



# COVID-19 Social Impact Dashboard

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## 08 May 2020

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### Are we in the proverbial calm before the storm?

Thank God the health impacts of this pandemic have been minimised. But the social and economic impacts are massive and will be felt for a long time to come. The real effects of the 2007/08 Global Financial Crisis (GFC), sparked by banking and financial markets collapsing, took several years to truly be understood. For example, The Salvation Army's foodbank distribution continued to steadily increase *after* 2007/08, peaking a decade later in 2017, when more than 62,000 food parcels were given out, and only slightly decreasing in the last few years. The real social impacts of the GFC to employment, unemployment, housing, welfare support, child poverty and other social issues took several years to fully comprehend. This Covid-19 pandemic will be exactly the same. Therefore, we should not and cannot settle for the new social 'normal' emerging in New Zealand from this crisis, even as we wait to see these impacts develop.

The focus for Covid-19, has been on immediate and urgent needs, and rightfully so. This is seen in our food bank numbers and the massive uptake of the Government's assistance packages. But shifting to a recovery approach is now necessary. Nehemiah was an Old Testament prophet who knew a thing or two about recovery. The walls had been destroyed of his beloved city of Jerusalem and the Jewish Temple, and so they were open to attack and ruin. So, he led a huge rebuilding project, using Scripture, moral standards and challenging his people to work hard and come together. The project was successful.

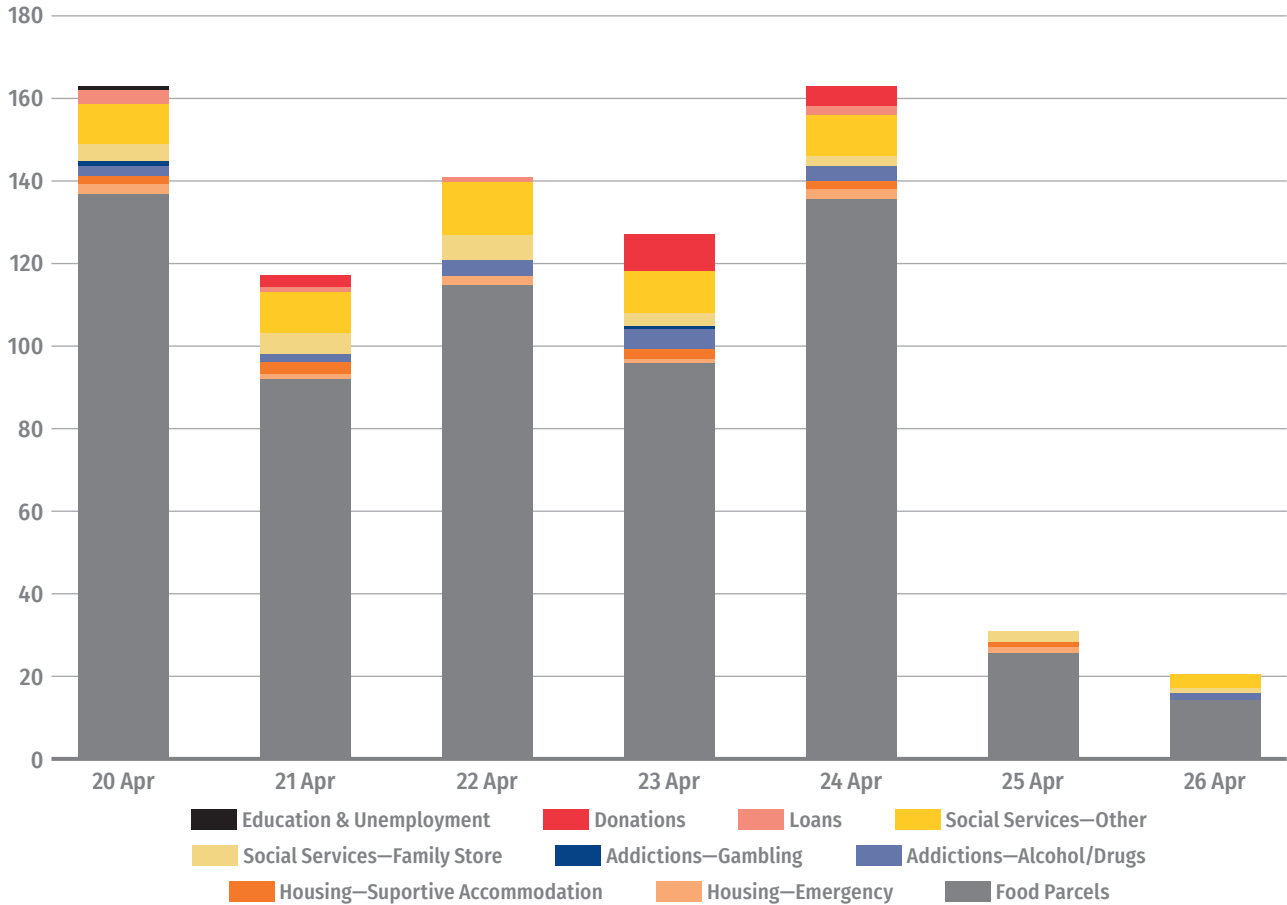
Budget 2020 offers great opportunities for targeted and effective public investment that could bring substantial and long-term recovery and rebuilding. This third Salvation Army Covid-19 Social Impact Dashboard assesses the current social impacts, but also looks forward and offers recommendations about what a social recovery and rebuilding-focused Budget 2020 should look like, particularly as the Government releases their Budget on 14 May. Following this, our next Social Impact Dashboard (released 22 May) will evaluate the Budget 2020 through the lens of the five areas on our Dashboard: food security, financial hardship, housing, addictions, and income support and employment.

