



*“There seems absolutely no sign of abatement in demand for our social services.”*

(Napier Family Centre, July 2010)

## **INTRODUCTION:** *Winter create extra stress for those living on low incomes.*

The sixth Vulnerability Report covers the trends experienced in government agencies and community based organisations in the second quarter of 2010. Data from July and August has been included when available.

The economic recovery to date has been largely jobless and the latest figures show that unemployment increased in the second quarter after an unexpected fall in the first quarter. For social service agencies and government agencies, this means that demand for services and financial support continues unabated.

Most community based agencies who contributed to this report are continuing to work at full capacity. Much of the hardship being experienced by families is caused by insufficient income to cover the cost of living. In winter this means not being able to afford to pay heating bills or not having enough money left over to cover other expenses such as food, utilities and rent. It also means families are more stressed, more prone to sickness and more likely to experience relationship problems. Many families are dreading the introduction of GST in October and with Treasury predicting inflation to increase to between 5-6% in the coming year it appears that such anxiety is not unwarranted.

## **TRENDS IN THE COST OF LIVING** – *Those on low incomes who receive the least from personal tax cuts will be disproportionately impacted by a predicted cost of living increase of 5-6% in the coming months.*

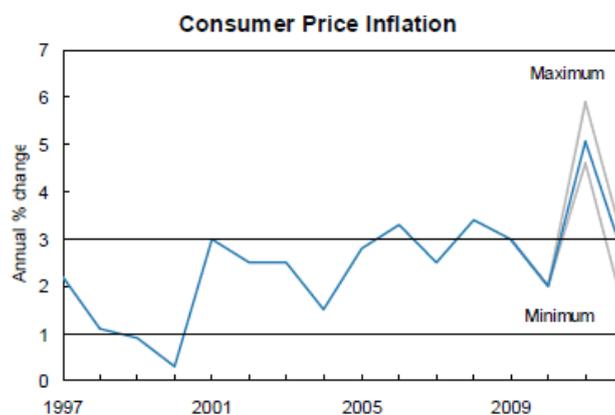
*“Median priced housing is barely affordable in New Zealand, even when both adults are in work”*

(Roost Home Loan Affordability Report June 2010)

There are many pressures on the cost of living and NZIER<sup>1</sup> Consensus Forecasts predict a consumer price inflation spike of 5.1% by March 2011. Treasury Forecasts a slightly higher annual inflation peak of 5.5%. Cost pressures include a rise in GST from 12.5% to 15% on 1 October 2010, increases in ACC, Emissions Trading Scheme increases and a variety of excise tax increases. These will overshadow the benefits of lower

personal taxes for those on middle and high incomes. The limited Government package of measures to compensate beneficiaries, Superannuitants and Working for Families recipients for the effect of the GST increase still leaves those on low incomes most financially vulnerable. They will get minimal or no returns from personal tax cuts and are the least able to absorb increased living expenses.

In Table 1 the NZIER illustrates three forecasts for Consumer Price Inflation, all of which predict significant increases in 2011.



Source: Statistics NZ, NZIER

- The Consumers Price Index (CPI) increased 1.6% for the year to June 2010. The largest increase was in the transport group reflecting higher prices for petrol (up 9.5%).
- Food prices rose 1.6% in the July 2010 month. “Food prices rose nearly 17% from July 2007 to when they peaked in July 2009, and have fallen 1% since” (Statistics NZ Prices Manager). This means despite a small fall in prices in July consumers are paying 16% more for food now compared with two years ago.
- Food prices increased in all five metropolitan centres surveyed by the Otago University Human Nutrition School annual food cost survey. For example a comparative analysis of a basic shop in Auckland for a family of four shows a 50% increase between 2005 and 2010<sup>2</sup>.
- The median house price for June 2010 was \$352,500, up 3.7% on 12 months ago and up \$68,000 or 24% on the median house price five years ago.

