



INTRODUCTION: *Unemployment has dropped but it's too early to celebrate.*

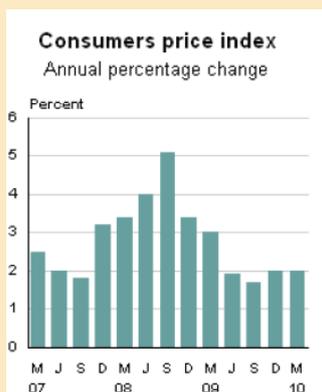
The fifth Vulnerability Report covers the trends experienced by government agencies and community based organisations in the first quarter of 2010. Data from April and May has been included when available.

Despite a surprising drop in the unemployment rate from 7.1% in the December 2009 quarter to 6% in the March 2010 quarter, almost all community based agencies were reporting a sustained high level of demand for their services. For example, the Salvation Army is reporting an average 16% increase in demand across its services in the last 12 months with the number of new families approaching their service quadrupling, particularly in Auckland and Northland. "This increase in demand is telling us [Salvation Army] that the effects of the recent economic recession are in full drive".¹ Unfortunately this is also the experience of many other community based agencies.

A number of non government organisations that contribute to this report expressed concern about the ability of low income people to cope with anticipated price increases for basics such as food, power, petrol and housing. Tax reforms announced in the May Budget will do very little to help low income people manage the price increases resulting from changes in GST, the Emissions Trading Scheme, excise tax increases and rising interest rates.

The drop in the unemployment rate provides welcome relief but will need to be repeated over a number of consecutive quarters before a 'recovery' is felt by families, agencies and communities. Previous experience also shows that even during times of high employment many families still struggle with low incomes and high costs for the basics.

TRENDS IN THE COST OF LIVING: *It's becoming increasingly difficult meet essential costs.*



The recession and the increase in basic living needs such as food, petrol, power, rents has directly affected all our clients...we have seen debt spiral out of control. (Budget Manager)

- The Consumers Price Index (CPI) increased 0.4% for the March quarter 2010 mainly due to higher prices for food and petrol (offset by lower prices for other CPI items).
- Food prices increased by less than 1% in April 2010 compared with April 2009. Although food prices are now 0.4% higher than a year ago, they are 8.1% higher than two years ago.
- The price of petrol increased by 6c in April to \$1.82, falling to \$1.76 in May. So far it remains below the peak of \$2.11 per litre in June 2008. However it is anticipated that petrol will increase by up to 10c per litre in the coming months due to the Emissions Trading Scheme (effective 1 July), an increase in excise duty in October and an increase in GST.
- The Emissions Trading Scheme will impact on electricity prices which are estimated to rise by about 5% and petrol which is likely to rise by 4c/litre on 1 July. GST will also increase energy prices.
- The median house sale price of \$360,500 was the highest March figure in twenty years and had increased 7% in 12 months. It fell slightly in April to \$356,000 however it remains nearly 5% higher than the April 2009 median sale price. The largest annual increases were in Auckland (up 8%), Nelson/Marlborough (up 9%) and Northland (up 10%). Southland was the only area to experience a decrease.
- Average rents have stayed relative stable over the last 12 months despite a shortage in supply. Only Wellington has experienced a significant increase in average rent over the past 12 months. Rents may rise due to changes in property taxation rules announced in the Budget although it is unclear by how much.
- Interest rates have started to climb making mortgages less affordable.
- Wages and salaries grew by 1.5% in the March 2010 quarter, the lowest wage growth in nine years.

¹ The Salvation Army Territorial Social Services Activity Report 1st Quarter 2010



Sources: Statistics NZ (Food Price Index, Consumer Prices Index, Labour Cost Index), REINZ Monthly Housing Price Index, Building and Construction Outlook March Quarter 2010, Domestic Energy Users Network, AA Petrol Watch

PERSONAL DEBT

Wellington City Mission is reporting that collective client debt in their budgeting service has increased 40% in the first quarter of 2010 compared with the same quarter in 2009 due to reduced hours of employment or unemployment.

