



# How are older people faring in our communities?

The high level of reliance on superannuation for the majority of New Zealanders also means there is a large proportion of older New Zealanders (65+) sensitive to any policy changes around this universal entitlement. 'If older people drop below the poverty threshold in larger numbers in the future, it can be expected that their quality of life will reduce and their health will deteriorate.'

*Dr Charles Waldegrave, NZ Longitudinal Study of Ageing*

NZCCSS has a long history of delivering social services to older people in the community. These services span from informal local parish supports to more formalised home support services, residential services and retirement villages. The 19th *Vulnerability Report* draws on the knowledge, expertise and feedback from NZCCSS member organisations working with older people to explore how older people (65+) are faring in communities. Population ageing is a human and social achievement and reflects a combination of factors: improved living standards, advances in medicine, lower fertility, and a large group of 'baby boomers'

All living costs have risen and is now harder to make ends meet if Super is the only source of income. 80% have had to budget for their basic needs – some choosing to go without heating. Christchurch City Mission

Demand for food banks is higher than last year. 2.3% of our clients are over 65. VisionWest Community Trust

We are seeing more elderly clients. Money management currently supporting 31 clients over 65 and 11 clients in resthomes, budgeting, advocacy, food parcels. Presbyterian Support Northern

born between 1946 to 1965 moving into the 65+ age group. A growing proportion of older people aged 80+ in the general population is the legacy of all of these factors and is a new reality for many countries, including New Zealand (Office for Senior Citizens).

In New Zealand, the 65+ demographic has doubled since the early 1980s to 635,200 and now comprise 14% of the population (Statistics NZ). This group is estimated to double again by 2040 when New Zealand baby boomers approach 85+ and beyond. In New Zealand, state funded social supports (superannuation, public health system, and state housing) have played an important role in keeping the majority of older people in good health and out of poverty. Any changes to policy settings around these state supports are therefore likely to have a direct impact on the health and well-being of this group.

This report identifies some early signs of pressure on these state supports. Our social service members are



increasingly pointing to older people not previously seen approaching for help. While at the same time, official data (March 2014) reports fewer older people accessing hardship supports: Advances for electricity and gas: 213 (↓29%), Special Needs Grants for food: 2,274 (↓9.6%). This contradiction is puzzling and an area that will need to be further explored.

## High levels of dependency on NZ Super

The introduction of a universal income support payment is credited as one of the key contributors to keeping older people out of poverty, along with high rates of home ownership for this demographic, private pensions, asset and wealth accumulation (Waldegrave 2012, Robert Stephens 2014). The superannuation payment is tied to 66% of the national average wage and indexed against inflation (married couples receive \$282.26 each per week and a single person living alone receives \$366.94 per week). The effectiveness of this policy is shown by New Zealand's comparatively low deprivation and income poverty rates (Robert Stephens 2014) among our senior citizens, and by the relatively small proportion of New Zealanders living in low-income households (after housing costs): 7% (for all superannuates), 11% (singles 65+) and 6% (couples 65+) (data derived from Household Incomes in New Zealand, 2014).

At one level this is a success story and one to celebrate, but when we dig more deeply NZCCSS sees a more complex story about layers of vulnerability to the impacts of poverty amongst our older people. An integral part of this story is about the ability to respond to an unexpected life shock or multiple life shocks such as health cost, rise in rent or rates, a house maintenance bill, new car, death of a spouse.

For nearly two-thirds of older people (around 380,000 people), New Zealand Superannuation (and other government transfers) is their primary source of income, with some limited savings, increasing their vulnerability to the impact of life shocks. Most of this very large group (around 250,000) have almost no other income and are only kept out of further hardship by the support of government. For the comparatively small group of older people (that most likely includes the reported 7% of older people identified above) there is not only no buffer but limited social supports, leaving them highly vulnerable and isolated. These scenarios are supported by feedback from our service providers.