<sup>1</sup> NZ Institute of Economic Research

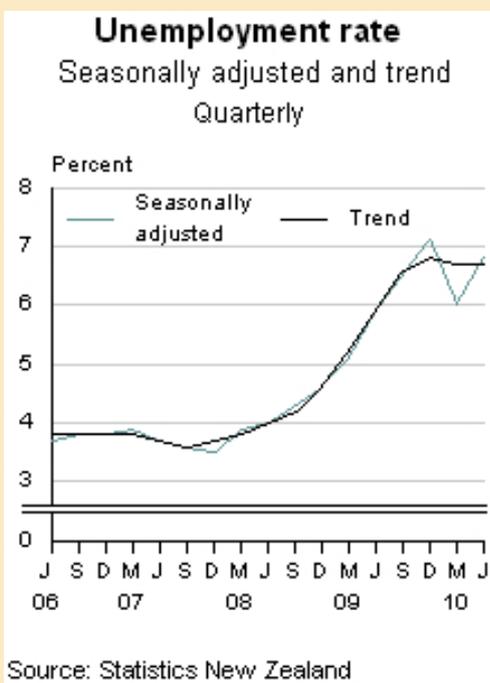
<sup>2</sup> Food prices eat more from weekly budget, 11 July 2010, Sunday Star Times.



- Average weekly rents have increased nationally by \$15 in the last 12 months, up 4% on the June quarter of 2009.
- Salary and wage rates increased by 1.6% in the year to June, well below the peak growth of 4% in the year to September 2008.

Sources: Statistics NZ Food Price Index, Consumer Prices Index and Quarterly Employment Survey, Food Cost Survey (Otago University), The Roost Home Affordability Index June 2010, Monthly Economic Indicators July 2010, Barfoot & Thompson

**UNEMPLOYMENT:** *Annually the number of people unemployed increased by 22,000 or 16% (HLFS June 2010).*



Source: Statistics New Zealand

**In HLFS<sup>3</sup> for June 2010 Quarter:**

The seasonally adjusted unemployment rate<sup>4</sup> increased from 6% in the March quarter 2010 to 6.8% in the June quarter 2010.

On an annual basis, short term unemployment (less than 26 weeks) increased by 8%, and long term unemployment (more than 26 weeks) increased by 70%.

In the June 2010 quarter:

- The number of people unemployed increased by 19,000 (13.9%) to 159,000.
- The number of unemployed males increased by 15,000

or 21% compared with the 4000 addition females unemployed, an increase of 6% for the latter group.

- The total unemployment rate for Maori<sup>5</sup> was 14.3% up 2.3% on the June 2009 rate of 12%.
- The unemployment rate for Pacific peoples was 14.1% in the June 2010 quarter compared with 12.8% in the same quarter of 2009.

**Maori, Pacific peoples and youth vulnerable to unemployment**

For the year ending June 2010, the unemployment rate for Maori aged between 15-24 years was 28.8%, 11.2 percentage points higher than the rate for all ethnicities of 17.6%. The unemployment rate for Pacific youth in this age bracket was also 28.8%.

The Department of Labour tracks the broader issue of youth disengagement via the rate of those Not in Education, Employment or Training (or NEET). For the year ending June 2010, 20% of Maori male youth (those aged 15-24 years) were NEET (compared with 11.8% of all male youth). Among female youth, 16.6% of Maori were NEET compared with 9.6% of all female youth. NEET rates for Pacific youth are also high, particularly for males (17.3% of Pacific male youth were NEET), and 11.8% of Pacific female youth were NEET.

**Regional differences**

In June 2010 the annual average employment rate for all 12 regions fell by 1.1%. In the year to June the unemployment rate is highest in Northland (9.3%), followed by Gisborne/Hawkes Bay (8.4%). Auckland and Bay of Plenty had an unemployment rate of 7.8% for the year to June. The lowest unemployment rates were for Southland (3.9%), and Tasman/Nelson/Marlborough/West Coast (4.2%).

Sources: NZIER Consensus Forecasts, Household Labour Force Survey (Statistics NZ), Labour Market Fact Sheets & Employment and Unemployment – June 2010 Quarter (Department of Labour)

<sup>3</sup> The Household Labour Force Survey contains quarterly estimates of the number of people employed, unemployed, and not in the labour force, which are then adjusted for seasonal change.

<sup>4</sup> The unemployment rate is the number of unemployed people expressed as a percentage of the labour force (HLFS).

<sup>5</sup> The 'total Maori unemployment rate' includes people who identify as Maori only as well as people who identify as Maori and other ethnic groups.



## PERSONAL DEBT: *Numbers of Personal Insolvencies are Climbing.*

The number of personal insolvencies reached a record high in the year to June with 6,426 people officially declared insolvent, up 14% on the year to June 2009 and up 69% on the year to June 2008. Insolvencies include Bankruptcies, No Asset Procedures and Summary Instalment Orders.

