

Kei a Tātou It is us

Alan Johnson | Social Policy Analyst

The Salvation Army Social Policy & Parliamentary Unit

February 2018



 **Social Policy & Parliamentary Unit**
Working for the eradication of poverty in New Zealand
www.salvationarmy.org.nz/socialpolicy

Introduction

The *State of the Nation* report this year is the tenth annual report The Salvation Army's Social Policy Parliamentary Unit has completed. New Zealand as a nation has changed in many ways over this time and each of these reports have served as markers along the way. In this report, we have analysed the 2017 year, measuring the key social indicators, as previously, but we have also endeavoured to look back over 10 years to provide an indicator of social progress over a more extended period of time.

This report has the key theme 'Kei a Tātou', or in English—'It is us'. For many of us the statistical information provided can seem somewhat technical, theoretical and separated from our lived realities. However, behind these statistics are people—women, men, children, families and communities—sometimes thriving and in rude health, while on other occasions they are isolated, living with extreme levels of stress, in poverty and highly marginalised.

The story that emerges out of these reports is not something abstract and external to us—it is us, Kei a Tātou. As a society, a nation, we are intimately connected to each other in a relationship of belonging, so those that stumble or fall outside the margins are part of us. We are not isolated individuals, and collectively we can impact on the maladies that afflict our society and we can affect positive social progress.

The things we bother to count are an indication of what we think is important. They can be used powerfully to focus us, to enable us to address the social ills that blight our communities. For example, the frequent, almost daily, note taken of our road toll helps galvanise the nation in a commendable and largely successful attempt to reduce the waste of so many lives. Campaigns are carried out and substantial resources are committed to this endeavour. Other

equally painful social disasters often appear to fall outside a similarly focused approach—such as the alarmingly high rate of suicides referred to in this report. In comparison, suicide sometimes seems to fly under the radar of our collective consciousness and begs for a comparably focused communal response.

We hope that this year's report will enable us to celebrate genuine social progress where it has occurred, and to galvanise us into committed, collective responses where there is evidence that people are falling behind. After all—Kei a Tātou—it is us.

Finally, after 10 years of producing the *State of the Nation* we are re-evaluating this annual report. Is it time to change it in any way? Has it served its purpose? Can the information be presented in a different and more effective way? Your feedback is appreciated as we consider the future of our *State of the Nation* report.

Lieut-Colonel Ian Hutson | Director
Social Policy and Parliamentary Unit

Executive Summary

Over the past ten years, The Salvation Army's *State of the Nation* reports have been presented as a stocktake of our social progress. These reports are offered as a critique of public policy and not as a political criticism of the Government of the day, although they have been used as such by opposition parties. This was to be expected perhaps given the blame culture that characterises much of our public life. With the recent change of government this need to blame is less compelling, except, perhaps, as a note of hindsight. But hindsight is of little value if it is simply to lament and not to learn. Given this, it is the intent of the 2018 report to continue to offer glimpses into our social progress, but, also, to comment on what we can learn from the past decade and, by doing so, contribute to a new public narrative around what we mean by progress.

Our public narrative may well have changed post the 2017 Election. It is now timely to take stock of the progress we have made over the past decade or so. Certainly the shine of the previous Government's economic growth model was becoming tarnished. As the 2017 *State of the Nation* report—'Off the Track'—pointed out, we were beginning to see: entrenched youth unemployment, alongside strong job growth; minimal changes in child poverty rates, despite years of strong economic growth; and, rising levels of homelessness, side-by-side with rising house prices. The Government elected in the 2017 Election would have had to face these challenges regardless of whether it was led by the National Party or the Labour Party. In facing such issues, there is an opportunity to re-consider the narrative—or the national conversation—we have around our priorities and focus.

We suggest that this national conversation could include four ideas that are illustrated by the analysis in the 2018 *State of the Nation* report. This analysis also includes a special 10-year snapshot of

important trends. The four ideas concern: an inclusive economy, nurturing our youth, re-thinking crime and punishment, and the place of home.

