between 2013 and 2014. These declines are across most categories of offences, with the exception being an increase in sexual assaults and in negligent endangering acts.

**Table 12: Estimates of recorded criminal offences—2015–2018 (June years)<sup>62</sup>**

June years	2015	2016	2017	2018
Homicide and related offences	191	204	160	182
Acts intended to cause injury	44,924	48,538	50,207	49,860
Sexual assault and related offences	5,243	5,440	5,785	5,980
Dangerous or negligent acts endangering persons	13,610	14,703	15,075	16,043
Abduction, harassment and related offences	7,074	6,841	6,062	5,410
Robbery, extortion and related offences	3,068	3,507	4,125	3,762
Unlawful entry with intent/ burglary, etc	58,364	66,400	71,930	65,355
Theft and related offences	137,747	138,288	137,716	135,534
Fraud, deception and related offences	3,001	3,266	3,394	3,124
Illicit drug offences	8,999	9,089	8,797	8,866
Prohibited weapons and explosives offences	3,760	3,942	3,846	3,707
Property damage and environmental pollution	8,662	8,144	6,991	6,162
Public order offences	19,162	17,722	15,924	13,961
Traffic and vehicle regulatory offences	34,327	33,061	32,500	29,131
Offences against justice procedures, etc	13,550	14,795	16,084	15,772
Miscellaneous offences	868	843	710	658
Total of all offence categories	362,550	374,783	379,306	363,507



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Table 13: Convictions by offence category—2013–2018 (June years)<sup>63</sup>

Year ending 30 June	2013	2014	2015	2016	2017	2018
Homicide and related offences	81	144	136	147	127	160
Acts intended to cause Injury	16,551	14,101	13,654	15,277	15,343	15,131
Sexual assault and related offences	2,474	2,523	3,009	2,765	2,305	2,999
Dangerous or negligent acts endangering persons	9,680	8,436	7,950	8,614	9,269	9,729
Dishonesty offences	38,438	33,481	31,819	33,322	33,387	31,903
Illicit drug offences	11,790	9,425	9,367	9,889	10,805	10,809
Offences against justice procedures	38,091	32,302	31,883	34,313	35,444	34,328
Traffic offences	45,758	42,858	39,455	38,159	38,939	37,137
Public order offences	9,932	7,407	6,505	5,346	5,337	5,355
Other offences	17,747	15,599	14,123	15,010	15,615	14,845
Total offences	190,542	166,276	157,901	162,842	166,571	162,396

## VIOLENT CRIME

### Reported violent offences increase over the past four years

Police's RVOS data series reports moderate increases in the numbers of reported violent offences over the past four years. The number of aggravated sexual assaults grew 13% between June 2015 and June 2018 years, while the numbers of physical assaults (acts intended to cause injury) grew 11% over the same period. These trends are reported in **Table 14**.

The 11% increase in reported physical assaults masks a shift in the composition of such offences—as illustrated on **Table 14**—where between 2015 and 2018, there was a 35% increase

in numbers of serious assaults resulting in injury. This volume grew by 3000 reported offences over this time.

Of some concern is the decline in rates of resolution of reported violent offences. As discussed above, this resolution rate is calculated as the proportion of reported victimisations (or individual offences) which resulted in a proceeding or a response by Police. For aggravated sexual assaults, this resolution rate decreased from 30% in 2015 to 24% in 2018, while for serious assaults (resulting in injury) the rate slipped from 74% to 63% over the same period.



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Table 14: Violent offending—2015–2018 (June years)<sup>64</sup>

	2015	2016	2017	2018
<b>VICTIMISATIONS</b>				
Aggravated sexual assault	4,413	4,486	4,847	4,996
Non-aggravated sexual assault	830	954	938	984
Sexual assaults	5,243	5,440	5,785	5,980
Common assault	24,694	25,982	25,764	25,173
Serious assault—no injury	11,647	13,411	14,618	13,067
Serious assault—resulting in injury	8,583	9,145	9,825	11,620
Acts intended to cause injury	44,924	48,538	50,207	49,860
<b>PROCEEDINGS</b>				
Aggravated sexual assault	1,471	1,416	1,346	1,215
Non-aggravated sexual assault	499	575	593	562
Sexual assaults	1,970	1,991	1,939	1,777
Common assault	13,640	12,902	11,740	10,480
Serious assault—no injury	6,554	6,861	6,994	5,837
Serious assault—resulting in injury	6,350	6,461	6,549	7,298
Acts intended to cause injury	26,557	26,237	25,304	23,644
<b>RESOLUTION RATES</b>				
Aggravated sexual assault	33%	32%	28%	24%
Non-aggravated sexual assault	60%	60%	63%	57%
Sexual assaults	38%	37%	34%	30%
Common assault	55%	50%	46%	42%
Serious assault—no injury	56%	51%	48%	45%
Serious assault—resulting in injury	74%	71%	67%	63%
Acts intended to cause injury	59%	54%	50%	47%



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### Family violence trends difficult to read from available data

Some estimates of the prevalence of family violence suggest that as much as 76% of family violence goes unreported to Police. Police have suggested that they attend a family violence incident every five minutes, yet there are no statistics published by this agency to support this claim.<sup>65</sup> Whatever the actual numbers are, it can reasonably be accepted that reported family violence is, literally, just the tip of the iceberg, of a problem which is of serious and ongoing concern for New Zealand.

For example, the recently published *Topline Report of the NZCVS* reported that 21% of women and 10% of men have experienced one or more incidents of violence from their partner during their lifetime.

But what relevant data is available, on the prevalence of family violence, paints a mixed-up picture of recent trends in such violence; **Table 15** summarises Ministry of Justice data on trends in family violence offences between 2013 and 2018 (June years). This data shows an almost 40% increase in cases of breaches of protection orders over these five years, but little if any change in reported numbers of physical assaults. It seems likely that some of the increased reporting of serious physical assaults described in **Table 14** is linked up with family violence trends, but we have no direct data to support this assumption.



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Table 15: Trends in reported family violence offences—2013–2018 (June years)<sup>66</sup>

June years	2013	2017	2018	Change 2017–18	Change 2013–18
<i>BREACH OF PROTECTION ORDER</i>					
Total reported cases	3,871	5,273	5,327	1%	38%
Cases proven	2,822	4,054	3,941	-3%	40%
People convicted	2,786	4,010	3,894	-3%	40%
People imprisoned	567	950	893	-6%	57%
Imprisonment as % of convictions	20.4%	23.7%	22.9%		
<i>COMMON ASSAULT (DOMESTIC)</i>					
Total reported cases	3,986	3,682	3,215	-13%	-19%
Cases proven	3,354	3,065	2,678	-13%	-20%
People convicted	2,638	2,362	2,071	-12%	-21%
People imprisoned	284	341	282	-17%	-1%
Imprisonment as % of convictions	10.8%	14.4%	13.6%		
<i>MALE ASSAULTS FEMALE</i>					
Total reported cases	6,324	6,107	6,101	0%	-4%
Cases proven	4,420	4,335	4,314	0%	-2%
People convicted	4,070	3,988	3,948	-1%	-3%
People imprisoned	864	1,059	997	-6%	15%
Imprisonment as % of convictions	21.2%	26.6%	25.3%		
<i>ALL FAMILY VIOLENCE OFFENCES</i>					
Total reported cases	14,181	15,062	14,643	-3%	3%
Cases proven	10,596	11,454	10,933	-5%	3%
People convicted	9,494	10,360	9,913	-4%	4%
People imprisoned	1,396	1,882	1,791	-5%	28%
Imprisonment as % of convictions	14.7%				



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## SENTENCING & IMPRISONMENT

### Fewer people sent to prison on the back of falling conviction numbers

The numbers of convicted offenders sentenced to prison fell more than 7% during the June 2018 year, from the recent high number of such sentences handed down during the previous year. The proportion of convictions resulting in a prison sentence also fell slightly, although the rate—at 12.8%—still remains high by historical standards. Judicial lenience was also expressed by a slightly higher proportion

### Prisoner population falls slightly

Measured on a quarterly basis, New Zealand’s prisoner population reached an all-time record high of 10,645 at the end of March 2018. Over the following two quarters, it fell by almost 600 prisoners—or by nearly 6%—to stand at 10,052 at the end of September 2018. Around two-thirds of this decline was due to a drop in the numbers of prisoners on remand—a fall of almost 400 remandees. The trends in quarterly prisoner populations are reported in **Figure 23**.

**Table 16: Criminal prosecution trends for adults—2013–2018 (June years)<sup>67</sup>**

Year ending June	2013	2014	2015	2016	2017	2018
People prosecuted for offences	97,815	86,740	81,581	79,350	79,689	77,067
People convicted of offences	78,011	71,032	66,075	64,680	64,615	62,360
% of prosecutions leading to convictions	82.5%	82.5%	82.5%	82.5%	82.5%	82.5%
People discharged without conviction	2,484	2,027	2,144	2,118	2,061	2,068
% of proven cases leading to discharge	2.8%	2.6%	2.9%	2.9%	2.9%	3.0%
Imprisonment sentences	7,925	7,309	7,506	8,181	8,631	7,990
Imprisonment sentences as % of all convictions	10.2%	10.3%	11.4%	12.6%	13.4%	12.8%

of convicted offenders being discharged without conviction. For the year to 30 June 2018, this rate was 3% of all proven cases compared with 2.9% during the previous year. Trends in adult prosecution, conviction and sentencing are reported in **Table 16**.

Of the just over 10,000 prisoners incarcerated at the end of September 2018, 29% were remand prisoners and almost 93% were male. At that time, a reported 51% of prisoners were Māori—or around 5,100 people—while almost 31% were Pākehā/European and 11% were of Pacific Island descent. These proportions changed little from those reported 12 months previously.



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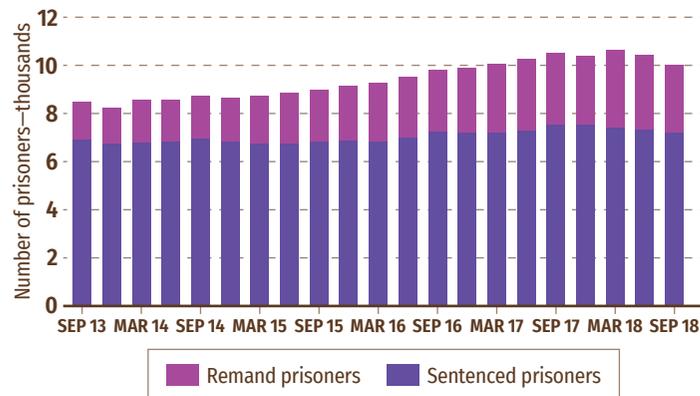
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As suggested elsewhere in this chapter, this recent fall in the prisoner population is probably due to the combined effect of a number of small shifts. These include the small decline in levels of reported offending (see **Table 13**), which has been matched by a modest decline in the numbers of people being charged and convicted (**Table 14**). It also appears that defendants are spending less time on remand—so there are fewer of them at any one time (**Figure 7**)—a small decline in the rate of convictions resulting in a prison sentence (**Table 17**), and an increase in prisoners’ parole readiness which has allowed the Parole Board to discharge more prisoners earlier in their sentence (**Figure 9**). These are, however, early days, and the recent progress of a falling prisoner population needs to be seen in the context of the present prison muster, which is still 20% higher than it was five years ago.

Figure 23: Prisoner population—2013–2018 (quarterly)<sup>68</sup>



### Imprisonment rates continue to rise despite recent falls in prisoner population

We measured imprisonment rates on an averaged basis across a year and saw a further increase in rates for both the total population and for Māori. This is because the record prisoner population was reached in March, with only a modest fall in numbers between March and June, with the average prisoner population over the year to 30 June 2018 almost 5% higher than for the previous 12 months.

Imprisonment rates for the total population and for Māori are reported in **Figure 24** for the six June years between 2013 and 2018. This data shows an increase in imprisonment rates for the total population over each of the past three years, from a rate of 189 prisoners for every 100,000 population in the year to 30 June 2014 to 217/100,000 in the year to 30 June 2018. For Māori, there was an increase from 617 prisoners per 100,000 population in 2014 to 717/100,000 in 2018.

Comparisons of imprisonment rates for Māori and non-Māori show that the Māori imprisonment rate was 5.7 times higher than the non-Māori rate in 2018 and was 5.6 times higher in 2014. These comparisons are also listed in the **Gaps Table** in the **Appendix** to this report.



