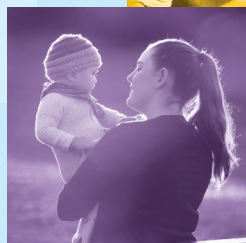
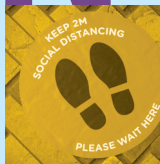




Social Policy & Parliamentary Unit
Working for the eradication of poverty in New Zealand

STATE of the NATION 2021 SUMMARY



Disturbed Present, Better Future?

Whakararu o ināiane e pai ake kia anga whakamua

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February 2021*

We welcome your feedback

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FROM THE DIRECTOR

'Ka pū te ruha, ka hao te rangatahi' | 'The old net is cast aside whilst the new net goes fishing'

I have heard it said that we should not waste a crisis. The co-founder of The Salvation Army, Catherine Booth, once said: 'There is no improving the future, without disturbing the present, and the difficulty is to get people to be willing to be disturbed'. Well, the present has been well and truly disturbed!

Last year was rocked by a worldwide pandemic and a time of massive change in our world and our nation. This made producing a *State of the Nation* report in this context a challenge.

Aotearoa New Zealand has so far fared well compared with other nations. Our economy was not hit as severely as first anticipated, and relatively few people contracted the virus. The increased use of technology, such as conference calls, meant reduced travel and an increased level of connectedness for people in isolated settings, which allowed access to all kinds of help and support. Families spent unscheduled and often very rich time together. The nation collectively pulled together, and Government policies like the wage subsidies softened the economic blow for many—at least for a time—and that is only to highlight a few of the positives.

However, there is no hiding the fact that Covid-19 has cast a large shadow over our whenua. Our country was in need of significant change before the virus struck as inequality had become entrenched in Aotearoa New Zealand. This was reflected in child poverty rates that are a national disgrace—something we have almost come to accept as normal. All this was the case before the crisis, but the economic impact of Covid-19 looks set to further exacerbate these unacceptable levels of poverty and inequity.

While unemployment is not as bad as forecast, September still saw the biggest quarterly increase in unemployment since 1986, and it is looking to increase further. People listed on the housing register (those in need of social housing) reached over 22,000 and this continues to rise. New budgeting cases started with our Salvation Army budgeters totalled 3500 between April and 20 November 2020. The total debt presented by these clients (for both open and closed cases) was a staggering \$54,682,772.63!

The whakatauki that sets the theme for this *State of the Nation 2021* report, 'Ka pū te ruha, ka hao te rangatahi', speaks to the idea of making a new start—casting off the old and starting afresh.

May this crisis lead to a restoration of hope for the many who are marginalised and unable to adequately

sustain themselves and their whānau. May our whānau and communities experience the hope that comes from the support expressed in social policies enacted by a compassionate and caring nation—our team of 5 million and a Government with a mandate.

Rejoice in hope, be patient in tribulation, be constant in prayer (Romans 12:12).

Lieutenant-Colonel Ian Hutson

Director—Social Policy & Parliamentary Unit

INTRODUCTION

Disruption brings potential for change—for better or for worse. Our vision is that out of the pain of 2020 the impetus for long-term structural change will emerge to lift up those who are struggling.

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 and Incomes, Housing, Crime and Punishment and Social Hazards. Many of these indicators have been tracked in *State of the Nation* reports for more than a decade. More recently, we have incorporated a further set of indicators measuring disparity in wellbeing outcomes affecting Māori, and we have now included this as one of our main focuses.

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 2020, 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 2021.

The indicators in each section are grouped into themes and an assessment is made 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.

As always, our perspective is focused on lifting up those who are excluded and marginalised. As we have seen in 2020, we can only succeed as a nation when we look after each other well.

