

# Tangata Whenua, Tangata Tiriti, Huia Tangata Kotahi

*People of the land, People of the Treaty, Bring Everyone Together*

# STATE OF THE NATION REPORT

## SUMMARY VERSION

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Social Policy Analysts | February 2020



Te Ope Whakaora

## Social Policy & Parliamentary Unit

Working for the eradication of poverty in New Zealand

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## FROM THE DIRECTOR OF THE SOCIAL POLICY & PARLIAMENTARY UNIT

The *State of the Nation Report 2020* looks back on one decade and forward to a brand new one. These reports measure the progress of people's wellbeing. The focus of social progress is often set against dominant public discourse around narrow measures of economic growth. It is heartening to see a 'people-oriented' emphasis adopted by economists and the current Government, with wellbeing increasingly incorporated into measures of economic prosperity.

This election year, we need to ask: How are we doing as a nation? Where do we want our nation to head? Where do we want our politicians to lead us?

This report points to significant progress: an increase in average incomes; extra spend on welfare and hardship support for beneficiaries; decline in offending and imprisonment rates; increase in the number of social houses; and new house builds at a 45-year high.

However, we do not see the change required to deal with normalised, entrenched inequality and poverty in New Zealand. Many key indicators of social concern are not improving: the increase of people on the social housing register; the affordability of housing in Auckland and now the regions; and no decrease in 10 years for children in deepest poverty.

This report indicates that change has not yet taken place to remedy this situation—not surprising as governments often struggle to make courageous changes when its citizens do little to endorse the changes required.

We live in a world where democracy appears fragile. New Zealand has avoided the divisive aspects afflicting other democratic countries. A competitive and individualistic

economic philosophy, coupled with the rise of groups galvanized by group identity and perceived loss of status, sometimes undermines the basis of democratic nationhood. We are not immune to currents circulating the world.

The theme of this year's report has within it a call to both the people of the land and the people of the Treaty (non-Māori) to come together—kotahitanga—to forge a relationship that enhances and enriches one another's mana. Our Christian values underpin our work at The Salvation Army Te Ope Whakaora, emphasising the need to defend the rights of the poor. It has been said: 'A nation's greatness is measured by how it treats its weakest members'.

This year we report positive signs of change for whānau in Aotearoa New Zealand who are experiencing distressing poverty, for example, the less punitive approach to beneficiaries. However, unless we strongly endorse a wholehearted effort to tackle poverty, our political leaders are unlikely to demonstrate the courage required to lead this change.

The future state of our people and communities is in our hands. We have the responsibility to be active, engaged citizens who strive for a more equitable nation.

*'Speak up for those who cannot speak for themselves, for the rights of all who are destitute. Speak up and judge fairly; defend the rights of the poor and needy.'*

**Proverbs 31:8–9 (NIV)**

**Lieutenant-Colonel Ian Hutson**

Director—Social Policy & Parliamentary Unit

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## TANGATA WHENUA, TANGATA TIRITI, HUIA TANGATA KOTAHI PEOPLE OF THE LAND, PEOPLE OF THE TREATY, BRING EVERYONE TOGETHER

The indicators and commentary presented over the coming pages are inspired by the vision of our nation becoming a more inclusive and better place to live, for all. To make real the vision, 'Huiā Tangata Kotahi', we need to work collectively as a nation to ensure positive outcomes for all. The wellbeing of each one of us is linked to the wellbeing of others. Allowing disadvantage and disparities that are too great means others are denied the chance to flourish.

This report looks at five specific areas of social wellbeing and measures outcomes that impact on the wellbeing of the communities, whānau and individuals that The Salvation Army Te Ope Whakaora works with: Our Children, Work & Incomes, Crime & Punishment, Social Hazards and Housing. Many of these indicators have been tracked in *State of the Nation* reports for more than a decade. We have also included a further set of indicators measuring outcomes for Māori inequalities that were first used in the *State of the Nation Report 2019*.

The information used in this report is taken mainly from publicly available statistics and reports, using the very latest indicators where possible, including statistics for the year to 31 December 2019, if available before publication. The focus is on national-level trends and outcomes that can tell us something of the overall state of our nation in 2020.

