

Off the Track

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STATE OF THE NATION REPORT

OUR CHILDREN
CRIME & PUNISHMENT
WORK & INCOMES
SOCIAL HAZARDS
HOUSING

Introduction

This is the 10th State of the Nation report from The Salvation Army's Social Policy and Parliamentary Unit.

The report is produced each year to provide a marker of how New Zealand is doing as a nation. It is intended to stand alongside other oft-referenced indicators that serve to identify how our nation is doing economically. Economic reports are important in identifying one measure of how well we are doing as a country, but they cannot fully capture what is happening in the lives of ordinary New Zealanders at a social and personal level.

In measuring data around the five key areas of Our Children, Crime and Punishment, Work and Incomes, Social Hazards, and Housing, the State of the Nation report gives an indication of how we are progressing socially—and how this relates to economic trends.

The title of this year's report is *Off the Track*. It draws on the picture of the tramping tracks so familiar to many Kiwis. Walking these tracks requires frequent checking of maps and track markers to ensure the trail is not lost. Failure to do so in the New Zealand bush can carry significant and sometimes tragic consequences.

In the context of this report, 'off the track' reflects a sense that many of the markers routinely analysed for the State of the Nation report currently suggest we are not heading in the best direction for New Zealand as a whole. There are some undeniably positive signs, such as rising employment and wage growth, reduction in youth offending and a falling teenage pregnancy rate. However, in some of our most critical

areas the nation appears to have stalled or even gone backwards. In publishing this report, The Salvation Army wishes to particularly highlight the following areas:

- seemingly entrenched rates of child poverty and child abuse
- the burgeoning incarceration rates of prisoners, along with high recidivism rates
- an alarming lack of safe, affordable housing that has resulted in a level of homelessness not seen in New Zealand in the lifetime of most Kiwis.

These concerns alone seem sufficient reason to ask the question: *Are we off the track?*

In an election year, it is timely to challenge all who would aspire to govern—and, in fact, all New Zealanders who are part of the fabric of Aotearoa New Zealand—to think deeply about the social progress we want to achieve for ourselves and our children. Are we heading off the track in a way that benefits only a few (and perhaps only in the short term), while leaving others at risk? Or will we work together to establish a track leading to a New Zealand where all children and families are able to live, grow and be supported to flourish in a nation we might gladly call 'God's own'.

The question all voting citizens will consider this year is: Who has the insight, the imagination and the courage to identify a path that might lead to such a country?

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

Are we heading off the track in a way that benefits only a few, while leaving others at risk? OR WILL WE WORK TOGETHER TO ESTABLISH a track leading to A NEW ZEALAND WHERE ALL CHILDREN AND FAMILIES are able to live, grow and be supported to FLOURISH in a nation we might gladly call 'God's own'.

Executive Summary

The title of the 2017 State of the Nation report is, in part, inspired by the famous Robert Frost poem, 'The Road Not Taken'. The final verse of this poem reads:

*I shall be telling this with a sigh
Somewhere ages and ages hence:
Two roads diverged in a wood, and I—
I took the one less traveled by,
And that has made all the difference.*

This poem describes the choice of which route or track to take, and acknowledges that this single choice made all the difference to what happened subsequently.

And so it is with our national life—the policy route chosen by a Government can make all the difference to what happens subsequently in our collective and individual fortunes.

The National-led Governments of the past eight years have made it very clear that their priority was economic growth and the increase in job numbers and the expansion of incomes that may attend this growth. And this has occurred—especially over the past five years. Such success should be acknowledged both as social progress in its own right and for the opportunities it offers for other sorts of social progress.

However, it is the lack of these other sorts of social progress that most concerns The Salvation Army and, no doubt, many other New Zealanders. This

concern has given rise to the focus of this report. We ask: *Are we still on the path or track to a shared prosperity as a national community, or have we started to wander off this track?*

Three stark conclusions emerge for us from the data and analysis offered in this report:

1. We have failed to put a dent in rates of child poverty over the past decade.
2. Our efforts to reduce the prison population have failed and we are planning to expand the already record high prison population by a further 18%.
3. Housing investment and speculation have been allowed to distort the economy, make us still more indebted, and create levels of homelessness unseen in more than a generation.