The Napier Family Centre is reporting that the use of Non Asset Procedures (NAPs)² and bankruptcies “are now common”, having processed 70 since July 2009.

Bankruptcy adjudications for the March quarter of 2010 have increased 3% on the same quarter in 2009. The Insolvency and Trustee Service has accepted 16% more Non Asset Procedures in the first quarter of 2010 compared with the same quarter in 2009. The number of Summary Instalment Orders³ also increased (by 31%) comparing the first quarter 2010 with the same quarter 2009.

COMMUNITY IMPACT: Demand for budgeting services and food parcels remain high.

There is a growing insecurity about making ends meet... most of our clients are worried about the future and are concerned about how they will manage.

(City Missioner, Christchurch, May 2010)

Budgeting Services

- From the start of the recession in the first quarter of 2008 to the first quarter of 2010, the number of budgeting sessions provided by The Salvation Army increased 47% cent and the number of families receiving budgeting help rose 46%. The highest demand is in Auckland where high housing costs mean low-income families' budgets are fragile.
- Wellington City Mission has seen a 14% increase in the number of people receiving budget advice in the first quarter of 2010 compared with the same quarter of 2009.

2 A NAP is a one off alternative to bankruptcy for people with personal debts less than \$40k and no assets.

3 A Summary Instalment Order is an alternative to bankruptcy for a person with assets or income and enable creditors to be paid off in instalments.

- The Mangere Family Budgeting Service is reporting a 50% increase in client numbers over the past year – “almost every person coming through the door is experiencing some level of depression” (CEO).
- Presbyterian Support Otago is reporting a 45% increase in demand for budget advice in the four months to April 2010 compared with the same four month period in 2009.

Over 40 people received food parcels on Monday in one of the busiest afternoon the food bank has known. (Downtown Community Ministry, Wellington, March 2010)

Food Parcels

- The Salvation Army has supplied a record number of food parcels in the 12 months to April 2010, up 14% over this period.
- From the start of the recession in the first quarter of 2008 to the first quarter of 2010, the number of food parcels provided by The Salvation Army increased 107% in the lower North Island and by 80% and Northland and Auckland. Demand for food parcels increased 37% in the South Island over the same period. The recession has highlighted new pockets of deprivation in Auckland – families in suburbs like Mt Wellington, Panmure and Glen Innes are experiencing similar levels of poverty as those in more historically deprived areas in parts of South Auckland.
- The Tauranga Community Food Bank Trust is distributing food parcels at twice the rate they were two years ago. The Trust currently gives out 10,000 parcels a year, when two years ago it was 5,000 – “we are averaging 200 parcels a week; every now and then we get a blow out and it goes to 250.” (Trust Chairperson)
- Demand for food parcels has increased 23% in the first three months of 2010 for the Wellington City Mission, when compared with the same quarter last year. They have noticed an increasing number of single adults needing food parcels due to the loss of full time or part time work.
- Demand for food parcels offered by the Friendship Centre Trust in Glen Eden increased 8% in the first four months of 2010 compared with the same four month period in 2009. There was a surge in demand in April this year up 42% on the same month in 2009.



- Demand for food parcels is strong in Hamilton with their Christian Combined Food Bank reporting an increase of 17% in the first quarter of 2010 compared with the same quarter in 2009.
- Catholic Family Support Services in Hamilton is reporting a 144% increase in demand for food parcels in the March 2010 quarter compared with the same quarter in 2009. The increase is due to the effects of the recession particularly the impact of job losses on family budgets and the increasing cost of living.
- The Porirua Food Bank distributed 400 food parcels in the four months to April 2010 compared with 273 for the same period in 2008, an increase of 46%. In May 2010 the Porirua Food Bank experienced a 75% increase in demand for food parcels compared with the same month in 2009.
- Presbyterian Support Otago is reporting a 16% drop in demand for food parcels in the four month period to April 2010 compared with the same period in 2009.