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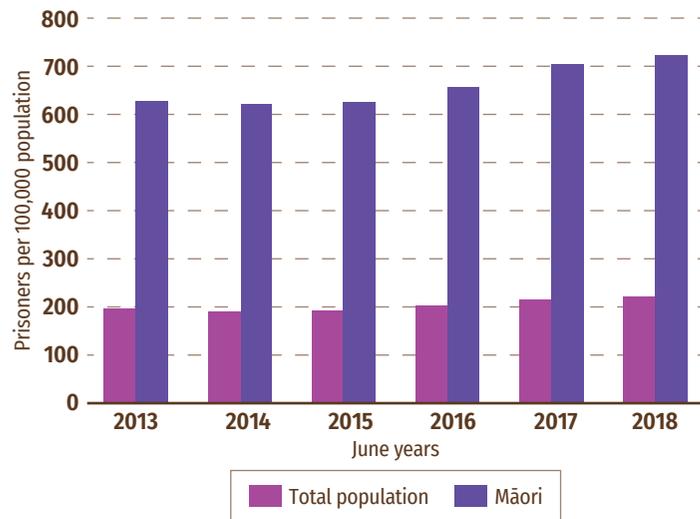
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Figure 24: Imprisonment rates—2013–2018 (June years)<sup>69</sup>

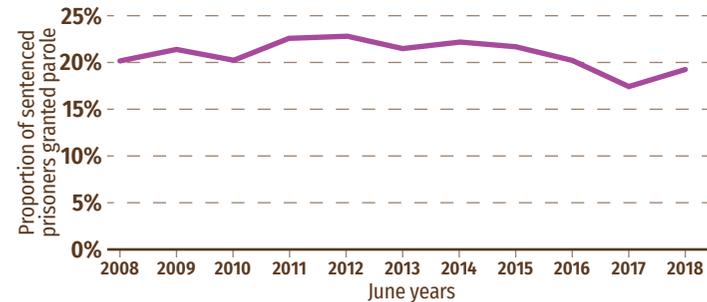


**Parole releases rise for first time in four years**

Following four consecutive years of falling rates of parole approval, the Parole Board has had a change of heart and decided to release a greater proportion of sentenced prisoners appearing before them. During the year to 30 June 2018, the Board undertook 6067 hearings and agreed to an early release of 1424 prisoners or 23.5% of the cases heard. During the previous year, the Board agreed to release 1245 prisoners or 22.6% of 5503 cases heard.

The 10-year trend of the proportion of sentenced prisoners granted parole in any given year is provided in **Figure 25**. During the June 2018 year 19.3% of the sentenced prisoner population were released on parole compared with 17.4% in 2017.

Figure 25: Proportion of sentenced prisoners granted parole—2008–2018 (June years)<sup>70</sup>



**Community-based sentences decline in line with lower conviction numbers**

The number of convicted criminals being handed a non-custodial community sentence declined by 25% between 2013 and 2015 (June years) to just more than 41,000. This drop is mainly due to falling prosecution and convictions numbers, although a slightly smaller proportion of those convicted are receiving community-based sentences. The numbers of people receiving home detention sentences have remained stable at around 3500. These trends are reported in **Table 17**.



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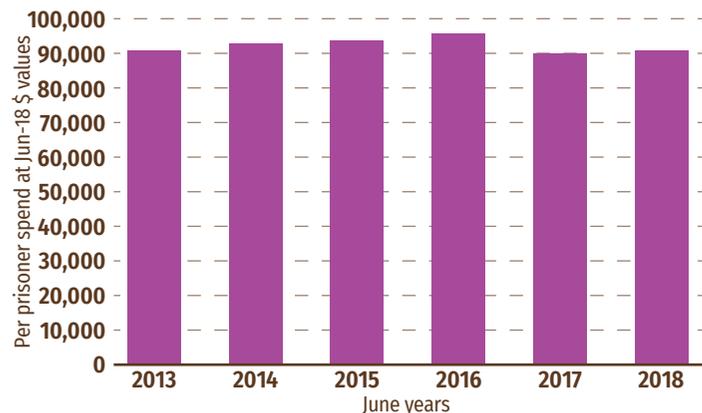
Table 17: New starts in community-based sentences—2013–2018 (June years)<sup>71</sup>

Year ending June	2013	2014	2015	2016	2017	2018
Non-custodial community sentences commenced	54,778	49,121	46,463	44,805	43,370	41,015
Home detention sentences commenced	3,527	3,340	3,253	3,473	3,486	3,455
Rate of non-custodial community based sentences (per 100,000 people over 18)	1645	1453	1344	1265	1194	1103

### Prisoner custodial costs rise slightly

The average cost of incarcerating a prisoner rose marginally between 2017 and 2018 to reach \$91,300 per prisoner per year, or around \$250 per day, during the year to 30 June 2018. A year previously, this cost was approximately \$90,450 (in June 2018 \$ values) or around \$248 per day. The most expensive year for maintaining a prisoner in prison was 2008, when it cost \$97,000 per prisoner per year in inflation-adjusted terms. Recent trends in average custodial costs are reported in **Figure 26**.

Figure 26: Average custodial cost per prisoner—2013–2018 (in June 2018 \$s)<sup>72</sup>



## RECIDIVISM

### Despite increased spending recidivism rates continue to rise

Government spending on prisoner rehabilitation and reintegration rose 19% in nominal terms between 2017 and 2018 (June years) to exceed \$216 million. On a per-sentenced prisoner basis this spend is equivalent to an average spend of \$29,100, which, in inflation-adjusted terms, is 13% more than in 2017 and 29% more than five-years earlier. Trends in this spending are reported in **Table 18**.

Yet despite this commitment, and the efforts by Department of Corrections in delivering programmes, the recidivism rates from New Zealand’s prisons remain high and are rising. These trends are also offered on **Table 18**. Almost across the board, recidivism rates rose between 2017 and 2018 (June years) with the only exception being a small reduction in 12-month re-offending and re-imprisonment rates for Māori offenders. In 2018, re-imprisonment recidivism rates were 16% to 20% higher (in proportional terms) than they were in 2013. Re-offending recidivism rates were 4% to 7% more in 2018 than they were in 2013.

Māori recidivism rates remain around 11% higher (in proportional terms) than those of the total population.



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Table 18: Prisoner recidivism and spending on rehabilitation and reintegration services—2013–2018 (June years)<sup>73</sup>

Year ending June	2013	2014	2015	2016	2017	2018
<i>TOTAL PRISON POPULATION</i>						
12 month reimprisonment rate	26.7%	25.9%	28.1%	29.7%	31.7%	32.2%
12 month prison to reconviction	44.2%	41.7%	43.7%	44.2%	45.5%	46.8%
24 month reimprisonment rate	37.3%	36.8%	36.5%	39.6%	42.2%	43.2%
24 month prison to reconviction	58.8%	58.9%	57.0%	59.0%	59.7%	60.9%
<i>MĀORI PRISON POPULATION</i>						
12 month reimprisonment rate	30.1%	29.3%	32.1%	33.0%	36.5%	34.9%
12 month prison to reconviction	48.4%	46.2%	49.0%	48.7%	51.4%	50.4%
24 month reimprisonment rate	41.8%	41.2%	41.3%	44.8%	47.0%	49.6%
24 month prison to reconviction	63.5%	64.4%	63.2%	65.5%	65.8%	67.7%
Year ending June	2013	2014	2015	2016	2017	2018
Spending on rehabilitative programmes & reintegration services (\$millions nominal)	145,923	161,937	169,122	176,308	180,869	215,676
Average spend per sentenced prisoner in \$Jun18	22,658	24,916	25,957	26,709	25,672	29,138



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## ASSESSMENT: CRIME & PUNISHMENT

OVERALL CRIME	RESULT
While conviction volumes have declined recently, this decline appears more due to lower offender apprehension and prosecution rates than to falling levels of background offending. As well, some of the recent reduction has been due to changing enforcement of administrative-type offences. The recently released NZ Crime and Victims Survey has provided a valuable resource to both gauge the extent of background criminal offending and to monitor changes in this offending.	NC
VIOLENT CRIME	
While there have been recent increases in reported volumes of aggravated sexual assault and serious physical assault, there is no evidence to suggest that these changes are due to rising levels of societal violence. These increases may be due to changing social attitudes to such violence and, with this, declining tolerance of it. The continuing lack of data on family violence is a major barrier to addressing this deeply-rooted problem.	NC
SENTENCING & IMPRISONMENT	
After at least three years of unrelenting growth in the prisoner population, the recent drop in this population is welcome relief. This change is, however, modest in the context of the previous growth. A number of contributing factors, such as fewer arrestees being sent to remand, have brought about this change. These may not be sufficient at their current scale to drive further reductions.	+
RECIDIVISM	
The continuing rise in recidivism rates is disappointing, especially when the increasing commitment by Government to prisoner rehabilitation and reintegration is taken into account. Reducing recidivism rates will always be a long term and challenging problem, so it was unrealistic to expect early and easy results. But there is absolutely no progress over the past three years, and it is probably time to look for new models of rehabilitation and reintegration.	-

+ Tangible or consistent progress - Slipping back NC No change



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## OVERALL ASSESSMENT

### **Our homes and communities are free from violence and crime**

There is no evidence available to suggest that our homes and communities are becoming safer. Recent but modest declines in conviction volumes may largely be due to changing enforcement practices and falling resolution rates rather than any drop in offending. While there is some evidence that victimisation by violent crime has grown a little, the absence of any reliable data, especially around family violence, makes it difficult to be certain of this. The small increase in victimisations may be due to a change in reported behaviours rather than an increase in offending.

It is, however, the case that most homes and communities in New Zealand are safe and relatively free from violence and other crime. Violence and crime are often quite concentrated into 5% to 10% of our communities, and the continuing presence of social hazards and—in particular, methamphetamine and alcohol—hinders any progress in making these areas safe and prosperous.

The policy challenge here is to offer very selective interventions, which target at-risk neighbourhoods and communities. The fact is that victimisation by violence and other criminal offending is quite concentrated and often associational. Victims live with, or nearby, offenders, and the pattern of offending and victimisation is structured by poverty, lack of opportunity and exposure to personal and social risks. In order to make our homes and communities safer, it requires us to especially focus our efforts on these contributing causes.

Wider public interest in doing so may be limited, especially if the recent law and order ‘tough on crime’ narrative goes unchallenged. An argument can be made that our recent experience with tougher sentences, bigger prisoners and tougher bail laws have not worked. There has been no appreciable reduction in background offending—except, perhaps, amongst youth—and re-offending and re-imprisonment rates have simply increased year after year.

Addressing this failure, and the narrative which drove it, requires a compelling alternative, and that is what the Justice Forum is expected to achieve. Part of a useful response may involve looking at the small success stories—which already exist in many communities—around addressing addictions, violent behaviours and youth alienation. Welding such ideas into a coherent national strategy might be a daunting challenge, especially if, as a country, we remain divided around the underlying causes of criminal offending.



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## SOCIAL HAZARDS

Social hazards are the risks generated by a small number of activities that people find enjoyable, but pose a risk of harm to themselves, their family members or others around them. These activities include the consumption of alcohol, use of drugs—impacting the central nervous system—pornography and gambling.

Society's response to these social hazards and the activities which generate them is to either regulate or prohibit them. Where the associated risks of an activity are seen as manageable, or where the harm done by the activity is at a socially acceptable level, the activity will be regulated, as in the case of alcohol use and gambling. Where the risks and harm are seen to be socially unacceptable—as with some drugs and with children's association with pornography—the activity is prohibited.

The *State of the Nation Report 2019* has broadened its focus on social hazards to include debt and fringe lending, alongside the three acknowledged forms of social hazards: alcohol consumption, drug taking and gambling. The reason for The Salvation Army's concern over fringe lending is that it can, and often does, lead to ruinous debt. This is debt being sold to poor and vulnerable people on almost impossible terms and at usurious interest rates. These business practices can cause serious material hardship to people who end up trapped in a cycle of debt, which may diminish their opportunities and lives. Often, too, ruinous debt is associated with other social hazards—such as drug taking and gambling—and can be driven by these activities, or facilitate them.

## ALCOHOL

### Alcohol availability reaches a record high

The volume of alcohol available for consumption in New Zealand reached an all-time high during the year to 30 September 2018, of 34.6 million litres of pure alcohol. This is a 3.6% increase over the previous 12 months and 5% more than 5 years earlier.

Assessed on a per-capita basis, this increase is more modest, however. Availability during the 12 months to 30 September reached 9.24 litres of pure alcohol for every New Zealander aged over 18 years old. This is 1.3% higher than in 2017, but more than 6% lower than in 2013 when there was 9.86 litres of alcohol available for every adult. The trend in per-capita availability of alcohol for the period 2008 to 2018 is offered in **Figure 27**.

This increased availability of alcohol has been driven by increased production and presumable consumption of all the main categories of alcoholic beverages. Beer availability grew a modest 1.5% between 2017/18 to 290 million litres for the year ending September 2018. Within this growth, there was a decline in production/consumption of mid-strength beers (around 2.5–4.0% ABV) and a 12% growth in availability in higher-strength beers. This shift has been credited to a shift in consumer preference toward craft beers.

