

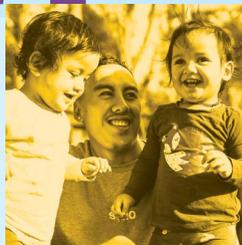


Te Ope Whakaora

Social Policy & Parliamentary Unit

Working for the eradication of poverty in New Zealand

STATE of the NATION 2021



Disturbed Present, Better Future?

*Whakararu o ināianei e pai
ake kia anga whakamua*

*Paul Barber, Ronji Tanielu & Ana Ika
Social Policy Analysts
February 2021*

We welcome your feedback

PO Box 6015, Marion Square, Wellington 6011

Email social.policy@salvationarmy.org.nz

facebook.com/SPPUNZ

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STATE
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NATION
2021

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

STATE
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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

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.

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.

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.¹

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.

Child Poverty

Child poverty is rightly at the centre of national debate and government policy, and 2021 will be the third year of detailed government reporting on levels of child poverty and progress towards reduction targets set in accordance with the Child Poverty Reduction Act 2018.² The official child poverty statistics for the year to June 2020 will not be released until after the *State of the Nation 2021* is published, so the data used in this report is to June 2019.

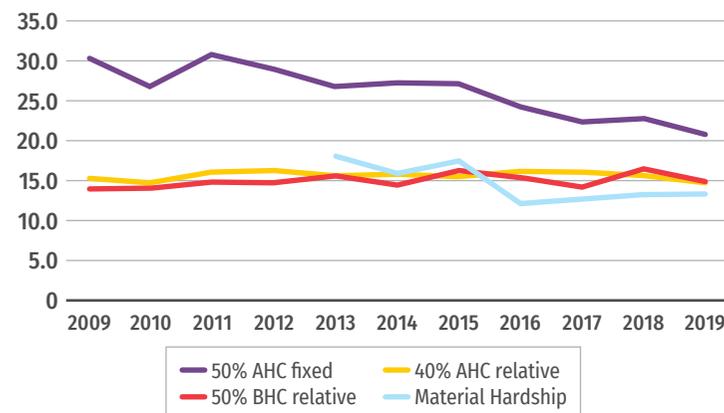
The Government's 2020 child poverty figures, when they are released, will not, it seems, include most of the impact of the Covid-19 crisis on households' incomes during the months since March 2020. The figures will however include the full effect of the Government's 2018 Families Package measures, designed to lift incomes for low- and middle-income families that was fully implemented by mid-2019. It is possible that some of the lifts in household incomes through the Families Package will have been counteracted by the loss of incomes families faced through rising unemployment during 2020.³ The Government responded to Covid-19 with an increase in welfare benefits of \$25 per week in April; plus a temporary doubling of the Winter Energy Payment (May to October); introducing a Covid-19 Income Relief Payment for some people losing employment; and other measures such as increasing thresholds for and access to additional hardship assistance payments. Statistics covering these Covid-19 impacts will not be available until February 2022.

Looking at the 2019 data released in February 2020, the graph (Figure 1) shows four of the nine official child poverty figures that highlight both the progress and lack

of progress in reducing child poverty in this country pre-Covid-19. The graph shows the three primary measures for which the Government has committed to set official targets for poverty reduction,⁴ plus a measure of the number of children living in deepest poverty, which is one of the other six supplementary measures that look at incomes BHC and AHC, and track material hardship.

The positive aspect of the data for 2019 is the trend for 50 percent AHC fixed-line measure (purple line) showing child poverty reducing and, at June 2019, Treasury considered it was broadly on track to achieve the Government's poverty reduction target for 2021 of 18.8 percent.⁵ This suggests that incomes in real terms have been rising for lower-income households. The relative poverty measure at 50 percent BHC (red line) showed no clear trend up or down over the past decade, fluctuating around the 15 percent level, but with a decrease in 2019.

Figure 1: Child poverty—three primary measures plus 40% AHC poverty measure—2009–2019⁶



The lowest income households, which include many people relying on government welfare assistance, showed little evidence of improvement. The poverty rate for this group (yellow line in the graph) had not reduced significantly in the past 10 years. Similarly, the material hardship measure (blue line) showed no progress of reduced hardship since 2016, and a significant group of children are missing out on some of the essentials for a decent life in this country.

Māori and Pasifika child poverty rates were released for the 2019 year and show poverty rates more than 50 percent higher than those for European children and rates of material hardship two to three times higher (Table 1).

Table 1: Child poverty rates by ethnicity—2019⁷

	50% BHC relative	50% AHC fixed	Material Hardship	40% AHC relative
European	11.0	17.0	9.8	11.8
Māori	19.6	24.7	23.3	15.8
Pasifika	21.2	24.7	28.6	16.0
Asian	16.1	25.7	6.3	21.1
MELAA (Middle Eastern/ Latin American/African)	30.5	36.2	23.6	29.9
Other	28.9	35.4	15.0	30.4
Total	14.9	20.8	13.4	14.8

This suggests that current policy settings are less effective in ensuring children who live in these households have the resources they need to thrive. Māori and Pasifika children make up the fastest growing population group for

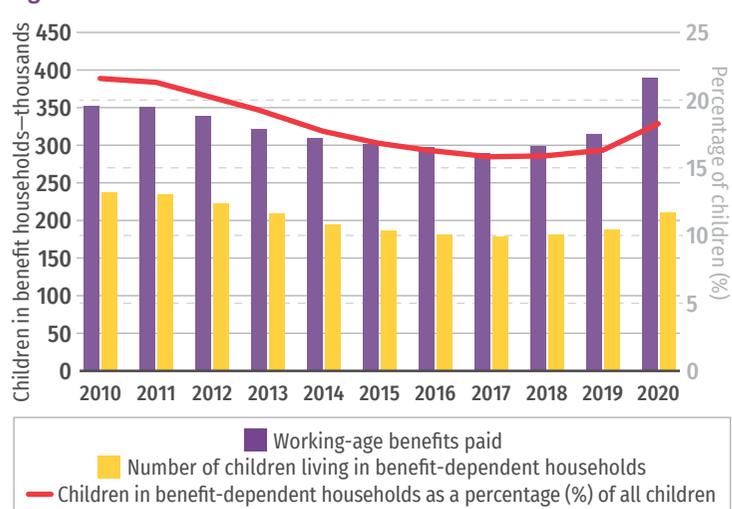
young people and represent the future of our nation. The year 2019 was the first year this data was reported, so it is not possible to assess progress over recent years. But monitoring changes for Māori and Pasifika children will be crucial in the years ahead. The very high reported poverty rates for children in the Middle Eastern/Latin American/African and Other ethnic groups are relatively small numbers, based on small sample sizes with significant margins of error, but the level of child poverty in these groups is concerning.

CHILDREN IN BENEFIT HOUSEHOLDS

The number of children in households relying on government income support, as reported by the Ministry of Social Development (MSD), has been rising over the past four years, and the Covid-19 crisis has seen the number leap by more than 23,000 (13%) to over 211,000 in December 2020, a similar level to 2013 (Figure 2).⁸

Children living in benefit-dependent households are more likely to live in households with incomes below the official poverty lines, and the large increase in numbers this year will mean more children living in poverty unless there is significant increase to main welfare benefits and other income support. The Child Poverty Action Group⁹ has calculated that over a range of typical households (with children) relying on welfare income support there would need to be an increase of more than \$100 per week to be at the level of one of the Government's primary poverty measures (50% AHC, 2018 base).

Figure 2: Estimates of children in benefit households—2010–2020¹⁰



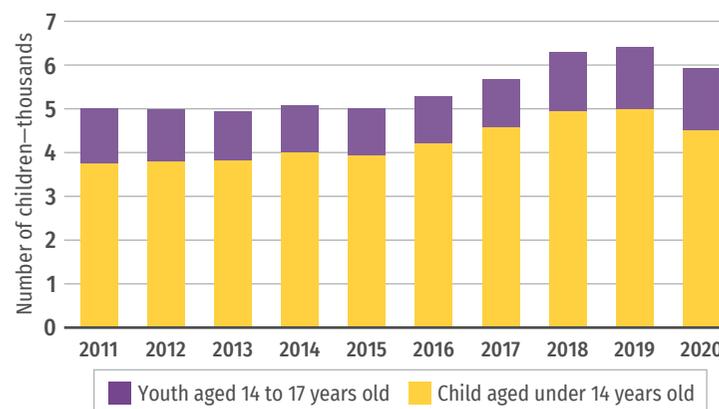
Children At Risk

The number of children in state care is an important indicator of child wellbeing. This is influenced by the level of risk-of-harm these children face, which leads to decisions for them to be placed in state care. It is also influenced by government policy towards children at risk and how legislation, policy and the actual practice of government agencies set the parameters for decisions about how to respond to children at risk.

The period 2018/19 seems to have marked a change in practice, as the increase in the number of children in state care halted. The number of children entering state care fell substantially in the year to June 2020, and, as a result, the number of children in care fell by nearly 500—a reduction

of 8 percent, but still 18 percent higher than five years ago in 2015 (Figure 3). Major reforms to the legislation covering children in state care were passed in 2017,¹¹ including establishing Oranga Tamariki Ministry for Children. Among the changes made was the extension of state care to include 17-year-olds and this accounts for an additional 300–400 young people aged 17 or over being in state care. While some of this year’s reduction may have been a result of the Covid-19 lockdowns making placements more difficult,¹² the changes in practice and policy by Oranga Tamariki are leading to fewer children going into state care.

Figure 3: Number of children in state care—2011–2020



The proportion of children in state care has declined for both Māori and non-Māori this year, after the increases of previous years. But tamariki Māori still make up more than half of all children in state care, despite making up around a quarter of all children. Since 2019, Oranga Tamariki has been specifically focusing on working with whānau to

prevent entry of tamariki Māori into state care.¹³ Measures include increasing funding and partnerships with non-government organisations (NGOs), with a focus on early support designed to reduce the need for children to go into state care. Since 2017, the number of tamariki Māori entering care has halved from 1587 to 760 in 2020.

A series of inquiries and reports into the practices of Oranga Tamariki Ministry for Children have been underway over the past two years,¹⁴ with a strong focus on how Oranga Tamariki policy and practice impacts tamariki Māori. The outcomes and recommendations of these reviews are influencing how the state works with at-risk tamariki and their whānau.

ABUSE AND NEGLECT

The number of reports of concern (ROC) about potential child abuse or neglect received by Oranga Tamariki to June 2020 was the lowest it has been for a decade, at just over 80,000 and down by nearly 7000 compared with 2019 (**Table 2**). The impact of Covid-19 lockdowns contributed to this, with provisional figures showing over 4100 fewer reports of concern from 26 March to 10 June 2020 (24% reduction) compared with the same period in 2019,¹⁵ with noticeably fewer ROCs from education providers that were closed or teaching remotely during much of that time. ROCs from NGOs were also lower in the lockdown period. Less contact between key community workers and families may have reduced the likelihood of potential abuse being identified. Some of the trauma and abuse experienced may not have been reported and may emerge in other ways in the months and years following. A more positive factor may have been

that the lockdown experience meant some families were able to find time to improve the way they related to each other and reduced harm,¹⁶ and some tamariki have said they valued more time with family/whānau.¹⁷

Table 2 also shows the number of ROCs that, after assessment by a social worker, are considered to need further investigation and those that are substantiated and deemed to require further action.¹⁸ The reduced number of ROCs does not seem to have carried through into these figures. There was no significant change in either the number of reports requiring further action nor the substantiated abuse and neglect findings in 2020 compared with 2019.

Table 2: Notifications/referrals for possible child abuse or neglect—2014–2020¹⁹

Year ending 30 June	2014	2015	2016	2017	2018	2019	2020
Care and protection reports of concern	88,768	83,871	84,228	81,840	92,250	87,260	80,928
Reports requiring further action	54,065	45,463	44,689	38,975	41,780	41,733	41,400
Substantiations of abuse or neglect	19,623	16,472	16,394	14,802	14,263	15,958	15,682

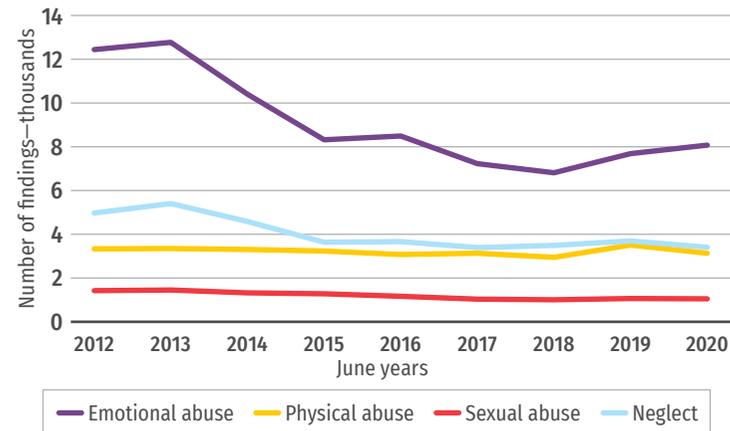
There were 12,861 children who were victims of substantiated abuse and neglect in the year to June 2020 (**Table 3**), around the same number as in 2019 (13,018). Oranga Tamariki reports that the number of children who are victims of abuse and neglect as a proportion of all children has fallen from 1.8 percent in 2013 to 1.1 percent in

2020.²⁰ However, the level has been fluctuating around 1.1 percent for the past four years, so recent years have seen no further overall improvement. A breakdown of the total number of substantiations of abuse by type of abuse is provided in **Table 3** and in **Figure 4**. Substantiated cases of emotional abuse have been increasing over the past two years after showing a substantial decline in previous years. Physical abuse substantiations reduced by 10 percent in 2020 after an increase in 2019, but the five-year trend has no clear reduction, while sexual abuse and neglect substantiations have not changed significantly since 2016.

Table 3: Substantiations of child abuse and neglect—2014–2020

Year ending 30 June	2014	2015	2016	2017	2018	2019	2020
Emotional Abuse	10,406	8318	8490	7231	6810	7685	8084
Physical Abuse	3305	3235	3073	3136	2953	3507	3133
Sexual Abuse	1329	1275	1167	1038	1010	1066	1053
Neglect	4583	3644	3664	3397	3490	3700	3412
Total substantiations	19,623	16,472	16,394	14,802	14,263	15,958	15,682
Number of individual children as victims	16,289	13,833	13,598	12,117	11,662	13,018	12,861
Percentage of all children	1.57%	1.33%	1.29%	1.14%	1.03%	1.14%	1.11%

Figure 4: Substantiated abuse findings—2012–2020



Children and Violence

Thousands of children are victims of violence each year, and trends in the amount and type of violence towards children signal the level of safety for children in this country—an essential component of overall wellbeing. In this report, we use the Police data on violent offences against children aged under 15 years (**Table 4A**) and the actual number of children who are victims of these offences (**Table 4B**).

A notable change this year is a significant reduction in common assault offences against children, down to 887 in 2020 compared with 1106 in 2019, but an increase in serious assault offences (**Table 4A**). The Covid-19 restrictions reduced offending for the period of the levels 3 and 4 national lockdowns (see **Crime and Punishment**, p.49).

ROCs from Police family violence notifications to Oranga Tamariki dropped by almost half over the lockdown period (26 March–10 June) to 469, compared with 898 in the same period in 2019,²¹ and were already generally lower prior to Covid-19.

Table 4A: Recorded violent offences against children aged under 15 years old—2016–2020²²

June years	2016	2017	2018	2019	2020
Common assault	1246	1133	1195	1106	887
Serious assault without injury	2648	2905	2478	2667	3077
Serious assault resulting in injury	1271	1368	1658	1786	1846
Aggravated sexual assault	1414	1544	1472	1454	1488

In contrast to the mixed picture in recorded violent offences, the number of children who were victims of serious assaults resulting in injury continued to rise (**Table 4B**) to 1721 in 2020, nearly 50 percent higher than in 2016. The mix of the type of offences these children are victims of is changing, tending towards the more violent, with serious assaults without injury rising, sexual assault largely unchanged and common assault reduced.

The overall conclusion is that the situation for children has not improved, and children are victims of violence which is tending to be more severe violence.

Table 4B: Number of children aged under 15 years who have been reported as being victims of a violent crime—2015–2020²³

June years	2015	2016	2017	2018	2019	2020
Common assault	1041	1088	990	1054	954	772
Serious assault without injury	1937	2343	2603	2324	2424	2700
Serious assault resulting in injury	1158	1197	1303	1557	1672	1721
Aggravated sexual assault	1476	1336	1465	1311	1364	1395

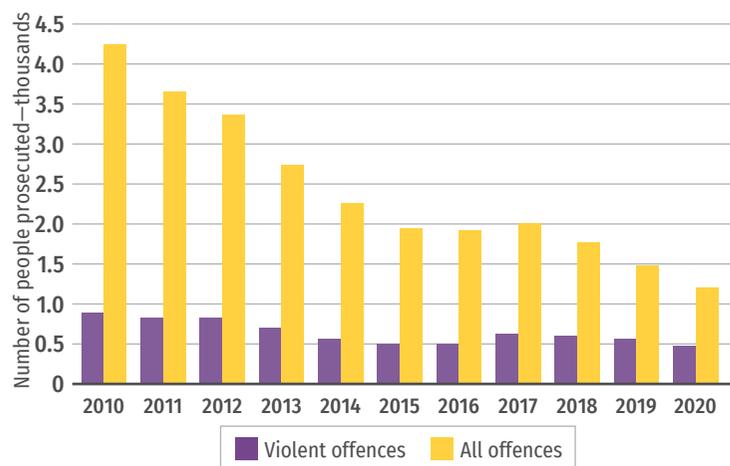
Youth Offending

The continuing decline in youth offending over more than a decade remains one of the very positive social outcomes to report. This year's offending rates will have been influenced by the Covid-19 restrictions, which have reduced offending, as was the case for violent offending against children, noted above (see also **Crime and Punishment p.49**). Covid-19 restrictions from late March to early June meant fewer proceedings for more serious offending, and 5–7 percent fewer Youth Court appearances during that time. The overall trend is, however, clearly a sustained structural change across all young people (**Figure 5**).

The positive trend is shown in the dramatic reduction in offences for young Māori, with the number of prosecutions less than a third of that ten years ago. However, young Māori remain more likely to be prosecuted than non-Māori (62% of all offences prosecuted in 2020) and the justice

system has not been able to reduce this disparity in the way young Māori are affected compared to non-Māori.

Figure 5: Number of recorded prosecutions of 12- to 16-year-olds—2010–2020



The trend in prosecutions shows how the Police and youth justice system are reorienting their approach to seek other pathways to deal with youth crime, and that the trend is now for the most serious cases to be prosecuted in the youth justice system. In 2019 the law was changed, increasing the age from 16 years old to 17 years old of those who are now covered by the youth justice system. The Ministry of Justice's Youth Justice Indicators Summary Report (YJISR) December 2020²⁴ notes that offending rates for 17-year-olds were very similar to those of 16-year-olds.

The number of violent offences committed by young people aged 12 to 16 years old has also continued to fall this year, continuing the long-term trend that has seen the number

reduced by nearly half over the past 10 years (Figure 5). Violent offending is not falling as quickly as non-violent offending, so the proportion of prosecutions for violent offending has been rising over most of that time. However, the YJISR analysis shows that the proportion of violent offences has actually been falling for 14- to 17-year-olds over the past three years since 2016/17, from 38 percent to 33 percent of all offences. The Ministry attributes this to changes in Police charging practices that are leading to fewer young people ending up before the Youth Court. In contrast, the proportion of children under 14 with more serious offending has increased since 2016/17.

Early Childhood Education

Crucial questions for this year are, how has the Covid-19 crisis impacted on education outcomes for children and young people and how does this relate to longer-term trends in outcomes? In this section we look at trends for children at the start of their educational journey in early childhood education (ECE) and in the following section we look at student achievement for young people leaving the school system (see [Educational Achievement p.14](#)).

Table 5: Early childhood education (ECE) enrolment patterns—2014–2020²⁵

June years	2014	2015	2016	2017	2018	2019	2020
Total ECE enrolments	200,002	198,887	201,675	202,772	200,588	198,923	N/A
ECE enrolment rate—under 5 years	63.9%	63.9%	65.5%	65.7%	64.6%	63.8%	N/A
ECE enrolment rate for 3- and 4-year-olds	95.0%	93.9%	95.4%	95.5%	94.2%	92.3%	N/A
Overall prior ECE participation rate on starting school	95.9%	96.1%	96.6%	96.8%	96.9%	96.9%	97.1%
Prior ECE engagement rate—lowest three deciles	91.4%	92.5%	93.7%	94.0%	94.2%	94.0%	94.4%
Prior ECE engagement rate—highest three deciles	98.5%	98.7%	98.7%	98.8%	98.7%	98.8%	98.9%
Participation gap	-7.1%	-6.2%	-5.0%	-4.8%	-4.5%	-4.8%	-4.4

During the year there were reports from the childcare sector that attendance at ECE centres had dropped considerably, with fewer children attending since the lockdowns ended. Some centres have closed or are in danger of closing.²⁶ The Salvation Army runs a small group of ECE centres that tend to be located in lower socio-economic communities. They report on challenges for some families around getting their children into ECE, concern about safety from Covid-19 and families having to move because of lost employment. A Waikato University survey found that it was often some considerable time before all children returned to the ECE services because of worry about Covid-19, and children staying away with minor illnesses such as a cold, and fear. Some families also wanted shorter hours and less costly ECE because of changes in their employment.²⁷

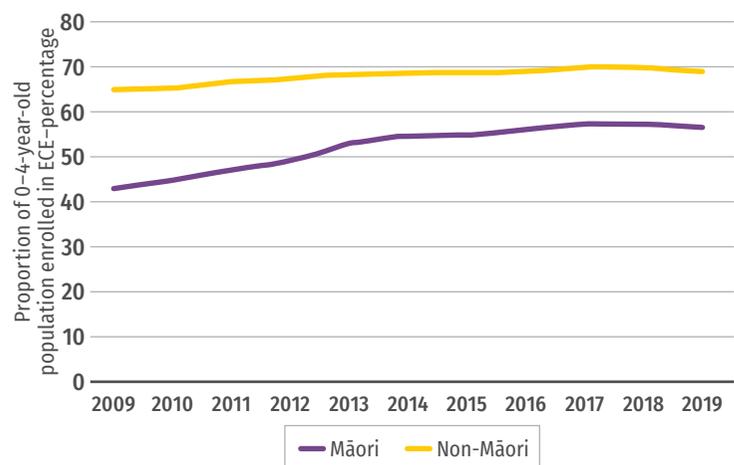
Full enrolment statistics for 2020 were not available at the time of publication, but, in December 2020, the Ministry of

Education released an analysis of data from ECE centres looking at the impact of Covid-19 on participation up to 4 October. The data shows that participation in ECE fell during the national lockdowns, but seemed to have returned to close to normal levels again under level 1 restrictions for most children.²⁸ After the Auckland lockdown ended on 31 August, total enrolments were 192,240, down 2.8 percent from the same period in 2019. The groups whose participation in ECE are most impacted are Māori and Pasifika children and those ECE centres serving more socio-economically disadvantaged communities. This may make efforts to overcome long-standing disparities harder to achieve.

The overall trend of the past 10 years has been for a reduction in the disparities of enrolment rates for Māori and Pasifika children,²⁹ which have risen faster than for the overall population. But this trend has appeared to stall in the 2018/19 years, and 2020 is likely to have seen

some reversal of the trend (Figure 6). There have also been questions raised about the quality of ECE, which includes a large and growing proportion of privately- and corporately-owned operators.³⁰ The push for increased enrolments may have been at the cost of ensuring children receive a quality early education. Current levels of funding designed to support more equitable access to ECE through the EQI funding model are comparatively small, making up less than three percent of total funding, and the Government has committed to further investment in increasing such funding as part of changes being made to school funding overall.

Figure 6: ECE enrolment rates for Māori and non-Māori children under 5 years old—2009–2019³¹



Educational Achievement

An equally crucial question for 2021 is how the challenges of 2020 are affecting young people at the other end of the schooling system as they complete their schooling. It is still too early to tell whether there will be lasting impacts on educational outcomes from the Covid-19 crisis, but the available evidence shows clear initial impacts that may have lasting effects. The digital divide that children in some communities were already facing before the Covid-19 crisis³² was made very clear during the levels 3 and 4 lockdowns, where children in households with limited access to devices and adequate internet access had their ability to learn greatly impacted. Initiatives such as school on TV may have helped to some extent, but the messages out of the education sector have been that catch-up has been difficult, especially in Auckland where they had a second level 3 lockdown during August. Overall school attendance rates have been dropping in recent years, and data from the start of 2020 before the levels 3 and 4 lockdowns seemed to continue this trend. Analysis by the Ministry of Education released in December 2020³³ concludes that Covid-19 seems to have made existing inequities in school attendance worse. Students at lower decile schools, Māori and Pasifika students and those at earlier school levels (ie, first years of primary school) are most impacted. The extent of the Covid-19 impact is further underlined by the fact that among those students showing reduced attendance, 40 percent already have patterns of attendance that were raising concerns.

