



**INTRODUCTION:**

*Recession impacts deepen as social services struggle to meet demand.*

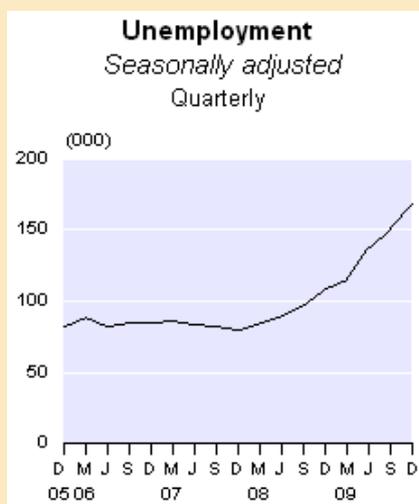
The fourth Vulnerability Report covers the last quarter of 2009 and explores the experiences and pressure points for both families and social service agencies. Data from Christian agencies who are members of the New Zealand Council of Christian Social Services (NZCCSS) is supplemented with data provided by other community based organisations and placed in the wider economic context. While there are some early economic indications that the worst of the recession is over, it is evident from the statistics outlined in this report that agencies are as busy as ever and it will be sometime before economic recovery helps to restore financial security and well being.

The current unemployment rate of 7.3% is even more alarming when it's broken down into who is most affected. Recession impacts are very uneven – it is youth, Maori and Pacific peoples and benefit dependent households that are bearing the brunt. The unemployment rate for youth aged 15-19 years is a staggering 23% and the unemployment rate for Maori aged between 15-24 years is nearly 26%. Also of concern is the longer term impact of financial deprivation on our youngest citizens. A wealth of research indicates that now is the time to build up investment in our children and young people.

*While an adult may fall into poverty temporarily, falling into poverty in childhood can last a lifetime – rarely does a child get a second chance at an education or a healthy start in life. (UNICEF)*

**UNEMPLOYMENT:**

*The unemployment rate hits a ten year high.*



Source: HLFS, December 2009 Quarter

In the December 2009 quarter:

- The seasonally adjusted unemployment rate <sup>1</sup> rose to 7.3%, the highest rate in ten years.
- The unemployment rate rose by 18,000 people to reach 168,000, the highest level in ten years.
- The unemployment rate for Europeans rose to 4.6% up from 3.2% a year ago.
- Maori workers are over three times more likely than European to be unemployed, with an unemployment rate <sup>2</sup> of nearly 15%.
- Pacific workers have also been hit hard, with an unemployment rate of 14%.

*Maori, Pacific peoples and youth the most likely to be unemployed.*

Employment prospects for young people are particularly challenging. For youth aged 15-19 years, the unemployment rate for the year to December 2009 increased to 23.4% up from 16.2% a year earlier. The youth unemployment rate remains well above the annual average rate for all persons (6.1%).

In December 2009, the unemployment rate for Maori aged between 15-24 years is nearly 26%, 9% higher than the all ethnicities rate. The unemployment rate for Pacific youth in this age bracket is even higher at nearly 28%.

The Department of Labour tracks the broader issue of youth disengagement via the rate of those Not in Education, Employment or Training (or NEET). As at December 2009 18.4% of Maori males were NEET (compared with 11.2% of all males) in the 15-24 year age group. Nearly 15% of Maori females were NEET compared with an all females rate of 9.8% for the age group. NEET rates for Pacific youth are also high, particularly for males.

Young people are vulnerable to the impact of the recession because of their relatively low skill levels and lack of experience. Because of the youthful nature of the Maori population<sup>3</sup>, Maori youth have been disproportionately affected. Recent trends showing more Maori moving into higher skilled occupations should lessen the impact of future recessions.<sup>4</sup>

1 The number of unemployed people expressed as a percentage of the labour force (HLFS).  
 2 This is the 'total response Maori unemployment rate' rather than Maori only rate.  
 3 53% of Maori were younger than 25 years at the 2006 Census.  
 4 *Maori in the NZ Labour Market*, Department of Labour, December 2009.



