

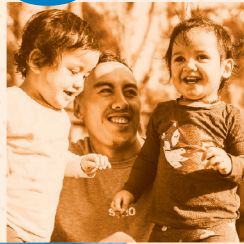


Social Policy & Parliamentary Unit
Working for the eradication of poverty in New Zealand

Te Ope Whakaora

STATE of the NATION 2023

SUMMARY



Costs... of Living Nga Rourou Whakaiti

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February 2023

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FROM THE DIRECTOR

Aotearoa continues to be buffeted by the health and economic impacts of a worldwide pandemic that has more recently been exacerbated by the impacts of a war in Ukraine. This year's report has the theme: *Costs... of Living | Nga Rourou Whakaiti*. This theme acknowledges the very real pressures that are increasingly and significantly affecting people's lives as inflation begins to bite and people struggle to feed their whānau, to find work and secure warm, dry and affordable shelter.

The theme draws attention to the immediate costs experienced by individuals, but also hints at a broader collective set of costs that society needs to take into account to support people to live fulfilled lives and avoid the very real social and economic costs of inequality.

This year's report provides a snapshot of how we are doing as a nation. Are we seeing that all our people are fed, clothed, employed and housed? Are people and communities able to flourish?

Looking back at 2022, we can report some positive news:

- The social housing waiting list has continued to decline and building consents are up, showing some movement in addressing the wicked housing crisis.
- There have been high levels of employment and declining levels of unemployment.
- The continuing declines in levels of child poverty and hardship are a genuine achievement, particularly through the Covid-19 affected period, although poverty levels continue to be unacceptably high.

The impacts of policies, such as lifting the minimum wage, modest rises in benefits and high demand for labour resulting in some raised wages, have contributed to some of this positive news. We can only wonder at how much worse things might be without these.

On the negative side:

- Increasing levels of household indebtedness is a concern.
- Rising rents, lack of affordable housing and a focus on emergency housing continues to leave too many without warm, dry and secure housing.
- Backlogs in the justice system mean too many prisoners are on remand, causing injustice for those accused as well as victims.
- Significant wage and income inequity continues for women, Māori and Pasifika peoples.

As we look back, we see that some modest gains have been made in key areas that affect people's wellbeing, but serious and entrenched levels of inequality, poverty and homelessness remain.

Looking to the future, we need to ensure that the costs of what some describe as an attempt to engineer a recession are not borne by the most marginalised people we work with—people on low incomes, Māori, Pasifika. Also, that the modest gains of the last few years are not lost, as more people on low incomes sink below the poverty line.

In an election year, it is our hope that we might see political leadership that will provide a vision to more comprehensively address the inequality that besets our nation, a vision that supports our communities to meet the 'costs of living'.

'I have come that they may have life and have it to the full'—John 10:10

INTRODUCTION

The Salvation Army—Te Ope Whakaora, the Army that brings life— is working every day with communities, whānau and individuals right around the country. In this report, the wellbeing of our nation is assessed by looking at outcomes that impact the wellbeing of people and communities. We look at measures across the following areas: Children and Youth, Work and Incomes, Housing, Crime and Punishment and Social Hazards, as well as assessing all these areas through a specific focus on outcomes for Māori, using He Ara Waiora wellbeing framework.

The aim of this report is to focus on trends and outcomes at a national level to see what they can tell us about the overall state of our nation at the beginning of 2023. The statistics and data are mostly drawn from publicly available sources and we aim to use the most recently available indicators for the year to 31 December 2022.

The indicators in each section are grouped into themes, and an assessment is made as to whether there is overall improvement (+), no change (NC) or deterioration (-).

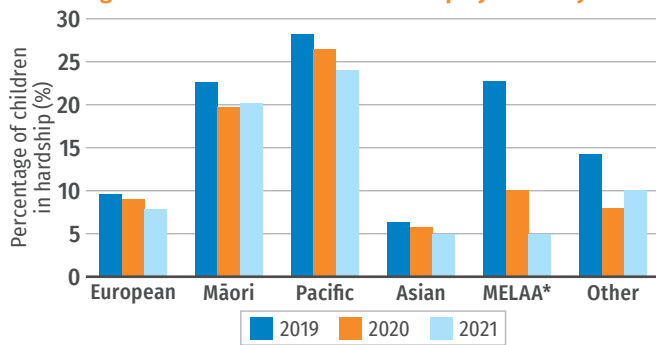
These assessments are intended to promote debate and discussion about our progress towards greater wellbeing.