For the fourth straight year, the volume of lower-strength spirit-based beverages—such as RTDs (ready to drink) or alcopops—has grown and reached 64.6 million litres for the year to 30 September 2018. This is the second highest



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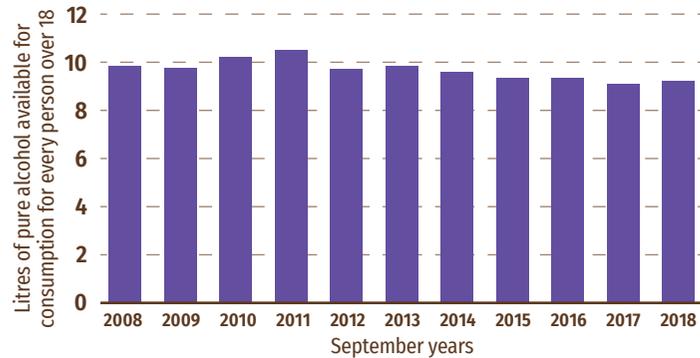
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volume of availability on record and is only beaten by that of 2010/11 when 66.2 million litres were available.

Figure 27: Per capita alcohol availability—2008–2018<sup>74</sup>



**While alcoholic beverages get cheaper**

Alongside this availability, it appears that alcoholic beverages are becoming relatively cheaper. A Health Promotion Agency 2018 report on trends in the affordability of alcohol found that the price of alcohol had changed little in nominal terms over the period between 2012 and 2017 and so relative to wages and salaries it had become relatively cheaper.<sup>75</sup> This report found that it cost as little 66 cents for a standard drink,<sup>76</sup> and that it could take just 2 minutes of work for someone on the median wage to afford this.<sup>77</sup>

A comparison in the price changes in alcoholic beverages with consumer prices overall, over the past five years, confirms this improving relative affordability of alcohol. For the five years to 30 September 2018, the price of alcoholic beverages rose just 0.75%, while the overall consumer price index rose 6%.<sup>78</sup>

**Minimal reduction in hazardous drinking patterns**

Recent results from the New Zealand Health Survey (NZHS) show a small reduction in the proportion of the population who drink hazardously<sup>79</sup> from time-to-time.

Data from the NZHS for the past three years is provided in **Table 19**. This data shows a small 1% decline in the rate of hazardous drinking amongst the general population, although this reduction may not be statistically significant at this stage, given the sampling error attached to these results. Given this caveat, the 2017/18 results show the decline in rates of hazardous drinking was greater for men than for women, although the male rate is still twice the female one. In this data, it is gratifying to see the significant decline in hazardous drinking amongst 18- to 24-year-olds, with a decline of 6.4% between 2015/16 and 2017/18.

Of some concern, is the possible increase in rates of hazardous drinking amongst older New Zealanders, with the hazardous drinking rate amongst 65- to 74-year-olds rising from 10.1% in 2015/16 to 12.5% in 2017/18. These rates are, however, considerably lower than those reported in other research on drinking patterns of older New Zealanders.<sup>80</sup> This study, published by the Health Promotion Agency in 2017 and based on the *Health, Work & Retirement Longitudinal Study*, showed that perhaps 43% of older New Zealanders (aged over 50) are drinking hazardously.<sup>81</sup>



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**Table 19: Proportion of population drinking hazardously—2015–2018<sup>82</sup>**

	2015/16	2016/17	2017/18
Total population	20.8%	19.5%	19.8%
Men	28.6%	27.1%	27.3%
Women	13.4%	12.4%	12.7%
15–17	7.9%	7.6%	7.2%
18–24	37.1%	32.9%	31.7%
65–74	10.1%	10.5%	12.5%
Māori	31.1%	33.0%	31.7%
Decile 1 income (highest)	19.2%	16.4%	16.2%
Decile 2 income	17.3%	15.4%	19.5%
Decile 3 income	22.1%	21.6%	21.4%
Decile 4 income	21.1%	21.6%	20.5%
Decile 5 income (lowest)	24.6%	22.9%	21.5%

**Small increase in alcohol-related driving offences**

For the first time in at least a decade, the number of alcohol related traffic offences has increased, although only by 3–4%. These recent increases need to be seen in the context of the 2014 introduction of lower blood-alcohol thresholds and, with this, a two-tier system of penalties, along with the effort being given to roadside breath testing (RBT) of drivers.

Data on drink-driving offences for the five years to 30 June 2018 is offered in **Table 20**. This data separates alcohol-related driving offences according to the blood-alcohol threshold being applied. Such separation offers the opportunity to study long-term trends in offending against the higher thresholds and to compare these with the background driver testing being conducted.

Two trends emerge from this analysis. First is the appreciable decline in rates of offending against the higher threshold—offending fell 32% between 2013 and 2017, from 23,800 offences to 16,200, but rose by almost 4% in 2018 to 16,800. In 2010, a total of 33,100 drink-driving offences against this higher threshold were reported, so the 2018 figure is almost half this amount, which should still be seen as considerable progress.

However, against this reduced volume of reported offences there has been a sharp reduction in the Police effort into monitoring compliance by drivers. This is especially so between 2017 and 2018 when there was a 21% reduction in the number of RBTs done.

We have no way of knowing whether or not the reduced level of offending is due changing driver behaviour, or to low levels of surveillance. It is the case that during the year to 30 June 2018, 1% of the almost 1.7 million road side RBTs undertaken resulted in a conviction for a driving with an excess blood-alcohol level. In 2016, this ‘failure’ rate was just above 0.6%. The proportion of RBTs resulting in a drink-driving conviction for the period between 2008 and 2018 is reported in **Figure 28**.



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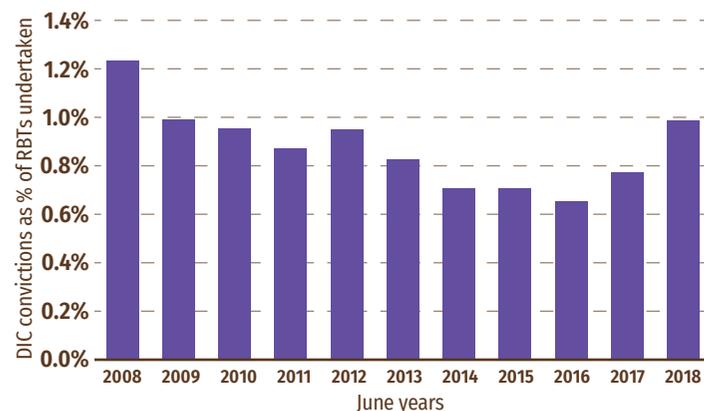
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Table 20: Drink-driving indicators—2013–2018<sup>83</sup>

June years	2013	2014	2015	2016	2017	2018
Total alcohol specific offences	26,336	22,297	23,686	25,921	24,967	25,728
Drug specific offences	270	220	252	375	478	631
Lower limit adult drink-driving offences	0	0	4,927	8,264	7,425	7,563
Under 20's zero limit drink-driving offences	2,555	1,945	1,638	1,409	1,382	1,370
Higher limit drink-driving offences	23,781	20,352	17,121	16,248	16,160	16,795
Number of RBTs undertaken	2,903,250	3,029,072	2,555,957	2,550,000	2,126,280	1,683,314
Proportion of RBTs failed	0.82%	0.67%	0.67%	0.64%	0.76%	1.00%
Moj data on DIC charges	26,463	23,071	19,362	17,656	17,630	17,901
Moj data on DIC convictions	24,393	21,795	18,304	16,773	16,713	17,016

Figure 28: Proportion of roadside breath tests resulting in a conviction for driving with excess blood-alcohol levels—2008–2018<sup>84</sup>



## ILLICIT DRUGS

### Methamphetamine dominates our illicit drug story

The volumes of reported drug-related offending and convictions for drug offences were much the same in June 2018 year, as they were for the previous 12 months. Volumes of convictions for drug offences were, however, 10% fewer in 2018 than five years previously. This decline appears to be mainly due to a change in the drug at the centre of offending, with the declining importance of cannabis and the unrelenting rise in methamphetamine, and also enforcement efforts.

The volumes of convictions for drug offences between 2008 and 2018 are reported in **Figure 29**. For the 12 months to 30 June 2018, there were 10,806 recorded convictions for illicit drug offences—just 14 more convictions than in the previous year, but almost 1000 fewer than in 2013. **Figure 30**



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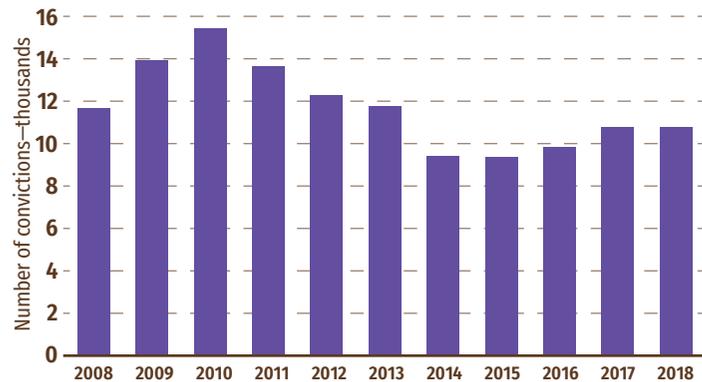
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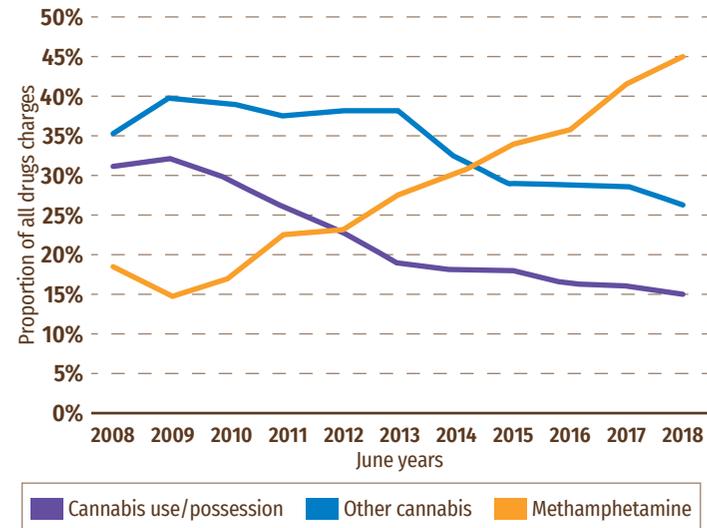
reports the proportional make-up of this offending. In 2008, cannabis-related drug offences made up 72% of all offences, while methamphetamine offences contributed just 18%. By 2018 (30 June year), convictions for methamphetamine offences had reached 45% of all illicit drug convictions, while cannabis-related offending had slipped to 41%.

**Figure 31** reports the numbers of convictions for methamphetamine offences on an annual basis from 2008 to 2018. This data shows that such convictions almost doubled between 2013 and 2018 from 2408 to 4672.

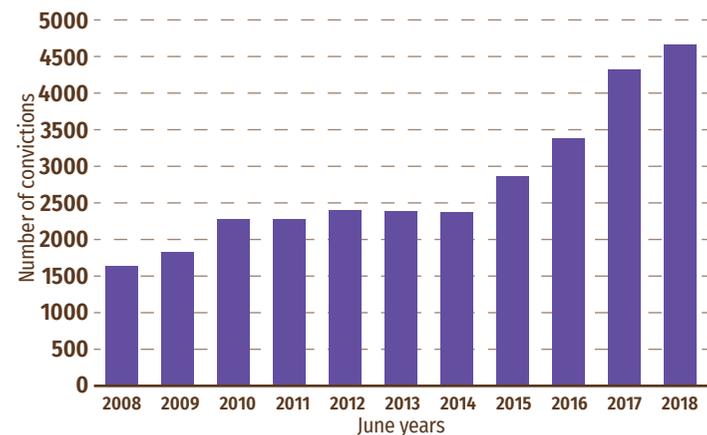
**Figure 29: Convictions for illicit drug convictions—2008–2018<sup>85</sup>**



**Figure 30: Types of drugs charges by share of all charges—2008–2018<sup>86</sup>**



**Figure 31: Convictions for methamphetamine-related drug offences—2008–2018<sup>87</sup>**



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In 2018, New Zealand Police decided to end its Arrestee Drug Use Monitoring programme, which it ran in partnership with Massey University since 2010. This survey provided valuable intelligence of the status of the illicit drug market, and on the extent and nature of drug taking amongst an at-risk group of New Zealanders.

In its place, Police have developed a pilot programme to test urban wastewater for residues of various illicit drugs, including methamphetamine and MDMA or ecstasy. This pilot programme has been running since December 2016 and is testing wastewater over a one-week period every month in Whāngārei, Auckland’s North Shore (at the Rosedale Wastewater Treatment Plant) and in Christchurch.