The second issue has been whether students have been leaving school altogether because of stresses on families, such as the need for young people to find work to support

their families and whānau. Initial analysis of schools' data on students who unenrolled during the year does not appear to support these concerns. Far fewer students have unenrolled during the school year in 2020 (to October 2020³⁴) than in 2019, and students in the final years of schooling (Years 11–13) are the least likely to have left. In contrast to the pressures on school attendance, students of lower decile schools and Māori and Pasifika students showed the biggest decline in leaving rates. Students staying longer in education during an economic downturn is a recognised phenomenon and makes sense, as there are fewer employment options available for younger people and school leavers.

The most recent educational statistics were released in June 2020 for the 2019 school year and, therefore, do not include the impacts of Covid-19, but they show the trends in achievement which have been emerging prior to Covid-19 (**Table 6**). In 2019 there was a noticeable increase in the proportion of students leaving school without a qualification of at least NCEA Level 1, and the increase was across all schools, from 10.6 percent to 12.1 percent, the highest level since 2014.

In 2019 there was also an increase (growing over the past three years) in the disparity in outcomes for students in schools that are in areas with greater socio-economic disadvantage (deciles 1–3) compared with students in the higher decile schools (deciles 8–10). The 'achievement gap' (measuring the difference in the proportion of students from decile 1–3 schools, compared with deciles 8–10 schools who left without NCEA Level 1 or better) widened to 15.4 percentage points, the highest level since 2014, and remains significant—one in five students in decile 1–3

schools left school without NCEA, compared with 1 in 20 students from the highest decile schools (deciles 8–10).

Table 6: Proportion of students leaving school with less than NCEA Level 1—2013–2019³⁵

	2013	2014	2015	2016	2017	2018	2019
Decile 1 (poorest)	27.2%	25.2%	23.2%	21.0%	22.1%	22.8%	24.4%
Decile 2	22.8%	20.8%	16.5%	15.2%	15.9%	15.9%	19.3%
Decile 3	17.7%	16.7%	15.7%	12.6%	14.1%	13.8%	17.3%
Decile 4	16.6%	14.9%	12.1%	11.6%	12.0%	11.6%	13.3%
Decile 5	13.5%	11.6%	10.0%	9.0%	10.0%	11.4%	12.7%
Decile 6	12.5%	10.7%	10.1%	8.9%	8.2%	9.3%	11.2%
Decile 7	10.0%	7.8%	7.1%	7.1%	6.5%	7.2%	8.5%
Decile 8	8.0%	6.8%	5.6%	5.3%	4.8%	4.9%	6.0%
Decile 9	4.6%	4.1%	3.5%	3.8%	3.3%	3.4%	4.6%
Decile 10 (richest)	3.2%	2.9%	2.6%	2.3%	3.1%	3.6%	3.8%
Total	14.3%	12.2%	11.0%	10.1%	10.0%	10.6%	12.1%
Deciles 1–3	22.3%	20.6%	18.4%	16.0%	17.3%	17.4%	20.2%
Deciles 8–10	5.3%	4.6%	3.9%	3.8%	3.7%	3.9%	4.8%
Achievement gap	17.1%	16.0%	14.4%	12.2%	13.5%	13.4%	15.4%

In contrast, higher up the achievement scale as we look at those students who leave school with UE qualification, inequality in outcomes has declined a little, but in the context of an ongoing small reduction in the proportion of students who achieve UE (**Table 7**). Overall, around four out of every ten students (39.4%) left school with UE, continuing

the small declines every year since 2015 (41.2%). The proportion of higher decile students (deciles 8–10) leaving school with UE fell slightly again in 2019, to 61.1 percent down from 64.6 percent in 2016, while the proportion of lower decile school students (deciles 1–3) remained largely unchanged over the same period. This means a modest reduction in inequality, with the achievement gap of 41.5 percentage points the lowest since 2013 (Table 7), but the proportion of students from higher decile schools achieving UE remains some three times that of lower decile schools.

Table 7: Proportion of students leaving school with UE—2013–2019³⁶

	2013	2014	2015	2016	2017	2018	2019
Decile 1 (poorest)	16.4%	13.9%	13.2%	14.8%	13.2%	13.4%	14.3%
Decile 2	21.6%	16.3%	19.5%	19.9%	19.9%	21.2%	19.8%
Decile 3	28.7%	21.3%	23.4%	24.3%	23.4%	23.6%	24.0%
Decile 4	32.8%	27.7%	32.3%	30.3%	29.7%	30.4%	29.3%
Decile 5	36.9%	31.2%	33.9%	31.0%	31.5%	31.0%	29.8%
Decile 6	37.9%	31.8%	36.1%	35.8%	34.3%	33.8%	33.0%
Decile 7	46.8%	44.6%	45.6%	45.8%	45.1%	44.2%	42.8%
Decile 8	52.6%	49.4%	52.8%	54.5%	53.7%	52.8%	52.2%
Decile 9	61.9%	60.0%	65.5%	66.0%	64.5%	63.2%	62.0%
Decile 10 (richest)	75.6%	72.1%	73.0%	73.7%	71.8%	71.0%	69.3%
Total	42.2%	39.3%	41.2%	41.1%	40.6%	40.3%	39.4%
Deciles 1–3	22.5%	17.4%	19.0%	20.0%	19.1%	19.6%	19.6%
Deciles 8–10	63.7%	60.8%	63.5%	64.6%	63.1%	62.2%	61.1%
Achievement gap	-41.1%	-43.4%	-44.5%	-44.6%	-44.0%	-42.6%	-41.5%

The good news is that in comparison to 2014–2019, the reduction in disparity of achievement has been driven by schools in the lowest four deciles all increasing the percentage of students achieving UE compared with five years ago in 2014, as shown in Figure 7. This, alongside a reduction in UE achievement among the highest (decile 10) students, has meant overall disparity on this measure is down.

Figure 7: Proportion of students leaving school with UE by decile—2014 and 2019³⁷



A new initiative focused on directly addressing the issue of inequity in outcomes for schools is the new approach to funding schools. The decile system that has been used for decades to allocate funding and analyse student and school outcomes is to be replaced by an equity funding system. The implementation of this system begins in 2021,

so the outcomes from this change will not be fully captured until the system has been in place for several years, but it is a recognition of the persistent and intractable inequalities in our school system. Inequality and inequity in the system can only be overcome if achieving this is made a priority and not simply a 'nice to have' alongside growing overall achievement. New Zealand allocates comparatively less than other similar countries on spending designed to provide more equitable access to education by providing more funding for schools serving students in disadvantaged communities (less than 3% compared with up to 6% in other countries).³⁸

Teenage Pregnancy

Young women who become parents in their teens are more likely to have poorer wellbeing outcomes, and monitoring teenage pregnancy rates is therefore an important indicator of wellbeing for young people. The pregnancy rate gives a better indication of changes in sexual behaviour and use of contraception, and a lower teenage pregnancy rate means reduced need to consider the option of an abortion. The continuing decline in teenage pregnancies (**Tables 8A and 8B**) over more than a decade is good news and is also associated with a drop in the number of abortions, which have declined even more rapidly in that time—by 64 percent for 15- to 19-year-olds and 73 percent for 11- to 14-year-olds. Factors contributing to the decline in teenage pregnancy include young people delaying becoming sexually active and using more effective contraception methods.³⁹

Table 8A: Pregnancies and abortions to 11- to 14-year-olds—2014–2019⁴⁰

Year ending December	Live births	Abortions	Pregnancy rate per 1000	Percentage of Pregnancies aborted
2014	27	57	0.7	68%
2015	24	32	0.5	57%
2016	15	27	0.4	64%
2017	18	30	0.4	63%
2018	15	22	0.3	59%
2019	21	23	0.4	52%

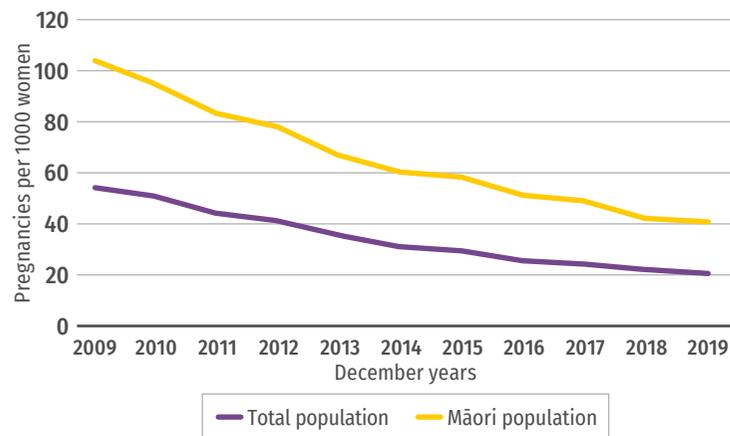
Table 8B: Pregnancies and abortions to 15- to 19-year-olds—2014–2019⁴¹

Year ending December	Live births	Abortions	Pregnancy rate per 1000	Percentage of Pregnancies aborted
2014	2895	1758	30.6	38%
2015	2841	1635	29.3	37%
2016	2466	1451	25.4	37%
2017	2298	1413	24.0	38%
2018	2061	1289	21.7	38%
2019	1974	1219	20.6	38%

The Māori pregnancy rate is falling, as it is for the whole female 15- to 19-year-old population, but the disparity in rates is not closing (**Figure 8**), with young Māori women nearly three times as likely to become pregnant as teenagers than

non-Māori. The birth rate for teenage Māori is also higher, partly explained by a much lower abortion rate (26% for Māori under 20 years, compared with 50% for non-Māori). Other cultural, social and economic factors contribute to higher rates for Māori and Pasifika teenagers and underline the importance of approaches to supporting teen parents that are responsive to their context and needs.⁴²

Figure 8: Pregnancy rates for 15- to 19-year-olds—2009–2019

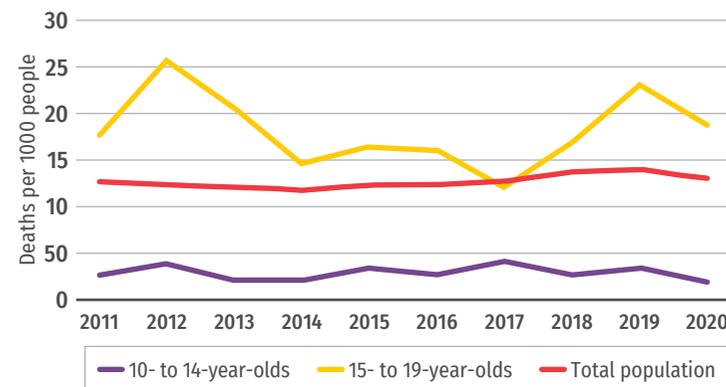


Abortion rates for teenagers are now lower than they were more than 30 years ago, and the overall abortion rate for all women in the year to December 2019 (13.1 per thousand women aged 15–44 years) is the lowest it has been for 30 years. In March 2020, changes to abortion law introduced by the Abortion Legislation Act 2020 came into effect, the first change in law in since 1977. The new Act decriminalises abortion and means that abortion services are now aligned with other health services. The Ministry of Health has now taken over responsibility for monitoring and reporting abortion statistics from StatsNZ.⁴³

Youth and Adolescent Suicides

Youth suicide rates decreased in the year to June 2020 after a sharp increase the previous year, and the suicide rate for the whole population also fell slightly—a welcome improvement (Figure 9). The decreases were across all groups—both children 10 to 14 years and young people 15 to 19 years, and for both females and males (Table 9). In the context of the Covid-19 crisis, the Mental Health Foundation says that research from around the world and in this country shows that suicide rates do tend to reduce during a disaster and in the immediate aftermath.⁴⁴ The relationship between wider mental health issues and suicide rates is not clear cut and the year on year fluctuations mean that the longer term trends are important.

Figure 9: Suicides rates—total population and 15- to 19-year-olds⁴⁵



In September 2019, a new Suicide Prevention Strategy and Action Plan was released. ‘Every Life Matters’ is the principle at the heart of the plan, recognising the dignity and sacredness of all life. The establishment of the Suicide Prevention Office in late 2019 is one of a range of steps

being taken as part of the plan to reduce the suicide in this country. The Director Carla na Nagara commented that alongside the role of mental health services in supporting people, suicide is driven by a range of adverse social circumstances and everyone has a role to play in

addressing those. It is important to focus on strengthening the ‘protective factors’ for reducing suicide, such as good long-term housing, stable employment, good whānau/ family relationships, secure cultural identity and access to support and help.⁴⁶

Table 9: Youth suicide rates for 100,000 population—2015–2020⁴⁷

June	2015	2016	2017	2018	2019	2020
10–14 YEARS						
Males—number	5	5	6	3	5	2
Males—rate	3.33	3.32	3.89	1.88	3.02	1.16
Females—number	5	3	7	5	6	4
Females—rate	3.49	2.09	4.76	3.3	3.83	2.46
Total—number	10	8	13	8	11	6
Total—rate	3.41	2.72	4.10	2.57	3.41	1.86
15–19 YEARS						
Males—number	35	34	28	33	48	36
Males—rate	21.41	20.75	17.23	20.49	29.69	22.35
Females—number	17	17	10	20	25	23
Females—rate	11.09	11.00	6.49	13.06	16.26	14.97
Total—number	52	51	38	53	73	59
Total—rate	16.41	16.02	12.01	16.88	23.14	18.69
TOTAL POPULATION						
Males—number	428	409	457	475	498	471
Males—rate	18.96	17.71	19.36	19.72	20.58	19.03
Females—number	136	170	149	193	187	183
Females—rate	5.81	7.13	6.12	7.79	7.49	7.18
Total—number	564	579	606	668	685	654
Total—rate	12.27	12.33	12.64	13.67	13.93	13.01

OVERALL ASSESSMENT: OUR CHILDREN

CATEGORY	RESULT
<p>CHILD POVERTY Official figures for 2019 show some progress, but the impact of the Covid-19 crisis on child poverty and family incomes during 2020 and the increase in the number of children living in households relying on welfare benefits suggest increasing poverty. Increased government support, such as the small benefit increases and increased hardship support during the year, may not have been enough to lift more children out of poverty in 2020.</p>	—
<p>CHILDREN AT RISK Reports of concern about abuse reduced by 8 percent in 2020, most of the decrease occurring during the Covid-19 lockdowns from March to June. Substantiated findings of neglect and abuse did not, however, decrease significantly and neither did the overall number of children who were victims of abuse.</p>	NC
<p>CHILDREN AND VIOLENCE The overall conclusion is that the situation has not improved, and the mix of offences against children is trending toward the more violent.</p>	NC
<p>YOUTH OFFENDING The trend of reducing offending, including violent offending, has continued this year, taking account of the impact of Covid-19 restrictions on offending and the justice system.</p>	+
<p>EARLY CHILDHOOD EDUCATION Covid-19 had a significantly negative impact on participation in ECE by children in lower socio-economic communities. Overall, the proportion of children who attended ECE prior to starting school remains very high and the participation gap between lower and higher decile areas closed slightly.</p>	—
<p>EDUCATIONAL ACHIEVEMENT Initial analysis suggested that Covid-19 seemed to have made existing inequities in school attendance worse. The 2019 data shows the gap in educational achievement widened, with more students in lower-decile schools leaving without achieving a qualification. The disparity between low- and high-decile schools closed slightly in 2019 but remained extensive.</p>	—
<p>TEENAGE PREGNANCY The trend of lower teen pregnancy and abortion rates continued this year, which is now lower than it was 30 years ago.</p>	+
<p>YOUTH AND ADOLESCENT SUICIDE All youth suicide rates declined this year, as did the rate for the whole population. The impact of the Covid-19 crisis may have played a role in this, but it is too early to draw any clear conclusions on lasting effects.</p>	+

WORK AND INCOMES

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.

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.

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.

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.

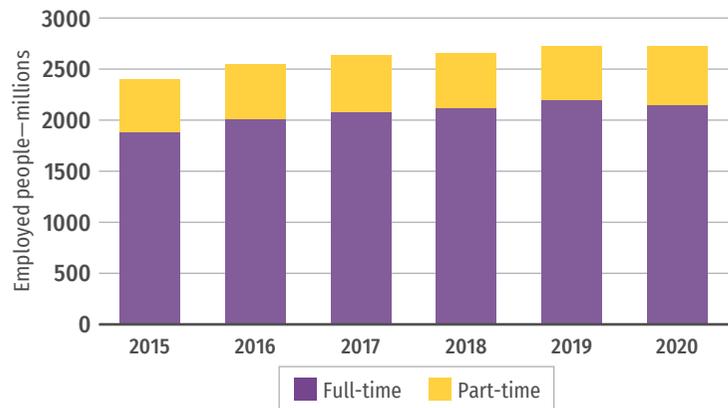
Within this overall picture of rising need, there are some hopeful signs, with a new investment from Government in a significant free school lunches programme and resourcing for collaborative networks to work on structural issues of food security. The continuing rise in the minimum wage is helping low-income 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.

Employment and Unemployment

EMPLOYMENT

The total number of people employed fell during the year before rising again in the December quarter. The number of people employed full-time fell by more than 60,000 between March and September, while part-time employment rose in that time; but by the end of the year, full-time employment had increased again. At the end of December 2020 the total number of people employed—2.75 million—was slightly above December 2019 (0.7%).

Figure 10: Total numbers in employment in New Zealand—2015–2020⁴⁸



People leaving the labour force was one of the reasons why the unemployment figures during the year did not increase further. Just over 66,000 more people were not in the labour force between March and September. The proportion of the working-age population that was either in employment or actively seeking employment fell to 69.7 percent before rising again in December 2020.

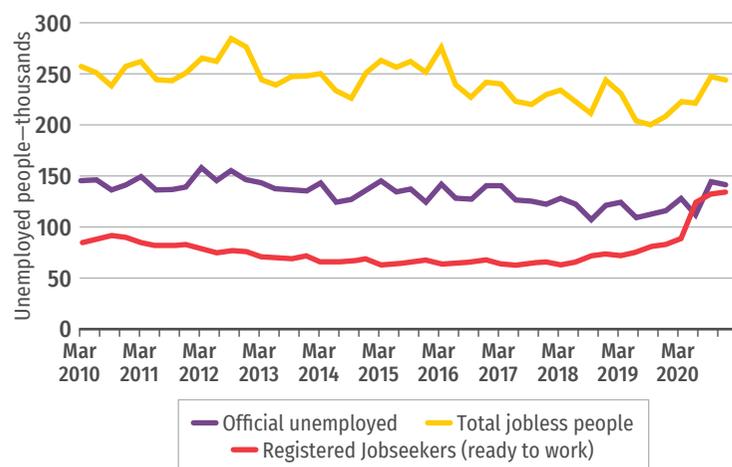
The combination of reduced full-time work, a shift to more part-time work and people leaving the labour force is also reflected in the increase in the number of underutilised workers. The underutilisation rate measures overall unmet demand for work, including the underemployed who are part-time workers wanting more hours, as well as people wanting work but not actively looking or immediately available. This number increased by over 60,000 between December 2019 and December 2020, from 10.4 percent to 12.3 percent. The increase affected women more than men. More women left the labour force than men, and women reported higher levels of underutilisation than men during 2020.

The Covid-19 border restrictions have had a large impact on the New Zealand population, with more New Zealanders and permanent residents returning and fewer people able to leave the country (see [Housing](#), p.35). Also, many migrant workers who usually enter the country for seasonal work have not been able to enter, and some who were here when the border restrictions began have not been able to leave. There are also about 200,000 people here on visas with work rights and many of them face much uncertainty in their employment.⁴⁹ The question about how employers and government policy respond to these sudden changes is crucial, as the border restrictions are expected to continue throughout 2021. There is a need to balance employing and training New Zealand residents with the need for skills and specialist workers from overseas.

UNEMPLOYMENT

There was a sudden and fast increase in unemployment during 2020 as a result of the Covid-19 lockdown restrictions and economic impacts (Figure 11). The increase in official unemployment in the September quarter was the largest rise since 1986.⁵⁰ Over the whole year to September, the number of official unemployed rose by around 25,000 (22%), Jobseekers (Work Ready) increased by almost 52,000 (62%) and total joblessness rose by over 35,000 (17%).

Figure 11: Measures of unemployment—2010–2020⁵¹



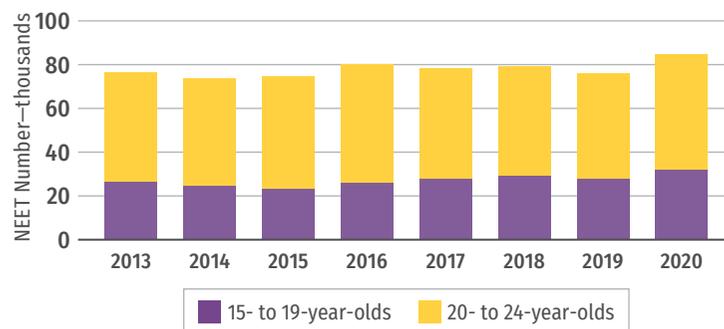
The number of jobless people counts all people who would like employment, including those who are not currently available for work, as well as those no longer actively looking but would take work if it was available (the ‘discouraged’ unemployed). It is based on the quarterly Household Labour Force Survey that asks people about their employment situation and whether they are seeking

work. In contrast to this, the number of people who are receiving Jobseeker payments and are deemed ‘ready to work’ is based on people who are eligible and have registered with WINZ as Jobseekers. The December quarter Jobseeker figure is usually the highest in the year, due to the influx of out-of-work students and school leavers.

YOUNGER UNEMPLOYED

The employment shock has affected younger people more than older age groups. Official youth unemployment also rose faster than overall unemployment, with 10,100 more young people aged 15–24 years unemployed, with the unemployment rate increasing to 13.8 percent in December 2020 (11.4% 2019). The number of young people aged 15- to 24-years-old who are NEET increased in 2020 and is the highest since 2012 (Figure 12).

Figure 12: Numbers of young adults not in education, employment or training (NEET)—2013–2020⁵²

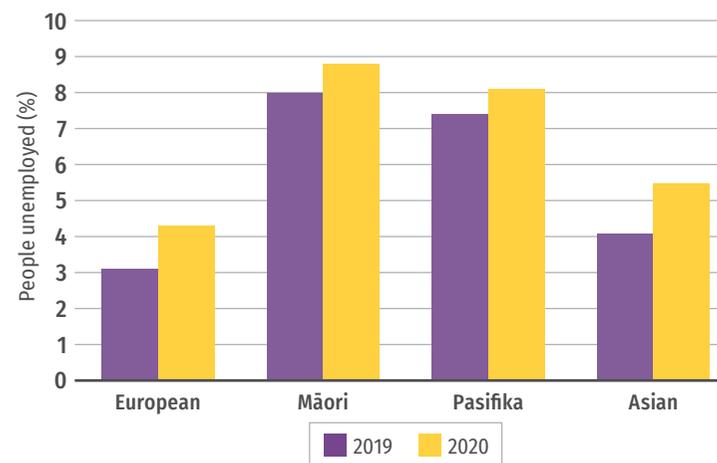


UNEQUAL IMPACTS

The disproportionate impact of the Covid-19 disruption on women reaches across aspects of labour force participation—employment, unemployment, underemployment (needing/wanting more hours), underutilisation (available but not actively seeking work) and those not in the labour force. The female unemployment rate in September 2020 (5.7%) was 1.2 percentage points higher than September 2019. The male unemployment rate (4.7%) was lower and increased by a smaller amount (0.9 percentage points) over the same time period. There was an increase of more than 50,000 over the year to September 2020 in the number of females who were underutilised to 227,000, an underutilisation rate of 16.2 percent, up from 12.6 percent in 2019. The underutilisation rate for males was lower at 10.2 percent (8.1% in 2019) and increased by less (up by 27,000). The participation rate for females in the labour force reduced from 65.7 percent to 64.7 percent, while the rate for males did not change (75%)—meaning an increase of 34,000 females not in the labour force, compared with an increase of 12,000 for males.

The increased unemployment comes on top of existing inequalities for Māori and Pasifika workers, who already experience unemployment rates more than twice those of European ethnicity. Unemployment increased for all ethnicities in 2020, Māori experience the highest rate at 8.8 percent, Pasifika at 8.1 percent, Asian at 5.5 percent and European at 4.3 percent at September 2020 (Figure 13).

Figure 13: Unemployment rates (%) by ethnicity—September 2019–2020



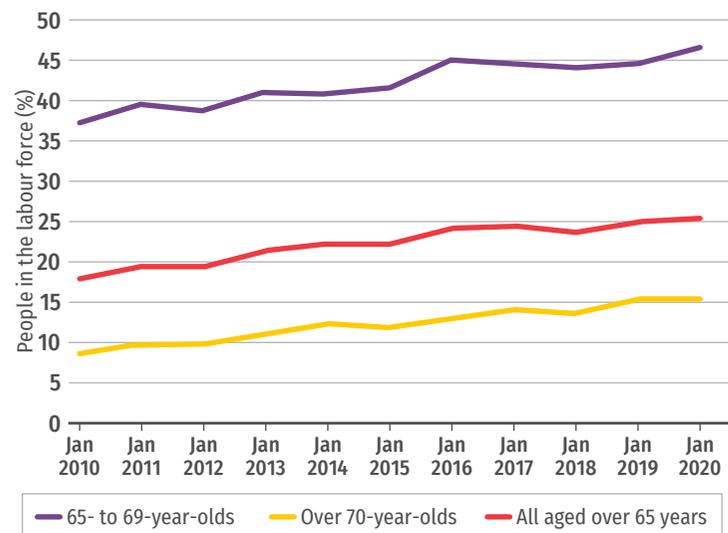
Regional variations in the employment impacts are significant—the Gisborne and Hawke’s Bay region already had one of the highest rates of unemployment and has also seen some of the largest increases. Auckland saw the largest numbers of people who became unemployed, and the Otago region saw a large proportionate increase in unemployment but from a lower base.