CHILDREN AND YOUTH

CATEGORY	RESULT
CHILD POVERTY	+
CHILDREN AT RISK	+
CHILDREN AND VIOLENCE	NC
YOUTH OFFENDING	+
EARLY CHILDHOOD EDUCATION	NC
EDUCATIONAL ACHIEVEMENT	-
TEENAGE PREGNANCY	+
YOUTH MENTAL HEALTH	-

How well the children and young people are doing in this country tells us a lot about our wellbeing as a nation overall. They represent the future potential of our land, but they also rely on the decisions of others around areas such as education, housing, health and household income.

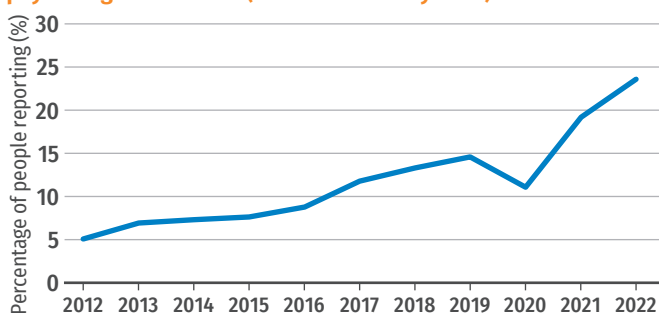
Percentage of children in material hardship by ethnicity



* MELAA = Middle East, Latin American and African

Child poverty is a key indicator of child wellbeing. The continued overall decline in levels of child poverty and hardship up to mid-2021 is a genuine achievement throughout the Covid-19 pandemic. Poverty rates however remain too high. The Salvation Army and other community organisations still face levels of need above pre-Covid-19 levels. Disparities in child poverty rates are high for Pasifika, Māori and disabled children and a focused effort to further reduce child poverty is needed if government poverty reduction targets are to be achieved.

Proportion of young people reporting high or very high psychological distress (NZ Health Survey 2022)



The overall level of psychological distress among young people is rising, but despite this the youth suicide rate fell again this year, although it remains high compared with similar countries.

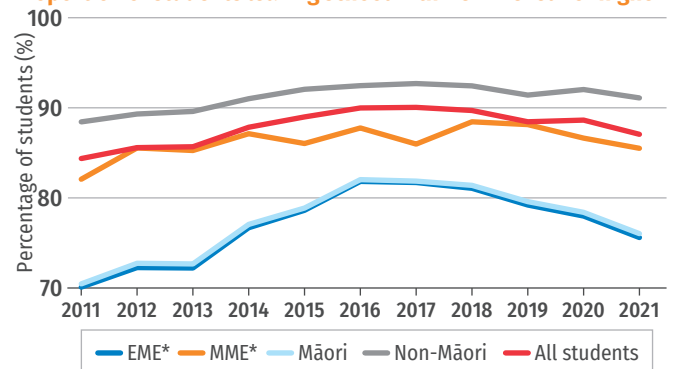
Positive trends in reducing teenage pregnancy rates are continuing. The infant mortality rates are low, with the rates for Māori and non-Māori close to parity in 2022.

Youth offending continues to decline (despite headlines about ram raids), highlighting the importance of sound analysis to contribute to the public debate about youth crime.

Children and young people are less likely to be offenders than they are to be victims of crime, as the growing figures for violent offending against children suggest. Reports of concern about potential child abuse and the numbers of substantiated child abuse cases were much lower in the year to June 2022, but the extended Covid-19 restrictions during that time also reduced the opportunities for identifying and reporting concerns about abuse.

Education outcomes are showing concerning trends after three years of Covid-19 disruption, and this will have lasting impacts for many, with school attendance rates and achievement rates worsening.