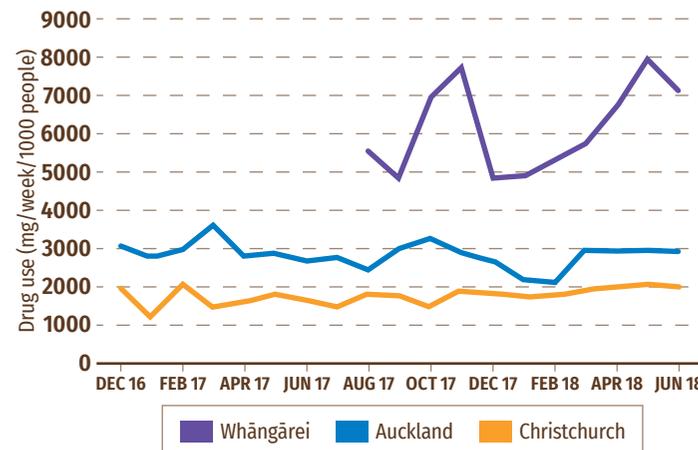
Results from this testing can be summarised in graphs, such as that offered in **Figure 32** for methamphetamine use. This graph, and the related data, report drug use as a volume rate for a standard population size—in this case, milligrams per 1000 people in the catchment population.

While this monitoring programme is still in its pilot phase, two things stand out from the results so far. The first is the regional variation in drug use—for example, methamphetamine use appears much higher in Whāngārei than in Auckland and Christchurch, but MDMA use in Christchurch is much higher than in Auckland and is minimal in Whāngārei.<sup>88</sup> Methamphetamine is, however, easily the drug of choice of the five monitored in the programme. The second initial trend to draw from this data is there is no discernible increase in the use of methamphetamine over the period of the survey, although there may be an increase in the use of MDMA.<sup>89</sup>

The usefulness of this approach to detecting meaningful changes in New Zealanders’ use of illicit drugs remains to

be seen, and the Police’s commitment to rolling out the programme beyond the pilot stage is not known. Somewhat interestingly, the last data reported was in August 2018 for June 2018, and no public announcement of the future of the programme has been made.

**Figure 32: Estimates of weekly methamphetamine use—December 2016–June 2018<sup>90</sup>**



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## GAMBLING

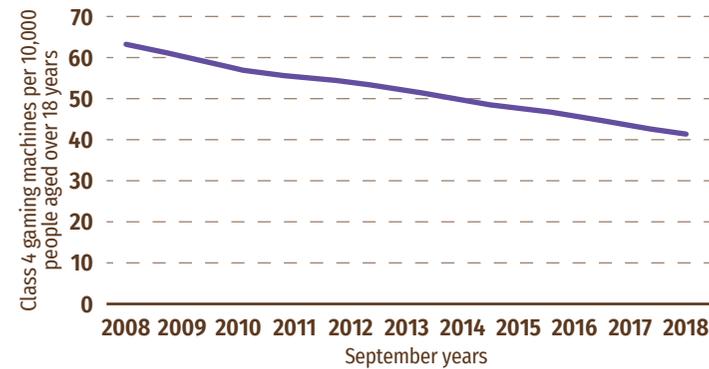
### Class 4 machine numbers continue to fall while gambling losses rise

The prevalence of Class 4 gaming machines in New Zealand has continued to decline, while the amounts being lost on these remaining machines has risen. At the end of September 2018, there were 15,342 Class 4 gaming machines operating in New Zealand. This figure is 175 fewer than a year previously and almost 2000 fewer than five years earlier. On a per-capita basis in September 2018, there were 41 Class 4 machines available for every 10,000 adults. This availability is down from 43/10,000 in September 2017 and 52/10000 in 2013. This availability for the past 10 years is reported in **Figure 33**. At their 2002 peak, 82 Class 4 machines were operating for every 10,000 adults.

Despite this declining availability, the amounts being lost on Class 4 machines are rising. For the year to 30 September 2018, \$903 million was lost in this form of gambling. In inflation-adjusted terms this is the highest value of losses since 2012.

Of course with fewer gaming machines, but higher losses, the average loss per machine has risen. During the September 2013 quarter each Class 4 machine retained on average \$11,900 in gamblers' losses, while by the September 2018 quarter this figure had grown 29% to \$15,300. The non-club venues with 18 machines are more popular with gamblers, as during the September 2018 quarter, average losses per machine in these venues was \$19,300.

Figure 33: Prevalence of Class 4 gaming machines—2008–2018<sup>91</sup>



### Real per-capita gambling remains stable

Total spending on gambling in New Zealand exceeded \$2.4 billion during the year to 30 June 2018. The total spend is estimated at \$2.43 billion, which is \$91 million, or nearly 4% more, than in the previous year. Spending by the class or form of gambling is reported in **Table 21** for the period 2013 to 2018.

Spending on gambling for the June 2018 year has yet to be reported by Department of Internal Affairs (DIA), the agency responsible for gambling regulation, so data for the most recent year are in part estimates. With the exception of gambling losses in casinos, the remaining data is based on official sources so is quite reliable.<sup>92</sup>

Allowing for inflation and population growth per adult (aged 18+) spending remained constant between 2017 and 2018 at \$652 per adult per year. This figure is slightly less than in 2013 when it reached \$659 per person. The peak per-adult spending of recent times was in 2004, when the spend was \$908 per person at June 2018 prices.



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**Table 21: Gambling expenditures—2013–2018 (in \$millions nominal)<sup>93</sup>**

June years	2013	2014	2015	2016	2017	2018
NZ Racing Board–TAB	294	311	325	342	338	350
NZ Lotteries Commission—My Lotto	432	463	420	437	555	561
Class 4 gaming machines	826	806	818	843	870	895
Casinos	520	509	527	586	572	578
Total expenditure (in nominal dollars)	2072	2089	2091	2209	2334	2425
Per adult spending in Jun-18 \$s	659	644	627	644	652	652

### Problem gambling picture remains unchanged with Class 4 gambling still the most problematic

Three recently released reports on problem gambling show little change in the extent and nature of harmful and addictive gambling. Although this data is from 2015 to 2017 it shows sustained demand for problem gambling services and little change in the nature of such demand.

Results of Wave 4 of the New Zealand National Gambling Study (NZNGS) were published in 2018, but relate to surveys undertaken in 2015.<sup>94</sup> This survey found that proportionately fewer adults gambled in 2015 than in 2012—down from 80% to 75%.<sup>95</sup> A relatively small proportion of adults—around 13%—gamble on electronic gaming machines (EGMs), with EGMs in pubs being more popular than those in clubs or casinos.<sup>96</sup> The survey also found that 0.1% of the adult population could be classified as problem gamblers, with one-third of these becoming so recently and the remainder having been so for some time.<sup>97</sup>

The Health and Lifestyle Survey was undertaken by the Health Promotion Agency in 2016, and part of this survey specifically focused on gambling behaviours.<sup>98</sup> This survey found a smaller proportion (than the NZNGS) of New Zealanders—70%—had participated in at least one form of gambling in the previous year. It also found that while just 0.1% of adults could be categorised as problem gamblers, around 5% of adult New Zealanders, or around 186,000 people, reported causing or experiencing some harm from gambling. Half of those who gambled on ECMs in pubs or clubs on a monthly basis reported experiencing some harm, while 26% of those who engaged in sports betting on a regular basis did so as well.<sup>99</sup>

Problem gambling services user data, published in 2018 by Ministry of Health, reports demand and usage of Ministry-funded services between 2005 and 2017. In 2017, just under 12,000 people used these services, which is a similar volume as for each of the previous five years. A slightly larger proportion of these clients had previously used the service in 2017—this figure was 28% compared with 24% in 2012. This suggests, perhaps, that there is an increasing incidence of relapsing problem gamblers. A higher proportion of people contacting problem gambling services are family or friends of gamblers, rather than the gamblers themselves. This proportion (of non-gamblers) rose from 30% in 2012 to 39% in 2017. Consistent with previous results, the 2017 service user data identified that Class 4 gaming remains the main source of gambling harm for half of those seeking help.<sup>100</sup>



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## DEBT & FRINGE LENDING

Debt and borrowing money do not generate the physiological and psychological responses associated with drug use, drinking alcohol and gambling that place people at risk of addiction, but it is the case that ruinous debt or exploitative lending can trap people in a cycle of dependence and poverty, in much the same way as alcohol, drugs and gambling might. For this reason, we have included debt and fringe lending as a social hazard—in other words, an activity which many people find desirable to have in their lives, but risk harm and hurt for some people involved in this activity.

Fringe lending and the exploitative debt, which is often associated with it, are to some extent regulated by the Credit Contracts and Consumer Finance Act 2003 (CCCF). This Act was amended in 2014, in order to place more control over lenders and their practices. While these amendments have somewhat reduced the extent of financial abuse of vulnerable borrowers, the extent of compliance with the amended Act is limited and the legal limitations to such practices—such as interest rate setting and onerous contracts—are still not controlled by legislation.

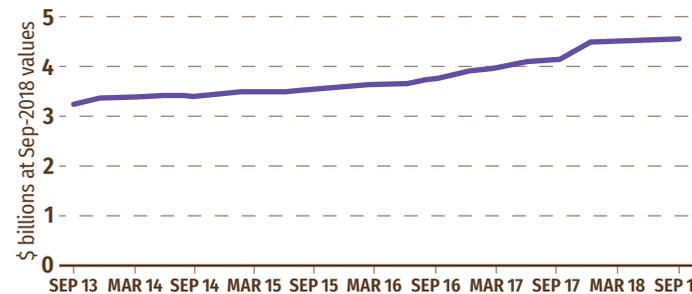
The Commerce Commission is responsible for administering the CCCF Act. In 2017, the Commission undertook a review of the websites of 215 finance companies and lending institutions offering credit under the CCCF Act. This review identified that 21% or 46 lenders had failed to meet one or several of their obligations under the Act.<sup>101</sup> The review also found that of the 115 lenders who published their interest rates online, 58% offered interest rates of more than 20%, while 19% advertised interest rates above 100%.<sup>102</sup>

The Commerce Commission also undertook a review of mobile traders or shopping trucks in 2014. These businesses are regulated under the CCCF Act and the Fair Trading Act 1986. This review found that 31 of the 32 businesses surveyed did not meet one or several legal obligations under CCCF Act and the Fair Trading Act.<sup>103</sup>

While the poor practices of fringe lenders are now becoming better known, there is no precise data on the size of this sector, or of trends of its growth or demise. The data offered in **Figure 34** is a best estimate available on the size of this sector of lending. This graph reports total lending to New Zealand households for consumer goods and services by non-bank lending institutions, such as third-tier finance companies and payday lenders.

Over the most recent year of available data (to 30 September 2018) consumer lending by non-bank lending institutions grew by almost 10% in inflation-adjusted terms to \$4.54 billion. Over the past five years, this type of lending has expanded almost 39% in inflation-adjusted terms and by almost \$1.5 billion in nominal terms.

**Figure 34: Consumer lending by non-bank lending institutions—2013–2018—at Sep-18 \$ values<sup>104</sup>**



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## ASSESSMENT: SOCIAL HAZARDS

ALCOHOL	RESULT
The very modest increase in the availability and presumable consumption of alcohol is not by itself a cause for concern and neither should alcohol’s improving affordability be concerning. What is and should be of concern are the impacts of these trends on some New Zealander’s drinking behaviours. While rates of hazardous drinking have not deteriorated overall—they have not improved either. The small but significant increase in hazardous drinking amongst older New Zealanders is of some concern, although falling rates of such drinking amongst 18- to 24-year-olds should be applauded. Emerging evidence of alcohol-related traffic offences is of some concern as well.	—
ILLCIT DRUGS	
Another year and the growing dominance of methamphetamine in the national drug story continues. Some of this rising importance—especially around the volume of convictions—may be driven by Police monitoring and enforcement efforts, and this emphasis is to be applauded. The absence of a programme to monitor trends in drug availability and use is concerning, as it limits any scope for informed policy responses.	—
GAMBLING	
There has been minimal change around gambling, with per-capita spending remaining constant and Class 4 gaming machine numbers stabilising. The patterns of problem gambling have changed only a little, with perhaps more demand coming from relapsed problem gamblers rather than new ones. The reluctance of policy makers to address the challenges posed by on-line gambling remains a concern.	NC
DEBT & FRINGE LENDING	
The benign framing of fringe lending and its associated debt continues to ignore the substantial harm being done in some communities by loan sharks and repo people. The Commerce Commission’s monitoring and enforcement activities are beginning to shine light into exploitative business practices, although the current stance of legislation will do little to address the imbalance between money lenders and vulnerable borrowers. The 40% real increase over the past five years in consumer debt owed to second- and third-tier lenders is a limited indication of how this situation is not improving.	—

+ Tangible or consistent progress   - Slipping back   **NC** No change



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## OVERALL ASSESSMENT

### **Our homes and communities are free from addictions and related harms**

There is no evidence to suggest that our homes and communities face less risk from social hazards than we did five years ago; at best we have stood still and at worst we may be sliding backwards a little.