AGEING WORKFORCE

The disruption of the employment market that has occurred over the past year is happening in the context of the ageing of the workforce in this country. Workers aged 65 and over are not included in working-age benefits because they are covered by NZ Superannuation (NZ Super), but the feature of recent years has been the rise of 65 years and over in employment. New Zealand has one of the highest proportions of older workers in the workforce across all

the countries in the OECD.⁵³ Labour force participation has risen substantially for all aged 65 years and over, especially in the under-70 age group over the past decade, but has not changed significantly since December 2016. The Covid-19 crisis seems to have had a relatively small impact on employment for the 65 and over age group. The number of people in the workforce has grown reflecting the rising number of people aged over-65. The unemployment rate is at a low level (1.8%) and the participation rate stable.

Figure 14: Labour force participation rates for people aged 65 years and over—2010–2020⁵⁴



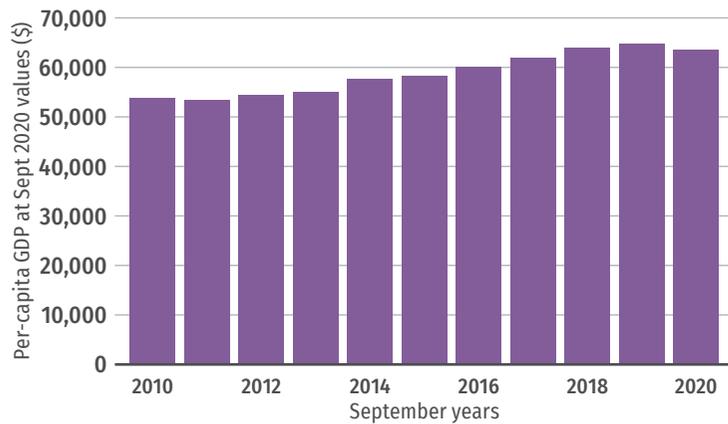
Incomes

This year has seen average incomes take a body blow as a result of the Covid-19 crisis, with reduced hours and lost employment combining to reduce incomes sharply in the June quarter. But the second half of the year saw average wage incomes recover again and ended the year above 2019 levels ahead of inflation. Gross domestic product (GPD) per capita also took a hit in the June quarter, but grew strongly again in the September quarter, although annual growth for the September year was still negative. The situation is more mixed in relation to indicators of wage and gender earnings inequality. Further significant rises in the minimum wage and progress in closing the gender wage gap are signs of progress to reduce inequality, but growth in the wage gap between low- and high-paid sectors shows how these signs of progress may be overwhelmed by the wider economic impacts of the Covid-19 pandemic.

GDP PER CAPITA

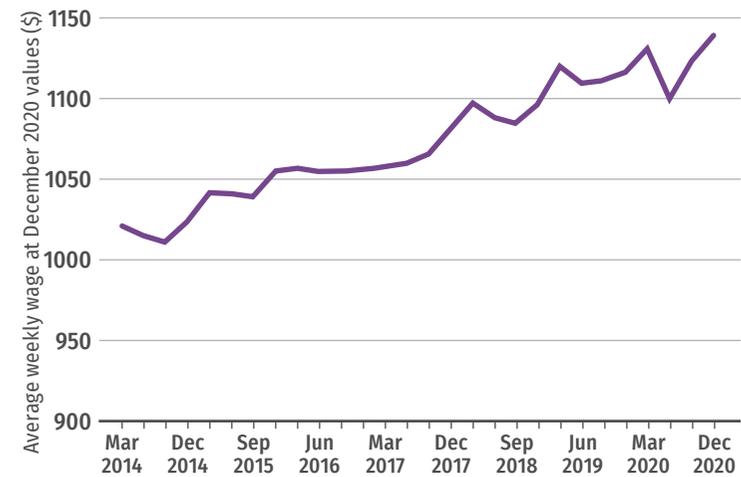
Economic growth as measured by GDP per capita fell in 2020, for the first time in almost a decade. Adjusted for inflation in 2020 dollars, GDP reduced by 1.8 percent (Figure 15) in the year to September 2020. Economists are varied in their assessments of how much economic growth will recover, but the initial recovery during the second half of 2020 has been ahead of predictions and gives ground for hope of further progress in 2021. The continuing uncertainty of the international pandemic’s impacts on trade and investment around the world means the risk of little or no economic growth remains significant.

Figure 15: Per capita GDP (in Sep-20 values)—2010–2020⁵⁵



Average weekly wages fell sharply during the June 2020 quarter as a result of the Covid-19 lockdowns, but recovered again in the September quarter and by the end of the year were ahead of the March quarter level and are around 2 percent higher than in December 2019 (Figure 16).

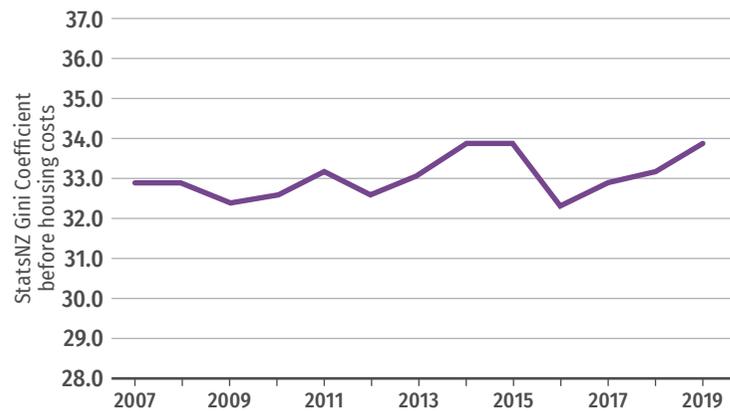
Figure 16: Average weekly wage for all employees—2014–2020 (\$Dec20)⁵⁶



INCOME AND GENDER WAGE INEQUALITIES

The extent of the Covid-19 effects threatens to overwhelm the limited progress made in recent years to reduce income inequalities and to narrow the gender wage disparities. In February 2020, StatsNZ released for the first time official figures for income inequality based on the extended Household Incomes Survey (HES). These figures are used to support the wellbeing framework measurement. Using the internationally comparable measure (Gini Coefficient Before Housing Costs), income inequality has fluctuated since 2007, but was tending to increase (Figure 17) over the three years to June 2019. Employment losses and the increase in those relying on welfare may mean a further increase in inequality in 2020, as it appears those on higher incomes have not been affected as much.

Figure 17: Income inequality—2007–2020 (Gini Coefficient)⁵⁷

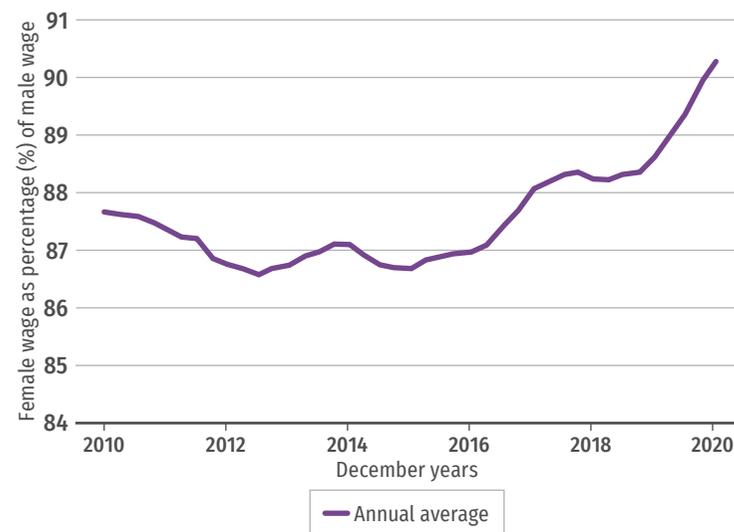


Reducing income inequality means finding ways to narrow the distribution of income across the population. Some of the structural pathways to share earnings more fairly include: reducing disparities between women’s and men’s earnings; reducing differences in wages between highest- and lowest-paid sectors; and, the role of the minimum wage in lifting lowest incomes.

GENDER WAGE INEQUALITY

Women’s employment has been affected more than men’s employment and with different patterns of change (see above **Employment** p.22) but, at this stage, this does not appear to have affected the progress to reduce the disparity in hourly earnings in the past five years. During 2020, women’s hourly wage on average across the year increased to over 90 percent of men’s earnings, up from around 87 percent in 2016 (**Figure 18**). The encouraging aspect of this change is that average hourly wages for both genders increased, but women’s wages increased by more, thus reducing the difference in earnings from \$3.83 in 2019 to \$3.55 December 2020.

Figure 18: Comparison of female and male ordinary time hourly wages—2010–2020



In contrast to gender hourly wage disparity, the difference in average hourly earnings between the lowest-paid sector (food and accommodation) compared to the highest paid sector (finance and insurance) increased again and means little improvement since 2016 (**Figure 19**). Hourly earnings barely increased in the food and accommodation sector (\$0.76, 3.5%) while average earnings in finance and insurance rose by 7 percent (\$3.36). This is a small indicator that those working in higher-paid areas may be increasing their incomes more than those working in lower-paid sectors. If this pattern is reflected across other income earners, then overall inequality could increase during the Covid-19 economic crisis without further policy changes to lift low and middle incomes.

Figure 19: Comparison of ordinary time wages in hospitality and finance sectors—2010–2020



The number of workers covered by increases in the statutory minimum wage (Figure 20) is used as an indicator of both the proportion of workers on the lowest wage, but also the importance of legislated minimum wage increases to address poverty and inequality. The minimum wage plays an important role in reducing inequality by lifting the bottom end of the wage scale. This year it is estimated that around 175,500 workers will benefit from the increase in the minimum wage to \$20 per hour in April 2021. This is a lower number than in the previous year’s estimate (2019, 242,000) and most likely reflects the fact that there is also a lower number of workers earning the current minimum wage—57,700 compared with 85,400 in 2019.⁵⁸ Each year tends to see a flow-on effect for wage earners who were just above the previous minimum wage, with their pay rates also increasing above the new minimum wage rate.

Figure 20: Numbers of workers receiving the statutory minimum wage—2009–2020⁵⁹

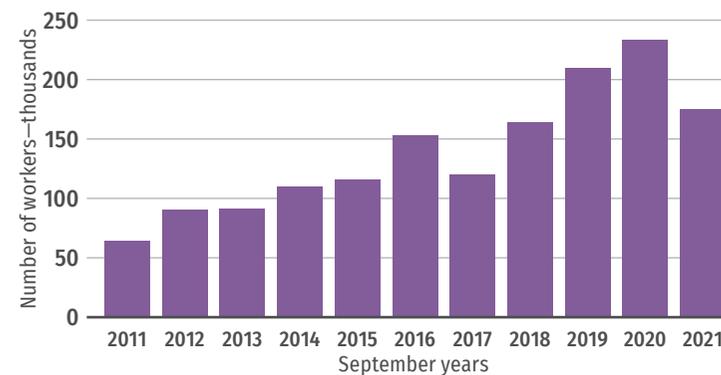
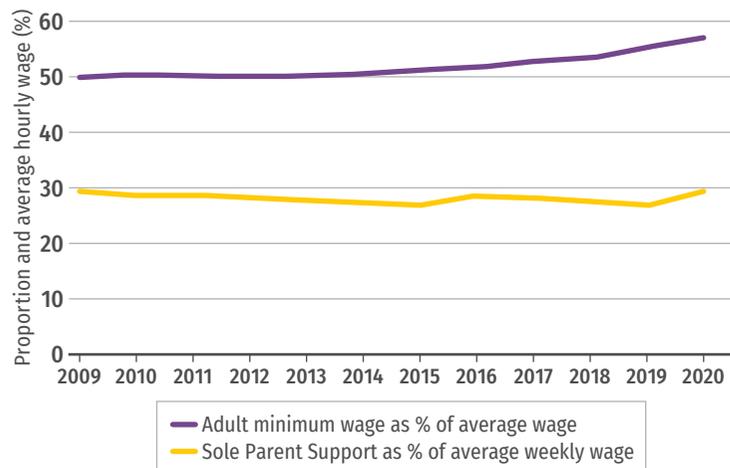


Figure 21 compares the adult minimum wage and the value of sole parent welfare payments with the average wage as an indicator of inequality trends. The minimum wage has increased significantly faster than average hourly wages, lifting from 50 percent of the average wage in 2013, to 57 percent in 2020. The Government has signaled its intention to lift the minimum wage to \$20 per hour in April 2021, a 5.8 percent increase, which is likely to continue to further lift it as a proportion of the average hourly wage.

Figure 21: Comparisons of adult minimum wage and sole parent benefits with average wages—2009–2020



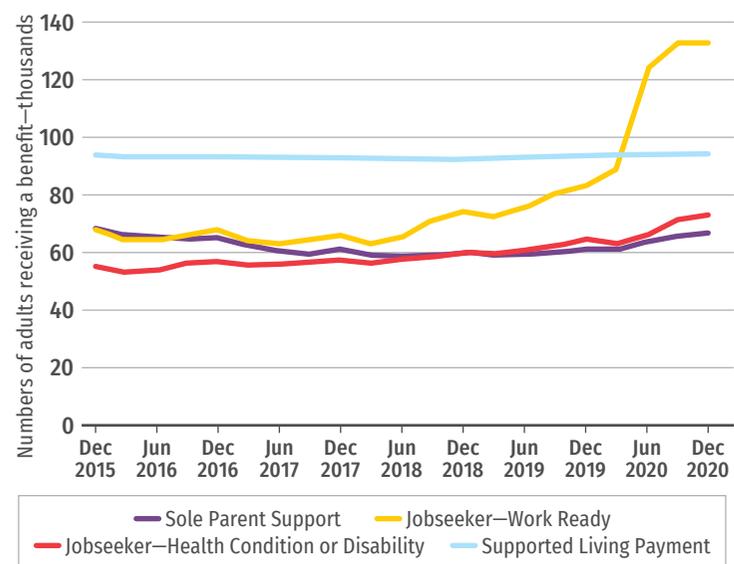
April 2020 saw the implementation of indexing of welfare benefits to increases in average wages. The result of this was a higher annual increase (3%) to core welfare benefits than would have been the case using CPI inflation adjustment used in previous years (1.66%). Combined with the \$25 per week increase in benefits implemented at this same time, the overall increase was \$38.48 for someone on Jobseeker Sole Parent Support benefit, an 11.4 percent increase in total. This is a positive step forward and will halt the growth in the gap between average wages and core welfare benefits. However, the fact remains that the core welfare benefits are set at levels that are still too low, leaving people in poverty. Even after these changes, core welfare benefits, like the Sole Parent Support benefit, are still less than 30 percent of the average weekly wage, and the Jobseeker single adult rate is just 22 percent of the average weekly wage.

Income Support and Welfare

An economic crisis makes clear the central and vital importance of our social security system to support people to live with dignity through difficult times. There was a rapid and very large increase in the number of people on welfare benefits this year, as unemployment rose and the Government responded with a huge package of measures that were implemented rapidly as part of the Covid-19 crisis response. Total Government expenditure rose by 25 percent in 2020 to \$108.9 billion (2019 \$87 billion), and of the \$21.9 billion in additional spending two-thirds if it was increased welfare spending (**Table 10, p.31**).

The total number of people receiving working-age welfare benefits grew by 75,000 during 2020 to reach 389,500, a 24 percent increase. Most of this increase was a result of more people registering as Jobseekers who are ‘work ready’. **Figure 22** shows how the Jobseeker Support—Work Ready benefit category increased rapidly between March and September 2020, before leveling out in the final part of the year to December. But the number of people receiving the Jobseeker with health conditions or disabilities (not immediately available for work) and those on Sole Parent Support also increased significantly.

Figure 22: Number of people receiving selected working-age benefits—2015–2020⁶⁰



The number of people needing welfare support is forecast to further increase, peaking in mid-2021 and remaining above pre-Covid-19 levels through to 2024.⁶¹ Many people will face extended periods of time on government income support (ie, more than one year), which means they are likely to face significant hardship and poverty because core benefit rates are set too low. Of the people receiving welfare income support, some two-thirds of them are not available for paid employment immediately—they are caring for children, living with a disability or caring for someone with a disability, or they are unwell. There are around 660,000 people in households relying on welfare benefits including around 211,000 children.

WELFARE EXPENDITURE

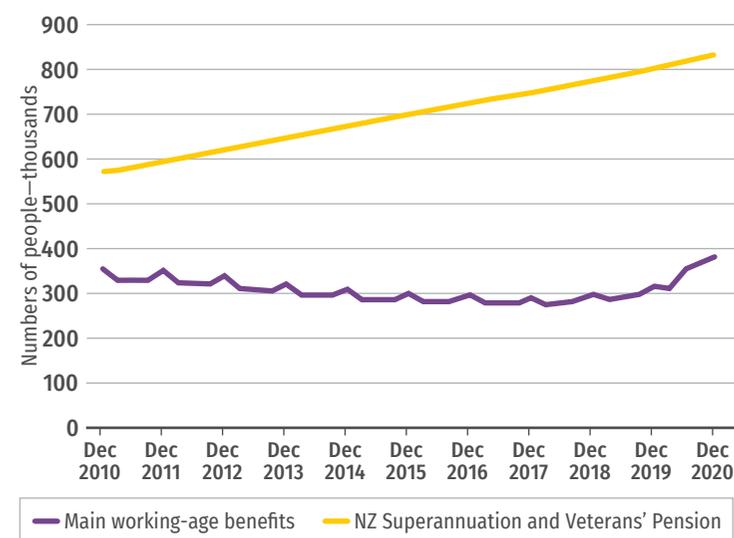
The Government's Covid-19 crisis response saw a huge increase in welfare spending of \$14.6 billion to the end of June 2020, a 54.8 percent increase from 2019—an astounding figure compared with previous years' increases (Table 10). Most of the increase was paid out through the Wage Subsidy Scheme (\$12.1 billion), which was paid directly to employers to keep people in their jobs.

The rest of the welfare spend increased by \$2.5 billion (9.5%), including increases to core welfare benefits in April and the temporary Covid-19 Income Relief Payment that began in June. This was actually a smaller percentage increase than in 2019 (\$2.7 billion, 11.4%). In the context of the large increases in the numbers of people needing welfare support this may seem surprising, but most of the increases occurred in the June quarter at the end of the reporting year. It appears that the Wage Subsidy was effective in keeping people in employment and moderating the extent of increased need for other government welfare support. The Half Year Economic and Fiscal Update from Treasury released in December 2020, shows welfare spending (excluding the Wage Subsidy) is expected to rise by a further \$3.88 billion (11.7%) to reach \$33.1 billion by June 2021. Within these figures are the full costs of the Government's now fully implemented Families Package of income support measures for low- and middle-income families that is aimed at significantly reducing child poverty (see *Our Children*, p.5). The large increases in need highlighted the inadequacy of current benefit levels (Figure 21, p.29), but progress this year on further implementing the Government's overhaul of the welfare system in response to the 2019 Welfare Expert Advisory Group recommendations has been limited.⁶² There is urgent need for further change to be implemented to provide adequate incomes for those needing welfare support.

Table 10: Government spending on main income support programmes—2015–2020⁶³

	2015	2016	2017	2018	2019	2020
NZ Superannuation and Veterans' Pensions	11,769	12,453	13,218	13,862	14,715	15,666
Main working-age benefits	4385	4347	4390	4,355	4526	5166
Housing subsidies	1832	1919	1977	2094	2614	2994
Working for Families tax credits	2403	2352	2359	2195	2766	2830
Other benefits and allowances	1291	1370	1395	1499	2068	2557
Total benefit expenses (excl. Wage Subsidy)	21,680	22,441	23,339	24,005	26,689	29,213
Growth in spending on benefits (excl. Wage Subsidy)	2.3%	3.5%	4.0%	2.9%	11.2%	9.5%
Wage Subsidy Scheme	–	–	–	–	–	12,095
Total benefit expenses	21,680	22,441	23,339	24,005	26,689	41,308
Total Growth in spending on benefits	2.3%	3.5%	4.0%	2.9%	11.4%	54.8%
Core Crown Expenses	72,363	73,929	76,339	80,576	86,959	108,832
Benefits as share of Core Crown Expenditure	30.0%	30.4%	30.6%	29.8%	30.7%	38.0%
NZ Superannuation as share of Core Crown Expenditure	15.3%	16.0%	16.6%	17.1%	16.7%	14.3%

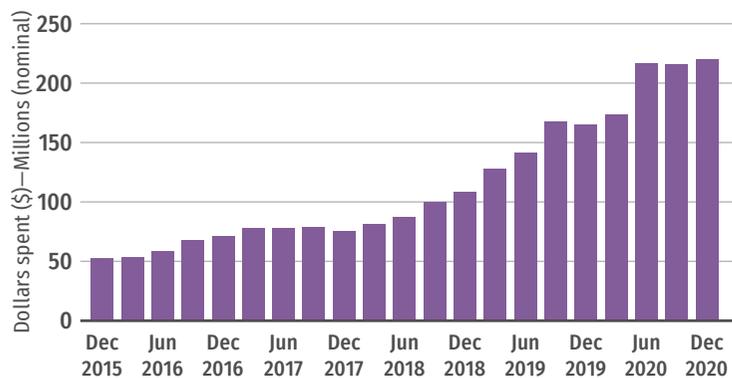
NZ Super remains the largest single item in the government's income support and welfare expenditure. A further \$951 million increase in spending on NZ Super saw spending reach \$15.67 billion to June 2020, and reflects the growing number of people now aged 65 and over—which increased by more than 30,000 to reach 832,000 in December 2020.

Figure 23: Number of people receiving working-age benefits and retirement pensions—2010–2020⁶⁴

Hardship and Food Security

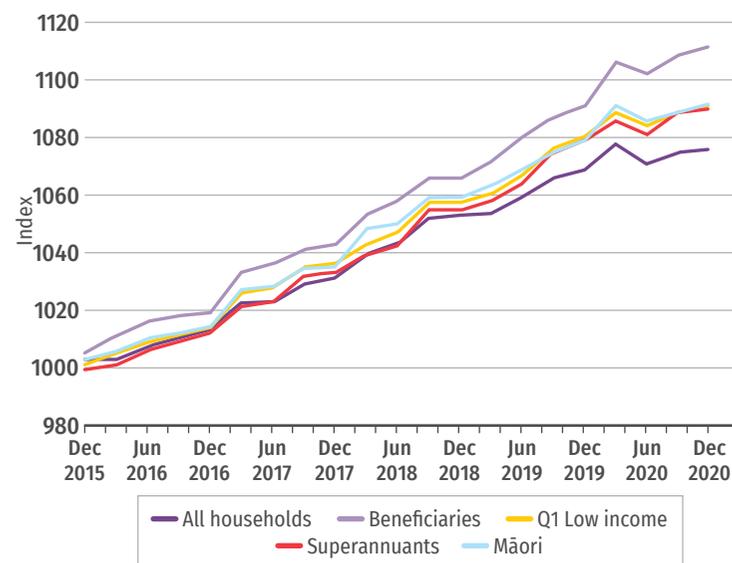
Hardship assistance expenditure has been rapidly growing in recent years, but 2020 saw further large increases resulting from the Covid-19 crisis. During 2020, 2.6 million hardship grant payments were made, a 35 percent increase on the 1.92 million payments in 2019. The total value of those hardship grants increased by 37 percent, totalling more than \$826 million during the year to December 2020. Payments rose rapidly during the June quarter when levels 3 and 4 national lockdown restrictions were in place. It is striking that the payments did not reduce again significantly in the following quarters, remaining well over \$200 million per quarter in the September and December quarters and nearly 30 percent higher than for the same quarters in 2019 (Figure 24).

Figure 24: Government spending on additional hardship assistance—2015–2020⁶⁵



Living costs for those in the lowest-income households (beneficiaries and superannuants) have been rising faster than those across all households and this is a consistent pattern over the past five years (Figure 25). Over those five years, beneficiary households have seen their living costs rise by 10.6 percent (December 2020) compared with 7.2 percent for all households. This means real incomes have declined in that time because core welfare benefits were indexed to overall inflation through the CPI until April 2020, and other welfare payments, such as Accommodation Supplement, were not indexed at all.