**\$3.38 MILLION**

**raised through  
The Foodbank Project  
(as at 6 May 2020)**

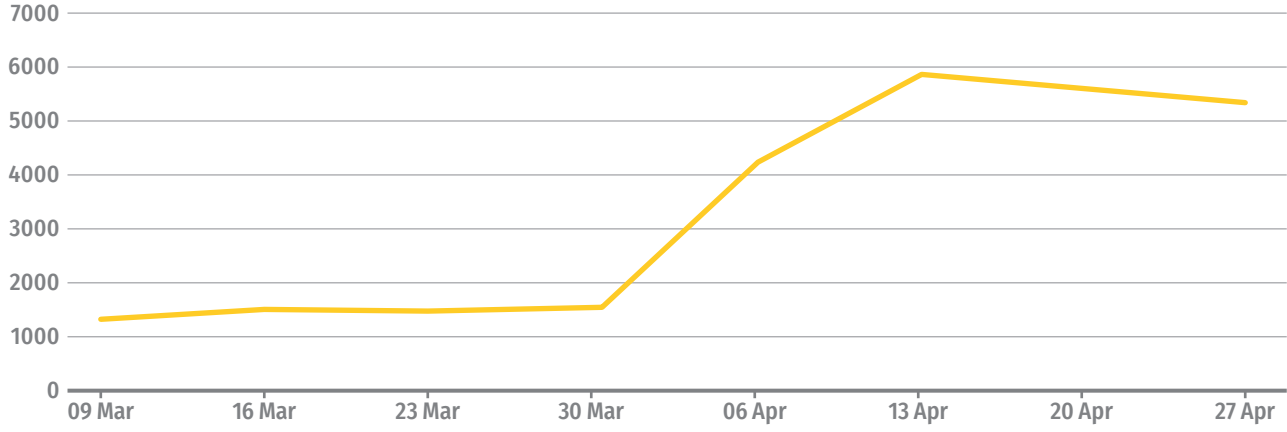
**THE  
Foodbank  
PROJECT**

### Salvation Army 0800 Number—Reasons For Calls (20–26 April)

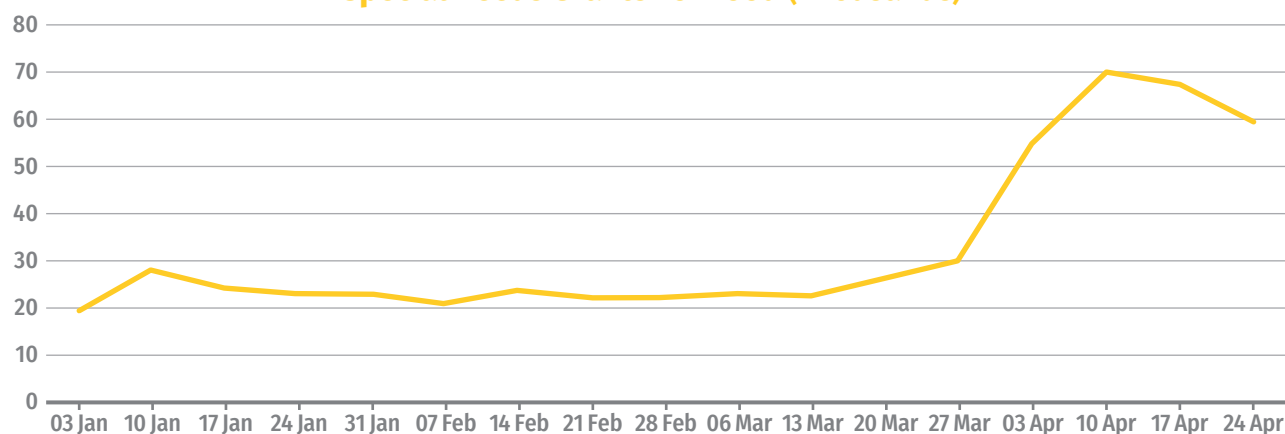


## FOOD SECURITY

### Weekly Food Parcels March–April (Provisional)



## Special Needs Grants For Food (Thousands)



### Data

The burning question for the coming weeks and months is whether we are moving into a new level of chronic food hardship for a whole new group of the population. Weekly food parcel distribution appears to have peaked at the very high levels recorded mid-April. Ongoing need over three times more than before the pandemic shows the extent of the social challenge our country and communities are facing in the coming months. At the same time, the continuing generous support from community and corporate sponsors has seen donations to The Salvation Army Foodbank Project rise to \$3.38 million. These donations will help sustain work to provide food support over the coming weeks and months.

