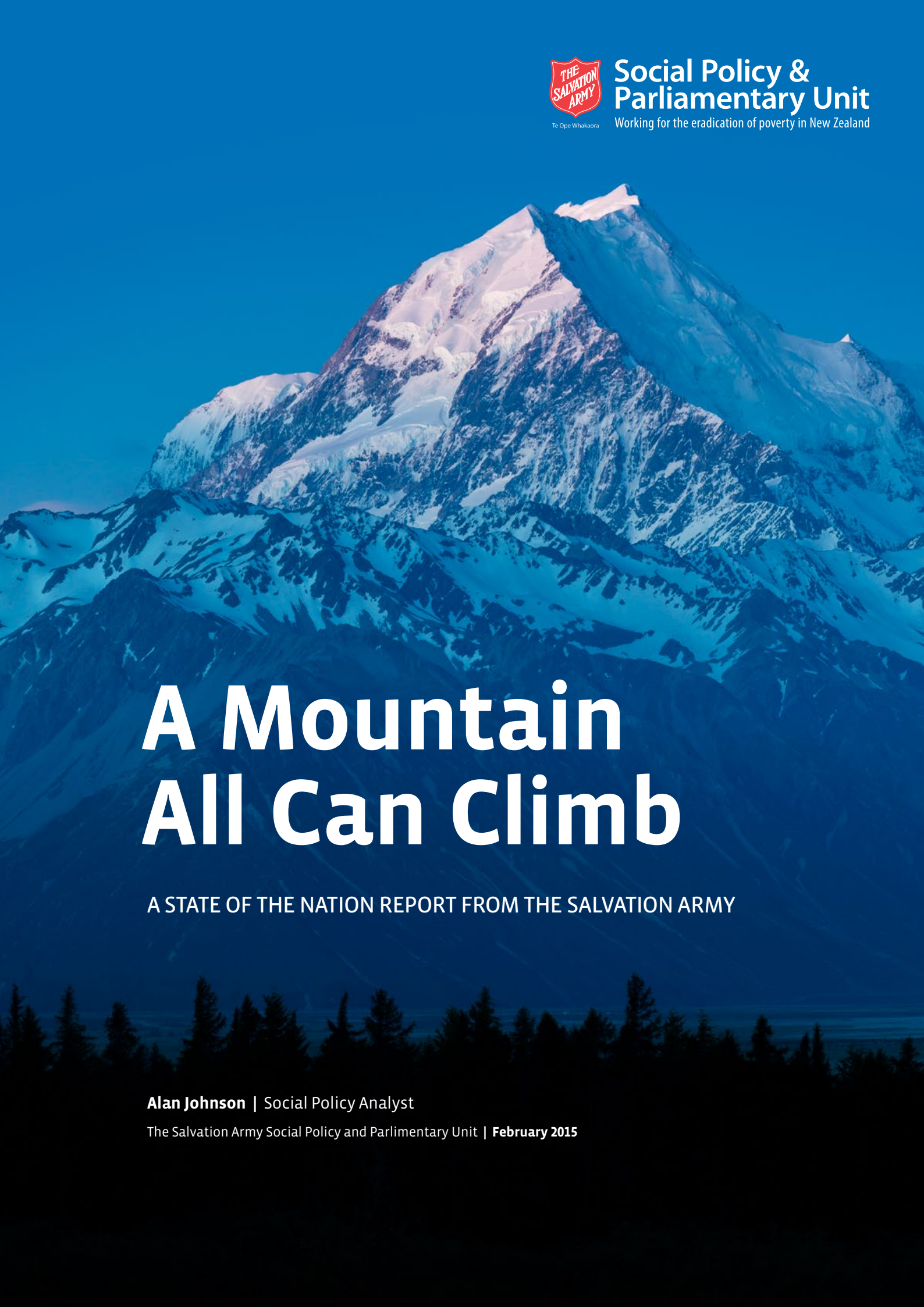

Social Policy & Parliamentary Unit
Working for the eradication of poverty in New Zealand

A Mountain All Can Climb

A STATE OF THE NATION REPORT FROM THE SALVATION ARMY

Alan Johnson | Social Policy Analyst
The Salvation Army Social Policy and Parliamentary Unit | **February 2015**

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INTRODUCTION

This is the eighth State of the Nation report from The Salvation Army. Like its predecessors it is written to encourage public debate around New Zealand's social progress. The Salvation Army believes such a debate is vital, in part to balance a political agenda that can be too influenced by economic concerns, and to advance an alternative debate around social inclusion and social justice.

The challenge with this and previous reports is being concise and precise. Social issues are difficult to measure with simple numbers, and sometimes the numbers do little to clarify the issues at stake. Measures around child poverty are an example of this. Some estimates of the number of children living in relative poverty are as high as 280,000, while the Prime Minister recently suggested it could be between 6000 and 100,000. With such a wide range of views on how big the problem is, and indeed, on how it can be defined, we are unlikely to gain consensus around policies and budgets needed to address it.

Social progress is not about one indicator or number, but about the conditions into which people are born, nurtured and live. Indicators and numbers give us insights into what is happening, and are useful for this reason alone.

The indicators offered in this report present a mixed and at times difficult to explain picture of what is happening in New Zealand society today. From the data available it appears that rates of youth offending and teenage pregnancy have fallen substantially indicating perhaps something of a cultural change—that attitudes and behaviours are changing at a broad societal level. Indicators around child abuse and violence to children are somewhat contradictory with reported child abuse rates falling while recorded violence against children rising. While infant mortality rates appear to have risen sharply this might be explained by a lapse in reporting.

This State of the Nation report has retained the format of past years, with the same five areas of focus: our children, crime and punishment, work and incomes, social hazards, and housing. Under each of these focus areas are several indicators—22 in total. These indicators are derived from 26 databases, 24 of which are public databases freely available to anyone with the time and inclination to look. Hopefully, this report adds value in the way information is assembled and interpreted. At times, this interpretation might be at odds with the reader's view of the world. Such differences of interpretation are celebrated because they are a basis for a wider debate around how we find a balance between the many competing interests in our society.

Please contribute to such a debate. If you disagree with some of the information in this report or feel that some of the conclusions drawn are unfair, we invite you to highlight them and present an alternative perspective.

Thank you for your interest in the state of our nation.

Sculpture of Sir Edmund Hillary at Aoraki Mount Cook.

Photography: Emma Durnford / LatitudeStock

FOREWORD: **A MOUNTAIN WE CAN ALL CLIMB**

WHAT DO WE VALUE?

New Zealand's greatest mountaineer, Sir Edmund Hillary, once reflected, 'In some ways I believe I epitomise the average New Zealander: I have modest abilities, I combine these with a good deal of determination, and I rather like to succeed.' Such a self-effacing self-assessment was one of the reasons Sir Ed was so revered by so many New Zealanders. We embraced his modesty and apparent ordinariness. He was one of us; he personified our values.

And yet he conquered mountains.

Our country is now vastly different to the one Sir Ed grew up in during the 1920s and the Great Depression. We are different ethnically, culturally and in terms of our lifetime experiences. Most of us live in large towns or suburbs, not in small towns or rural communities. Many work in professional or service sector jobs, not on farms or in factories. And we lead lives of relative ease. At least, most of us do.

Given our broadening cultural and ethnic diversity, it is increasingly difficult to identify unifying trends around which to create and embed a national culture. Clearly, the Treaty of Waitangi and the relationship between Māori and the Crown offers a uniquely New Zealand cultural identity, but outside of this what else defines us as a national community?

We can help capture our emerging cultural values by asking: What are the things that make us passionate as a nation? What inspires us? What brings us hope?

There are strong signs that New Zealanders care deeply about the plight of our poorest children. The Prime Minister's post-election pledge to address child poverty is a reflection of this concern. To some extent, this shared concern has become a cultural value—the idea that we collectively have a responsibility to our nation's children and to ensuring that they all do well. Ideally, public policy should look to reinforce this cultural value, rather than limit it by focusing on fiscal issues ahead of social progress and wellbeing.

DOING THE RIGHT THING

As a nation, we appear to value fairness. We believe in people—our people—getting a fair go. We are inspired by those who go out of their way to care for and contribute to their communities—by those who help others scale the mountains of adversity that sometimes block their way. And we believe in doing the right thing.

There are emerging signs of positive change offered in this State of the Nation report. Sometimes such positive progress arises as we collectively recognise the need for change. These cultural shifts happen for no apparent reason except,

perhaps, some growing awareness that 'it is the right thing to do'.

Those responsible for public policy might claim credit for these positive changes. However, the connection between public policy and social progress is a complex and somewhat vexed relationship. Not every social outcome is the result of good or bad public policy, and it would be wrong to assume that governments can change, or indeed should influence, everything in our lives. However, public policy can shape opportunity and it can reinforce positive cultural change. Perhaps such purposes should be seen as its *raison d'être*.

CLIMBING THE MOUNTAIN

We New Zealanders have a great deal to be thankful for, but this State of the Nation report also identifies a number of areas where we are losing ground or could simply do much better.

Not everyone is getting a fair go. For example, resources are not always allocated to the communities that need them the most. Will we simply accept this? Or will we do the right thing as a nation and fight for everyone to receive the opportunity to climb the mountain of improved social wellbeing?

Our national values suggest we really do care about the plight of our fellow New Zealanders. So let's strive for the national values we aspire to. Let's be vigilant when some are falling behind, ready to act on our belief that everyone deserves to make progress. Policy makers must be clear about what we want for our people—all people—just as they are now clearer about the urgent need to address child poverty. We must give voice to the values we want to shape our nation. Otherwise, it is too easy for politicians to give our concerns low priority.

Sir Ed saw every mountain as an opportunity for success. As a nation, we must be as determined and committed as he was. Collectively, we can ensure that everyone is supported to conquer this mountain.

MAJOR SUE HAY
Director
The Salvation Army Social Policy and Parliamentary Unit

AT A GLANCE

A SUMMARY OF CHANGES IN KEY SOCIAL INDICATORS DURING 2014

OUR CHILDREN

Child poverty
Percentage of children living in benefit-dependent households

–2% TO 17%

Children at risk
Number of substantiated cases of child abuse or neglect

–15% TO 19,623

Children & violence
Number of offences against children for violence mistreatment or neglect

+3.5% TO 5,397

Early childhood education
Gap in enrolment rates between Māori and non-Māori children

NOT REPORTED

Educational achievement
Gap between students from deciles 1–3 and 8–10 schools leaving school with NCEA Level 2 or better (2013 figures)

+0.2% TO 25.5%

Infant mortality
Infant deaths for every 10,000 live births (Sept 2014 figures)

+3.5 TO 46.3

CRIME & PUNISHMENT

Teenage pregnancy
Rate of pregnancy amongst 15 to 19 year-olds—per 1000 popn (2013 figures)

Overall crime
All recorded offences as ratio of population (offences per 100,000 popn)

Serious crime
Recorded violent or sexual offences as a proportion of the popn (per 10,000)

Imprisonment
Average number of prisoners for every 100,000 popn

Recidivism
Proportion of released prisoners being re-imprisoned within 24 months of their release

KEY
Improvement
Deterioration
Minimal change
Impact unknown

AT A GLANCE

WORK & INCOMES

Employment
Number of jobs within the economy

+3.5% **TO** 2.38Mil

Unemployment
Official unemployment rate

–0.4% **TO** 5.7%

Incomes
Average weekly wage/ salary for employees

+1.8% REAL* **TO** $937

Benefits and pensions
The total number of people receiving a benefit or pension

+1.3% **TO** 983,000 •••

Living costs and food poverty
The annual number of food parcels distributed by The Salvation Army

–2.0% **TO** 55,245

SOCIAL HAZARDS

Alcohol
Availability of pure alcohol for consumption (litres per adult)

–2.6% **TO** 9.5

Drug crime
Number of recorded drug offences

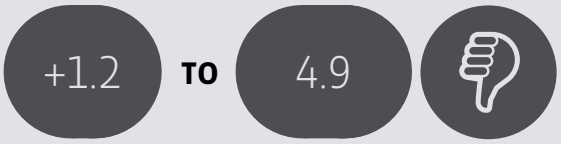
–10% **TO** 15,727

Gambling
Adult per capita spend on gambling

–3.0% REAL* **TO** $614

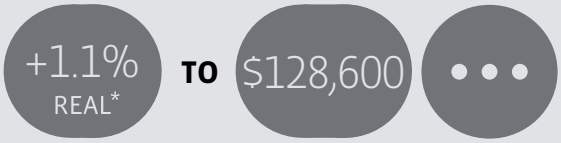
HOUSING

Housing availability
Additional population for each new dwelling in Auckland



Housing affordability
Average proportion of household income spent by on housing (all NZ)

Housing debt
Average per household (all NZ)



KEY Improvement · Deterioration · Minimal change · Impact unknown

* inflation adjusted change in dollar values

Hikoi demonstration against child poverty in Queen Street, Auckland.

Herald on Sunday, 6 September 2014. Photography: Doug Sherring / The Herald on Sunday

OUR CHILDREN

While most New Zealand children are materially secure and well supported by their family as well as schools and health services, a significant minority—perhaps 20%—face a number of social and economic risks. Over the past two years progress for these children has been minimal and there are some signs of things getting worse for the most vulnerable children.

CHILD POVERTY

Consistent child poverty measures remain elusive

In the absence of a commonly agreed or officially determined poverty measure it is difficult to track changes in poverty rates and, in particular, changes in rates of child poverty. Such ambiguity also makes it difficult to design and assess policy initiatives that are meant to address child poverty.

An example of such ambiguity is around the distinction between 'relative income poverty' and 'material poverty' (or 'material hardship'). Relative income poverty refers to someone's economic and social status relative to the norm for their society. One is said to be relatively poor if, for example, their income is below a certain percentage of the median or average income. Material poverty (or material hardship) is a measure of the material resources a person has access to—not their financial resources. Someone is said to be living in material poverty if they lack resources considered fundamental to leading a reasonable life in that society. In New Zealand, this would include lack of access to electricity, a warm and secure house, and running water. It could extend to access to a phone and three meals a day.

The overlap between income poverty and material poverty is far from exact with Brian Perry[1] recently suggesting that perhaps only 35%to 40% of New Zealand's low income households are both income poor and materially deprived.[2] Nevertheless he estimates that around 20% of New Zealand children are either income poor or living in material hardship.[3] Perry suggests that around 11% of all children are both income poor and materially deprived.[4]

Essentially, most estimates of child poverty and deprivation in New Zealand are taken from the same source: the Household Economic Survey (HES) undertaken by Statistics New Zealand in the middle of each year. Estimates of child poverty rates from HES vary according to which definition is used. At the top end are estimates such as those reported in the recently released Child Poverty Monitor 2014, with suggestions that the number of children living in relative income poverty could be as high as 260,000.[5] At the bottom end is the estimate of Perry that 11% of children are both income poor and materially deprived—this 11% equates to around 110,000 children.

We can see that there is therefore a wide, but well-founded range of figures for child poverty in New Zealand. However, the Prime Minister has extended the ambiguity by suggesting the number of children he is focusing on in his bid to combat child poverty is between 6000 and 100,000.[6]

Little change seen in relative child poverty rates

The various income-based measures of relative child poverty have been reported by Perry and are based on the 2013 HES. These measures, based on relative incomes after housing costs are deducted, are reported in summary in Table 1 for the period 2009 to 2013. Each of these measures has merits and weaknesses, but they all paint a picture of relative stability—child poverty rates changed little between 2009 and 2013 and have generally sat around 16% to 28% depending on which measure is used.

Table 1: Percentage of children living below selected poverty lines (after housing costs) [7]

Threshold	Constant Value		Relative To Contemporary Median	
Year	60% of 1998 median income	60% of 2007 median income	50% of contemporary median income	60% of contemporary median income
2009	17	22	18	25
2010	16	24	19	28
2011	19	24	20	27
2012	18	23	20	27
2013	17	17	19	24

Other child poverty rates may have improved slightly

As noted above, most measures of child poverty are based on the HES undertaken by Statistics New Zealand and released in November each year. Following release, further analysis of the HES data is undertaken by the Treasury and the Ministry of Social Development (MSD) to develop the various poverty measures reported in Perry's work. This is then published in July the following year, which means any published estimates of child poverty can be 12 to 18 months out of date.

As a proxy for more recent changes in child poverty previous State of the Nation reports have used changes in the number of children living in benefit-dependent households (estimates for December 2014 are provided in Table 2). These estimates suggest the number of children living on benefits dropped from 19% at the end of 2013 to around 17% at the end of 2014.

These estimates, and the use which is being made of them here, need further explanation and some justification. Firstly, the estimates of number of children

have normally been based on data provided in MSD's Statistical Report and updated using historic ratios of the number of children for each benefit recipient—especially the Sole Parent Support Payment. MSD has not published a Statistical Report since late 2013, so it has not been possible to base these estimates on any reported data since 2012. This will make these estimates less reliable, although it does not change the conclusion that the number of children living on benefits has declined since 2011. This decline (as seen in Table 2) is due to a decline in the numbers of adults receiving benefits.

Secondly, it is the case that not all children living in households with relative income poverty are living on benefits, and similarly it is not the case that all children living in benefit dependent households suffer relative poverty. For example, according to the most generous of the relative poverty measures reported in Table 1 (60% of contemporary median household income after housing costs), 80% of children living in benefit dependent households are judged to be living in relative poverty, as are 12% of children living in working household. There are approximately equal numbers of poor children (according to this measure) living on wages or living on benefits.[8] It therefore follows that, at most, only half the story about changes in child poverty is told by changes in welfare numbers.

Table 2: Estimated numbers of children living in benefit-dependent households [9]

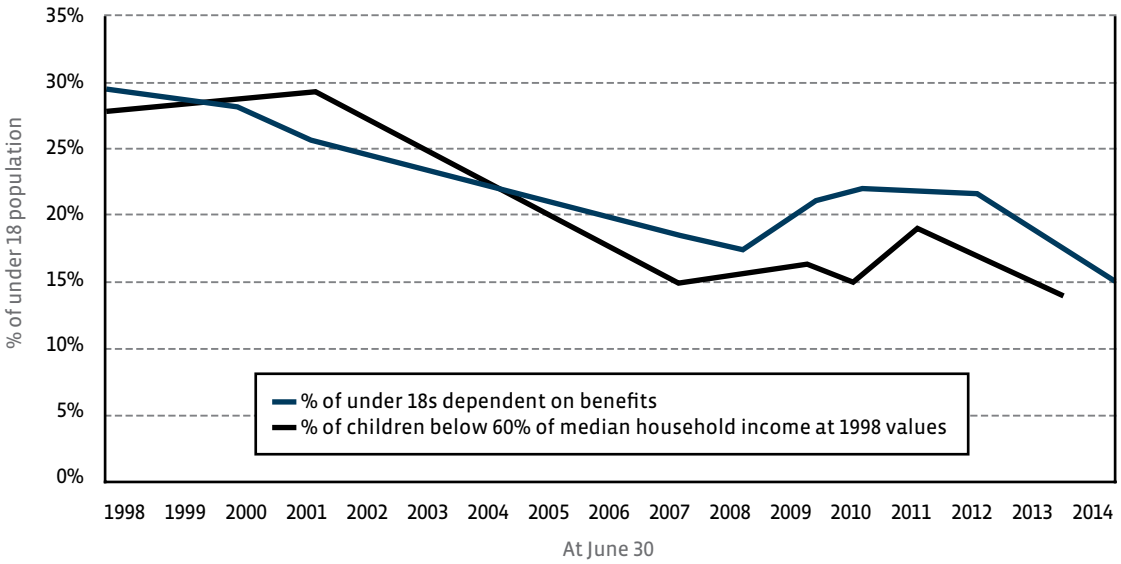
As at December	Working age benefits paid	Number of children living in benefit dependent households	Children in benefit dependent households as % of all children
2009	345,476	229,000	21%
2010	352,707	234,500	22%
2011	350,932	232,500	22%
2012	339,095	220,500	20%
2013	321,000	202,500	19%
2014	309,100	189,000	17%

This proviso notwithstanding, Figure 1 compares child poverty rates and rates of child benefit dependency for the period 1998 to 2014. From this, it is clear to see there is some association between the two indicators, even if there is a time lag between them.

Having a parent move off welfare does not lift a child out of relative poverty —it is the income that his or her parent receives from working that does this. While Working for Families remains as an overall programme to ensure working families are better off than those on benefits, it still needs to be established

by research if the recent move of perhaps 10,000 parents from benefits into work has lifted them and their children out of poverty. Such research should be a Government priority to ensure that its welfare reform agenda is actually reducing child poverty, rather than merely saving the taxpayer money.

Figure 1: A comparison of trends in child poverty and dependency rates 1998-2014



CHILDREN AT RISK

Encouraging signs in falling rates of child abuse and neglect

For the first time in at least 10 years, the numbers of reported and substantiated cases of child abuse and neglect in New Zealand have fallen. Despite these recent falls, rates of confirmed abuse still remain at a similar level to 2009.

During the year to 30 June 2014, Child Youth and Family (CYF) received 146,657 notifications of possible child or abuse or neglect. Of these notifications, 57,889 came from Police mainly as a consequence of their work around domestic violence. This was a similar number of total notifications as in 2013. These notifications related to 90,690 individual children.

Total notifications were down by 1.3% on the previous year, but remain 17% higher than in 2010. Notifications affecting individual children dropped almost 4% between 2013 and 2014, but still remain 14% higher than in 2010 when notifications concerning 80,218 children were made.

During the year to 30 June 2014 there were 19,623 cases where some form of neglect or abuse was substantiated. Eighteen per cent of reported cases about individual children were substantiated during 2014. This proportion of substantiated cases is down significantly against previous years and may

Thelma McGough with a 14-metre-long quilted memorial to the 139 children killed by child abuse in New Zealand between 1990 and 2010.

New Zealand Herald, 23 August 2011. Photography: Natalie Slade / New Zealand Herald

signal a change in practice or threshold being applied by CYF. The average proportion of notifications substantiated for the previous five years (2009 to 2013) was 15.8%, in comparison to 13.4% in 2014. **Figure 2** reports changes in total notifications, cases requiring further action and substantiations for the six years—2009 to 2014.

During 2014, there was a slight shift in the nature of abuse or neglect found in substantiated cases. While cases of emotional abuse continue to be the most common form of harm against children (making up over 50% of all cases), the proportion of cases where physical abuse is the most serious harm increased slightly from 15.2% of individual cases in 2013 to 17.4% in 2014.

CHILDREN AND VIOLENCE

Further increases in recorded criminal violence against children

Despite the fall in the number of substantiated cases of child abuse or neglect, the number of recorded offences against children rose 3.5% over the year to 30 June 2014 to a new record 5397 offences. This figure is 56% higher than in 2009.

Almost all of this increased offending was due to an increase in the number of assaults (as illustrated in **Figure 3**). During 2014, there was a 7.4% increase in recorded assaults on children, rising from 2667 recorded offences in 2013 to 2864 in 2014. Of this increase, a small majority was from injury assaults, which rose 11% from 1035 offences to 1150. Non-injury assault offences, such as disciplinary smacking, rose 5% between 2013 and 2014 to 1713.

The number of recorded sexual offences committed against children rose 2.3% between 2013 and 2014, totalling 2022 offences for the year to 30 June 2014. This figure is 40% higher than the 1442 offences in 2009.

Recorded cases of child neglect remained much the same between 2013 and 2014, standing at 511 cases for the year to 30 June 2014.

YOUTH OFFENDING

Substantial fall in youth crime

Offending by young people aged 14 to 16, declined sharply during 2014. During the year to 30 June 2014, 20,086 14 to 16-year-olds were apprehended for offences. This is down 14% on the previous year and 38% on 2008/09. Violent offences committed by 14 to 16-year-olds fell even more sharply, from 3404 apprehensions in 2012/13 to 2885 in 2013/14—a 17% fall.