Figure 25: Low-income Household Living Costs Index—2014–2020⁶⁶

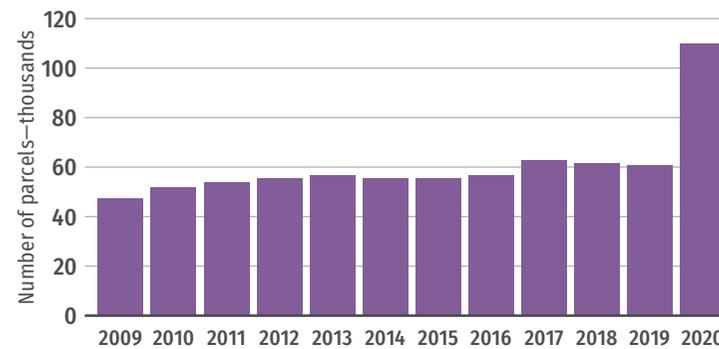


This pattern of increases in welfare benefits not keeping up with real increases to benefit households' living costs has existed since the 1990s, and The Salvation Army estimated the cumulative impact of this to be a 22 percent difference by the beginning of 2020.⁶⁷ The main differences in household costs affecting those on lower incomes are housing costs (rents), food and utilities. The policy change introduced this year by the Government to index benefits to movements in average wages meant, for the first time in decades, the increase to core welfare benefits (3%) came closer to covering the actual increased household living costs, which were 3.2 percent for the year to March 2020, but does not address the pre-existing cumulative in living costs for benefit households.

FOOD SECURITY

The enormous increase in food parcels distributed by the network of over 60 Foodbanks run by The Salvation Army is a standout statistic of 2020 (**Figure 26**). More than 113,000 food parcels, nearly twice the level of 2019, were distributed across the country by the end of December 2020. Over 37,000 of those food parcels were distributed in the eight weeks of the levels 3 and 4 national lockdowns. The months following the ending of the higher-level restrictions saw need for food assistance reduce from this peak, but, in the months of July to December 2020, food parcel distribution continued to be significantly higher than for the same period in 2019.

Figure 26: Food parcels distributed by The Salvation Army—2009–2020⁶⁸



Increases in food hardship grants from WINZ have followed a broadly similar pattern, peaking sharply in April to May, reducing to below 2019 levels in July to September and then increasing again in the final part of 2020 to end well above 2019 levels.⁶⁹ Part of the Government's crisis response was to introduce, for the first time, direct funding for food distribution networks, as well as funding to help communities work together to assist people to meet their food needs locally.⁷⁰ In addition to this, funding for a free lunches in schools programme—Ka Ora, Ka Ako, run through the Ministry of Education—received a massive boost, with over \$200 million allocated to provide free lunches to more than 200,000 school students in lower-income communities around the country, which will be around one in four of all school students once it is fully implemented in 2021.⁷¹

OVERALL ASSESSMENT: WORK AND INCOMES

CATEGORY	RESULT
<p>EMPLOYMENT The number of people employed fell during the year before, rising again to end around the same as 2019. The number of underutilised workers rose but overall employment impacts were not as severe as initially feared.</p>	NC
<p>UNEMPLOYMENT Unemployment rose sharply during the year. Impacts fell unequally, with younger people, women, Māori and some regions more affected.</p>	—
<p>INCOMES GDP per capita fell during the year. Average wages fell sharply before recovering again by year end. The negative impacts of higher unemployment, especially for lower-income earners, seems likely to outweigh positive steps to reduce inequality through increased minimum wage and narrowing of gender wage gap.</p>	—
<p>INCOME SUPPORT AND WELFARE There has been a large increase in those needing welfare support since the Covid-19 lockdowns and restrictions began in March. The Government responded with a massive increase in welfare spending, including the Wage Subsidy, Covid-19 Income Relief Payment, an increase in core benefits and hardship assistance providing some degree of relief. Welfare benefit levels remain too low, and the promised overhaul of the welfare system remains largely stuck in the workshop.</p>	—
<p>LIVING COSTS AND FOOD SECURITY The near doubling of the number of food parcels distributed by The Salvation Army in 2020 highlighted the pressures on lower-income households. Their living costs continue to rise faster than overall inflation. New funding to support food security in communities and free lunches in schools programme offers some hope in challenging times.</p>	—

HOUSING

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 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.

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

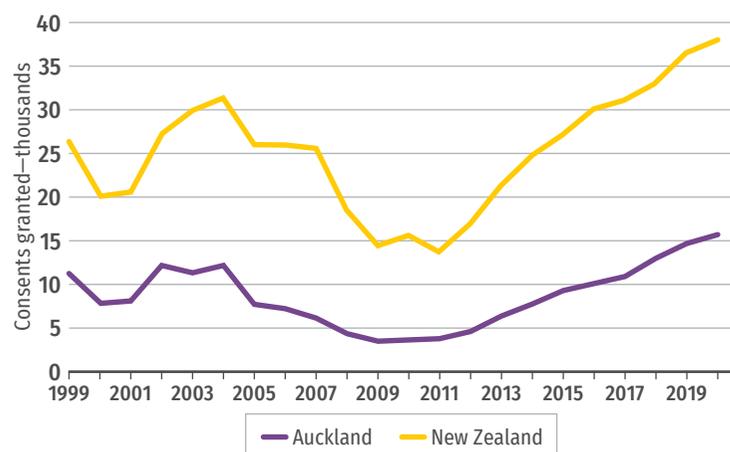
Covid-19 and growing housing-related debt for households. The housing supply story is complex, with record-high levels of consents for new dwellings in Auckland and across the country. But keeping pace with the need is near impossible. The truth is that numerous brave policy actions are needed in all these areas of housing. 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.

HOUSING AVAILABILITY

CONSENTS FOR NEW DWELLINGS CONTINUE TO CLIMB

Consents for new dwellings continue to climb steadily in both Auckland and throughout New Zealand, as shown in **Figure 26**. Since 2010, there has been a 57 percent increase in the annual number of consents for new builds across the country. In Auckland, the increase is even greater with a 76 percent increase in consents. In the year ending September 2020, 15,470 consents were issued in Auckland and 37,734 issued in total for the country. Consents for Auckland make up nearly 40 percent of all consents given for new dwellings.

Figure 26: Consents for new dwellings—1999–2020⁷²



HOUSE BUILDING AND POPULATION CHANGES

In terms of population changes and new house builds, we have revised our figures from the *State of the Nation 2019* report now that StatsNZ's Census population figures have been updated. These figures are shown in **(Table 11, p.38)**. For Auckland, in the year ending June 2020, there was an estimated population growth of 37,000 people. Using the average number of people per household (from the 2018 Census) of 3.18 people per dwelling, means that 11,639 new houses should have been built in order for occupancy rates (and overcrowding) not to get worse in Auckland.

There were 14,780 consents for new dwellings, so there was a surplus of 3141 dwellings. This is all approximate, especially because in Auckland the Government are demolishing a house to make way for five new ones, particularly under their urban redevelopment agenda. In terms of house building in the rest of the country, there was a shortage of over 2000 houses required for the population growth and shifts around the nation outside of Auckland.

We have consistently used the consents for new dwellings as an indicator of housing availability and supply in these *State of the Nation* reports. However, the challenge here is that consents for new dwellings do not take accurate account of the background population growth (which ideally should match growth in the housing stock) or of the fact that houses are being continuously demolished and abandoned. In December 2020, The Salvation Army presented a housing briefing paper to the incoming government, advocating for *urgent action to address this [housing] policy failure and the inequalities which emerge from it.*⁷³

Table 11 and the information in the December 2020 housing briefing paper indicate that, at least statistically, house building is keeping up and even outpacing the population growth in the Auckland area. This is qualified with the challenge of counting the houses being demolished to build the new ones, which in turn affects Auckland’s overall housing stock. Additionally, there remains questions as to whether the current stock and the new houses being built are suitable and the right fit for the needs and realities of households in Auckland. Conversely, the data indicates that outside of Auckland house building is not keeping pace with the population changes and shifts in these areas, pointing to growing housing issues there.

THE IMPACT OF COVID-19 AND POPULATION CHANGES

The November 2020 briefing to the Minister of Housing highlighted that during the year to 30 June 2020, 164,000 fewer people left the country than arrived. This is illustrated in **Figure 27**.⁷⁵ Much of this net increase in New Zealand’s population is due to temporary visa holders being unable to leave New Zealand due to border closures. In December 2020, StatsNZ released updated migration figures and estimated that between 70,000 to 100,000 visitors to New Zealand, travelling on a range of visa types, have been unable to depart the country as at 4 December 2020.⁷⁶ Many of the challenges that temporary visa holders faced was regularly noted in our six Covid-19 Dashboard reports between April and November 2020. These residents need housing regardless of their residency status and many were housed in motels, boarding houses, camp sites and other temporary accommodation. This additional housing

need places extra pressure on the stock of affordable housing and affects the rapidly increasing social housing waiting list. This is compared with the 240,000–260,000 visitors that were here in March 2020.⁷⁷ The direct link between housing availability and population changes has become even more telling as the effects of this pandemic continue to unfold. **Figure 28** compares annual percentage increases in population to consents for new building.

This figure shows us that between 2014 and 2018, our population growth exceeded new house building. But since 2018, these have generally matched each other closely.

Figure 27: Net numbers of people arriving in New Zealand—2011–2020⁷⁸

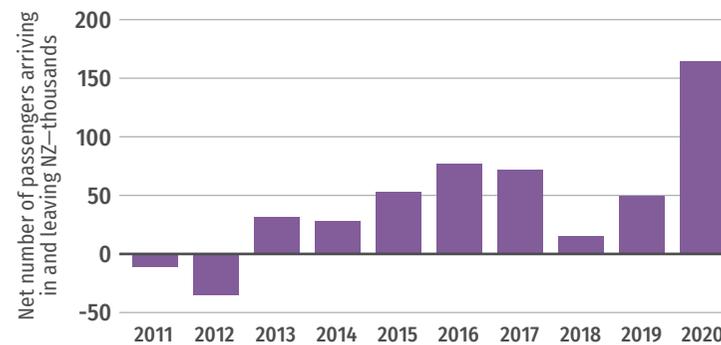


Table 11: Estimates of population change and new house builds—2010–2020⁷⁴

June years	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NEW ZEALAND											
Resident population	4,350,700	4,384,000	4,408,100	4,442,100	4,516,500	4,609,400	4,714,100	4,813,600	4,900,600	4,979,300	5,084,300
Annual population growth	48,100	33,300	24,100	34,000	74,400	92,900	104,700	99,500	87,000	78,700	105,000
Average occupancy rate	2.78	2.78	2.78	2.77	2.79	2.81	2.83	2.85	2.86	2.86	2.86
Dwellings required for population growth	17,273	11,977	8682	12,267	26,667	33,079	37,038	34,971	30,381	27,482	36,667
Consents for new dwellings	16,167	13,539	15,414	18,783	23,316	25,154	29,097	30,453	32,860	34,804	37,614
Surplus/deficit	-1106	1562	6732	6516	-3351	-7925	-7941	-4518	2479	7322	947
AUCKLAND											
Resident population	1,439,600	1,459,600	1,476,500	1,493,200	1,520,400	1,552,800	1,589,800	1,625,100	1,654,800	1,680,500	1,717,500
Annual population growth	17,900	20,000	16,900	16,700	27,200	32,400	37,000	35,300	29,700	25,700	37,000
Average occupancy rate	3.03	3.03	3.03	3.04	3.07	3.09	3.12	3.15	3.18	3.18	3.18
Dwellings required for population growth	5916	6601	5570	5497	8870	10,470	11,849	11,204	9343	8085	11,639
Consents for new dwellings	3669	3397	4197	5343	6873	8299	9644	10,364	12,369	14,032	14,780
Surplus/deficit	-2247	-3204	-1373	-154	-1997	-2171	-2205	-840	3026	5947	3141
REST of NEW ZEALAND											
Resident population	2,911,100	2,924,400	2,931,600	2,948,900	2,996,100	3,056,600	3,124,300	3,188,500	3,245,800	3,298,800	3,366,800
Annual population growth	30,200	13,300	7200	17,300	47,200	60,500	67,700	64,200	57,300	53,000	68,000
Average occupancy rate	2.68	2.67	2.66	2.66	2.67	2.69	2.7	2.71	2.73	2.73	2.73
Dwellings required for population growth	11,263	4976	2702	6512	17,671	22,527	25,073	23,649	20,995	19,419	24,915
Consents for new dwellings	12,498	10,142	11,217	13,440	16,443	16,855	19,453	20,089	20,491	20,772	22,834
Surplus/deficit	1141	4766	8105	6669	-1353	-5754	-5736	-3678	-547	1374	-2193

Figure 28: Comparison of population growth and new house builds—1992–2020⁷⁹



SOCIAL HOUSING REGISTER AT RECORD HIGH

The social housing register is at record levels, reaching and surpassing the 22,400 mark in November 2020 (Figure 29). Looking closer at this waiting list, Māori and Pasifika people continue to be disproportionately represented. For instance, nearly half of the applicants on the register are Māori, and Pasifika make up over 10 percent of the register (Figure 30).

Figure 29: Social housing register—2014–2020⁸⁰

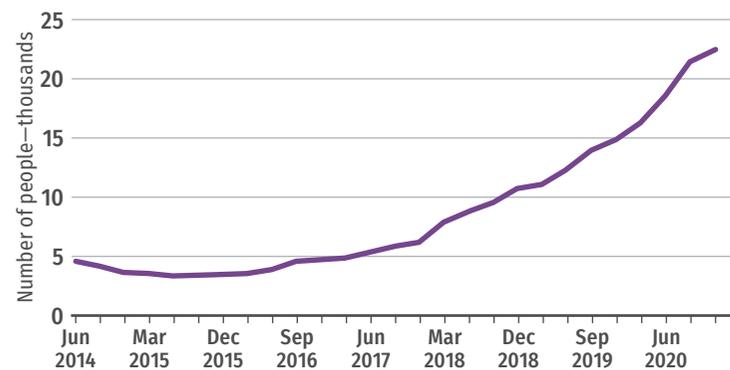
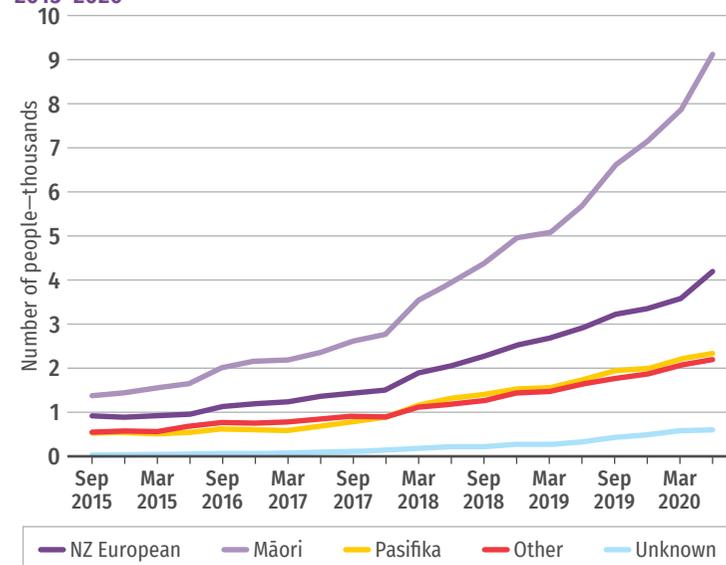


Figure 30: Social Housing Register—ethnicity of main applicant—2015–2020⁸¹



The unmet and urgent housing need has worsened in some parts of the country in the last 12 months. The situation is particularly concerning in the East Coast, Bay of Plenty, Waikato and Northland. This is shown in **Table 12**. In these areas the number of people on the social housing register, as a percentage of the total existing social housing tenancies, shows the severity of the unmet urgent housing need, especially in areas with traditionally large Māori populations.

Table 12: Regional breakdown of social housing demand and public housing stock—September 2020⁸²

Housing region	Priority demand	Public housing tenancies	Demand as % of tenancies
Northland	852	2147	40%
Auckland	7823	32,919	24%
Waikato	2151	4723	46%
Bay of Plenty	1581	2874	55%
East Coast	2028	4092	50%
Central	1221	2326	52%
Taranaki	523	1244	42%
Wellington	2259	8649	26%
West Coast-Tasman	714	1469	49%
Canterbury	1725	8243	21%
Southern	505	1857	27%
Unknown	33	63	52%
New Zealand	21,415	70,606	30%

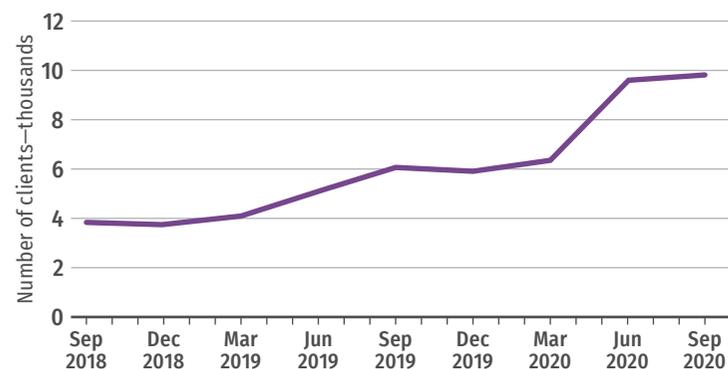
COVID-19 AND THE ‘SHARPER END’ OF THE HOUSING CONTINUUM

The data in the previous figures and tables about the social housing register and social housing stock give some great insight into the state of housing at the ‘sharper end’ of housing spectrum—homelessness, emergency housing and transitional housing. During our Covid-19 Dashboard series, we also reported on other indicators of housing stress. For example, **Figure 31** shows the number of distinct Work and Income New Zealand (WINZ) clients who received one or more emergency housing Special Needs Grants (EHSNG) between September 2018 and September 2020. The increase between March and June 2020 shows the significant efforts from officials to get people into emergency housing during the early Covid-19 lockdowns. In the quarter ending September 2020, 44,581 EHSNG—amounting to over \$83 million—were given out. The Housing First initiative, which works with homeless people, reported 1470 households had been successfully placed in adequate housing as at September 2020. While these numbers are relatively small, they indicate some good progress in addressing these housing needs.

Our Covid-19 Dashboard series also looked at those in transitional housing. As of September 2020, there were 3533 transitional housing places across the country. The Salvation Army works with over 1000 clients in the transitional housing space. Over half of these clients have children. Again, Māori and Pasifika are disproportionately represented in our transitional housing numbers, with nearly 50 percent being Māori. The housing options these people transition to are varied. Most are moving on to

either private rental housing or government social housing. Some move back with friends and family, while many leave the service voluntarily. The homeless and those facing severe housing deprivation were housed during the critical months of Covid-19, showing that our nation can mobilise quickly to address these issues. However, with the easing of restrictions, we are seeing more visible signs of homelessness and housing stress again on the frontlines around the country. Additionally, we have recent reports of ongoing challenges to properly house those being released from prison, and issues with boarding house-type housing. Overall, providing short-term temporary housing options will not address these issues unless long-term options and strategies are developed.

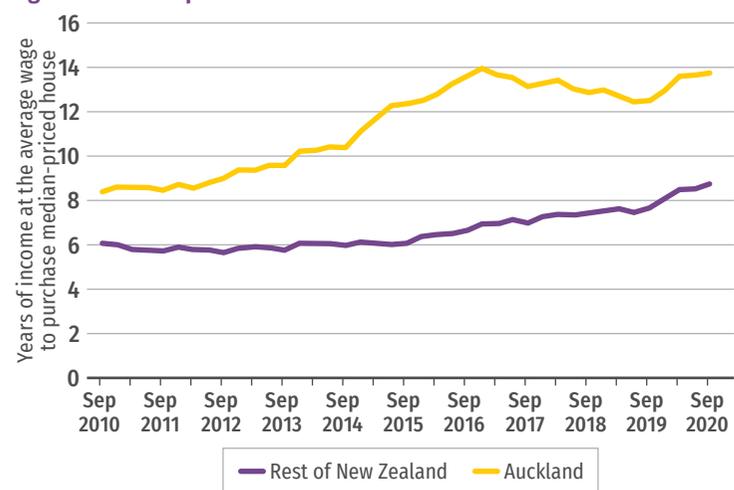
Figure 31: Number of clients receiving emergency housing Special Needs Grants—September 2018–September 2020⁸³



HOUSING AFFORDABILITY

Median house prices continue to rocket upwards across the country. CoreLogic, property data and analytics company, reported near-record growth with house sale prices increasing by 2.6 percent across the country in December 2020.⁸⁴ The nationwide average value was \$788,967 in December 2020. By the end of 2020, Hamilton, Tauranga and Dunedin all saw double-digit annual growth in house sale prices. In October 2020, median house sale prices were over \$1 million in the Auckland region. Subsequently, housing has become increasingly unaffordable for many New Zealanders. For example, **Figure 32** illustrates this unaffordability. By September 2020, it would take nearly 14 years at the average Auckland wage to pay for a median priced house in Auckland. This is a 59 percent increase since 2010, (in 2010, it took 8.8 years to pay for a median priced house). This illustrates the major affordability challenges in Auckland. Affordability has worsened for the rest of New Zealand. By September 2020, it would take almost nine years at the average wage to pay for a median priced house outside of Auckland. This had continued to trend upwards for the last five years and has consistently trended upward, especially since 2011. These kinds of reports and statistics have led to many economists, commentators and Christian charities, like The Salvation Army, to call for urgent action to address this unaffordability. The record-low interest rates, increased buyer interest from investors and the limited supply are leading to more New Zealanders choosing property as a safe investment and the most attractive asset for wealth accumulation. Centrix, credit reporting agency, reported in their January 2021 Insights Report that the NZ housing market was soaring, with new residential mortgage lending in December 2020 up by 22 percent since December 2019.⁸⁵

Figure 32: House price-to-income ratios—2010–2020



RECORD HIGHS IN HOUSE SALE PRICES

Average house prices continue to reach record highs across the country. The strongest growth in house prices since 2019 is in Palmerston North, New Plymouth, Napier and Rotorua. For example, house prices in Palmerston North have increased by 57 percent since 2016, and prices in Napier have increased by 50 percent in the same five-year period. It is worth noting that some of the areas, like Whangārei and Rotorua, that are experiencing increased housing stress in terms of social housing numbers and applicants for the register, are also seeing steady house price increases since 2019 and over the last five years. All the regions that we have monitored in this *State of the Nation 2021* report, except for the Queenstown Lakes District, have seen increases in house prices in the last year. This is largely due to work of the Queenstown Lakes Community Housing Trust working with the local authorities to intentionally provide targeted affordable housing for families.

In the housing briefing that The Salvation Army sent to the Government in November 2020, we highlighted further the challenges around the mortgage interest rates and house prices. Current rates are the lowest in over 50 years of Reserve Bank data. These record-low interest rates contribute to inflating house prices. These low interest rates are meant to be attractive and help first-home buyers. But the record-high house prices, coupled with the loan-to-value ratio restrictions, makes it very difficult for many first-home buyers to save for deposits and enter the housing market. Consequently, The Salvation Army with several other CHPs have been promoting the KiwiBuy initiative to increase home-ownership pathways for first-home buyers and lower-income families through shared equity and progressive home-ownership schemes.

This November briefing paper went on to state: *House prices have risen by around 10 percent over the past year to new records almost everywhere in New Zealand. In mid-2020, the median house sale price in Auckland was around \$920,000, while for the rest of New Zealand it was \$640,000. House price inflation has been exceptionally high in provincial cities where, until now, housing affordability has not been a problem. In Gisborne, for example, the median house sale price rose 47 percent over the 12 months to September 2020 to \$560,000.*⁸⁸ These trends are illustrated in **Figure 34** for median house prices. Our view is that the climbing average and median house price values right across the country further disadvantages low-income families and those who are renting. Again, this puts pressure all over the nation on the ‘sharper end’ of the housing continuum, outlined earlier, particularly in emergency, transitional and social housing, and in securing affordable rental accommodation.