Inclusive economic growth

Between 2013 and 2017, the New Zealand economy grew by 14%, the number of jobs grew 15% and per-capita GDP grew 13% in inflation-adjusted terms. Average weekly incomes from wages and salaries, in inflation-adjusted terms, grew by 6% over this time, but there was no substantial change in child poverty rates, and youth unemployment remained at around 20%. While it is not the case for longer periods of time, it is clear that the benefits of this recent strong economic growth have not been shared across the board, or trickled down, as the theory would have it.

There may yet be some catch up in incomes as well as policies to address child poverty, and programmes to support unemployed young people into jobs, but unless these things do arise there may come a point where economic growth comes to be seen as a thing in itself—as being valued for its own sake and not for the benefits it offers the wider society. At this point the political consensus around economic growth may begin to break down, if only because the infrastructure, resource and social costs of this growth are being ignored.

To avoid such a breakdown, efforts need to be made to ensure that economic growth is inclusive. This can be done through generous extensions of the minimum wage, additions to the social wage, regular adjustments to the value of income support programmes and ensuring that employment allows workers to be protected and able to advocate adequately for their interests.

Nurturing our youth

There is much to celebrate in the progress which the youth of New Zealand have made, although this progress has been supported by families, communities and public policy. Included in this *State of the Nation* report is evidence of positive outcomes. These include the continuing declines in youth offending, in teenage pregnancy rates and improving NCEA pass rates—especially for teenagers from less well-off communities. Youth suicide rates, however, remain disappointingly high, as have youth unemployment rates and the numbers of younger adults who are simply not engaged in education, training or employment.

Greater effort is required to nurture our youth, to ensure that there are ample pathways available for them to find their place in the world. The still 'too long tail' of educational underachievement blights our education system and, while gaps are closing, they are still wide and closing very slowly. Such persistent gaps limit the opportunities for tens of thousands of teenagers and put them at risk of anti-social and personally destructive behaviours. High levels of youth unemployment, alongside calls for more liberal immigration to ease labour shortages, suggests that as a society we are overlooking the needs and potential of our young.

Beyond fear and retribution

Despite falling rates of crime, we are sending more people to prison and planning to build yet more prisons. One of the drivers of this trend is a compositional change in offending—or at least the types of offending that are a priority to Police. As a society, we have justifiably become more concerned about violence and family violence, in particular. The higher imprisonment rates we are now seeing has, in part, been driven by increased incarceration of violent

offenders, as well as by their unwillingness to comply with things like bail and sentence conditions and protection orders. But, if imprisonment is the answer to such violence and offending, why are we planning for more prisons? Furthermore, if the threat of prison deters people from offending, the questions are: Why are more than one-third of released prisoners back in prison within two years? Why hasn't this recidivism rate gone down?

Our public debate around crime and punishment has, at times, been ill-informed and occasionally it has been quite vengeful. This need for public vengeance and retribution is somewhat puzzling when we consider the very structured nature of criminal offending. The New Zealand Crime and Safety Survey 2014, for example, reported that in the year of the survey (2013) an estimated 10.4% of adults had been a victim of inter-personal violence. While this seems a high figure, it is much lower than previously, when the figure was 16.9% in 2005 and 15.5% in 2008. Yet, of the estimated 1.3 million instances of inter-personal violence during the study year, just 15% involved violence from strangers while 57% involved violence from family members. Furthermore, of the victims of inter-personal violence where an intimate partner was the perpetrator, 1% of adults experienced 61% of this type of offending. Most of the violence that is surfacing in our crime statistics is associational, and much of this type of violence is highly concentrated. Given this level of concentration, public sentiment towards offenders should perhaps matter less than the needs and expectations of victims. Yet, have we asked the victims of family violence what they think should be done with their perpetrators and how best we can deal systemically with such offending and re-offending? Prisons may be part of the answer to such questions, but, surely, the idea of building

more prisons and locking more people up anticipates having more victims, not fewer.

The place of home

Unless you are a property investor, or established homeowner, there is little joy in recent changes in the housing market—especially in Auckland. Over the past decade the median house price in Auckland rose 95%, while average weekly incomes grew by just over 30% and CPI inflation ran at 20%. Changes in the rest of New Zealand are more modest, although there are signs of catch up in regions close to Auckland and in Wellington.