Source: *Insolvency Trustee Service (Ministry of Economic Development)*

## COMMUNITY IMPACT: *Budgeting Services and Food Banks*

*“Need is at an all-time high.”*

CEO, Mangere Budget Advisory Service (July 2010)

### Demand for Budget Advice

- In the two years to the end of 2008 the Napier Family Centres' Budget Advice Service took on 293 new clients. More recently demand has increased dramatically with 296 new clients approaching the centre for budgeting advice in the June 2010 quarter alone. The June 2010 quarter figures were up 17% on the same quarter in 2009.
- The Mangere Budget Advisory Service, which is funded to assist 360 families per annum, has already assisted over 1500 families. With many of their clients paying about 70% of their weekly income to landlords there is “little money left to put food on the table”(CEO, July 2010)
- In July the Tauranga Budget Advisory Service reported that that had 200 more new clients in the last year approaching them for help. Collectively the service deals with client debt of nearly \$19m, \$4.5m more than the previous year and the largest yet.

### Demand for Food Parcels

*“Winter is hard time for our people because they have to spend more money on keeping warm and so are left without enough money for basic food items.”*

(DCM Community Project Worker, August 2010)

- Downtown Community Ministries in Wellington has distributed 30% more food parcels in the quarter ending June 2010 than in the same quarter of 2009. They are reporting

that many of the people who come to the DCM foodbank have reached the guideline limits for food Special Needs Grants from Work and Income. These limits range from \$200 every 6 months for a single person to \$550 for a family with 3 children. Once this entitlement is exhausted, unless there are exceptional circumstances, people have few options but to use the foodbank.

- Auckland City Mission's Foodlink, which supplies food to over 70 foodbanks, help to feed approximately 1000 families every week. An estimated \$2,000,000 of donated food is redistributed every year. The Mission's own foodbank distributed 7,752 emergency food parcels in the year to June 2010 helping to feed over 52,000 Aucklanders. Demand to assistance is high – “Food donations were down 11% in the last 12 months and even though we have increased our food purchases by 18% we still have a third less food on our shelves than we had this time last year” (City Missioner, July 2010).
- The Christian Helpline Foodbank run by six Katikati churches is reporting high demand for food parcels with July being particularly busy. “The spike in demand is due to people losing their jobs...having to cope with winter heating bill and sickness” (Foodbank Secretary, August 2010)
- Catholic Family Support Services in Hamilton has experienced a significant increase in client numbers to their foodbank in the three month period to July 2010, nearly double the number of clients they gave food parcels to in the same period of 2009. They attribute the increase to “the effects of the recession, food prices, and difficulty in budgeting and redundancies in the past 12 months”.
- The Napier Family Centre has increased its referrals to the Napier Foodbank Trust by 64% in the June quarter 2010 compared with the same quarter in 2009.
- The Tauranga Community Foodbank Trust distributed 2,017 food parcels in the second quarter of 2010, an increase on 6% on the same quarter last year.
- The Catholic Cathedral Centre Meals for the Hungry programme in Hamilton experienced a 16% drop in meals in the second quarter of 2010 compared with the same quarter in 2009.



- The Hamilton Combined Christian Foodbank has distributed 30% more food parcels to 27% more people in the June quarter 2010 compared with the same quarter of 2009.
- Demand for food parcels from the Porirua Foodbank has remained high during the second quarter of 2010, at a similar rate to that of the same quarter in 2009. However demand in July was 14% higher than June 2010. Since the June quarter 2008 there has been a 53% increase in the number of food parcels distributed to families in Porirua.
- The Suzanne Aubert Compassion Centre’s Soup Kitchen experienced a 23% increase in meals distributed in the second quarter of 2010 compared with the same quarter in 2008.

*“Over the past 12 months, 65% of the people seeking emergency assistance from the Auckland City Mission were doing so for the first time”.*

(Mission News, Winter 2010)

**BENEFITS:** *Unemployment Benefit numbers grow at three times the rate of all other benefits put together*

Main Benefit Type	June 2009	June 2010	% Change 2009-10
Unemployment Benefit	50,855	62,085	22% ↑
Domestic Purposes Benefit	104,400	111,689	7% ↑
Sickness Benefit	54,352	58,465	8% ↑
Invalid’s Benefit	84,544	85,382	1% ↑
Other	16,145	15,303	5% ↓
<b>Total</b>	<b>310,296</b>	<b>332,924</b>	<b>7% ↑</b>

Source: *Benefit Fact Sheet, MSD*

**At the end of June 2010:**

- The largest increase in main benefits in the year to June 30 was for the Unemployment Benefit reflecting economic conditions. Almost three out of four recipients were male and 37% mature (aged between 40 and 64 years).
- Numbers of Sickness and Invalid Benefits increased by 8% and 1% respectively over the year to June 2010. Nearly half of the Sickness Beneficiaries had been in receipt of the

Sickness Benefit for less than one year.