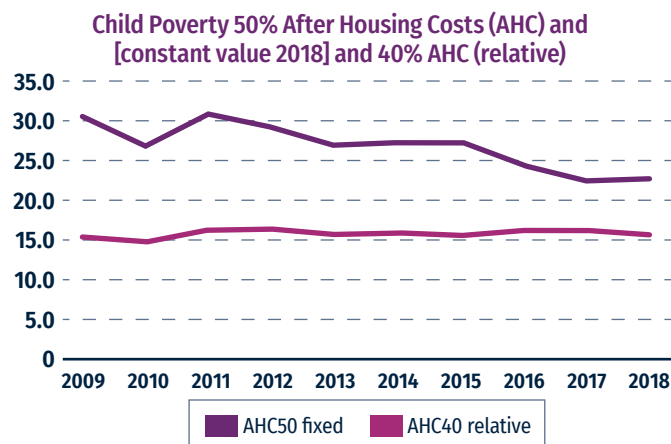
For each of the 24 indicators used to support our analysis in each area, an assessment is made whether there is overall improvement (+), no change (NC), or deterioration (-) is occurring. These assessments are intended to promote debate and discussion about our progress towards greater wellbeing. In this year's report, the mix is split into roughly one-third of indicators 'improved', one-third 'unchanged', and one-third 'worsening'. The overall assessment of the 18 indicators for Māori, shows inequality and limited progress to reduce disparity, with most indicators unchanged or worsening.

Our viewpoint is unashamedly from the perspective of the people and communities we know are disadvantaged and excluded. It is the state of their wellbeing that defines our success as a nation.

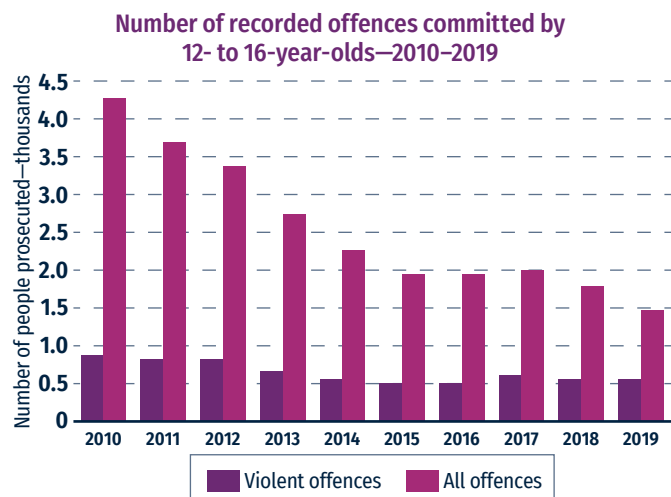
## OUR CHILDREN

Child wellbeing and child poverty have been at the forefront of social policy this year with the launch of the Child and Youth Wellbeing Strategy in August, setting out the Government’s vision that Aotearoa New Zealand is ‘the best place in the world for children and young people’. The Government has committed to a programme of action towards achieving outcomes and reporting progress across a range of more than 40 different indicators.

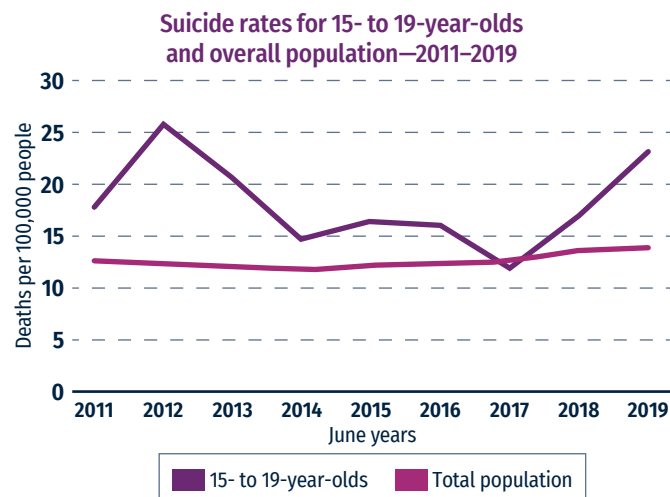
The *State of the Nation* has reported on the wellbeing of children in this country for over a decade, and a consistent theme is that a significant proportion of children and young people are not experiencing the kind of life that most New Zealanders would expect to be the acceptable minimum.



Income poverty and hardship levels are still too high; too many children are at risk of harm or violence; education inequalities are not declining fast enough, if at all; and a significant group of young people are struggling to participate in society and face real mental health challenges. Among the main influences of this are the long-term impacts of policy decisions made, and continue to be made, that exclude people—either actively or through oversight and omission.