Proportion of students leaving school with NCEA Level 1 or higher



* EME = English Medium Education
MME = Māori Medium Education

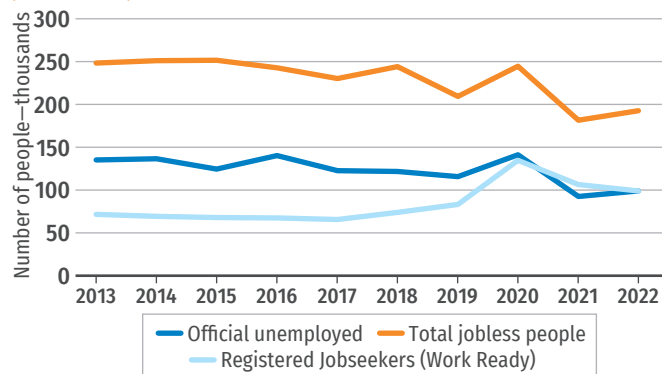
WORK AND INCOMES

CATEGORY	RESULT
EMPLOYMENT	+
UNEMPLOYMENT	NC
INCOMES	NC
INCOME SUPPORT AND WELFARE	+
HARDSHIP AND FOOD SECURITY	+

Level of income is one of the most important contributors to people's life satisfaction and overall wellbeing. So that means looking at the changes in income for people, especially those on lower incomes, is an essential part of our *State of the Nation* report.

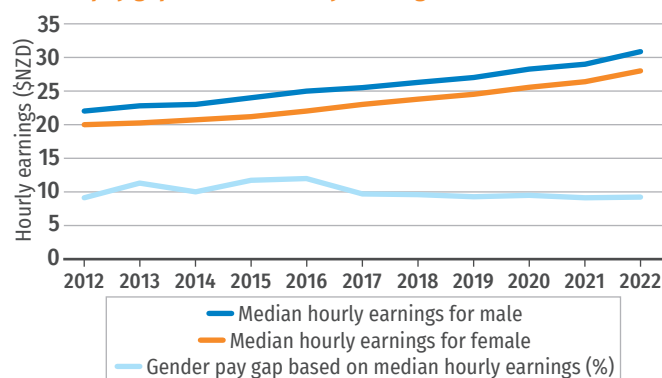
High levels of employment and workforce participation meant that 2022 was another strong year, despite the continuing pressures of the pandemic and the conflict in Europe. The unemployment rate remained around record lows throughout the year, but youth unemployment, while decreasing slightly, remains too high. Pasifika workers faced an increased unemployment rate and they, along with Māori workers, continue to experience much higher unemployment rates than other ethnic groups.

Jobless, unemployed, Jobseekers December quarter actual (thousands)



The impact of rising inflation meant that the wage rises that continued in 2022 largely did not represent real gains in purchasing power. Increased welfare benefits helped lower-income households, but they too faced rising living costs. Indicators of the distribution of income did not change greatly, with little change for gender equity or reduction in the earnings gaps between ethnic groups. Fewer people were needing income support at the end of 2022 compared to the previous year, although numbers are still well above pre-Covid-19 levels in 2019.

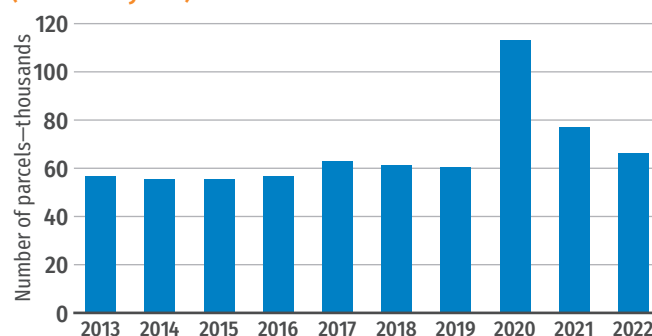
Gender pay gap—median hourly earning—2012-2022



The rise in inflation that began in late 2021 looked to have peaked in mid-2022, but remained high at the end of the year, putting pressure on household budgets. The number of government hardship grants paid out to people needing support remained around the same in 2022, but the total amount paid out increased. Fewer families with children reported not having enough food and food assistance provided by

The Salvation Army foodbanks over the year reduced compared to 2021, but 2022 finished with signs of increasing need in late November and December.