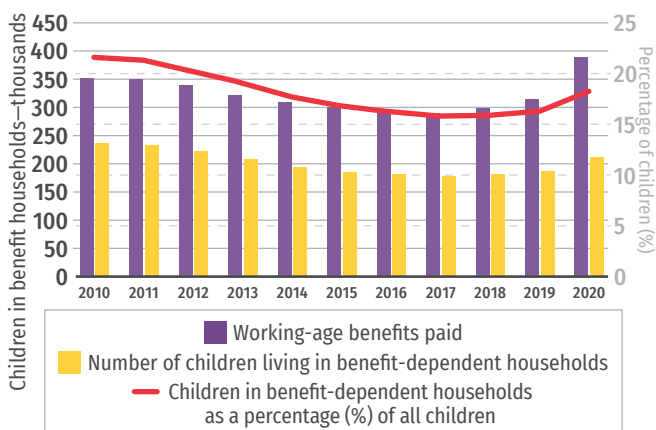
OUR CHILDREN

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

The whole country heeded the call for our ‘team of 5 million’ to come together to respond to the Covid-19 health threat, but it is clear that the burden of the social impacts of the pandemic is not being equally shared. Many of the children in the ‘team’ were missing out before the impacts began and indicators available point to a worsening in key areas.

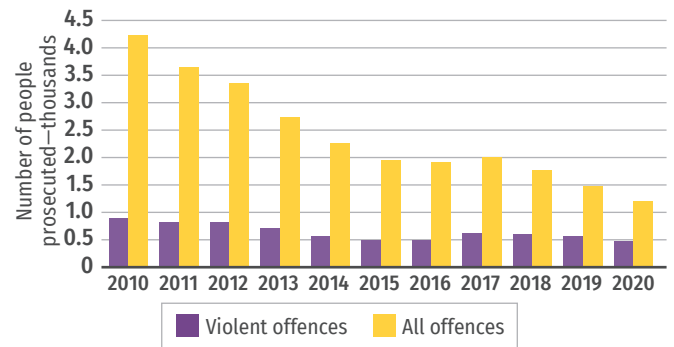
Official child poverty statistics for the June 2020 year will not be available until after this *State of the Nation 2021* is released, so the data used in this report are for the year ended June 2019 and taken from the Government’s official measures. The June 2019 data for the three primary child poverty measures showed the fixed-line poverty rate (50% After Housing Costs [AHC] 2018-based year) had reduced and was trending down, and the relative poverty rate (50% before housing costs [BHC]) had reduced in 2019, but with no clear trend. The other primary measure of material hardship showed no sign of reducing. The rapid increase in the number of children in benefit households—over 23,000 during 2020—is a sign that poverty rates may not decline further and could increase. Statistics covering Covid-19 impacts during 2020 will not be available until February 2022.

Estimates of children in benefit households—2010–2020



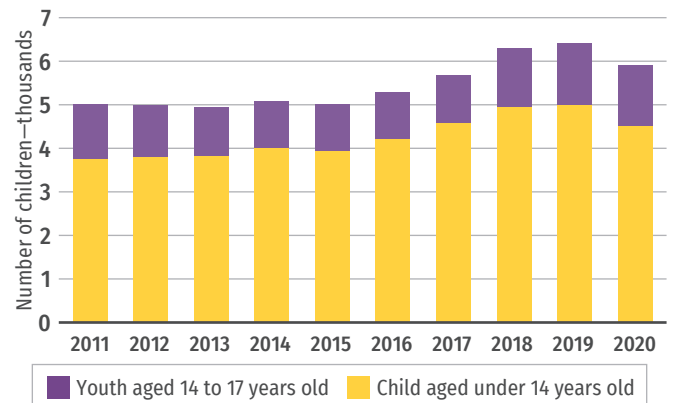
Positive news includes continuing reductions in teen pregnancies and teen abortions, a drop in youth suicide this year and the continuing trend of more than a decade of reduction in youth offending. These are welcome signs, and may indicate that the way young people of the current generation are responding to the challenges before them is different to the previous generation.

Number of recorded prosecutions of 12- to 16-year-olds 2010–2020



The reported educational achievement data is from the 2019 school year, so does not include Covid-19 impacts, but already shows an increase in the proportion of students leaving school without qualifications, and growing disparity in outcomes between low-decile and high-decile school students. There was also reduced disparity in University Entrance (UE) achievement by school leavers. Initial analysis of Covid-19 impacts on education, prepared for the Ministry of Education, suggests that impacts on attendance and educational achievement is indeed falling more heavily on already disadvantaged students.

Number of children in state care—2011–2020



The number of children in state care fell this year; the past two years seem to mark a turning point in state care policy as the number of children entering care was the lowest for more than a decade.