The availability and consumption of alcohol has changed little over the past five years. Rates of hazardous drinking have remained the same. Although younger adults' drinking behaviours have improved, those of older adults have slightly worsened. There is some evidence that changing attitudes to drinking and driving have slipped back, and, as noted elsewhere in this report, our record on family violence seems intractable.

As a country, we have seen the blight of methamphetamine gradually deepen, although there is no evidence that things got worse over the past 12 months or so. This malaise may be due in part to the absence of a deliberate and dispassionate debate around national drug policy, along with some discussion of where our Police and other enforcement efforts should go in addressing the spread of illicit drugs.

Patterns of gambling—including the division of gambling activities and the drivers of harm—have remained unchanged.

The harm being done to many poorer families and households by predator lending practices of loan sharks and payday lenders has gone unchecked, despite recent changes in consumer credit law. Levels of such lending may be increasing, but the lack of any effective monitoring means that this trend cannot be accurately identified.

There appears to be a complacency here—a sense that the status quo is OK. This complacency may be due in part to ignorance, or at least an ignoring of the harms done by social hazards. Many of these harms are not evenly distributed across our society, as they weigh more heavily on the poor and marginalised than they do on the middle class and well off. This distributional pattern may account for this complacency, or perhaps for a broad consensus that the balance between social regulation and individual choice and responsibility has been achieved with the current policy mix.

It doesn't seem that much will change and that the harm done by addictions and dependence will diminish until we accept the need to review this policy mix and pay greater regard to the harm caused by our social hazards.



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## HOUSING

The past 12 months have seen considerable change in housing markets and housing policies. The long predicted slowdown in Auckland housing price inflation appears to have arrived, and prices and rents are easing further in Christchurch, as that city moves into a post-recovery era. Many other cities in New Zealand—especially Queenstown and northern North Island cities—have experienced rapid increases in sale prices and rents, which are creating difficulties for poorer residents in these places.

Consents for new dwellings are at volumes last seen more than 40 years ago, and, finally, in Auckland, we are seeing new supply catch up with population growth. This has merely taken pressure out of further cost increases, but has not made housing any more affordable in that region.

Our love affair with debt—especially housing-related debt—has continued, as household debt reached a new record high, approaching 100% of GDP for the first time in our history. This indebtedness has been bolstered and supported by historically low interest rates, but leaves hundreds of thousands of New Zealand households exposed to the risk of interest rate rises. Presently, this does not look much of a prospect, however.

## HOUSING AVAILABILITY

### Consents for new dwellings reach 43-year record high

Consents issued for new dwellings during 2018 reached the highest volume since 1974 at 32,900 dwellings. New dwelling consents in Auckland almost reached 13,000 during 2018, which is 19% more than in 2017, and more than twice the number consented during 2013 when 6,300 dwellings were approved. Twenty-year trends for new dwelling consents for Auckland and New Zealand are reported in **Figure 35**.

The record level of residential building in Auckland was almost matched by that region's population growth. **Figure 36** and **Table 22** report population data for New Zealand and Auckland for the past decade. During the 12 months to 30 June 2018, Auckland's population grew by 2.3% or by an estimated 38,700 people. Over the same period, New Zealand's population grew 91,600 or by 1.9%. This growth compares the estimated growth of 100,700 during the 12 months to 30 June 2017, which was the largest population increase in New Zealand's history. As discussed in the Work and Incomes chapter, and reported in **Figure 9**, this record growth was on account of record net migration of 70,000 people.

**Table 22** also compares population growth with consents for new dwellings, in order to gain a picture of how this level of residential building activity matches population growth. This assessment is undertaken by applying the average dwelling occupancy to population growth figures, as a way of estimating how many additional dwellings could be expected to be built, in order to cater for this population growth. The average dwellings occupancy has



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been estimated from the 2013 Census for Auckland and New Zealand.<sup>105</sup> For Auckland the average household size is estimated to be 3.09 people per dwelling, and for New Zealand it is assumed to be 2.75 people for dwelling.

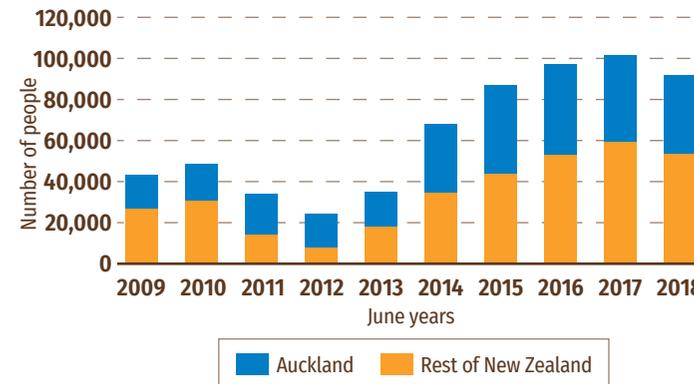
**Table 22** identifies that during the year to 30 June 2018, Auckland’s population growth of 38,700 people required 12,524 new dwellings to be built, consents for 12,369 were issued. This represents a small deficit of 155 dwellings. The deficit for the rest of New Zealand—estimated on the basis of 2.75 people per dwelling—is 294 units.

It is likely, however, that some of the consented dwellings will not be built, and dwellings will be demolished in the redevelopment of established suburbs. The results, for the June 2018 year, do indicate that building activity is finally matching population growth. In Auckland, this match is the first time since the June 2013 year. Over the most recent five years, the cumulative housing deficit in Auckland is 18,000 units—enough homes for 55,000 people.

**Figure 35: Consents for new dwellings in Auckland and New Zealand—1999–2018<sup>106</sup>**



**Figure 36: Population change in Auckland and New Zealand—2009–2018<sup>107</sup>**



**Rising demand for social housing not matched by supply increases**

Priority demand for public and other social housing has more than doubled in two years. At the end of September 2018, 9536 households were on the social housing waiting list and assessed as being a Priority A or B applicants. In September 2017, this figure was 5844 and in September 2016 it was 4602. The Priority A and B waiting list for public and social housing is reported in **Figure 37** for the period June 2014 to September 2018.

Against this, in almost 3700 priority applicants in a year, the reported number of houses available through income-related rent contracts (IRRS) expanded by just over 1400, and the number of social housing units available for IRRS grew by just over 1200. Recent trends in the availability of IRRS places and social housing units are reported in **Figure 38**.

For balance, these figures and trends require some context. The apparent recent and sudden increase in the social



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housing waiting list is mainly on account of changing practices by Ministry of Social Development (MSD) in how its staff receive and respond to requests for housing assistance. Some argument can be offered that before late 2016 the waiting list was managed for political reasons and MSD operated a somewhat opaque gatekeeping system, which limited access to the waiting list.<sup>108</sup> In addition, it was not until early 2017 that consistent reporting of IRRS tenancies and the numbers of social housing units was undertaken. The increasing numbers of such units is, however, questionable, given that social housing owned by Auckland Council and Christchurch City Council have been placed in separate organisations and now allowed access to IRRS. With these transfers there has been no increase in the social housing stock, merely a change in how it is paid for.

Figure 37: Social housing waiting list—2014–2018<sup>109</sup>

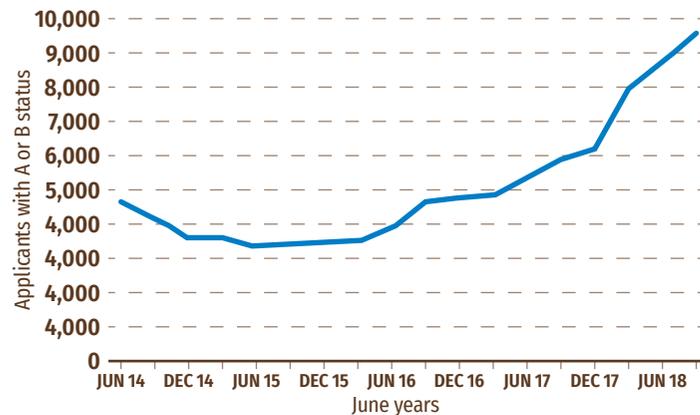
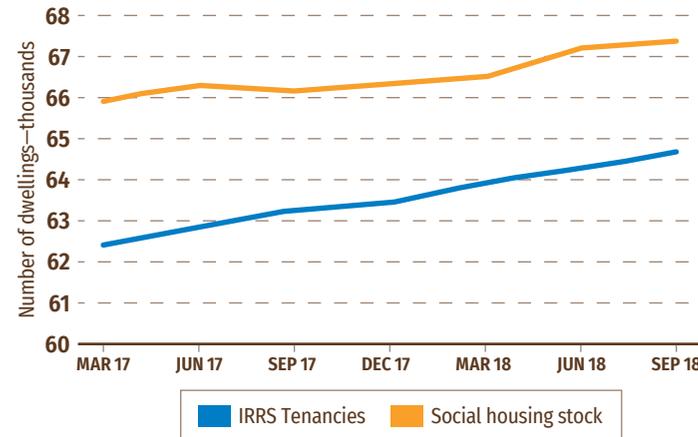


Figure 38: Social housing availability—2017–2018<sup>110</sup>



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Table 22: Estimates of population change and new house building—2008–2018<sup>111</sup>

June years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>NEW ZEALAND</i>											
Resident population	4,259,800	4,302,600	4,350,700	4,384,000	4,408,100	4,442,100	4,509,700	4,595,700	4,693,200	4,793,900	4,885,500
Annual population growth	36,000	42,800	48,100	33,300	24,100	34,000	67,600	86,000	97,500	100,700	91,600
Dwellings required for population growth	13,091	15,564	17,491	12,109	8,764	12,364	24,582	31,273	35,455	36,618	33,309
Consents for new dwellings	23,261	14,175	16,167	13,539	15,414	18,783	23,316	25,154	29,097	30,453	32,860
Surplus/deficit	10,170	-1,389	-1,324	1,430	6,650	6,419	-1,266	-6,119	-6,358	-6,165	-449
<i>AUCKLAND</i>											
Resident population	1,405,500	1,421,700	1,439,600	1,459,600	1,476,500	1,493,200	1,526,900	1,569,900	1,614,400	1,657,200	1,695,900
Annual population growth	15,100	16,200	17,900	20,000	16,900	16,700	33,700	43,000	44,500	42,800	38,700
Dwellings required for population growth	4,887	5,243	5,793	6,472	5,469	5,405	10,906	13,916	14,401	13,851	12,524
Consents for new dwellings	5,769	3,212	3,656	3,394	4,197	5,343	6,873	8,300	9,651	10,364	12,369
Surplus/deficit	882	-2,031	-2,137	-3,078	-1,272	-62	-4,033	-5,616	-4,750	-3,487	-155
<i>REST of NEW ZEALAND</i>											
Resident population	2,854,300	2,880,900	2,911,100	2,924,400	2,931,600	2,948,900	2,982,800	3,025,800	3,078,800	3,136,700	3,189,600
Annual population growth	20,900	26,600	30,200	13,300	7,200	17,300	33,900	43,000	53,000	57,900	52,900
Dwellings required for population growth	8,204	10,321	11,698	5,637	3,294	6,959	13,676	17,357	21,053	22,767	20,785
Consents for new dwellings	17,492	10,963	12,511	10,145	11,217	13,440	16,443	16,854	19,446	20,089	20,491
Surplus/deficit	9,288	642	813	4,508	7,923	6,481	2,767	-503	-1,607	-2,678	-294



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## HOUSING AFFORDABILITY

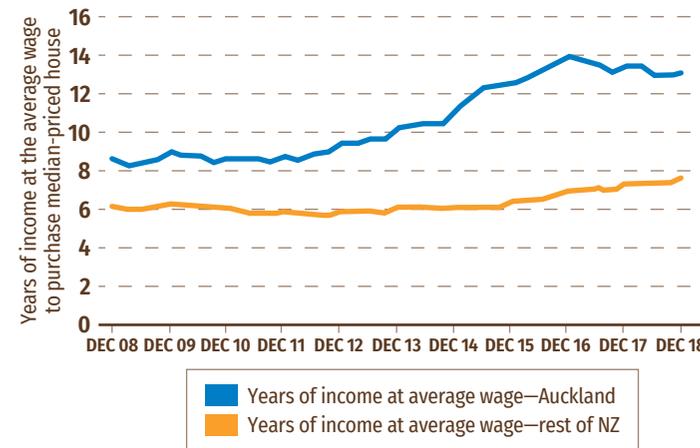
### House prices ease in Auckland, but take off in other North Island cities

Auckland house prices continued to ease during 2018, and when matched against modest wage increases of around 3%, this has meant that Auckland’s house prices became slightly cheaper. Meanwhile, in other parts of New Zealand, and especially in northern North Island cities, house prices have taken off, meaning that the affordability gap between these places and Auckland narrowed significantly. These trends are illustrated in **Figure 39** and **Table 24**.