Around three quarters of all offending by 14 to 16-year-olds is by males, so for this reason **Table 3** focuses on male offending and specifically on apprehension rates for Māori and non-Māori males. The overall apprehension

Figure 2: Child, Youth and Family notifications and substantiations 2009–14 [10]

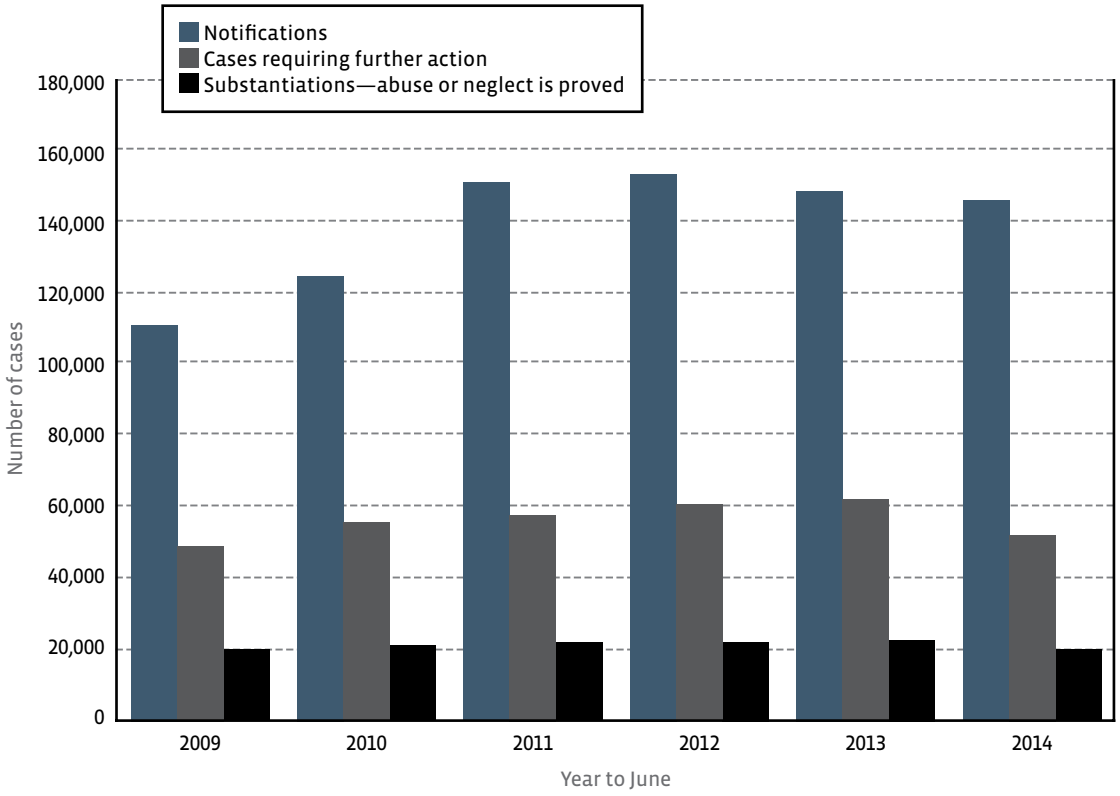
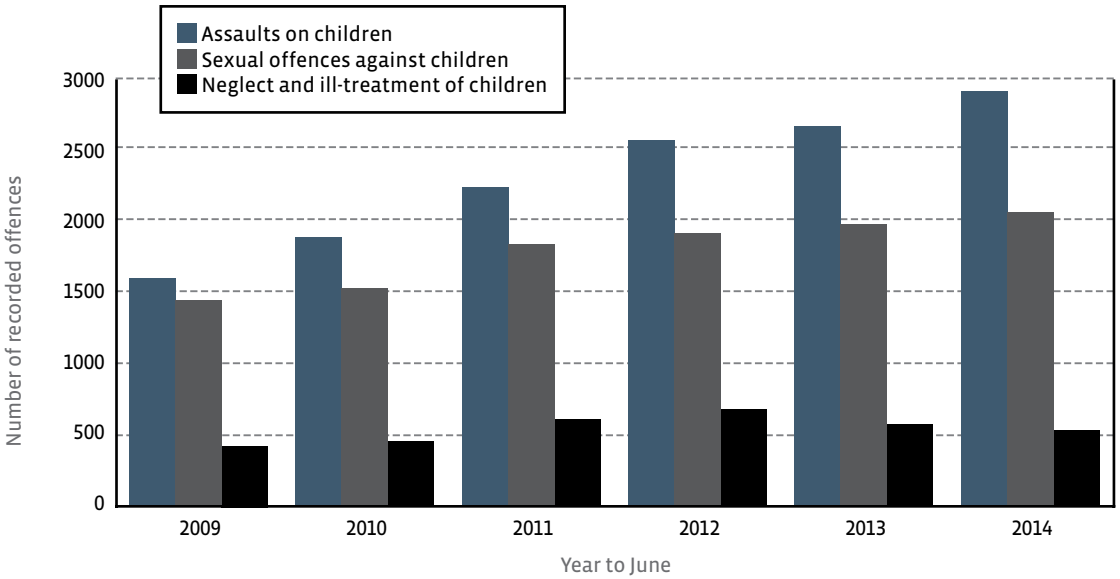


Figure 3: Offences against children 2009–2014 [11]



rate for Māori males aged 14 to 16 fell 13% between 2012/13 and 2013/14, while the apprehension rate for violent crime dropped by 18%. The decline in apprehension rates for non-Māori males in the age group was slightly higher at 21% for violent offences and 16% for all offences.

Table 3 illustrates well the continuing and regrettable trend for much higher apprehension rates for Māori male youth. For the year to June 2014, 14 to 16-year-old Māori males were four times more likely than non-Māori to be apprehended for an offence and 3.5 times more likely to be apprehended for a violent crime. This over representation is even higher for Māori females aged 14 to 16, who are 4.4 times more likely to be apprehended for an offence than their non-Māori counterparts and 3.8 times more likely to be apprehended for a violent offence.

Of some concern is the trend of a widening gap between Māori and non-Māori apprehension rates. This is apparent in Table 3, which shows bigger falls in non-Māori apprehension rates than for Māori. In 2009, 14 to 16-year-old Māori males were 3.2 times more likely to be apprehended for an offence than non-Māori. This over representation has risen gradually to four times in 2014. For Māori females aged 14 to 16, this over representation has risen even more sharply, from 3.1 times in 2009 to 4.4 times in 2014.

Table 3: Rates of apprehensions for criminal offences by 14 to 16-year-olds 2009–2014 [12]
Rate per 100,000 population

Year ending June	2009	2010	2011	2012	2013	2014	Change 2013–2014
MĀORI MALES AGED 14–16							
Acts intended to cause injury	435	479	425	381	374	294	–21%
Serious assault resulting in injury	99	105	83	69	99	55	–44%
Sexual offences	15	5	4	1	4	1	–63%
Robbery	109	118	77	90	73	79	8%
All violent crime	660	745	639	574	556	456	–18%
All crime	**4934**	**5248**	**4868**	**4479**	**3918**	**3412**	**–13%**
NON-MĀORI MALES AGED 14–16							
Acts intended to cause injury	144	145	137	124	103	90	–13%
Serious assault resulting in injury	26	22	20	20	14	12	–12%
Sexual offences	2	3	4	1	2	1	–57%
Robbery	19	15	17	14	10	11	10%
All violent crime	226	224	214	201	166	132	–21%
All crime	**1540**	**1580**	**1432**	**1284**	**1030**	**860**	**–16%**

Māori youth still prosecuted more than non-Māori

On top of their greater likelihood of apprehension for a criminal offence, Māori youth who are apprehended are 20% to 50% more likely to be prosecuted by Police than non-Māori offenders. This has been a long-term practice of Police and the most recent crime data suggests no sign of any change.

Crime data averaged over the most recent five years (2010-14) shows that Māori males aged 14 to 16-years-old apprehended for a criminal offence are 1.3 times more likely to be prosecuted for this offence than non-Māori male offenders in the same age group. For Māori females in this age group, the difference is 1.4 times. For violent offences, the differences are even more troubling, with Māori male offenders being 1.5 times more likely to be prosecuted and female offenders 1.3 times more likely.[13]

EARLY CHILDHOOD EDUCATION

Ministry of Education fails to report early childhood education enrolment statistics

No up-to-date data on rates of enrolment at early child education (ECE) centres is available because the Ministry of Education (MoE) has yet to report these. Attempts to gain access to this information under the Official Information Act were unsuccessful at the time of publication.

A census of ECE enrolments is undertaken by the Ministry each July, with data from this census normally published in the following November on the Education Counts website. Reported changes in the way the data is being collected and analysed have delayed the release of the 2014 data. It is therefore not possible to report on changes in ECE enrolment rates for 2014.

The Ministry of Education will receive $1.5 billion from taxpayers during the 2014/15 financial year to operate ECE programmes on behalf of the Crown. This funding is distributed to ECE providers for each child enrolled and only for the time that child attends. This must mean that the Ministry has an extensive and accurate database for making these payments. The inability of the organisation to account for the social outcomes it is achieving in a timely manner is regrettable given the extent of taxpayer investment into this important social programme.

Other Ministry of Education data offers confusing picture

The Ministry of Education undertakes a survey of new entrants to determine the extent of their participation in early childhood education prior to starting school. A summary of results from this survey is provided at the top of **Table 4**[14]. This data suggests much higher rates of ECE participation than reported in

previous State of the Nation reports. For example, the 2013 report suggested the enrolment rate for three and four-year-old Māori children was 74.7%, yet during 2014 92.9% of five-year-old Māori children enrolling at school had attended ECE.[15] The various MoE data sources offer a confusing picture, not only around ECE participation but around enrolments in general. Some of this confusion appears to revolve around how a child's ethnicity is defined. This ambiguity is reflected in previous estimates of Māori ECE enrolment undertaken in State of the Nation reports.

The second block of data offered in **Table 4** is the MoE's estimate of the number of children who have attended ECE prior to starting school. This data offers such participation on an ethnicity basis, and the totals offered here are those reported by the Ministry. It is clear there is double counting of some children who have two or more ethnicities as the total of all the reported ethnicities in any year is significantly higher than the total reported by MoE.

The third block of data offered in **Table 4** reports ECE enrolments from prior ECE censuses. This data is also broken down by ethnicities. The totals offered are the sums of the ethnicities reported so that there is no double or triple counting.[16]

The final block of data reports estimates of new entrants into primary school by year and by ethnicity.[17]

A key point to note from the figures offered in **Table 4** is how variable the actual counts around ethnicity are. For example, in 2014, 98% of European/Pākehā children (or 37,278 children) had participated in ECE prior to attending school, yet enrolment data reports that 30,735 European/Pākehā five-year-olds were enrolled at school.

These discrepancies make it difficult to reliably compare alternative estimates of social outcomes such as ECE participation. Perhaps the best approach is to consistently measure an outcome in a certain way to gain some appreciation of trends over time, rather than trying to reconcile alternative approaches.

The measure of prior ECE participation published by MoE might, in some cases, overstate such participation. In part, due to the problem of multiple ethnicities and because it is measuring *any* participation, however brief or intermittent this has been. On any account, it does appear that the level of participation by Māori and Pacific children is improving, which is encouraging.

Inequitable ECE provision remains despite modest budget initiatives

Participation in ECE requires that ECE centres and services are available and accessible, and it appears that such availability is very much determined by a social gradient—that is, availability increases as you move up the income scale. Availability of ECE services in well-off communities appears to be twice that in

Table 4: **Estimates of ECE participation by ethnicity 2009–2014**

	2009	2010	2011	2012	2013	2014
PROPORTION OF NEW ENTRANTS WITH PRIOR ECE ATTENDANCE						
European/Pākehā	97.3%	97.6%	97.8%	97.9%	98.2%	98.1%
Māori	89.6%	89.3%	90.0%	90.9%	92.3%	92.9%
Pasifika	85.1%	85.9%	86.2%	86.7%	88.5%	90.3%
Asian	95.6%	95.9%	95.8%	95.7%	96.8%	97.0%
Other/Unknown	93.9%	95.4%	95.4%	95.5%	94.9%	94.6%
Total	**94.0%**	**94.4%**	**94.6%**	**95.0%**	**95.6%**	**95.9%**
NUMBER OF NEW ENTRANTS WITH PRIOR ECE ATTENDANCE						
European/Pākehā	35,007	34,856	35,809	36,628	37,926	37,278
Māori	12,772	12,616	13,133	13,569	14,452	14,638
Pasifika	6247	6069	6334	6551	6957	7191
Asian	5147	5203	5425	5691	6268	6395
Other/Unknown	1206	1204	1360	1350	1426	1390
Total	**54,085**	**53,493**	**55,095**	**56,297**	**58,894**	**58,420**
NUMBER OF 4-YEAR-OLDS ENROLLED IN ECE						
European/Pākehā	34,825	35,995	36,777	37,142	35,609	
Māori	11,288	11,930	12,912	13,605	14,017	
Pasifika	4230	4538	4805	5163	5288	
Asian	4942	4986	5447	5927	6135	
Other/Unknown	2221	1692	1878	1577	1447	
Total	**57,506**	**59,141**	**61,819**	**63,414**	**62,496**	
NUMBER OF NEW ENTRANTS BASED ON SCHOOL ROLL RETURNS						
European/Pākehā	31,369	31,056	30,990	32,087	32,494	30,735
Māori	14,002	14,195	14,684	15,317	16,013	15,552
Pasifika	6081	5854	6010	6148	6369	6188
Asian	5439	5524	5584	6038	6599	6414
Other/Unknown	1428	1313	1444	1459	1636	1582
Total	**58,319**	**57,942**	**58,712**	**61,049**	**63,111**	**60,471**

poorer communities, and most of the additional ECE places provided through increased funding have been located in these well-off communities.

Table 5 reports the provision of licensed ECE places by the NZ Deprivation index of the communities in which these places are provided. This table aggregates the experiences of the top and bottom three deciles to compare their socio-economic status and recent experience. Between 2009 and 2014, the number of licensed ECE places funded by Government programmes grew by 36,000 or almost 24%. This growth, in proportional terms, was fairly equal across the decile range—the number of places in the poorest 30% of communities grew by 26%, while those in the wealthiest 30% of communities grew by 21%. In total numbers, however, the poorest 30% of communities received 23% of the growth, while the wealthiest 30% got 38% of it. This is despite the Government's stated objective of improving access to early childhood education in poorer communities through a $41 million programme over four years.[18]

Between 2009 and 2014, the annual per place operating subsidy for ECE services has risen from $7500 to $8100 at June 2014 dollar values.[19] The bias of additional ECE places into wealthier communities has meant, of course, that these additional subsidies have gone disproportionately to wealthier communities as well. Between 2009 and 2014, the value of ECE operating subsidies into the

Table 5: **Provision of licensed ECE places by NZ Deprivation index 2009–2014** [20]

NZDep decile	2009	2013	2014	New places 2009-14
1 (poorest)	7869	9427	9427	2022
2	11,629	14,074	14,074	2806
3	12,025	14,388	14,388	3358
4	11,329	13,887	13,887	2897
5	13,849	16,783	16,783	3757
6	13,363	15,694	15,694	3395
7	15,062	18,687	18,687	4284
8	20,892	25,539	25,539	5425
9	23,124	25,389	25,389	3028
10 (wealthiest)	21,858	25,523	25,523	5101
Total	**151,000**	**179,391**	**179,391**	**36,073**
Decile 1, 2 & 3	31,523	37,889	37,889	8186
Decile 8, 9 & 10	65,874	76,451	76,451	13,554
Share of decile 1, 2 & 3	21%	21%	21%	23%
Share of decile 8, 9 & 10	44%	43%	43%	38%

poorest 30% of communities rose by $84 million per year (at June 2014 dollar values), while the subsidy into the wealthiest 30% of communities rose $147 million per year.

EDUCATIONAL ACHIEVEMENT

Stalled progress on closing achievement gap

Recent gains in NCEA achievement by students from low decile (poorer) secondary schools appear to have stalled or reversed slightly between 2012 and 2013. The same outcome appears to have been experienced by Māori students leaving school with few if any school qualifications.

Data on NCEA achievement rates by school decile and for Māori and non-Māori students is reported in Tables 6A and 6B. Table 6A reports the proportion of students leaving school with less than a NCEA Level 1 qualification for the period 2009 to 13. Table 6B reports the proportion of school leavers departing school with NCEA Level 2 or better—also for the period 2009 to 2013. Figure 4 reports similar data across all schools by decile for 2009 and 2013.

The proportion of Māori students and students from decile 1 schools who left school with less than NCEA Level 1 rose slightly during 2013, reversing an improving trend since 2008. Meanwhile, achievement rates for non-Māori students and those from higher decile schools continued to improve—by only a small amount. This has meant the achievement gap widened slightly, by 0.7% for Māori versus non-Māori students and 0.8% for decile 1 versus decile 10 schools.

The achievement gap has not changed for the other indicator offered in this report: that of students leaving school with NCEA Level 2 or better. This is reported in Table 6B.

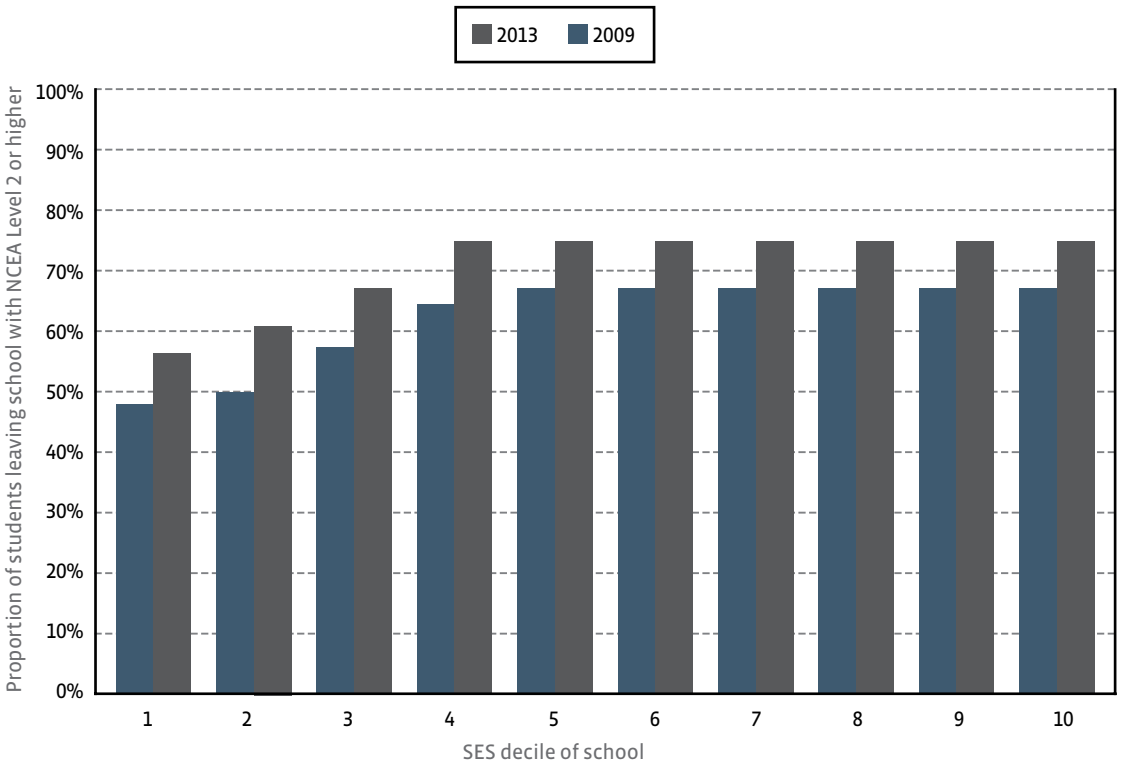
Table 6A: Students leaving school without NCEA Level 1 qualification 2009–2013 [21]

	2009	2010	2011	2012	2013
Decile 1 schools	34.9%	32.3%	30.0%	28.0%	28.6%
Decile 10 schools	6.2%	4.6%	4.9%	3.9%	3.7%
Achievement gap	**–28.7%**	**–27.7%**	**–25.1%**	**–24.1%**	**–24.9%**
Decile 1, 2 & 3 schools	30.8%	27.2%	25.3%	24.0%	23.6%
Decile 8, 9 & 10 schools	9.6%	7.7%	6.8%	6.4%	5.9%
Achievement gap	**–21.2%**	**–19.5%**	**–18.5%**	**–17.6%**	**–17.7%**
Māori students	36.8%	32.7%	30.2%	29.2%	29.6%
Non-Māori students	15.0%	12.8%	11.8%	11.1%	10.8%
Achievement gap	**–21.8%**	**–19.9%**	**–18.4%**	**–18.1%**	**–18.8%**

Table 6B: Student leaving school with NCEA Level 2 or higher qualification 2009–2013

	2009	2010	2011	2012	2013
Decile 1 schools	48.0%	52.3%	55.2%	56.8%	56.1%
Decile 10 schools	88.4%	89.4%	90.4%	91.9%	91.2%
Achievement gap	**40.4%**	**37.1%**	**35.2%**	**35.1%**	**35.1%**
Decile 1, 2 & 3 schools	51.9%	55.5%	59.1%	61.2%	61.8%
Decile 8, 9 & 10 schools	81.6%	83.8%	85.9%	86.9%	87.2%
Achievement gap	**29.7%**	**28.3%**	**26.8%**	**25.7%**	**25.5%**
Māori students	45.6%	49.5%	52.6%	54.9%	55.1%
Non-Māori students	72.7%	75.5%	77.8%	79.3%	79.4%
Achievement gap	**27.1%**	**26.0%**	**25.2%**	**24.4%**	**24.4%**

Figure 4: Proportion of students leaving school with NCEA Level 2 or higher by school decile 2009–13



While these changes might only be seen as marginal, they are nonetheless disappointing; in part, because they signal that progress on reducing educational inequalities has faltered. The size of the achievement gaps themselves remains a source of some concern, and the lack of any sustained and worthwhile progress in closing these gaps is discouraging given the clear links which exist between poor educational outcomes and poor life opportunities.

Any reform of education takes time to flow through to tangible end results such as school leaver qualifications. There are, however, few if any emerging signs that recent reforms are having any substantial impact on what must now be seen as persistent educational inequality between poor and well-off communities and between Māori and non-Māori.

INFANT MORTALITY

Infant mortality rises especially for Māori.

New Zealand's reported infant mortality rate appears to have spiked between 2013 and 2014, rising from 4.3 infant deaths for every 1000 live births in the year to 30 September 2013 to 5.5 deaths per 1000 births in the following year. This increase, along with data on births and infant deaths for the period 2010 to 2014, is reported in **Table 7**.

These results are apparently an anomaly due to the late reporting of 51 infant deaths by an Auckland district health board. The number of recorded infant deaths is based on the year of registration of these deaths and not on the actual year of death, so it appears this anomaly will not be revised or corrected. Statistics New Zealand reports that 51 infant deaths were reported in May and June 2014, which related to deaths during 2011 and 2012. **Table 7** contains an additional column that provides estimates of adjusted infant mortality rates to take account of this late reporting.[22]

Overall, it appears that infant mortality rates have fallen gradually over the five-year period covered by **Table 7,** although the 2014 outcome is slightly higher than the 2013 result.

Of the 319 recorded infant deaths during the year to 30 September 2014, 37% or 121 were of Māori infants. This means that the recorded Māori infant mortality rate was 7.5 infant deaths for every 1000 live births, which is 1.6 times the rate for non-Māori. This margin of 1.6 times has been a persistent gap for at least the past decade.

Australian infant mortality rates continue to be around 85% of New Zealand rates. In 2013, their infant mortality rate was 3.6 infant deaths for every 1000 live births, while for indigenous Australians it was 6.5.[23]

Table 7: **Changes in New Zealand's infant mortality rate 2010–2014** [24]

Year ending September	Live births during preceding 12 months	Total infant deaths (under one year)	Infant mortality rate (per 1000 live births)	Adjusted Infant mortality rate (per 1000 live births)
2010	63,732	330	5.2	5.2
2011	62,261	297	4.8	5.2
2012	60,462	280	4.6	5.0
2013	59,664	255	4.3	4.3
2014	57,837	319	5.5	4.6

TEENAGE PREGNANCY

Teenage pregnancy rates fall further still

New Zealand's teenage pregnancy rates have fallen to the lowest level in at least 22 years, and in 2013 stood at around 35 pregnancies for every 1000 women aged 15 to 19 years. Data on births, abortions and pregnancy rates are provided in Table 8A for 11 to 14-year-olds and Table 8B for 15 to 19-year-olds.