We believe the evidence to support these three claims is clear and unequivocal, and some of this evidence is offered in this report.

No matter how we choose to measure child poverty, the emerging conclusion is that nothing much has changed in child poverty rates despite continued economic growth and political rhetoric. A commonly used child poverty measure suggests that 20% of New Zealand's children (or 212,000 children) live in relative income poverty, while perhaps 8% (or about 85,000 children) face severe material hardship. These numbers are little changed from a decade ago.

While a reliable way of measuring crime rates continues to elude us, it does appear that levels of

offending are falling. For example, the number of adults convicted of an offence fell from 90,700 in 2010/11 to 64,600 in 2015/16. Despite this fall, New Zealand's prison population has grown from 8,400 at the end of 2011 to almost 10,000 by the end of 2016. Furthermore, in October 2016, Government announced a \$1 billion plan to expand prisons by a further 1,800 beds.

Auckland's housing bubble continued to grow during 2016, with the median house price jumping 12% to almost \$854,000. Median house prices New Zealand-wide grew 12% during 2016 as well, indicating that Auckland's housing pressures are spreading elsewhere. Alongside these price increases, rents have also increased—growing by around 25% over the past five years, while average wages have risen by half this amount. There is considerable regional variation in these rent increases, with Auckland rent increases slowing recently, while rents in the Waikato have suddenly jumped.

As could perhaps be expected, this rapid increase in house prices has been supported by growing household indebtedness. By September 2016, household debt amounted to 96% of GDP and 160% of disposable household income—both are record highs.

The Government's strategy has been to drive economic growth, and through this expand job opportunities and incomes. Over the past five years, it has delivered on this strategy—with jobs growing by more than 12% to over 2.5 million and average weekly incomes of employees growing 9% to \$987 per week at the end of 2016.

But more jobs and better incomes for those with jobs are not the only contributor to social progress. It is difficult seeing social progress if homeownership rates continue to fall and homelessness becomes more prevalent. A growing prison population is the antipathy of social progress. It is difficult seeing social progress in persistent rates of child poverty—even as the economy grows robustly.

As Robert Frost deduced, the choices made in the past make all the difference to the life we end up living. This is as true of nations as it is of individuals. It appears to The Salvation Army that, either by neglect or silence, we have made political and social choices that have paid scant regard to the interests and future of thousands of New Zealanders—especially our young. This neglect or silence needs to be recognised and addressed if we are to get back on track.

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'Off the Track' was produced by
The Salvation Army Social Policy
and Parliamentary Unit

Full report available for
viewing or download from

[www.salvationarmy.org.nz/
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OUR CHILDREN

212,000 New Zealand children (20% of under 17-year-olds) live in income poverty.

This number has changed little since 2009 and has virtually become entrenched in NZ's social and economic structures.



CHILDREN AT RISK CHILDREN AND VIOLENCE

The number of confirmed cases of child abuse or neglect has fallen by almost 22% over the past five years to 16,394 (almost the same as the year before). This recent decline is due to Child, Youth and Family changing its practices and definitions. There is no evidence that recorded violent offences against children have fallen over this period however.

The numbers of young people prosecuted for a criminal offence has fallen to the lowest on record consolidating gains made during 2014/15. For 2015/16, fewer than 1,900 14- to 16-year-olds were prosecuted, compared with more than 3,600 five years earlier.

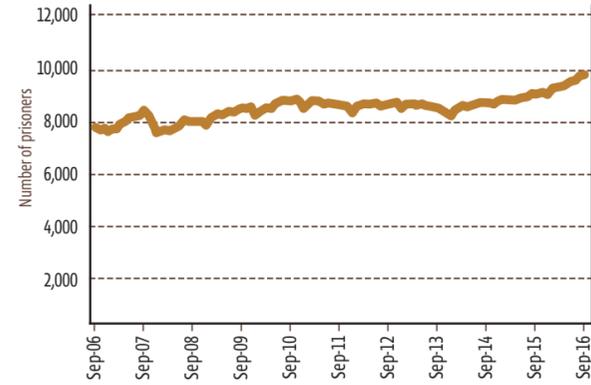
EDUCATIONAL ACHIEVEMENT TEENAGE PREGNANCY

Nationally, University Entrance pass rates rose between 2014 and 2015 by 1.5% to 40.6%. However, for students from the wealthiest 30% of schools this rate rose by 2.2%, while for students from the poorest 30% of schools it rose by 1.2%.