An older (working) lady came, whose husband had been made redundant and then had suffered a stroke. Her daughter who was now an adult was also at home and was suffering from a mental illness. For the most part of their lives, they had lived well but with these things happening in recent years, she finally found herself at the food bank with no spare money for groceries and medical bills. Not only did she receive help for food but was able to find a listening ear and a kind word which she said had helped her to carry on a difficult task.  
VisionWest Community Trust

High rents, especially in Auckland – challenging transition once no longer working and reliant on superannuation. Presbyterian Support

In contrast, the top 30% of older New Zealanders, other sources of income comprise over half of their total household income and the income from other sources (e.g. employment, investments) is increasing, which suggests a widening gap between this smaller group and most other older people.

## Where older people live

Preparation for an ageing population has seen a focus on government strategies that support older people to stay longer in their own homes, and to remain there when their medical needs have increased (*aging in place*). For the majority of older people (65+) ageing in place means aging in their own home and this is reflected in high ownership rates among people aged 70–74 years (77.5%) (Census 2013). However, for a small proportion of older people (67,791, 10%), *aging in place* means aging in someone else's house. For this group of older people both the private rental market (41,196) and state housing (22,218) are significantly important to their health and well-being.

It is likely the 7% of older people officially identified as living in hardship have never owned their own home, or entered retirement not owning their home. Although Maori and Pacific people aged 65+ in the general population are comparatively low, given the low rate of home ownership for Maori (28.2%) and Pacific people (18.5%) when compared to Europeans (56.8%) it would be reasonable to assume Maori and Pacific people are over-represented in this group (Census 2014).

Our members report an emerging story of older people struggling to afford rising rents in the private market and trade-offs they are making (food, turning heating off, not accessing health/dentistry when needed or picking up prescriptions). Older people are accessing the accommodation supplement (33,221 for March 2014) but this state provision is undermined when we find many of these people receive payments at the top end of the rate available, and it has not been reviewed since 2005. Increasingly high rental costs mean older people living on a fixed income must meet the gap, often leaving them with inadequate income to afford other basic necessities.

The private rental market, the assumed panacea of New Zealand's housing infrastructure, shows little mercy to low-income older people. The June 2014 quarter shows rents are up 2.2%, with the largest increase in Canterbury (↑5.2%). Even at times of human crises, as in the case of the Canterbury earthquake, in general there is little mercy shown by the private housing sector.

For this edition we also hear about the importance of state sector providing subsidised rents, and stable homes in communities. The housing issue here is not affordability but availability of state houses. Finding such affordable housing remains a constant theme from our provider networks. For those lucky enough to live in a state house, we also hear about older people feeling anxious and uncertain about how long they will be able to remain there, as Housing New Zealand introduces its policy on reviewable tenancies.

Challenging – some avoiding collecting prescriptions due to affordability constraints. Presbyterian Support

Many older people have an increasing list of chronic conditions and disability conditions such as eyes, ears, joints etc. that require more frequent GP visits and medications, this presents a challenge to many clients on GP cost and transport costs. VisionWest Community Trust

Dentists, physiotherapy, occupational therapy only used if absolutely necessary for many 65+. VisionWest Community Trust

In Christchurch, life after the earthquake continues to bring distress to local people and housing remains a pressure point. A large number of state houses were damaged during the earthquake. This along with increased competition for low-end rental accommodation has created unprecedented rent rises in the city and a corresponding housing crisis.

### Health and services to older people

There is no avoiding the physical and mental frailties associated with growing old. Timely access to health services plays an important role in managing associated health conditions (and age-related disabilities). Maintaining good health is also critical for older people to remain sufficiently independent to live in their own home as they age. As more older people are living longer, so also comes a rise in the visibility of more complex health and social needs associated with aging and living longer at home. These complex needs include mild dementia, loneliness and elder abuse.

Our networks report the need for a more skilled workforce (both carers and general practitioners) to manage these more complex needs in the community. While the recent announcement of additional funding to residential care services is welcome, in the longer

term we hear news about Treasury's forecast that health expenditure could fall 11.5% in real terms between 2013 to 2017. The provision of home support hours, and other services to older people come out of Vote Health. It is not clear at this stage what impact this reduced funding will have on services for older people.