Number of food parcels provided by The Salvation Army (December years)

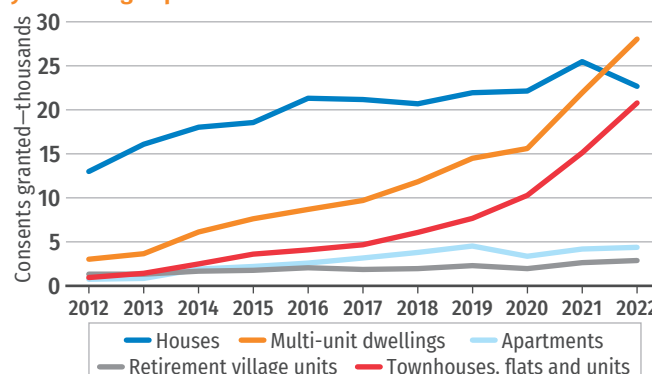


HOUSING

CATEGORY	RESULT
AVAILABILITY	+
AFFORDABILITY	NC
DEBT	-

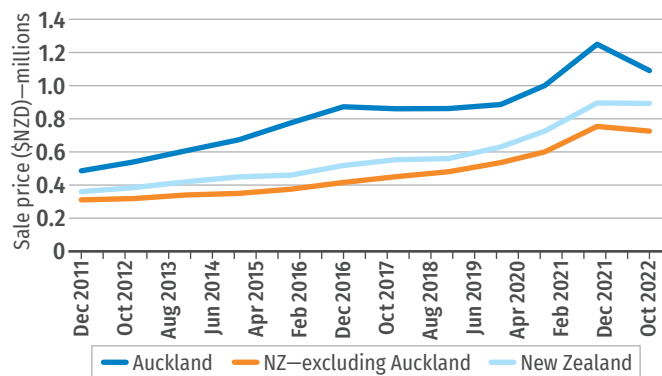
In response to the sheer scale of housing challenges facing our nation, a lot of activity, energy and resources are being expended to try and address issues across the housing continuum in New Zealand. In this year's report, the results are varied. More houses are being consented across the country; in 2022 the number of dwelling consents was nominally far more than required to keep up with population growth (due to the minimal population growth); the Public Housing register declined for at least two quarters of 2022; house prices declined (which is perhaps good news for first-home buyers, more of whom may be able to enter the market, although the reason for the house price decline—rising interest rates—increases barriers to market entry); and there continued to be a gradual increase in active tenancy bonds in the rental market, a proxy for the number of households who have been able to find rental accommodation.

Consents for new dwellings by dwelling type—New Zealand, year ending September—2012-2022



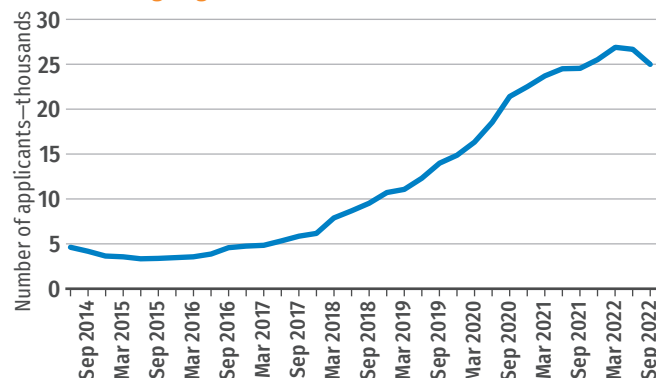
Looking closer at this year’s findings there are some very challenging areas to further investigate; for example, the rental market remains extremely tight. Across the country, rents have steadily increased, most notably in the lower North Island and across the South Island. Additionally, average household debt has increased again this year, directly related to more housing plus consumer and credit card spending from households. And the relatively small population growth figure for 2022 raises more questions around where this nominal (paper) surplus of houses might be located around the country.

Median house sale price—2011–2022 (\$)



In the end, housing challenges remain mammoth. From a policy perspective and in an election year, there needs to be an emphasis on enabling legislation and effective policy that will support adequate housing and not hinder it. Additionally, there has been a lot of energy spent on reforming tenancy laws recently. With the rental market being so tight and expensive, what political parties offer in terms of housing and rental policy and ideas must be monitored closely. The Salvation Army has supported many of the Government’s recent reforms around tenancy laws, urban development and the sharper end of the housing continuum—homelessness and emergency, transitional and social housing. Still, greater innovation, more time, better use of inclusionary housing policies and increased partnerships between the Government and community housing sector are just some of the critical factors needed, especially in an election year, to try and address these massive housing obstacles. The Salvation Army’s focus continues to be on poorer New Zealanders and many of them sit in this sharper end of the continuum. Effective policy and law are one approach to addressing these housing challenges. But more help and courage is urgently needed from private developers, funders, local councils and local communities to help address these huge issues.