It is pleasing to report progress in the reduction of child poverty and declines in youth offending and teenage pregnancy rates. But we are, at best, on the first steps towards the society-wide change that is needed. There are still too many children and teenagers living in poverty, at risk of being harmed or experiencing violence. Children in-care numbers continue to rise, and the disproportionate impact on Māori is significant and has become a major public controversy. Youth suicide rates are near record levels this year, which is a clear signal of problems.



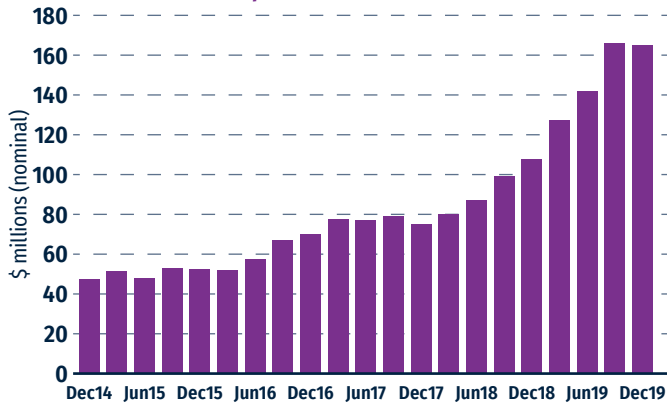
Outcomes in reducing educational inequalities are mixed and, as the latest Programme for International Student Assessment (PISA) report suggests, the small reduction in inequality is partly due to socio-economically advantaged students not doing so well, rather than lifting achievement for disadvantaged students.

OVERALL ASSESSMENT	RESULT
CHILD POVERTY	+
CHILDREN AT RISK	NC
CHILDREN AND VIOLENCE	-
YOUTH OFFENDING	+
EARLY CHILDHOOD EDUCATION	NC
EDUCATIONAL ACHIEVEMENT	NC
TEENAGE PREGNANCY	+
YOUTH AND ADOLESCENT SUICIDE	-

## WORK & INCOMES

The 2019 year has been marked by the continuing efforts of Government to lift low incomes. Measures include: increases to the minimum wage; increased income support through the continued implementation of the Families Package measures as a centrepiece of the Welling Budget 2019; and increased hardship assistance for people on welfare.

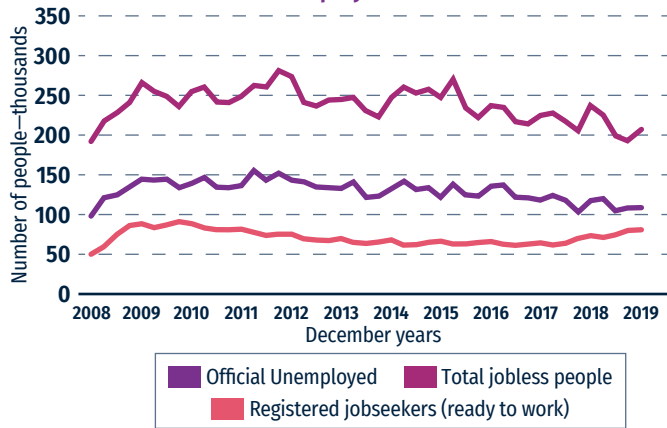
**Government spending on additional hardship assistance—2014–2019**



The impact of these policies is not yet captured in official poverty and inequality statistics, but the past year has seen the continuation of the overall trend of growth in average incomes. The scale of the challenge of poverty, inequality and hardship suggest that further significant investment is needed to bring about sustained decreases.

Overall employment continues to rise, as the growth in total numbers employed remains consistent, and unemployment levels are around the lowest levels for more than a decade.

**Measures of unemployment—2008–2019**

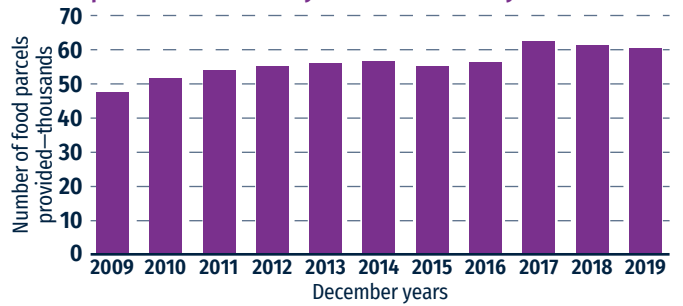


The pattern to changes to the labour force is that population ageing is combining with only modest progress in engaging young people and others outside the workforce in paid employment. This is an important time for re-thinking the approach to employment policy in this country, and how the productivity and earnings of workers, especially those on lower wages, can be improved.