Another theme from our networks is about older people struggling to pay for health services even with state subsidies (via community services card) and trading off preventative care that supports independent living. These trade-offs include: delays to visit GPs, not picking up prescriptions and avoiding physiotherapy and occupational therapy. Affording dentistry is a cost out of reach for many older people who either avoid this cost or find themselves on a long waiting list for free dental work at hospital. Approaching Work and Income for assistance is an option, but the bureaucracy of state help may be too difficult for some to negotiate.

### Additional references

The following are some key resources on the impact of an aging population for those who want to explore this issue in more detail than is covered in the scope of this report.

*Policy Quarterly*: Volume 10. Issue 3. August 2014.

Special Issue: Aging Population. The Institute for Governance and Policy Studies. School of Government at Victoria University of Wellington.

Office for Senior Citizens Te Tiri Kaumatua website, [www.osc.govt.nz](http://www.osc.govt.nz)

The Material Wellbeing of Older New Zealanders: background paper for the Retirement

Commissioner's 2013 Review, Brian Perry

Household incomes in New Zealand: Trends in indicator of inequality and hardship 1982 to 2013.

Ministry of Social development. July 2014

Charles Waldegrave, New Zealand Longitudinal Study of Ageing.

## CLOSER TOGETHER WHAKATATA MAI



REDUCING INEQUALITIES

**Closer Together Whakatata Mai** is an NZCCSS programme to build public knowledge about the effects of high income inequality on New Zealand. Check out our website: [www.closetogether.org.nz](http://www.closetogether.org.nz)

For ideas and discussion about economic inequality and what we can do about it, join the conversation at [facebook.com/closetogethernz](https://facebook.com/closetogethernz)

# In a more equal New Zealand we'll all be better off

# Supporting data

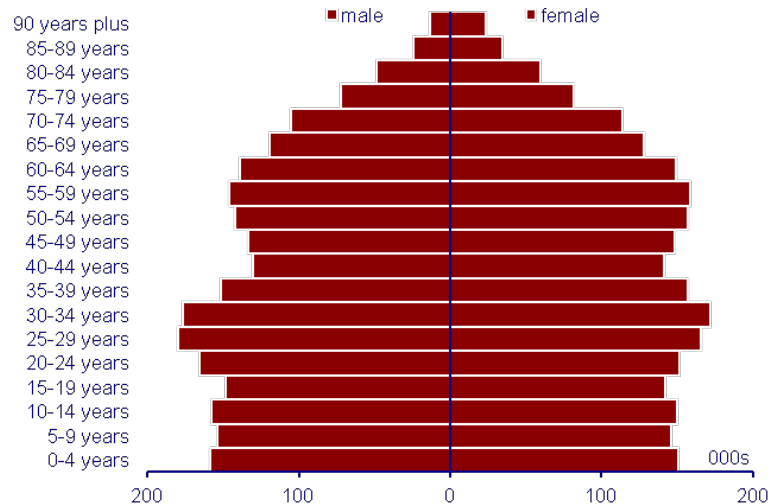
## Setting the New Zealand scene

Population ageing is a human achievement and reflects a combination of factors: improved living standards, advances in medicine, lower fertility, and a large group of 'baby boomers' born between 1946 to 1965 moving into the 65+ age group. A growing proportion of older people reaching 80+ in the general population is the legacy of all of these factors and is a new reality for many countries, including New Zealand. Recently released NZ Population Estimates reveals the population aged 65+ has

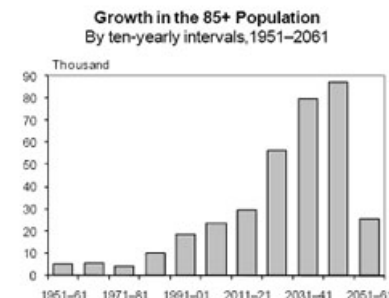
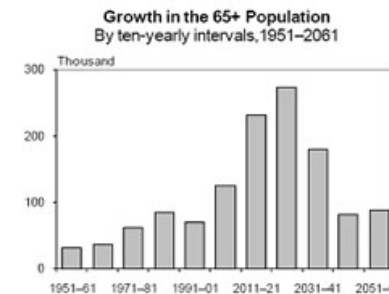
doubled since the early 1980s to reach 635,200, and now makes up 14% of the population. It is estimated to double again by 2040. This demographic has risen by 48,200 over the last two years as baby boomers move into the 65+ age group, and will continue to lead population growth as the move towards 85+ and beyond. (Statistics NZ 2013)

The spread of this silver age varies across New Zealand, with population growth in Auckland projected to reflect the greatest increase in older people aged 65+ over the next decade, followed by Canterbury, Wellington, Waikato. For the remaining regions the projections are smaller but still significant.