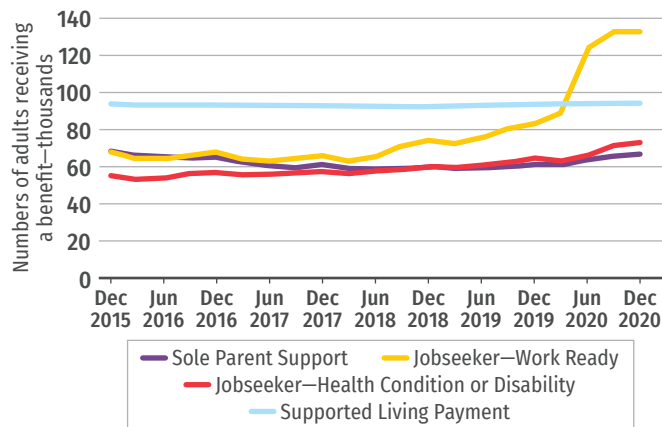
Trends of violence towards children showed a similar level to previous years but with a shift to more serious assaults.

WORK AND INCOMES

CATEGORY	RESULT
EMPLOYMENT	NC
UNEMPLOYMENT	-
INCOMES	-
INCOME SUPPORT AND WELFARE	-
LIVING COSTS AND FOOD SECURITY	-

The disruption caused by the Covid-19 pandemic is huge and has negatively affected all of the areas we monitor. The scale of the disruption to our social and economic systems has tended to outweigh the positive progress that has been made when assessing overall progress. The impacts are also very unequally shared and create pressures that seem likely to increase inequalities of income and wealth.

Number of people receiving selected working-age benefits—2015–2020

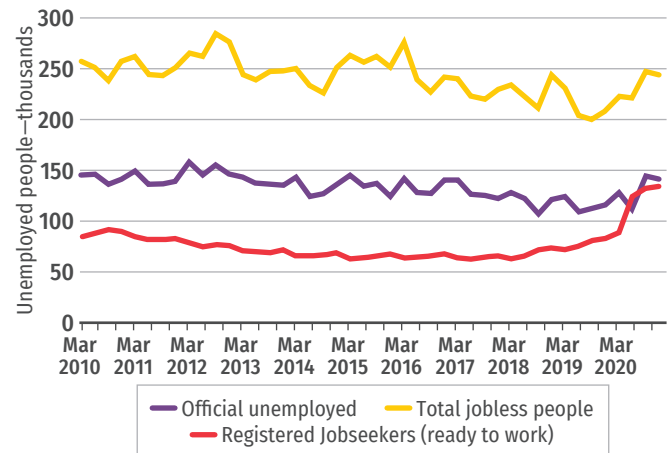


Government responses meant spending on welfare increased enormously this year, which were focused mostly on the short-term response of the Wage Subsidy Scheme and Covid-19 Income Relief Payment, as well as increases to core benefits and hardship assistance. These responses greatly helped to moderate the impacts of the crisis on people's incomes and employment, but the need for additional income support is likely to remain for the coming years.

Rising unemployment and the corresponding rising number of people relying on government income support mean increasing poverty and inequality seem likely without further changes. The changes made to income support and welfare policy to date do not seem sufficient to protect those losing employment from poverty, or shift inequalities existing before the Covid-19 pandemic, or be enough to overcome the further pressures accompanying the

Covid-19 crisis, particularly rising housing costs and higher unemployment.

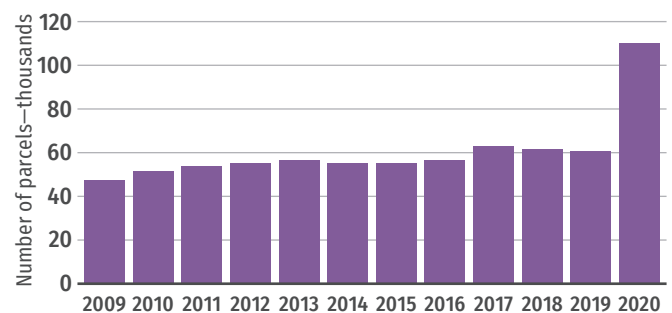
Measures of unemployment—2010–2020



The Covid-19 border restrictions have had dramatic impacts on the labour market in this country that has relied heavily on imported skilled workers, professionals and particularly labour in lower-paid sectors such as horticulture and hospitality. Youth unemployment and those not in education, employment or training (NEET) increased this year and is now at the highest number since 2012.