The 2013 pregnancy rate for 15 to 19-year-olds continues a decline that dates back to 2009. The 2013 result is 14% lower than for the previous year, and is 40% below the peak pregnancy rate for 15 to 19-year-olds that occurred in 2008.

Teenagers are now making up a smaller proportion of women giving birth or having abortions. In 2013, 15 to 19-year-olds giving birth accounted for 5.6% of all births, while this age group made up 14.9% of women having abortions. In 2008, 8.1% of births were to 15 to 19-year-olds, while 22.8% of all abortions carried out involved women in this age group.

Because abortion data is only published annually and for each calendar year, it will not be possible to reliably estimate teenage pregnancy rates for 2014 until the release of abortion data in mid-2015. However, birth statistics for the year to 30 September 2014 point to further falls in teenage pregnancies during 2014. Births to teenagers for this period are 12% fewer than for the previous year, which is encouraging and perhaps points to a teenage pregnancy rate (for 15 to 19-year-olds) in 2014 of around 30 per 1000.

Table 8A: **Pregnancies and abortions for 11 to 14-year-olds 2009–2013** [25]

Year ending December	Number of live births	Number of induced abortions	Pregnancy rate (per 1000)	% of pregnancies aborted
2009	29	79	0.9	73%
2010	26	84	1.0	76%
2011	25	68	0.8	73%
2012	18	51	0.6	74%
2013	20	49	0.6	71%

Table 8B: **Pregnancies and abortions for 15 to 19-year-olds 2009–2013**

Year ending December	Number of live births	Number of induced abortions	Pregnancy rate (per 1000)	% of pregnancies aborted
2009	4641	3873	54	45%
2010	4526	3389	50	43%
2011	3981	2822	44	41%
2012	3768	2489	41	40%
2013	3283	2096	35	39%

ASSESSMENT: **OUR CHILDREN**

CHILD POVERTY	RESULT
The picture around child poverty is becoming quite blurred given the emerging policy distinction between relative income poverty and material poverty (or hardship). Any forthcoming policy focus on reducing child poverty rates needs to be more precise, both about what poverty measures will be focused on, and how many children are seen to be within the priority group. Recent declines in the number of children living in benefit-dependent households is welcome news, although there is no evidence available to suggest that children no longer reliant on benefits are any better off—in monetary or material terms. Such improvements are the real measure of progress, not dropping benefit numbers.	**C–**
CHILDREN AT RISK	
The small decline in the number of notifications of suspected child abuse or neglect is welcome news, as it appears to have been driven by fewer public reports instead of changing Police practice, as in the past. The apparent decline in the number of children actually being harmed through abuse or neglect should be taken at face value and also welcomed. The sudden decline in the proportion of reported cases that are substantiated should be explored further as this drop may simply be due to changing practice or less stringent thresholds. Either way, children's wellbeing is at stake and greater transparency should be expected.	**C+**
CHILDREN AND VIOLENCE	
A further increase in recorded abuse, violence and neglect of children is regrettable. The recent disproportionate increase in assaults involving injury and the 40% rise over the past five years in recorded sexual assaults of children is very disappointing. These increases may, however, be due to reduced tolerance of such offending and greater vigilance by CYF and Police. If so, these trends should be applauded.	**D**
EARLY CHILDHOOD EDUCATION	
The failure of the Ministry of Education to account for social outcomes achieved through its $1.5 billion spend on early childhood education is regrettable. Other indicators of ECE outcomes offered by the Ministry show some improvement. Sadly, the faster growth of ECE opportunities in well-off communities points to a real disconnect between Government rhetoric around ECE provision and the realities it is paying for.	**not able to assess**

EDUCATIONAL ACHIEVEMENT	
There is a yawning gap in educational achievement between poor and well-off communities. In the past there has been steady, if only very modest, progress in closing this gap, so its size could perhaps be overlooked. However, this progress appears to have stopped, especially in the proportion of students leaving school with few, if any, qualifications. These gaps are simply inexcusable if we are to have a New Zealand that is inclusive and prosperous. It is disappointing that the education reforms of the past three years appear to have done little so far to meet the needs of New Zealand's more vulnerable children.	**C–**
INFANT MORTALITY	
Confusion around late reporting of infant deaths does little to enhance the reliability of official statistics, but at least the error has been acknowledged even if the statistics are not amended. Even adjusting for this late reporting, infant mortality rates have shown a slight increase, which is disappointing. This is especially so for the Māori infant mortality rate, which persistently remains at 1.6 times the non-Māori rate and is comparable to infant mortality rates for indigenous Australians.	**C**
TEENAGE PREGNANCY	
Further declines in rates of teenage pregnancy suggest New Zealand is experiencing something of a cultural change. These changes pre-date the Government's policy emphasis on reducing teenage pregnancies, although these initiatives have probably reinforced and consolidated the reductions. Further improvements appeared to be emerging during 2014, which is extremely encouraging.	**A**

KEY

A: Excellent progress
B: Encouraging progress
C: Limited or modest progress
D: No progress or going backwards
F: Failing

Kaitaia three-year-olds Ella Lawrence-Samuels and Ryder Roy plant white ribbons outside Kaitaia's Hope Christian Centre for White Ribbon Day.

Northland Age, 25 November 2014. Photography: Peter de Graaf / Northern Advocate

CRIME & PUNISHMENT

Recent falls in recorded crime continued during 2014, although there is no reliable way of knowing if this is due to falling rates of offending or changes in the way crime is reported by victims and then recorded by Police. Against this overall decline, the incidence of violent crime has changed little, and an even greater share of this violence is occurring in homes. Prisoner numbers have begun to drop on the back of falling crime numbers and there appears to have been further modest progress in reducing re-offending by released prisoners.

OVERALL CRIME

Recorded crime falls for fifth consecutive year

Recorded crime for the year to 30 June 2014 fell a further 3% in terms of the total number of offences to 353,564 offences. This decline follows a 7% decline the previous year and means that recorded crime was 20% lower during 2013/14 than it was five years ago (in 2008/09), when there were 442,540 recorded offences. The most recent crime figures are the lowest number of recorded offences in nearly 30 years.[26]

In terms of offending rates, these outcomes look even better. For 2013/14, there were 7898 recorded offences for every 100,000 population, 3.7% lower than in 20012/13 and 23% below the 2008/09 figure of 10,310 offences per 100,000. The trend in overall offending over the past five years is seen in **Figure 5**. The offending rate hit a peak in 2002/03 when there were 11,203 recorded offences per 100,000—almost 42% more than 2013/14.

Crime resolution at twelve-year low

The fall in rates of recorded offending has been matched by almost across-the-board declines in rates of resolution. For the 2013/14 year, the Police resolved 42.3% of recorded crime, down 4.5% on the previous year and 5.6% lower than in 2008/09. The 2013/14 result is the lowest level of crime resolution since 2001/02, when 40.8% of recorded offences were resolved. Resolution rates for various categories of crime for the past five years are reported in **Table 9**.

VIOLENT CRIME

Recorded violent crime at six-year low

During 2012/13, the rate of recorded violent offences fell to a six-year low of 1021 recorded violent offences for every 100,000 people in the New Zealand population. This is a modest 3% lower than the previous year, and 12% off the peak rate of 1167 offences per 100,000 recorded offences in 2008/09. Trends in recorded violent offending over the most recent five years are in **Figure 6**.

Figure 5: Rates of recorded crime in New Zealand 2008–2013 [27]

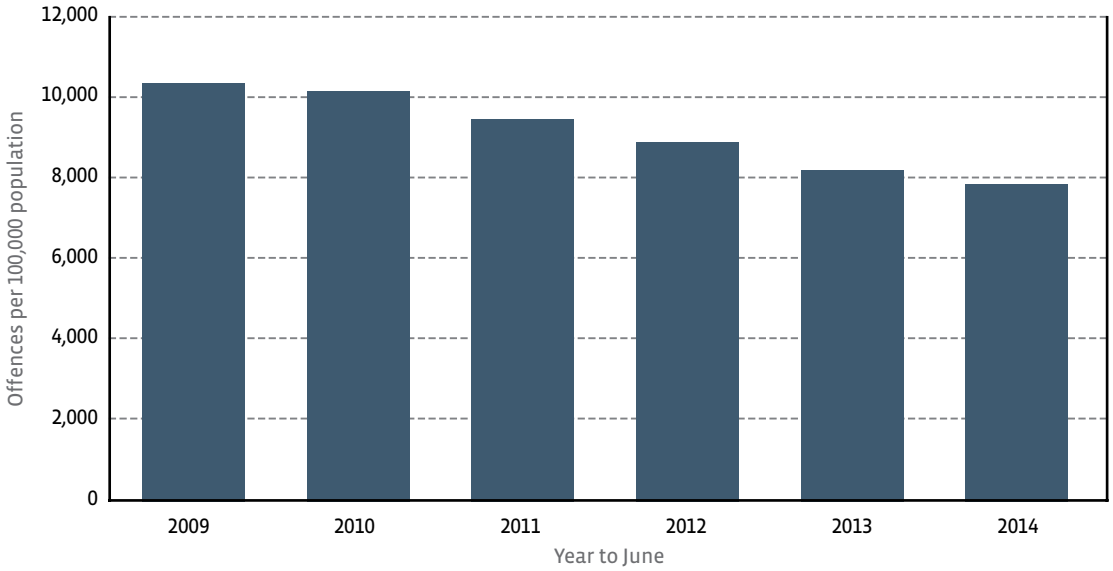
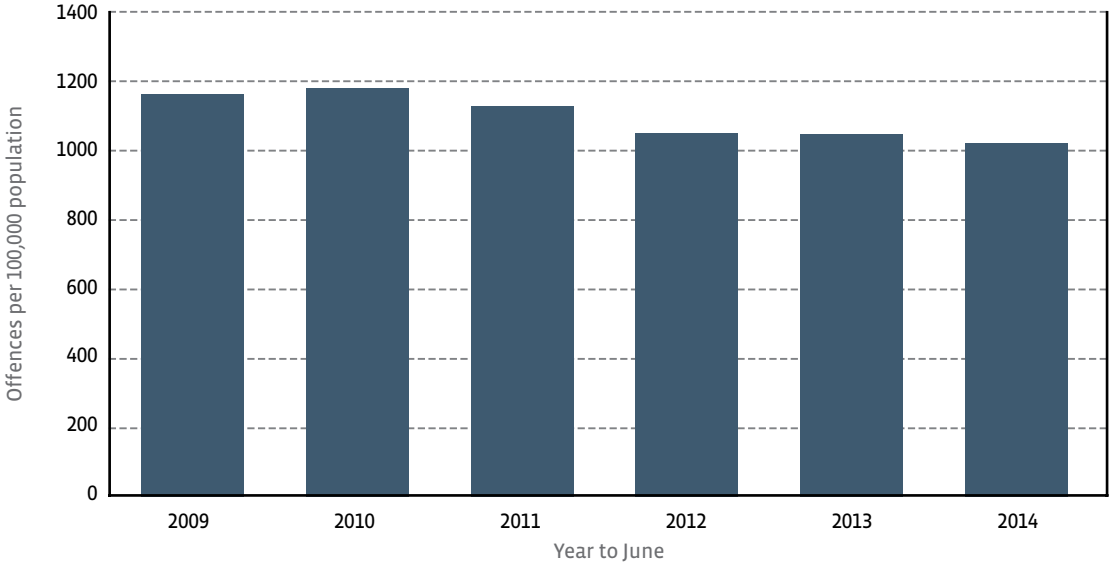


Table 9: Changes in crime resolution rates for selected offence categories 2009–2014 [28]

Year ending June	2009	2013	2014
Acts intended to cause injury	85.7%	78.6%	74.1%
Sexual assaults and related offences	65.1%	54.4%	57.5%
Unlawful entry/burglary	16.3%	14.6%	13.2%
Thefts	54.1%	57.6%	55.6%
Illicit drugs offences	93.2%	92.1%	90.1%
Public order offences	88.7%	87.7%	83.2%
All reported offences	**47.9%**	**46.7%**	**42.3%**

This 2008/09 peak coincided with rollout of the 'It's Not OK' anti-violence campaign, which appears to have raised awareness of family violence and moderated attitudes to such violence.[29] Despite the importance of ongoing research promised on the 'It's Not OK' website,[30] the last research undertaken and published on this topic dates back to 2010. This paucity of research means there is little or no evidence to support claims that the campaign has had a lasting impact on the attitude of New Zealanders toward family violence, and more specifically to some New Zealanders' violent behaviour. Without detailed evidence, it is not possible to attribute recent modest declines in rates of recorded violent offences to a reduction in violent behaviour, or to reductions in reporting violence.

Figure 6: Rates of reported violent crime in New Zealand 2009–2014[31]



Violent crime resolution rates slump to lowest on record

Of some concern is the sharp fall in the resolution of recorded violent offences during 2013/4. The resolution rate for violent offending fell 4.5% between 2012/13 and 2013/14 to sit at the lowest level in at least 20 years.[32] The 2013/14 rate of 74.1% is a huge 11.6% below the rate five years previously, when it was 85.7%.

Domestic violence rises as share of overall violent offending

New Zealand continues to lack a consistent definition for domestic or family violence. Because of this it is necessary to use a proxy for such offences to gain a consistent understanding of violence in homes and families. The proxy used in this and previous State of the Nation reports is that of recorded assaults and other crimes of violence[33] that occurred in dwellings. The presumption made here is that in the vast majority of cases such offending occurs between people known to each other.

Table 10 offers a summary of violent offending inside and outside of dwellings for the five-year period 2008/09 to 2013/14. This data shows very slight declines in the numbers of recorded violent offences in dwellings—by 2% over the past five years and by just over 1% over the most recent year. As a share of overall recorded violence, violent offences in dwellings have continued to rise slowly, reaching almost 61% during 2013/14.

Given the small decline in the total numbers of violent offences (in dwellings and elsewhere), against a background of a growing population it is inevitable that rates of offending will decline. These trends are shown in Figure 7 for

the 10 years 2004/05 to 2013/14. This period covers the rollout of the 'It's Not OK' campaign (2007-2010), and show a sharp rise in rates of recorded violence in dwellings, with little change in such offending elsewhere. The identifiable trend since 2010 has been some decline in rates of recorded offences outside of dwellings, although recorded violence within dwellings has remained more or less unchanged since 2012.

More recently, Statistics New Zealand and New Zealand Police have begun publishing statistics on the relationship between offenders and victims—in cases where the offender is known.[34] This data only dates back to July 2014 and will ultimately be based on a six-month review horizon. The only data available to date that has a reasonable review period of at least three months, is from July 2014. The preliminary picture offered by this data is that only around 40% of assaults are committed by people known to the victim—24% by family members and 16% by others. Against this, 44% of offenders have not been identified. These proportions are at odds with the 61% of recorded violent offences in dwellings (most of which are assaults) and which are assumed here to represent domestic violence. Clearly, a greater volume of data and some analysis of who else is committing assaults in dwellings is required before a clearer picture can be gained. This new source of data is an encouraging development, however.

SENTENCING AND IMPRISONMENT

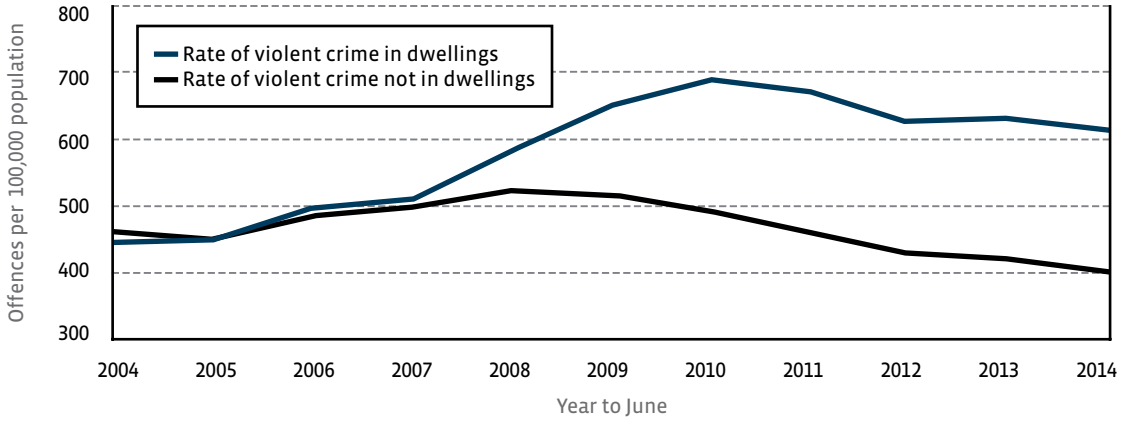
Decline in community based sentences continues

The number of people starting non-custodial community sentences fell by 10% between 2012/13 and 2013/14 to 49,121. This is the lowest number of people given community sentences since 2008. The number of people commencing a home detention sentence fell marginally as well. During the 2013/14 fiscal year, 3340

Table 10: **Estimates of domestic violence and its contribution to violent offending**[35]

Year ending June	2009	2010	2011	2012	2013	2014
Reported violent offences in dwellings	27,857	29,987	29,516	27,630	28,031	27,536
All reported violent offences	49,994	51,369	49,675	46,579	46,695	45,518
Reported sexual assaults in dwellings	1889	1932	2195	2221	2407	2424
All reported sexual assaults	2794	2874	3227	3312	3651	3629
Total all 'domestic violence' type offences in dwellings	29,746	31,919	31,711	29,851	30,438	29,960
Total all reported violence and sexual assault offences	52,788	54,243	52,902	49,891	50,346	49,147
'Domestic violence' as % of all reported violence and sexual assaults	56%	59%	60%	60%	60%	61%

Figure 7: Recorded rates of violent offending in dwellings and elsewhere 2003–2013[36]



home detention sentences were handed out by the courts—5% fewer than the previous year, but still 6% more than in 2008/09. The average number of home detentions being served at any time remained much the same between 2012/13 and 2013/14 at 1618. Data on community-based sentences for the past five years is provided in Table 11.

Prison population declines alongside crime drop

During 2013/14, an average of 8499 people were incarcerated in New Zealand. Of these, 20.3% were on remand, while 79.7% or 6775 people were serving sentences. Just over 6% of the prison population were women, and 50.6% were Māori. These percentages are similar to previous years.

The average prison population during 2013/14 was almost 2% fewer than the previous 12 months, when an average of 8652 people were incarcerated. This 2% decline closely matches the 3% decline in recorded crime reported elsewhere in this report.

Longer term comparisons between prisoner numbers and recorded crime rates are, however, more disappointing. The prisoner population has grown 5% over the past five years, from 8101 prisoners during 2008/09 to 8499 during 2013/14. Yet, over the same period, recorded crime dropped 20%. At some point we might

Table 11: Community-based and home-based sentences—new starts 2009–2104[37]

Year to June	2009	2010	2011	2012	2013	2014
Non-custodial community sentences	55,701	62,146	60,823	58,810	54,778	49,121
Home detention orders and sentences	3155	3485	3641	3363	3527	3340
Rate of community-based sentences (per 100,000 people aged over 18 years)	1744	1920	1858	1781	1645	1453

expect a commensurate fall in the prison muster but such a trend has yet to emerge. Figure 8 reports average prisoner numbers over the period 2009 to 2014.

Table 12 provides summary data on prosecutions and sentencing by courts over the past six years. These figures show consistent declines in the numbers prosecuted, convicted and given prison sentences. These declines over the past year have been in the order of 10% to 12%—running ahead of the 3% overall decline in recorded crime. Some of this disparity is due to the falling resolution rates of recorded crime, as comparatively fewer offenders are apprehended. Over the five-year period between 2008/09 and 2013/14, there was a one third decline in the number of people prosecuted, and a more or less matching 28% drop in the numbers of people convicted. As these numbers have fallen, the proportion of people convicted and being sentenced to prison has remained relatively stable at just under 10%.

One of the explanations for the apparent anomaly of falling numbers of recorded offences, prosecutions and convictions alongside a relatively stable prisoner population is that prisoners now serve a larger proportion of their prison sentence. The average proportion of a prison sentence served has risen from just under 72% in 2008/09 to just over 75% in 2013/14.[38]

Given the 2% decline in New Zealand's prison population over the past year and, at the same time, an annual population growth of 0.5%, we should expect a modest decline in the imprisonment rate. The Māori prisoner population has declined by a similar proportion as non-Māori, but because the Māori population has grown faster, the Māori imprisonment rate has fallen further over the past year.[39]

Table 12: Prosecution and sentencing 2009–2014[40]

Year to June	2009	2010	2011	2012	2013	2014
People prosecuted for offences	124,554	125,000	112,022	102,520	95,393	84,095
People convicted for offences	97,448	98,502	90,713	83,935	77,851	70,314
% of prosecutions leading to convictions	78.3%	78.8%	81.0%	81.9%	81.6%	83.6%
People diverted or discharged without conviction	14,674	14,565	10,622	8696	7768	3684
% of proven cases leading to discharge/ diversion	13.4%	13.2%	10.5%	9.3%	8.9%	5.0%
Imprisonment sentences	8662	9117	8724	7974	7830	6873
% of convictions leading to imprisonment	8.9%	9.3%	9.6%	9.5%	10.1%	9.8%

Figure 8: Average prison population 2009–2014[41]

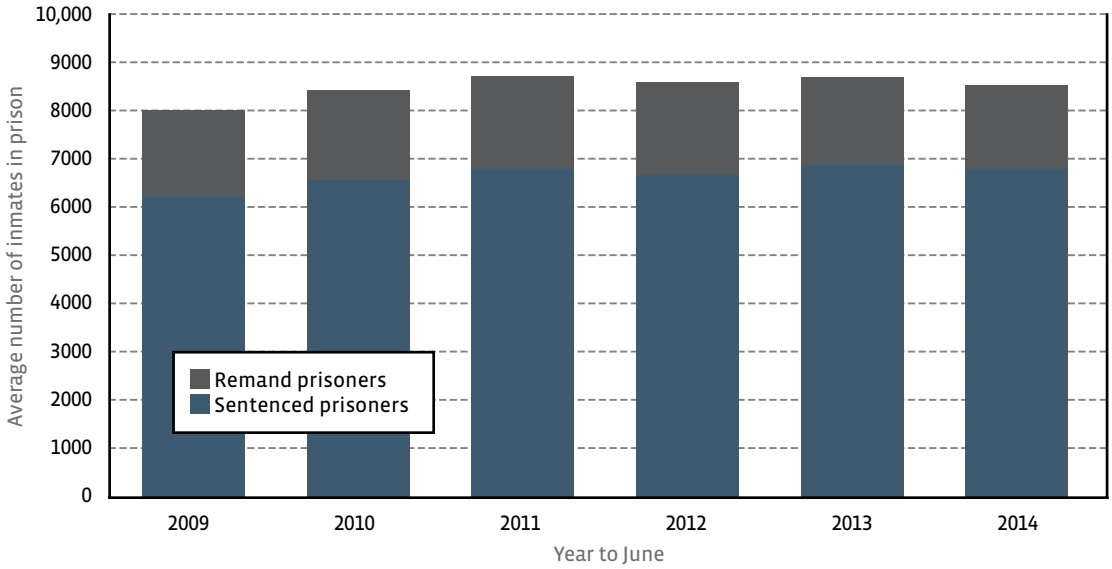
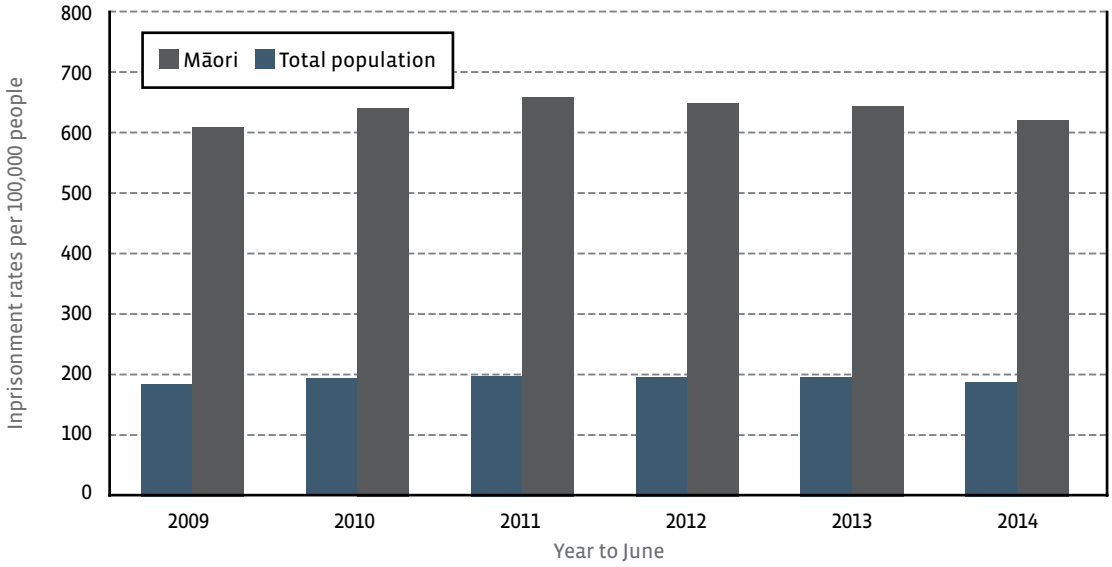


Figure 9: Imprisonment rates 2009–2014[42]



In 2013/14, the imprisonment rate for the total population was 188 prisoners per 100,000 people, more or less the same as in 2008/09. Similarly, the Māori imprisonment rate in 2013/14, at 613 prisoners per 100,000 people, is similar to figures in 2008/09. Imprisonment rates for the total population and for Māori peaked in 2011 at 199 per 100,000 and 660 per 100,000 respectively. These trends are shown in **Figure 9**. The Māori imprisonment rate remains at 5.6 times the non-Māori rate.