Table 13: Changes in average house sale prices for selected cities—2016–2020⁸⁶

	Dec-16	Dec-17	Dec-18	Oct-19	Oct-20	1-year change	5-year change
Whangārei District	457,990	499,205	563,201	545,547	\$597,861	10%	31%
Auckland City	1,047,179	1,051,762	1,048,145	1,031,447	\$1,093,405	6%	4%
Hamilton City	534,860	543,446	570,886	592,125	649,035	10%	21%
Tauranga City	672,197	693,725	720,645	757,521	803,447	6%	20%
Rotorua District	375,187	412,741	441,722	491,610	547,771	11%	46%
Napier City	415,189	477,959	526,506	561,394	622,357	11%	50%
New Plymouth District	411,160	436,669	457,807	481,139	533,239	11%	30%
Palmerston North City	345,068	375,217	425,543	469,827	541,619	15%	57%
Wellington City	693,842	756,879	813,052	839,618	910,940	8%	31%
Nelson City	499,866	555,184	601,571	632,690	675,280	7%	35%
Christchurch City	494,247	493,706	496,562	499,840	526,062	5%	6%
Timaru District	334,433	351,623	364,927	374,001	394,160	5%	18%
Queenstown-Lakes District	1,022,214	1,111,995	1,193,225	1,202,463	1,150,718	-4%	13%
Dunedin City	354,133	391,098	434,903	486,395	554,420	14%	57%
Invercargill City	236,416	256,433	286,275	318,785	362,380	14%	53%
New Zealand	627,905	669,565	682,938	697,204	753,038	8%	20%

Figure 33: Floating mortgage interest rate—2000–2020⁸⁷

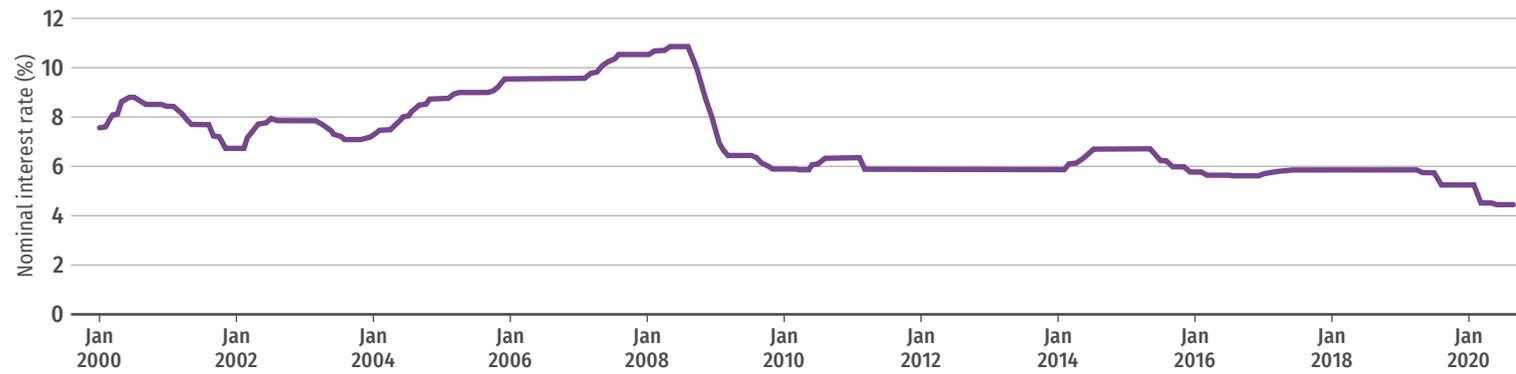
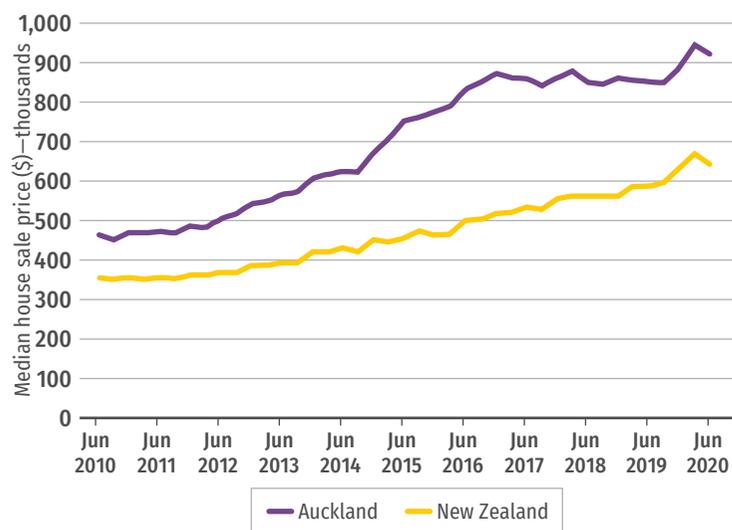


Figure 34: Median house sale price—2010–2020⁸⁹



CHANGES IN THE RENTAL MARKET

Figure 35 depicts the number of tenants’ bonds lodged with Ministry of Business Innovation and Employment (MBIE). In the year to September 2020, the number of active bonds has risen just 0.2 percent or by less than 1000. This indicates that investor interest in private rental housing may have waned, and that the numbers of dwellings available for rent in the private market have not kept pace with population growth and demand. This could be due to several reasons, including the pending changes to the Residential Tenancies Act and possibly Covid-19 and other economic pressures facing landlords.

Figure 35: Active tenancy bonds—2009–2020⁹⁰

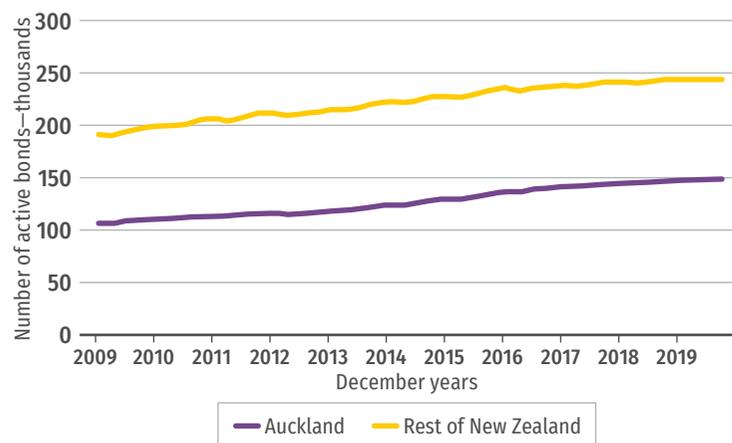


Figure 36 reports relative changes in the lower quartile rent for New Zealand alongside changes in employees’ wages and salaries and the rent index reported in StatsNZ Consumer Price Indices series. This figure compares two specific indicators: rent index data from StatsNZ’s Consumer Price Survey (CPI indicator), and lower quartile rent as reported in MBIE’s tenancy bond lodgement data—these are compared to the average weekly wage for employees. Over the year to June 2020, the lower quartile rent for New Zealand rose 4.4 percent, while employees’ wages rose just 0.1 percent. Over the five years to June 2020, the lower quartile rent rose 25 percent, while wages rose 13 percent. We see strong evidence on our frontline to suggest that low-income tenants are being squeezed financially by rents rising faster than incomes. Therefore, wages are not keeping up with these rent increases. Recent rent increases are another indicator of a tightening private rental market.

Figure 36: Indicators of changes in rents and incomes—2011–2020⁹¹

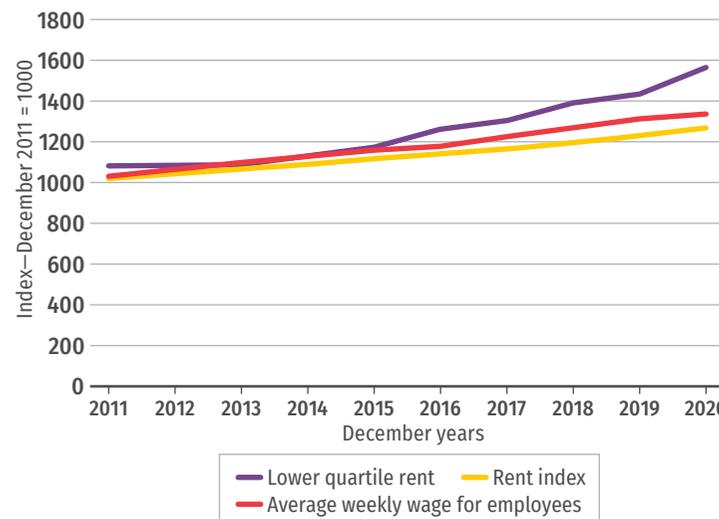


Table 14 shows the average rent for three bedroom houses in selected lower-income suburbs around the country. These figures, particularly the changes over the last five years, indicate the rental stress many tenants are facing. Over the last two years, all these locations saw rent increases except for Mt Wellington, Mt Roskill, Flaxmere and St Kilda. Highbury (Palmerston North) and Fordlands (Rotorua) saw the biggest increases since December 2018. The median rent changes since December 2015 were dramatic, with Fordlands (93%), Richmond in Invercargill (57%), Highbury (54%) and Huntly East (51%) seeing major increases in median rent. Rents in Auckland have also steadily increased. However, rents in the Christchurch region have remained stable over the last five years.

Table 14: Median rent for 3-bedroom houses in selected locations⁹²

	Dec-15 (\$)	Dec-18 (\$)	Dec-20 (\$)	2-year change	5-year change
Kaikohe, Auckland	246	299	350	17%	42%
Glenfield Central, Auckland	521	567	590	4%	13%
Rānui North, Auckland	448	482	590	22%	31%
Akarana, Mt Roskill, Auckland	511	623	610	-2%	19%
Avondale West, Auckland	485	531	590	11%	22%
Mt Wellington North, Auckland	517	607	600	-1%	16%
Ōtāhuhu East, Auckland	452	512	585	14%	29%
Manurewa Central, Auckland	449	521	570	9%	27%
Papakura East, Auckland	439	494	540	9%	23%
Huntly East	265	349	400	14%	51%
Claudelands, Hamilton	359	462	510	10%	42%
Greerton, Tauranga	360	424	520	22%	44%
Fordlands, Rotorua	219	337	423	25%	93%
Flaxmere East, Hastings	291	416	410	-1%	41%
Westown, New Plymouth	332	407	450	10%	36%
Highbury, Palmerston North	286	336	440	40%	54%
Cannons Creek North, Wellington	294	357	440	23%	50%
Trentham North, Wellington	NA	NA	560	NA	NA
Naenae South, Wellington	365	NA	530	NA	42%
Miramar South, Wellington	504	644	693	7%	38%
Tahunanui, Nelson	354	NA	450	NA	27%
Aranui, Christchurch	396	371	400	7%	1%
Hornby South, Christchurch	428	404	423	4%	-1%
Woolston West, Christchurch	396	377	415	10%	5%
St Kilda West, Dunedin	340	495	470	-5%	38%
Richmond, Invercargill	248	331	390	17%	57%

HOUSING AND HOUSEHOLD DEBT

Household debt continues to climb since 2019, reflecting the strong and popular house buying market and conditions. Housing-related debt continues to dominate household debt, although this has decreased slightly in the last year. There has been a 18 percent increase in the average housing-related debt since 2015 (Figure 37). Consumer and credit card debt decreased significantly by 15 percent in the last year, although there has been a 3 percent increase since 2015. As discussed earlier, the record-high house sale prices right across the country indicate that property remains an attractive and safe investment for New Zealanders. This fact is further illustrated in these average debt figures. Table 15 details various household debt indicators and shows that there have been steady increases in the average debt per household, total debt as a percentage of GDP, and debt as a percentage of disposable household income. Again, New Zealanders are heavily invested in housing debt. For instance, average household debt has increased by 29 percent since 2010. Additionally, Figure 38 shows that the total household debt as a percentage of GDP is at its highest level (97%) in over 10 years.

Figure 37: Average household debt—2010–2020—September years⁹³

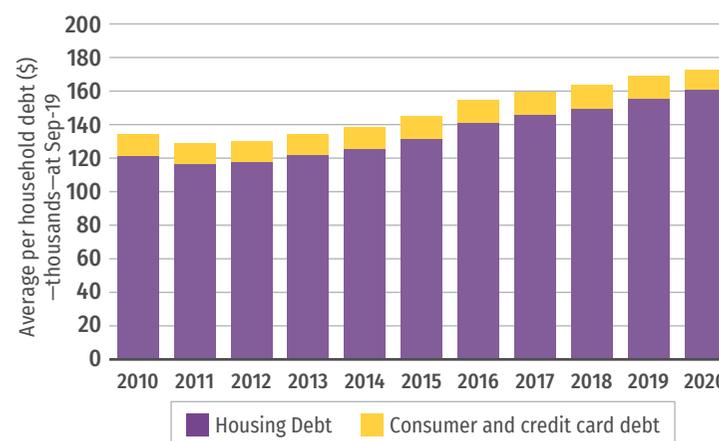


Figure 38: Housing-related debt as a proportion of GDP—2010–2020⁹⁵

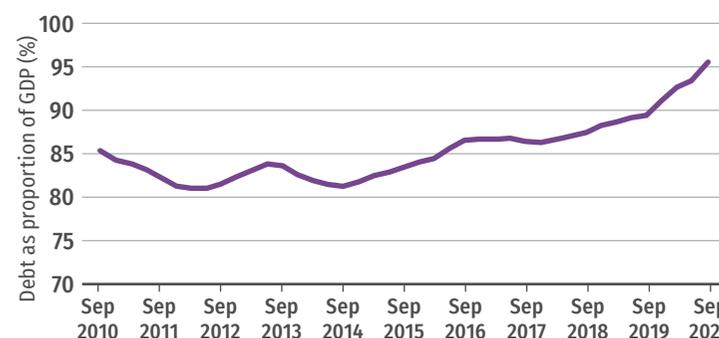


Table 15: Household debt indicators—2010–2020⁹⁴

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Average per household debt in Sep 20 \$	134,505	129,066	130,448	134,677	138,419	144,969	154,823	159,599	163,672	169,121	172,837
Total household debt as % of GDP	94%	91%	90%	92%	89%	92%	94%	94%	93%	94%	97%
Debt as % of disposable household income	149%	142%	141%	145%	147%	150%	153%	153%	153%	154%	157%

OVERALL ASSESSMENT: HOUSING

CATEGORY	RESULT
<p>HOUSING AVAILABILITY It is positive to see consents for new house builds continue to climb; however, population shifts, especially due to the impacts of people not returning to their home countries, added to the housing challenges in the community. In terms of the 'sharper end' of housing, the social housing register continued to climb to record highs. The social housing need, and the number of emergency housing grants, also continue to trend upwards. All this indicated that housing supply, particularly at the sharper end of the housing continuum, worsened in the last year.</p>	—
<p>HOUSING AFFORDABILITY Affordability continues to be a significant problem for many New Zealanders. House sale prices continue to rocket upwards and reach record highs. In terms of renting, the numbers suggest that low-income tenants are being squeezed financially by rents rising faster than incomes. Therefore, wages are not keeping up with these rent increases. Recent rent increases are another indicator of a tightening private rental market.</p>	—
<p>HOUSEHOLD DEBT Housing-related debt is rising because of historically low interest rates and the continued attraction of housing as an investment for New Zealanders.</p>	—

CRIME AND PUNISHMENT

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,⁹⁶ 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 2020.⁹⁷ 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,⁹⁸ family violence continues to be one of the main call-outs Police are dealing within 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.⁹⁹ 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.

Background

The justice sector is composed of many different agencies working across the justice system pipeline, as shown in **Figure 39**. The pipeline starts with Police (Ngā Pirihimana O Aotearoa) preventing and dealing with crime, moves through the courts/ Ministry of Justice (Tāhū o te Ture) where offenders are prosecuted and sentenced, and ends with Department of Corrections (Ara Poutama Aotearoa) who manage prison and community sentences and provide rehabilitation programmes. Other parts of the justice system which are not included in this section are: Oranga Tamariki (Ministry for Children), Serious Fraud Office and Crown Law (Te Tari Ture o te Karauna). The justice system is complex, and changes within one agency have flow-on effects into other agencies.

Figure 39: The criminal justice pipeline¹⁰⁰



The end of 2019 saw the release of two significant reports advocating for reform in the justice system, these were *Turuki! Turuki!*¹⁰¹ from Te Uepū Hāpai i te Ora, and *Te Tangi o te Manawanui: Recommendations for Reform*¹⁰² from the Chief Victims Advisor. In response to the recommendations outlined in these reports, the Government committed to taking a different direction in reforming the justice

system. Some of these commitments included changing the environment where justice is administered so that it is safe and effective for victims, offenders and all participants; working collectively with Māori on decision-making across the sector, and making Alcohol and Other Drug Treatment (AODT) Courts available in Auckland, Waitākere and Hamilton. These commitments are reflected by the guiding principles established by the Justice Sector Leadership Board (JSLB) to guide the reforming of the justice sector.

*‘These principles describe a criminal justice system, founded on the rule of law, that treats all people with humanity, dignity, respect and compassion. They also recognise the mana inherent in all people and communities and enable the restoration of that mana whenever it has been diminished, by working with communities and government agencies to help build resilience among families, whānau and communities to prevent crime.’*¹⁰³

The data compiled in the Crime and Punishment section are sourced from policedata.nz,¹⁰⁴ produced by New Zealand Police; the Department of Correction’s prison statistics,¹⁰⁵ volume report¹⁰⁶ and annual report;¹⁰⁷ the Ministry of Justice’s (MOJ) research¹⁰⁸ and data;¹⁰⁹ StatsNZ;¹¹⁰ and the New Zealand Parole Board’s annual reports.¹¹¹

Overall crime

Only 25 percent of crime is reported to Police and, as a result, crime is underreported and unresolved.¹¹² Despite the vast data available through the justice sector there are limitations in identifying the accuracy and true extent of the rates of crime. The New Zealand Crime and Victims

Survey (NZCVS) carried out by the MOJ, interviewed 8038 people about their experiences and perceptions of crime. The NZCVS is seen as a reliable source of information on actual levels of crime and not just the reported and recorded offending and offences offered through Police and court statistics.

The key findings from the NZCVS Cycle 2, which surveyed participants between 1 October 2018 to 30 September 2019, compared with Cycle 1, which surveyed participants between 1 March 2018 to 30 September 2018, are as follows.¹¹³

- Overall, about 1,713,000 incidents of crime occurred, including 1,139,000 personal offences and 574,000 household offences. This has declined from approximately 1,777,000 offences reported in Cycle 1.
- About 30 percent of the adult population experienced at least one personal or household offence. There is a 1 percent increase from Cycle 1 which reported 29 percent of the adult population experiencing crime.
- Māori (38%) were significantly more likely to experience crime, and Chinese people (22%) were significantly less likely to experience crime compared with the New Zealand (NZ) average (30%). These are similar figures to those reported in Cycle 1. NZCVS showed that the youthful age structure of the Māori population and the social and economic deprivation around where many Māori live make it more likely that they will be victims of crime.
- Adults with a high level of psychological distress were four times more likely than the NZ average to experience violent interpersonal crime. Overall, 284,000 adults experienced 677,000 interpersonal violence incidents. This has declined from 300,000 adults who experienced 747,000 incidents of interpersonal violence shown in Cycle 1.

- Forty-seven percent of offences were committed by family members where the offenders were under the influence of alcohol or other drugs. This has increased from 40 percent, as reported in Cycle 1.
- Over a million adult New Zealanders (29% of the entire adult population) experienced either intimate partner violence (IPV) or sexual violence at some point during their life. In total, 563,000 (16% of adults) experienced IPV, and 938,000 (24%) experienced sexual violence. There is no change compared with those reported in Cycle 1.
- Overall, 25 percent of all crime incidents were reported to the Police. This has increased from 23 percent reported in Cycle 1. Motor vehicle thefts (94%) had the highest likelihood of being reported. The vast majority of sexual assaults (94%) were not reported to the Police. People living in the least deprived areas were significantly less likely to report incidents to the Police.

The NZCVS provides a comprehensive insight into the nature of criminal offending and victimisation. Despite the NZCVS showing that crime continues to be underreported, the data available through the justice sector remains useful in showing how we as a society are managing criminal offending and whether we have started on our commitment to take a different direction in reforming the justice system.

Crime statistics are reported by the Police through Recorded Crime Victims Statistics (RCVS) and Recorded Crime Offenders Statistics (RCOS). The RCVS reports on the number of victimisations and unique victims. Victimisations refer to offences against a victim reported to Police, which can include a number of offences in one incident, and past offences or offences where an offender

is not yet identified. The RCOS reports on the number of unique offenders and the number of proceedings against offenders. Proceedings can include court action, which may lead to conviction, or non-court action, such as informal/formal warning. A summary of offence volumes for offenders and victims for the past five years is shown in **Table 16**.

Overall, the number of offenders and proceedings against offenders has declined in the past five years. Proceedings against offenders have been on a gradual decline since 2016, however, in the past year this has increased slightly. In the past five years the number of unique victims has declined, whilst victimisation levels have increased by 5.7 percent. This trend suggests that the frequency of offences that are experienced by victims is increasing, despite the decline in the number of unique victims. A closer look at the RCVS shows that the number of unique victims who experience three or more victimisations has increased by 45 percent since 2016. The demographic for these victims remained the same over the past five years—predominantly female, aged between 20 to 29 years old and either European or Māori.

It is also important to note that the New Zealand population has grown over the past five years, therefore, when the crime measurements (**Table 17**) are reviewed per capita, each measurement has declined at a higher rate. Since 2016, the number of offenders has declined by 22.3 percent, proceedings against offenders have declined by 18.1 percent, the number of unique victims has declined by 10.3 percent and the number of victimisations has declined by 2 percent per 100,000 of the population. Despite these declines, the offending and proceedings are declining at a higher rate than victimisations. This is the same trend that we have continued to track in previous *State of the Nation* reports. There is no conclusive data to show why there are minimal changes in victimisation rates, however, one could speculate that the Police's primary focus on prevention before enforcement, or the shift towards focussing on serious crime, may be contributing to the decline in the number of offenders and proceedings. This shift in offending and proceeding trends could also account for the decline in resolution rates.

Resolution rates are the number of victimisations leading to proceedings, as reported in **Table 17** for violent and dishonest offences. It is important to note that one

Table 16: Summary of adult offence volumes—2016–2020¹¹⁴

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%

proceeding could account for many counts of victimisations, therefore, resolution rates are estimates. Violent offences are aggregated to include homicide, acts intended to cause injury, sexual assault and abduction. In 2020, violent offences had a resolution rate of 45 percent, which suggests that 55 percent of victimisations did not get resolved. Dishonesty offences were aggregated to include robbery and extortion, burglary, theft and fraud. In 2020, the resolution rate for dishonesty offences was much lower than for violent offences at 12.2 percent, which suggests that 87.8 percent of victimisations were not resolved.

Since 2016, the resolution rates for violent offences have shown a percentage point decline of 19.7 percent and 3.6 percent for dishonesty offences. The trend correlates with those reported in previous *State of the Nation* reports, where proceedings for offences have continued to decline, whilst victimisations continue to increase. In the past

year, the increase for victimisations of violent offences is over four times higher, and six times higher for dishonesty offences compared with the increase seen in 2019.

Previous *State of the Nation* reports, **Table 18**, which shows the estimate of offending volumes, have used a combination of proceedings data and victimisation data to provide a proxy of the recorded crime numbers. Given the vast differences in proceedings and victimisation numbers, **Table 18** in this year's *State of the Nation 2021*, only utilises proceedings against apprehended offenders. In the past five years, there has been a decline of 11.6 percent in proceedings, which accounts for 22,265 less offences. In the past year, however, there has been a minor increase of 1.6 percent in proceedings, which accounts for 2372 more offences than seen in 2019.

Table 17: Estimates of overall numbers of violent and dishonesty offences—2016–2020¹¹⁵

June Years	2016	2017	2018	2019	2020	1Y	5Y
VIOLENT OFFENCES							
Number of proceedings	35,279	33,449	31,046	29,542	29,321	-0.7%	-16.9%
Number of victimisations	54,525	56,593	56,454	57,479	65,161	13.4%	19.5%
Rates of proceedings to victimisations	64.70%	59.10%	54.99%	51.40%	45.00%	-6.4%	-19.7%
DISHONESTY OFFENCES							
Number of proceedings	33,284	31,567	28,622	26,824	26,260	-2.1%	-21.1%
Number of victimisations	211,466	217,151	207,659	207,385	215,604	4.0%	2.0%
Rates of proceedings to victimisations	15.74%	14.54%	13.78%	12.93%	12.18%	-0.8%	-3.6%

Violent offences represented 29.1 percent, and dishonesty offences represented 17.4 percent of total offences in the year ending June 2020. When looking at the sub-categories of offences in 2020, traffic and vehicle regulatory offences continue to represent the highest proportion of offences (16.9%), followed by acts intended to cause injury (14.9%)—usually theft and related offences (11.5%). However, offences against justice procedures government security and government operations, represented 14.9 percent of offences, increasing by 52.3 percent since 2016, of which 34.5 percent of the increase occurred in the past year.

A closer look at this offence shows that the increase is due to the sub-category resist/hinder government official, of which, in 2019, there had been only two offences in this sub-category. However, last year this had increased to 6391 offences, of which 85 percent of these offences occurred in April during alert level 4. A similar trend is seen with miscellaneous offences which have increased by 107.1 percent in the past year, of which 75 percent of these offences also occurred during alert level 4. The assumption here is that these offences were potentially minor breaches of lockdown rules recorded by the Police as offences. If we

Table 18: Estimates of offending volumes—2016–2020¹¹⁶

June Years	2016	2017	2018	2019	2020	1Y	5Y
Homicide and related offences	204	160	182	218	213	-2.3%	4.4%
Acts intended to cause injury	26,239	25,295	23,666	22,210	21,320	-4.0%	-18.7%
Sexual assault and related offences	1992	1936	1778	1761	1846	4.8%	-7.3%
Dangerous or negligent acts endangering persons	14,700	15,075	16,053	15,429	14,675	-4.9%	-0.2%
Abduction, harassment and other related offences against a person	6844	6058	5420	5353	5942	11.0%	-13.2%
Robbery, extortion and related offences	1379	1632	1709	1380	1297	-6.0%	-5.9%
Unlawful entry with intent/burglary, break and enter	6864	6541	5801	5358	5407	0.9%	-21.2%
Theft and related offences	21,776	19,998	17,984	17,108	16,543	-3.3%	-24.0%
Fraud, deception and related offences	3265	3396	3128	2978	3013	1.2%	-7.7%
Illicit drug offences	9082	8804	8877	9057	10,221	12.9%	12.5%
Prohibited and regulated weapons and explosives offences	3944	3847	3710	3896	4441	14.0%	12.6%
Property damage and environmental pollution	8135	6999	6178	5828	5593	-4.0%	-31.2%
Public order offences	17,716	15,914	13,966	12,827	11,133	-13.2%	-37.2%
Traffic and vehicle regulatory offences	33,046	32,488	29,132	27,806	25,502	-8.3%	-22.8%
Offences against justice procedures, govt. sec and govt. operations	14,802	16,086	15,773	16,752	22,537	34.5%	52.3%
Miscellaneous offences	845	711	659	607	1257	107.1%	48.8%
TOTAL	170,833	164,940	154,016	148,568	150,940	1.6%	-11.6%

were to estimate that without the lockdown effect these offences would have followed a similar trend to those in 2019, then overall offences would have declined by 2.7 percent in the past year and 15.4 percent since 2016.