We are only at the beginning of the journey to look for a better future for young people seeking employment. This will involve balancing migrants' skills in our health sector and other higher-skilled sectors with the need to train and upskill more people in this country.

Food parcels distributed by The Salvation Army—2009–2020



The enormous increase in food parcels distributed in 2020 by The Salvation Army is a standout statistic, highlighting the fact that many households are only just managing to get by. More than 113,000 food parcels—nearly twice the level of 2019—had been distributed across the country by end of December 2020. Over 37,000 of them were distributed in the eight weeks of the levels 3 and 4 national lockdowns. Increases in food hardship grants from Work and Income (WINZ) have followed a broadly similar trend.

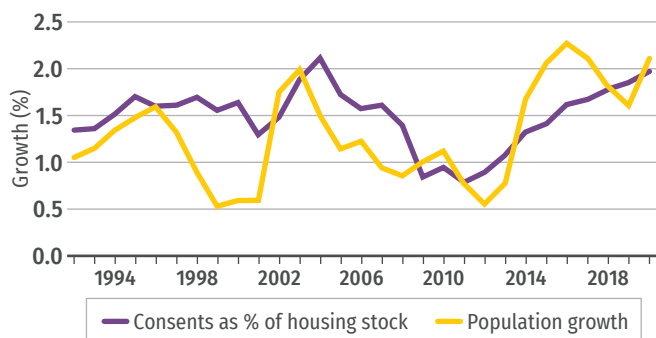
Within this overall picture of rising need, there are some hopeful signs, with a new investment from Government in a significant free school lunches programme and resourcing for collaborative networks to work on structural issues of food security. The continuing rise in the minimum wage is helping low-income workers, and the gap between male and female average hourly wages has continued to fall. There have been positive changes to the welfare system, with a one-off \$25 per week increase to core welfare benefits, along with implementing the indexing of core benefits to average wages, and small increases in abatement thresholds from April 2020. These are small but important positive steps, although the ‘overhaul’ of the welfare system seems to be stuck in the workshop.

HOUSING

CATEGORY	RESULT
HOUSING AVAILABILITY	-
HOUSING AFFORDABILITY	-
HOUSEHOLD DEBT	-

New Zealanders know that the housing picture in our nation is complex and challenging. Media stories and government reports on housing from the ‘sharper end’ of the housing continuum—of homelessness and living in motels, right through to house sale prices and home ownership—are seemingly in front of us almost every day. It is almost as if we as a nation are on a proverbial treadmill when it comes to housing. On this treadmill there is some movement, some progress, lots of resistance, but we don’t seem to be effectively and forcefully moving forward to properly address the housing challenges.

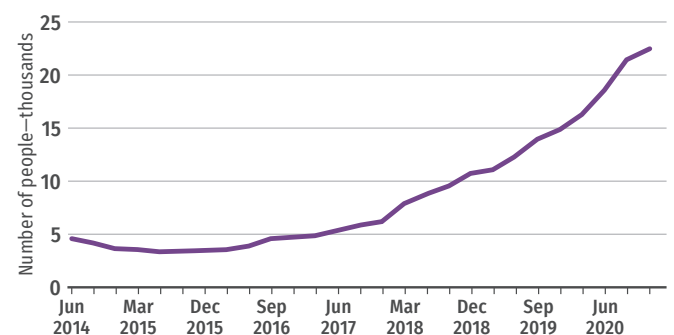
Comparison of population growth and new house building—1994–2020



The housing picture presented in this *State of the Nation 2021* report is dominated by detailing several critical housing issues facing our nation,