RECIDIVISM

Modest gains in reducing recidivism continue

The Department of Corrections' modest gains in reducing recidivism continue, with further small reductions in many of the re-conviction and re-imprisonment rates. The various recidivism rates reported by the Department are presented in Table 13 for the most recent five years. The most encouraging gain is a 6% reduction over the past five years in the rates of prisoners being reconvicted of offences within 12 months of their release. Generally, this progress has been experienced by both Māori and non-Māori ex-prisoners. There has, however, been little noticeable progress in reducing recidivism rates at 24 months after leaving prison, with the 24-month reconviction rate rising slightly during 2013/14.

The Government's continued commitment to reducing re-offending by released prisoners is apparent, with further increases both in rehabilitation/reintegration budgets and the per-prisoner spend on these services. Spending per prisoner on rehabilitation and reintegration increased by almost 10% in inflation adjusted terms between 2012/13 and 2013/14 to $23,500. This is the highest inflation-adjusted spend on record and is 25% more than was spent in 2008/09. Data on this expenditure is also provided in Table 13. Of some disappointment is an $18 million surplus in the rehabilitation/reintegration budget, which comes on top of a $9 million surplus last year. Such surpluses are

Table 13: Prisoner recidivism and spending on rehabilitation and reintegration services [43]

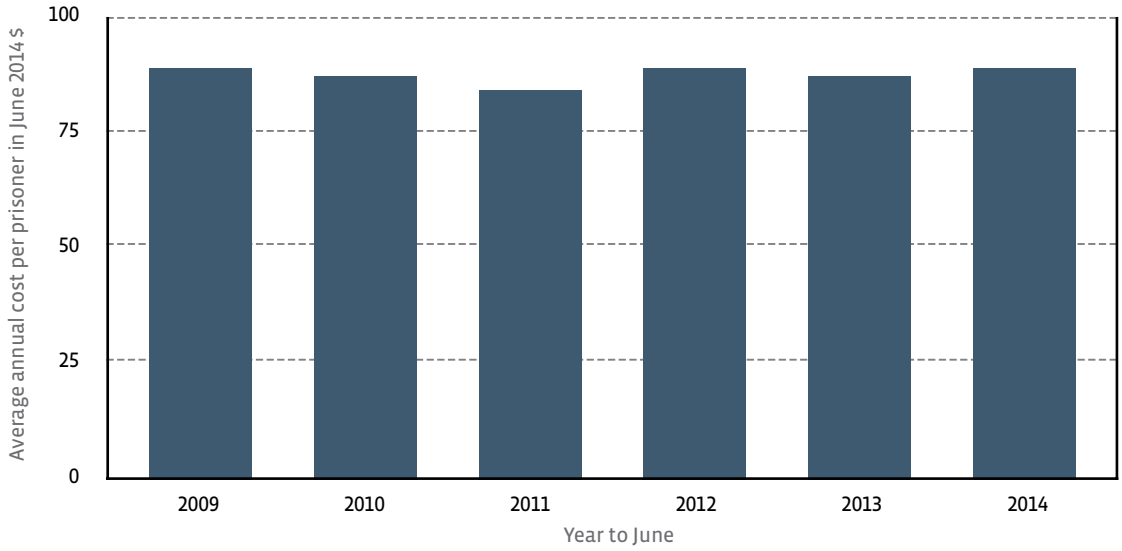
Year to June	2009	2010	2011	2012	2013	2014
TOTAL PRISON POPULATION						
12 month release to re-imprisonment rate	27.6%	28.4%	27.1%	27.0%	26.7%	25.9%
12 month release to reconviction	47.6%	47.5%	45.3%	43.3%	44.2%	41.7%
24 month release to re-imprisonment rate	36.8%	37.9%	39.2%	37.0%	37.3%	36.8%
24 month release to reconviction	58.7%	61.9%	62.2%	59.9%	58.8%	58.9%
MĀORI PRISON POPULATION						
12 month re-imprisonment rate	31.0%	32.6%	29.7%	30.4%	30.1%	29.3%
12 month prison to reconviction	52.3%	52.2%	50.0%	47.3%	48.4%	46.2%
24 month re-imprisonment rate	41.5%	43.3%	44.0%	40.8%	41.8%	41.2%
24 month prison to reconviction	64.4%	68.2%	67.3%	65.6%	63.5%	64.4%
SPENDING ON REHABILITATION AND REINTEGRATION SERVICES						
Total spend—June 2014 $s (millions)	119.4	133.2	134.7	157.1	148.3	161.9
Spend per sentenced prisoner—June 2014 $s	18,775	19,823	19,337	23,048	21,408	23,523

a false economy given the fiscal and social benefits of reducing re-offending by released prisoners.

Slight rise in prisoner costs

During the 2013/14 year, the Department of Corrections spent $759 million, or 64% of its total budget of $1.19 billion, to care for remand and sentenced prisoners. This is approximately $89,300 per prisoner. After adjusting for inflation, the cost per prisoner for the 2013/14 year was around 2.4% higher than the previous year's average cost of $87,200. This is almost the same as the average cost five years earlier, in 2008/09, when it cost $89,200 (in June 2014 dollar values) to care for a prisoner. These trends over the past five years are reported in **Figure 10**.

Figure 10: Average custodial cost per prisoner 2009–2014 [44]



ASSESSMENT: **CRIME & PUNISHMENT**

OVERALL CRIME	RESULT
Further reduction in recorded crime rates during 2013/14 has a hollow tone given the arbitrary way in which the Police record crime. In the absence of other information, such as the forthcoming NZ Crime and Safety Survey, the public has no way of knowing if crime reductions are due to reduced offending, or changes in the way offences are reported and recorded.	**C+**
SERIOUS CRIME	
The slight reduction in recorded rates of violent offending is hardly significant, with just a 3% reduction in recorded violent offending in the past two years. Against such minimal change, the collapse in rates of resolution of such offending is alarming. The home remains the most dangerous place, with a record 60.5% of all recorded violence occurring in dwellings. Despite this, research on the real extent and nature of family violence does not appear to be a priority of those Government agencies claiming some interest in the issue.	**C–**
SENTENCING AND IMPRISONMENT	
Recent falls in conviction and sentencing rates are a direct consequence of the fall in recorded crime and the rate of resolution of this crime. Thus, the criminal justice system cannot really be congratulated for such changes. Prisoner numbers are yet to fall by the same proportion, although we are beginning to see some decline. The proportion of sentences that involve imprisonment has remained stable, and while there is evidence that convicted offenders are serving more of their prison terms, there is no evidence that longer sentences are being handed out by the judiciary.	**C+**
RECIDIVISM	
Progress continues to be modest, but improvements are encouraging. Similarly, the Government's record financial commitment to rehabilitation and re-integration programmes should be acknowledged. For a second year in succession Department of Corrections has not spent its entire budget, which seems an unnecessary economy given the fiscal and social value of reductions in re-offending by released prisoners.	**B–**

KEY

A: Excellent progress
B: Encouraging progress
C: Limited or modest progress
D: No progress or going backwards
F: Failing

DISCUSSION PAPER: ARE FALLING CRIME RATES REAL?

It is difficult to know if the falling rates of recorded offences in New Zealand are a result of falling rates of offending, changing reporting behaviours by victims of crime, or changing recording practices of the Police. It is certainly the case that recorded offences are the tip of the iceberg of actual crime, and because of this, we currently have no way of knowing what is driving the apparent fall in crime.

The most recently published data on victimisation from crime is from the 2009 Crime and Safety Survey, which was undertaken by the Ministry of Justice and published in late 2010.[45] This survey of 6106 people suggests that only about 41% of crime is reported to Police, and of this reported crime the Police choose to record just 32%. Official crime statistics, including the data cited in this report, are from the offences recorded by Police and perhaps represent just one in six of the offences actually committed.[46]

The reporting and recording of crime is by no means uniform. Some types of offences are more likely to be reported and recorded than others (as shown in Table 14, which is a reproduction of Table 3.7 in the 2009 Crime and Safety Survey). This table shows that nearly all vehicle thefts are reported to and recorded by Police, in contrast to just 12% of burglaries and 6% of assaults.

It makes sense that some types of offences are more likely to be reported to Police and then more likely to be recorded by them. For example, victims of vehicle thefts have a double incentive to report vehicle thefts: to subsequently claim for insurance damage and to minimise any criminal or civil liability caused by the offender whilst driving the vehicle.

Other offences, such as shoplifting and theft from businesses, are also more likely to be reported; in part, for insurance claims, and because the knowledge

Table 14: New Zealand Crime & Safety Survey (NZCASS) estimates of crime and Police recorded crime in 2009 [47]

	Police recorded crime 2008	NZCASS 2009	Reported to Police	Estimated number reported to Police	Recorded of reported	Counted of all NZCASS
	000s	000s	%	000s	%	%
Thefts of vehicles	18	19	76	15	125	95
Theft from vehicles/vehicle interference	51	86	58	50	102	59
Burglary	41	342	43	147	28	12
Robbery/theft from the person	6	72	18	13	46	8
Assaults	42	699	32	224	19	6
Total comparable subset	157	1217	41	499	32	12

of the offence may occur at the same time as the offender is apprehended. For example, when a shoplifter or employee is caught. Furthermore, prosecution, or at least reporting such offending to the Police, may act as deterrent to further offending.

Motivation, or rather lack of motivation, for non-reporting of offences appears to be more complex. The literature around the subject suggests victims of crime are less motivated to report offences when they fear reprisals or retribution from the offenders (especially in the case of violent offences), or where they have little confidence that such reporting will make a difference. Victims' sense of powerlessness may be due to past interactions with the Police that were unsatisfactory, or they may have been re-victimised by authorities, perhaps through investigative processes which produced no tangible or worthwhile outcomes.[48]

Whether or not crime victims' attitudes toward reporting crime have changed over time can probably best be identified through experience surveys such as the New Zealand Crime and Safety Survey. Results from the 2009 survey and the previous survey conducted in 2006, found no significant change in crime victim's reporting behaviour. This would suggest that any changes in recorded crime rates between these surveys were due mainly to changes in offending patterns or in Police recording procedures.

It was certainly changes in Police recording procedures that drove up notifications of possible child neglect/abuse to Child Youth and Family between 2007 and 2012.[49] Other changes in Police recording practices are not known and appear not to have been reported by them. However, as discussed below, there is some evidence that reporting practices vary from region to region and can change quickly within a police district.

Fieldwork for the next Crime and Safety Survey was completed in 2014, with the results due to be published toward the end of 2015.[50] Until these results are available, it remains difficult to identify the factors that have brought about the apparent fall in crime rates since 2010.

There may be some value to comparing trends in the types of offences most likely to be reported, with those unlikely to be reported, to see if the recent fall in offending rates is due to less crime, or other factors. Such analysis follows for three common dishonesty offences: vehicle theft, shoplifting and home burglary. Given the availability of 20 years of consistent crime statistics from the Police and Statistics New Zealand,[51] this analysis goes back to the 1994/95 fiscal year.

The three offence categories of vehicle theft, shoplifting and home burglary amounted to 110,900 recorded offences in 2013/14, or over 31% of all recorded offences. This is a consistent share over the past 20 years. Due to the relatively

low success rate in resolving these crimes they only account for around 15% of resolved crime. **Figure 11** reports changes in the rates of recorded offences for these three categories over the past twenty years. **Figure 12** reports changes in the resolution rates for these offences over the same period.

As **Figures 11 and 12** indicate, our experience of these three categories is diverse. Vehicle thefts are highly likely to be reported by victims and recorded by Police, but show a low resolution rate of 10 to 12% over the past 20 years. Shoplifting is also quite likely to be reported (when an offender is apprehended), and has had a high resolution rate in such circumstances. Home burglaries are quite unlikely to be reported and have a low resolution rate of around 12 to 15% nationally.

The other part of the historical experience reported in **Figure 11** is that rates of recorded offences for home burglaries and vehicle thefts have fallen over the past 20 years. Home burglary rates declined sharply between 1999 and 2001, but have remained almost constant since then, at around 90 to 100 recorded offences per 100,000 of population. The rate of vehicle thefts has declined more or less continuously since 1997—halving from around 240 offences per 100,000 in 1999 to 120 offences/100,000 in 2014. The rate of recorded shoplifting offences has remained almost constant over the past 20 years, at around 50 offences per 100,000 people.

The extent and consistency of the decline in vehicle thefts, alongside the high rates of reporting and recording, suggest that this decline is due to falling rates of offending. Most likely, this decline is due to improved security of vehicles and perhaps also to improved surveillance and detection, which provide additional disincentives for would-be car thieves. While security and surveillance have also improved in retail premises, it appears background rates of offending have not declined—unless, of course, rates of reporting/recording have declined by the same extent as a fall in offending, which seems unlikely. As background levels of offending in shoplifting have remained relatively constant over the past 20 years, it would seem unlikely that offender effort in home burglaries has declined by much either, given the similarity of the offending. In other words, offending, reporting and recording rates for home burglaries have probably remained stable over the past 10 years or longer.

This likely stability in burglary rates nationally is not repeated at a local level, however. As shown in **Tables 15 and 16**, both the rate of recorded home burglaries and the rate of resolution of these recorded offences have fluctuated wildly. For example, the rate of recorded home burglaries nationally has changed very little since 2000 (as indicated in **Table 15 and in Figure 11**). Against this background of long-term stability, offence rates have risen by 37% in Northland and by 26% in Waikato between 2000 and 2014. Over the same period, these rates fell 25% in Counties-Manukau and 19% in Wellington.

Figure 11: Recorded rates of selected dishonesty offences 1995–2014[52]

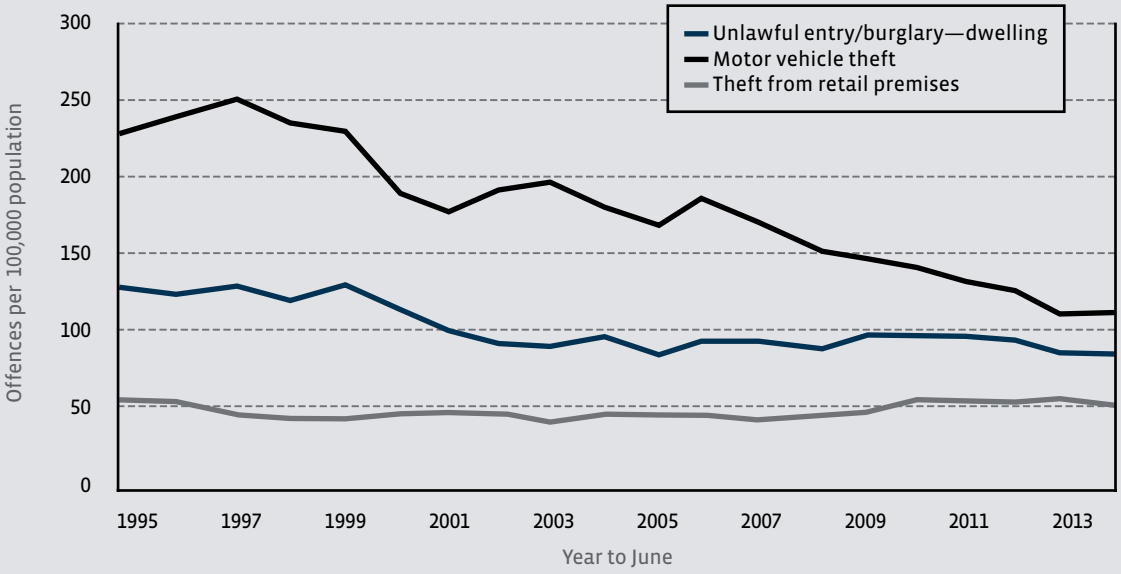


Figure 12: Resolution rates for selected dishonesty offences 1995–2014[53]

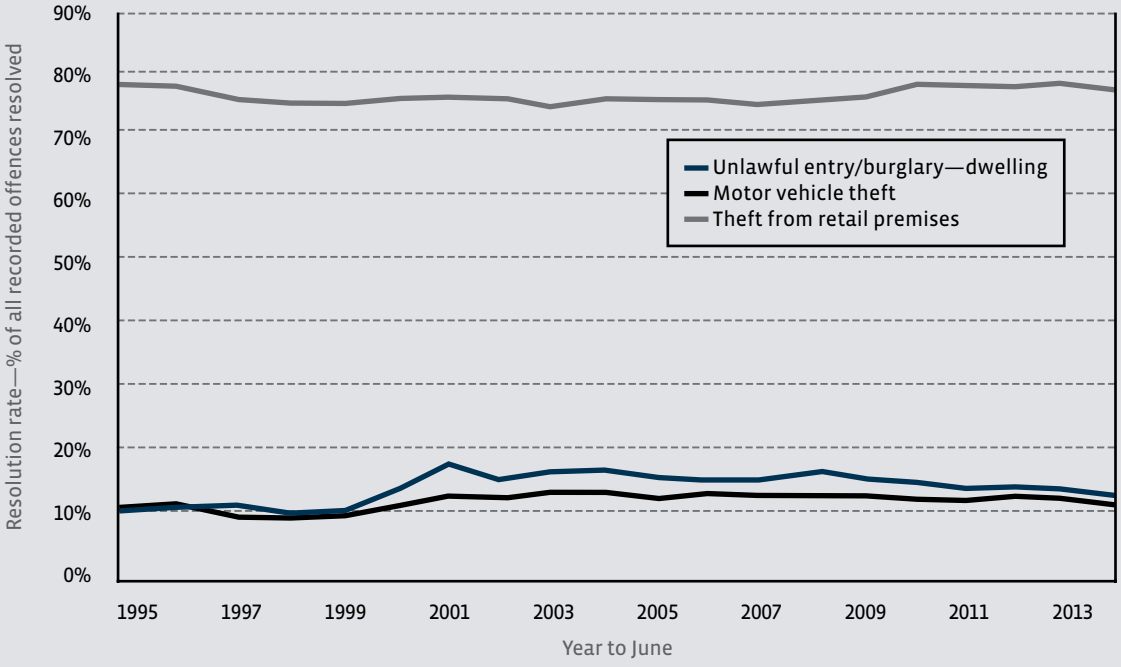


Table 15: **Rates of recorded home burglaries by Police District (offences per 100,000 population)** [54]

Five year averages	1995–99	2000–04	2005–09	2010–14
Northland	1105	873	1043	1199
Waitemata	1359	801	727	681
Auckland	1731	1446	1458	1346
Counties-Manukau	1832	1401	1332	1047
Waikato	1366	972	1130	1227
Bay of Plenty	1468	1142	1066	1128
Eastern	1427	991	1077	1336
Central	1283	971	922	917
Wellington	1229	865	592	699
Tasman	553	439	368	502
Canterbury	985	948	843	823
Southern	772	564	498	460
New Zealand	**1296**	**988**	**938**	**930**

Table 16: **Resolution rates for home burglaries by Police District 1995–2014**

Five year averages	1995–99	2000–04	2005–09	2010–14
Northland	17.0%	22.6%	21.2%	16.4%
Waitemata	6.0%	15.5%	14.8%	11.0%
Auckland	6.1%	9.8%	8.6%	7.7%
Counties-Manukau	7.4%	9.3%	9.3%	12.2%
Waikato	15.7%	25.4%	17.9%	13.8%
Bay of Plenty	12.5%	19.2%	23.7%	19.7%
Eastern	12.1%	18.2%	19.5%	17.0%
Central	12.1%	18.8%	20.1%	15.2%
Wellington	9.8%	18.7%	18.1%	12.2%
Tasman	16.1%	27.0%	31.6%	24.4%
Canterbury	12.0%	14.2%	13.6%	12.6%
Southern	18.2%	22.8%	23.5%	21.5%
New Zealand	**10.5%**	**16.1%**	**15.6%**	**13.6%**

It might be possible to explain such wide variations in terms of local conditions such as rising unemployment or more effective policing. Unemployment trends in Northland, Counties-Manukau and Waikato have, however, been broadly similar, and presumably effective policing practice is transferable, especially over a 10 or 15-year period, so such explanations are flimsy.

The difficulty that emerges in interpreting these shifts as little more than administrative variations comes from the changes in resolution rates reported in **Table 16**. Over the period 1995/99 to 2000/04, resolution rates across the board improved by a worthy 4.6% from 10.5% to 16.1%. Over the same period, the rate of recorded offences fell 24%, from 1296 recorded offence per 100,000 during 1995/99 to 988 per 100,000 over the 2000/04 period. This pattern of improving resolution alongside declining offence rates was more or less consistent across all Police districts between 1995/99 and 2000/04 (as indicated in **Tables 15 and 16**).

Given that in 2009, Police recorded just 28% of reported burglaries (see **Table 14**), it is feasible to explain at least some of this apparent improvement in resolution rates by administrative changes around how reported offences were or were not counted.

Since 2000, most Police districts have experienced relative stability in terms of offence rates, alongside modest falls in resolution rates. The exceptions to this picture are in Waikato, which has seen an 11% drop in resolution rates (from 25.4% over 2000/04 to 13.8% over 2010/14); Wellington, with a 7% drop (18.7% to 12.2%); and Northland, with a 6% fall (22.6% to 16.4%). Against these falling resolution rates, the Counties-Manukau Police District has witnessed a 3% improvement in the rate of resolving home burglaries between 2000/04 and 2010/14. As noted above, this improvement occurred at the same time that the offence rate fell by 25%.

In Government-commissioned research on New Zealanders' perceptions of crime, respondents said they trusted the media more than official crime statistics to give them an accurate picture of crime and punishment. This research, published in 2013, reported that 87% of respondents said television news shows were completely reliable or somewhat reliable as a source of information about crime. Against this, 72% of respondents said crime statistics were completely or somewhat reliable, and just 6% reported to using Government websites as their main source of information on crime.[55]

This perceptions survey reported that the vast majority of respondents knew very little about crime in New Zealand. Almost two thirds (64%) admitted to knowing 'little or nothing' about the type of crime happening in New Zealand, while 69% reported knowing 'little or nothing' about how much crime is happening in New Zealand.[56]

Notwithstanding this lack of knowledge about the nature and extent of crime in New Zealand, a significant majority of respondents expressed an opinion that national crime levels had increased. Sixty per cent of respondents thought that overall crime had increased a little or a lot over the previous 12 months, while 66% thought violent crime had and 54% felt that burglaries had increased.[57]

It seems unlikely that the verdict that a television presenter is more credible than the Government Statistician is testimony to the poor quality of New Zealand's crime statistics. At best, this research probably just illustrates how little New Zealanders know of crime statistics and the patterns of criminal offending and victimisation they detail. These statistics do not, however, appear to be as influential as they could be in forming New Zealanders' knowledge of crime, and this should be of some concern given the divisive effect that crime reporting has on public attitudes.