These changes have, in turn, meant that rents are also increasing faster than the wages and salaries needed to pay for them. Rents across New Zealand have risen by 15% to 20% between 2013 and 2017, and in Auckland by a similar amount, while average weekly incomes rose by just 10%, in nominal terms. Yields on rental property investments generally remain below 5%, which without any prospect of future value appreciation makes any further investment marginal. Yet there are emerging signs of a rental housing shortage, which is showing up in people still seeking emergency housing assistance from Ministry of Social Development, and reduced turnover of the rental housing stock. On top of this, Statistics New Zealand

estimates that the homeownership rate has declined from over 66% at the end of 2007 to under 63% by the end of 2017.

Even though new house building has begun to accelerate, this building is seldom producing affordable housing and, on any account, does not appear to be adequate for the strong population growth that has been fuelled by record migration. Over the past three years, New Zealand's population has grown by 284,000 people while net migration contributed 200,000 people to this growth.

The immediate outlook for those seeking affordable rental housing is not bright and it seems likely that rents will rise further and homelessness will increase at least over the next one to two years.

These are important trends and, if we are inclined to reflect on them, there is some value in bringing along objective analysis as well as our emotions and empathy. Public policy, and the politics which underpin it, should not be seen as being bereft of passion and compassion and even love.

Alan Johnson | Social Policy Analyst
Social Policy and Parliamentary Unit

An online version of the full 2018 *State of the Nation* report
—Kei a Tātou—It is us, is available at
www.salvationarmy.org.nz/KeiaTatou

Tell us what you think of the past ten years of *State of the Nation* reports and of the future of these reports by participating in a short survey at
www.surveymonkey.com/r/YFDVBYW

OUR CHILDREN

An estimated 70,000 New Zealand children—or 7% of the under 17-year-old population—are living in severe material deprivation.

This number is down by 20,000 children since 2012, although per-capita GDP has grown by 13% in inflation-adjusted terms since then.



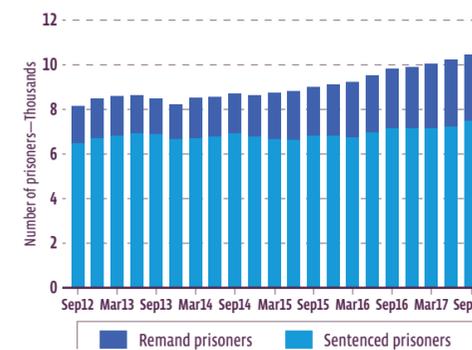
CHILDREN AT RISK	EDUCATIONAL ACHIEVEMENT
The number of confirmed cases of child abuse or neglect fell by 33% over the past five years to 14,800, yet the number of notifications for possible abuse or neglect rose by 4% over the same period to 159,000 cases. As in past years, the numbers of offences recorded by Police for physical or sexual violence against children continue to be 40% to 50% more than the substantiated cases for such offences.	In 2016, 39% of school leavers from the poorest 30% of schools gained a NCEA Level 3 qualification or better, while in the richest 30% of schools 73% of leavers gained the qualification. This achievement gap in 2016 was 33.6% compared with 35.6% in 2012.
YOUTH OFFENDING	TEENAGE PREGNANCY
The numbers of 14- to 16-year-olds prosecuted for a criminal offence rose slightly between 2016 and 2017 to just over 2000, but still remains 40% less than in 2012.	Teenage pregnancy rates continued to fall to lower and lower levels, and in 2016 reached 25 pregnancies for every 1,000 women aged 15 to 19 years—down from 41 per 1000 in 2012.