Teenage pregnancy rates continued to fall to lower and lower levels and in 2015 reached 29 pregnancies for every 1,000 women aged 15 to 19 years—down from 31 per 1000 in 2014.

INDICATOR	2011	2015	2016
Number of children living below poverty line (50% of median income after housing costs)	213,000	212,000	Not available
Number of notifications for possible child abuse or neglect	151,109	150,905	142,249
Number of substantiated cases of child abuse or neglect	22,291	16,472	16,394
Physical and sexual assaults against children	Not available	6,548	6,657
Court proceedings against 14- to 16-year-olds	3,651	1,926	1,889
Children enrolled in early childhood education	194,101	198,887	Not available
Proportion of students from poorest 30% of schools passing UE	18.2%	18.5%	Not available
Proportion of students from wealthiest 30% of schools passing UE	58.6%	62.8%	Not available
UE Achievement Gap	40.3%	44.3%	Not available
Number of infant deaths	330	268	251
Pregnancy rate amongst 15- to 19-year-olds (pregnancies/1,000)	44	29	Not available

CRIME & PUNISHMENT



By Sept 2016, NZ's prison population reached a record 9,851 and set to top 10,000 in 2017.

At the same time, the Government announced that it had allocated a further \$1 billion to provide 1,800 more prison beds.

SENTENCING AND IMPRISONMENT

For the year to June 2016, 77,604 adults were prosecuted for offences, of whom 64,616 were convicted—these are the lowest numbers recorded for at least 35 years.

INDICATOR	2011	2015	2016
Total charges prosecuted against adults (excl. traffic offences)	294,235	209,498	211,303
Number of unique victims of physical & sexual assaults	Not available	45,739	48,894
Number of adults convicted of a criminal offence	90,722	66,002	64,616
Imprisonment sentences	8,741	7,439	7,826
Average number of people in prison – June years	8,712	8,732	9,193
Number of new starts for non-custodial community-based sentences	60,823	46,463	44,805
Imprisonment rate for total population (prisoners per 100,000 popn.)	198	192	198
Imprisonment rate for Maori population (prisoners per 100,000 popn.)	671	622	655
Proportion of parole applications approved	31.2%	21.6%	20.2%
%age of released prisoners re-imprisoned within 12 mths of release	28.4%	25.9%	28.1%

In inflation-adjusted terms, the average cost of keeping a prisoner in prison has risen from \$86,700 in 2010/11, to \$91,000 in 2014/15, and in 2015/16 to \$92,800.

WORK & INCOMES



At the end of 2016, a record 2.5 million New Zealanders were in work.

Over the past year, 139,000 additional jobs have been added to the New Zealand economy.

UNEMPLOYMENT INCOMES BENEFITS & PENSIONS

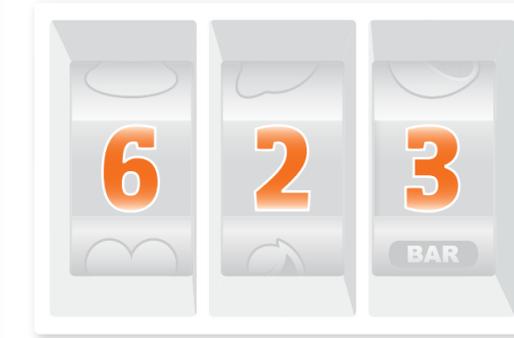
Despite strong job growth, unemployment fell by just 1,000 people during 2016.