New Zealand population change, next ten years.  
Ganesh Nana & Statistics NZ

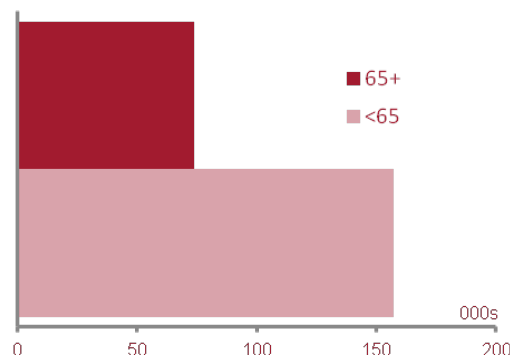


Older population growth, 1951–2061.  
Statistics New Zealand (2009) Impact of structural population change

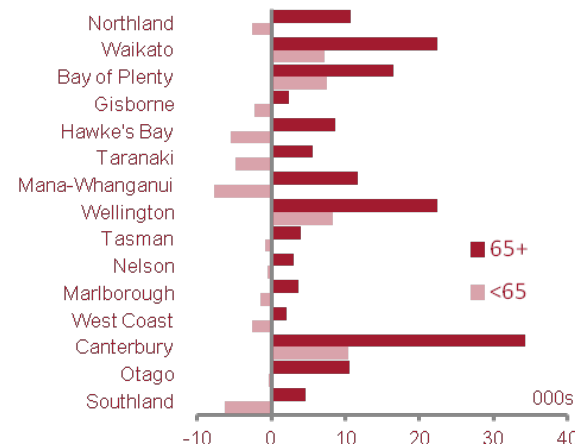


Setting the New Zealand scene	4
An emerging story of increased vulnerability	5
Home ownership, hardship and ethnicity	6
Older people at risk of vulnerability	8
Older people as carers	10

The next 10 years of population growth in Auckland...  
Ganesh Nana



... and the rest of the country.





## Maori and aging

Although Maori are a youthful population, Dr Ganesh Nana's recent presentation at the NZCCSS Older People's Conference points to an increase of about 21,000 older Maori people over the next decade. Preparation for an aging population would therefore need to consider the availability of culturally appropriate services to support Maori as they age in their communities, including rural areas.

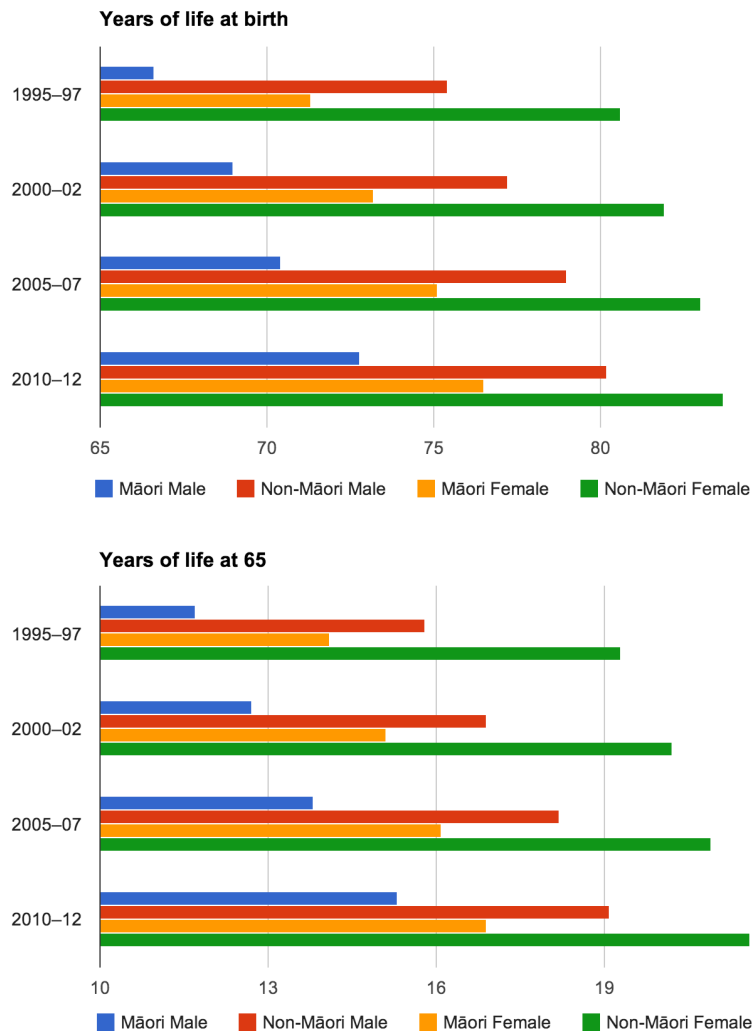
Ageing in the Maori culture is a positive life course transition that augments mana and prestige. To be older is to be an elder or kaumatua with the necessary experience, wisdom and cultural knowledge to fulfil well-defined roles and responsibilities.