INDICATOR	2012	2016	2017
Number of children living in severe hardship	90,000	70,000	Not available
Number of notifications for possible child abuse or neglect	153,407	171,208	158,921
Number of substantiated cases of child abuse or neglect	22,172	16,394	14,802
Physical and sexual assaults against children	Not available	6608	7016
Court proceedings against children under 17	3366	1926	2013
Proportion of new entrants into the poorest three deciles of schools with prior ECE engagement	88.5%	93.7%	94.1%
Proportion of students from poorest 30% of schools achieving NCEA Level 3 or better	31.7%	39.1%	Not available
Proportion of students from wealthiest 30% of schools achieving NCEA Level 3 or better	67.3%	72.6%	Not available
NCEA Level 3 Achievement Gap	35.6%	33.6%	Not available
Suicides by 15- to 19-year-olds	80	51	38
Pregnancy rate amongst 15- to 19-year-olds (pregnancies per 1,000)	41	25	Not available

CRIME & PUNISHMENT

New Zealand's prison population continues to break all-time records, topping 10,000 prisoners in March 2017 and reaching 10,470 in September 2017.

These records were against a background of falling numbers of prosecutions and convictions for criminal offences.



SENTENCING AND IMPRISONMENT		
For the year to June 2017, 77,900 adults were prosecuted for offences of whom 64,600 were convicted—these numbers are almost identical to those in 2016.	The proportion of convictions resulting in a prison term increased from 9.5% in 2011/12 to 12.6% in 2015/16 and to 13.0% in 2016/17.	Imprisonment rate for Māori rose from 655 prisoners per 100,000 population in 2015/16 to 700/100,000 in 2016/17—the highest rate on record.

INDICATOR	2012	2016	2017
Total charges prosecuted	284,971	220,309	226,262
Number of unique victims of physical & sexual assaults	Not available	48,578	50,135
Number of people convicted of a criminal offence	84,274	64,631	64,571
Imprisonment sentences	8,042	8,133	8,391
Number of people in prison—at 30 September	8,623	9,798	10,470
Number of new starts for non-custodial community based sentences	58,810	44,805	43,370
Imprisonment rate for total population (prisoners per 100,000 population)	194	198	210
Imprisonment rate for Māori population (prisoners per 100,000 population)	647	655	700
Proportion of parole applications approved	22.8%	20.2%	17.4%
Percentage of released prisoners who are re-imprisoned within 12 months of release	27.0%	29.7%	31.2%

WORK & INCOMES

During 2017, 100,000 additional jobs were added to the New Zealand economy, while the numbers of people unemployed fell by just 8,000.

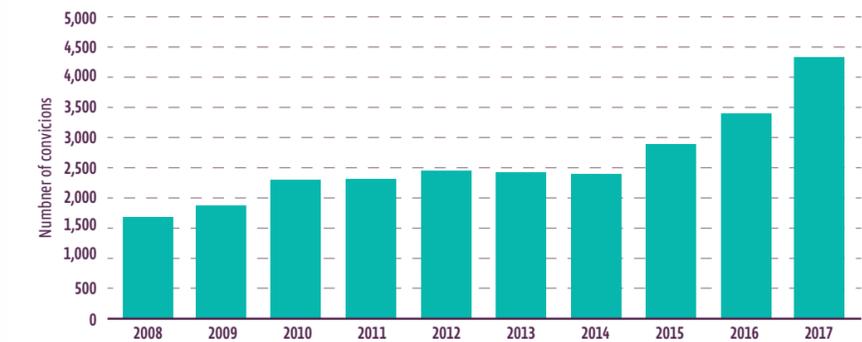


SALARIES AND WAGES	WORKING AGE DEMOGRAPHICS	SALVATION ARMY ASSISTANCE
Since 2015, average wages and salaries for employees rose by just under 2% in inflation-adjusted terms, while per-capita GDP grew by over 5%.	The numbers of 15- to 19-year-olds in employment grew by 3000 people during 2017, while the number of those over 65 and still working grew by 12,000.	The numbers of food parcels provided to poorer New Zealanders by The Salvation Army grew 12% during 2017 to over 63,000.