There may be something of a credibility gap here. The headlines that often surround the release of crime statistics point to falling crime rates, yet the public perception of crime runs contrary to this. In part, this credibility gap may have arisen because of the filtering of information on crime through the news media, and in particular television news, which often focuses on particularly violent crime. Additionally, it may be due to a variance between peoples' experience of crime and official statistics around recorded crime.

Official crime statistics are simply administrative numbers generated by a Government agency that decides what to count and what to ignore, and says very little about how it does this. The figures offered in **Tables 15 and 16** show sharp fluctuations and disparate trends between regions, suggesting degrees of arbitrariness or perhaps excessive randomness not common in social statistics.

The publication in late 2015 of the 2014 New Zealand Crime and Safety Survey will offer the public some additional insights into New Zealanders' real life experiences of crime and we should hope that public perceptions of crime become better informed as a result.

Car window washer John Henry at traffic lights in Whangarei.

The Northern Advocate, 15 January 2015. Photography: Tania Whyte / The Northern Advocate

WORK & INCOMES

The economic recovery underway since 2012 finally appears to be trickling down to the most disadvantaged workers and households. Employment rates are slowly improving for young adults and for Māori and Pacific people, although they still remain a long way back from where they were prior to the Global Financial Crisis (GFC) of 2007/08. While the benefits of the recovery appear to be trickling down, the improvements in incomes that this recovery might bring still appear very limited—especially for the lowest paid workers. The cost of the Government's income support programme continues to rise faster than inflation and other Government spending, due entirely to retiring Baby Boomers and their income entitlements around New Zealand Superannuation.

EMPLOYMENT AND UNEMPLOYMENT

Recent strong job growth continues while unemployment remains steady

Relatively strong job growth over the past year has seen a record number of people in employment, yet only very small declines in levels of unemployment and joblessness. The reason for such mixed fortunes is that New Zealand's labour force participation rate has also reached an historic peak—as more jobs are created in the economy, more people are looking for work.

In December 2014, the New Zealand economy provided a record 2.38 million jobs, 80,000 or 3.5% more than the previous year. Over the past five years, the number of people in full-time or part-time work grew by 10% or by almost 220,000 jobs. Of the available jobs, 530,000 or just over 22% are part-time. Over the past five years, almost 85% of the job growth has been in full-time positions. Figure 13 reports trends in full-time and part-time employment over the most recent five years.

Labour force participation reached new levels toward the end of 2014. The Household Labour Force Survey (HLFS) reports a quarterly participation rate of 69.6% in December 2014, while the annual average rate was 69.2%. The previous record participation rate of 68.7% was reached in late 2008, immediately prior to the impacts of the GFC reaching New Zealand. At the end of 2014, the HLFS estimated that just over 2.5 million New Zealanders were in the labour force.

Although rising labour force participation is clearly beneficial for household incomes, at least for those in work, the downside of rising participation is that recent job growth has not soaked up the legacy of unemployment from the post-GFC recession. Over the past five years, the number of jobless people has dropped by just 19,000 and the number of people 'officially' unemployed has declined by only 17,000. Over the same time, the number of 'job ready' people

receiving the Job Seeker Support Payment has fallen by just over 20,000, while the total number of people receiving a working age welfare payment has dropped by 36,300. All this against a background of an additional 220,000 jobs in the economy over the past five years.

Figure 13: Total employment in New Zealand 2009–2014[58]

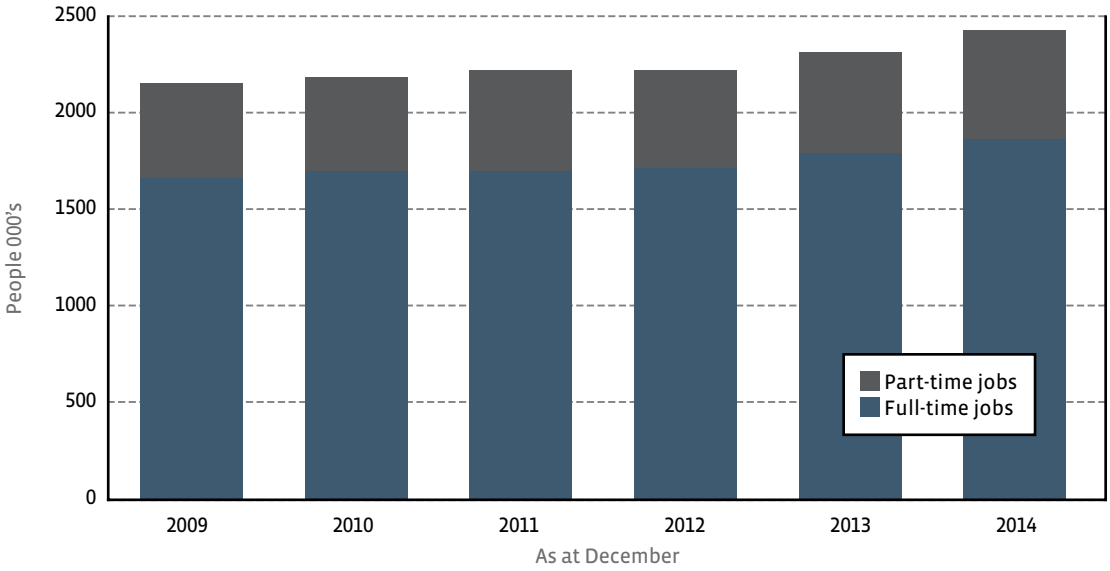
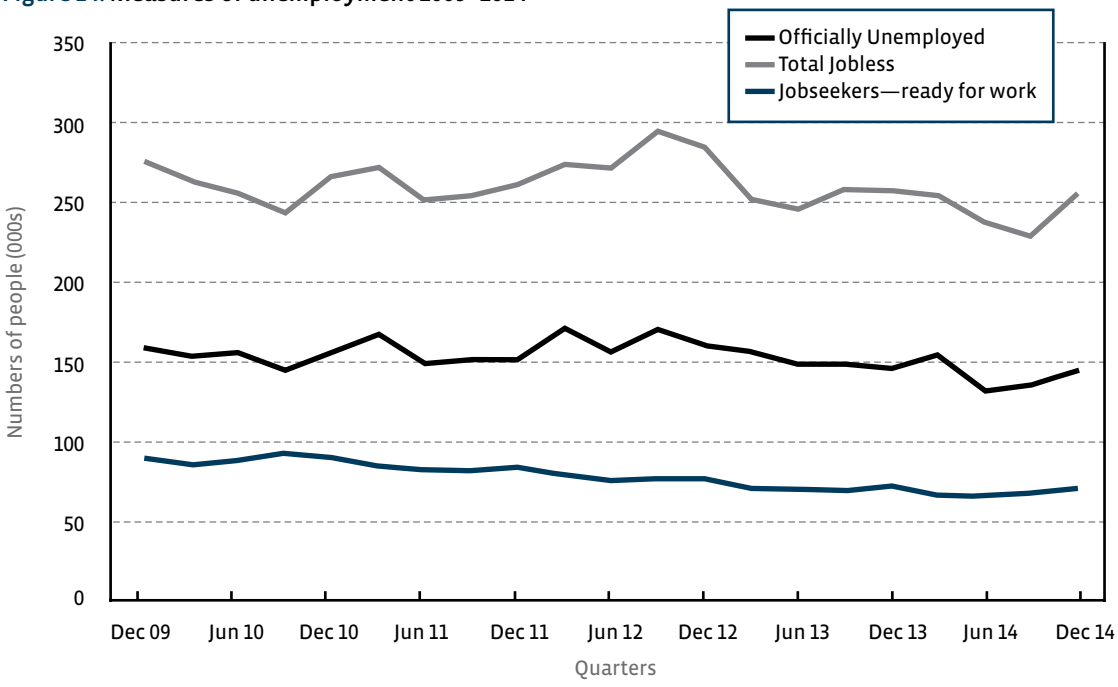


Figure 14: Measures of unemployment 2009–2014[59]



However, some progress in reducing unemployment has been made over the past year. During 2014, the number of people reported by the HLFS as jobless fell by just 300, although those defined as being unemployed (and actively seeking work) fell by 3900. In addition, the number of working-age people receiving a welfare payment in the past year fell by 12,724—with 2217 of these receiving a Job Seeker Support Payment.

At the end of 2014, the official unemployment rate sat at 5.7%, compared with 6.1% a year earlier and 6.9% five years previously. **Figure 14** reports trends in unemployment measures over the past five years.

The unemployment gap between males and female appears to be widening. The average male unemployment rate during 2014 was 5.0%, compared to an average rate of 6.4% for females—a gap of 1.4%. During 2013, this gap was 1.3%—with an average male unemployment rate of 5.6%, against a female rate of 6.9%. In 2009, the gap was a mere 0.1%, with a male unemployment rate of 6.1%, against a female rate of 6.2%. This widening gap is due, in part, to stronger job growth for men over the past five years as well as rising female labour force participation.[60]

Youth appear to be making gains in job stakes

Job growth during 2014 appears have advantaged younger workers. Against a background job growth rate of just over 3%, employment amongst 15 to 19-year-olds lifted to slightly more than 9%. However, this recent improvement comes on the back of several years of falling employment and participation rates. During 2014, an average 110,000 15 to 19-year-olds were in employment, compared with 100,000 during 2103. In 2009, 125,000 15 to 19-year-olds had jobs, so there is still considerable ground to recover. Changes in job numbers for 15 to 19-year-olds are reported in **Figure 15** for the past decade.

The HLFS reported the official unemployment rate for 15 to 19-year-olds at 21% for the December 2014 quarter, the same as the average unemployment rate for this age group during 2014. These rates were based on relatively low labour force participation rates during 2014 of around 46% (annual average). Prior to the GFC, 15 to 19-year-olds had a participation rate in excess of 56%, so it seems that the lower participation rate in 2014 is to some extent the result of diminished employment prospects, as shown in **Figure 15**. If the higher participation rate was applied to current job and population figures, the unemployment rate amongst 15 to 19-year-olds would be around 35%, not the 20% to 21% currently being reported.

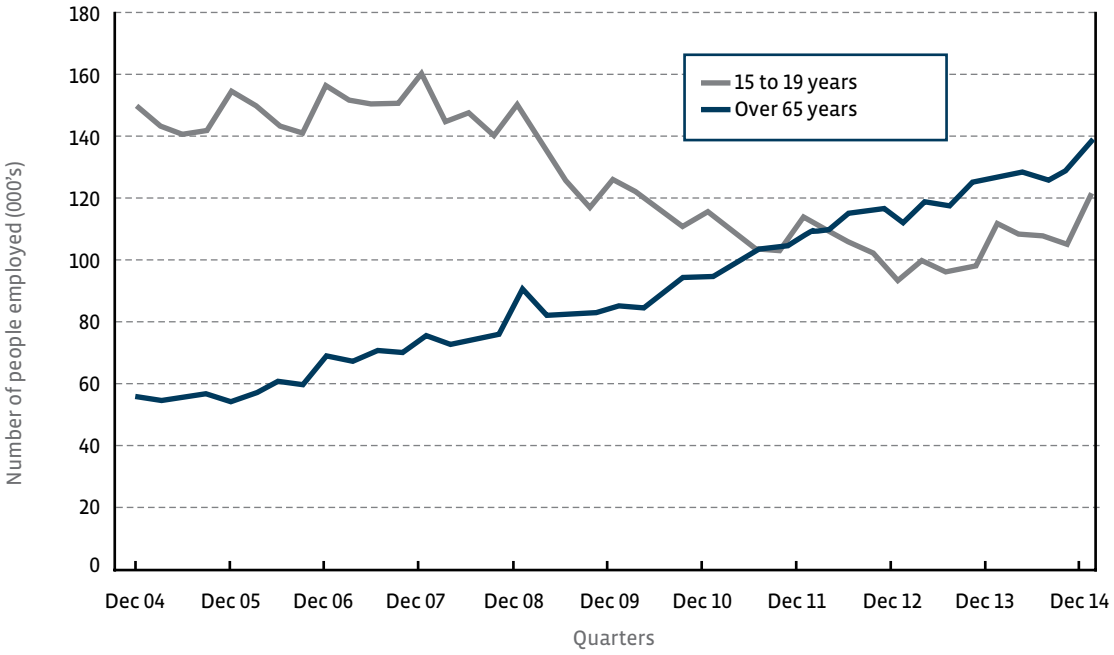
Over-65s job boom slows

A record number of people aged over 65 remained in employment during 2014, continuing a job boom that dates back to 2005. At the end of 2014, there were an estimated 138,000 people aged over 65 still in employment, compared with

approximately 127,000 at the end of 2013 and 84,000 at the end of 2009. The trend for over-65s in employment over the past decade is also shown in **Figure 15**.

This job boom does not appear to be tapering off as the employment rate for people aged over 65 has risen to almost 22%. In 2005, only around 12% of the over 65s population were in employment. This participation rose to 16% by 2009 and to 21% by 2013, but the rate of increase has slowed during 2014 as the first of the Baby Boomer cohort move toward their 70s.[61]

Figure 15: Employment of 15 to 19-year-olds and over 65-year-olds 2004–2014[62]



Māori and Pacific workers gain some ground

Māori and Pacific workers have been the worst hit by the post-GFC recession and have struggled since 2007 to regain their position. Between 2007 and 2009, Māori unemployment rose from around 8% to 13%, while their labour force participation rate fell from 64% to 58%. Pacific workers fared even worse, with a 9% rise in unemployment—from 6% to 15%—and with participation rates falling from 61% to 54%. By comparison, European unemployment over this period rose 2.5% to around 5%, while labour force participation fell from 68% to 66%.

By the end of 2013, employment prospects for Māori and Pacific workers had worsened slightly, with small increases in unemployment and a further decline in participation rates by about 1%. Effectively, Māori and Pacific workers had yet to enjoy the benefits of the modest economic recovery which began in 2013.

Most recent data suggests that Māori and Pacific workers are beginning to make some progress in what remains a moderate expansion in jobs. Māori unemployment fell during 2014 from around 13% to 12%, while participation rates lifted by around 2% to 59%. Over the same time, Pacific unemployment has fallen 3% to 12% and participation rates have lifted 3% to 56%. At the end of 2014, there were 276,000 Māori people in employment, an increase of around 4% on 2013, while there were 116,000 Pacific people in jobs, an increase of 8% during 2014.[63]

Clearly, there is considerable progress still to be made if Māori and Pacific people are to share the same employment opportunities as European New Zealanders. Paradoxically, there are now more Māori and Pacific people in jobs than prior to the GFC and subsequent recession and, most likely, more than at any other time in history. The continuing high rates of unemployment facing Māori and Pacific people are due to the relative youth of these populations and the relatively rapid growth in their working age populations.

INCOMES

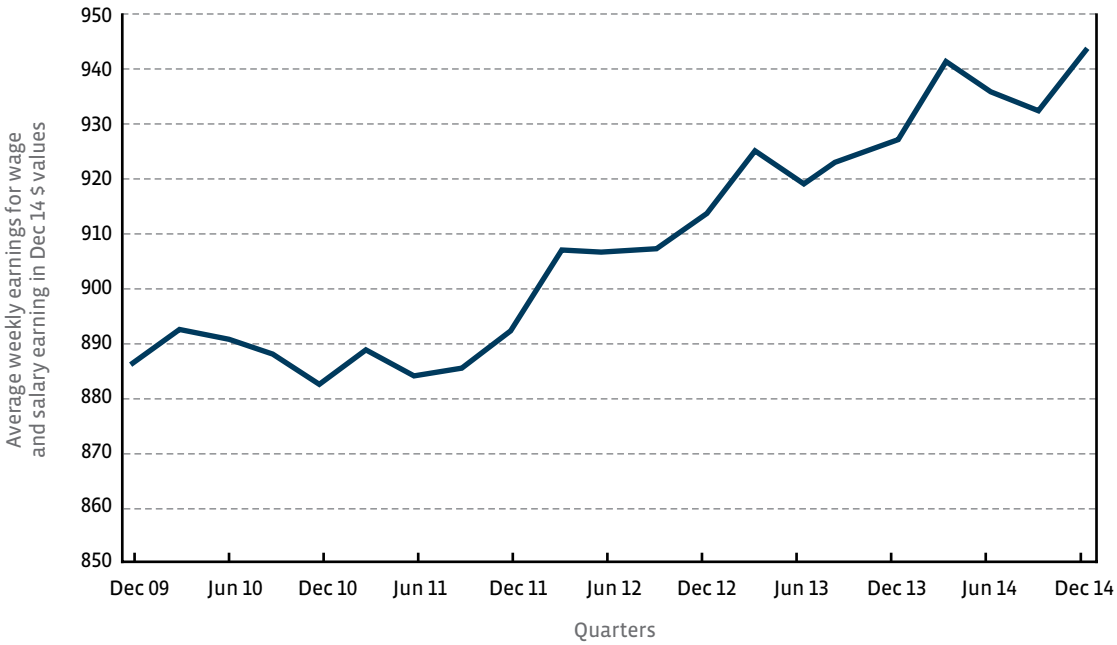
Very modest increases in average incomes

Weekly incomes for those in employment rose by about 1.8% in real or inflation adjusted terms during 2014. In nominal dollar terms, the average weekly income received by wage and salary earners during 2014 was $937, compared with $912 in 2013 and $811 in 2009. This trend is illustrated in **Figure 16**. Over the past five years, and in real terms, average-income wage and salary earners have risen by just over 5%. Employment-based incomes, including incomes to owner/operators and other self-employed people, were about 16% higher than for wage and salary earners alone. During 2014, the average of this overall income was $1094, a 1% rise in real terms over 2013 and 4% more than five years previously.

Some signs of increasing income inequality

There are emerging signs that income inequality may be growing within the New Zealand economy. The gap between the wages typically earned by workers in the poorest paid sector (accommodation and food services) and the highest paid sector (banking and insurance sector) widened very slightly between 2013 and 2014, consolidating the gap that had emerged previously. In 2009, a worker in the banking and insurance sector received an average ordinary time hourly income of $35.72—2.26 times the average hourly wage of an accommodation and food sector worker (who at that time received $15.80 per hour). By the end of 2013, this ratio had widened slightly to 2.29 times. It widened further to 2.37 times by the end of 2014, when a banking/insurance sector worker earned $41.88 per hour, while an accommodation sector worker earned $17.66.[64]

Figure 16: Real average weekly wages and salaries 2009–2014[65]



Gender income gap remains unchanged

According to the Quarterly Employment Survey, the gap between male and female earnings remained relatively constant between 2009 and 2014. During 2009, the average hourly ordinary time wage for females was $23.35 per hour, 87.8% that of males, which stood at $26.60 per hour. By 2013, the female average hourly wage had fallen to 86.7% of the male wage, although there was a small catch-up in 2014, resulting in a female/male ratio of 87.1%. In 2014, the average female ordinary time hourly wage was $26.33 per hour, while for males it had risen to $30.24.

On a weekly, rather than hourly basis, the Quarterly Employment Survey paints a bleaker picture for gender pay equity. During 2014, women in employment earned an average of $774 per week, against men's average weekly earnings of $1106—a ratio of 70%. In 2013, this ratio was 69.3%, while in 2009 it was 69.9%.

Data from the New Zealand Income Survey (NZIS) offers additional estimates of the gender income gap. This survey has been run annually since 2004 and provides a variety of estimates of male and female income. In this survey, too, the earnings inequality between men and women has not increased, although the size of the earnings gap is considerably larger than that reported in the Quarterly Employment Survey. For adults in employment, the NZIS estimates that women earn around 75% of what men earn. While for all adults—including those not in employment—this income ratio is in the order of 62% to 64%.[66]

Further increase in the number of workers earning the minimum wage

The adult minimum wage was increased from $13.75 to $14.25 per hour in April 2014. This increase was judged to be in line with overall wage and salary inflation, so was intended to ensure that the poorest paid workers did not slip behind other workers in terms of work-based incomes.[67] An estimated 107,000 workers would have been supported by the minimum wage safety net at the time of the review. This figure is 20% more than the estimated 91,500 workers covered by the minimum wage in 2013.[68] On the basis of these estimates, 4.7% of workers received the minimum wage in 2014, compared with 4.1% of workers in 2013 and 1.7% of workers in 2010.

It is disappointing that workers earning close to the minimum wage do not have their wages adjusted to account for minimum wage movements. However, the increasing proportion of workers affected by minimum wage legislation points to the importance of this legislation in maintaining the incomes of the poorest paid workers in New Zealand.

BENEFITS & PENSIONS

Further falls in working-age benefit numbers while NZ Superannuation continues to grow

Continuing a trend dating back to 2010, 2014 saw further falls in the numbers of people receiving a working-age benefit, while numbers of people claiming New Zealand Superannuation continue to climb inexorably.

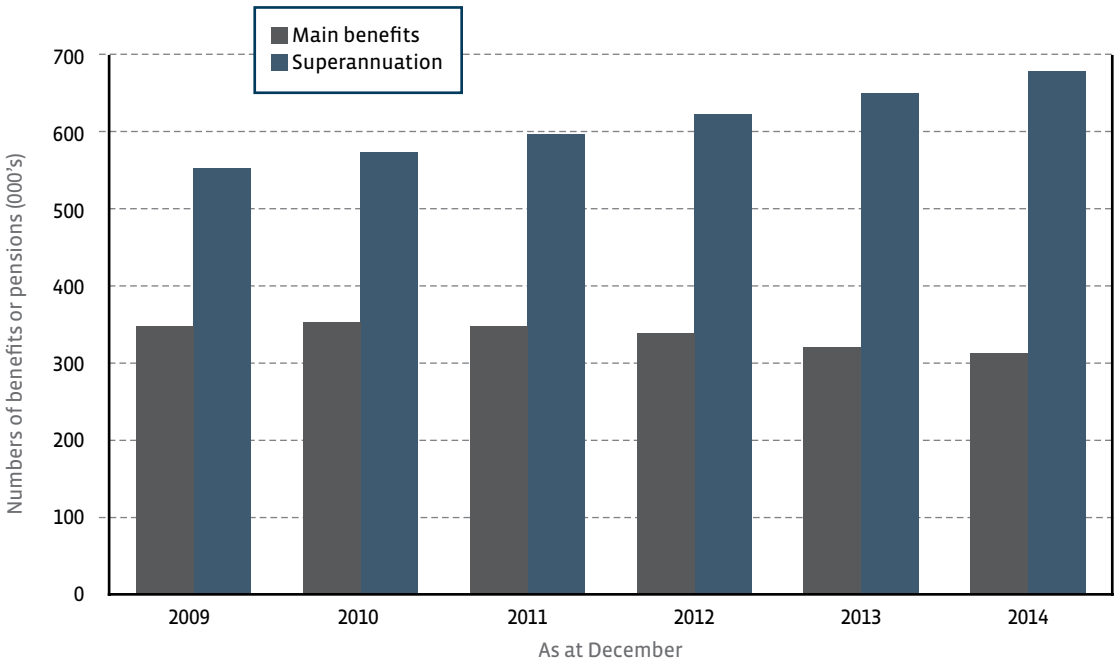
By the end of 2014, just over 309,100 people were receiving working age benefits. This figure is a drop of 12,700 people from a year earlier—a decline of 4%. Five years previously, 345,500 people were receiving one of the main working age benefits, so the decline over the past five years is a creditable 11%.

Against these declines, the number of people receiving New Zealand Superannuation rose 4% during 2014 to 674,000. Since the end of 2009, the number of people receiving Superannuation has risen by 22% or by 123,000 people. The number receiving New Zealand Superannuation is growing by around 500 people per week and will exceed 700,000 people by the end of 2015. Figure 17 outlines trends in benefit and Superannuation numbers over the past five years.

Spending on income support rises 17% in five years

During the 2014/15 financial year, the cost of the Government's main income support programmes will exceed $20 billion for the first time, with New Zealand Superannuation accounting for 57% or $11.58 billion of this expenditure. Over the past five years, spending on these programmes has risen by almost 17% in

Figure 17: Welfare benefit and retirement pension numbers 2009–2014[69]



real terms. Superannuation accounts for 88% of this additional expenditure, while income support programmes such as Working for Families and Accommodation Supplement are being reduced, in both real and nominal terms. The pattern of expenditure on these programmes over the past five years and for the current financial year is reported in **Table 17**.