Mason Durie

## Preparation for the big stretch begins

There are clear public policy and fiscal implications associated with an increased proportion of the population living longer. At a national level, preparation for the 'big stretch' made a good start with the Positive Aging Strategy (MSD) and the Health of Older People Strategy (MOH). However, there is a general view

Life expectancy at birth and 65 years  
 Statistics New Zealand complete period life tables for 1995–97 to 2010–12



**Note:** Life expectancy data is based on registered deaths in a three-year period. For example, life expectancy data presented for 1995–97 is based on deaths registered in 1995–97. Comparisons over time and between Maori and non-Maori should be interpreted with caution because of changes in ethnic concept and data sources.

in the sector that these strategies have not been implemented in full and much more work needs to be done to prepare for the impact of this changing demographic.

## An emerging story of increased vulnerability

### Universal payment keeps most older people out of poverty

The introduction of a universal income support payment is credited as a key contributor to keeping older people out of poverty, along with high rates of home ownership for this demographic, private pensions, asset and wealth accumulation (Waldegrave 2012, Robert Stephens 2014). The superannuation payments is tied to 66% national average wage and indexed against inflation (married couples receive \$282.26 each per week and a single person

living alone receives \$366.94 per week). The effectiveness of this policy is supported by New Zealand's comparatively low deprivation and income poverty rates among our senior citizens (Robert Stephens 2014), and by the relatively small proportion of New Zealander's living in low-income households (after housing costs): 7% (for all superannuates), 11% (singles 65+) and 6% (couples 65+) Internationally, New Zealand has also scored well on international league tables on income poverty and material hardship. (Data derived from Household Incomes in New Zealand).

At one level this is a success story and one to celebrate, but when we dig more deeply NZCCSS sees a more complex story about

80% have had to budget for their basic needs – some choosing to go without heating. Wellington City Mission