INDICATOR	2011	2015	2016
Number of people in work (annual average)	2.19 million	2.36 million	2.47 million
Number of people officially unemployed (annual average)	138,900	133,600	132,600
Number people of on working age benefits (at 30 Dec)	350,900	301,300	297,000
No. people receiving NZ Superannuation or Veteran's Pension	594,800	700,600	726,500
No. 15- to 24-year-olds not in employment/education/training	81,600	73,500	79,700
Average weekly wage for employees (at Dec-16 \$ values)	\$905	\$973	\$987
Per-capita GDP (at Dec-16 \$ values)	\$50,100	\$54,100	\$55,100
Number of people working for minimum wage	64,000	115,100	152,700
Number of food parcels provided by The Salvation Army	54,000	55,200	56,000

Wages and salaries for employees rose by 1.8% during 2016, but by almost 10% in inflation-adjusted terms over the past five years.

The number of people receiving working-age benefits declined by just over 4,000 to 297,000, while the number of people being paid a retirement pension rose by 26,000.

SOCIAL HAZARDS



Per-capita spending on gambling rose 3% during 2016 to \$623 for every adult.

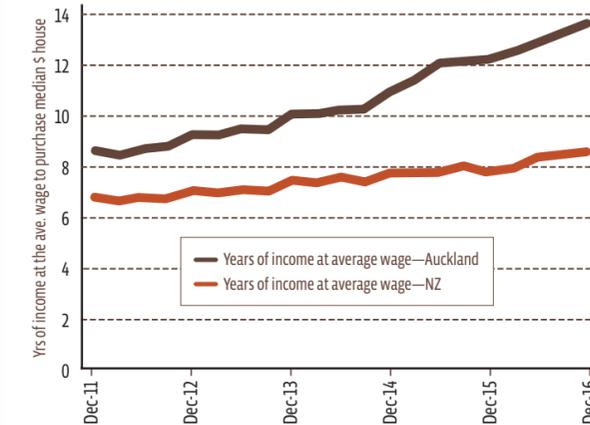
In 2010, it was slightly higher at \$638 per adult.

ALCOHOL ILLICIT DRUGS GAMBLING

19.3% of the adult population were assessed as drinking hazardously in 2015/16, which is 4.4% higher than in 2011/12.

INDICATOR	2011	2015	2016
Availability of pure alcohol for consumption (litres for every person over 18 years)	10.6	9.3	9.3
Proportion of adults assessed to have drunk hazardously in previous 12 months	14.9%	17.7%	19.3%
Drink/drug-driving convictions for every 10,000 roadside tests	96	73	69
Proportion of injury road accidents caused by drugs or alcohol	15.1%	13.2%	Not available
Convictions for illicit drug offences	13,708	9,369	9,886
Number of Class 4 non-casino gaming machines	18,167	16,440	16,221
Adult per-capita spending on gambling (Jun-16 \$ values)	\$638	\$607	\$623

HOUSING



Years of average wage or salary to purchase median price house unprecedented.

By the end of 2016, it took 13.7 years of the average wage or salary to purchase the median-price house in Auckland, while across New Zealand as a whole it took 8.6 years.

HOUSING AVAILABILITY HOUSING AFFORDABILITY HOUSEHOLD & HOUSING DEBT

Almost 10,000 consents for new dwellings were issued in Auckland during 2015/16—the highest in 11 years. At the same time, the region's population grew by 45,000 people, further adding to its housing shortage, which is estimated at more than 18,000 houses over the past five years.

INDICATOR	2011	2015	2016
Years of ave. wage/salary required to purchase median value house—NZ	6.8	7.8	8.6
Years of ave. wage/salary required to purchase median value house—Auck	8.6	12.3	13.7
Hours at the average hourly wage required to pay the average rent—NZ	11.6	12.4	12.9
Hours at the average hourly wage required to pay the average rent—Auck	14.2	15.5	16.0
Additional population for every new dwelling consented—NZ	2.2 people	3.4 people	3.3 people
Additional population for every new dwelling consented—Auckland	5.5 people	5.0 people	4.5 people
Household debt as proportion of GDP	91%	93%	96%
Household debt as proportion of disposable household income	143%	153%	160%

Rents continue to rise faster than wages and salaries. In December 2016, it took 12.9 hours of pay at the average wage to afford the average rent—0.5 hours of pay more than a year earlier.

Average household debt rose 6.7% during 2015/16 to \$144,400, while total household debt reached a record-equalling 96% of GDP.