The number of Ministry of Social Development (MSD) Special Needs Grants for food paid out each week also appears to have peaked in mid-April. But the 59,300 grants paid out in the week to 24 April is still two and half times higher than the weekly average during January and February, of around 23,000. This means that around 166,000 additional food hardship grants have been paid out in the five weeks of the level 4 lockdown on top of the already high level of food need that existed before the crisis began.

### Responses

The Government committed a further \$30 million to fund Civil Defence Emergency Management (CDEM) work on 22 April that includes supporting community organisations to provide emergency food parcels.

### From the Front Lines

- **Wellington Region** *A call from a Māori woman seeking food recently epitomised for me the situation that many Māori whānau are facing after exhausting every avenue of Government assistance ... a kōrero of despair at the fiscal deterioration of her happy and healthy whānau home, a kōrero of disbelief at the 'last resort' thought of having to reach out to a charitable organisation for kai.*

### Moving Forward

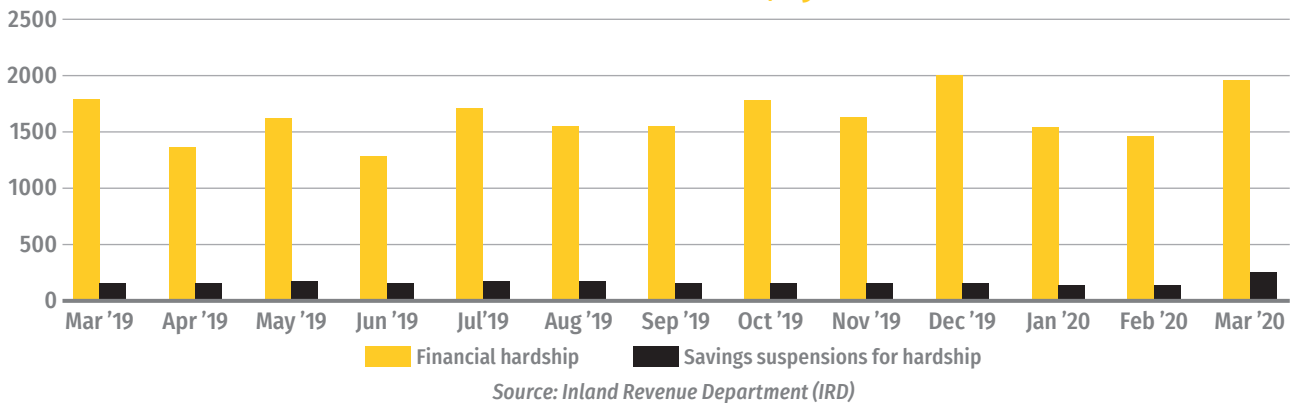
The upcoming Budget must take steps to turn around this explosion of food hardship. We reiterate the fact that many of those seeking food assistance simply lack sufficient income. The measures proposed in the **Income Support & Employment** section (below) are required to reduce the pressure on families. The developing food crisis only serves to emphasise the need to focus on the goal of eliminating food insecurity in this country. Food insecurity is one of the action areas under the Government's *Child and Youth Wellbeing Strategy*. As part of this, a pilot project of free school lunches in up to 120 schools was launched in February. With the scale of food need emerging as a result of the Covid-19 crisis, a more comprehensive approach is needed to address the income, housing, health and other underlying causes of food hardship. Over time this could mean transitioning the wide variety of food banks into networks

that enhance the food security of their communities. A group of community organisations is exploring the pathway to *kore hiakai*—zero hunger ([zerohunger.org.nz/](http://zerohunger.org.nz/)) Now is the time to increase focus on the other factors that contribute to households experiencing food hardship and developing long-term strategies to achieve food security for people on low incomes.