- While Sickness and Invalids Benefit numbers have increased over the last ten years, they collectively constitute only a small percentage of the working age population (approximately 5.4%).

Maori are disproportionately represented in the uptake of main benefits making up 32% of all recipients while constituting approximately 13.4% of the population. The uptake of DPB is particularly high for Maori at 42% in June 2010.

**HARDSHIP ASSISTANCE:** *The number of people needing hardship assistance has grown by 50% in the last two years.*

June Quarter	Special Benefit (SB)	Temporary Additional Support (TAS)	Total (SB+TAS)
2008	18,048	24,466	42,514
2009	13,715	44,301	58,016
2010	10,889	53,021	63,910

Source: MSD

Demand for hardship assistance via the Special Benefit and TAS increased by 21,396 or 50% in the June quarter of 2010 compared with the same quarter in 2008. This increase reflects the on-going financial impact of the recession on families. Special Benefit numbers are declining because this benefit was replaced with TAS on 1 April 2006.

Maori are over represented in the numbers of people receiving Accommodation Supplement (28%) and hardship assistance in the June quarter 2010: Special Benefit (21%), Temporary Additional Support (28%).

June Quarter	Special Needs Grant (for food)	Benefit Advances (for Electricity, Gas and Water)
2008	71,189	6,597
2009	117,365	10,113
2010	133,153	9,909

Source: MSD



The number of Special Needs Grants (for Food) increased by 61,964 or 87% in the June quarter of 2010 compared with the same quarter in 2008. Again, this sharp increase reflects the level of financial hardship being experienced during the recession. A policy change in August 2008 that increased access to Special Needs Grants has also contributed to the increase.

Demand of Benefit Advances for Electricity, Gas and Water has also increased by 3312 or 50% in the June quarter 2010 compared with the same quarter two years earlier. There has been a slight decrease in demand for Benefit Advances for Electricity, Gas and Water (down 204 or 2%) in the June quarter 2010 compared with the same quarter a year ago.

**GOVERNMENT HOUSING ASSISTANCE:** *Growing numbers of households are reliant on the financial help from the government to cover their housing costs.*

The two main ways that the Government assists low income families into affordable housing are through the Accommodation Supplement (AS) and through Income Related Rents (IRR) for low income state housing tenants. At the end of June 2010 there were 317,059 AS recipients and 61,633 IRR tenants.

Demand for the Accommodation Supplement has increased by 71,549 or 29% between June 2008 and June 2010. There has been a small increase in IRR constrained by a finite number of state houses.

The total value of government housing assistance has continued to increase and was \$81m more in the June quarter of 2010 compared with the same quarter of 2008.

June Quarter	Accommodation Supplement No.recipients	Income Related Rents No.recipients	Total Govt Housing Assistance (AS+IRR) March quarter
2008	245,510	60,073	\$344m
2009	293,388	60,739	\$392m
2010	317,059	61,633	\$425m

Sources: *Building and Construction Outlook June 2010* Department of Building and Housing, *Building and Housing Trends April-June 2009*, *Social Housing Assistance – DBH Updated 2 August 2010*

<sup>6</sup> Figures released to The Press under OIA, Stuff.co.nz 15 July 2010

<sup>7</sup> 2010/2011 Estimates for Vote Housing, 29 July 2010

**Housing New Zealand Corporation (HNZC) waiting lists**

*“Affordable and suitable housing is a basic need and central to the physical and emotional health of families, particularly children”*

(Salvation Army, Captain Gerry Walker, August 2010)

As at 30 June 2010 there were 10,434 people on the waiting list. Of this:

- 386 were A priority (severe housing need)
- 4,289 were B priority (significant housing need)
- 3,182 were C priority (moderate housing need)
- 2,577 were D priority (lower level housing need)

The number of people with a severe housing need (A priority) has increased by 150% between January 2008 and June 2010 (from 154 families to 386 families). During the same period priority B and C waiting lists have increased by 26% and 14% respectively.

An increasing number of State House tenants are being served with 90 Day Eviction Notices. The number of evictions has increased from 33 in 2009 to 60 for the first five months of 2010<sup>6</sup>. If this rate continued the number of evictions will have increased fourfold by the end of year.