The future wellbeing of our communities will be strongly affected by the approach to economic growth and employment. Economic growth has slowed—though remains positive—but growth per capita is slowing, and if the social and economic objectives are to be orientated to raising wellbeing for all, this will require policy to be designed for inclusion of those currently missing out.

The overall assessment is that despite some significant progress, much more needs to be done to ensure the growing prosperity of our economy is shared more fairly.

**Food parcels distributed by The Salvation Army—2009–2019**

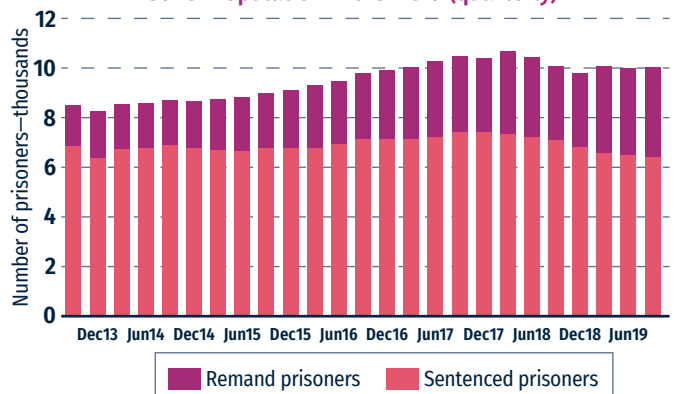


OVERALL ASSESSMENT	RESULT
EMPLOYMENT	+
UNEMPLOYMENT	NC
INCOMES	+
INCOME SUPPORT	-
LIVING COSTS AND FOOD POVERTY	NC

## CRIME & PUNISHMENT

Crime and the appropriate management of offenders remained key policy areas in 2019. This is shaped, to some extent, by the way it is framed by stakeholders and reported in the media. Our assessment shows some headline improvements in justice outcomes, but, more broadly, offending and rehabilitation outcomes have not shifted substantially. Improvements are not significant and will require further bedding down before definitive appraisals can be made.

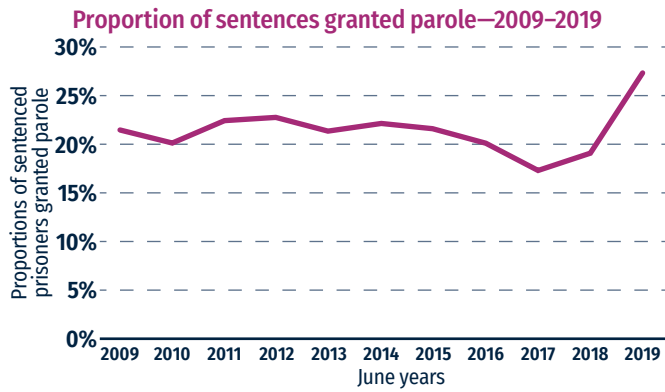
**Prisoner Population—2013–2019 (quarterly)**



The nature of offending and victimisation has been quite predictable over several years, but we are beginning to gain a better sense of the wider socio-economic deprivations that are correlated with crime. These are promoting a clearer framework for reform.

Levels of violent crime (including sexual violence) merit concerted policy attention. It is estimated that current figures on crime-reporting in general—and family violence, in particular—are not representative of the true scale of these problems. Furthermore, while victimisation levels have not reduced, apprehensions, prosecutions and case resolutions are lower. Does this signal a

change in approach on the part of the Police and Justice authorities to redirect resources to more serious crime?



There appears to be more use of alternative resolution programmes, such as diversion, supervision, and pre-trial and pre-charge options. Approved paroles are also slowly climbing. More data is required on this if we are to accurately evaluate their effectiveness compared to conventional incarceration. Datasets like the *Crime and Victims Survey*, *Alcohol and Drugs Survey* and more research on victimisation and family violence, will become crucial as alternative approaches are implemented.

In addition, if transformative programmes are to be implemented on the back of the many recommendations made to Government during 2019, then a further area for reform will be recidivism, which remains stubbornly high, especially for Māori.