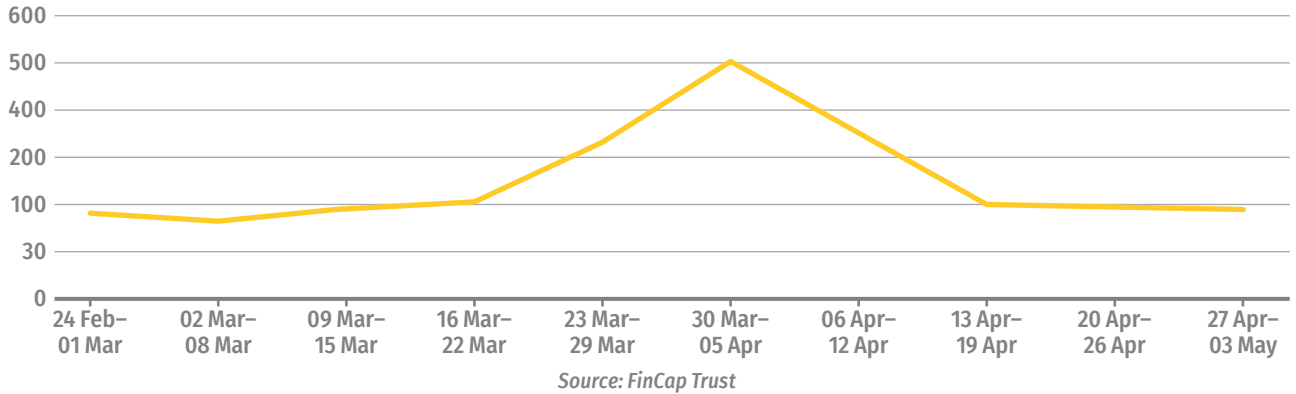
**‘He kai kei aku ringa—yes there is food at the ends of my hands, yes, we have the people and the resources to feed the people.’**

## FINANCIAL HARDSHIP

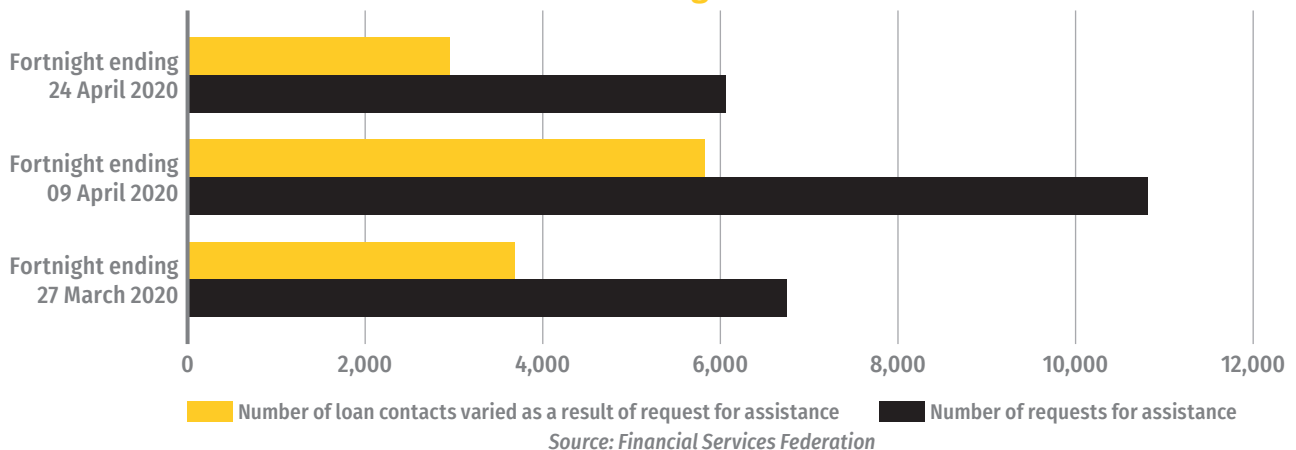
Number of KiwiSaver Fund Withdrawals, by withdrawal reason



Calls to FinCap MoneyTalks Helpline



Consumer Lending Statistics



## Data

Entering level 3 seems to have brought a settling period in terms of financial hardship. KiwiSaver withdrawals for hardship definitely increased in March. But this current level is similar to the hardship withdrawal numbers seen in December 2019. Savings suspensions for hardship doubled from February to March, but these numbers are still relatively small. Experts predict KiwiSaver hardship withdrawals will spike in July, especially with the wage subsidy ending soon.

After significant spikes in late March/early April, call numbers to MoneyTalks have stabilised recently to reach February 2020 levels. But these call numbers (as well as other MoneyTalks tools, like email, chat and texting) are still significantly higher than 2019 figures. The Financial Services Federation (FSF) also report this stabilising period, with declining numbers for loan enquiries and variations of loan contracts, for the fortnight ending 24 April, from the major spike in the previous fortnight. The FSF believe this is because many are still receiving the wage subsidy, they expect a significant increase in enquiries towards the end of the 12-week subsidy period. Treasury reported in their 1 May Weekly Economic Update that *the consensus has grown more pessimistic, with most forecasters now expecting a contraction of close to 20% in the June quarter, and unemployment nearing 10% by the end of the year.* This will massively affect financial hardship levels for Kiwi. The storm is clearly on the horizon.