Social Housing Register—2014–2022



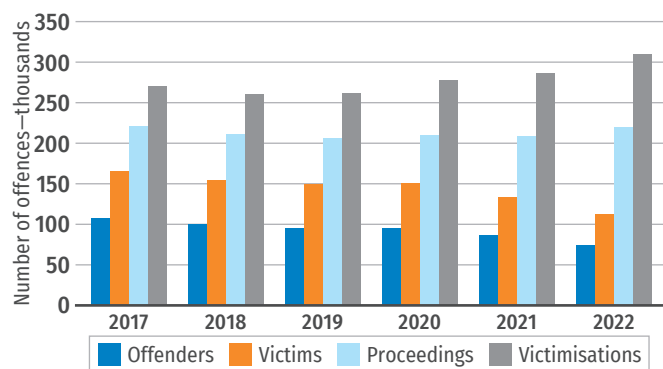
CRIME AND PUNISHMENT

CATEGORY	RESULT
OVERALL CRIME	-
VIOLENT CRIME	-
FAMILY VIOLENCE	-
SENTENCING AND IMPRISONMENT	NC
RECIDIVISM	NC

The criminal justice system in Aotearoa aims to ensure the safety of our communities by holding people who offend to account, but also to ensure the safety and wellbeing of those who are victims of crime. Essentially, victims and offenders are two sides of the same coin of criminal justice. A fair, equitable and just criminal judiciary system is one that balances the coin and ensures both sides of the coin are addressed.

The number of victims and reports of victimisations reported to police increased last year, with levels of victimisations now at 309,114. However, the numbers of proceedings against alleged offenders declined significantly in 2022. The backlog in our courts system created by the impact of Covid-19 lockdown restrictions has severely impacted the courts’ ability to administer justice. Overall, the number of criminal cases that are moving in and out of the court have been declining, however, the number of jury trials has increased by almost 60 percent since 2017. The delay in the courts system has a flow-on effect into other areas of the justice system, particularly the increasing remand population.

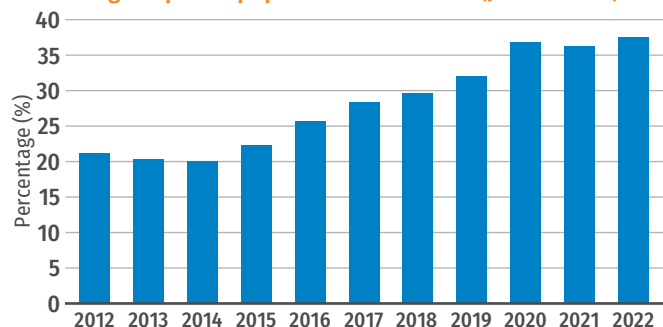
Summary of police proceedings—2017–2022 (June Years)



Overall, violent crime remained relatively unchanged in 2022, however it continues to remain higher than levels seen in 2017. Two violent offences that increased in the past year were murder and assaults, while all other offence types declined. Only 41.2 percent of violent offence victimisations were resolved 180 days after reporting to police—the resolution of violent offences has continued to decline year on year.

Family violence remains a contentious issue for our justice system—in 2022, 175,609 family harm incidents (FHI) were reported to the police, a 5 percent increase from 2021. In addition, the proportion of FHI that police deemed an offence also increased (8.6%); however, the number of charges, people charged and convictions for family violence have declined significantly in 2022, so fewer family violence offences were resolved in the formal justice system.