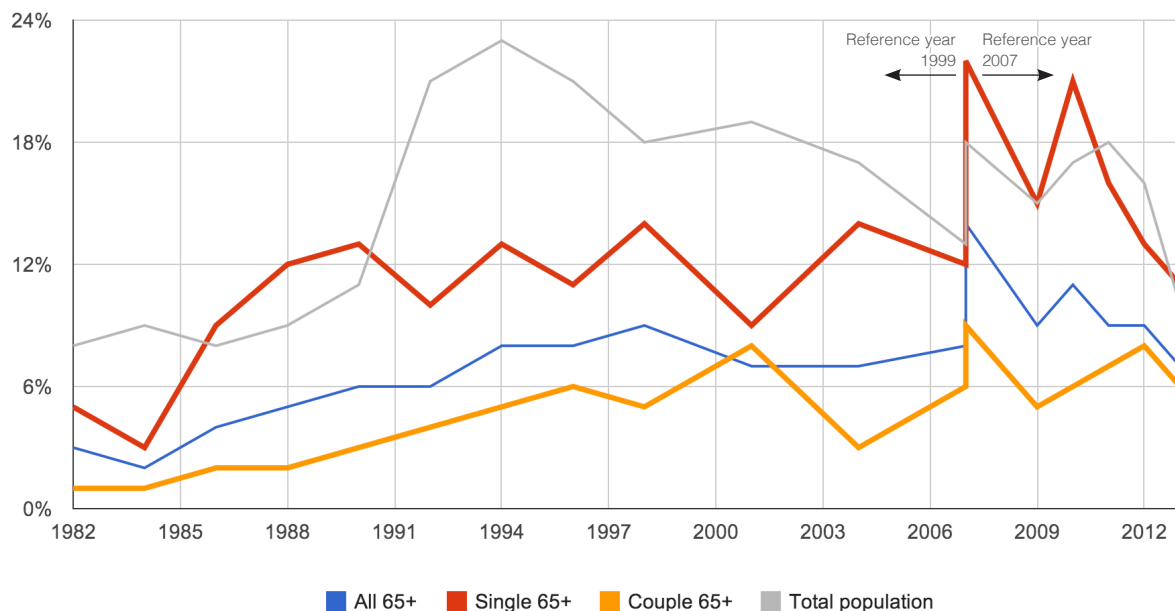
We are seeing an increasing number of older people who due to increased rents, who care for their grandchildren, and have family making demands on their money. They are finding it increasingly difficult to make ends meet. Christchurch City Mission

11 people on government superannuation presented at the food bank Christchurch City Mission

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### Proportion of older people in low-income households (after housing costs).

Household Incomes in New Zealand Ministry of Social Development 2014



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## Home ownership, hardship and ethnicity

For the majority of older people (65+) ageing in place means aging in their own home and this is reflected in high ownership rates among people aged 70-74 years (77.5%) (Census 2013). A small proportion of older people (10%, 67,791), *aging in place* means aging in someone else's home. For this group of older people both the private rental market (41,196) and state housing (22,218) are significantly important to their health and well-being. It is likely the 7% of older people identified as living in hardship have never owned their own home, or entered retirement not owning their home. Although Maori and Pacific people aged 65+ in the general population are comparatively low, given the low

Homecare service reports many stories of housing difficulties for 65+ and we are frequently asked at home healthcare if we provide housing to the elderly. VisionWest Community Trust

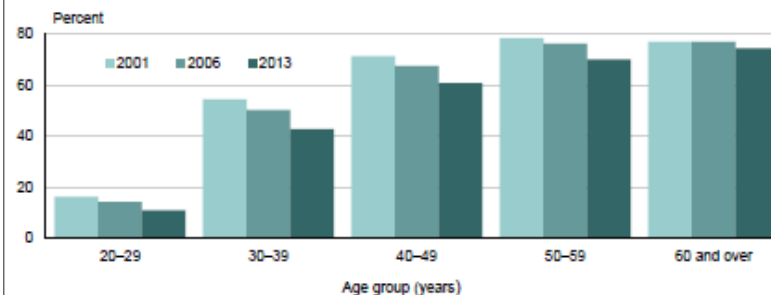
Anxiety/uncertainty regarding Housing New Zealand access given recent changes. Wellington City Mission

High rents, especially in Auckland – challenging transition once no longer working and reliant on superannuation. Presbyterian Support

In general community housing demand is high and increasing for all age groups. People are saying 'we are desperate NOW' ... Community housing reports – are people are being evicted and houses sold. The average rental agreement is becoming shorter (often 6 months). VisionWest Community Trust

### People 20+ who owned or partly owned their home.

2001, 2006 & 2013 Censuses, Statistics NZ



Our managers are fielding regular enquiries from vulnerable elderly people in Christchurch who have been told they will need to find alternative accommodation while their house is repaired. However, they don't know actual dates for the repair, and are understandably VERY anxious about where they will find temporary accommodation suitable to their needs? In some instances the EQR accommodation people are working with them. When they find something suitable, there is no guarantee that it will still be available when they get final advice about a date for moving out. Anglican Living