The differences in the offending volumes reflect the Police and MOJ's response to Covid-19 alert levels. The MOJ had reported that most charges for offences declined during alert levels compared to pre-Covid-19 lockdown, but, as alert levels declined, charges for offences began to increase, as shown in **Table 19**. During alert level 4, charges declined by 22 percent compared to pre-lockdown. The move from alert level 4 to alert level 3 saw an increase of 30 percent in charges for offences. However, the charges during level 3 continued to remain 14.3 percent lower than pre-lockdown. Alert level 3 to level 2 saw a 1 percent increase in charges for offences, but also still lower than pre-lockdown. The only charges for offences that continued to increase and remain higher than pre-lockdown were for drugs and burglary. During alert level 2 the charges for illicit drug offences were 46 percent higher, and burglary was 6 percent higher than pre-lockdown.

Total convictions have declined by 5.3 percent in 2020 and 9.4 percent in the past five years, as shown in **Table 20**. Convictions continue to remain the highest for offences against justice procedures, government security, and government operations (22.8%), and traffic and vehicle regulatory offences (21.5%); convictions for violent offences are at 19.1 percent, and 20.1 percent for dishonesty offences. The highest decline for convictions is for miscellaneous offences, which declined by 39.5 percent despite increasing by 107 percent in proceedings for offences. There has

been a decline across all convictions in 2020, except for offences for abduction, theft, burglary and weapons. The contradiction between the increase in offending volumes and the decline in conviction levels could reflect the impact of Covid-19 on the court system.

The lockdowns created by Covid-19 disrupted the functioning of the courts. Prior to lockdown and changes in alert levels, on average the courts completed more than 14,500 court events in a seven-day period. During alert level 4 lockdown the number of court events continually decreased. The lowest level of court events in a seven-day period was 3256 in mid-April, which is only 22 percent of the normal capacity of the courts. Over alert level 4 to alert level 2 (75 days) there were a total of 46,239 court events that were adjourned or rescheduled, of these events 78.9 percent were criminal jurisdiction.¹¹⁷ Courts were only hearing priority proceedings, which included those affecting the liberty of the individual, protection of the at-risk or vulnerable (including children), national and community safety, and facilitating and promoting public order. The Chief Justice also suspended all jury trials for 19 weeks, from 18 March to 31 July.

Despite the impacts of Covid-19 on the functioning of the courts, the overall trends—seen for convictions in previous *State of the Nation* reports—continue to remain the same. Overall, conviction rates have been declining since 2018 and continue to decline. The decline seen in 2020 (5.4%) is only slightly higher than those seen in previous years (2019, 4.2% and 2018, 2.6%) and we cannot conclude whether this is attributed to the backlog created by Covid-19, or whether this is a result of the justice sector's shift towards a more restorative and less punitive justice system.

Table 19: Charges filed for offences during Covid-19 alert levels¹¹⁸

	Pre-lockdown ^A	Level 4	Level 4—baseline	Level 3	Level 3—baseline	Level 2	Level 2—baseline
Homicide and related offences	1	1	-25.0%	1	0.0%	3	200.0%
Acts intended to cause injury	502	450	-10.4%	485	-3.4%	436	-13.1%
Sexual assault and related offences	124	44	-64.5%	120	-3.2%	159	28.2%
Dangerous or negligent acts endangering persons	233	189	-18.9%	183	-21.5%	204	-12.4%
Abduction, harassment and other related offences against a person	129	121	-6.6%	132	2.3%	113	-12.4%
Robbery, extortion and related offences	28	15	-46.4%	19	-32.1%	21	-25.0%
Unlawful entry with intent/burglary, break and enter	117	136	16.0%	124	6.0%	124	6.0%
Theft and related offences	582	413	-29.0%	340	-41.6%	322	-44.7%
Fraud, deception and related offences	211	125	-40.6%	207	-1.9%	179	-15.2%
Illicit drug offences	260	307	18.2%	367	41.2%	379	45.8%
Prohibited and regulated weapons and explosives offences	154	130	-15.9%	155	0.6%	144	-6.5%
Property damage and environmental pollution	141	123	-12.6%	161	14.2%	141	0.0%
Public order offences	127	92	-27.4%	110	-13.4%	110	-13.4%
Traffic and vehicle regulatory offences	774	713	-7.9%	724	-6.5%	751	-3.0%
Offences against justice procedures govt. security and govt. operations	896	462	-48.4%	515	-42.5%	608	-32.1%
Miscellaneous offences	41	43	4.9%	58	41.5%	35	-14.6%
TOTAL	4320	3364	-22.1%	3701	-14.3%	3729	-13.7%

^A Pre-lockdown/baseline: Monday 24 February to Sunday 22 March 2020; alert level 4, Thursday 26 March to Monday 27 April 2020; alert level 3, Tuesday 28 April to Wednesday 13 May 2020; alert level 2, Thursday 14 May to Monday 8 June 2020.

Table 20: Convictions by category offence—2016–2020¹¹⁹

June Years	2016	2017	2018	2019	2020	1Y	5Y
Homicide and related offences	147	126	159	158	139	-12.0%	-5.4%
Acts intended to cause injury	15,275	15,334	15,089	14,391	14,116	-1.9%	-7.6%
Sexual assault and related offences	2761	2288	2938	2590	2402	-7.3%	-13.0%
Dangerous or negligent acts endangering persons	8613	9270	9720	9072	8097	-10.7%	-6.0%
Abduction, harassment and other offences against the person	3272	3472	3280	3367	3473	3.1%	6.1%
Robbery, extortion and related offences	677	830	857	786	664	-15.5%	-1.9%
Unlawful entry with intent/burglary, break and enter	4410	4453	3988	3522	3591	2.0%	-18.6%
Theft and related offences	17,388	17,679	17,940	17,413	18,010	3.4%	3.6%
Fraud, deception and related offences	10,827	10,372	9179	8222	7355	-10.5%	-32.1%
Illicit drug offences	9888	10,795	10,815	9984	9652	-3.3%	-2.4%
Prohibited and regulated weapons and explosives	3009	3359	3447	3375	3629	7.5%	20.6%
Property damage and environmental pollution	6169	6118	5885	5586	5380	-3.7%	-12.8%
Public order offences	5345	5339	5354	4876	4346	-10.9%	-18.7%
Traffic and vehicle regulatory offences	38,157	38,943	37,109	35,462	31,631	-10.8%	-17.1%
Offences against justice procedures	34,304	35,436	34,331	34,693	33,612	-3.1%	-2.0%
Miscellaneous offences	2562	2657	2215	2224	1345	-39.5%	-47.5%
Total	162,804	166,471	162,306	155,721	147,442	-5.3%	-9.4%

Violent crime

Violent crime can be aggregated to include: homicide and related offences; acts intended to cause injury; sexual assault and related offences; dangerous or negligent acts endangering persons; and abduction, harassment and other related offences against a person. Violent crime represents 30.4 percent (43,996) of all reported offences and has only declined by 2.2 percent in the past year and 12 percent since 2016. Violent crime also represents 19.1 percent (28,227) of all convictions in 2020, and has declined by 4.5 percent in the past year and 6.1 percent since 2016.

This section of the *State of the Nation 2021* aims to highlight the resolution rates of violent crime (as with previous *State of the Nation* reports) and, as a result, focusses only on acts intended to cause injury and sexual assault and related offences, as these offences have allocated victimisation data. Last year the *State of the Nation 2020* showed an increase in violent crime and decline in rates of resolution. A similar trend is seen this year, with minimal change to proceedings (0.1%) and a decline of 4.8 percent in resolution rates.

Table 21 provides a detailed outline of these violent offences. In 2020 the proceedings for acts intended to cause injury have remained relatively unchanged, due to the 22.2 percent decline in common assault balancing out the increases seen in serious assaults. Common assault has declined by 50 percent in the past five years and by 22.2 percent in the past year. Proceedings for sexual assaults have declined since 2016, however, the rate of increases in sexual assault, particularly aggravated sexual assault, is

higher compared with those reported in previous *State of the Nation* reports.

Contrary to proceedings for violent offences, victimisation numbers have increased overall. Victimisation for acts intended to cause injury increased by 15.4 percent in 2020 and 20.3 percent since 2016. Victimisations for sexual assault in 2020 have remained relatively unchanged and increased by 12.6 percent since 2016. The continual decline in proceedings compared to the continual increase in victimisation numbers for violent offences continues to drive the constant decline in resolution rates. In 2020 there was a slight decline in resolution rates for acts intended to cause injury and a minor increase in sexual assaults.

Family violence

The accuracy of family violence trends is difficult to gauge from the data that is available. It is estimated that 76 percent of family violence occurrences are not reported to Police. Despite the underreporting for family violence, Police data report an average of one family violence occurrence every five minutes in New Zealand. This insinuates that if all family violence occurrences were to be reported to Police, that would result in a family violence occurrence every 75 seconds.

Table 22 summarises the MOJ data on trends in offences related to family violence from 2016 to 2020. The Family Violence Act 2018 resulted in the introduction of specific family violence offences—assault on family member and strangulation/suffocation which we have included in **Table 22**. Breach of protection had 5625 charges, a 3 percent

Table 21: Recorded violent offence victimisations and subsequent proceedings—2016–2019¹²⁰

VICTIMISATION	2016	2017	2018	2019	2020	1Y	5Y
Serious assault resulting in injury	9146	9830	11,655	15,779	20,522	30.1%	124.4%
Serious assault not resulting in injury	13,403	14,619	13,024	13,197	19,622	48.7%	46.4%
Common assault	25,987	25,758	25,164	21,616	18,223	-15.7%	-29.9%
Acts intended to cause injury	48,536	50,207	49,843	50,592	58,367	15.4%	20.3%
Non-aggravated sexual assault	955	943	991	1049	953	-9.2%	-0.2%
Aggravated sexual assault	4493	4875	5031	5187	5182	-0.1%	15.3%
Sexual assault and related offences	5448	5818	6022	6236	6135	-1.6%	12.6%
PROCEEDINGS	2016	2017	2018	2019	2020	1Y	5Y
Serious assault resulting in injury	6452	6557	7305	8222	9573	16.4%	48.4%
Serious assault not resulting in injury	6870	6986	5839	4925	5332	8.3%	-22.4%
Common assault	12,904	11,731	10,493	8222	6396	-22.2%	-50.4%
Acts intended to cause injury	26,226	25,274	23,637	21,369	21,301	-0.3%	-18.8%
Non-aggravated sexual assault	421	415	407	413	375	-9.2%	-10.9%
Aggravated sexual assault	1416	1343	1217	1180	1304	10.5%	-7.9%
Sexual assault and related offences	1837	1758	1624	1593	1679	5.4%	-8.6%
RESOLUTION RATES	2016	2017	2018	2019	2020	1Y	5Y
Serious assault resulting in injury	70.5%	66.7%	62.7%	52.1%	46.6%	-5.5%	-23.9%
Serious assault not resulting in injury	51.3%	47.8%	44.8%	37.3%	27.2%	-10.1%	-24.1%
Common assault	49.7%	45.5%	41.7%	38.0%	35.1%	-2.9%	-14.6%
Acts intended to cause injury	54.0%	50.3%	47.4%	42.2%	36.5%	-5.7%	-17.5%
Non-aggravated sexual assault	44.1%	44.0%	41.1%	39.4%	39.3%	0.0%	-4.7%
Aggravated sexual assault	31.5%	27.5%	24.2%	22.7%	25.2%	2.4%	-6.4%
Sexual assault and related offences	33.7%	30.2%	27.0%	25.5%	27.4%	1.8%	-6.4%

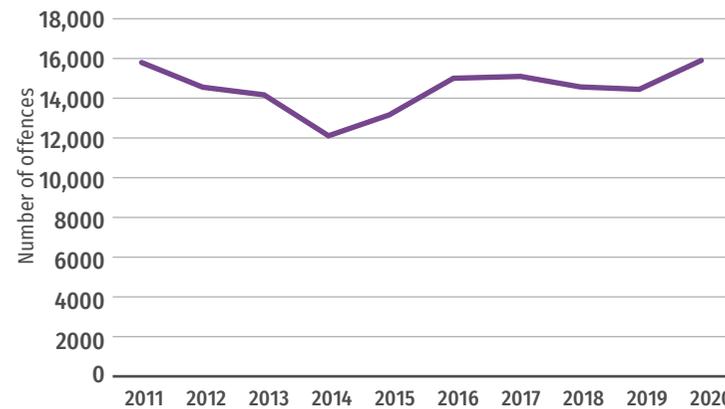
increase from 2019. Of these 73 percent were convicted and of those convicted 21 percent were imprisoned. There were 1462 common assault (domestic) charges, a 43 percent decline from 2019, 68 percent of these were convicted and 16 percent were imprisoned. There were 2170 male assaults female charges, a 60 percent decline from 2019, 57 percent were convicted and 25 percent were imprisoned.

Charges for common assault (domestic) and male-assaults-female saw rapid declines in the past year, and the introduction of the new offences has resulted in these rapid declines. Many offences that would have either been categorised under common assault (domestic) and male-assaults-female are now categorised under assault on family member or strangulation/suffocation. Interpreting the data on these new offences is difficult as the data is still unstable and is not easily comparable to previous years. However, when all these offences are combined the total offences related to family violence follow similar trends with other family violence data reported by MOJ.

The total number of offences that are related to family violence in 2020 is back to almost the same level as 2011, as shown by **Figure 40**, however, the percentage of those convicted and sentenced to imprisonment for family violence has increased by 10 percent since 2011. It is difficult to gauge why imprisonment for family violence is increasing as a proportion. This can possibly be due to Police using alternative methods to address less violent cases, therefore, cases proceeding are against more serious violence.

It is also important to acknowledge the Government's joint venture on eliminating family violence and sexual violence—whether this is the integrated approach across

Figure 40: Offences related to family violence—2011–2020



the different agencies to prevent and mitigate harm according to the Child and Youth wellbeing strategy, or the constant acknowledgement of the need for specialist approaches for family violence, particularly for men. The joint venture was established in 2018, therefore, the strategies that are in place across all levels and agencies working together to combat family violence in New Zealand will take time to be reflected in the data on family violence trends.

The New Zealand Police and other organisations who support victims of domestic violence in our communities voiced concern that the Covid-19 lockdowns might be associated with an increase in domestic violence. During alert level 4, Police data reported 16,158 family violence occurrences, this is a 26 percent increase compared with the same period in 2019 and 38 percent increase compared with 2018, which suggests that these concerns were justified.

Table 22: Trends in reported family violence offences—2016–2020¹²¹

June Years	2016	2017	2018	2019	2020	1Y	5Y
BREACH OF PROTECTION ORDER							
Total	5406	5273	5328	5479	5625	2.7%	4.1%
Convicted	4063	4009	3892	4020	4080	1.5%	0.4%
Imprisonment	859	952	899	868	861	-0.8%	0.2%
COMMON ASSAULT (DOMESTIC)							
Total	3631	3681	3222	2543	1462	-42.5%	-59.7%
Convicted	2418	2362	2077	1634	989	-39.5%	-59.1%
Imprisonment	330	343	292	235	160	-31.9%	-51.5%
MALE-ASSAULTS-FEMALE							
Total	5936	6104	6098	5390	2170	-59.7%	-63.4%
Convicted	3933	3985	3938	3348	1245	-62.8%	-68.3%
Imprisonment	984	1061	1018	790	310	-60.8%	-68.5%
ASSAULT ON FAMILY MEMBER							
Total				917	5517		
Convicted				610	3443		
Imprisonment				130	771		
STRANGULATION/SUFFOCATION							
Total				129	1037		
Convicted				46	464		
Imprisonment				22	185		
ALL FAMILY VIOLENCE OFFENCES							
Total	14,973	15,058	14,648	14,458	15,811	9.4%	5.6%
Convicted	10,414	10,356	9907	9658	10,221	5.8%	-1.9%
Imprisonment	2173	2356	2209	2045	2287	11.8%	5.2%
Imprisonment as a % of convictions	20.9%	22.8%	22.3%	21.2%	22.4%	1.2%	7.2%

Sentencing and imprisonment

Prosecutions and convictions have continued a downward trend in the past 10 years, although the percentage of prosecutions leading to convictions, percentage of proven cases leading to discharge/diversion and imprisonment sentences as percentage of all convictions continue to remain stable. **Table 23** shows that the drop in convictions in 2020 is almost double the rate of the decline in 2019. Consistent with the data shown in **Table 19**, the impact of Covid-19 on the courts contributed to declining numbers of convictions.

At September 2020, there were 43,664 sentences and orders being served either in prison (20%) or in the community (80%). Of those serving sentences in the community, 19.1 percent were female and 80.9 percent were male. The ethnic breakdown were Māori 45.9 percent, European 32.6 percent, Pasifika 9.8 percent, other (including Asian) 3.7 percent

and unknown 8.0 percent. The prison muster at September 2020 was 9078, this is a 9.1 percent decrease compared with September 2019. The muster is made up of 3244 (35.7%) remand prisoners awaiting trial and 5834 (64.3%) serving sentences. **Figure 41** shows the quarterly prison population which has been steadily declining since 2017.

There is growing concern that despite the gradual decline in the prison muster and sentenced population, the decline for remand prisoners is reducing at a much slower rate. Since September 2017, the sentenced population has been declining at a gradual rate every quarter, however, the remand population has shown inconsistent trends. In addition to the remand population increasing by 33 percent in the past five years, the average time served on remand continues to increase. A quarter of remand prisoners spend an average of a week in prison, however, the proportion of remand prisoners who spend more than two months in prison has increased since 2016.¹²³ The impact of Covid-19

Table 23: Criminal prosecutions trends for adults—2011–2020¹²²

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
People prosecuted for offences	112,193	102,989	95,474	84,807	79,866	77,690	77,901	75,463	72,565	65,213
People convicted for offences	90,754	84,269	77,866	70,903	65,982	64,602	64,528	62,248	58,919	52,401
Prosecutions leading to convictions (%)	80.9%	81.8%	81.6%	83.6%	82.6%	83.2%	82.8%	82.5%	81.2%	80.4%
Other proved	12,982	10,923	9491	8134	7848	7655	7442	6959	6525	5843
Proven cases leading not convicted (%)	11.6%	10.6%	9.9%	9.6%	9.8%	9.9%	9.6%	9.2%	9.0%	9.0%
Imprisonment sentences	8748	8044	7905	7294	7496	8179	8686	8179	7083	6756
Imprisonment sentences as % of all convictions	9.6%	9.5%	10.2%	10.3%	11.4%	12.7%	13.5%	13.1%	12.0%	12.9%

lockdowns on the court system, as mentioned prior, has continued to slow down the processing of remand prisoners, despite the courts prioritising cases of those in custody.

The imprisonment rates per 100,000 of the total population are reported alongside imprisonment rates for Māori for the June years. There has been a gradual decline in the imprisonment rates of the total population; however, the decline rate for Māori imprisonment rates is at a significantly slower rate. Māori are significantly overrepresented and are imprisoned at a rate four times greater than the general population. This is higher for Māori women, at five times greater compared with the general female population. Māori youth are three times more likely to be imprisoned compared with the general youth population.¹²⁴ Hōkai Rangī is the Department of Correction’s organisational strategy, it prioritises te oranga (wellbeing) of all people, staff, people serving sentences and orders, their whānau, victims and the communities. Corrections

acknowledge that building authentic partnerships with Māori will be critical to their future success.

Figure 42: Imprisonment rates—2015–2020¹²⁶

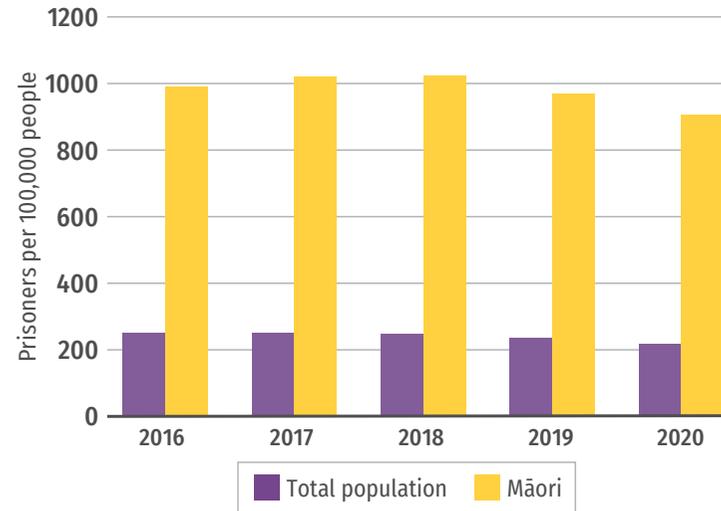
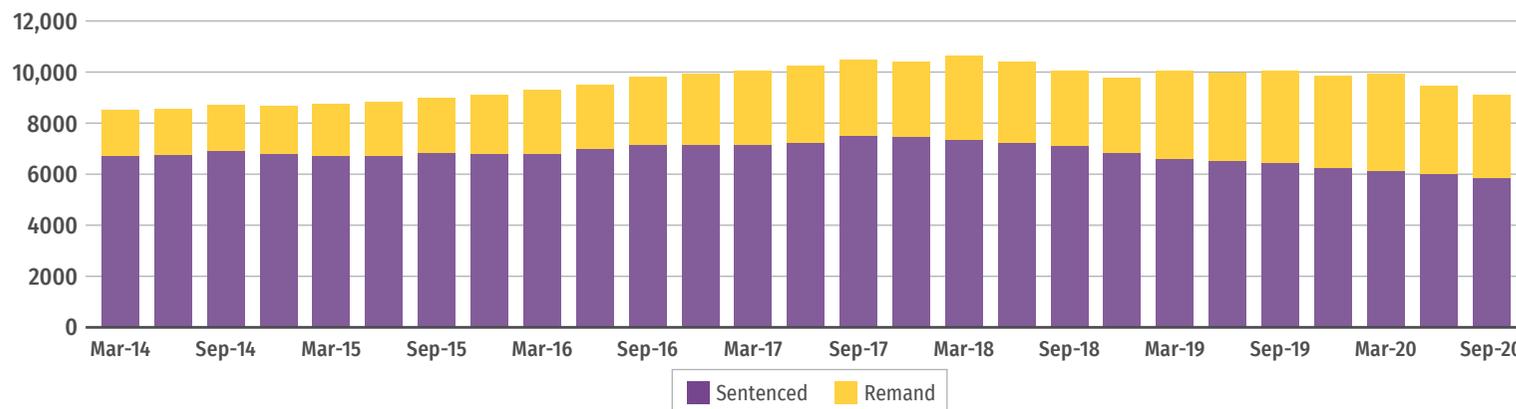
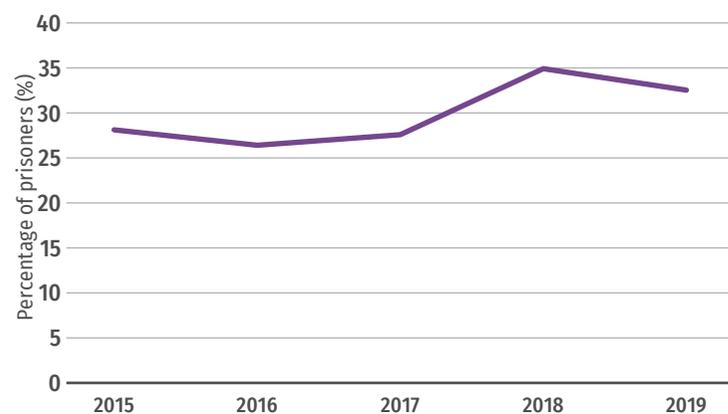


Figure 41: Prisoner population—2014–2020¹²⁵ (Quarterly)



The proportion of sentenced prisoners and those granted parole has increased by 21 percent in the past five years, as shown in **Figure 43**. In the past year, 32.5 percent of offenders have been approved parole, which is a slight decline from 35 percent of offenders approved parole in 2019. It is also important to note that in the past 10 years the number of parole hearings has increased by 42.5 percent, however, the percentage of parole approvals has shown no significant change. Despite the impact of Covid-19, the Parole Board had adopted operating procedures through video conferencing and tele-conferencing to ensure no hearings were lost.¹²⁷ In the past five years, the number of recalls as a percentage of total parole approvals has increased slightly, from 21.4 percent to 24 percent and by 6 percent (18%) from 2019. Despite the slight increases in recalls, the recidivism rate for offenders released on post-conditions is more than double the recidivism rate for offenders released on parole.