Percentage of prison population on Remand (June Annual)



The trend towards community sentences has continued to increase with fewer people being imprisoned and more people being given community sentences. The prison muster continues to remain low at 7964; however, the remand population is now at its highest, representing 41 percent of the prison population by September 2022. The overall rates

Family Harm Investigations—2017–2022

June Years	2017	2018	2019	2020	2021	2022	1Y	5Y
Non-crime	78,494	86,236	103,300	113,169	105,052	108,391	3.2%	38.1%
Crime	40,740	38,964	39,931	54,378	61,885	67,218	8.6%	65.0%
Total (FHIs)	119,234	125,200	143,231	167,547	166,937	175,609	5.2%	47.3%

for imprisonment and recidivism rates for Māori have continued to gradually decline, however the disparity compared to non-Māori continues to be a concern. Māori are six to seven times more likely to be imprisoned than non-Māori. Māori are also more likely to be reimprisoned and reconvicted than non-Māori, particularly after being out of prison for two years. We continue to highlight disparity around long-term recidivism as we have done before, this illustrates that long-term reintegration support targeted towards Māori can help to mitigate the growing disparity.

The increasing numbers of victims, victimisations, family harm incidents and remand population—and lower levels of resolution—show that there are significant areas in the justice system that need to be urgently addressed.

SOCIAL HAZARDS

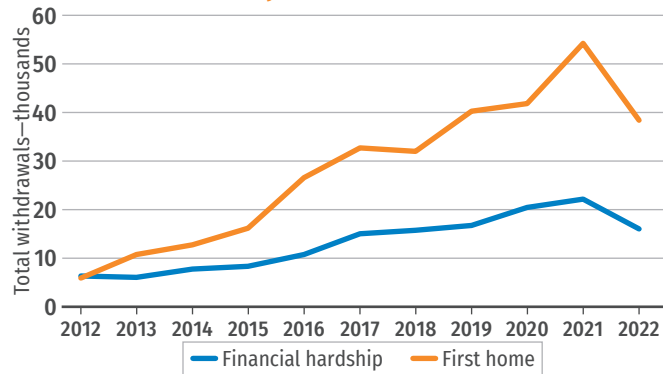
CATEGORY	RESULT
ALCOHOL	NC
ILLCIT DRUGS	-
GAMBLING HARM	-
PROBLEM DEBT AND FINANCIAL HARDSHIP	-

There are four areas that we monitor in the Social Hazards section: alcohol use, illicit drugs convictions and use, gambling and problem debt. Most of the actions associated with these areas are legal, but heavily regulated. Some are illegal. But all these activities (drinking alcohol, taking illicit drugs and gambling) have an addictive element that can create serious harm for the person engaging with it, as well as for their whānau and other people around them. Problem debt can also create serious harm for the person directly affected and their wider whānau. These four areas are hazards for which The Salvation Army provides various social and Christian spiritual support services across the country.

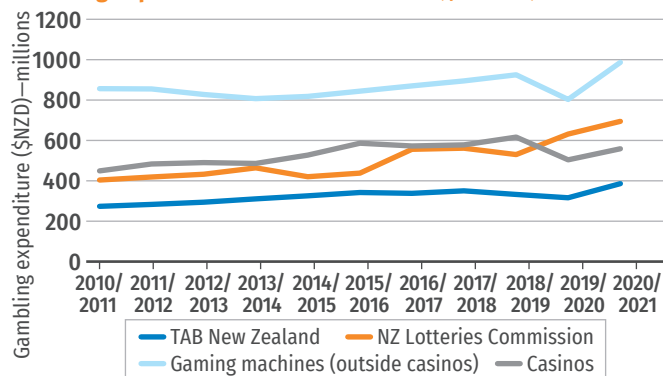
The social hazards narrative for this report is always mixed, with some indicators showing encouraging results in the last year, whereas other areas have become increasingly worrying. In terms of what could be deemed some encouraging results from last year,

alcohol consumption has remained constant from 2021, hazardous drinking behaviours have declined for nearly all groups we monitor, convictions for cannabis and methamphetamine have declined, and fewer people are withdrawing their KiwiSaver savings for hardship reasons.