A couple early 70s, been married 10 years... The wife is almost totally blind due to cataracts which she will not accept she has. The husband has high blood pressure, blackouts and probable heart problems. They both think that living on a concrete floor is also contributing (to stress), and are fearful of the floor cracking in an earthquake. Wanting to move to somewhere which has a wooden floor – don't want to pay any more rent, and not insightful about the state of their current flat impeding any move forward. The wife is still cooking despite her blindness and navigates her way around by holding on to the furniture. If not guided, she will walk into doors, walls, etc and before Xmas 2012 she lost her footing outside and broke her hip. Presbyterian Support Upper South Island

rate of home ownership for these demographics – Maori (28.2%) and Pacific people (18.5%) – when compared to Europeans (56.8%), it would be reasonable to assume Maori and Pacific people are over-represented in this group (Census 2014).

NZCCSS members tell an emerging story of older people struggling to afford rising rents in the private market and trade-offs they are making (food, turning heating off, not accessing health/dentistry

when needed or picking up prescriptions). We find older people are accessing an accommodation supplement (33,221) but this state provision is undermined when we find many of these people receive payments at the top end of the rate available, and this scale has not been reviewed since 2005. Increasingly high rental costs mean that older people living on a fixed income must meet the gap, often leaving them with

inadequate income to afford other basic necessities.

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In Christchurch, life after the earthquakes continues to bring distress to local people and housing remains a pressure point. A large number of state houses were damaged

Accommodation Supplements to New Zealand Superannuation/Veteran Pension recipients.

	March 2013	March 2014	
Maori	4,009	4,314	↑ 7.6
Other ethnic groups	27,353	28,907	↑ 5.6
Total	31,362	33,221	↑ 5.9

Note: The annual increase in accommodation supplements (5.9%) largely reflects the percentage increase in NZS/VP numbers for this timeframe.

Renting in New Zealand. There are around 635,200 New Zealanders over 65. Statistics NZ

Types of rental accommodation	General population	65+	% of 65+
Private sector	355,554	41,196	6.4%
Housing New Zealand	52,503	14,946	2.3%
Local authorities	11,307	7,272	1.8%
Total	453,135	67,791	10.6%

during the earthquake. This, along with increased competition for low-end rental accommodation, has created unprecedented rent rises in the city and corresponding housing crises.

Income and wealth inequality over the past thirty years has changed the landscape in which low-income people could accumulate income and wealth over time, and this has resulted in a progressively lower rate of homeownership (Census 2014), with an aging population set to double, we can expect increased

Synthetic Lower Quartile Rent. MBIE

April 2014	SLQ rent	Annual change*
National	\$253	3.8%
Auckland	\$327	3.2%
<b>Gtr. Chch.</b>	<b>\$303</b>	<b>13.8%</b>
Wellington	\$256	3.6%
1 bedroom	\$182	4.0%
2 bedrooms	\$249	3.8%
3 bedrooms	\$288	4.1%
4 bedrooms	\$357	5.0%
5+ bedrooms	\$436	3.5%

\* Change in trend values

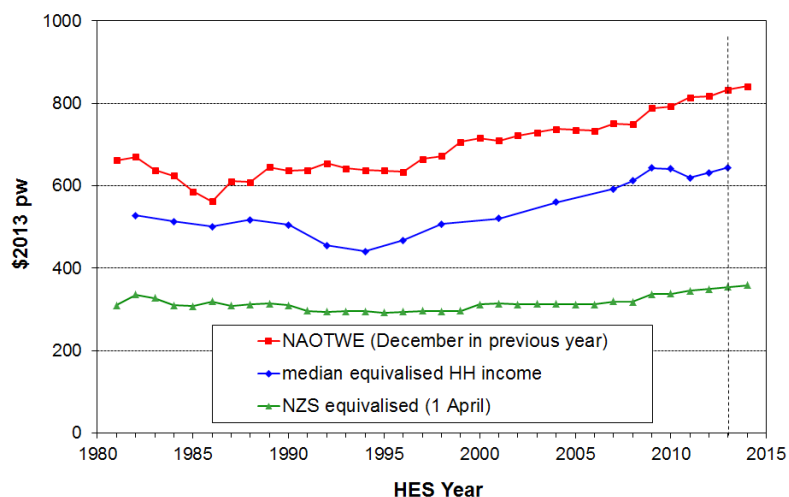
vulnerability to the impacts of unexpected life events.