Maori whānau are high users of state housing and are therefore disproportionately impacted by government housing policies, particularly if they are young. Approximately 72,000 Maori live in state houses, 56% of whom are aged less than 20 years<sup>7</sup>.

**Mortgagee Sales – Despite the economic recovery mortgagee sales remain high with family homes the most affected.**

*“We’ve been tracking mortgagee sales since 1994 and last year the numbers rose dramatically. A year on, and the 2010 data is looking eerily similar to 2009 trends.”*

(Terralink Director, July 2010)

The latest data of mortgagee sales for May show that there continues to be no let-up in the pain being suffered by heavily indebted property owners. Earlier in the year there



appeared to be signs of an easing and a sense that the worst may have been over. The May figures have now put paid to that.

Data collected and analyzed by Terralink show that in the month of May there were 264 registered mortgage sales, which is up from 246 in April and up 7% from the figure of 247 in May 2009.

Source: Terralink August 2010

### COMMUNITY IMPACT – Emergency housing

*“People are getting so desperate for accommodation that the community housing trust is having to look at lower quality housing than in the past – because there is no alternative”.*

(CEO, Community of Refuge Trust, July 2010).

#### Night shelter trends

*“The root cause remains the lack of affordable housing, high rents, low incomes and unemployment”.*

(Director, Monte Cecilia Housing Trust, August 2010)

- Occupancy rates in the emergency housing provided by the Monte Cecilia Housing Trust in Mangere remains extremely high. Occupancy levels have increased 10% on the previous year. The Trust is reporting more women and couples seeking help. There is housing gap for single women escaping

domestic violence and increasing levels of violence due to overcrowding.

- In the second quarter of 2010 the Christchurch City Mission’s Night Shelter for men experienced a slight decrease in the number of residents and bed-nights however demand for their supper club has increased reflecting growing numbers of socially isolated men. The Mission is reporting a desperate shortage of supported emergency accommodation for women.
- The Hamilton Christian Night Shelter Trust is reporting a 17% increase in the number of men using its night shelter in the second quarter of 2010 compared with the same quarter in 2009 although the men are staying for shorter periods. The number of bed nights at the women’s night shelter has increased significantly, up 62%, between second quarter 2010 and second quarter 2009.
- An annual census of homeless people carried out by social service volunteers found 53 people within 3km of Auckland’s Sky Tower sleeping rough on a Sunday night in August 2010. This figure is down on the 76 people counted last year. Outreach workers estimate the true figure of homeless people to be 120, compared with 150 the same time a year ago.

### CHILDREN AND POVERTY: *In the last 12 months 13,000 more children live in benefit dependent homes.*

*Trends in the Number of benefit dependent children as at the end of June 2010 by ethnicity of caregiver*

Benefit group	Ethnic group of the Caregiver					Total
	Māori	NZ European	Other	Pacific Island	Unspecified	
DPB related	81,478	61,194	14,666	21,157	2,756	181,251
Invalid’s Benefit	4,816	6,321	1,728	1,659	173	14,697
SB related	3,560	4,279	3,394	2,336	192	13,761
UB related	5,701	4,358	2,809	4,098	294	17,260
Other Main Benefits	1,425	949	1,422	1,314	128	5,238
Total	96,980	77,101	24,019	30,543	3,543	232,207

Source: MSD



- At the end of June 2010 there were 232,207 children living in benefit dependent homes, an increase of 6% on June 2009 (219,627) and an increase of nearly 17% or 33,900 in June 2008 (199,108).
- A disproportionate number of children live in benefit dependent households where the caregiver is Maori – 42%.

**Notes:**

*The table includes working age caregivers only (18 to 64 years)*

*DPB is Domestic Purposes Benefit*

*DPB related includes DPB-Caring for Sick or Infirm, DPB-Sole Parent, DPB-Woman Alone and Emergency Maintenance Allowance*

*IB is Invalid's Benefit*

*SB related is Sickness Benefit and Sickness Benefit Hardship*

*UB related is Unemployment Benefit and Unemployment Benefit Hardship*

*Other Benefits include Emergency Benefit, Independent Youth Benefit, Unemployment Benefit Training, Unemployment Benefit Hardship Training, Unemployment Hardship Students and Widow's Benefit*

**Child, Youth and Family (CYF)**

Quarter April-June	Care & Protection Notification <sup>8</sup>	Investigations Completed <sup>9</sup>
2008	23,968	8,656
2009	28,248	11,185
2010	29,010	5,928

Source: CYF

<sup>8</sup> Care and Protection notifications: The numbers in tables do not represent the number of distinct clients. Some clients may have multiple notifications during the period.