## Responses

Government passed urgent legislation on 1 May for greater consumer protection around high-cost loans. These were previously debated and agreed upon measures that were commenced earlier because of the pandemic. These include the cost of a credit cap (so that people will never have to pay back more than 100% of the loan principal), banning compound interest on high-cost loans and limiting default fees to \$30. **These tools are useful. But we still argue they are not comprehensive enough to truly provide sufficient protections for consumers, particularly for poorer Kiwi and the new group of people who we see entering into financial hardship and vulnerability.** Additionally, the recent Covid Relief Loan initiative from BNZ through Good Shepherd has to date approved 13 loans (from 17 submitted applications), paying out almost \$11,000 in no-interest relief loans. While these numbers are small, the access to safer and more ethical credit is a crucial protective measure for consumers in this increasingly uncertain economic climate.

## From the Front Lines

- **Financial Mentor (Auckland)** *Not many new clients. Working with existing clients but this is difficult. Planning for the expected increase in people facing financial hardship is crucial.*
- **Community Finance and Loans (National)** *We are contacting property managers to try and engage with tenants in rent arrears and see if ethical community finance is a possibility for them. The Good Shop vans continue to operate in South Auckland and Porirua. Engagement from the communities has been slow for the vans during lockdown. But the last few weeks has seen a huge increase in enquiries about our loans and we expect this to grow.*

## Moving Forward

What does recovery and rebuilding look like in terms of financial hardship? As with the first two Social Impact Dashboards, we affirm the answer to this question lies in two areas. First, in the short to medium term, stronger regulation from Government is needed around consumer lending. We do welcome the recent urgent moves, but we believe they do not go far enough and are effectively **like throwing cups of water on a house fire.** We have consistently presented the comprehensive Covid-19 hardship responses from the Financial Conduct Authority in the United Kingdom as a robust framework for Government policy and regulation that can truly help those in financial hardship. Urgent, coordinated and strategic action is needed on car finance, credit cards, personal loans and high cost loans. Second, impactful recovery and rebuilding

needs strategic and systemic change in the building financial capability sector. This requires significant transformational investment into frontline budgeting services, the financial mentor workforce, alternative pathways to safer credit and the MoneyTalks helpline. Some of this has commenced, which we warmly welcome. But we expect even more strategic investment in the revised Budget 2020, released next week.

## ADDICTIONS

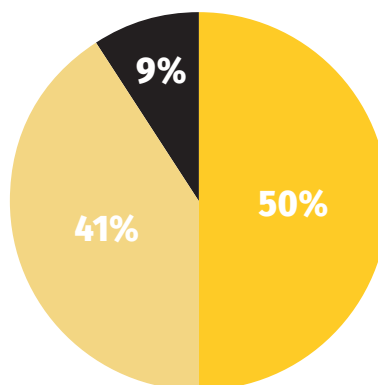
### Data

The Health Promotion Agency (HPA) recently released a very informative survey of alcohol, tobacco and gambling use during the Covid-19 level 4 lockdown. In terms of **alcohol**, nearly half of respondents (47%) say they are drinking alcohol at the same levels during the lockdown as they usually do, while 34% report drinking less than usual during lockdown. Among Māori respondents, 42% report drinking less than usual. The most common reasons given were difficulty obtaining alcohol and being unable to go out and socialise. Among Pasifika respondents, 57% report drinking less than usual. Many indicate the lockdown is an

opportunity to reduce how much they drink. Others have reduced drinking because they are living in an alcohol-free households and/or don't like to drink around family.

In terms of **gambling**, most respondents who gamble report reduced gambling [50%], or the same amount [41%] as they usually would during lockdown. Also, 8% of gamblers have gambled online for the first time since lockdown and an additional 12% are gambling online more than usual since lockdown. The Salvation Army continues to struggle to get referrals and take on new clients in our addictions service and detox facilities because of Covid-19 process limitations. Fewer clients are being engaged.

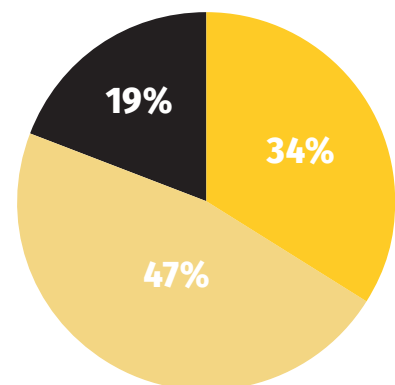
**Of those who reported gambling in the past four weeks**



■ Less than usual  
■ Same as usual  
■ More than usual

Source: The impact of lockdown on health risk behaviours, Health Promotion Agency, 17 April 2020

**Of those who reported drinking in the past four weeks**



■ Less than usual  
■ Same as usual  
■ More than usual

Source: The impact of lockdown on health risk behaviours, Health Promotion Agency, 17 April 2020

### Responses

Communication and logistical communication problems continue with Ministry of Health and District Health Boards (DHB); for example, an expectation with audits around PPE being on site without any actual availability of gowns, face shields, etc.