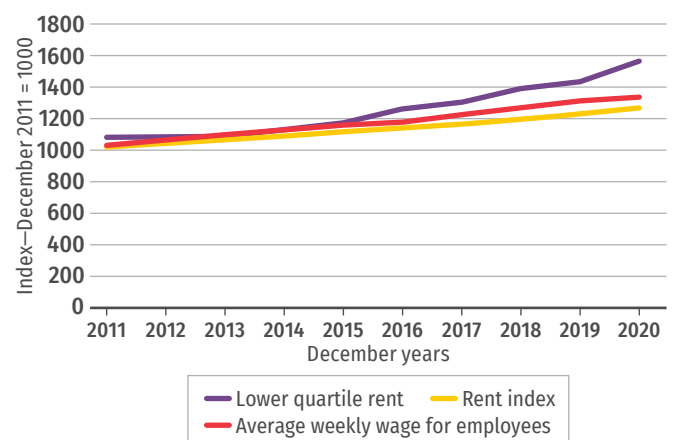
including a social housing register that reaches new records every quarter, increasing unaffordability for prospective home owners, some changes to the composition of our population due to Covid-19 and growing housing-related debt for households. The housing supply story is complex, with record-high levels of consents for new dwellings in Auckland and across the country. But keeping pace with the need is near impossible. The truth is that numerous brave policy actions are needed in all these areas of housing.

Social Housing Register—2014–2020



The Salvation Army has joined other organisations and commentators and made numerous recommendations in recent years through our reports, submissions to legislation and our own transitional and social housing building programmes and provision. But more changes are urgently needed right across the housing continuum—from homelessness through to home ownership. Maybe it’s time to ditch this proverbial treadmill and make bold and courageous housing policy ideas and initiatives that will effectively address these significant issues.

Indicators of changes in rents and incomes—2011–2020



CRIME AND PUNISHMENT

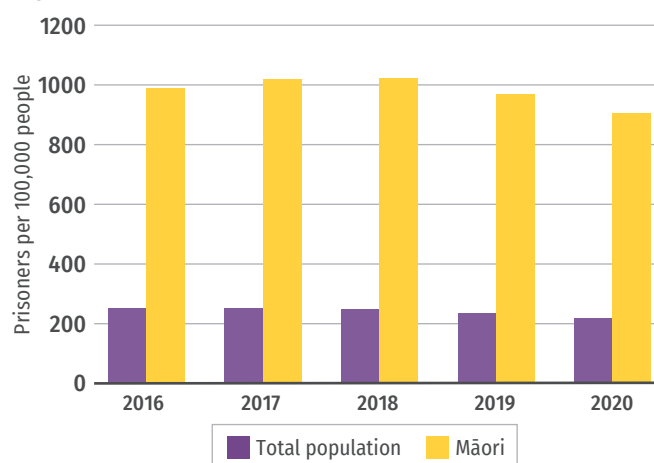
CATEGORY	RESULT
OVERALL CRIME	-
VIOLENT CRIME	NC
SENTENCING AND IMPRISONMENT	+
RECIDIVISM	NC

The Crime and Punishment section looks at the recent changes related to crime and criminal justice in New Zealand. The changes reported in offending, victimisation, conviction, imprisonment and recidivism rates continue to reflect the complexities in addressing the justice system. At the end of 2019, the Government pledged to take a new direction for criminal justice reform, however, with the backdrop of Covid-19 and Election 2020 there was limited movement in regard to key policy areas for criminal justice.

The trends seen in offending and victimisation in previous *State of the Nation* reports have continued in 2020. The overall offending levels have had minimal change, whilst victimisation levels continue to increase and, as a result, the resolution rates for offences continue to decline. Despite the Government's commitment at the end of 2019 to provide greater support for victims in the justice system, the numbers reflect that there needs to be more concerted effort to support victims of crime. The impacts of Covid-19 have been evident on the justice system pipeline: offending has increased, convictions have declined and incarceration rates have also declined. The lockdown effects of Covid-19 are reflected in the conviction rates of the courts, however, conviction rates continued to decline, consistent with the trends reported in 2019 and 2018. Overall, violent crime has declined in both offence levels and conviction levels. Family violence continued to be a key initiative area for the justice system. Despite only 24 percent of family violence being reported to Police, family violence continues to be one of the main call-outs Police are dealing with in our communities.