As a share of Government expenditure, spending on these main income-support programmes increased from 24.8% of core Crown expenses in 2009 to 27.6% in 2014. This is expected to make up 27.8% of Government expenditure during the 2014/15 fiscal year.

Table 17: Expenditure on major income support programmes 2009–2015 ($millions)[70]

Year to June	2009	2010	2011	2012	2013	2014	2015 Budgeted
New Zealand Superannuation	7744	8290	8830	9,584	10,235	10,913	11,577
Accommodation Supplement	989	1154	1197	1,195	1177	1146	1132
Income Related Rents	512	522	553	580	611	660	718
Main Working Age Benefits	3989	4636	4749	4794	4662	4508	4379
Working for Families	2646	2788	2746	2670	2593	2532	2467
TOTAL ($ millions—nominal)	15,880	17,390	18,075	18,823	19,278	19,759	20,273
TOTAL ($ millions—June 2014)	17,613	18,972	18,731	19,323	19,655	19,759	20,273

LIVING COSTS & FOOD POVERTY

Small drop in food bank demand

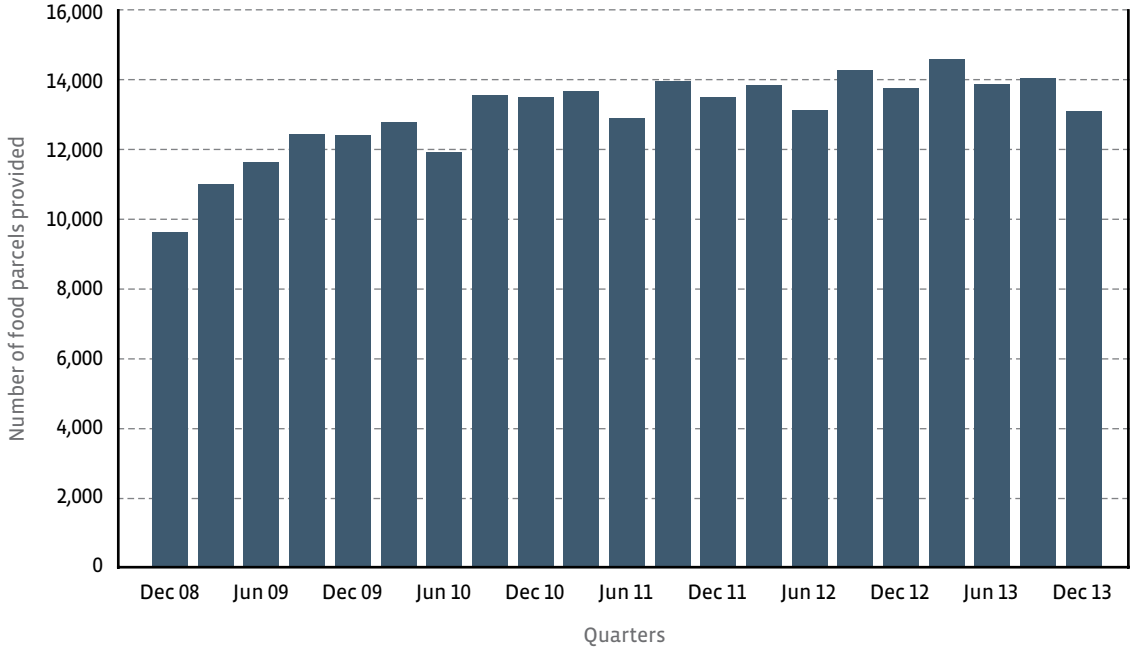
Demand on Salvation Army food banks for food parcels fell by 2% during 2014. This is the first fall in demand for food parcels since at least 2005, when nationwide statistics on food bank activity were first collected.

Through its nationwide network of 63 Community Ministries centres, The Salvation Army distributed 55,245 food parcels to 28,100 families during 2014. This compares with 2013 figures of 56,398 food parcels to 28,399 families. These 2013 figures were the highest on record for The Salvation Army, and the 2014 figures are the third highest on record. The 2014 figure is 6% higher than during 2010 when 51,780 parcels were provided to 28,554 families.

The Salvation Army's South Auckland Community Ministry Centre remains the busiest within its network. During 2014, it distributed almost 9500 food parcels—a 10% increase on 2013.

The quarterly trend of food parcel distribution from The Salvation Army's food bank network for the past five years is shown in **Figure 18**.

Figure 18: Food parcel distribution by The Salvation Army 2009–2014[71]



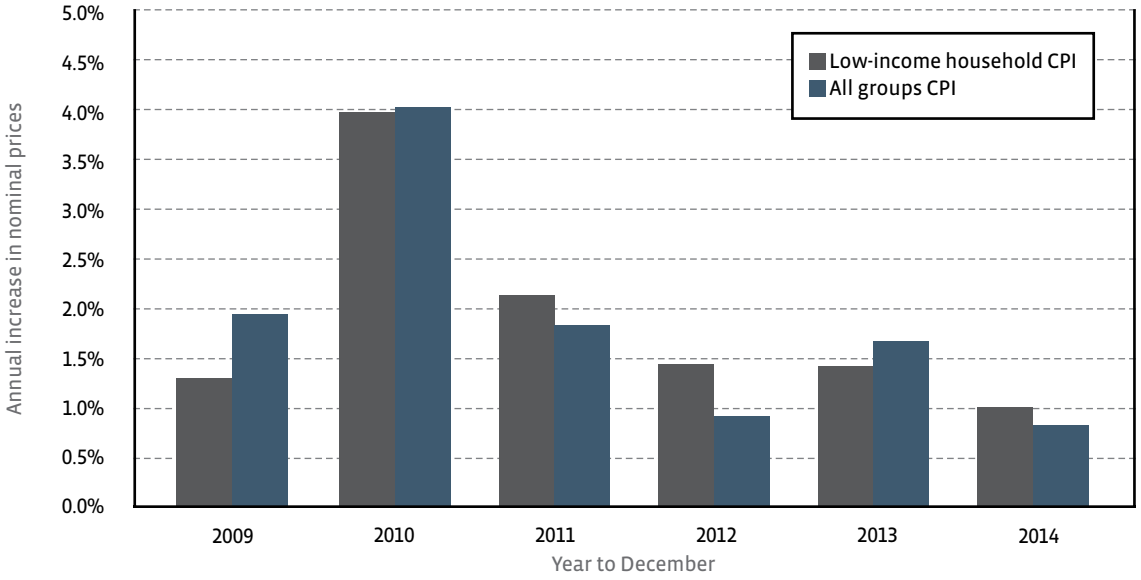
Low-income household living costs move ahead of CPI inflation

The Salvation Army's Social Policy and Parliamentary Unit has developed a simple alternative cost of living indicator for low-income households: the low-income household living costs index. This index is a reworking of the consumer price index (CPI), with different weightings for the various sub-groups in the CPI to account for the different spending priorities of a typical low-income household. The purpose of this alternative index is to monitor the extent to which changes in the living costs of low-income households are accurately reflected in the CPI.

Changes in prices as measured by the CPI and the low-income household living costs index are shown in **Figure 19** for 2009 to 2014. As illustrated in this graph, the low-income household living costs index grew slightly faster than the CPI during 2014—an estimated 1.0% as opposed 0.8% for the CPI. The main reason for this difference was an increase in rents.

For three of the past four years, the low-income household living cost index has exceeded the CPI. Since 2009, the CPI has risen by 9.5%, while the low-income household living costs index has risen by 10.4%. At this stage, this longer-term difference is not seen as material, although changes in critical costs such as rent and power over the next 12 months might begin to widen the gap to a point where low-income households are materially losing ground.

Figure 19: Low-income household living cost index 2009–2014[72]



ASSESSMENT: **WORK & INCOMES**

EMPLOYMENT AND UNEMPLOYMENT	RESULT
Continuing job growth is very welcome, and it is pleasing to finally see some expansion in employment opportunities for young people and Māori and Pacific workers. However, the benefits of the recovery are still not being evenly spread geographically, or in terms of age, gender and ethnicity.	**B**
WAGES AND INCOMES	
Another year of modest income growth needs to be appreciated, particularly given the economic misfortunes of many other countries. But there are some emerging signs of growing income inequality. The increasing numbers of workers receiving the minimum wage is testimony of the need to continue to update minimum wage levels to ensure the lowest paid workers are not left behind.	**C**
BENEFITS AND PENSIONS	
The Government's efforts at welfare reform appear to have had a very limited impact on welfare roll numbers, although these numbers continue to fall as greater effort is made to find jobs for people at the bottom end of the labour market. These efforts appear to be moderately successful, but more could be done, especially for school leavers. The real welfare story is the $650 million extra being spent each year on Superannuation when around 20% of people over 65 remain in the workforce.	**C+**
LIVING COSTS AND FOOD POVERTY	
The modest fall in demand for food parcels from The Salvation Army is a welcome sign that things may be improving for low and modest income families. Progress is fragile, though, and continuing improvement will depend significantly on what happens to rents and the availability of affordable housing.	**C+**

KEY

A: Excellent progress
B: Encouraging progress
C: Limited or modest progress
D: No progress or going backwards
F: Failing

Agnes Hermans and residents in Onerahi protest against a new liquor store.

Northern Advocate, 12 December 2014. Photography: Michael Cunningham / Northern Advocate

SOCIAL HAZARDS

Activities that might be harmful to those who undertake them or to their families and neighbours are sometimes known as social hazards. The risks involved usually mean the activities are regulated or socially controlled in some way, and even prohibited in some cases. This report covers three common social hazards: alcohol consumption, the use of illicit drugs, and gambling.

ALCOHOL

Per capita alcohol availability falls slightly

Alcohol availability declined slightly during 2014, both on a volume and a per capita basis. The total volume of alcohol made available during the year to 30 September 2014 was 32.7 million litres, which is down 0.8% on the volume available the previous year. The 2014 figure is 1.6% less than in 2010 when 33.2 million litres were available.

On a beverage volume basis, this decline in alcohol availability was just under 2% between 2013 and 2014 (September years), and a decline of just less than 4% between 2010 and 2014. Over the past five years, the volume of wine (<14% alcohol by volume (ABV)) available for consumption rose almost 6%, from 98 million litres in 2010 to 104 million litres in 2014. Over the same period, availability of spirit-based drinks with less than 23% ABV fell 10%, from 60 million litres to 54 million litres. Alcopops or RTDs typically fall into this category of drink. Beer availability fell 6% between 2010 and 2014 to 285 million litres.

On a per adult basis (aged over 18), alcohol availability has fallen from 10.1 litres of alcohol per person in 2010 to 9.7 litres per person in 2013, and to 9.5 litres per person in 2014. This 2014 figure is the lowest level since 2003. The per capita trend over the past six years is reported in **Figure 20**.

Fewer drivers are failing drink driving tests

Just 0.7% of the 3.03 million drivers tested failed a drink driving test during the year to 30 June 2014. This ratio is down from 0.8% in 2013 and 1.0% in 2010, and probably points to changing driver behaviour and perhaps even to changing public attitudes toward drink driving.

Other offences relating directly to alcohol sales are also down, although these numbers remain fairly minor in the context of other offending linked to alcohol. Offences under the Sale and Supply of Alcohol Act fell 14% between 2013 and 2014 (years to June), to 715 recorded offences. There was a small increase in recorded offences around supply of alcohol to minors due to tighter controls placed on adults offering alcohol to minors (as seen in **Table 18**).

Of some note is the dramatic fall in liquor ban breaches, suggesting that this form of enforcement is losing favour with Police. In the year to 30 June 2014, there were 2730 recorded liquor ban breaches, a 72% reduction on the previous year.

Data on drink driving convictions and sale of alcohol offences is in Table 18.

Mixed results around drinking behaviour

The most recently published results of surveys of New Zealanders' drinking behaviours offer a mixed picture of what we think and do.[73] These results are based on surveys undertaken between 2009 and 2012. They show a degree of variability that is difficult to accept as being truly representative of population-wide behaviours and attitudes. For example, the survey initially found a significant increase in the proportion of the population professing not to drink,

Figure 20: Per capita availability of alcohol for consumption 2009–2014[78]

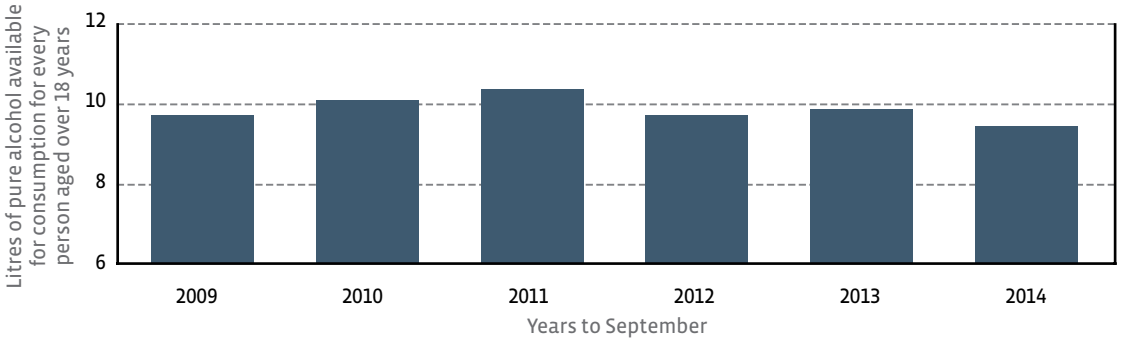


Table 18: Alcohol-related offences 2009–2014[79]

Year to June	2009	2010	2011	2012	2013	2014
PROSECUTIONS FOR SALE OF LIQUOR ACT OFFENCES						
Sales to minors	229	181	308	264	245	266
Consumption by minors	311	201	187	169	88	29
Intoxication related offences	97	129	106	108	116	104
All liquor related offences	901	1086	1245	1023	832	715
DRINK DRIVING OFFENCES						
Breath tests done by Police	3,162,922	3,261,367	3,265,114	2,864,380	2,903,250	3,029,072
Prosecutions for drink driving	33,688	33,394	30,311	28,613	25,785	21,181
Convictions for drink driving	31,287	31,126	28,471	27,044	24,010	22,218
Convictions as % of tests	1.0%	1.0%	0.9%	0.9%	0.8%	0.7%
INFRINGEMENTS UNDER LOCAL GOVERNMENT ACT						
Liquor ban breaches	11,081	11,415	10,100	10,454	9575	2730

but then, just a few years later, an equally significant decline.[74] Positively, the report and accompanying survey suggests fewer people are drinking and that people are drinking less.[75] Negatively, it suggests that the proportion of people who drink hazardously has changed little.[76]

However, a further report suggests the majority of New Zealanders supported tighter restrictions on the availability and promotion of alcohol. Overall, 62% of adults supported reducing the hours during which alcohol could be sold, while 80% supported restrictions on alcohol advertising and promotion where this could be seen or heard by young people. A large minority (39%) of respondents believed there were too many alcohol outlets in their local area.[77]

DRUG CRIME

Recorded drug crime falls while non-cannabis offences more common

Recorded drug-related offences fell 10% between 2013 and 2014 to the lowest number in almost 20 years. For the year to 30 June 2014, there were 15,721 recorded offences for illicit drug use and possession—down 10% on the 2013 figure and 35% less than the 24,145 offences recorded in 2009.

In 2014, drug offences roughly divided into three equal categories: relatively minor cannabis-related offences, more serious cannabis offences, and offences around other so-called 'harder drugs'. During the year to 30 June 2014, there were 5227 recorded offences for personal possession and use of cannabis—16% less than the previous year and 43% less than in 2009. Similar declines were recorded in more serious cannabis-related offences involving possession and manufacture for supply. Such recorded offending has fallen 45%, from 9831 offences during the year to 30 June 2009 to 5454 offences in 2014, with a 16% drop over the most recent year.

Recorded offences for drugs such as methamphetamine, heroin and other Class A and B drugs rose 13% between 2013 and 2014, from 4460 offences to 5046. This shift suggests such drugs are receiving greater emphasis in Police surveillance and enforcement efforts. If this is true, it should be applauded.

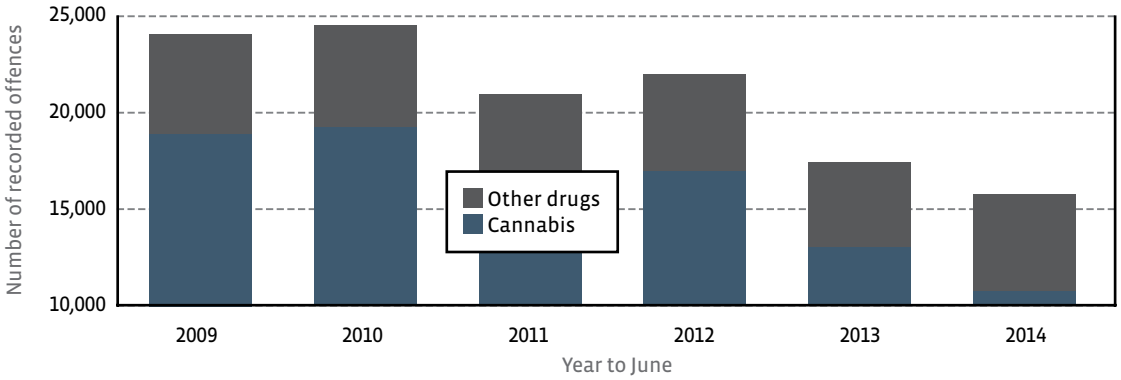
Trends in recorded drug offences for cannabis and other illicit drugs for the period 2009 to 2014 are reported in **Figure 21**. There is no solid evidence available to suggest the use of illicit drugs has changed by as much as changes in recorded drug offences would suggest, although some recent research pointing to changes in drug use is worth noting.

The New Zealand Arrestee Drug Use Monitoring Report 2013 reports that detainees' use of methamphetamine was slightly higher, but the use of cannabis (although still far more common than other drug use) was lower. For most detainees, it appears that cannabis was being replaced by synthetic cannabis,

which at the time of the survey (late 2013) was still legal. Detainees also reported that methamphetamine was as readily available in 2013 as in 2010 and that its price had not changed significantly over this period.[80]

The most recent round of the New Zealand Health Survey asked respondents about their use of amphetamines—repeating similar questions from 2003, 2008, 2011 and 2013. The report suggests about 1.1% of New Zealanders between 16 and 64 had used amphetamines during the previous year. This equates to about 30,600 people and is at a similar level as in 2011 and 2013, but significantly lower than in 2003 and 2007, when such usage was around 2.2% to 2.7%.[81]

Figure 21: Recorded drug crime 2009–2014[82]



GAMBLING

Pokie machine numbers sink to 14-year low

Class 4 non-casino gaming machines (pokies) numbers declined a further 3% during 2014, reinforcing a trend dating back to 2002. In December 2014, there were 16,717 non-casino gaming machines across New Zealand. This is 3% less than the 17,266 than in 2013 and 11% less than in 2010, when there were 18,681 machines. The 2014 results are the lowest since late 1999. On a per capita basis, this decline has been from 57 machines for every 10,000 adults (over 18) in 2010 to 51 machines per 10,000 in 2013 and 49 per 10,000 in 2014. The prevalence of Class 4 gaming machines since 2009 is reported in **Figure 22**.

Class 4 gaming machines remain the most harmful form of gambling. Of those people using problem gambling support services, 54% report that their main gambling problem is with this form of gambling.[83]

Overall spending on gambling is stable

Unsurprisingly, this decline in gaming machine numbers has translated into declining losses by gamblers. In the year to 30 June 2014, Class 4 gaming machines took $806 million from gamblers. In nominal terms, this is 2.4% less

than in the previous year and 5% lower than in 2010. This has been offset almost exactly by increases in spending on other forms of gambling. Although the Department of Internal Affairs has yet to publish gambling expenditure figures for 2013/14, The Salvation Army's Social Policy and Parliamentary Unit estimates that New Zealanders lost $2.075 billion in legal forms of gambling over the year to 30 June 2014. This is about $3 million more than in 2013 and is just 1.4% more in nominal terms than in 2010.[84]

These fairly static gambling expenditures mean that on a per person basis New Zealanders are gambling less. At 2014 dollar values, the average spend per adult on gambling has declined from $640 in 2010 to $632 in 2013 and to $614 in 2014.

Lotto is winning while casinos lose ground

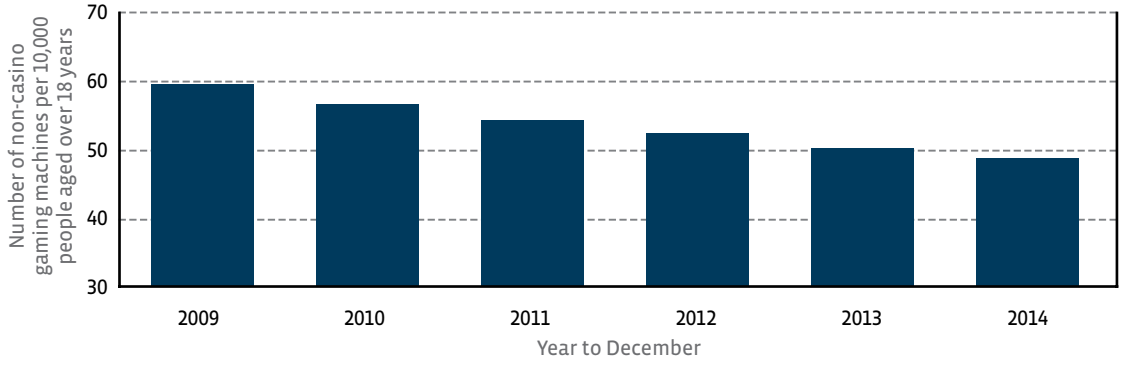
Although overall expenditure on gambling outside of Class 4 gaming machines has risen, it appears that gambling tastes are changing a little. Gambling on lotteries and sports events has increased, while casinos are losing market share.

Total spending on State lotteries run by the New Zealand Lotteries Board grew 7% in nominal terms between 2013 and 2014 (June years) to $436 million. A 12% growth in sales of Lotto/Powerball/Strike contributed most to this growth.[85] Since 2010, spending on State lotteries has grown a massive 34% in nominal terms.

Losses from betting on racing and sports through the New Zealand Racing Board also grew—by just over 5% between 2013 and 2014 (June years) to $310 million. A 28% increase in sports betting over the period contributed to this growth.[86]

Although official statistics have yet to be released, it appears likely that gambling expenditure at casinos is down 4% to 5% in 2014. Skycity Ltd owns most of the casinos in New Zealand, with the company's reported local gaming revenue for 2013/14 down almost 5% on the previous year.[87] It seems likely the overall gambling losses at casinos nationwide will be similar given Skycity's market dominance.

Figure 22: Prevalence of non-casino gaming machines 2009–2014[88]



From left: Simeon Brown (Manurewa Local Board member), Benjamin Tamarua and Susan Fotunga (both from Warriors of Change), and Angela Dalton (Manurewa Local Board chairperson). Youth group and community group leaders oppose a new 'High Zone' drug store opened in Manurewa.

New Zealand Herald, 8 May 2013. Photography: Natalie Slade / New Zealand Herald

ASSESSMENT: **SOCIAL HAZARDS**

ALCOHOL	RESULT
There are encouraging signs that New Zealanders are becoming more sensible in relation to alcohol use. Per capita alcohol consumption is down and there are signs that fewer people are drinking harmfully. The falling rate of failed drink driving tests is also encouraging and points to a widespread behavioural change by New Zealanders. Clearly, there is still considerable progress to be made. This will most likely require renewed political commitment and new policy initiatives to sustain and extend these small but encouraging improvements.	**B–**
DRUG CRIME	
There has been little change in this area, despite the 10% fall in recorded drug offences. Much of this decline may be due to changing Police priorities, as there is limited evidence available that New Zealanders' drug-taking habits have changed by this much. It does seem that the Police are putting greater emphasis on addressing non-cannabis drug offending, which is probably good news given the links between such offending and organised crime.	**C+**
GAMBLING	
Further, albeit small, declines in the availability of Class 4 gaming machines is good news, as is the falling per person spend on gambling. The rise in interest in sports betting and the increasing availability of Lotto are of some concern, however. Falling casino gambling underpins the importance of the Government's Auckland Convention Centre deal with SkyCity. This deal may not address the underlying problem with the casino business model—that fewer people are interested in losing money in casinos.	**C+**

KEY

A: Excellent progress
B: Encouraging progress
C: Limited or modest progress
D: No progress or going backwards
F: Failing

The Fonoia family at their Mangere East home; (l-r) Mareilaethanton, 4, Nina, Ronaldo, 7, Ether, 6 and Mila. The family has moved four times in six years. An Auckland University study suggests families move more often due to Auckland's housing crisis.