### From the Front Lines

#### Alcohol and Other Drugs

- There is a clear trend of clients doing much better or remaining stable under lockdown and the majority are reporting very positive outcomes. This is particularly true of drug use.
- In some regions, the price of methamphetamine has become extremely expensive and some people are seeking rehabilitation because they cannot financially maintain this level of use.

- In South Auckland there are reports that older adults in the whānau are supporting the use of marijuana as a way to cope and stay calm, reducing the violence. The fact that support agencies are mostly not doing face-to-face visiting has been very problematic (At The Frontline report, Prof. Ian Lambie).

### Gambling

- Clients are wanting to put a hold on counselling support until after gambling venues are opened, and there are concerns some clients will return to gambling as soon as venues reopen.
- Remote self-exclusion completed before gambling venues open has helped reduce anxiety for some clients.

### Moving Forward

The Salvation Army is calling for significant multi-million dollar funding for alcohol and other drug services (AOD) in the following areas in Budget 2020.

- The development of **tele-health** as an embedded and funded component of Non-Governmental Organisations (NGO) service delivery as well as an increased level and range of brief intervention services. This must be instituted to address addiction or substance abuse issues early, before they develop and become entrenched, and to provide access to treatment for those who have geographical or logistical problems accessing treatment.
- Funding to **embed mental health into addiction services**, for example, fund mental health nursing and peer support workers within all NGO AOD agencies. Mental health issues are strongly linked to addictions for many AOD clients, and currently DHB mental health services are so overwhelmed that many refer clients to AOD instead.
- The Government funding for community groups usually obtained through pokie machines is absent because of the lockdown. This creates another **significant funding gap** for cash-strapped community groups that needs resolving in Budget 2020, so NGOs and community groups can properly face the current and emerging social issues.

## HOUSING

### Pre COVID19 Housing Situation in New Zealand

People on the waiting list for a social house	15,736
Households in a transitional housing placement	3048
Housing under construction through Government programmes	3711
Households receiving Accommodation Supplement support payments	318,096
Households in public housing	69,408
Number of Public Housing available in New Zealand	70,738

Source: MSD, HUD, Homes

## Data

In previous Social Impact Dashboards, The Salvation Army highlighted the extent and impact of New Zealand's housing crisis going into Covid-19. The housing crisis is particularly damaging for Māori. A 2018 *Stocktake of NZ's Housing* report, documented some of the key problems present for Māori in a housing crisis. Because Māori housing need is high, it could be assumed that Māori have a strong presence in social housing. Yet the number of Māori occupying social housing dropped by 29% between 1986 to 2013. The unavailability of social housing for Māori has forced them to use alternative poorer quality private rental housing. This housing is generally inferior to social housing, and also more expensive. In 1986, 27% of Māori were housed in private rentals. In 2013, that had more than doubled to 56%. The higher cost of this type of housing means that 65% of people pay more than 40% of their income to provide housing in private rentals. These increased housing costs in Māori communities often tend to lead to whānau often living together in crowded situations. A consequence of this overcrowding is often increased susceptibility to diseases transmitted by close contact. These types of over-crowding illnesses account for 20% of Māori hospitalisations. Māori homeownership is also severely declining. In 1986, 53% of Māori children lived in homes owned by their parents, but in 2013 that had fallen to 39%.

However, **the human side of the Māori housing crisis in Covid-19 is even more confronting**: the whānau forced to live in a cowshed and old van just outside a Northland town; a Dunedin whānau isolated in a motel for six weeks and now unable to move until a social house is available; a Māori mum with two kids whose lockdown space is one room of a transitional house; the whānau who are paying \$475 in rent, living on the wage subsidy of \$580. What this Covid-19 crisis highlights is that when we underinvest in robust housing policies, bad things result. The economic and social cost of housing becomes unaffordable. Housing supply does not meet demand, and poor health outcomes start developing for families. Underinvestment in housing will result in the wellbeing of whanau falling to unacceptably low levels.

## Responses

The investment currently offered by the Government and the community around New Zealand shows new hope and opportunity can result when good housing policy occurs. An example is **Housing First**, a programme funded by Government and operated by community organisations. The programme treats housing as a human right and works based on a premise of permanent housing being the best place to address other issues. This programme has been successful throughout New Zealand to get people into housing and keep them there. In Auckland, 647 households are housed, 57% of which are Māori. Other examples of real innovation in housing abound. **The Salvation Army** invested more than \$20m in 50 high-quality apartments in Auckland. The apartments provide safe and secure housing to 50 households formerly in high housing need. With the assistance of Government rent subsidies, we can meet the operational and mortgage expenses.