By the end of 2018, Auckland’s median house price sat at \$867,000, level, almost, as it was a year before, but \$260,000 (in nominal terms) or 43% more than 5 years previously at the end of 2013. The affordability of these prices relative to average incomes improved during 2018, with it taking the equivalent of 13.0 years, at the average wage/salary, to purchase the median-priced house in Auckland, compared with 13.4 years at the end of 2017 and 14.0 years at the end of 2016. This 2018 figure is still substantially worse than the 10.2 years at average wage/salary it would have taken to purchase the median-priced house in 2013.

Many other New Zealand cities have begun to catch up to Auckland in terms of the unaffordability of housing. For the rest of New Zealand (excluding Auckland), the median house price rose between 2017 and 2018 (December quarters) from \$449,000 to \$485,000. This increase meant that the affordability of house prices deteriorated from the equivalent of 7.2 years at the average wage/salary at the end of 2017 to 7.6 years at the end of 2018.

Figure 39: House prices to incomes—2008–2018<sup>112</sup>



**Table 23** illustrates that this increase in house prices and deteriorating affordability is not evenly spread across New Zealand. Northern North Island cities—such as Whāngārei, Hamilton, Tauranga, Rotorua and Napier—have experienced increases in average house prices of more than 60% over the past five years. Only Queenstown Lakes District in the South Island has seen house price increases running ahead of the national average. Over the past five years, the average house price in Queenstown Lakes has increased 85%, to make it the most expensive local council area in New Zealand, with an average price of \$1.2 million. By comparison, house price increases in post-recovery Christchurch have been quite stagnant, especially over the past year where there has been little or no increases overall, with average house prices falling to around three-quarters of the national average of price.



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**Table 23: Changes in average house values in selected New Zealand cities—2013–2018<sup>113</sup>**

	Dec-13	Dec-17	Dec-18	1 Year change	5 year change
Whāngārei District	334,757	499,205	563,201	13%	68%
Auckland Area	695,210	1,051,762	1,048,145	0%	51%
Hamilton City	337,936	543,446	570,886	5%	69%
Tauranga City	442,061	693,725	720,645	4%	63%
Rotorua District	274,812	412,741	441,722	7%	61%
Napier City	323,102	477,959	526,506	10%	63%
New Plymouth District	345,571	436,669	457,807	5%	32%
Palmerston North City	287,913	375,217	425,543	13%	48%
Wellington City	533,651	756,879	813,052	7%	52%
Nelson City	402,399	555,184	601,571	8%	49%
Christchurch City	455,264	493,706	496,562	1%	9%
Timaru District	276,606	351,623	364,927	4%	32%
Queenstown Lakes District	646,375	1,111,995	1,193,225	7%	85%
Dunedin City	290,253	391,098	434,903	11%	50%
Invercargill City	203,787	256,433	286,275	12%	40%
New Zealand	461,953	669,565	682,938	2%	48%

**Mixed trends in rents as Auckland stabilises, Christchurch declines and North Island cities rise**

Regional rental housing markets had mixed fortunes across New Zealand during 2018, as rents stabilised in Auckland, continued to decline in Christchurch, and rose at more than

twice the rate of wages and salaries in many North Island cities. These trends are illustrated in **Figure 40** for the main regional markets, and in **Table 24** for selected lower-income suburban markets.

**Figure 40** measures affordability of rents, by estimating the number of hours worked at the average hourly wage to pay the average rent. These estimates are offered on a regional basis—taking account of regional wage variations as well as on a national basis.

Predictably, perhaps, rents are most expensive relative to wages in Auckland, where it takes around 16 hours at the average Auckland wage to pay an average Auckland rent. This rate of 16 hours has been the same since December 2016, so over this period, and on average, rents have been rising at the same rate as wages. Prior to late 2016, however, and more or less since late 2009, rents rose at twice the rate of wages and salaries in Auckland.

Average rents in Wellington gradually rose from just under 11 hours of work in late 2014 to 12.7 hours by the end of 2018. In Christchurch, rents have become more affordable, falling from the equivalent of 13.4 hours work in March 2015 to 11.3 hours by December 2018.

These regional results are generally confirmed with the analysis of more localised lower-priced markets, which is provided in **Table 24**. Most notable in **Table 24**, however, is the extent of recent rent increases in places such as Huntly, Fordlands (Rotorua), and Flaxmere (Hastings) and, over a slightly longer period, in Greerton (Tauranga) and Tokoroa. Local rents in lower-priced Wellington suburbs—such as Cannons Creek, Trentham, Naenae and Miramar—have been more mixed, with only average increases. Overall, rents in Christchurch suburbs—such as Aranui, Woolston and Hornby—have hardly risen over the past five years.



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Table 24: Average rents for 3 bedroom houses in selected suburbs—2013–2018<sup>114</sup>

	Average 5 years ago	Average 2 years ago	Average last 12 months	1 year change	5 year change
Kaikohe	229	282	298	5.8%	23.0%
Glenfield Central	457	562	567	1.0%	22.8%
Ranui North	388	474	483	1.9%	22.2%
Ākarana—Mt Roskill	470	577	584	1.3%	22.9%
Avondale West	432	557	533	-4.3%	28.8%
Mt Wellington North	470	575	568	-1.1%	22.2%
Otahuhu East	399	497	502	0.9%	24.5%
Manurewa Central	394	504	515	2.2%	27.8%
Papakura East	365	463	482	3.9%	26.9%
Huntly East	246	320	357	11.6%	29.9%
Claudelands—Hamilton	338	417	440	5.5%	23.4%
Greerton—Tauranga	318	422	434	2.7%	32.8%
Fordlands—Rotorua	208	286	330	15.4%	37.8%
Tokoroa	164	223	240	7.6%	35.6%
Flaxmere East—Hastings	282	337	378	12.3%	19.5%
Westtown—New Plymouth	346	382	405	6.1%	10.4%
Highbury—Palmerston North	256	322	346	7.5%	26.1%
Cannons Creek North	447	595	575	-3.2%	33.1%
Trentham North	342	434	450	3.7%	27.0%
Naenae South	348	413	449	8.6%	18.8%
Miramar South	484	616	643	4.4%	27.3%
Tahunanui—Nelson	346	399	395	-1.1%	15.5%
Aranui	348	365	348	-4.7%	5.1%
Hornby South	396	408	407	-0.3%	3.0%
Woolston West	380	366	369	0.9%	-3.8%
St Kilda West—Dunedin	328	381	420	10.3%	16.2%
Richmond—Invercargill	250	279	314	12.3%	11.8%
National	367	444	468	5.5%	21.0%



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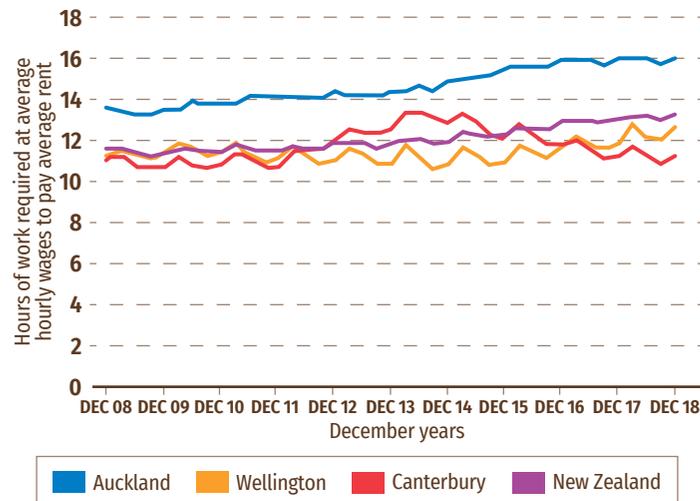
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**Figure 40: Rent affordability—rents compared with wages—2008–2018<sup>115</sup>**

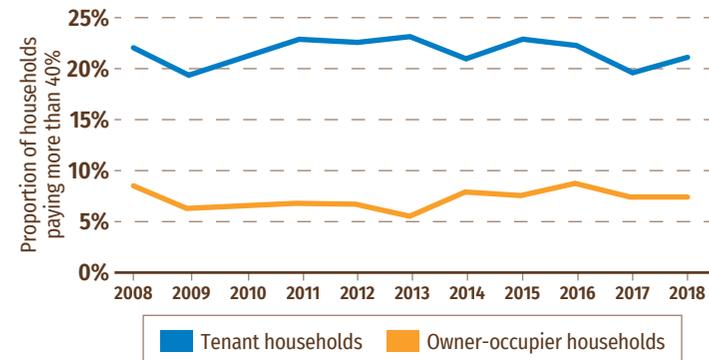


**Household spending on housing costs remain steady**

Statistics New Zealand Household Economic Survey reports that household spending on housing remained relatively stable during 2018, and is partially indicated in **Figure 41**. It has been the pattern over the past decade that 45% to 50% of tenant households pay at least one-quarter of their income on rent, while around 20% pay more than 40% of their income. By comparison, just 20% of owner-occupier households pay 25% or more of their income on housing costs and only 8% pay 40% or more. As could be expected, Auckland is the most expensive place to live, with households on average paying 18% of their income in housing, while those in Wellington typically pay 14% to 15% and households in Christchurch around 16%.

These results are somewhat at variance with the results around rising rents and rising house prices offered elsewhere in this chapter. One explanation for this disparity is that the rents and house prices reported here are those recently transacted in the market. Typically, only around 4% of the housing stock is bought and sold each year, while perhaps 40% of rental properties are vacated and re-let annually.<sup>116</sup> This means that most households are not paying current rents or sales prices for their housing. Furthermore, perhaps 40% of owner-occupier households are mortgage-free, and as many as 80,000 tenants live in social housing, which is subsidised, and a further 70,000 live in rent-free housing. All these households would face lower than average housing costs.

**Figure 41: Proportion of household spending more than 40% of income on housing—2008–2018<sup>117</sup>**



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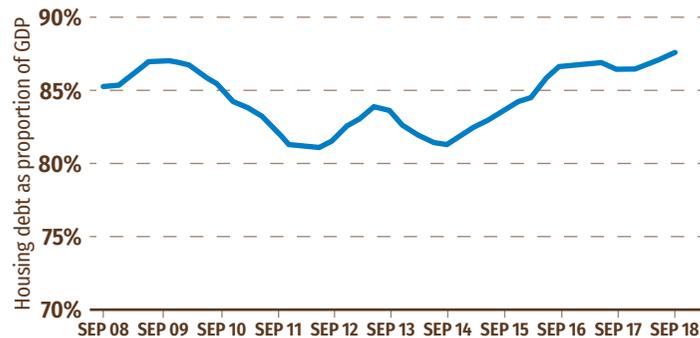
## HOUSING & HOUSEHOLD DEBT

### Housing debt tops quarter trillion dollars

By the end of September, New Zealanders owed \$255 billion in housing debt. In inflation-adjusted terms, this debt is 4% more than 12-months previously, but almost 30% higher than in 2013. As a proportion of GDP, New Zealand’s housing debt reached a record high of 87.5% at the end of the September 2018 quarter, up from 86.4% a year earlier and 83.6% five years previously. Housing debt as a proportion of GDP over the most recent decade is reported in **Figure 42**. This graph shows the impact of the GFC on subsequent levels of housing-related indebtedness, but, by the end of 2018, the pre-GFC peaks had been exceeded.

Of the \$255 billion in housing debt later 2018, 27% was debt against rental housing. This proportion is slightly lower than the 28% to 29% which has been commonplace over the past five years, and is illustration of the impact on tighter lending rules being applied to investors.

**Figure 42: Housing-related debt as proportion of GDP—2008–2018<sup>118</sup>**



### Household debt levels climb to new record highs

Household debt includes not only housing-related debt, but also consumer debt, credit card debt, student loans and overdrafts. This total debt also reached new records in the September 2018 quarter, in terms of inflation-adjusted dollars, and in relation to household disposable income and GDP. Data on these trends is offered in **Table 25** and **Figure 43**.

By 30 September 2018, average household debt—comprising housing debt, consumer debt and outstanding credit card balances—stood at almost \$157,800, which is 3.9% more than in the September 2017 quarter and 29% higher than in the September 2013 quarter. Of this debt, credit card and consumer debt averaged \$13,300, while housing debt averaged \$145,400.

Of course, because only around two-thirds of households own, or partly own, a house, the total housing-related debt is much higher than this \$145,400 for those households with a mortgage. The proportion of home-owning households with a mortgage is not known, although, in the 2013 Census, 44% of owner-occupier households reporting their mortgage status did not have a mortgage.