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

Main Benefit Type	March 2009	March 2010	% Change 2009-10
Unemployment Benefit	37,146	60,211	62% ↑
Domestic Purposes Benefit	102,003	109,643	7% ↑
Sickness Benefit	51,041	55,796	9% ↑
Invalid's Benefit	83,961	84,877	1% ↑
Other	14,808	14,287	3.5% ↓
Total	288,959	324,814	12% ↑

Source: Benefit Fact Sheet, MSD

At the end of March 2010:

- The greatest increase in benefit numbers was for the Unemployment Benefit (UB) up 62% in the 12 months ending March and directly relates to the economic recession.
- 78% of Unemployment Beneficiaries have been receiving the UB for less than one year.
- The second largest increase was for Sickness Benefits up 9% in twelve months, however almost half of people on a Sickness

Benefit received it for less than 12 months and only 2% had received it continuously for ten years or more.

- Sickness Beneficiaries in 2010 constitute just over 2% of the working age population, only slightly up of the 1.4% of the working age population in 2000.

Maori are disproportionately represented in benefit statistics and constituted 32% of working aged people in receipt of the main benefit in March 2010.

HARDSHIP ASSISTANCE: *Demand for hardship assistance continues to grow.*

March Quarter	Special Benefit	Temporary Additional Support (TAS)	Total
2008	19,371	21,377	40,748
2009	14,490	39,899	54,389
2010	11,447	49,435	60,882

Source: MSD

Demand for hardship assistance via the Special Benefit and TAS increased by 20,134 or 49% in the March quarter of 2010 compared with the same quarter in 2008. This sharp increase is a reflection of the impact of the recession. Special Benefit numbers are declining because this type of benefit was replaced with TAS on 1 April 2006.

In the March quarter 2010 Maori are over represented in the numbers of people receiving the Accommodation Supplement (28%), Special Benefit (21.5%) or Temporary Additional Support (28%).

March Quarter	Special Needs Grant (for food)	Benefit Advances for Electricity, Gas and Water
2008	75,432	6,170
2009	114,698	7,887
2010	147,303	10,305

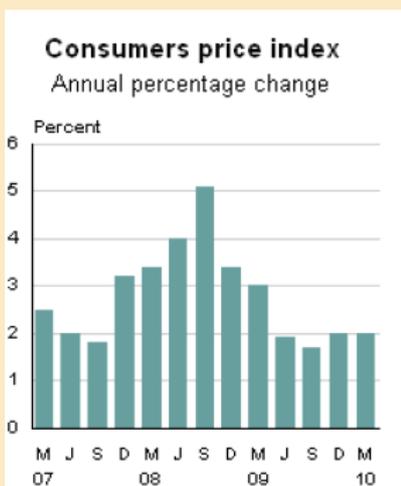
Source: MSD



Demand for Special Needs Grants (for Food) increased by 71,871 or 95% in the March quarter of 2010 compared with the same quarter in 2009. Again, this sharp increase reflects the level of financial hardship being experienced during the recession. The increase can also be attributed to a policy change in August 2008 that increased access to Special Needs Grants.

Demand of Benefit Advances for Electricity, Gas and Water has also increased by 4,135 or 67% in the March quarter 2010 compared with the same quarter two years earlier.

UNEMPLOYMENT: *The unexpected drop in the unemployment rate “may not be sustained in the short term” and is expected to remain “elevated until 2011.” (Department of Labour⁴)*



Source: HLFS, March Quarter 2010

In HLFS⁵ for March 2010 Quarter:

The seasonally adjusted unemployment rate⁶ dropped from 7.1% to 6%, the first decrease since the December quarter 2007. This compares with an unemployment rate of 5.1% in the March 2009 quarter.

- In the first three months of 2010 the number of people unemployed dropped by 25,000 (15%) to 140,000. Most of the new employment was in full time work for men up 19,000.

- However, annually the number of people unemployed still grew by 19.3%.
- The total unemployment rate for Maori⁷ in the March 2010 quarter was 13.6% compared with 11.2% in the March 2009 quarter.
- The unemployment rate for Pacific peoples in the March 2010 quarter was 14.4% compared with 13.6% in the March 2009 quarter.