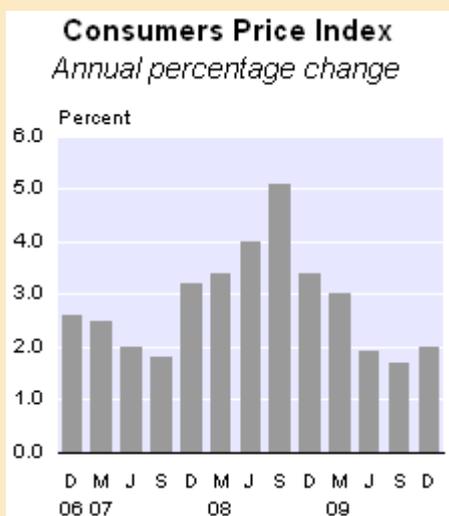
**Regional differences**

There are regional differences in unemployment. While the unemployment rate has increased to 6.1% in all 12 regions for the year ending December 2009 (compared with 4.2% for 2008), the regions hardest hit in 2009 were Northland 8.9%, Gisborne/Hawkes Bay 8.3%, and Auckland 6.9%.

Sources: Household Labour Force Survey (Statistics NZ), Labour Market Fact Sheets (Department of Labour)

**TRENDS IN THE COST OF LIVING:**

*The price of food has risen for everyone, staples like budget bread rising from 95c to \$1.40 has had a huge impact on struggling families. (Executive Officer, Jigsaw, Whanganui)*



- The Consumers Price Index (CPI) increased 2% for the year to end of December 2009.
- The Food Price Index (FPI) for January 2010 increased 2.1% compared with the previous month and was up 2.2% compared to January 2009. The largest increase was in fruit and vegetables (up 4.8%).
- The price of petrol is slowly creeping up but so far remains below its peak of \$2.11 per litre in June 2008.
- House prices have increased by 6.9% in the 12 months to January 2010. The highest increases were in metropolitan centres. Prices in Christchurch increased by nearly 13% in January, Auckland by 8.5%, and Wellington by nearly 5%.
- Average rents have remained stable during 2009 despite a housing shortage, with the exception of Wellington which has seen significant rises.

If GST rises to 15%, as recently proposed by the Government, retail prices of goods and services that are subject to GST would rise by 2.22%. Statistics NZ estimates that the impact of an increase in GST by 2.5% would increase the CPI by 2% because

not all goods are subject to the tax such as housing rentals and school donations.

Sources: Statistics NZ, REINZ Monthly Housing Price Index, Building and Construction Quarterly Report December 2009 - Department of Building & Housing

**PERSONAL DEBT:**

***More people are struggling to meet their financial obligations.***

For the six months to December 2009 there were 1627 bankruptcy adjudications compared with 1101 for the same period in 2008, an increase of 47%.

The number of financially vulnerable couples, that is couples who are spending over 30% of their gross income repaying debt, has doubled in the past four years to one in eight couples.

The New Zealand Federation of Family Budgeting Services collects anonymous statistics from each of its 130 member budget advice services every year<sup>5</sup>. These statistics show alarming increases in the average amount of debt their clients are incurring via mortgages, and debt to banks and government departments. Notably the debt owed to finance company loans per client has also increased between 2007/08 and 2008/09, from \$1,522 on average to \$3,384 on average. Anecdotally, services are reporting a significant rise in families with mortgage and insolvency issues, as well as people who have suddenly been made redundant.

Sources: Insolvency Trustee Service (Ministry of Economic Development), Household Debt in NZ, K Henderson & GM Scobie, NZ Treasury Working Paper 09/03 December 2009, NZ Federation Family Budgeting Services.

**COMMUNITY IMPACT:**

***Food banks and budget services***

*Bureaux have reported seeing more clients coming in with a sense of despair, feeling like they have few options to them as they struggle to face redundancy, unemployment, an inability to service their mortgage or even meet their day to day bills. (Citizen's Advice Bureaux, Annual Report 2009)*

- Demand for budgeting, education and advocacy services offered by the Friendship Centre Trust in Glen Eden increased 84% in the last quarter of 2009 compared with the same quarter in 2008. The Trust also experienced a 20% increase in the number of people requiring food parcels during the same period.