**Table 25: Household debt indicators—2013–2018<sup>119</sup>**

September years	2013	2014	2015	2016	2017	2018
Average per household debt in Sep18\$	130,629	134,272	140,596	150,190	154,833	158,767
Total household debt as % of GDP	92%	89%	92%	95%	95%	96%
Debt as % of disposable household income	145%	147%	151%	155%	156%	158%



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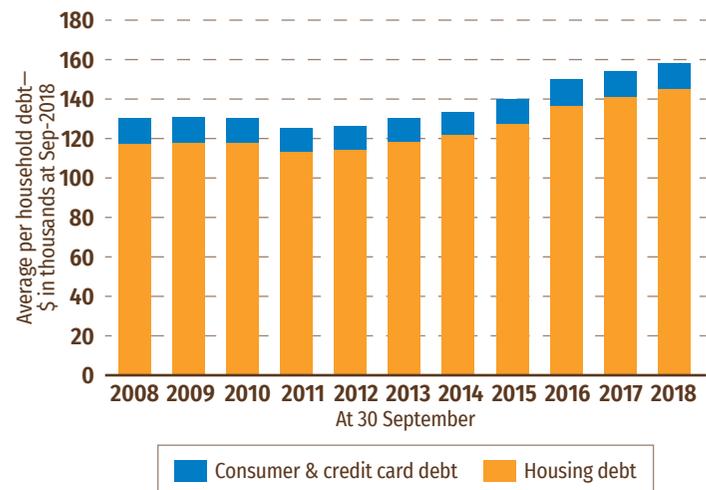
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Figure 43: Average per household debt—2008–2018<sup>120</sup>



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## ASSESSMENT: HOUSING

HOUSING AVAILABILITY	RESULT
After five years of accumulative housing deficits, which reached 18,000 dwellings, residential building activity in Auckland finally matched near record population in that region. Across New Zealand, record numbers of new dwelling consents will also ensure that additional housing stock will be able to meet overall demand for housing. Access problems around price will still persist, however.	+
<b>HOUSING AFFORDABILITY</b>	
Auckland’s housing affordability problems got no worse during 2018, which is something of an overdue blessing. This stalling of further increases in house prices and rents can hardly be seen as progress, given the continuing imbalance between housing costs and household incomes there. The declining affordability in many North Island cities—including Wellington and extending also to Queenstown Lakes District—is probably predictable, given what appears to be a diaspora from Auckland. This is not good news for poorer tenant households in these cities, who are literally being crowded out, and this is witnessed by growing waiting lists for social housing.	—
<b>HOUSING AND HOUSEHOLD DEBT</b>	
Another year of record indebtedness, particularly in housing-related debt, which topped a quarter of a trillion for the first time in mid-2018. Measured against household incomes and GDP, New Zealanders’ indebtedness is now exceeding the record levels seen just prior to the GFC. Our saving grace is the very low mortgage interest rates, which look set to continue for some time yet.	—

+ Tangible or consistent progress   - Slipping back   **NC** No change



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## OVERALL ASSESSMENT

### We all have housing which is healthy, safe and secure

Hindsight might decide that the past five to ten years have been disastrous for housing in New Zealand. For those on the ownership side of the tenure divide, this period has been one of almost unprecedented growth in property values and personal wealth. For tenants and younger households, the prospect of affordable, stable and safe housing has diminished. For poorer households and single adults, the threat of outright homelessness loomed large until Government decided, in later 2016, that more direct interventions were necessary.

This trend slowed during 2018, and residential construction activity appears to have caught up with record population growth, fuelled, as it was, by unsupported migration flows. This new construction is by no means affordable for those most in need of housing, but price pressures—at least in Auckland and Christchurch—have tapered off, as construction rates have caught up.

Demand for, and provision of, social and public housing has entered a different era, where there is greater recognition of demand and more deliberate efforts at increasing supply. There are questions around whether or not the supply response of additional 1600 public housing units per year is adequate. The answer to this question lies in what happens to waiting lists over the next 12 months. At this stage, it is too early to tell if we are finally making progress in providing secure, safe and affordable housing to the most vulnerable New Zealanders, or merely treading water through the provision of so-called transitional housing.

Housing prices both in terms of rents and sale prices appear to have moderated in the Auckland and Christchurch markets.

In Auckland, this has meant that things are getting no worse in what is already a very difficult situation for modest-income tenants. There has been some improvement in affordability in Christchurch, with rents and house prices declining marginally. For many other parts of New Zealand, and particularly northern North Island cities and Queenstown, rising housing costs are crowding out poorer resident households, as witnessed by increasing levels of unmet housing need in places such as Napier and Rotorua. Much of this may be as a result of a boil over of Auckland's housing challenges. It is difficult to see these trends as progress.

The unspoken legacy of this era is the record levels of household indebtedness, which has reached almost 100% of GDP and contributed directly to New Zealand's foreign debt. This legacy will perhaps take a generation to pay down if and when it is seen as a problem. In the meantime, our economy and household well-being remain vulnerable to rising interest rates and the demands which this places on after housing cost incomes.



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- 2 See Ministry of Social Development (2018). *MSD’s Household Incomes Report and companion report using Non-Income Measures: Background Information and Headline Findings*. Available at <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/monitoring/household-incomes/index.html>.
- 3 Perry, B (2017). *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2016*. Table H.4, p.142.
- 4 Ibid.
- 5 Ministry of Social Development: Benefit Factsheets. Available at <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html>.
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- 7 See Radio New Zealand report of 3 April 2018. Available at <https://www.radionz.co.nz/news/national/353938/record-number-of-children-in-state-care-more-than-6000>.
- 8 Source: Ministry of Social Development website. Available at <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/cyf/index.html>.
- 9 Ibid.
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- 11 Source: Police website at <http://www.police.govt.nz/about-us/publications-statistics/data-and-statistics/policedatanz/unique-victims-demographics>.
- 12 See Youth Justice Indicators Summary Report. Available at <https://www.beehive.govt.nz/sites/default/files/2018-04/Youth%20Justice%20Indicators%20Summary%20Report%20April%202018.pdf>.
- 13 Ibid p.5.
- 14 Ibid p.5.
- 15 Source: Statistics New Zealand website at <http://nzdotstat.stats.govt.nz/wbos/Index.aspx#>.
- 16 Data is from Ministry of Education website Education Counts in the ECE participation section which is available at website at <https://www.educationcounts.govt.nz/statistics/early-childhood-education/participation>.
- 17 Ibid.
- 18 Ibid.
- 19 Ibid.
- 20 Source: Ministry of Education website at <https://www.educationcounts.govt.nz/statistics/schooling/senior-student-attainment/school-leavers2>.
- 21 Ibid.



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- 22 Ibid.
- 23 Source: Statistics New Zealand's Live Births and Abortions data sets. The 2018 rate is an estimate based on birth data to September 2018 and abortion data for the 2017 calendar year.
- 24 Ibid. For the 10 years to December 2017 the average annual number of children born to a Māori mother aged 15 to 19 years old is estimated at just under 1500 while the average number of abortions performed on pregnant Māori women in this age group was 560.
- 25 Data source: Statistics New Zealand's Live Births and Abortions data sets.
- 26 Ibid.
- 27 Ibid.
- 28 Source Ministry of Justice—Coronial Services at <https://coronialservices.justice.govt.nz/suicide/>.
- 29 Ibid.
- 30 This figure is the increase in dairy cows and heifers in milk or calf the decade between 2007 and 2017. Data is from Statistics New Zealand's NZStat database and the Livestock Numbers by Regional Council data set.
- 31 Statistics New Zealand's Household Labour Force Survey and based on 'Employed Persons, Full & Part-Time Status by Sex' data set and the actual quarterly measure.
- 32 Statistics New Zealand's Household Labour Force Survey and based in 'Underutilisation by Sex' data set and the actual quarterly measure. Also Ministry of Social Development Benefit Factsheets for benefit data.
- 33 This data is from Statistics New Zealand's International Travel and Migration data series and from the Permanent & Long-term migration set. Statistics NZ have recent commenced publishing a new outcome based data set on long-term migration. This data reports lower volumes of net migration than those reported in Figure 9.
- 34 Source: Statistics New Zealand's National Population Estimates.
- 35 In 2008 there were 142,000 15- to 19-year-olds in jobs and they made up 6.5% of the total workforce. By 2014 these figures were 121,000 people in work making up 4.6% of the workforce.
- 36 Statistics New Zealand's Household Labour Force Survey.
- 37 Statistics New Zealand's Household Labour Force Survey and based on 'Labour Force Status by Sex by Age Group' data set and the actual quarterly measure.
- 38 Ibid. This data is based on annual averages of four consecutive quarters.
- 39 This estimate is taken from Statistics New Zealand's National Accounts dataset and is based on quarterly actual estimates of expenditure based GDP.
- 40 Statistic New Zealand's National Accounts data series and based on the 'Per capita measure, Nominal, Actual, Total (Qrtly-Mar/Jun/Sep/Dec)'.
- 41 Statistics New Zealand's Earnings and Employment Survey data series and based on 'Average Weekly Earnings (Employees)' actual quarterly measure.
- 42 Statistics New Zealand's Quarter Employment Survey has wage data from March 1989.
- 43 Statistics New Zealand's Quarterly Employment Survey.
- 44 Ibid.



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- 45 <https://www.beehive.govt.nz/release/budget-2015-glance>.
- 46 This data is based on Ministry of Business Innovation and Employment's Regulatory Impact Statements of Minimum Wage Reviews. These reviews are available at <https://www.mbie.govt.nz/business-and-employment/employment-and-skills/employment-legislation-reviews/minimum-wage-reviews/>.
- 47 Data is derived from Statistics New Zealand's Labour Market Statistics—Quarterly Employment Survey and legislative setting for the Statutory Minimum Wage (Minimum Wage Act 1983) and benefit levels (Social Security Act 1964).
- 48 The purpose of the Social Security Act 2018 is offered in s.2 and is primarily about work—to help people support themselves when not in work, to help them find work and if work is 'not currently appropriate' to help them 'support themselves and their dependents'. The narrative here presumes that being out of work is a temporary and dysfunctional state and that the purpose of any financial assistance is to help people support themselves. The Act's principles in s.3 have a similar pre-occupation with work. The adequacy of income support or its purpose outside of the conditional relief of hardship is not considered in the current law.
- 49 Ministry of Social Development Statistical Reports and Benefit Factsheets. Available at <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/>.
- 50 Ibid.
- 51 See Half Year Economic and Budget Update, table 6.2, p.126.
- 52 Treasury (2017) 2017 Budget Economic and Fiscal Update Core Crown Expense, table p.123 and table 6.2, p.124.
- 53 Statistics New Zealand—Household Living Cost Price Indexes. Available at <https://www.stats.govt.nz/information-releases/household-living-costs-price-indexes-september-2018-quarter>.
- 54 Data is from The Salvation Army's SAMIS database.
- 55 These figures are based on 12-month averages.
- 56 Data of the gender pay rates is limited prior to the commencement of Statistics New Zealand's Quarterly Employment Survey in 1989. The *New Zealand Yearbook* reports some average weekly wages for men and women separately, comparable male and female occupations. In 1939, it appears that women earned 50% to 57% of men's average weekly wage in comparable occupations. By 1959, this difference had narrowed to 65% to 73%. See the 1960 *New Zealand Yearbook*. Available at [https://www3.stats.govt.nz/New\\_Zealand\\_Official\\_Yearbooks/1960/NZOYB\\_%201960.html?\\_ga=2.228646748.1917013352.1546723002-1616466095.1502477398#idsect1\\_1\\_363283](https://www3.stats.govt.nz/New_Zealand_Official_Yearbooks/1960/NZOYB_%201960.html?_ga=2.228646748.1917013352.1546723002-1616466095.1502477398#idsect1_1_363283).
- 57 2014 New Zealand Crime and Safety Survey *Main Findings Report*, graph 3.10, p.57 and p.6.
- 58 See *Topline Report* on the New Zealand Crime and Victims Survey. Available at <https://www.justice.govt.nz/justice-sector-policy/research-data/nzcvs/resources-and-results/>.
- 59 These statistics are available at <http://www.police.govt.nz/about-us/publications-statistics/data-and-statistics/policedatanz>.
- 60 Ibid.
- 61 Ibid. These estimates are derived from a combination of the Recorded Crime Victims Statistics (RCVS) and Recorded Crime Offenders Statistics (RCOS) the Police.