Maori, Pacific peoples and youth vulnerable to unemployment

Despite a drop in the unemployment rate in the March quarter, young people, particularly those who identify as Maori or of Pacific descent, are still over represented.

The youth unemployment rate in the year to March 2010 was 17.2%, 5% higher than a year earlier and nearly three times the unemployment rate for all people (6.4%).

For the year ending March 2010, the unemployment rate for Maori aged between 15-24 years was 25.8%, nine percentage points higher than the rate for all ethnicities of 16.6%. The unemployment rate for Pacific youth in this age bracket is even higher at 27.8%.

The Department of Labour tracks the broader issue of youth disengagement via the rate of those Not in Education, Employment or Training (or NEET). For the year ending March 2010 19.8% of Maori youth (those aged 15-24 years) were NEET (compared with 11.6% of all male youth). Among female youth, 15.5% of Maori were NEET compared with 9.8% of all female youth. NEET rates for Pacific youth are also high, particularly for males (17.1% of Pacific male youth were NEET, 11.5% of Pacific female youth were NEET).

4 Employment and Unemployment – March 2010 Quarter

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

6 The number of unemployed people expressed as a percentage of the labour force (HLFS).

7 The ‘total Maori unemployment rate’ includes people who identify as Maori only as well as people who identify as Maori and other ethnic groups.



Regional differences

In the last year the (unadjusted) unemployment rate rose in most regions with the largest annual increases in Taranaki, Manawatu-Wanganui and Tasman/Nelson/Marlborough/West Coast. Rates have dropped in Waikato and Gisborne/Hawkes Bay.

Regions with the highest unemployment rate as a percentage of the labour force are Northland, Auckland, Bay of Plenty, Wanganui-Manawatu and Otago.

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

HOUSING ASSISTANCE

The two main ways that the Government assists low income families into affordable housing is through the Accommodation Supplement (AS) and through Income Related Rents (IRR) for low income state housing tenants. At the end of March 2010 there were 309,261 AS recipients and 61,200 IRR tenants.

March Quarter	Accommodation Supplement No.recipients	Income Related Rents No.recipients	Total Govt Housing Assistance (AS+IRR) March quarter
2008	241,876	59,647	\$342m
2009	274,620	60,522	\$376m
2010	309,261	61,200	\$422m

- The total value of housing assistance increased by 23% comparing the March 2010 quarter with the same quarter in 2008.
- There has been a 28% increase in AS recipients comparing the March 2010 quarter with the same quarter in 2008, likely to reflect the increased cost of housing during this period and/or dropping levels of incomes associated with the recession.
- There has been a more modest 3% increase in IRR recipients comparing the March 2010 quarter with the same quarter in 2008, constrained by the finite number of state houses available.

A surge in migration and population growth has put increasing pressure on the supply of residential homes especially in Auckland and to a lesser extent in Wellington. Auckland is

estimated to be at least 6,000 short of houses, 3,000 houses of which are needed in South Auckland. Only one new house is built for every seven new Aucklanders. The housing shortage will not be easily overcome in the short or medium term. Building consents have started to increase but from a very low base.

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

Housing New Zealand Corporation

“...numbers of applicants on waiting lists remain at high levels, indicating continued pressure to meet demand for social housing.” (Department of Building and Housing, April 2010)

There were 10,749 people on the waiting list as at 30 April 2010. Of this:

- 381 were A Priority (severe housing need)
- 4,488 were B Priority (significant housing need)
- 3,270 were C Priority (moderate housing need)
- 2,610 were D Priority (lower level housing need)

Between March 2009 and March 2010 there has been a 12.5% increase in the waiting list for those in the highest need (Priority A and B combined). The largest increase was for those with a severe housing need – up 47% in the 12 months to March 2010.

In March 2010 Priority A families were on the waiting list for an average of 29 days. However, Priority B families, a much larger group, have to wait on average nearly 100 days.