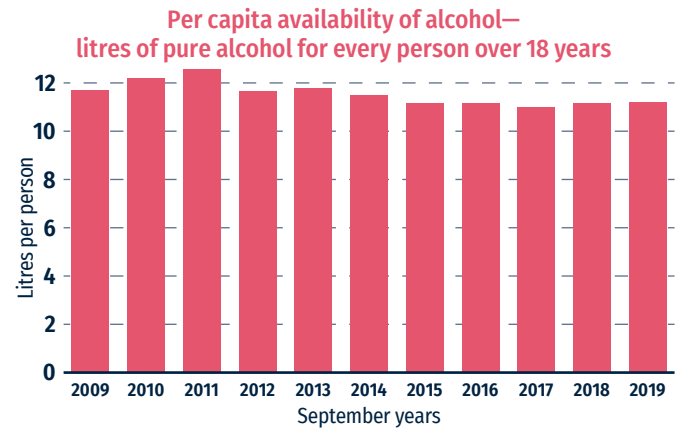
In the wider policy arena, there is a pressing need to address socio-economic wellbeing, because poverty and deprivation play a significant role in generating mental health, addictions, family dysfunction and lack of achievement in school, which are shown to be correlated with crime. And given our high recidivism numbers, further work will be required in the reintegration space.

OVERALL ASSESSMENT	RESULT
OVERALL CRIME	NC
VIOLENT CRIME	NC
SENTENCING & IMPRISONMENT	+
RECIDIVISM	NC

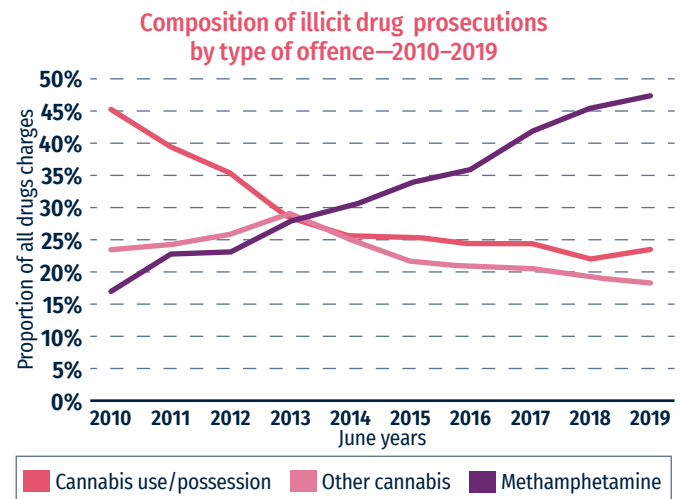
## SOCIAL HAZARDS

There are four activities that we class under the Social Hazards category: alcohol, illicit drugs, gambling and problem debt. All of these activities are enjoyed by various people in society. Most of these actions are legal, but heavily regulated. Some are illegal. All of these activities have an addictive element and can create serious harm for the person engaging with it, as well as for their whānau and other people around them. The Salvation Army aims to help people—without judgment or discrimination—through our various social services. Still,

we are acutely aware of the damaging and wide-ranging impacts for individuals, whānau and communities, of activities we categorise as Social Hazards.



Alcohol availability increased slightly from 2018 to 2019. There has been a steady decline in the numbers of people aged 15 to 19 years engaging in hazardous drinking, but hazardous drinking for men, women, those aged 18 to 24 years, and Māori has gotten worse in the last year. Drink-driving convictions have also remained fairly constant, despite Police performing fewer roadside breath alcohol tests.

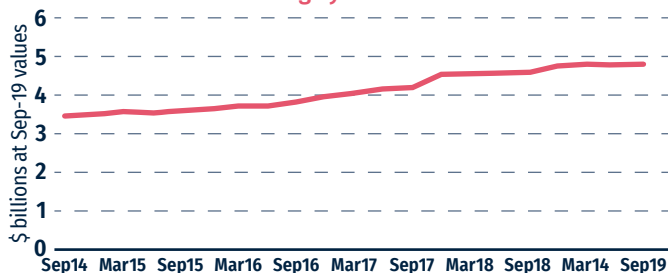


For illicit drugs, the data indicates that drug offence convictions decreased by about 8%, from 2018 to 2019. Also, Police are increasingly using diversion as a valid option for drug offence charges since 2018. Methamphetamine continues to dominate drug offences in New Zealand; and in 2019, over 47% of all illicit drug prosecutions were for methamphetamine. Furthermore, with the expansion of the Police wastewater testing programme, about 15 kilograms of methamphetamine was detected as being consumed on average per week around the country. According to the Police, this amounts to about \$18 million per week in social harm across the country. Also, cannabis use continues to increase for the total population, but most of all for Māori and younger people.