New Zealand Herald, 8 December 2014. Photography: Jason Oxenham / New Zealand Herald

HOUSING

There are three versions of New Zealand's housing story: what is happening in Auckland, what is happening in Christchurch, and what is happening in the rest of the country. The Auckland story is one of mixed fortunes depending on whether you are on the property ladder or forced to rent in a city that is becoming less and less affordable by the week. The Christchurch story appears to be one of gradual recovery and adjustment, although there has been no relief for tenants and those priced out of the ownership market. Most of the rest of New Zealand appear to be doing okay, or at least coping, and these New Zealanders probably face greater risk and uncertainty around incomes than they do around access to affordable housing.

HOUSING AVAILABILITY

Auckland's housing deficit widens even further

Auckland's housing deficit grew by a further 4000 dwellings during the year to 30 September 2014—a record shortfall, mainly due to rapid population growth matched by only modest increases in new house building.

Statistics New Zealand estimates that Auckland's population grew by 33,700 people, or half of New Zealand's population growth, for the year to September 2014. Against this population growth, 7366 building consents were issued for new dwellings—meaning a new house for every 4.9 additional people added to the population.

For the year to 31 December 2014 there were 7595 consents for new dwellings issued in Auckland which was 31% of the 24,680 consents nation wide.

Auckland's housing deficit is estimated by calculating the number of dwellings that would have to be built for population growth if the prevailing average occupancy rate was applied. At the time of the 2013 Census, there was an average of three people in each occupied dwelling in Auckland, meaning that 11,200 new dwellings would be required for a population growth of 33,700 people.

The cumulative housing deficit in the region is estimated at between 12,000 to 13,000 dwellings over the past five years. Over this period, Auckland has received 49% of New Zealand's population growth, yet gained only 26% of new housing consents. This estimated deficit is lower than those offered in previous State of the Nation reports. The reason for this decline is Statistics New Zealand's downwards revision of Auckland's population growth, based on results from the 2013 Census. This downwards revision appears to be due to higher than estimated outward migration of people from Auckland to other regions. Over the past five years, probably more than 30,000 Aucklanders have left the region for other parts of New Zealand.[89]

Table 19 offers details of population changes and new house building for Auckland and New Zealand between 2009 and 2014. This table shows the increase in new houses built in Auckland over the most recent year, and the degree to which this upturn has been swamped by population growth. Between 2013 and 2014 consents for new dwellings grew 30%, but at the same time the region's population growth jumped by 72%. This jump in population growth has come about through a rapid 130% increase in net migration. Net migration to

Table 19: Population change and new house building in Auckland and New Zealand 2010–2014 [90]

Year ending September	2010	2011	2012	2013	2014
NATURAL INCREASE					
Auckland	15,721	15,448	14,827	14,655	13,671
Rest of New Zealand	19,218	17,106	15,679	15,202	13,771
All of New Zealand	34,939	32,554	30,506	29,857	27,442
NET INTERNATIONAL MIGRATION					
Auckland	10,800	10,200	7700	12,100	27,600
Rest of New Zealand	3100	–9500	–11,000	3100	17,800
All of New Zealand	13,914	773	–3280	15,174	45,414
NET INTERNAL MIGRATION					
Auckland	–8100	–6500	–5700	–5800	-5200
Rest of New Zealand	8100	6500	5700	5800	5200
OVERALL POPULATION GROWTH					
Auckland	18,425	19,225	16,850	20,950	36,075
Rest of New Zealand	25,975	11,775	9725	21,450	36,325
All of New Zealand	44,400	31,000	26,575	45,031	42,400
CONSENTS FOR NEW DWELLINGS					
Auckland	3794	3485	4411	5647	7366
Rest of New Zealand	12,498	10,015	11,589	14,138	16,736
All of New Zealand	16,292	13,500	16,000	19,785	24,102
ADDITIONAL POPULATION FOR EACH NEW DWELLING					
Auckland	4.9	5.5	3.8	3.7	4.9
Rest of New Zealand	2.1	1.2	0.8	1.5	2.2
Auckland's share of New Zealand's population growth	41%	62%	63%	49%	50%
Auckland's share of New Zealand's new dwelling consents	23%	26%	28%	29%	31%

and from other countries increased Auckland's population by between 27,000 and 28,000 people over the September 2014 year.

This high inward migration into Auckland is part of a sharp shift in migration numbers into New Zealand overall. For the year to September 2014, almost 105,500 long-term migrants entered New Zealand, which is around 25% more than the average of about 84,000 long-term immigrants over the previous decade. At the same time, there was a sharp decline of almost 20% in the number people leaving New Zealand long-term or permanently. Numbers leaving long term dropped to just over 60,000 people, against an average over the prior decade of almost 75,000 emigrants. As a result, net migration spiked in 2014 from around 9000 people per annum to 45,000 people. In the past, Auckland has normally accounted for the majority of any net international migration, and in some years has accounted for all of it, with the rest of the country experiencing a net loss. For this reason, it is reasonable to expect that Auckland will be experiencing the majority of this recent immigration spike and, as discussed elsewhere in this report, this sharp increase is impacting directly on Auckland's housing markets.

Christchurch housing rebuild almost recovers lost housing stock

The Ministry of Business Innovation and Employment estimates that 11,500 dwellings were destroyed in the Christchurch earthquakes of 2010 and 2011.[91] New house construction activity since then suggests the rebuild over the past two years will soon replace this lost housing stock. Summary statistics on changes in Christchurch's population and housing stock are in **Table 20**. Over the two years to September 2014, a total of 10,589 consents for new dwellings were issued within the Greater Christchurch area of Christchurch City and the Waimakariri and Selwyn Districts.

A net 13,500 people are estimated to have left Christchurch during the two years following the earthquake, but these people have been replaced by a net of just over 12,000 people arriving in the past two years.[92] The population of the greater Christchurch area is probably back to the same number as immediately prior to the earthquakes, although a large proportion of the recent arrivals are likely to be construction workers employed on the rebuild. The exact number of such workers is not reliably known, but estimates of 38,000 workers being required are certainly not borne out by migration numbers to date.[93]

The houses being built in Christchurch today are not the same as the houses destroyed by the earthquakes, and this difference is likely to be the continuing source of housing stress for many households for many years to come. The average house built in Christchurch in 2014 was 180m^2 in floor area, costing on average $320,000 to build.[94] With land costs as well, this would mean that a

new house in Christchurch will be priced between $450,000 and $550,000. For comparison, the average house price in Christchurch immediately before the earthquakes was around $310,000.[95]

Table 20: **Population change and new house building in Greater Christchurch area 2010–2014**[96]

Year to June	2010	2011	2012	2013	2014
Resident population—Year to June	463,900	457,400	454,600	455,700	465,800
Natural increase in population		2300	1890	1900	2100
Net migration		–8680	–4660	4300	8000
Housing stock—Dec quarters	186,200	176,200	174,700	178,600	185,000
Consents for new dwellings—Year to Dec	2343	1950	3354	5061	6668

HOUSING AFFORDABILITY

Rents remain steady against wages

Rents appear to be keeping pace with wages at least at a national level. Figure 23 offers a measure of the relationship between rents and wages over the past 10 years. This particular measure compares the cost of a modest two-bedroom house with the wages received by a typical worker working in the accommodation/restaurant sector, which generally pays the lowest wages overall. This data suggests that rent affordability improved between 2007 and 2012, but has remained relatively stable since then. The improvements appear to be driven by stable rents and rising incomes.

Christchurch rents rise 20% since the earthquakes

Although data on Christchurch rents offers a wide range of results, it appears rents in that city have risen by around 20% in nominal terms since the earthquakes of 2010 and 2011. Relative changes in rents in New Zealand's main cities are offered in Table 21 for the five years between 2009 and 2014.[97] This data suggests that rent increases have been highest in Christchurch—especially since 2010. Meanwhile, rents in Wellington have tended to increase by less than the national average and less than the inflation rate—the change in the headline CPI inflation over this period was around 9%.

Considerable regional variations in regional rents

It is not accurate, of course, to talk of a national rent level, as there is not one rental housing market, but a large number of sub-markets in different regions and for different sized or valued houses. This means it can be misleading to talk of rents in aggregates. The experiences of various types of households in different sub-markets can be quite different from the shifts indicated by changes in such measures as averages or medians. The fortunes of these sub-

markets appear to have been quite variable, as shown by the data presented in **Table 22**.

Table 22 offers a glimpse of what is happening in New Zealand's most affordable rental housing markets for families or households with children. The rental housing sub-markets covered by this data are at the lowest quartile of rents for three-bedroom houses in 25 suburbs with the lowest local housing values. **Table 22** reports on lowest quartile rents averaged over each year for 2009, 2013 and 2014; the change in these rents between 2009 and 2014, in inflation-adjusted terms; and the 2014 rent as a proportion of the lowest quartile rent for three-bedroom houses across all New Zealand.

Table 22 tells several stories, depending on which part of the country we focus on. Weekly rents are only significantly above the national lowest quartile rents in Auckland and Christchurch, where they are between 120% to 150% above the national level. Only in a few towns or suburbs are rents significantly below the national figure: Kaikohe, Huntly and Invercargill. In almost every sub-market, rents have risen faster than inflation in the past five years, with the largest increases being in Auckland and Christchurch.

Figure 23: Rent affordability 2004–2014 [98]

Median rent for two-bedroom house as a proportion of a service industry worker's average weekly wage

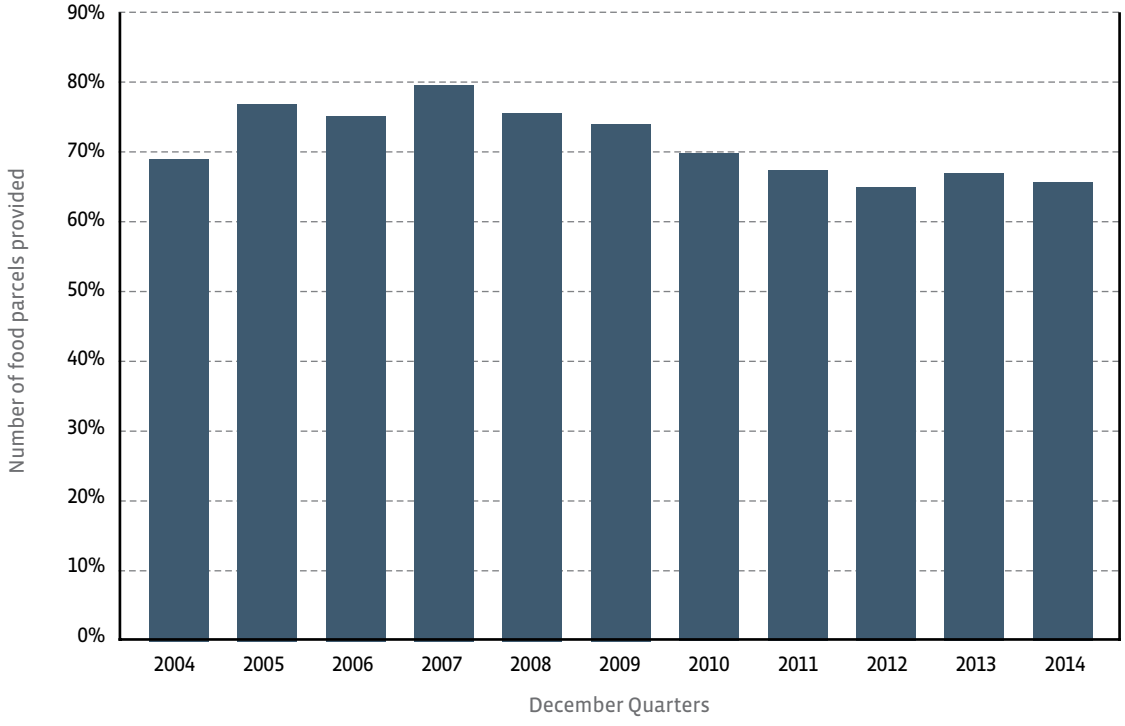


Table 21: Relative changes in rents 2009–2014 [99]

Index December quarter 2009 = 1000

December quarter	2009	2010	2011	2012	2013	2014
AUCKLAND						
Lower quartile	1000	1010	1057	1106	1121	1173
Median	1000	1024	1082	1117	1140	1197
Upper quartile	1000	1037	1107	1129	1160	1222
WELLINGTON						
Lower quartile	1000	1026	997	1028	1024	1037
Median	1000	1016	1008	1030	1029	1052
Upper quartile	1000	1007	1020	1033	1034	1067
CHRISTCHURCH						
Lower quartile	1000	1023	1042	1122	1182	1217
Median	1000	1028	1069	1127	1163	1210
Upper quartile	1000	1032	1097	1132	1145	1202
NEW ZEALAND						
Lower quartile	1000	1028	1043	1136	1136	1151
Median	1000	1032	1056	1149	1149	1175
Upper quartile	1000	1036	1069	1149	1161	1200

Firstly, this data suggests that incomes of tenants in three-bedroom properties are at best only keeping up with rent increases, while Auckland and Christchurch tenants are losing ground. Secondly, the data also suggests tenants in Auckland and Christchurch are likely to be the most stressed. Recent rapid rent increases in Christchurch have brought tenants up to similar levels as are being paid in Auckland's lower-income suburbs.

Auckland house price boom sets a new record

There is apparently no end in sight for Auckland's house price boom, with the median sale price for a house there rising 10% during 2014 to $670,000 in December 2014. Over the same period, house prices New Zealand wide rose 6%, to a median national house price of $447,000. By value of sales, Auckland represents around 55% of the New Zealand housing market—so, clearly, Auckland's recent house price inflation has weighed heavily on the aggregate house prices for New Zealand. While there is no data published on the extent of this effect, it seems likely (on a weighted average basis) that house prices outside of Auckland increased by 3.5% to 4% during 2014. Such an increase should be seen in the context of average increases in wages and salaries of just under 2%.

Table 22: **Lowest quartile rents for three-bedroom houses in selected suburbs 2009–2014**[100]

Average over four quarters	Dec 2009	Dec 2013	Dec 2014	Real change 2009–14	2014 rent as % of NZ
Kaikohe	200	202	211	–3.2%	75%
Glendhu/Glenfield	346	418	430	13.9%	153%
Ranui	304	351	364	9.9%	130%
Mt Roskill/Wesley	347	418	438	15.6%	156%
Avondale	329	395	415	15.6%	148%
Panmure	350	407	445	16.6%	158%
Otahuhu	227	342	342	38.1%	122%
Manurewa North	294	350	360	12.4%	128%
Papakura/Drury/Karaka	281	342	363	18.5%	129%
Huntly	180	201	209	6.5%	74%
Hamilton—Claudelands	279	305	303	-0.2%	108%
Tauranga Central/Greerton	264	297	306	6.0%	109%
Rotorua—Kuirau/Hillcrest	233	260	261	2.9%	93%
Hastings—Flaxmere	212	239	243	5.0%	86%
New Plymouth—outer suburbs	293	314	328	2.8%	117%
Palmerston North—Highbury	238	260	261	0.4%	93%
Porirua East/Waitangirua	239	279	288	10.4%	102%
Trentham West	303	330	336	1.7%	120%
Wainuiomata	263	279	285	–0.8%	101%
Nelson Central & North	278	325	329	8.5%	117%
Aranui/Bromley/Bexley	258	317	363	29.0%	129%
Horby/Islington/Hei Hei	282	367	394	28.3%	140%
Woolston/Opawa	261	333	342	20.0%	122%
South Dunedin/St Kilda	217	244	254	7.4%	90%
Invercargill suburbs	191	211	212	1.7%	75%
New Zealand overall	**248**	**274**	**281**	**3.9%**	

At the end of 2014 the median house sale price in Christchurch was $430,000—nearly 7% up on the previous year and 38% higher than five years earlier. Wellington's median house sale price at the end of 2014 was $405,000—just 1% more than the previous year and virtually the same as 2009.

In income terms, Auckland's house prices remain the least affordable in the country, and this affordability problem has grown at a faster rate. At the end of 2014, the median house sale price in Auckland was equivalent to 11.7 years of the average weekly income from wages and salaries. This is an increase of 0.9 years over the previous year, and is 2.7 years more expensive than in 2010 when prices were equivalent to nine years' income.

Affordability has also deteriorated in Christchurch, but not by as much as in Auckland. At the end of 2010, immediately prior to the February 2011 earthquake, the median house sale price in Christchurch was equivalent to 6.3 years' wage and salary income. By the end of 2014, this ratio had risen to 7.5 years, and increased by 0.3 years' income during 2014.

Wellington's housing appears to have become more affordable, with the ratio of income to median sales price falling from 8.1 years' income in 2010 to 7.4 years at the end of 2013, and to 7.1 years' income at the end of 2014.

Figure 24 reports these affordability trends for Auckland, Wellington, Christchurch and New Zealand as a whole for the period from 2009 to 2014.

Confusing picture offered by other housing affordability measures

Statistics New Zealand's Household Economic Survey (HES) offers a somewhat contradictory picture to the data presented above that suggests deteriorating housing affordability in Auckland. Estimates from HES of the average proportion of a household's income spent on housing are reported in Table 23 for 2009 to 2014. These estimates suggest housing costs took less of an Auckland household's income in 2014, than in 2013 and 2010. Meanwhile, housing costs are consuming more of a household's income in Wellington, the rest of the North Island and Christchurch. Nevertheless, Auckland households still spend more of their incomes on housing, while South Islanders—outside of Christchurch, no doubt—happily spend the least.

The apparent discrepancy between the trends for Auckland presented in Figure 23 and those offered in Table 21 may be due to higher income growth in Auckland. In addition, the vast majority of people do not buy and sell houses in any given year, so are not directly affected by house price increases.

The HES suggests it is owner-occupiers, rather than tenants, who experienced the housing cost squeeze between 2013 and 2014. In 2013, an estimated 61,000 owner-occupier households spent more than 40% of their household income on housing, but by 2014 this number had risen to 88,000 or 7.8% of all owner-

Figure 24: House purchase affordability 2009–2014[101]

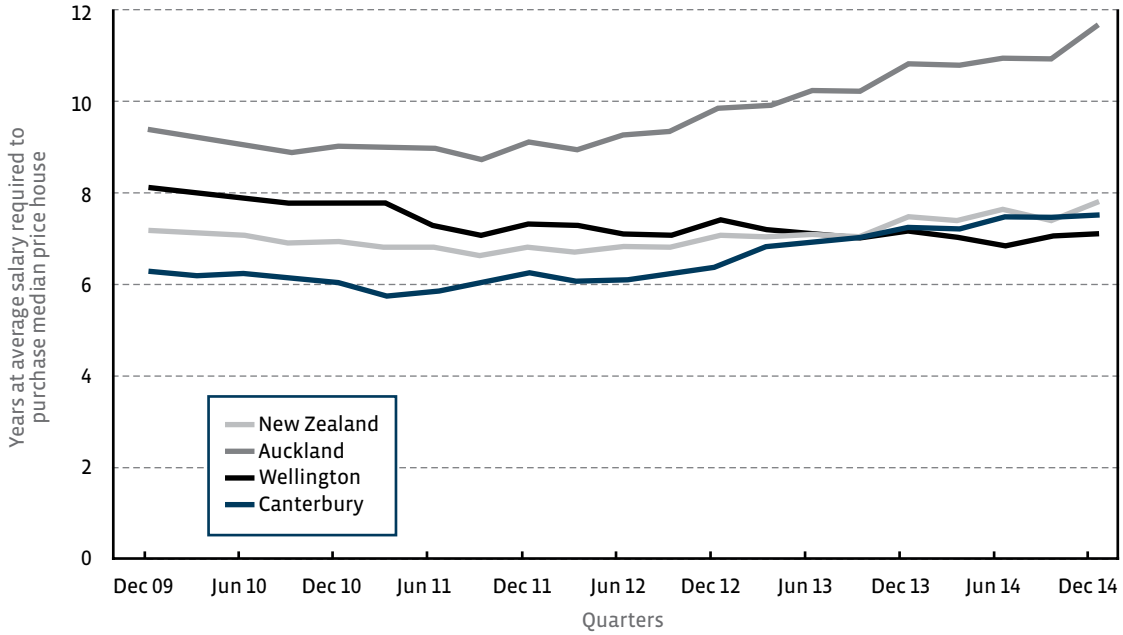


Table 23: Average proportion of household income spent on housing 2009–2014[102]

Year to June	2009	2010	2011	2012	2013	2014
Auckland	16.5%	19.1%	19.4%	17.8%	18.4%	18.2%
Wellington	15.7%	14.7%	14.7%	15.8%	14.1%	16.6%
Rest of North Island	15.4%	13.7%	15.0%	16.0%	14.4%	16.4%
Christchurch	14.3%	13.5%	15.0%	12.7%	13.3%	14.1%
Rest of South Island	13.1%	12.6%	13.6%	14.1%	12.7%	11.7%
All New Zealand	**15.5%**	**15.5%**	**16.4%**	**16.0%**	**15.4%**	**16.3%**

occupier households. Although a larger number and proportion of tenants are paying over 40% of their incomes in housing costs, these figures fell slightly between 2013 and 2014—from 132,000 households to 128,000, and from 23.1% of tenant households to 21.7%.

Such differences between tenants and owner-occupiers are difficult to explain given the real rent increases in many parts of the country suggested in **Table 22**. Rising affordability problems amongst some owner-occupiers are likely because of rising mortgage interest rates, which rose from around 5.9% in early 2013 to 6.4% in mid-2014.[103] Such impacts, however, are likely to be minor in terms of the number of households, and it is important to remember that tenant households remain the most disadvantaged, with higher housing costs relative to incomes.

HOUSING DEBT

Further increase in household debt

Both housing debt and household debt have climbed further during 2014, reaching new record levels. This is the third year of increases after four previous years of decline in real terms. At the end of September 2014, average household debt in New Zealand was $128,600, of which $116,400 was housing-related debt, and $12,200 consumer or credit card debt.

Average per household housing-related debt is now at a historic high— 3% higher in real terms than in 2013 and 3% more than five years previously. There was a sharp 4% fall in average housing debt in 2010 and 2011. This has only recently been recovered with rising house prices and greater buyer confidence in some regions.

Average per household consumer and credit card debt rose by almost 5% in 2014, but it is still lower than the all-time record of $13,200 (in September 14 dollar values) in late 2007. Between 2007 and 2011, consumer and credit card debt fell 14% as unemployment rose and consumer confidence waned, so the recent increase should be seen in this context.

The trends in housing related and consumer and credit card debt are reported in **Figure 25**.

In total, New Zealand households owed $194 billion in housing-related debt at the end of September 2014. This was a 5% increase in nominal terms over the $185 billion owed a year previously, and 18% more than the $165 billion owed in 2009. Overall, household debt (excluding student loans) totalled $214 billion at the end of September 2014—5% higher in nominal terms than a year previously, and 17% more than five years previously.

Total household debt at September 2014 equalled 91% of that year's GDP and 150% of disposable household income. These ratios are lower than five years previously, but significantly higher than a decade before (as seen in **Table 24**). As a proportion of GDP, household debt has remained stable at around 90% to 91% since 2011, suggesting this debt is rising in line with overall economic growth. As noted elsewhere in this report, income growth has been fairly sluggish over the past year. This has meant household debt as a proportion of household disposable income has risen 3% since 2011, although it remains significantly below the 156% of income reached at the end of 2009 (immediately following the GFC).

A recent Reserve Bank survey of household debt across 26 developed countries suggested that New Zealand's experience of deleveraging immediately following the GFC and subsequent rises in the debt to income ratios is common

across most countries surveyed. In New Zealand's favour, between 2007 and 2013, debt and household incomes rose at similar rates, unlike most other countries, where debt is outpacing incomes. The survey's author concluded, somewhat cautiously, however, that the 'level of debt of the New Zealand household sector appears to be on the high side internationally', and suggested that 'less obvious is whether the level of New Zealand household indebtedness is 'sustainable' in the long-run sense'.[104] Such caution from the Reserve Bank should temper how we view any further increases in housing-related debt relative to incomes and GDP.