Sources: HNZN and Department of Building and Housing

Terralink: Mortgagee sales ease slightly

I don't expect to see mortgagee sales returning to pre-recession numbers at all in 2010. I wouldn't expect to see a major decline on forced sales until at least the middle of 2011

(Director Terralink, March 2010)

There were 3,024 registered mortgagee sales in 2009, three times the annual total in 2008 (1,303) and more than double the highest prior year (2002) since records began in 1994.



There were 202 mortgagee sales in March 2010 almost the same as the 210 mortgagee sales in March 2009. Mortgagee sales have dropped in Auckland and replaced with an increase in the number of mortgagee sales in the provinces.

In the early days of the recession the majority of mortgage sales related to companies, particularly property investors. In March 2010, most of the forced sales (66%) were for individual property owners (likely to be family homes) up 32% on a year ago.

COMMUNITY IMPACT: *For most providers of emergency meals and accommodation, numbers have yet to peak.*

- Occupancy rates at the Wellington Night shelter have increased 54% in the first quarter of 2010 compared with the same period last year.
- The Salvation Army provided 184,000 bed nights in the 12 months to March 2010, 13% more than the previous year. The Salvation Army’s supportive accommodation centres are at capacity with unmet demand for emergency housing particularly in Auckland and for homeless women.
- The Hamilton Christian Night Shelter Trust is reporting a small decrease in guests at its Women’s and Men’s Night Shelters, down 8% in March 2010 compared with the same quarter in 2009.
- The Friendship Centre Trust in Glen Eden is reporting that all their long term houses are full, all their short term units are full, and their emergency housing is mostly full.
- Lifewise in Auckland has noticed an increase in new people using their night shelter in the first quarter of 2010 with occupancy rates high and people staying on average nine days longer than they did in the first quarter of 2009. Their Lifewise Centre, which provides food, shelter and specialist support services for homeless people, experienced an 8% increase in demand in the first three months of this year compared to the same period in 2009 and a 20% increase in new clients accessing services.
- Numbers at Christchurch City Mission’s Night Shelter remain steady but demand for meals at their supper club are up in the mid 600’s each month.

- The Suzanne Aubert Compassion Centre’s Soup Kitchen experienced a 12% increase in meals distributed in the ten months ending April 2010 compared with the same period 12 months earlier.

CHILDREN AND POVERTY: *Numbers of children dependent on benefits remain high.*

Trends in numbers of benefit dependent children 2000-2009

Year to 30 June	Number of benefit dependent children ⁸
2000	269,969
2001	261,484
2002	254,756
2003	251,501
2004	243,837
2005	231,680
2006	219,680
2007	203,621
2008	199,108
2009	219,627

- As at the end of December 2009 the number of benefit dependent children was 230,642. By March 2010 this had eased slightly to 227,627.
- Beneficiary families with dependent children have a hardship rate of around 5 times that for working families with children (51% and 11% respectively).⁸

8 This is the number of children aged less than 18 years included in a working age main benefit – DPB, Invalids, Sickness, Unemployment and other.

9 2008 Living Standards Survey (MSD) and other.



Number of benefit dependent children as at the end of March 2010 by ethnicity of caregiver

Benefit group	Ethnic group of the Caregiver					Total
	Māori	NZ European	Other	Pacific Island	Unspecified	
DPB related	79,845	60,594	14,351	20,820	2,682	178,292
Invalid's Benefit	4,847	6,376	1,734	1,598	154	14,709
SB related	3,406	4,041	3,278	2,235	202	13,162
UB related	5,261	3,908	2,872	3,986	287	16,314
Other Main Benefits	1,356	894	1,490	1,270	140	5,150
Total	94,715	75,813	23,725	29,909	3,465	227,627

Source: MSD

- Sole parent families are 4 times more likely to experience hardship than two parent families.⁹
- 178,292 children (78% of children in benefit dependent homes) have caregivers receiving the DPB. A disproportion number of DPB recipients are Maori – 45%.
- Maori are over represented across all benefit types constituting 42% of all caregivers receiving a benefit as at the end of March 2010.