Figure 43: Proportion of sentences granted parole—2010–2020¹²⁸



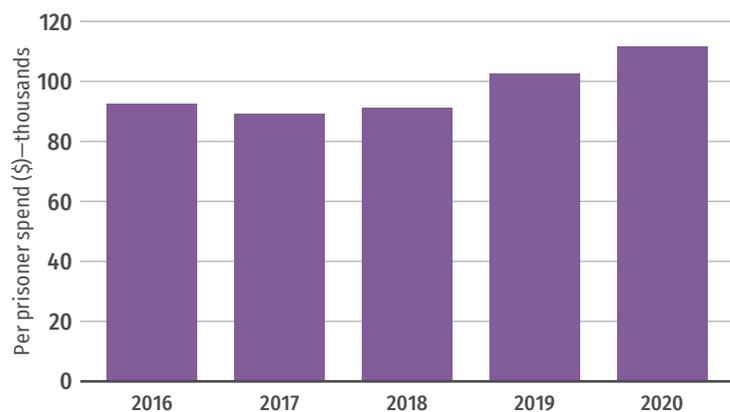
Community sentences (non-custodial) are reported in **Table 24**. All community sentences have been constantly declining for the past five years, except intensive supervision. Intensive supervision has increased by 64.1 percent in the last five years. The continual increase in intensive supervision reflects the justice system’s move away from punitive measures such as imprisonment. Intensive supervision is a rehabilitative, community-based sentence with close oversight from a probation officer that can last up to two years. One of the methods utilised to adapt to Covid-19 was the increase in electronic monitoring of those on bail, which is classified under intensive supervision. All other community sentences have declined at double the rate compared with previous years. These sentences may reflect the decline in conviction rates shown in **Table 24**, or a shift in the sentencing behaviour of the courts.

Table 24 : Community sentence volumes—2016–2020¹²⁹

	2016	2017	2018	2019	2020	1Y	5Y
Supervision	10,698	10,973	10,948	10,955	9949	-9.2%	-7.0%
Community work	21,433	20,153	17,762	15,352	12,231	-20.3%	-42.9%
Community detention	4980	4593	5007	4836	4623	-4.4%	-7.2%
Home detention	3326	3342	3303	3242	2996	-7.6%	-9.9%
Intensive supervision	2744	3035	3514	4161	4504	8.2%	64.1%
TOTAL	43,181	42,096	40,534	38,546	34,303	-11.0%	-20.6%

The average cost to incarcerate a prisoner was \$111,763 in 2020, this is an \$9160 (8.9%) increase from 2019. **Figure 44** shows the average spend per prisoner, which has increased by 20.4 percent since 2016. The average cost per day for a sentenced prisoner was \$385, which is a \$47 increase from 2019. The average cost per day for a prisoner on remand awaiting trial was \$295, which is a slight decline from 2019 at \$302 a day. The total operation costs for the Department of Corrections has increased by 7.9 percent, to \$1.7 billion in 2020. The major expenses were personnel costs at \$814m (47%), supporting over 10,000 employees and \$367m (21%) in operating costs.

Figure 44: Average spend per prisoner per year—June years—2016–2020¹³⁰



Recidivism

The recidivism rates are the percentages of people who were previously sentenced or imprisoned and are resentenced or reimprisoned. **Table 25** shows a summary of the recidivism rates for the past five years. The recidivism rates have declined across the board in the past year. Despite these declines, Māori continue to be reimprisoned and resentenced at a higher rate than the general population. A 12-month follow up shows declines for both reimprisonment and reconviction, however, at a 24-month follow up, recidivism rates continue to increase gradually and remain stubbornly high.

The recidivism rates show correlating patterns when accounted for other categories, such as type of offence, sentence duration and security classification. There are correlations between long sentence lengths and lower recidivism rates, this can suggest that longer durations of incarceration provides opportunities for rehabilitation. The recidivism rates for those aged under 20 years has declined in the past five years at 12-month follow up, however, at 24-month follow up, under 20 years continue to have the highest recidivism rate for reconviction at 77.1 percent. An individual released from maximum security in 2018/19 is five times more likely to be reimprisoned, compared with an individual released from minimum security.

Recidivism rates for offences such as fraud, deception and burglary continue to remain significantly higher than for offences such as sexual assault and illicit drug offence. Offences such as violence continue to be relatively unchanged. In 2020 the Department of Corrections

changed offence categorisation to reflect the Australia and New Zealand Standard Offence Classification (ANZSOC) system; therefore, it is not possible to make comparisons between 2020 and previous years. It is difficult to gauge why recidivism rates differ for offences, but it can be presumed that the rehabilitation programmes available for incarcerated prisoners may contribute to lowering these rates. Corrections provides offence-focussed programmes for sex offenders, young offenders, violent offenders and drug and alcohol interventions. The majority of sentences for prison are for sexual offences, drugs and violence and they also have longer sentence durations. Without evaluation evidence on these programmes, it is unsure what impact these have on recidivism rates. Also, important to note that the success of rehabilitation and reintegration programmes delivered by Corrections may not be fully reflected by recidivism rates. These programmes target behavioural change which is a multi-faceted process, whereas recidivism rates are a binary measure. Recidivism rates aim for perfection, whereas behavioural change is about progression.

Table 25 also shows the prison expenditure on rehabilitation and reintegration. In 2020 the average cost for rehabilitation and reintegration for a sentenced prisoner was \$44,301, which is a 24.9 percent increase from 2019 and a 71.3 percent increase in the past five years. Despite the rapid increase since 2016, the recidivism rate has only declined by 4.2 percent, and 6.7 percent for reimprisonment and reconviction at the 12-month follow up. It declined by 2.1 percent for reimprisonment, and 1.3 percent for reconviction at the 24-month follow up. The

total expenditure for rehabilitation and reintegration has continually increased over the past five years, however, as a percent of the total operational costs for Corrections, this has only increased by 1.7 percent.

Table 25: Prisoner recidivism and prisoner expenditure on rehabilitation—2016–2020¹³¹

June years	2016	2017	2018	2019	2020	1Y	5Y
TOTAL PRISON POPULATION							
12-month reimprisonment rate	29.7%	31.7%	32.2%	29.8%	25.6%	-4.2%	-4.1%
12-month prison to reconviction	44.2%	45.5%	46.8%	45.0%	38.3%	-6.7%	-5.9%
24-month reimprisonment rate	39.6%	42.2%	43.2%	43.3%	41.2%	-2.1%	1.6%
24-month prison to reconviction	59.0%	59.7%	60.9%	62.1%	60.8%	-1.3%	1.8%
MĀORI PRISON POPULATION							
12-month reimprisonment rate	33.0%	36.5%	34.9%	33.6%	29.2%	-4.4%	-3.8%
12-month prison to reconviction	48.7%	51.4%	50.4%	49.8%	42.6%	-7.2%	-6.1%
24-month reimprisonment rate	44.8%	47.0%	49.6%	46.6%	45.8%	-0.8%	1.0%
24-month prison to reconviction	65.5%	65.8%	67.7%	67.7%	65.8%	-1.9%	0.3%
Rehabilitation and reintegration	\$176,308	\$180,869	\$215,676	\$243,102	\$266,293	9.5%	51.0%
Total operation costs	\$1,296,586	\$1,345,000	\$1,473,835	\$1,609,136	\$1,735,686	7.9%	33.9%
Total operation costs on rehabilitation and reintegration	13.6%	13.4%	14.6%	15.1%	15.3%	0.2%	1.7%
Average cost per sentenced prisoner for rehabilitation and reintegration	\$25,867	\$25,293	\$29,138	\$35,479	\$44,301	24.9%	71.3%

OVERALL ASSESSMENT: CRIME AND PUNISHMENT

CATEGORY	RESULT
<p>OVERALL CRIME Overall crime and victimisation levels have increased in the past year. Contrary to the increase in crime conviction, levels have declined. The impact of Covid-19 lockdown on the court system has contributed to the decline in conviction rates and also attributed to the changes seen in certain offences.</p>	—
<p>VIOLENT CRIME Violent offences, although showing a slight decline in the past year, can be attributed to the decreases in non-aggravated sexual assault and common assault, which counteracted the increases in other violent offences. Overall family violence offences have increased in the past year; the introduction of new offences such as assault on family member and strangulation have offset declines seen in other family violence offence.</p>	NC
<p>SENTENCING AND IMPRISONMENT Imprisonments are gradually declining, however, there is growing concern that the rate of decline for remand prisoners is reducing at a much slower rate than for the sentenced population. The over-representation of Māori in the prison muster is concerning, particularly when you focus on particular groups, such as women and young people. Approved parole has declined slightly in 2020, however, prisoners released on parole have much lower recidivism rates.</p>	+
<p>RECIDIVISM In 2020 there has been slight declines in recidivism rates, however, Māori continue to be reimprisoned and reconvicted at higher rates compared with the general population. Recidivism rates at 12 months have continued a positive trend downward, however, recidivism rates at 24 months remain substantially high. Rehabilitation and reintegration funding has continued to be increased, however, the progression of the recidivism rates is not reflected with the increase in funding. This illustrates the complexity of supporting the rehabilitation and reintegration of offenders.</p>	NC

SOCIAL HAZARDS

There are four activities that we monitor in the Social Hazards section: alcohol, illicit drugs, gambling and problem debt. 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.

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.

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.

Alcohol

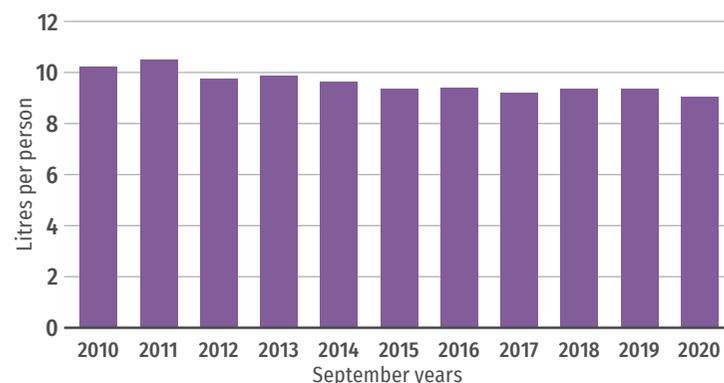
ALCOHOL AVAILABILITY DECLINES SLIGHTLY

Figure 45 shows that the availability of alcohol has declined slightly between 2019 and 2020.¹³² For the year ending September 2020, there was 9.05 litres of pure alcohol available for consumption compared with 9.37 litres available in the year ending September 2019.¹³³ This is the lowest level of alcohol availability in over 10 years for our nation. This is still significantly lower than the higher levels in 2010 and 2011, where over 10 litres of pure alcohol was available for adults aged 18 and over. Our *State of the Nation* reports have also monitored the volumes of alcohol, on a beverage basis rather than pure alcohol basis, available in our nation. There has been a slight increase (1.3%) in the availability of all alcoholic beverages. The availability of beer increased by 4.3 percent in the last year. Conversely, the availability of Ready to Drink alcoholic drinks decreased by 5.1 percent in the same period, which is the first decrease in the last five years.¹³⁴

During the Covid-19 lockdowns, the Health Promotion Agency (HPA) released some alcohol-use surveys. One-third of respondents surveyed on their drinking habits during the level 4 lockdown said they were drinking less than before the lockdown, while almost half said they are drinking at the same levels.¹³⁵ However, one in five reported drinking more than usual, with increased drinking more prevalent among 25- to 49-year-olds. The majority of those who are drinking more say it is to help them relax or switch off.¹³⁶ They followed this up with a second survey released in July 2020 that found once the restrictions were lifted, *New Zealanders are returning to their old drinking habits now that the country has eased its lockdown restrictions.*

The second survey found that two-thirds of adults drank alcohol at their usual (pre-lockdown) levels, while one-third drank more than their usual levels.¹³⁷

Figure 45: Per-capita availability of alcohol—litres of pure alcohol for every person over 18 years—2010–2020



HAZARDOUS DRINKING INCREASES FOR THE TOTAL POPULATION—MEN, WOMEN, MĀORI, AND PASIFIKA

Although it seems that less alcohol is available for consumption in our nation, the Ministry of Health's (MOH) New Zealand Health Survey (NZHS) indicates that more New Zealanders are drinking hazardously. Hazardous drinking is defined by the HPA as any drinking pattern that could harm our physical or mental health or have harmful social effects on the drinker or others.¹³⁸ Hazardous drinkers are those past-year drinkers who scored 8 or more on the Alcohol Use Disorders Identification Test (AUDIT).¹³⁹ As **Table 26** shows, there have been increases in the total population—men, women, Māori and Pasifika—who are drinking hazardously. Overall, it is estimated that one in five adults, or over 838,000 New Zealanders, drink alcohol in hazardous ways.¹⁴⁰ In 2019/20, there was a large increase

in young people aged 15 to 17 years drinking hazardously, up from 6.3 percent in 2018/19, to 11.6 percent in 2019/20. It is difficult to explain this surge for young people. The coming year's data will show whether this was a one-off spike in numbers, or the beginnings of a concerning upward trend. The NHS also showed that men are more than twice as likely to drink hazardously than women. The highest prevalence of hazardous drinking was among those aged 18 to 24 years, at 32.4 percent. Māori were 1.8 times as likely to be hazardous drinkers as non-Māori.

Table 26: Proportion of population estimated to be hazardous drinkers—2015/16–2019/20¹⁴¹

	2015/16	2016/17	2017/18	2018/19	2019/20
Total population	20.8%	19.5%	19.8%	20.0%	20.90%
Men	28.6%	27.1%	27.3%	27.5%	28.70%
Women	13.4%	12.4%	12.7%	12.8%	13.60%
15–17 years	7.9%	7.6%	7.2%	6.3%	11.60%
18–24 years	37.1%	32.9%	31.7%	35.4%	32.40%
65–74 years	10.1%	10.5%	12.5%	11.7%	12.60%
Māori	31.1%	33.0%	31.7%	33.2%	36.10%
Pasifika	23.6%	23.4%	19.1%	22.7%	24.3%
Decile 1 income (highest)	19.2%	16.4%	16.2%	19.0%	19.70%
Decile 2 income	17.3%	15.4%	19.5%	18.2%	19.00%
Decile 3 income	22.1%	21.6%	21.4%	19.4%	21.80%
Decile 4 income	21.1%	21.6%	20.5%	19.7%	21.00%
Decile 5 income (lowest)	24.6%	22.9%	21.5%	23.9%	23.30%

ALCOHOL-SPECIFIC OFFENCES DECLINE, WHILE ROADSIDE BREATH TESTS INCREASE SLIGHTLY

In the year ending June 2020, there was a significant decline in the total number of alcohol-specific offences, down 12 percent to 22,525 alcohol-specific offences by June 2020. Drug-related driving offences increased in the same period by 25 percent, although these offences still only make up a minor part of the total offences. Still, drug-related driving offences have been increasing steadily since 2012. It is unclear if the Covid-19 lockdowns contributed to the general decline in total alcohol-specific offences, lower blood alcohol content (BAC) offences and drink-driving convictions (**Table 27**).¹⁴²

The total number of roadside breath tests (RBTs) increased significantly between 2019 and 2020. This reverses the trend of Police decreasing the use of RBTs since 2014. Additionally, one of the five key targets for 2019/20 was a 5 percent reduction in road deaths. In 2019/20, there was a 6.6 percent reduction, or 25 fewer deaths. It is unclear whether this decline is directly linked to changes in policing and the use of RBTs.

Table 27: Drink-driving and drug-related indicators—2012–2020¹⁴³

June years	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total alcohol-specific offences (Police)	29,142	26,336	22,297	23,686	25,921	24,967	25,753	25,637	22,525
Drug-specific offences (Police)	257	270	220	252	375	478	637	616	768
Lower BAC offences (Police)	0	0	0	4,927	8,264	7,425	7,563	7,331	6,510
Total alcohol offences, excluding lower BAC	29,142	26,336	22,297	18,759	17,657	17,542	18,190	18,306	16,015
Drink-driving convictions (StatsNZ)	27,157	24,003	21,414	17,951	16,472	16,307	16,535	16,857	14,523
Total roadside breath tests undertaken	2,864,380	2,903,250	3,029,072	2,555,957	2,550,000	2,126,280	1,683,314	1,270,648	1,615,359
Convictions as proportion of RBTs	0.9%	0.8%	0.7%	0.7%	0.6%	0.8%	1.0%	1.3%	0.9%

Illicit drugs

FOR THE THIRD YEAR STRAIGHT, METHAMPHETAMINE OFFENCES CLIMB, WHILE CANNABIS OFFENCES DECLINE

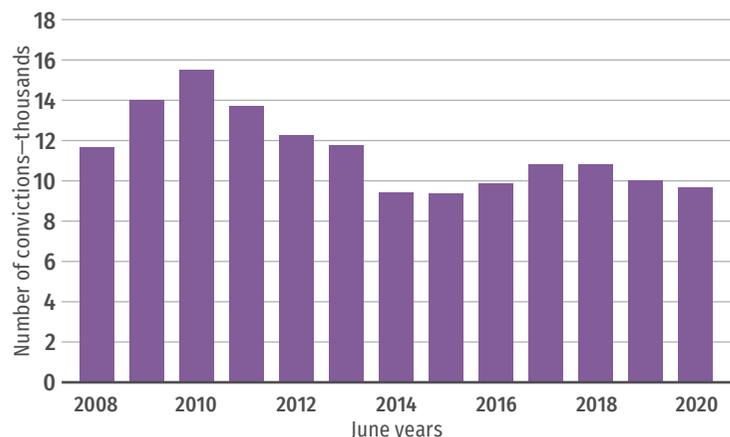
Total convictions for illicit drugs for the years ending June have declined by 3.3 percent, between 2019 and 2020. This continues the trend of three straight years of decreases in total convictions. The 2020 total of 9652 convictions is a 60 percent decrease since 2010, when a then-record 15,500 convictions were recorded. These 9652 convictions in the year ending June 2020 came from 14,961 prosecutions for drug offences. Prosecutions for drug offences are following a similar trend to convictions, declining since 2018. Prosecutions for cannabis offences declined by 15 percent between June 2020 (5223 offences) and June 2019 (6125 offences). In fact, prosecutions for cannabis have declined by 70 percent since 2010. In the year ended June 2020,

prosecutions for methamphetamine offences increased by 18 percent. This is the third year straight since prosecutions for methamphetamine have exceeded prosecutions for cannabis. This points to changes in the approaches Police and the wider justice system are taking towards illicit drug offences. But it also clearly indicates the greater use of methamphetamine in our communities compared with previous years.

METHAMPHETAMINE CONTINUES TO DOMINATE CONVICTIONS FOR ILLEGAL DRUG USE

In the year ending June 2020, there were 5110 convictions for methamphetamine-related drug offences. This is almost a 10 percent increase since 2019, and a staggering 76 percent increase since 2015. This clearly shows the dominance of methamphetamine offences in our illegal drugs convictions. Cannabis-related convictions declined by 16 percent in the year ending June 2020. Additionally,

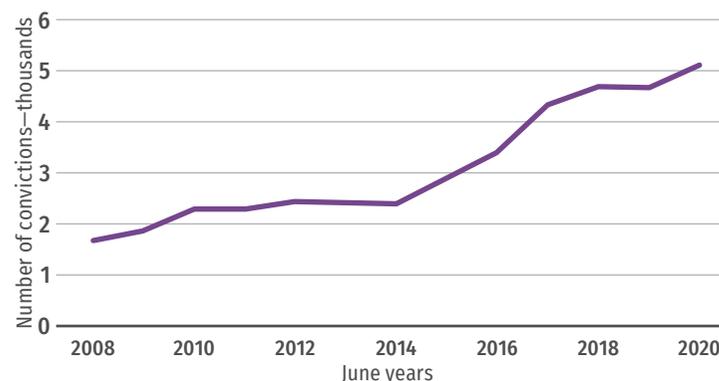
Figure 46: Total convictions for illicit drug offences—2008–2020¹⁴⁴



cannabis convictions have dropped by over 27 percent since 2015 and decreased by 69 percent since 2010. Convictions for other drugs have also declined in the last year. With the cannabis referendum now clearly resolved from Election 2020, this cannabis-related prosecutions and convictions data remains highly relevant as public discussions move towards whether further decriminalisation of cannabis is required. Māori remain over-represented in cannabis-related prosecutions and convictions. In 2019/20, 45 percent of those charged with cannabis-related offences were Māori. However, the number of Māori being charged with cannabis offences has consistently declined, dropping by 57 percent between 2010/11 and 2019/20.

Figure 48 details the composition of drug prosecutions by type of offence between 2010 and 2020. The trends we have noted in previous years have continued in 2020. By the year ending June 2020, prosecutions for methamphetamine offences make up nearly 55 percent of drug prosecutions

Figure 47: Methamphetamine convictions—2008–2020



across the nation. This has been consistently and steadily increasing since 2010. In contrast, prosecutions for cannabis-related offences have constantly declined over the last 10 years. Again, this indicates the changes in Police practices around cannabis, but also the increasing focus and resources being committed by Police and the justice system to methamphetamine-related offences.

FEWER PEOPLE REPORTING USE OF CANNABIS

Figure 49 has data from the NZHS, specifically reporting on the survey’s respondents who self-reported use of cannabis.¹⁴⁶ In the last year, there was a slight decrease in cannabis use for the total population and those in wealthier areas. There was also a decline in cannabis use for those aged 15 to 24 years old. Cannabis use by Māori remained steady between 2019 and 2020, with 32 percent of the Māori population reporting cannabis use. This figure has continued to climb since 2013, amounting to about 166,000 Māori by 2020.

Figure 48: Composition of illicit drug prosecutions by type of offence—2010–2020¹⁴⁵

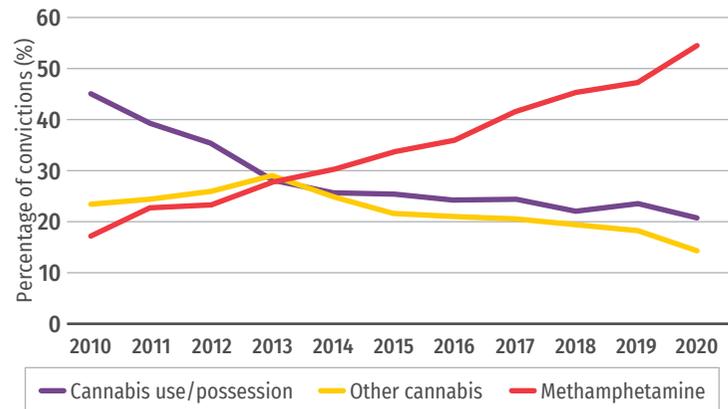
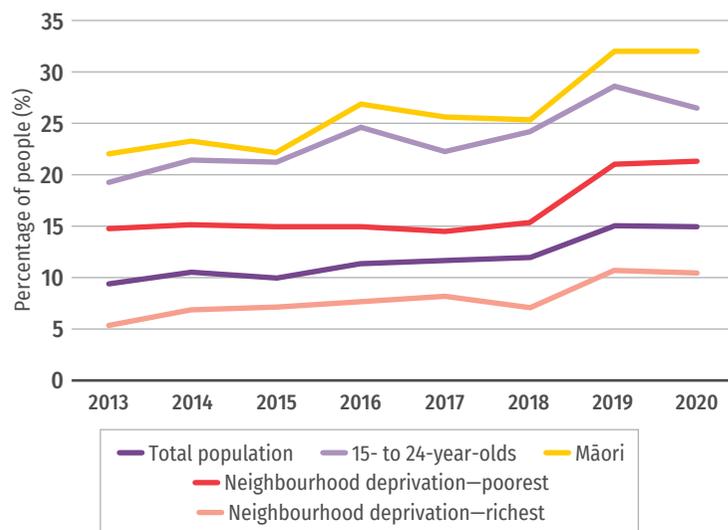


Figure 49: People self-reporting as recently using cannabis—2013–2020¹⁴⁷



WASTEWATER TESTING SHOWS MAJOR CHANGES IN DRUG USE, PARTICULARLY DURING COVID-19

In October 2019, the Police expanded its wastewater testing programme to cover 38 new sites, to obtain a better picture of drug use across the country. This expansion will now cover wastewater used by about 75 percent of the national population. From this wastewater testing, methamphetamine is the most detected illegal drug in New Zealand. However, the amount of methamphetamine detected has declined since July 2019. Throughout the January 2020 quarter, methamphetamine use was most prevalent per capita in the Eastern, Northland and Bay of Plenty Police Districts. The detection in the wastewater of both MDMA (ecstasy) and cocaine have continued to progressively increase in the year to January 2020, although at a significantly smaller rate than methamphetamine.