New Zealand has historically adopted a punitive tough-on-crime approach to the justice and criminal sector, however, such a stance has driven the incarceration population higher, without driving the recidivism rates lower. New Zealand has one of the highest incarceration rates amongst all OECD countries; higher than Australia, the UK and almost double the rate of Canada. The economic costs of incarcerating offenders have continued to increase. Despite the increase in funding for rehabilitation and reintegration, the recidivism rates have made minimal changes. The recidivism rates have declined in the past year across 12- and 24-month follow up, however, there have been minimal changes in recidivism rates since 2016. The disparity between Māori and the general population continues to be reiterated across the justice system. Māori represent the highest proportion of offenders, highest number of proceedings and they continue to be incarcerated at a higher rate. Māori are more likely to be victims of crime and are reconvicted and reimprisoned at a higher rate than the general population. A transformative justice system in the wider policy area needs to account for socio-economic wellbeing and early intervention, as education, deprivation, mental health and addictions contribute to an individual's pre-disposition to commit crime.

Imprisonment rates—2015–2020



Summary of adult offence volumes—2016–2020

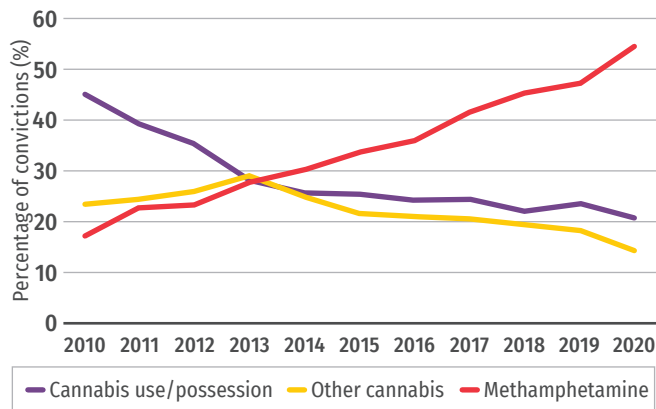
June Years	2016	2017	2018	2019	2020	1Y	5Y
Offenders	112,993	107,168	99,934	95,322	94,686	-0.7%	-16.2%
Proceedings	170,832	164,924	154,015	148,573	150,925	1.6%	-11.7%
Victims	217,091	221,451	211,095	206,446	209,911	1.7%	-3.3%
Victimisations	262,530	270,195	260,815	261,669	277,517	6.1%	5.7%

SOCIAL HAZARDS

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

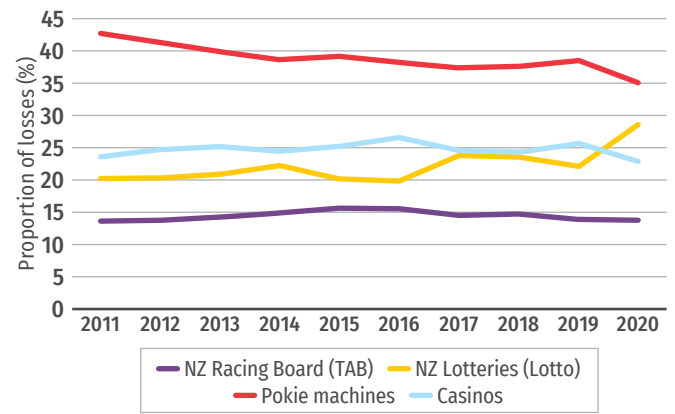
There are four activities that we monitor in the Social Hazards section: alcohol, illicit drugs, gambling and problem debt and financial hardship. All these activities are enjoyed by various people in society. Most of these actions are legal and heavily regulated, some are illegal. But all these activities 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. All these four areas are also ones in which we provide various social and Christian spiritual support services throughout the country.

Composition of illicit drug prosecutions by type of offence—2010–2020



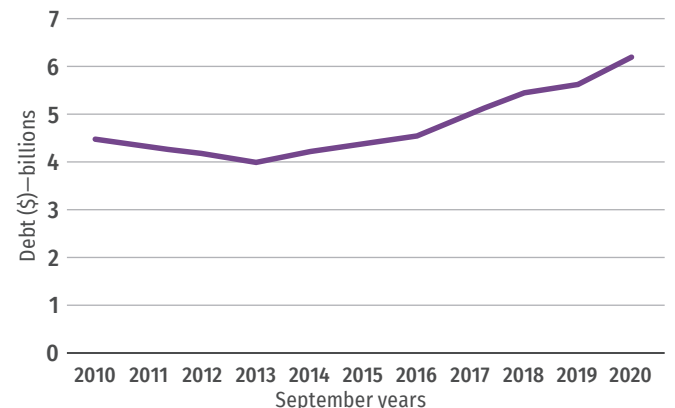
Covid-19 has had an interesting impact on the data that we monitor in the Social Hazards section. In our view, for large parts of 2020, the Covid-19 pandemic has impacted and caused increased financial hardship, major changes in gambling behaviour, changes in drinking behaviour and significant declines in illicit drug use and consumption. At the same time, the numbers clearly point to ongoing trends that have massive impacts on our nation. These trends, especially over the last decade, are becoming more embedded and consistent and include: declining numbers of pokie machines; decreasing prevalence of pokie machines in the community; consistent increases in methamphetamine prosecutions and convictions; and the steady decline in cannabis prosecutions and convictions. The constancy of these trends is highly noteworthy and indicates some important social trends for our nation.