**He Korowai Trust**, in Kaitaia, has the *Whare Ora* housing scheme, which helps whānau off the streets and into homeownership. *Whare Ora* makes use of 'recycled' state houses shipped from Auckland. The homes are refurbished by young students from one of the Trust's training academies, and placed on a 20ha block of land in Kaitaia. In Auckland, the **NZ Housing Foundation** has provided 829 houses through its Shared Ownership and Rent To Own programmes. The Foundation works with the Government, charitable/philanthropic organisations, Auckland Council and others, to give families an opportunity at home ownership. Similarly, **Habitat for Humanity's** Assisted Home Ownership programme helps families invest 500 hours of their time to build their own or other people's homes. When completed, the family makes affordable regular repayments to Habitat on a no-profit basis. The rent-then-buy model helps families build up a deposit which they can then use to get a mortgage.



## Moving Forward

The escalating housing crisis due to Covid-19 has caused people and organisations to strongly call for significant national investment in housing. Suggestions are numerous and include:

- increased building of social and emergency housing
- purchasing some of the hospitality industry's underutilised motels and Air B&Bs
- Government purchase houses in private developments under pressure
- nationwide expansion of Housing First
- national assistance programme that helps tenants and owners with rental and mortgage difficulties
- more liberal building regulation that makes undertaking affordable house building quicker and easier
- Kainga Ora's large scale urban development programmes that could be sped up and expanded.

The Salvation Army believes this is the time to **make the most significant allocation ever to housing in New Zealand's history**. We have suggested in previous reports a multi-billion dollar investment over the next four years in social housing, progressive homeownership programme and build to rent. The Budget should contain a multi-billion dollar allocation. The decision on how to spend the money should not be rushed. We recommend establishing an expert group representing the best brains in housing from the Government, public and private sectors in New Zealand and overseas, who can sift through all the ideas over the next three months and provide to Government a robust plan of action for spending the Budget allocation. The spending of a substantially increased Budget allocation needs to be high quality, well researched and effective. When the 2020 Budget spend on housing is complete, we need to be able to say as a nation: 'Because of the Covid-19 crisis, New Zealand is now the best-housed nation in the world'.

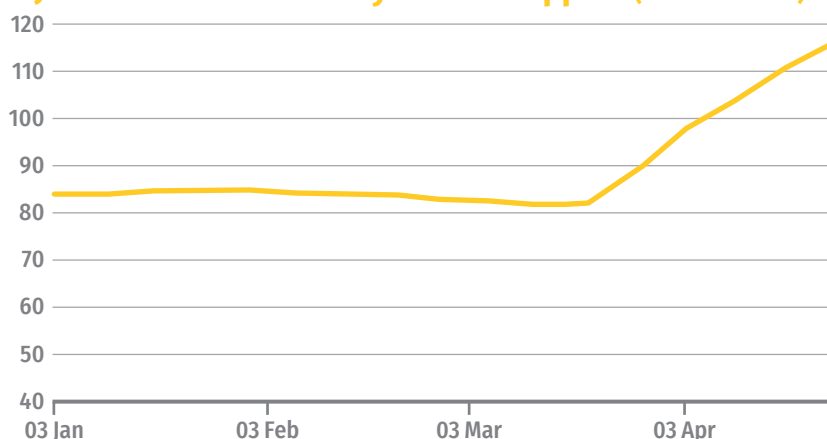
## INCOME SUPPORT & EMPLOYMENT

### Data

In terms of **employment**, the number of people registered as Jobseeker (Work Ready) continues to grow and increased by a total of just under 34,000 to 115,898 in the five weeks including the level 4 lockdown to 24 April, a 41% increase. If the growth of around 7000 per week continues, the Jobseeker (Work Ready) number will have doubled by mid-June, about the time that the 12-week period ends, which the wage

subsidy scheme payments are meant to cover. The wage subsidy was being paid to just under 1.7 million workers and costing around \$10.5 billion by 24 April. The increasing unemployment is not affecting all parts of our country and people in our communities the same. We highlight two areas that show the social impacts, as well as the opportunities for bold Government- and community-led responses.

### Job Seeker—Work Ready Income Support (Thousands)

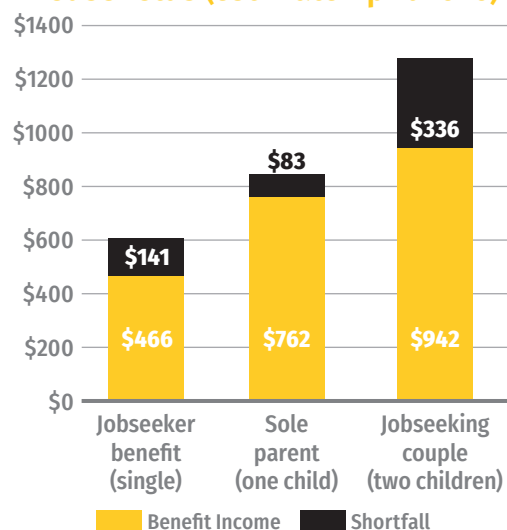


*These figures revise the example budgets from the Welfare Expert Advisory Group 2019 report*

- **Northland** had the highest Jobseeker (combined Work Ready and Health Condition) rate in the country before the crisis began (8.9% in January 2019) but it has now increased further to 10.6% by 24 April—the biggest percentage increase of all regions. Northland has a high proportion of Māori and shows one of the ways the crisis is hitting Māori harder than others. Salvation Army community teams in the region have been reaching out to help communities under pressure and looking for ways to bring transformation. The Covid crisis is highlighting a need that has always been there, as communities struggle with poor housing and health care, addictions, and insufficient employment. Good responses are happening as iwi and hapu see to protect and sustain their whānau and communities, but gaps remain.