In terms of gambling, the numbers of pokie machines continues to decline across the country. But the losses to these operating machines has begun to increase again. In 2010, about \$52,000 was spent on each machine. By 2019,

over \$62,000 was lost on each operating machine. Pokie machines continue to be the primary cause for people seeking help for their gambling behaviour.

### Unsecured consumer lending by non-bank financial institutions



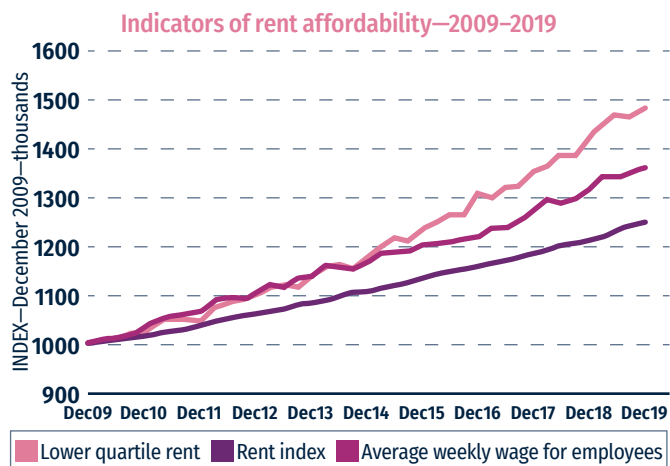
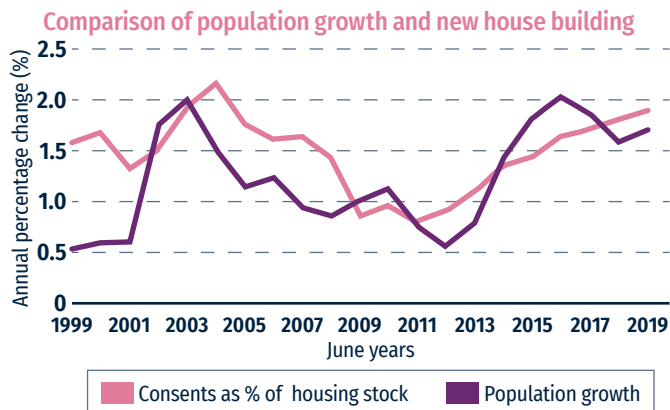
The *State of the Nation Report 2019* was the first time we included an indicator that attempted to measure the effect of problem debt in our nation. We included this new measure because of how connected problem debt is to alcohol abuse, problem gambling and other social problems. Consequently, 2019 was a significant year with regard to problem debt and consumer credit contracts. For example, there has been the Credit Contracts Legislation Amendment Bill, as well as a very robust campaign for an interest rate cap run by a coalition of community groups and NGOs. So, it is timely that we now have a more intentional focus on problem debt in this report.

OVERALL ASSESSMENT	RESULT
ALCOHOL	NC
ILLICIT DRUGS	—
GAMBLING	NC
PROBLEM DEBT AND PREDATORY LENDING	+

## HOUSING

In the *State of the Nation Report 2019*, we highlighted some significant changes taking place in housing markets and housing policy in New Zealand. In 2020, it became clear that these changes are continuing. The New Zealand housing story basically has two key parts: what is happening in Auckland, and what is happening in other parts of the country. These two key parts are linked. For example, the housing and population pressure that Auckland was facing over the last several years seems to have shifted into other areas, including the Bay of Plenty, Gisborne and Hawke’s Bay. Furthermore, this housing pressure in these areas outside of Auckland indicates that more effort is required to build more social housing in these places.

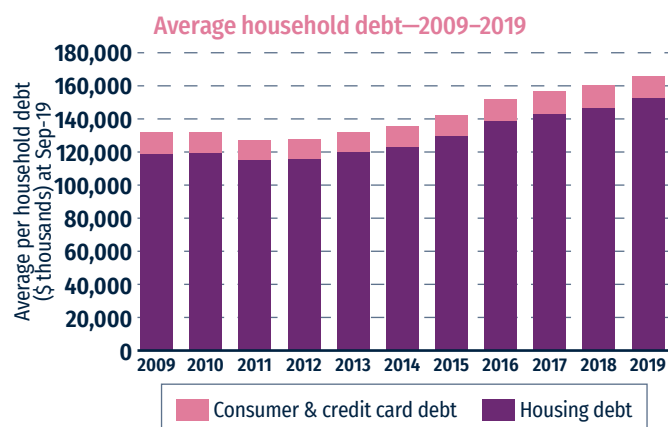
The Auckland part of our national story is still crucial; for instance, rents in Auckland seem to have moved generally in line with wages in the past year, but rent that Aucklanders pay is still significantly higher than the national average and are less affordable relative to wages. The Auckland part of the story is distinctly one where tenants are under more stress and facing increasingly unaffordable renting situations.