<sup>5</sup> Statistics are recorded from 1 July to 30 June each year.



- 741 meals were distributed from the Catholic Cathedral in Hamilton in the last quarter of 2009, a similar figure to the previous quarter.
- The NZ Citizen’s Advice Bureaux has reported a 19% increase in the number of people seeking food parcels during 2009. They also experienced a 37% increase in people seeking assistance because of financial difficulties and a 14% increase in people seeking help with work related issues during this period.
- Pressure is on the Napier Family Centre to meet burgeoning demand for their budget advisory services. There has been a 30% increase in their work.
- In the last quarter of 2009, for the first time, over 1000 food parcels were distributed weekly through the Salvation Army’s network of 52 Community Ministries. The demand for food parcels grew 42% in 2009 and the number of families receiving food assistance rose 38% to 22,230. Demand for budgeting services from the Salvation Army also increased by 32% during 2009
- The Tauranga Community Food Bank Trust distributed 2458 food parcels in the December 2009 quarter, an increase of 559, or 29% compared with the same period in 2008. Demand for food parcels has increased 84% when comparing the December 2009 figure with December 2007.
- Wellington City Mission is reporting increases in demand in the drop-in centre (midday soup or meal), and the number of clients in the budgeting service, both up 7% in the fourth quarter of 2009 compared with the same quarter in 2008.
- Demand for food parcels is strong in Hamilton with their Christian Combined Food Bank reporting an increase of 31% in the fourth quarter of 2009 compared with the same quarter in 2008. The number of clients requiring food parcels in the 4th quarter is 16% greater than the same quarter in 2008.
- Catholic Family Support Services in Hamilton is reporting a 23% increase in demand for food parcels in the December 2009 quarter compared with the previous quarter and a 133% increase on the same quarter in 2008. They have noted a growing number of migrant families surviving on food parcels as they wait for appeals, having had their residency applications denied.
- The Suzanne Aubert Compassion Centre’s Soup Kitchen experienced an 11% increase in meals distributed in January 2010 compared with January 2009. From July 2009 to January 2010 the Suzanne Aubert Compassion Centre’s Soup Kitchen distributed nearly a third more meals (32% or 5053 meals)

than it did in the same 7 month period a year before.

*We have definitely felt the full effects of the double whammy of less funding coupled with more demand – to ensure we meet demand for our programmes staff members have taken reduced hours to free up funds for work with clients. (Napier Family Centre)*

**BENEFITS:**

*Numbers of beneficiaries increased by a fifth over the last year, with unemployment beneficiary numbers surging 117%.*

Main Benefit Type	Dec 2008	Dec 2009	% increase 2008-09
Unemployment Benefit	30,508	66,328	117%
Domestic Purposes Benefit	100,282	109,289	9%
Sickness Benefit	50,896	59,158	16%
Invalid’s Benefit	83,501	85,038	2%
Other	20,989	25,663	22%
<b>Total</b>	<b>286,176</b>	<b>45,476</b>	<b>21%</b>

Source: Benefit Fact Sheet, MSD

In the year to December 2009 approximately 36,000 more people are receiving the Unemployment Benefit than 12 months earlier, an increase of 117%. Of the people receiving the Unemployment Benefit three quarters are male and 84% have been on the benefit for less than 12 months.

The second largest increase by benefit type was for the Sickness Benefit. The most common reason for being on a Sickness Benefit is because of psychological or psychiatric conditions (41%). Increases in Sickness Benefit numbers are attributed to “an ageing population, and increasing movement of people with incapacities into the community”. While making up approximately 15% of the population, Maori are over represented in the uptake of Sickness Benefits, making up 27% of recipients.