- **Queenstown Lakes District's** (population 41,700) unemployment rate was one of the lowest in the country in January 2019, 1.1% in December 2019. Yet Queenstown is experiencing a huge social and economic shock, as the tourism and hospitality sectors have ground to a halt. Since the pandemic emergency response began, there have been 5422 individual welfare requests, and just under a third are from people who have no employment, with others struggling with reduced hours and incomes. Around 4000 who are seeking welfare support are on overseas work visas with no entitlement to welfare benefits and cannot register as Jobseekers. The Prime Minister and Social Development Minister have both stated that they believe the additional \$30 million in nationwide emergency assistance for community responses is sufficient assistance to cover the needs of the overseas workers without employment. The local community is mobilising to meet short-term needs with the Wakatipu Community Foundation 'Covid-19 Greatest Needs Fund' already raising more than \$500,000 to support charitable organisations to meet the needs of the vulnerable in the region. But it seems unlikely that either response is adequate for the scale of emerging need. A further response could be to establish an urgent work guarantee programme that pays all those who register at least a basic wage and employs them to work on local and regional projects. The Government could make available funding to support rapid job creation in areas such as Northland and Queenstown Lakes where there is clearly urgent need. Whether it be conservation, community or housing projects, there is no shortage of good work that needs to be done in the short to medium term.

### Income Shortfall: Example Benefit Households (estimate April 2020)



*These figures revise the example budgets from the Welfare Expert Advisory Group 2019 report*

In terms of **income support**, welfare system remains an inadequate support system full of inconsistencies and gaps that leave typical households well short of what is needed to get by. The **Income Adequacy Shortfall** graph shows the extent of the shortfall in income, for example, in households renting in South Auckland. Even with the increases in benefits and Winter Energy Payment (WEP) this year, a household with two children is \$336 per week below what is needed, a sole parent \$83 below (if child is over 3 years old) and a single Jobseeker \$141 below. These shortfalls combine with other gaps in the welfare system. Children in households losing employment also lose the \$72 a week In-Work Tax Credit. Workers who lose their jobs but have a partner still in employment may find they have little or no entitlement to welfare support.

## Responses

Interest-free loans of between \$10,000 to \$100,000 to help small to medium sized businesses have been announced. This week saw the first payments of the increased WEP going to nearly one million people receiving NZSuper or a welfare benefit until the end of September.

## From the Front Lines

- **Queenstown Lakes District** *The emergency response here is not set up to assess and deliver full welfare support in the way Work & Income or other Government agencies can. We are worried about what will happen to migrant workers when the 60-day eviction freeze ends in mid-May. It is not clear how people will be housed if they can't stay where they are now. Those who have been made redundant and can't pay for medical bills, fuel and other expenses, find it is taking days for them to get through but then have to wade through the same process once another expense comes up.*
- **Wellington region** *The wage subsidy, or employers reducing people to 80% of previous earnings, means people now need help who didn't before. They can't afford to lose 20% of their income when they were just getting by beforehand.*
- **Northland region** *I am passionate for our people to be employed. We must not aim too low. We need to work with people in their lives. Relationships are at the heart of being Māori and I would love us to bring Te Ao Māori into training and upskilling people, that is about the whole person, full of care and manaakitanga, aiming to bring them into better paid and secure work.*

## Moving Forward

Bold and **courageous Government action shaped by the vision of adequate incomes for all will need to be supported through Budget 2020**. Two essential elements must be included: first, rapid and decisive action to fund short-term alternative employment on a regional basis coordinated by local Government, locally based enterprises and community organisations for those losing work to keep them connected to paid employment; second, Budget 2020 needs to deliver welfare and income support that achieves adequate incomes for those not in paid work. Lifting incomes for those not in employment, while also ensuring that as many people as possible find new employment quickly, will be truly transformative for everyone, but especially for Māori and Pasifika households that are more affected by low incomes and high unemployment.

The medium- to long-term goal is to transform how people are employed, based on socially and environmentally sustainable work that builds skills and creates good quality employment with fair pay. As thousands of jobs disappear over the coming months, the opportunity exists for Government to resource communities to find good temporary employment, while the medium- to long-term changes can be worked on and implemented.

We welcome your comments on this Dashboard series.

Please contact the authors at [social.policy@salvationarmy.org.nz](mailto:social.policy@salvationarmy.org.nz)

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