Proportion of gambling losses in New Zealand—2011–2020



Still, whether it is a Covid-19-influenced shift, or one of the ongoing trends we have identified in these reports, one unquestionable reality is the impact and damage that these social hazards inflict on individuals, their whānau, friends and wider community. Changes to social policies and key legislation are crucial, and we advocate regularly for these. But major changes are also urgently needed within our local communities to reduce the harm from these social hazards. The Covid-19 restrictions, in many ways, influenced how people engaged, or were not able to engage, in drinking alcohol, taking drugs and gambling. At the same time, these lockdowns also brought out more community resilience, behavioural changes for individuals and communities, and increased care for those people who are vulnerable and facing hard times. More of these societal changes, coupled with the other social policy shifts and trends highlighted in this section, are needed in our nation to continue to disturb the present to better our collective future. But caution is still needed when looking at this section. While there are positive continuing trends around gambling and cannabis use, this is contrasted by surging methamphetamine use and other worrying indicators in gambling and financial hardship.

Personal consumer debt with non-bank financial institutions—2010–2020 (\$ billions)



MĀORI WELLBEING AND INEQUALITIES— DISRUPTION AND PROGRESS

Over the past three years, *State of The Nation* reports looked at specific outcomes and measures, particularly for Māori wellbeing. We looked for results that show improved social wellbeing outcomes and a reduction in the disparity between Māori and non-Māori.

The Covid-19 pandemic’s disruption has affected outcomes to varying degrees, worsening outcomes in some areas and deepening existing disparities. Even with these negative impacts, there are some hopeful signs of progress emerging. The diagram below summarises the 21 outcome areas and our assessment.

Not all indicators include data covering the 2020 Covid-19 pandemic timeframe, Te Kupenga wellbeing indicators are from 2018, student engagement and achievement from 2019.

For the three measures focused on wellbeing for Māori we found no change between 2013–2018 in the outcomes assessing importance of culture and spirituality, but small declines in whānau wellbeing and the use of te reo.

Limited Progress in Reducing Disparity

In the face of all the disruption of 2020, making progress in reducing inequalities is challenging. There was some reduction in disparity of outcomes on some measures, but only for average weekly income from employment was this a result of outcomes for Māori

improving faster than for non-Māori. Unemployment rates for Māori adults and youth NEET rates are still around twice that of non-Māori, but, during 2020, the disparity was reduced. Student achievement and student engagement rates are worsening for all students, but not decreasing as much for Māori school students, so the significant disparity decreased slightly.

This modest progress threatens to be overwhelmed by the apparent worsening of disparities across five areas: housing need, hazardous drinking, illicit drug offending, prison sentencing and imprisonment rates. Housing has an important role in turning around some other disparities and the level of housing need is growing, but the impact on Māori has increased faster, making up half of those on the public housing waiting list register in September 2020. Prison sentencing rates for young people (aged 17–19 years) are reducing, but not as fast for Māori as for non-Māori, meaning Māori are over three times more likely to be sentenced to imprisonment. The imprisonment rate per 100,000 is five times higher for Māori than non-Māori and this disparity has been worsening over the past five years. While the rate of convictions for illicit drug offending has been reducing for the whole population, it has not decreased as fast for Māori who are over four times more likely to be convicted than non-Māori. Rates of hazardous drinking across the whole population are not showing any apparent reduction and the rate for Māori is close to twice that of non-Māori.

Wellbeing measures placed in He Ara Waiora framework