KiwiSaver withdrawals by reason—2012–2022

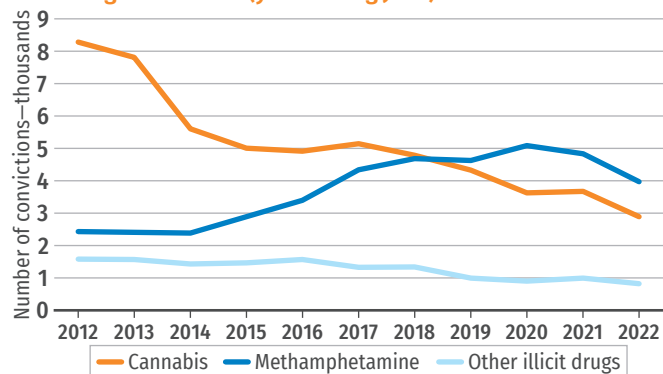


Gambling expenditure—2010/11–2020/21 (\$million)



Balanced against these are some other more worrying trends: more ready-to-drink (RTD) spirit-based drinks (which are marketed to young people) are being drunk, hazardous drinking remains a challenge for Māori with one-third of adults classed as a hazardous drinker, the detection of methamphetamine in wastewater has increased again in the last year, and all forms of gambling we monitor have surged in the last year, with increasing losses on pokie machines. The existing pokies remain stubbornly profitable for venues and are centralised in communities with extremely prominent levels of social deprivation.

Illicit drug convictions (year ending June)—2012–2022



The wider cost of living and inflation pressures heavily influence these results. The Salvation Army remains convinced that political courage and urgent changes are needed in many of these areas, particularly around alcohol law reform, greater support around methamphetamine abuse and stronger regulation around gambling-related harm given the quickly rising gambling figures. The social hazards ‘story’ for 2022 is overwhelmingly negative, indicating to us that the post-Covid-19 tail, coupled with major financial restrictions for many families, is leading to more struggles with alcohol, illegal drugs, gambling and problem debt. Changes are desperately needed at the policy level, but also within our local families and communities to build resilience against these addictive behaviours.

MĀORI WELLBEING

The Salvation Army has long held social transformation at the heart of its mission. We work with those at the very margins of society, including those experiencing homelessness, those with addictions, those who suffer from food scarcity and poverty, and those who require support in the prison and justice system.

Social transformation is about reducing the unfairness and inequities that are behind these social problems. Many Māori are doing well—prospering financially, well connected to their iwi, hapū and whānau, and actively engaged as Māori in their communities, but there are also too many who are struggling.

Māori make up around 17 percent of the total population, but tāngata whaiora Māori (people seeking health and wellbeing support) made up 43 percent of the 150,000 people who accessed Salvation Army services in 2022. This is one way inequity shows itself.

In working with Māori clients, patterns of poverty, family breakdown, crime, addiction and homelessness that extend over generations emerge. We have come to understand these outcomes as consequences of colonisation. The traumas of such loss of land and identity are passed through generations.

Māori, above all else, wish to be considered with the full mana of their whakapapa and identity—this goes beyond the term ‘ethnicity’. In this report on Māori wellbeing and the state of our nation, we bring together national statistics affecting Māori under four domains of He Ara Wairoa wellbeing framework.

We do so with humility and in the hope we all continue the conversation about social transformation, which includes both the progress that has been made and the broader question of persistent social inequities.

At the start of 2023, Māori are seeing improvements in some areas, but overall equity of outcomes between Māori and non-Māori remains a distant goal. Most of the measures in this section showed improvement or at least no significant change in outcomes. For example, the proportion of Māori who report being able to speak more than a few words and phrases in te reo Māori has been increasing.

But only a few measures showed increasing equity in outcomes between Māori and non-Māori. An example of equity close to being achieved is the infant mortality rate for Māori that has reduced sharply and now is close to parity with the non-Māori rate. The transformation in the youth justice system also continues to reduce the large gap between offending rates for rangatahi—Māori and non-Māori.

On the other hand, inequalities in some outcomes grew worse. Alcohol consumption is at hazardous levels for one third of Māori. This has not changed in the past five years and the rate is more than twice the non-Māori rate which has fallen slightly over the same period.

Whānau wellbeing is crucial to Māori wellbeing, but more Māori reported that their whānau is doing badly or not as well as five years ago, and an increasing proportion of Māori students are leaving school without any NCEA qualification.

In the midst of the cost of living pressures and continuing pandemic impacts, these examples highlight the extent of the task ahead to shift our nation to a place of genuine equity.

He Ara Waiora wellbeing framework