**HARDSHIP ASSISTANCE:**

*The Wellington People’s Centre estimated<sup>6</sup> four out of ten beneficiaries who may be eligible for Temporary Additional Support (TAS) miss out<sup>7</sup>.*

Quarter 2009	Special Benefit	Temporary Additional Support (TAS)	Total
June	13,715	44,301	58,016
Sept	12,854	50,101	62,955
Dec	12,210	50,743	62,953

The numbers of people receiving hardship assistance has stayed relatively stable during 2009, however when the figures are placed in a longer historical context, demand for Temporary Additional Support has increased from 34,428 in December 2008 to 50,743 a year later, up 47%. *Source: MSD*

Not all people who are eligible for hardship assistance receive it. The Wellington People’s Centre estimated that as of December 2009, 34,641 beneficiaries who met the formula for TAS or Special Benefit (according to information already held by Work and Income<sup>8</sup>) were not receiving it.

Numbers of people receiving the Special Benefit has declined by approximately one-fifth. This is due to attrition as TAS replaced the Special Benefit on 1 April 2006.

People who identify as Maori continue to be disproportionately represented in the uptake of hardship assistance. While making up 15% of the population, Maori form 22% of Special Benefit recipients in the December 2009 quarter and 28% of Temporary Additional Support recipients.

	Special Needs Grants (for Food)	Benefit Advances for Electricity, Gas and Water
Dec quarter 2008	102,185	8,763
Dec quarter 2009	136,596	11,585
% change	+34%	+32%

*Source: MSD*

6 Actual entitlement to hardship assistance can only be established by a full assessment of individual circumstances  
 7 <http://blog.greens.org.nz/2010/02/17/the-great-welfare-benefit-rip-off/>  
 8 This data did not include cash assets which would render some people ineligible.

- There was a 34% increase in the numbers of people receiving Special Needs Grants for food in the December quarter 2009 compared with the same quarter 2008.
- Demand for Benefit Advances for Electricity, Gas and Water increased 32% in the December 2009 quarter compared with the same quarter in 2008.
- Maori are disproportionately represented in the uptake of the Special Needs Grants (for Food) making up 43.5% of recipients in the December quarter 2009.

**HOUSING:**

*The housing situation is critical and getting worse.*

*Government housing assistance grew in late 2009, in terms of both expenditure and number of recipients. Pressure is mounting to meet the increase in demand for social housing. (Department of Building & Housing, 29 January 2010)*

The two main ways that the Government assists low income families into affordable housing is through the Accommodation Supplement (AS) and through Income Related Rents (IRR) for low income state housing tenants.

- The government spent \$10m more in housing assistance in the December 2009 quarter than in the previous quarter.
- Expenditure in the December 2009 quarter was up 14.6% on the same quarter 12 months earlier.

Auckland is estimated to be at least 6000 short of houses, 3000 homes of which are needed in South Auckland. This is due to population growth outstripping residential construction. Only one new house is built for every seven new Aucklanders.

*Source: Department of Building and Housing, Road to Recovery Salvation Army State of the Nation Report 2009*

**HOUSING NEW ZEALAND CORPORATION (HNZC)**

**WAITING LIST:**

*The number of families with severe housing needs waiting for a state house is growing the fastest.*

As at 30 January 2010 there were 10,298 people on the waiting list. Of this:

- 347 were A priority (severe housing need)
- 4,333 were B priority (significant housing need)
- 3,072 were C priority (moderate housing need)
- 2,546 were D priority (lower level housing need)

The January 2010 figures show a slight decrease on the December 2009 figures in which 10,430 applicants were on



the combined waiting list. The decreases were in priority C and D.

The combined A and B priority waiting lists increased by 11.5% between December 2008 and December 2009. A large number of families are assessed as priority B and this group increased 9% in the year to December 2009. For the same period, the families with most severe housing needs (priority A) increased by 56%.

Sources: HNZC and Department of Building and Housing

**Terralink:**

***Mortgagee sales still climbing.***

*As the effects of the recession drag on, more people with a single property – typically the family home – are being forced to sell. (Mike Donald, Terralink Managing Director)*

In 2007, before the recession kicked in, there were around 40 mortgagee sales a month. Last year that average jumped to 250 a month.

In 2009 there were 3024 mortgagee sales, significantly higher than the 2008 number (1303) and a 500% increase on the 475 mortgagee sales in 2007. The largest increases between 2008 and 2009 were in Northland, Hawkes Bay, Canterbury, Wellington and Auckland.