Also, Statistic’s New Zealand’s (StatNZ) revision of Auckland’s population saw a reduction in the estimated population by 77,500. This revision has resulted in some important changes in our *State of the Nation* analysis. The Salvation Army has tried to consistently apply the same methods of analysis over the various versions of this report. For 2020, this has resulted in significant changes due to the population revision. It has highlighted the changes in migration flows within the country, and the sufficiency of the housing supply in these locations. Data has also revealed that in 2020 our previous reports of the housing shortage in Auckland has now become, what could statistically be considered, a housing surplus. However, the actual nature of this ‘surplus’ is difficult to completely understand. We have reported on a housing supply deficit in Auckland since 2009. Now with these amended 2018 Census figures, The Salvation Army contends that this ‘surplus’ is likely to constitute an erosion of the accumulated housing supply deficit that has continued and grown over the last decade. We do not believe that this means there is suddenly an excess of total supply over demand in Auckland, but that the new building may now be catching up with population growth and beginning to reduce the overall shortfall in supply. The conclusions on this must be considered provisional, but we aim to report on the data as it emerges and as we have tracked and reported for over 10 years. A more accurate picture will emerge when StatNZ releases its final population figures for Census 2018, later in 2020.

Consequently, the real housing problem in Auckland might in fact be about unaffordable house prices, income levels and a resulting potential bias against

low-income tenants. We may be seeing a strongly differentiated market, catering well for those who are already homeowners, but not necessarily for low-income families. To address this, a more comprehensive and ambitious social housing building programme is needed in both Auckland and other areas around the country.



Finally, housing-related debt continues to rise relative to both GDP and household incomes. This type of debt is at record levels. In the context of somewhat mixed prospects for our economy, The Salvation Army’s view is that the risks associated with these debt levels must become more of a focus for national policy discussion and development.

OVERALL ASSESSMENT	RESULT
HOUSING AVAILABILITY	NC
HOUSING AFFORDABILITY	—
HOUSING AND HOUSEHOLD DEBT	—

## MĀORI INEQUALITIES—ASSESSING PROGRESS

The vision, ‘Huia Tangata Kotahi’, seeks positive outcomes for all in this land. This section of the *State of The Nation Report 2020* focuses on outcomes impacting Māori and progress in reducing inequality between Māori and non-Māori.

The indicators were included in the *State of the Nation Report 2019* for the first time, and Te Minitatanga Māori, the Māori Ministry of The Salvation Army, has encouraged us to continue to include these indicators, even as they share our concern that measuring disparity between Māori and non-Māori is not a fully adequate way to measure wellbeing outcomes Māori aspire to. Future reports will look to include measures that better capture these aspirations.

Many of the indicators show improvements for both Māori and non-Māori, but when addressing inequality of outcomes, there is little progress to report. None of the indicators show equal outcomes (i.e. 1.0 ratio).

The best signs of progress in reducing inequality are for young Māori in educational achievement and unemployment. The percentage of Māori leaving school with less than NCEA Level 1 reduced by a quarter between 2014 and 2018, faster than for non-Māori school-leavers, so this area of educational inequality is improving, even though the percentage is still 2.5 times higher. It is important to note that only 11.9% of Māori students who left Māori medium schools (where most of the teaching is done in Māori) in 2018 did not achieve at least NCEA Level 1 compared with 20.6% of Māori leaving English medium schools, suggesting that this form of learning is more effective at reducing the achievement gap.

The rate of young Māori not in employment, education or training (NEET) is slightly lower than in 2014, and the disparity with non-Māori has closed slightly. But the NEET rate for young Māori is still nearly twice as high as for non-Māori.

Nearly half of the indicators (eight) show no reductions in unequal outcomes, but Māori experience significantly worse outcomes than non-Māori over all of them. Average incomes from employment for Māori are rising, but incomes are still on average 20% less than for non-Māori, and the difference is not decreasing. The Māori unemployment rate has reduced, but Māori remain 2.5 times more likely to be unemployed than non-Māori.