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- 62 Ibid.
- 63 Ministry of Justice data tables: People charged & convicted. Available at <https://www.justice.govt.nz/justice-sector-policy/research-data/justice-statistics/data-tables/>.
- 64 Police recorded offence statistics. Available at <http://www.police.govt.nz/about-us/publications-statistics/data-and-statistics/policedatanz>.
- 65 See Family Violence: It's not OK website 'Statistics'. Available at <http://areyouok.org.nz/family-violence/statistics/>.
- 66 Source: Ministry of Justice website at <https://www.justice.govt.nz/justice-sector-policy/research-data/justice-statistics/data-tables/>.
- 67 Ibid.
- 68 Department of Corrections' Quarterly Prison Statistics. Available at [https://www.corrections.govt.nz/resources/research\\_and\\_statistics/quarterly\\_prison\\_statistics.html](https://www.corrections.govt.nz/resources/research_and_statistics/quarterly_prison_statistics.html).
- 69 Estimates are from prisoner numbers reported in Department of Corrections annual reports and Statistics New Zealand's population estimates.
- 70 Source Parole Board annual reports. Available at [https://www.paroleboard.govt.nz/about\\_us/publications.html](https://www.paroleboard.govt.nz/about_us/publications.html).
- 71 Department of Corrections annual reports.
- 72 Ibid.
- 73 Ibid and especially *Department of Corrections Annual Report 2017-18*; Appendix Two: Recidivism Index in p.164.
- 74 Source: Statistic New Zealand's Alcohol Available for Consumption data set. Available at <http://archive.stats.govt.nz/infoshare/SelectVariables.aspx?pxID=b091c352-3689-470c-95bf-b1d7d735a10a>.
- 75 Health Promotion Agency (2018). *Trends in affordability of alcohol in New Zealand*. Wellington: Health Promotion Agency. Available at <https://www.hpa.org.nz/research-library/research-publications/trends-in-affordability-of-alcohol-in-new-zealand>.
- 76 Ibid., table 3, p.9.
- 77 Ibid., figure 4, p.13.
- 78 See Statistics New Zealand's consumer price index (CPI) groups at Level 2. Available at <http://archive.stats.govt.nz/infoshare/>.
- 79 The definition of hazardous drinking varies from survey to survey but has been defined as by the AUDIT-C screening system 'as a pattern of alcohol consumption that increases the risk of harmful consequences for the user or others'. This risk may be of immediate harm (i.e., injury, falls, assaults) or the risk of developing alcohol-related health issues in future (i.e., chronic health conditions, addiction).
- 80 Towers, A, Sheridan, J, Newcombe, D (2017). *The drinking patterns of older New Zealanders: National and international comparisons*. Wellington: Health Promotion Agency.
- 81 Ibid., p.14.
- 82 Source: New Zealand Health Survey. Available at [https://minhealthnz.shinyapps.io/nz-health-survey-2017-18-annual-data-explorer/\\_w\\_a6ae616e/#!/home](https://minhealthnz.shinyapps.io/nz-health-survey-2017-18-annual-data-explorer/_w_a6ae616e/#!/home).
- 83 Sources: Offence data is from New Zealand Police road policing data set. Available at <http://www.police.govt.nz/about-us/publication/road-policing-driver-offence-data-january-2009-september-2018>. Alcohol offence conviction data is from Ministry of Justice's website at <https://www.justice.govt.nz/justice-sector-policy/research-data/justice-statistics/data-tables/>.



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- 84 Data on the number of roadside breath tests is taken from Police annual reports. Data on convictions for alcohol-related driving convictions is from Statistics New Zealand's NZStat database. These figures vary a little with those reported by Police and Ministry of Justice which are offered in Table 21.
- 85 Source: Ministry of Justice prosecution and sentencing data tables. Available at <https://www.justice.govt.nz/justice-sector-policy/research-data/justice-statistics/data-tables/>.
- 86 Ibid.
- 87 Ibid.
- 88 Chappell, A, Ashmore, E and Watson, S (2018). *Wastewater Analysis for Illicit Drugs Monthly Report June 2018*, table 4, p.2. Available at <http://www.police.govt.nz/about-us/publication/wastewater-pilot-programme>.
- 89 Ibid., see figure 6, p.11.
- 90 Source: figure 5, p.10.
- 91 Source: Department of Internal Affairs—Gambling statistics. Available at [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gaming-Machine-Venues-Numbers-and-Expenditure-by-Territorial-AuthorityDistrict](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gaming-Machine-Venues-Numbers-and-Expenditure-by-Territorial-AuthorityDistrict).
- 92 Data on TAB betting is taken from the NZ Racing Board's 2018 Annual Report while data on lottery gambling is taken from the 2018 Annual Report of My Lotto (formerly the NZ Lotteries Board). Data on Class 4 gaming machine gambling is reported by Department of Internal Affairs. Available at [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics).
- 93 Data through to 2016 is from the Department of Internal Affairs Gambling Expenditure Statistics. Available at [https://www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics](https://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gambling-Expenditure-Statistics). Data for 2017 for Class 4 gaming machines is the Department's Class 4 gaming reports while other 2016 expenditure figures are taken from the annual reports on the New Zealand Racing Board, New Zealand Lotteries Commission and SkyCity Ltd.
- 94 Abbott, M, Bellringer, M, & Garrett, N (2018). *New Zealand National Gambling Study: Wave 4 (2015). Report number 6*.
- 95 Ibid., p.6.
- 96 Ibid., figure 4, p.39.
- 97 Ibid., p.55.
- 98 Thimasarn-Anwar, T, Squire, H, Trowland, H & Martin, G (2017). *Gambling report: Results from the 2016 Health and Lifestyles Survey*. Wellington: Health Promotion Agency Research and Evaluation Unit. Available at [https://www.hpa.org.nz/sites/default/files/documents/Final-Report\\_Results-from-2016-Health-And-Lifestyles-Survey-Gambling-Feb2018.pdf](https://www.hpa.org.nz/sites/default/files/documents/Final-Report_Results-from-2016-Health-And-Lifestyles-Survey-Gambling-Feb2018.pdf).
- 99 Ibid., p.14.
- 100 See Ministry of Health's website which reports problem gambling services client data at <https://www.health.govt.nz/our-work/mental-health-and-addictions/gambling/service-user-data/intervention-client-data>.
- 101 Commerce Commission (2018). *Lender Website Review* p.5. Available at [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0013/91111/Lender-website-review-201718-June-2018.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0013/91111/Lender-website-review-201718-June-2018.pdf).
- 102 Ibid., chart 56, p.13.



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- 103 Commerce Commission (2015). *Mobile Trader 2014/15 Report*; p.6. Available at [https://comcom.govt.nz/\\_\\_data/assets/pdf\\_file/0035/95993/Mobile-Trader-2014-2015-Project.pdf](https://comcom.govt.nz/__data/assets/pdf_file/0035/95993/Mobile-Trader-2014-2015-Project.pdf).
- 104 Source: Reserve Bank of New Zealand Statistical series Table T4: Non-banks funding and claims by sector.
- 105 The average dwelling occupancy is estimated here to be the usually resident population divided by the number of occupied dwellings on census night, plus the number of dwellings where the regular occupants were absent on census night. Dwellings which were simply empty, because they are vacated for sale or used as holiday homes, are not included in this count.
- 106 Statistics New Zealand's Building Consents dataset.
- 107 Statistics New Zealand's Sub-national Population Estimates.
- 108 For example, MSD undertook an initial assessment of a household's housing need over the phone and decided at this stage whether or not a person would be allowed to make an application. For some reason the Ministry took no records of the volume of such enquiries. In August 2016, Newshub reporter Lisa Owen uncovered a scam where an organisation known as Sanctuary Homes offered people access to emergency housing. This organisation recruited tenants from MSD offices in South Auckland and MSD paid the rent on behalf of tenants directly to Sanctuary Homes. The emergency housing offered by Sanctuary Homes was often a garage or shed without running water or insulation.
- 109 This data is taken from the Housing Quarterly Reports formerly published by Ministry of Social Development and now provided by Ministry of Housing and Urban Development. The most recent reports are available at <https://www.hud.govt.nz/community-and-public-housing/follow-our-progress/>.
- 110 Ibid.
- 111 Statistics New Zealand: Sub-national population estimates and Building consents data series.
- 112 Media house price data is from the Real Estate Institute of New Zealand, and income data is based on total average weekly wages on an FTE basis from Statistics New Zealand's Earning and Employment Survey.
- 113 Data from Quotable Value. Available at <https://www.qv.co.nz/property-trends/residential-house-values>.
- 114 Average rent cited here is the monthly mean averaged over three-quarters. Data is from MBIE's Tenancy Bond Division CAU rents data set.
- 115 Rent data is based on monthly geometric means for regional rents averaged over three months for each quarter. This data is available from the Ministry of Business Innovation and Employment's Tenancy Bond Division at <http://www.mbie.govt.nz/info-services/housing-property/sector-information-and-statistics/rental-bond-data>. Income data is from Statistics New Zealand's Employment and Earnings Survey and is based on the average ordinary time wage for all employees.
- 116 These estimates are based on reported house sales volumes by Real Estate Institute of New Zealand of around 70,000 to 80,000 annually of a total housing stock of 1.8 million dwellings, and tenancy bond data published by MBIE which suggests a 10% quarterly turnover of the rental housing stock.
- 117 Data from Statistics New Zealand's Household Economic Survey. Available at <https://www.stats.govt.nz/information-releases/household-income-and-housing-cost-statistics-year-ended-june-2018>.



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- 118 Data for Reserve Bank Statistics table pm *Key household financial and housing statistics—C2*. Available at <https://www.rbnz.govt.nz/statistics/c21>.
- 119 Debt and household income data is taken from the Reserve Bank's Lending and Monetary Statistics Tables C5 and C12. Household estimates are from Statistics New Zealand's Household and Dwelling Estimates and GDP estimates are from Statistics New Zealand's national Accounts data series and based on actual quarterly nominal values.
- 120 Ibid.
- 121 Perry (2017). Table H4 p.143.
- 122 Ibid., Table F.7 p.122.



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## MĀORI–NON-MĀORI GAPS TABLE

INDICATOR	MEASURE	Outcome 2013 Māori	Outcome 2013 Non-Māori	Outcome 2017 Māori	Outcome 2017 Non-Māori	Outcome 2018 Māori	Outcome 2018 Non-Māori	Ratio 2013	Ratio 2017	Ratio 2018
Teenage pregnancies	Pregnancies to 1- to 19-year-olds per 1000 15–19 year old women	70	26	52	16	Not available	Not available	2.7	3.2	Not available
Infant mortality	Infant deaths (<1 year) per 10,000 live births	47	41	55	29	40	35	1.1	1.9	1.2
Children in state care	Children in state care per 1,000 children	10.4	2.9	13.2	2.8	13.1	3.1	3.6	4.7	4.2
Early childhood education enrolment	Proportion of under-5-year-olds enrolled in ECE	53.0%	68.6%	57.3%	69.6%	57.3%	68.5%	0.8	0.8	0.8
Student engagement	Stand downs per 1000 students	38	16	41	18	Not available	Not available	2.4	2.3	Not available
Student achievement	Proportion of school leavers leaving with less than Level 1 NCEA	28.6%	10.5%	19.1%	7.6%	Not available	Not available	2.7	2.5	Not available
Youth offending	Overall offending rate by 12- to 16-year-olds—per 1000 population	21.3	5.1	18.1	3.2	16.3	2.7	4.1	5.6	5.9
Welfare support	Adults receiving a benefit as % of working age population	27.7%	8.8%	24.5%	7.1%	24.7%	7.0%	3.2	3.5	3.5
Unemployment rate	Official unemployment rate	12.5%	4.8%	10.1%	3.9%	8.9%	3.6%	2.6	2.6	2.5
Youth unemployment	Proportion of 15- to 24-year-olds NEET	22.9%	9.2%	18.7%	10.0%	18.6%	10.2%	2.5	1.9	1.8
Personal income from wages & salaries	Average weekly personal income for those employed	\$837	\$982	\$985	\$1,136	\$994	\$1,192	0.9	0.9	0.8
Distribution of personal income	Proportion of adults in lowest three income deciles	35.8%	29.3%	34.8%	29.3%	33.9%	29.4%	1.2	1.2	1.2
Adult prison sentence rates	Proportion of convicted 17- to 19-year-olds who are imprisoned	12.3%	5.1%	13.1%	5.5%	11.5%	4.5%	2.4	2.4	2.6
Imprisonment rate	Number of people imprisoned—per 100,000 population	625	114	700	122	717	126	5.5	5.7	5.7
Recidivism rate	Reimprisoned within 24 months of release	42.2%	32.8%	47.0%	37.2%	49.6%	36.7%	1.3	1.3	1.3
Alcohol consumption	Proportion of adult population as hazardous drinkers	Not available	Not available	33.0%	17.5%	31.7%	18.1%	Not available	1.9	1.8
Illicit drug offending	People convicted of illicit drug offences—per 1000 people	3.3	0.8	2.2	0.5	2.1	0.5	4.2	4.3	4.3
Demand for social housing	Households on social housing waiting list—per 1000 households	Not available	Not available	15.5	1.7	24.9	2.8	Not available	8.9	8.9

Background data for this table is available at [salvationarmy.org.nz/AreYouWell](http://salvationarmy.org.nz/AreYouWell)



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