Source: Terralink

**COMMUNITY IMPACT -**

***Emergency housing and emergency meals***

*We're seeing the greatest demand since the shelter opened. (Wellington Night Shelter Manager, December 2009)*

- Occupancy rates at the Wellington Night shelter have more than doubled in the last six months of the 2009 period compared with the same period in 2007.
- There was a 26% increase in bed nights in the Hamilton City women's Night Shelter in the last quarter of 2009 compared with the same quarter of 2008 and a small increase in bed nights for the Men's Night Shelter over the same period.
- In 2009 The Salvation Army provided over 124,000 bed nights for people such as the homeless, victims of domestic abuse, young pregnant women and those undergoing treatment for addiction - a 7% rise on the previous year.
- In the fourth quarter of 2009 the Monte Cecilia Housing Trust in Mangere was contacted by 208 families (with 332 children) regarding housing problems, a similar number to same quarter of 2008. The most common reasons for contacting the Trust were overcrowding, domestic violence, homelessness, substandard accommodation or unaffordable private rentals.
- In 2009 the Christchurch City Mission's Night Shelter for men provided 683 men with a bed for the night and dispensed more than 12,000 meals for shelter residents.

**CHILDREN AND POVERTY:**

***Child poverty grows as benefit numbers rise.***

*Trends in the number of benefit dependent children as at the end of December 2009 by ethnicity of caregiver:*

Benefit group	Ethnic group of the Caregiver					Total
	Māori	NZ European	Other	Pacific Island	Unspecified	
DPB related	78,831	60,520	14,059	20,544	2,786	176,740
Invalid's Benefit	4,870	6,490	1,760	1,599	171	14,890
SB related	3,667	4,311	3,263	2,321	207	13,769
UB related	5,910	4,388	3,107	4,121	346	17,872
Other	1,920	1,431	2,211	1,640	169	7,371
<b>Total</b>	<b>95,198</b>	<b>77,140</b>	<b>24,400</b>	<b>30,225</b>	<b>3,679</b>	<b>230,642</b>

Source: MSD



- As at the end of December 2009, over 230,000 children aged under 18 years were being supported by a caregiver receiving a main benefit.
- The number of benefit dependent children has increased from 199,108 in June 2008 to 230,642 in December 2009, an increase of 16%.
- Maori children are disproportionately represented, constituting 41% of all benefit dependent children and 45% of children with a caregiver receiving the DPB.

The number of benefit dependent children has increased since June 2008. Poverty rates are much higher for children in benefit dependent households than those in households with one or two parents in paid employment. For example, the 2008 Living Standards report found that 54% of sole parent beneficiaries live in hardship. Beneficiary families with dependent children have a hardship rate five times that of working families with children. Maori and Pacific people have hardship rates some 2-3 times that of those in European and other ethnic groups. Large families, those with four or more children, are also much more likely to be living in poverty than those with 1-2 children.

*It's becoming apparent that with the downturn of employment there is a real danger of a growing underclass of children living in material hardship –there is now an urgent need to consider some form of universal income entitlement for children. (Director, Salvation Army<sup>9</sup>)*

## COMMUNITY IMPACT:

### *Addiction services, social work and family support services*

*There is growing anguish in the community, with stress causing rifts between parents and children. Families are needing a lot of support. (Family Support Services Manager, Napier)*

- Wellington based Catholic Social Services have reported a 13% increase in people seeking professional counselling and a 34% increase in demand for social work assistance and budgeting advice.<sup>10</sup>
- Referrals for family and crisis counselling from ACROSS Te Kotahitanga O Te Wairua in the Manawatu remain extremely high, up 48% in October to November 2009 compared with the previous quarter. ACROSS Te Kotahitanga O Te Wairua has employed a locum counsellor to help address demand. Social work referrals have also increased with more referrals being received from the local violence prevention network.
- In 2009 the Salvation Army provided treatment for 2,600

people with gambling problems and 3,200 people received alcohol and drug addiction treatment. Admissions to the eight week drug and alcohol rehabilitation programme run by the Salvation Army increased by 16% in the fourth quarter of 2009 compared with the same quarter in 2008.