Inequality is increasing on seven indicators. Most of the increase in the number children in care has affected Māori. Māori tamariki are more than four times likely to be taken into state care than non-Māori children. The Māori imprisonment rate is higher now than 5 years ago and nearly six times that for non-Māori. Other measures, such as the rate of illicit drug offending, are improving but not as fast as for non-Māori, so inequality has increased despite improved outcomes.

The overall conclusion to take from these indicators is that while reductions in disparity for young Māori in education and employment are to be celebrated, there is too little improvement in overall disparity. The worsening imprisonment rate and the rate of children in state care are areas needing urgent attention.

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**Disclaimer statement:** Every effort is made to ensure the accuracy of facts and information in this report. Inaccuracies or errors in interpretation remain ours and we are happy to discuss any brought to our attention. The views are the authors’, expressed in the name of The Salvation Army Te Ope Whakaora.

# MĀORI – NON-MĀORI INEQUALITIES TABLE

INDICATOR	MEASURE	Outcome 2014 Māori	Outcome 2014 Non-Māori	Outcome 2018 Māori	Outcome 2018 Non-Māori	Outcome 2019 Māori	Outcome 2019 Non-Māori	Ratio 2014	Ratio 2018	Ratio 2019
Teenage pregnancies	Pregnancies to 15- to 19-year-olds per 1000 15- to 19-year-old women	62	21	46	15	43	14	2.9	3.1	3.1
Infant mortality	Infant deaths (<1 year old) per 10,000 live births	76	47	40	35	70	36	1.6	1.2	1.9
Children in state care	Children in state care per 1,000 children	10.8	3.1	13.3	3.1	13.4	3.1	3.5	4.3	4.3
Early childhood education enrolment	Proportion of under-5-year-olds enrolled in ECE	54.8%	68.5%	57.3%	68.5%	56.7%	68.2%	0.8	0.8	0.8
Student engagement	Stand-downs per 1000 students	35.7	15	44	18	Not available	Not available	2.4	2.5	Not available
Student achievement	Proportion of school leavers leaving with less than Level 1 NCEA	24.8%	9.0%	20.3%	8.2%	Not available	Not available	2.8	2.5	Not available
Youth offending	Overall offending rate by 12- to 16-year-olds – per 1000 population	18.9	3.9	16.7	2.6	12.9	2.3	4.8	6.4	5.6
Welfare support	Adults receiving a benefit as % of population aged 18 to 64 years	26.5%	8.2%	24.7%	7.0%	25.1%	7.1%	3.2	3.5	3.5
Unemployment rate	Official unemployment rate	11.8%	4.5%	8.9%	3.6%	8.2%	3.5%	2.6	2.5	2.4
Youth unemployment	Proportion of 15- to 24-year-olds NEET	19.8%	9.3%	18.6%	10.2%	18.6%	9.6%	2.1	1.8	1.9
Personal income from wages & salaries	Average weekly personal income for those employed	\$871	\$1,011	\$969	\$1,162	\$990	\$1,189	0.9	0.8	0.8
Distribution of personal income	Proportion of adults in lowest three income deciles	35.8%	29.3%	34.8%	29.3%	Not available	Not available	1.2	1.2	Not available
Adult prison sentence rates	Proportion of convicted 17- to 19-year-olds who are imprisoned	11.9%	6.2%	11.5%	4.5%	9.3%	2.6%	1.9	2.6	3.6
Imprisonment rate	Number of people imprisoned – per 100,000 population	617	110	717	126	685	119	5.6	5.7	5.8
Recidivism rate	Reimprisoned within 24 months of release	43.2%	36.7%	49.6%	36.7%	46.6%	39.8%	1.2	1.4	1.2
Alcohol consumption	Proportion of adult population as hazardous drinkers	Not available	Not available	31.7%	18.1%	33.2%	18.1%	Not available	1.8	1.8
Illicit drug offending	People convicted of illicit drug offences – per 1000 people	2.6	0.6	2.1	0.5	2.2	0.4	4.3	4.3	5.4
Demand for social housing	Households on social housing waiting list – per 1000 households	Not available	Not available	21.1	3.3	31.5	4.8	Not available	6.3	6.6

**A note on the use of ratios:** The indicators are assessed using ratios that aim to measure the extent to which the Māori experience diverges from non-Māori on this indicator. A ratio of 1.0 means that Māori outcome is the same as for non-Māori. Ratios greater or less than 1.0 indicate the degree of disparity, either positively or negatively, depending on the type of indicator.