INDICATOR	2012	2016	2017
Number of people in work (annual average)	2.18 million	2.47 million	2.57 million
Number of people officially unemployed (annual average)	139,000	133,000	126,000
Number people of on working age benefits (at 30 Dec)	339,100	297,000	289,800
Number of people receiving NZ Superannuation or Veterans' Pension	621,500	726,500	749,400
Number of 15 to 24 year olds not in employment education or training	84,000	80,000	79,000
Average weekly wage for employees (at Dec 17 \$ values) (annual average)	\$936	\$1003	\$1013
Per-capita GDP (at Dec 17 \$ values)	\$51,800	\$57,200	\$58,700
Number of people working for minimum wage	89,600	152,700	119,500
Number of food parcels provided by Salvation Army	55,300	56,500	63,100

SOCIAL HAZARDS

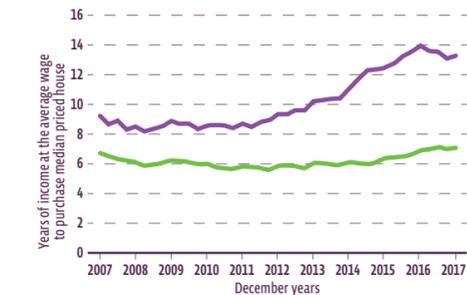
The number of convictions for methamphetamine increased 80% over the past three years to 4,339 convictions in the year to 30 June 2017.



ALCOHOL	CANNABIS	GAMBLING
Fewer young adults are involved in risky drinking. In 2016/17, 33% of 18- to 24-year-olds were estimated to be drinking hazardingly compared with 37% in 2015/16.	Convictions for cannabis-related drug offences have fallen 38% over the past five years to just over 5,100 during 2016/17.	The number of Class 4 non-casino gaming machines fell again during 2016/17 by 1050 machines, although the amount of money lost on these increased by almost \$30 million to \$378 million.

INDICATOR	2012	2016	2017
Availability of pure alcohol for consumption (litres for every person aged over 18 years)	9.7	9.3	9.1
Proportion of adults assessed to have drank hazardingly in previous 12 months	Not available	20.8%	19.5%
Drink/drug driving convictions for every 10,000 roadside tests	102	102	117
Number of road accidents involving drivers affected by drugs or alcohol	26,761	18,049	Not available
Convictions for illicit drug offences	12,315	9,891	10,799
Number of Class 4 non-casino gaming machines	17,827	16,221	15,171
Adult per-capita spending on gambling—in Jun 17 \$ values	\$655	\$630	\$605

HOUSING



House prices and housing affordability in Auckland stabilised during 2017, although it still took around 13.5 years of the average wage or salary to purchase the median priced house.

Since 2015, housing has become less affordable elsewhere in New Zealand and, by late 2017, it took 7.2 years of the average wage or salary to purchase the median priced house.

HOUSING AVAILABILITY	HOUSING AFFORDABILITY	HOUSING DEBT
Almost 10,900 consents for new dwellings were issued in Auckland during 2017, which is the highest annual figure since 2004. However, estimated population growth in Auckland for the year to 30 June 2017 is estimated at 42,900 people, meaning that population growth still outstrips new house building. The cumulative shortage of housing in Auckland over the past five years is estimated at just under 20,000 dwellings.	Rents continue to rise faster than wages and salaries. In December 2017, it took 13.0 hours of pay at the average wage to pay the average rent. In December 2015 it was 12.4 hours.	During 2016/17, average household debt rose 3.1% in inflation-adjusted terms to \$151,900 per household, although as a proportion of GDP total, household debt fell 1% to 94%.

INDICATOR	2012	2016	2017
Years of the average wage/salary required to purchase median value house—Auckland	9.4	14.0	13.4
Years of the average wage/salary required to purchase median value house—rest of New Zealand	5.8	6.9	7.2
Hours at the average hourly wage required to pay the average rent—Auckland	14.4	16.0	16.0
Hours at the average hourly wage required to pay the average rent—New Zealand	11.9	13.0	13.0
Surplus/deficit of new dwellings based current average household size—Auckland	-1,436	-5,182	-3,903
Surplus/deficit of new dwellings based current average household size—rest of New Zealand	7,399	-3,760	-5,252
Household debt as proportion of GDP	90%	95%	94%
Household debt as proportion of disposable household income	140%	160%	162%