<sup>9</sup> Investigations Completed: 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 & Family Assessments and Formal Investigations.

<sup>10</sup> Note that clients may have multiple ethnicities. CYF reports on the primary ethnicity as selected by the client and their family. Ethnicity is not always recorded and clients and families are not always consistent in the primary ethnicity they select.

<sup>11</sup> Out of home placements types include CYF Caregiver Placements, Residential Placements, Family/Whānau Placements, CFSS/Agency Placements, Family Home Placements and other placement types (including boarding, school hostel etc.) of distinct clients. Some clients may have multiple notifications during the period.

- There has been a small increase in care and protection notifications to CYF, up 3% in the June 2010 quarter compared to the same quarter in 2009.
- Maori children and young people<sup>10</sup> remain over-represented in care and protection notifications, constituting 44% of all notifications in the June 2010 quarter.
- In the June 2010 quarter there were 4,515 children and young people in Out of Home Placements<sup>11</sup> down 4% on placement numbers in the same quarter of 2009.
- Maori are disproportionately represented in Out of Home Placements, constituting 52% of placements in the June 2010 quarter, or 2,334 out of 4,515.

**COMMUNITY IMPACT:** *addiction services, social work and family support services*

- Catholic Social Services in Wellington are reporting a 10% increase in social work clients and a 6.5% increase in counselling clients in the June quarter of 2010 compared with the same quarter in 2009.
- The Wellington City Mission's Mission for Families has seen a 33% increase in demand for social work services comparing the June quarter of this year with the same quarter in 2009. Predominant issues include parenting and relationships, managing on a tight budget and appropriate housing. Social workers note the financial strain on family budgets from high electricity and gas bills during winter.
- Christchurch City Mission's Walsh House, a drop-in centre for women with drug and alcohol dependency issues has experienced a 64% increase in the number of drop in interactions in the second quarter of 2010 compared with the same quarter in 2009. Mission social workers are reporting more people having difficulty meeting school fees, finding themselves in debt due to the high cost of power and telecommunication contracts they can't afford. Some clients are staying in bed rather than putting on the heater/heat pump.
- There has been a significant increase in bed nights (91%) at Thorpe House, Christchurch City Mission's residential detoxification service from 638 bed nights in the second quarter of 2010 compared with 333 bed nights in the same period of 2009. Respite bed nights at Thorpe House have



also increased by 16% during this period. Demand for the Wahine Whai Ora Women's Alcohol and Drug Service Day Programme is also strong.

### 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 June 2010 quarter there were 1715 referrals to Shine\* an increase on 28% on the 1342 referrals received in the same quarter of 2009.

### National Collective of Independent Women's Refuges (NCIWR)

*Women's Refuges around the country are reporting significant impacts as a result of the economic downturn. Several Refuges have reported an increase in first time reporters.<sup>12</sup>*

Women's Refuge offers a number of services to women and children affected by family violence including 24 hour crisis lines, residential safe houses and community based advocacy and support for women and children who remain in their own homes. Women's Refuge is New Zealand's most significant family violence organisation, with a 37 year history of providing comprehensive services for women and children.

#### Key Facts:

- Women's Refuge takes 1 crisis call every 9 minutes and provided 86,184 safe beds during 2009.
- 41 New Zealanders were killed by members of their own family last year, twice the number of the previous year.
- More than half of those seeking help from Refuge are Maori.
- Police statistics for 2009 (released in April) show an 18.6% increase in recorded family violence.

- Domestic violence reporting has increased by 46% in the last two years.
- Rural Women's Refuges are noticing increased workloads as redundant workers return home, unable to make ends meet in the cities or overseas.
- There has also been an increased demand for services from middle class women.
- Refuges are working more closely with food banks and other charitable organisations as the need for donated goods increases.

***"We are the only national domestic violence organisation to offer a 24/7 services... Cases are becoming more complex and requiring more intense advocacy which we provide."***

(Refuge Chief Executive).

Vulnerability Reports are available on our website [www.justiceandcompassion.org.nz](http://www.justiceandcompassion.org.nz). The next Vulnerability Report will be released in December 2010. If you are involved in a social service agency and would like to contribute to future issues please contact NZCCSS on

**04 473 2627 or [admin@nzccss.org.nz](mailto:admin@nzccss.org.nz)**

#### 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.

<sup>11</sup> NCIWR Annual Appeal Media releases