- Christchurch City Mission's Walsh House, a drop-in centre for women with drug and alcohol dependency issues, is running at full capacity, as are all of the other alcohol and drug services offered by the Mission.
- Presbyterian Support Otago has experienced a 20% increase in clients seeking help in the December quarter of 2009 compared with the same quarter 2008.

### Jigsaw - Family Support & Violence Prevention Services

The Executive Officer of the Whanganui agency Jigsaw, which provides an intensive home based services programme, has been tracking the impact of the recession on 104 families involving 310 children from July to November 2009. Over half of the families were beneficiaries and three quarters of these families had their extra benefit entitlement reduced during this period as a result of tightening criteria. A quarter of the 104 families lost jobs or had hours reduced, 28% had to move house – usually to find cheaper accommodation and 46% experienced a significant family breakup. All 104 families struggled with higher prices for basic food items.

### Shine\* and family violence prevention

Shine\* (formerly Preventing Violence in the Home) is a national organisation offering a free helpline, training and consultancy throughout New Zealand and is now the largest single family violence prevention service in New Zealand. Shine\* receives notification of all police call outs (referrals) within Auckland City for family violence related incidents whether or not they result in arrest.

In the December 2009 quarter there were 308 more referrals to Shine\* from the Auckland City Police, than in the previous quarter, an increase of 22%. This compares with 1432 referrals in the December quarter 2008, an increase of 18%.

9 Children the forgotten victims of recession, Salvation Army Press Release, 12 February 2009.

10 Wellington Catholic Services Annual Report 2009



**Child Youth and Family (CYF)**

Quarter 2008	Care & Protection Notifications	Investigations completed
Jan-March	23,321	7,678
April-June	23,968	8,656
July-September	26,248	10,142
Oct-December	26,652	9,684
Quarter 2009	Care & Protection Notifications	Investigations completed
Jan-March	29,649	10,544
April-June	28,248	11,185
July-September	30,564	6,640
Oct-December	31,651	6,110

Source: CYF

The number of care and protection notifications <sup>11</sup> to CYF for the quarter ending December has increased 3.5% compared with the previous quarter, but was up by 19% on the same quarter in 2008. Children and young people who identify their primary ethnicity<sup>12</sup> as Maori are disproportionately represented in care and protection notifications, making up 43% of all notifications in the December 2009 quarter.

The number of investigations <sup>13</sup> completed in the quarter ending December 2009 has declined by 8% compared with the previous quarter, and has declined 37% on the same quarter 2008.

In the quarter ending December 2009, there were 4,533 children and young people in Out of Home Placements, <sup>14</sup> down slightly on the previous quarter, and down on the same quarter 2008.

Maori children and young people are disproportionately represented in Out of Home Placements and made up approximately half of

- 11 Notifications do not represent actual numbers of clients as some clients can have multiple notifications during the period.
- 12 Please note that clients may have multiple ethnicities. CYF captures all ethnicities for a client but reports only on the primary ethnicity. Clients and their families are not always consistent in the primary ethnicity they select. An ethnicity is no always recorded.
- 13 Investigations carried out and completed within a certain time period are not necessarily related to the notifications received within that same period. From the September quarter 2009 this data will include full assessments carried out which includes Child and Family Assessments and Formal Investigations.
- 14 Out of home placements types include CYF Caregiver Placements, Residential Placements, Family/Whanau Placements, CFSS/Agency Placements, Family Home Placements and other placement types (including boarding, school hostel etc).

all placements in the quarter ending December 2009.

A disproportionately high number of notifications were for children or young people who identified their main ethnicity as Māori (approximately 44%).

Vulnerability Reports are available on our website:

[www.justiceandcompassion.org.nz](http://www.justiceandcompassion.org.nz)

The next Vulnerability Report will be released in June 2010. If you are involved in a social service agency and would like to contribute to future issues please contact:

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Disclaimer:

While every effort has been made by NZCCSS to accurately collect and interpret statistics and data provided in this report it is recommended that readers check original data sources where possible.