In December 2020, the second quarter data was released by Police. But Police have changed how and when they release these reports and so comparisons with other quarters is slightly difficult. Still, this June 2020 quarter captures the immediate effects of national restrictions implemented in response to the Covid-19 pandemic. For example, in this June 2020 quarter, average national weekly consumption of methamphetamine was 9.9kgs. This is a substantial decline since the January 2020 quarter. The consumption of cocaine and ecstasy also dropped in this June quarter, as **Table 28** highlights. This points to the potential impacts of the early lockdown restrictions on drug use in our nation. Still, reviewing the next quarter’s data is important to determine if this pattern continues, or reverts to pre-lockdown levels. This data was in line with the Covid-19 Social Impact Dashboard

series The Salvation Army released between April and November 2020. In our six Dashboards, we noted among other things, that our frontline addiction workers reported decreased illicit drug use presenting to our centres in person or online, particularly during the levels 3 and 4 lockdowns. This indicates that these wastewater statistics are in line with feedback from our frontline services.

Table 28: Estimates of total weekly consumption of selected illicit drugs (kilograms)—2019–2020¹⁴⁸

Quarter ended	Jan-19	Apr-19	Jul-19	Oct-19	Jan-20	Jun-20
Methamphetamine	16.6	14.8	15.6	13.6	13.1	9.9
MDMA/Ecstasy	4.3	5.7	7.9	8.2	8.7	7.1
Cocaine	0.696	0.85	0.907	1	1.2	0.1

Gambling harm

GAMBLING SPENDING DECLINES WHILE SPENDING ON LOTTO SURGES

Outside of Lotto, there were general declines in the amount of gambling expenditure spent at the TAB, Class 4 gaming machines (pokie machines) and casinos. Overall, as **Table 29** shows, New Zealanders spent nearly \$2.3 billion on gambling in the year ending June 2020. Again, the impacts of the Covid-19 restrictions might be seen, in that all forms of gambling expenditure decreased in 2020, except for gambling on Lotto that can be done online. Money spent on Lotto increased by 24 percent (\$125 million) between 2019 and 2020.

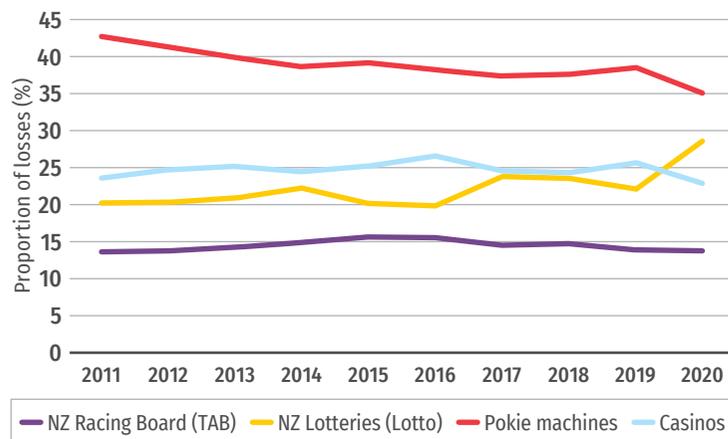
Figure 50 shows the proportion of gambling spend from the four main sources of gambling in New Zealand. Gambling losses through pokie machines have gradually declined over the last 10 years, but they still make up the largest share of gambling losses in our country. The proportion of losses through casinos and the TAB have remained constant over

Table 29: Gambling expenditures—2012–2020¹⁴⁹

June years (millions \$)	2012	2013	2014	2015	2016	2017	2018	2019	2020
NZ Racing Board—TAB	283	294	311	325	342	338	350	332	315
NZ Lotteries Commission—Lotto	419	432	463	420	437	555	561	530	655
Class 4 gaming machines	854	826	806	818	843	870	895	924	802
Casinos	509	520	509	527	586	572	578	616	522
Total expenditure in nominal dollars	2065	2072	2089	2091	2209	2334	2383	2402	2294
Per capita spending in June 2020 \$	678	670	655	639	658	668	659	641	589

the last decade. However, the share of losses through the NZ Lotteries has grown since 2011, and then surged between 2019 and 2020.

Figure 50: Proportion of gambling losses in New Zealand—2011–2020¹⁵⁰



POKIE MACHINES NUMBERS DECLINE AGAIN

The numbers of Class 4 electronic gaming machines, or pokie machines, continues to decline. As of September 2020, 14,754 pokie machines were operating around the country. This a 1 percent decrease since 2019, and a 10 percent decrease since five years ago. Figure 51 is about the prevalence of pokie machines in our communities. In the year ending September 2020, there were 38 pokie machines per 10,000 people aged 18 and over. This is clearly following the same trend as the overall numbers of pokie machines across the country.

But as discussed earlier, losses on pokie machines remain the largest proportion of gambling expenditure. It is encouraging to see the consistent decline in both the

overall number of machines and the prevalence of these pokie machines in our communities. However, between 2009 and 2019, the amount of money lost on each pokie machine continued to increase. This shows that the remaining pokie machines were increasingly profitable. In the year ending September 2020, \$54,320 was lost on each pokie machine, this is compared with the previous year when \$63,585 was spent per machine. In our Covid-19 Dashboards throughout 2020, we regularly noted that our frontline staff reported that many gambling harm clients indicated that their gambling stopped during Covid-19 restrictions, primarily because most venues with pokie machines were closed during the levels 3 and 4 restrictions. Clients also reported they were anxious that they could not maintain their abstinence post-lockdown. When we entered levels 1 and 2 lockdown restrictions, The Salvation Army saw an increase in the number of clients gambling at pokie machines again. In our view, these Covid-19 limitations have clearly affected the amount of money spent on each pokie machine. Net pokie machine expenditure has risen since 2014 but saw a 13 percent decrease in 2020. We will need to wait until these figures are updated for 2021 to see whether this 2020 decrease is due to the Covid-19 impact, or if there has been a significant change in pokie machine spending in 2020.

Figure 51: Overall numbers of Class 4 gaming machines—2010–2020¹⁵¹

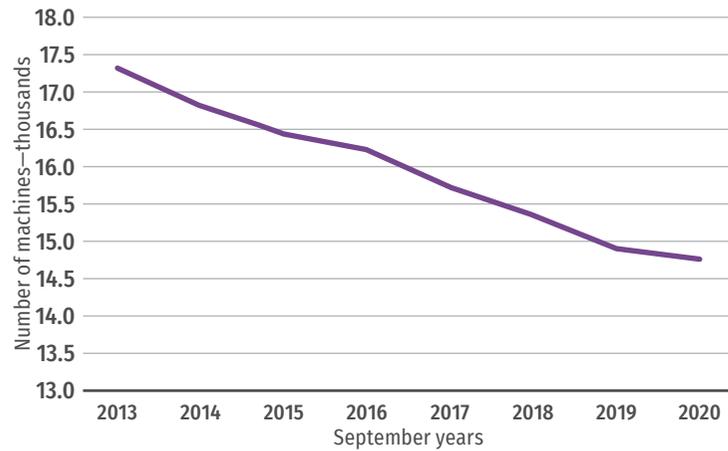
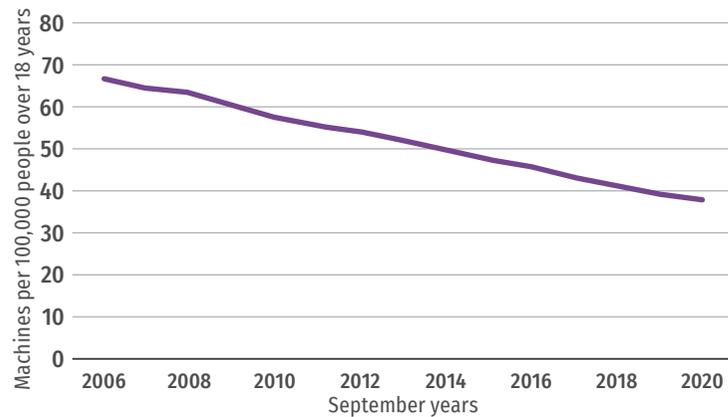


Figure 52: Prevalence of Class 4 gaming machines—2006–2020¹⁵²



GAMBLING SUPPORT

In previous editions of the *State of the Nation*, we have monitored the number of people seeking help from Ministry of Health’s client intervention data. But the most recent data is from 2017/18. In this data series, Māori and Pasifika people are consistently disproportionately represented as seeking help for gambling, and gambling via pokie machines is the main reason for people seeking help. In our November 2020 Dashboard, we noted the Department of Internal Affairs report that there was a 116 percent increase in gaming machine profits (GMP) in the June quarter, amounting to \$130,661,758, which was directly linked to the end of Covid-19 restrictions.¹⁵³ This major increase is compared with an average increase of 3.2 percent in each of the previous five June to September quarters, showing the massive impact of Covid-19 restrictions.¹⁵⁴ Our frontline Oasis support workers reported increases in mental health and anxiety issues for clients and also increased use of technology post-lockdown for clients addressing gambling harm, who are having phone or video counselling sessions and employing blocking tools for online gambling.¹⁵⁵

Problem debt and financial hardship

NUMBERS INDICATE MORE PEOPLE FACING FINANCIAL CHALLENGES AND HARDSHIP

For the last two years, we have included in these reports some measurements of the problem debt and financial hardship issues that face many New Zealanders. One of these indicators is monitoring the personal debt that consumers have with non-bank financial institutions. This is monitored in order to try and understand the levels of lending from tier 2 and 3 institutions and the debt that consumers owe to these lenders. This is recorded in **Figure 53**. The debt owed to these institutions has risen steadily since 2013, with a major surge between 2019 and 2020, with New Zealanders owing \$6.2 billion to these non-bank lenders in the year ending September 2020—a 38 percent increase since September 2010. The economic impact of Covid-19 might be seen here as more loans being taken out with tier 2 and 3 lenders, possibly showing the effects of job losses, increased financial stress and the end of the various temporary government support packages.

From April to November 2020, we monitored financial hardship in our six Covid-19 Dashboards. We used different statistics from the Financial Markets Authority and the MoneyTalks Helpline. **Figure 55** tracks the number of KiwiSaver withdrawals for financial hardship. This figure has steadily increased since 2011, with a significant surge between 2019 and 2020. This again points to the financial challenges many experienced during Covid-19. All these indicators showed significant surges in financial hardship for many New Zealanders, specifically around March to April

2020 and then a settling down period since then. Indeed, many other public indicators and statistics point to bigger financial hardship.

We can testify to these changes. For example, over 3500 new budgeting cases were started by the public with our budgeters between the release of our first Covid-19 Dashboard on 9 April 2020 and our last Dashboard on 27 November 2020. In that same period, over 5300 face-to-face budgeting sessions were delivered, and the total debt presented by these clients (for both open and closed cases) was nearly \$55 million. We anticipate more cases of financial hardship as more people face job losses and other effects of the Covid-19 pandemic.

Centrix, New Zealand's largest credit database, released their latest Insights Report in January 2021. They reported 10,650 customers requiring financial hardship assistance. The spike in hardship for Centrix clients came in April to May 2020—like other indicators we've monitored in this report and our six Dashboards. Most hardship cases have predominantly been for bank clients, with about 25 percent of hardship cases coming from those with loans to non-bank, tier 1 and 2 financial institutions. Centrix also reported that 66 percent of hardship cases were related to mortgages and credit card accounts.

Figure 53: Personal consumer debt with non-bank financial institutions—2010–2020 (\$ billions)¹⁵⁶

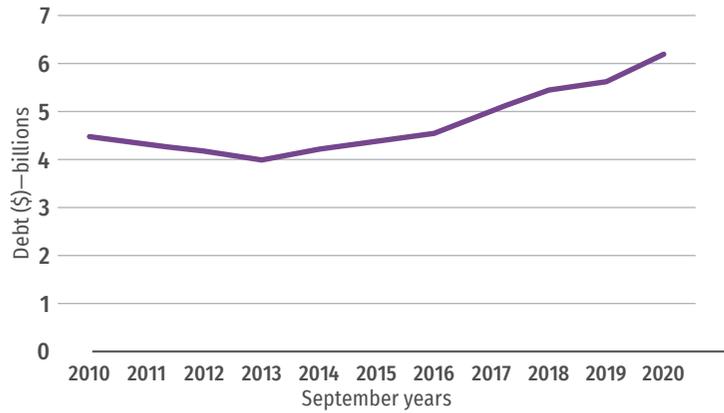
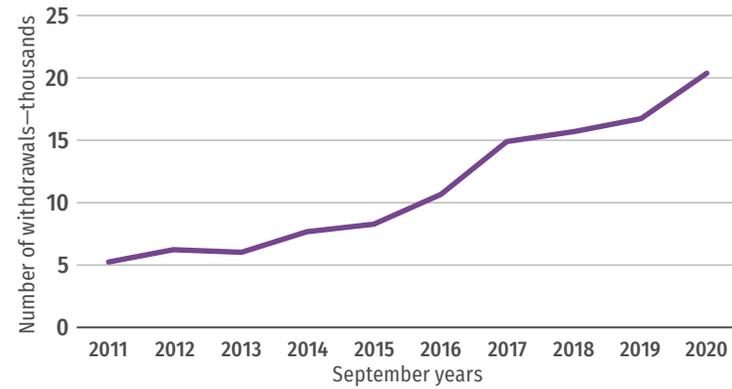


Figure 55: Number of KiwiSaver fund withdrawals because of financial hardship



OVERALL ASSESSMENT: SOCIAL HAZARDS

CATEGORY	RESULT
<p>ALCOHOL Less alcohol is available for consumption in communities. But more people are engaging in hazardous drinking behaviours. Other mixed results with less alcohol-specific offences being recorded, but the numbers of RBTs have increased slightly again.</p>	NC
<p>ILLCIT DRUGS Methamphetamine continues to dominate prosecutions and convictions for illicit drug offences. There are some encouraging signs with declines in cannabis offences—fewer people reporting cannabis use and changes to drug use during Covid-19, shown by the Police wastewater detection programme—but the scourge of methamphetamine continues to cause serious harms in our communities.</p>	NC
<p>GAMBLING Gambling expenditure continues to decline. But spending on Lotto has increased significantly. The numbers of pokie machines, pokie machine prevalence and spending per pokie machine declined slightly in 2020.</p>	NC
<p>PROBLEM DEBT AND FINANCIAL HARDSHIP Lending by non-bank institutions increased significantly in the last year. The other indicators of financial hardship that we monitor, including KiwiSaver Hardship withdrawals and Centrix financial hardship insights, all indicated more people were facing major financial challenges and hardship, especially during the Covid-19 restrictions.</p>	—

MĀORI WELLBEING AND INEQUALITIES— DISRUPTION AND PROGRESS

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

The Covid-19 pandemic's disruption has affected outcomes to varying degrees,¹⁵⁸ worsening outcomes in some areas and deepening existing disparities. Even with these negative impacts, there are some hopeful signs of progress emerging.

In this section, we use 21 measures that look at change over five years. There are 18 indicators covering the five areas of the rest of the *State of the Nation 2021* report.¹⁵⁹ This year we have also looked at three measures drawn from the Statistics New Zealand's Te Kupenga Māori wellbeing statistics¹⁶⁰ released in 2020, to attempt to better reflect aspects of wellbeing important to Māori (cultural engagement, te reo Māori use and whānau wellbeing). In **Figure 56**, an assessment of progress for each of the 21 measures is grouped under four domains of wellbeing, based on He Ara Waiora framework,¹⁶¹ as a way of showing how changes in outcomes interact with wellbeing. The full set of outcomes are in **Table 30**.

Outcomes

For the three measures focused on wellbeing for Māori, we compared 2013 with 2018 Te Kupenga survey results

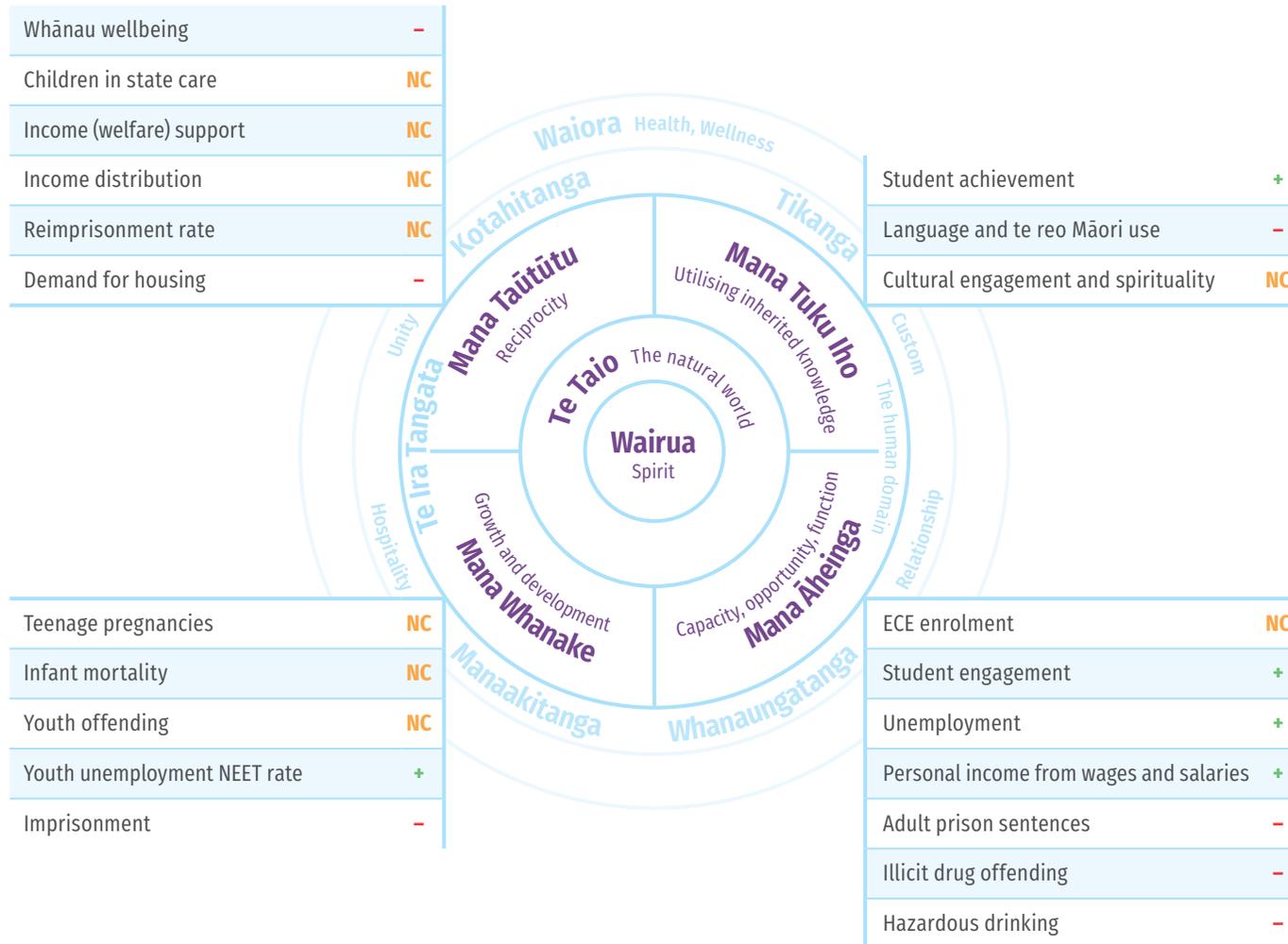
(the most recent available data). Just under half of Māori surveyed say that cultural engagement is very or quite important, 45.3 percent (2018, 46.3%), and a similar proportion said spirituality is very or quite important (48.7% in 2013 and 2018). When asked about the use of te reo, more than half of Māori reported that they could at least speak more than just a few phrases in 2013 (54.7%), but this fell to just under half in 2018 (48.5%). For whānau wellbeing, there was a decline in whānau who reported that they find it easy or very easy to get support from another household for things like moving or lifting objects, picking up or dropping off children or looking after pets—falling from 79.1 percent in 2013, to 72.3 percent in 2018.

Table 30: Wellbeing Indicators

Indicator	Measure	2013 %	2018 %	Change
Cultural engagement	Proportion who say cultural engagement is very or quite important	46.3	45.3	-1.0
Te reo use	Proportion of people who can at least speak more than just a few phrases	54.7	48.5	-6.2
Whānau wellbeing	Proportion who reported that they find it easy or very easy to get support from another household	79.1	72.3	-6.8

Figure 56: Wellbeing measures placed in He Ara Waiora framework

This framework utilises four of the key pillars from Te Ira Tangata (the human domain) to organise and contextualise the measures being tracked in this section of the report (Table 31, p.84).



Legend: Overall improvement (+), no change (NC), deterioration (-).

Looking at the other 18 indicators (Table 31, p.84), clear improvements in wellbeing outcomes for both Māori and non-Māori showed in declining youth offending and reducing prison sentencing rates, as well as lower teenage pregnancy rates.

In contrast, outcomes worsened for both Māori and non-Māori in these areas: welfare support saw more people needing help (although Māori were slightly more impacted); more people needing social housing; student achievement and student engagement are declining for all school students; reimprisonment rates were worse in 2020 than 2015; and the unemployment rate for both Māori and non-Māori increased this year, but is still lower than it was five years ago.

In the remaining measures, outcomes were mixed. Average weekly incomes for Māori increased, while non-Māori income barely changed. The number of children in state care declined this year for both Māori and non-Māori, but is still higher than five years ago. Infant mortality rates for non-Māori have not changed significantly in the past five years, while the rate for Māori is fluctuating, but worse in 2020 than five years ago. The proportion of young people not in education, employment or training (NEET) is slightly lower than five years ago for Māori, but higher than 2019, while for non-Māori it is increasing. Income distribution for both groups showed little change. Rates of hazardous drinking and imprisonment worsened for Māori, but were unchanged for non-Māori. Early childhood education participation statistics for 2020 were not available at publication date.

Limited Progress in Reducing Disparity

In the face of all the disruption of 2020, making progress in reducing inequalities is challenging. There were some reductions 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.

Table 31: Māori and non-Māori inequalities table—2015–2020

Indicator	Measure	Outcome 2015 Māori	Outcome 2015 non-Māori	Outcome 2019 Māori	Outcome 2019 non-Māori	Outcome 2020 Māori	Outcome 2020 non-Māori	Ratio 2015	Ratio 2019	Ratio 2020
Teenage pregnancies	Pregnancies of 15- to 19-year-olds per 1000	58	21	41	14	38	14	2.8	2.9	2.8
Infant mortality	Infant deaths (<1 year old) for every 10,000 live births	48	38	70	36	59	36	1.2	1.9	1.7
Children in state care	Children in state care per 1000 children	10.1	2.5	12.5	3.2	11.3	2.9	4.0	4.0	3.9
Early childhood education enrolment	Proportion of under 5-year-olds enrolled in ECE	54.7%	68.9%	56.7%	68.2%	N/A	N/A	0.8	0.8	N/A
Student engagement	Stand downs per 1000 students (2014–2019)	35.7	15	44	18	49	21	2.4	2.5	2.4
Student achievement	Proportion of school leavers leaving with less than Level 1 NCEA (2014–2019)	22.4%	7.9%	19.2%	7.8%	21.7%	9.0%	2.8	2.5	2.4
Youth offending	Overall offending rate by 12- to 16-year-olds—per 1000 population	16.0	3.3	11.6	2.4	9.0	1.9	4.9	4.9	4.8
Welfare support	Adults receiving a benefit as % of Population aged 18 to 64	23.4%	7.8%	23.0%	7.3%	26.4%	8.5%	3.0	3.2	3.1
Unemployment	Official unemployment rate	11.7%	4.4%	8.1%	3.5%	8.3%	4.0%	2.6	2.4	2.0
Youth unemployment	Proportion of 15- to 24-year-olds NEET	20.8%	8.9%	18.6%	9.7%	19.4%	11.0%	2.3	1.9	1.8
Personal incomes	Average weekly personal income for those employed	\$889	\$1,050	\$1,010	\$1,218	\$1,077	\$1,211	0.8	0.8	0.9
Income distribution (2014–2019)	Proportion of adults in lowest three income deciles	35.8%	29.3%	34.8%	29.3%	35.1%	28.3%	1.2	1.2	1.2
Prison sentencing rates	Proportion of convicted 17- to 19-year-olds who are imprisoned	12.4%	5.9%	9.9%	2.9%	8.8%	2.4%	2.1	3.5	3.6
Imprisonment rate	Number of people imprisoned—per 100,000 population	566	111	606	116	576	108	5.1	5.2	5.3
Recidivism	Reimprisoned within 24 months of release	36.5%	31.6%	47.6%	38.8%	45.8%	36.3	1.2	1.2	1.3
Hazardous drinking	Proportion of adult population as hazardous drinkers (2016–2020)	31.1%	19.1%	33.2%	17.8%	33.2%	18.9%	1.6	1.9	1.8
Illicit drug offending	People convicted of illicit drug offences per 1000 people	2.2	0.6	1.9	0.4	1.5	0.3	3.8	4.7	4.6
Demand for social housing	People on public housing register waiting list per 1000 population (Sep quarter)	1.8	0.5	7.9	1.8	12.5	2.6	3.4	4.5	4.9

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

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