Figure 25: Average household debt 2009–2014[105]

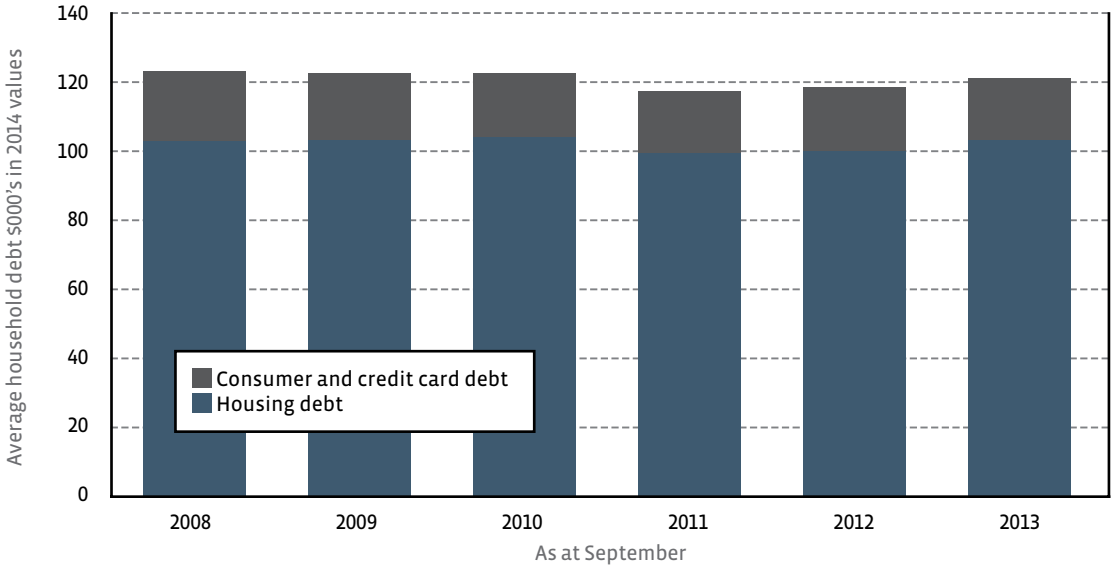


Table 24: Household debt-related indicators 2004–2014[106]

September quarter	2003	2008	2014
Average per household debt in Sept 14 $s	$96,700	$124,900	$128,600
Household debt as % of GDP	76%	97%	91%
Household debt as % of household disposable income	129%	156%	150%

Some of the more than 60 people waiting outside a rental property in Mt Eden for an open home.

New Zealand Herald , 12 January 2015. Photography: Jason Oxenham / New Zealand Herald

ASSESSMENT: **HOUSING**

HOUSING AVAILABILITY	RESULT
Auckland's housing shortage just gets deeper and deeper, and the Government's response is to continue to rely on market forces and a reduction in regulatory constraints. While there has been a recent upturn in building consent numbers in Auckland and Christchurch, the Christchurch numbers are to be expected given the post-earthquake rebuild. The Auckland numbers are woefully inadequate in the face of the recent migration surge. Either way, the housing being built in both cities is not affordable for those at the bottom of the housing and labour markets. The impact of this mismatch is increasing overcrowding and leading to declining health in some communities.	**D**
HOUSING AFFORDABILITY	
A mixed picture is emerging around housing affordability. Those New Zealanders living outside of Auckland and Christchurch probably experience improving housing affordability, while some living in Auckland and Christchurch experience deteriorating affordability. Tenants in many parts of the country have probably experienced small increases in rents relative to incomes, although rent increases in Auckland and Christchurch will have been much harder to afford. Continuing house price increases in Auckland pose a real threat to that region's prosperity and growth—and perhaps to New Zealand's financial stability. Government inaction, outside of some reform to resource management procedures, is appearing less and less adequate.	**C–**
HOUSING RELATED DEBT	
Recent increases in levels of household debt are more or less commensurate with increasing GDP, although they are running ahead of household income growth. There are few, if any, reliable benchmarks to know what a sustainable or prudent level of debt is given that these numbers have taken New Zealand and much of the western world into uncharted territories. Efforts by the Reserve Bank to keep macro-prudential measures in place are painful but sensible in the current housing market. This may, however, be an Auckland problem for which the rest of the country is paying.	**C–**

KEY

A: Excellent progress
B: Encouraging progress
C: Limited or modest progress
D: No progress or going backwards
F: Failing

ENDNOTES

1 Perry, B. (2014). *Household incomes in New Zealand: Trends in Indicators of Inequality and Hardship 1982 to 2013*. Wellington: Ministry of Social Development.

2 Ibid. p.216. This estimate of 35 to 40% of low-income households refers to all households that might be judged to be either income poor or materially deprived. In other words, only 35 to 40% of such households are both income poor *and* materially deprived.

3 Ibid. Table L.4 p.218.

4 Ibid. Figure L.6 p.221.

5 Simpson, J., Oben, G., Wicken, A., Adams, J., Reddington, A., and Duncanson, M. (2014). *Child Poverty Monitor 2014 Technical Report*. Dunedin: NZ Child & Youth Epidemiology Service, University of Otago. p.21.

6 On 2 December 2014 stuff.co.nz reported Mr Key as saying that there were 'many ways' of defining poverty, and he was less interested in relative poverty, covered by the (Child Poverty Monitor) report, than those in 'material' poverty. ... Within the group covered in the report was a subset of children that Mr Key said 'most New Zealanders would think are absolutely clearly materially poor. ... My office would probably identify that group at somewhere between six [thousand] and 100,000 but we're broadly in the same group. That's the group I'm focusing on.' See http://www.stuff.co.nz/national/63722141/Child-poverty-declines-but-inequality-still-high.

7 Data is from Perry (2014). Table F.7 p.137.

8 Ibid. Table H.4 p.157.

9 Estimates based on Ministry of Social Development's reported numbers of children in benefit dependant households taken from Table DB.1 p.31 in the Statistical report 2012, and changes in levels of payments of the sole parent support payment as reported by MSD in its benefit factsheets—see https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html. Children's population figures are from Statistics New Zealand NZ Stats database.

10 Data is from Child Youth and Family website at http://www.cyf.govt.nz/about-us/key-statistics.

11 Data is from Statistics New Zealand's crime data base available at http://www.stats.govt.nz/tools_and_services/nzdotstat/tables-by-subject/new-zealand-recorded-crime-tables.aspx.

12 Statistics from Statistics New Zealand's Crime Tables database at http://nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7403.

13 Ibid.

14 This data on the ECE Census from 2013 is available at the Education Counts website at http://www.educationcounts.govt.nz/statistics/ece2/participation.

15 See Johnson, A. (2013). *Striking a Better Balance: A State of the Nation Report from The Salvation Army*. Wellington: The Salvation Army. p.24.

16 See above reference to Education Counts website.

17 Estimates based on school roll returns for July years, sourced from the Education Counts website. In such a database five-year-olds' enrolments in any one year will be slightly under-reported, perhaps because of delays in starting school due to timing of term breaks. To avoid such an undercount these estimates are based on enrolments of six-year-olds in the subsequent year. For example, the 2013 figures for five-year-olds are actually counts for six-years-olds in 2014. The 2014 figures for five-year-olds are the actual reported counts from the school role returns.

18 See the Ministry of Education's equity funding programme, which is offering $41 million over four years to improve access to ECE services. Information at http://www.minedu.govt.nz/theMinistry/Budget/Budget13/ECEInitiatives.aspx.

19 Financial data on ECE spends are taken from the Budget Estimates of Appropriations: Vote Education which is available at http://www.treasury.govt.nz/budget/archive. The per ECE place is based on Ministry of Education data on licensed ECE places, available at http://www.educationcounts.govt.nz/statistics/ece2/services.

20 Education Counts website: Number of licensed ECE places 2014, Table PLA6 available at http://www.educationcounts.govt.nz/statistics/ece2/services.

21 This data is derived from the NECA database provided in a pivot table at the Education Counts website. This table is available at http://www.educationcounts.govt.nz/statistics/schooling/senior-student-attainment/school_leavers2/ncea-level-1-or-above-numbers. Results reported here differ slightly from previous State of the Nation reports due to a change in the source of data. Previously NCEA data was gained from the National Qualifications Authority website.

22 See Statistics New Zealand's Infos database footnote at http://datainfoplus.stats.govt.nz/Item/nz.govt.stats/24c7f58a-7a19-4ac5-b66f-374c563932bf.

23 See Australian Bureau of Statistics death data at http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3302.02013?OpenDocument.

24 Statistics New Zealand's Infos database for birth and deaths.

25 Ibid.

26 Statistics New Zealand's long-term data series reports the number of recorded offences at 347,000 in the 1984 calendar year—see http://www.stats.govt.nz/infoshare/ViewTable.aspx?pxID=223ca2c4-9061-4d94-8568-9db63783d18e.

27 Crime data is from Statistics New Zealand's NZStat database and is based on the number of reported offences for the year ended 30 June. The offending rate is calculated from Statistics New Zealand's estimates of the mean population for the corresponding year.

28 Crime data series is from Statistics New Zealand's NZStat database available at http://nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7401.

29 See Centre for Social Research & Evaluation. (2010). *Community Study Summary Report: The Campaign for Action on Family Violence* at http://areyouok.org.nz/assets/Document-files/research/Community-study-summary-report.pdf.

30 The 'It's not OK' website claims that '*... one of the fundamental strands of the Campaign for Action on Family Violence (It's not OK campaign) is ongoing research and evaluation, which is used to increase knowledge about family violence, inform campaign strategy and assess campaign impact and effectiveness*'. At http://areyouok.org.nz/resources/research-and-evaluation.

31 Crime data series is from Statistics New Zealand's NZStat database available at http://nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7401.

32 Detailed data on recorded and resolved offending only dates back to 1994/95. The 2013/14 resolution rate of 74.1% is significantly lower than the next lowest resolution rate of 78% during 1998/99. It seems likely that a lower rate than the 2013/14 figure might pre-date 1994/95 by a considerable period.

33 For the purpose of this analysis crimes of violence are taken to include acts intended to cause injury, sexual assaults of any type, abduction, kidnapping and related offences, harassment and intimidation, robbery, extortion and related offences.

34 Available at Statistics New Zealand's website at http://nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=99992.

35 Crime data series is from Statistics New Zealand's NZStat database available at http://nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7401.

36 Ibid.

37 Department of Corrections website 'Facts and Statistics' available at http://www.corrections.govt.nz/resources/facts_and_statistics/community_sentences_and_orders.html.

38 See data provided by the quarterly updates to the Justice Sector Forecasts on the Ministry of Justice website at http://www.justice.govt.nz/justice-sector/statistics/justice-sector-forecasts.

39 The most recent population estimates of Statistics New Zealand report an annual increase in the year to 30 June 2014 in the national population of 23,800 people to 4,476,400 people or a 0.05% increase. Meanwhile, the Māori population is estimated to have grown by 9,400 people to 701,700 population—an annual increase of 1.4%.

40 Prosecution and convictions data series from Statistics New Zealand's NZStat database. Available at http://nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7372.

41 These figures are derived from monthly averages reported in the Justice Sector Forecast update, available on the Ministry of Justice website at http://www.justice.govt.nz/publications/global-publications/j/justice-sector-forecast-forecast-update-quarter-ending-june-2014-report-summary.

42 Data on prison population is taken from Ministry of Justice's Justice Sector Forecast updates (see previous endnote) and Department of Corrections' quarterly Prison Statistics report, available at http://www.corrections.govt.nz/resources/facts_and_statistics/quarterly_prison_statistics.html. Population data is from Statistics New Zealand's quarterly national population estimates.

43 Department of Corrections Annual Reports 2009 to 2014. 2014 data from2013/14 Annual Report p.68 and pp.121-122. Available at http://www.corrections.govt.nz/resources/annual-reports5.html.

44 Average per spend costs are based on Department of Correction's financial and operating statements contained in its Annual Reports. These figures differ considerably from the estimates contained in the 2014 State of the Nation report. An error was made in this earlier report that did not include remand prisoners in the denominator for calculations of the average per prisoner cost.

45 Morrison, B., Smith, M., and Gregg, L. (2010). *The New Zealand Crime and Safety Survey 2009: Main Findings Report*. Ministry of Justice available at http://www.justice.govt.nz/publications/global-publications/n/nzcass-2009/nz-crime-and-safety-survey-2009.

46 Ibid. Figure 3.3 p.37.

47 Ibid. p.35.

48 The literature on the reporting or non-reporting of crime appears to offer a variety of explanations for peoples' unwillingness to report crime to police. Levitt suggests that crime reporting is related to the size of the local police force (Levitt, S. (1998) *The Relationship Between Crime Reporting and Police: Implications for the Use of Uniform Crime Reports*. Journal of Quantitative Criminology v.14:1 pp 61-81). Conaway and Lohr found that reporting is more common where victims have had positive results from reporting previous vicitimisation to police (Conaway, M. and Lohr, S. (1994) *A longitudinal analysis of factors associated with reporting violent crime to police*. Journal of Quantitative Criminology v.10:1 pp.23-39). Kochel et al. argue that 'nonreporting is the result of three factors acting singly or in concert: a) victim fear, b) feelings of helplessness and the perceived powerlessness of police, and c) the threat of further victimization from authorities' (Kochel, T. Parks,R. and Mastrofski,S. (2013) *Examining Police Effectiveness as a Precursor to Legitimacy and Cooperation with Police*, Justice Quarterly, v.30:5 p. 895). Tarling and Morris suggest that reporting is most likely for more serious offences involving violence (Tarling, R and Morris, K. (2010) *Reporting Crime to the Police*. British Journal of Criminology v.50:3 pp.474-490). MacDonald claims that non-reporting is related to attitudes toward the police and that unemployed people are less likely to report property crimes than employed people. (MacDonald, Z. (2001) *Revisiting the Dark Figure: a Microeconometric Analysis of the Under-Reporting of Property Crime and its Implications*. British Journal of Criminology v.41:1 pp127-149).

49 Between 2007 and 2011 notifications to Child Youth and Family of possible child abuse or neglect more than doubled from 72,000 cases to just over 151,000. In 2011 more than one third of these notifications (57,000) were from police notifications following their attendance at family violence incidents where children had been present. This practice of formally reporting the presence of children at such incidents did not occur in 2007, so most of the increase in notifications was due to Police reporting.

50 See Ministry of Justice announcement at http://www.justice.govt.nz/publications/global-publications/c/nz-crime-and-safety-survey-q-as/nz-crime-and-safety-survey-q-as.

51 This data is based on the Australia and New Zealand Standard Offence Classification method and is available on the Statistics New Zealand website at http://www.stats.govt.nz/tools_and_services/nzdotstat/tables-by-subject/new-zealand-recorded-crime-tables/ASOC-offence-fiscal-year-statistics.aspx.

52 Crime data series is from Statistics New Zealand's NZStat database available at http://nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7401.

53 Ibid.

54 Ibid. for both Table 15 and Table 16.

55 Colmar Brunton. (2013). *Public Perceptions of Crime—Survey Report*. Wellington: Ministry of Justice. Available at http://www.justice.govt.nz/publications/global-publications/p/public-perceptions-of-crime-survey-report.

56 Ibid. Figure 6 p.26.

57 Ibid. Figure 9 p.32.

58 Statistics New Zealand's Household Labour Force Survey from the Infos database.

59 Data for official unemployment and jobless rate is taken from Statistics New Zealand's Household Labour Force Survey from the Infos database. Data on Jobseekers is from the Ministry of Social Development's Benefit Factsheets.

60 Between 2009 and 2014 male jobs grew by 8.6% while female jobs grew by 7.8%—these growth estimates are based on averages for four consecutive quarters. Over the same period, female labour force participation rose from 62.3% to 63.8%—again based on four quarter averages—while male participation remained stable.

61 The retiring Baby Boomer generation has swelled the number of people aged between 65 and 70, and it is this group who have primarily remained in the workforce after 65. This is one of the reasons for the recent expansion in the numbers of older (over 65) workers. As this cohort of people reaches 70 and as the numbers retiring each year stabilise, so too will the numbers remaining in the workforce. It is possible the rate of labour market participation by over 65s may decline from the current rate of 20-21% as the number of people aged over 70 and 75 grows with this aging process and increasing longevity.

62 Statistics New Zealand's Household Labour Force Survey from the Infos database.

63 Ibid.

64 Figures based on ordinary hourly earnings and averaged over four consecutive quarters. Data from the Quarterly Employment Survey.

65 Statistics New Zealand's Quarterly Employment Survey from the Infos data base. These figures are for wage and salary earners only. It excludes business owners, whose income is normally aggregated into wage and salary earners incomes for the headline income figures used in previous State of the Nation reports.

66 Summary data from the New Zealand Income Survey is as follows:

	MALE WEEKLY INCOME			FEMALE WEEKLY INCOME			
	Avg wages & salaries	Avg all sources	Median all sources	Avg wages & salaries	Avg all sources	Median all sources	Avg ratio female as % of male
People in employed aged over 15 years							
2009	806	1073	900	618	765	686	75%
2014	969	1249	1000	746	888	780	75%
All people aged over 15 years							
2009	562	826	681	354	541	430	64%
2014	679	955	767	426	613	464	62%

67 See Ministry of Business, Innovation & Employment. (2014). *Regulatory Impact Statement for Minimum Wage Review 2013,* available at http://www.treasury.govt.nz/publications/informationreleases/ris/pdfs/ris-mbie-mmw-feb14.pdf.

68 Ibid. Table 4 p.12.

69 Data from Ministry of Social Development's Benefit Factsheets.

70 New Zealand Government's Half Yearly Budget Economic & Fiscal Update 2014 table 6.2 p.124.

71 Data sourced from The Salvation Army's SAMIS national database and is based on data retrieved on 20/01/15.

72 Statistics New Zealand Consumer Price Index series.

73 Kalafatelis, E., Magill, K. and Stirling, H. (2014). *Attitudes and Behaviour Towards Alcohol Survey 2010-2012. Report 1.1—The Alcohol Drinking Behaviour of Adults Aged 18 Years and Over*. Health Promotion Agency. Available at http://www.hpa.org.nz/research-library/research-publications.

74 Ibid. Table 19 p.27. Self-reported non-drinkers rose from 16% of respondents in 2009 to 26% in 2010 and then fell to 22% in 2010 and to 19% in 2012.

75 Ibid. Table 28 p.32. In 2012, 38% of respondents reported drinking less than they did a year previously, while 8% reported drinking more. Table 26 p.30, 34% of respondents reported thinking about drinking less.

76 Ibid. Table 16 p.25. In 2009, 31% of respondents reported drinking seven or more drinks on at least one occasion in the previous month, and in 2012 26% did.

77 Guiney, H., Newcombe, R., and Walton, D. (2014). *Alcohol-Related Attitudes in 2010, 2012, and 2014: Findings from the New Zealand Health Survey*. Health Promotion Agency. Available at http://www.hpa.org.nz/research-library/research-publications.

78 Data from Statistics New Zealand's alcohol availability data series and per capita rates use SNZ's population estimates.

79 Data on offences from Statistics New Zealand crime data series. Figures for the numbers of breath tests undertaken are from New Zealand Police Annual Reports.

80 Wilkins, C., Jawalkar, P., Moewaka-Barnes, H., Parker, K. and Asiasiga, L. (2014) *New Zealand Arrestee Drug Use Monitoring 2013 Report*. Massey University. Available at http://www.massey.ac.nz/massey/learning/departments/centres-research/shore/projects/nz-arrestee-drug-use-monitoring.cfm.

81 Ministry of Health. (2014). *Amphetamine Use 2013/14: New Zealand Health Survey*. Wellington: Ministry of Health. Available at http://www.health.govt.nz/system/files/documents/publications/amphetamine-use-2013-14-nzhs-dec14.pdf.

82 Data for Figure 21 and for the preceding text is from Statistics New Zealand crime data series.

83 This figure is for the 2012/13 year. See Ministry of Health data on problem gambling services 'intervention client data' at http://www.health.govt.nz/our-work/mental-health-and-addictions/problem-gambling/service-user-data/intervention-client-data.

84 These estimates are based on the annual reports of the New Zealand Lotteries Commission (available at https://mylotto.co.nz/assets/footer-pages/downloads/Annual-Reports), New Zealand Racing Board (available at http://www.nzracingboard.co.nz/annual), Department of Internal Affairs (available at http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gaming-Machine-Venues-Numbers-and-Expenditure-by-Territorial-AuthorityDistrict) and SkyCity Ltd (available at http://ir.skycityentertainmentgroup.com/phoenix.zhtml?c=162796&p=irol-irhome).

85 New Zealand Lotteries Commission Annual Reports 2012/13 and 2013/14.

86 New Zealand Racing Board Annual Reports 2012/13 and 2013/14.

87 Skycity Ltd's reported revenue from 'local gambling' was $615 million in the 2011/12 financial year, falling to $599 million in 2012/13 and $571 million in 2013/14. Source: Skycity Ltd Annual Reports—2013 p.41 and 2014 p.40.

88 Department of Internal Affairs gaming statistics.

89 Estimate based on the difference between Statistics New Zealand's June regional population estimates and the net contribution made to population growth through natural increase and net international migration.

90 Data is from Statistics New Zealand's building consent data set, and from its population estimates series.

91 See Ministry of Business Innovation and Employment. (2013). *Housing pressures in Christchurch: a summary of the evidence*. Wellington: MBIE, Table 1 p.4.

92 Statistics New Zealand's sub-national population estimates.

93 See Ministry of Business, Innovation and Employment. (2014). *Quarterly Canterbury Job Matching Report—September 2014*, which estimates a need for 38,000 construction workers for the rebuild and that at September 2014 that there was a remaining shortage of 8,000 workers. Report is available at http://www.dol.govt.nz/publications/research/canterbury-rebuild/canterbury-job-matching-sep-2014.pdf. Statistics New Zealand, in their extended report on Christchurch in the Household Labour Force Survey, estimates the construction sector workforce has grown from 32,000 workers in September 2012 to 50,000 workers in September 2014. Clearly, most of these additional workers, as well as most of the construction workers around in 2012, will be working on the recovery. It would, however, be wrong to read MBIE's estimate of 38,000 rebuild workers as workers who will need to migrate to Christchurch.

94 Statistics New Zealand's building consent database on Infos.

95 Real Estate of New Zealand median house sale price figures.

96 Population data is from Statistics New Zealand's sub-national population estimates and building consent data sourced from Infos. Estimates of housing stock are taken from MBIE (2013) (see footnote above) and for 2014 have been made by the author based on consents for new dwellings during the respective years.

97 The cities cited in Table 21 are the former Auckland City (now the isthmus suburbs of Auckland), Wellington City and Christchurch City.

98 Data for this figure is from the Ministry of Business, Employment and Innovation's Tenancy Bond Division's database and from Statistics New Zealand's Quarterly Employment Survey.

99 Ministry of Business Employment and Innovation Tenancy Bonds database. These indices are derived from monthly averages over the December quarter in the respective years.

100 Data is from tenancy bond data provided by Ministry of Business Innovation and Employment and available at http://www.dbh.govt.nz/nz-housing-and-construction-quarterly-open-data.

101 Income measures are based on average weekly earnings reported in Table 7.01 of Statistics New Zealand's Quarterly Employment Survey. Median house prices are based on three-month averages reported by Real Estate of New Zealand and supplied directly to the author.

102 Statistics New Zealand's Household Economic Survey.

103 Reserve Bank's data series Table B3: 'Retail interest rates on lending and deposits', available at http://www.rbnz.govt.nz/statistics/tables/b3.

104 Hunt, C. (2014). *Household Debt: A Cross-Country Perspective*. Reserve Bank of New Zealand Bulletin Vol.77 No.4.

105 These averages are derived from household debt data from Table C.6 of the Reserve Bank's Credit and Finance data series and from Statistics New Zealand's estimates of dwellings and households.

106 Housing and household debt data is sourced from the Reserve Bank of New Zealand's credit data series C6 Households Credit and C12 Credit card statistics. Debt to income ratios are sourced from the RBNZ's key statistics data series. GDP data and household numbers have been sourced from Statistics New Zealand.

Te Ope Whakāora

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