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

There is unmet demand for addiction treatment services, particularly for young people suffering alcohol addiction problems. Our alcohol and drug Bridge programmes are full. (Salvation Army, March 2010)

- The Wellington City Mission has employed an additional social worker to cope with the increasing demand for social work support; demand in the first quarter of 2010 is 40% higher than it was in the first three months of last year. Key issues include managing family budgets, appropriate housing and issues related to parenting and relationships. A number of parents are worried about how they will pay their power bills and the impact of cold homes on their children's health.

- Referrals for family and crisis counselling from ACROSS Te Kotahitanga O Te Wairua in the Manawatu remain extremely high, up 127% in the four months ending March 2010 compared with the previous reporting period. The number of care-nights has also increased by 73% for the same period. The sharp increase in demand for social work services can be partially attributed to an agreement with a local family violence prevention network that makes referrals. More referrals are also being made by CYF via Differential Response for family support services.
- The Salvation Army is reporting a 22% increase in the provision of social work and counselling in the 12 months to March 2010. Salvation Army social workers and counsellors have provided social support advocacy and care to 29,000 individuals and families in distress.
- In the first quarter of 2010 Christchurch City Mission's Walsh House, a drop-in centre for women with drug and alcohol dependency issues, was contacted by women needing support 1039 times, compared with 383 contacts in the same quarter 2009, an increase of 171%. Demand for social work services is also high at the Mission which experienced an 18% increase in the March 2010 quarter compared with the same quarter in 2009.
- Presbyterian Support Otago has experienced a 3% increase in clients seeking social work support in the four month period ending April 2010 compared with the same period in 2009.



Work at the Alcohol and Drug Services continues to grow. Pressure is being felt in many areas and especially economically and this makes people more vulnerable. More as seeking help so that they don't relapse (City Missioner, Christchurch, May 2010)

Child, Youth and Family (CYF)

Number of care and protection (C&P) notifications and investigations completed

Quarter	C&P Notifications ¹¹	C&P Notifications with Ethnicity Maori ¹²	C&P Notifications FARs ¹³	C&P Notifications FARs with Ethnicity Maori	Investigations Completed ¹⁴
Jul-Sept 2009	30,564	13,351	13,820	6,513	6700 ¹⁵
Oct-Dec 2009	31,651	13,658	13,966	6,476	6,110
Jan-Mar 2010	33,696	14,718	13,897	6,427	5,896

- Care and protection notifications to CYF increased by 10% comparing the March quarter 2009 with the same quarter in 2010 (29,649 and 33,969 notifications respectively).
- Maori children and young people are over represented in notifications, constituting 44% in the March 2010 quarter.
- 41% of notifications required further action in March 2010.
- A disproportionate number of notifications that required further action in the first quarter for 2010 were for Maori children and young people (46%).

Children in CYF Care

As at June 30	2007	2008	2009
No. Children in care	5,044	4,522	4,408

Source: CYF

- The latest figures to the end of the March 2010 quarter show that 4,590 children and young people were in Out-of-Home-Placements.¹⁶ This downward trend is likely to reflect the implementation of CYF's permanency policy.
- Maori children and young people¹⁷ are over represented in out of home placements making up 51% of all placements at the end of March 2010.

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

Anne Kelly, Ph 04 473 2627 anne.kelly@nzccss.org.nz

Disclaimer:

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

- 11 The numbers in the tables do not represent the number of distinct clients. Some clients may have multiple notifications during the period.
- 12 Note that clients may have multiple ethnicities. CYF reports on the primarily ethnicity as selected by the client and their family. Ethnicity is not always recorded and clients and families are not always consistent in the primary ethnicity they select.
- 13 Further Action Required
- 14 Investigations Completed: Investigations carried out and completed within a certain time period are not necessarily related to the notifications received within that same period. From the September Quarter 2009 this data will include full assessments carried out which includes Child & Family Assessments and Formal Investigations.
- 15 Please note that the data for this quarter has changed slightly as a result of a technical adjustment to Child, Youth and Family's statistical tool.
- 16 Placement types include CYF caregiver, residential, family/whanau, family home and others including boarding, school hostels etc.
- 17 As per footnote 12