The diagram below shows that the value of superannuation has increased by 15% in real terms from 2007 to 2013, as a

result of the rising 'net average ordinary timer weekly earnings' (NAOTWE).

(Household Incomes in New Zealand, 2014), which New Zealand is benchmarked against.

Average weekly earnings, median household incomes and NZS (in \$2013).



How much do I have to live on?

Pension type	Net weekly rate (after tax)
Single, living alone	\$366.94
Single, sharing	\$338.71
Married, civil union or de facto couple, one qualifies	\$282.26
Married, civil union or de facto couple, both qualify (each)	\$282.26
Married, civil union, or de facto couple, both qualify (total)	\$564.52
Married, civil union, or de facto couple, only one partner qualifies and the other partner is 'included' in payments (total)	\$536.54

## Older people at risk of vulnerability

The group of older people vulnerable to hardship NZCCSS providers see are generally those who a) have no private supplementary income over and above the New Zealand Superannuation and b) live in private rental accommodation or c) own their home but have no savings. This group is heterogeneous and is made up of many different life stories. Some older people our providers see have worked at the lower end of the wage scale, and over the course of their lives have been unable to save for a home or retirement. Others have experienced life events (such as ill-health, disability, addictions) that have significantly impacted on their financial security over their life course. Others who have saved for their own home, but have little or no savings to support them in their retirement. Feedback from our providers also point to a group of older people who do not approach social service providers directly, but are seen through the provision of meals on wheels. These older people can be isolated from family and community. Our members

Advances for all New Zealand Superannuation/Veteran Pensions recipients nationally for electricity and gas.

	March 2013	March 2014	
Maori	114	79	↓30.7%
Other ethnic groups	189	134	↓29.1%
Total	303	213	↓29.7%

Number of Special Needs Grants for all New Zealand Superannuation/Veteran Pensions recipients nationally for food is for years ended March quarter 2013 and 2014.

	March 2013	March 2014	
Maori	846	722	↓14.6%
Other ethnic groups	1,671	1,552	↓7.1%
Total	2,517	2,274	↓9.6%

report they include older people who have mental health issues or intellectual disabilities who have found themselves to be increasingly isolated.

### Additional state support for superannuitants and veterans

The state provides some assistance to people in hardship. For this edition, providers report seeing older people who have not previously sought help. At the same time official statistics suggest fewer older people are accessing formal state support, and where it is accessed it is on the decline.

We see increasing complexity of profile e.g. increasing cognition impairment, short term memory loss, dementia, and often with more than two physical and/or long term conditions which include mental health issues, mainly low mood and/or anxiety. Additional is the increasing abuse to this profile. ... With increasing complexity comes increasing border-line hospital level older people living in their homes, coupled with in-home support constraints. Wellington City Mission



Strong advocacy is required to advocate for Care Plus and long-term conditions. GPs do not always hear from clients that their finances are tight. Wellington City Mission

Some attempting to access free dental care at hospital – long waiting times. WINZ sometimes requiring two quotes for any dental work. Presbyterian Support

Barriers (to accessing health services) are money, education and an inability to change living conditions. It is no good telling a person their house is too cold to be healthy. They know this but can't afford to change things. Christchurch City Mission

Poor people do not go to dentists and physiotherapy is a luxury beyond them. Doctor's visits are delayed for as long as possible. VisionWest Community Trust

Carer stress increasing. Wellington City Mission

Home care reports transport issues, communication and understanding issues due to undiagnosed mild dementia, clients presenting at the GP with multiple issues, time constraints of GPs. Lack of integration with other services. VisionWest Community Trust

More pieces of the puzzle are often missing. Information is held with different services and with cognition difficulties it is sometimes 'hit and miss' with the older person. Initially it is usual for first visits trying to fill in the gaps in order to safely case manage. Wellington City Mission

With couples sometimes both are carers for differing needs more obvious in cases e.g. it is becoming more common when one is disabled physically and the other is mobile with dementia or both with varying degrees of senility. Wellington City Mission

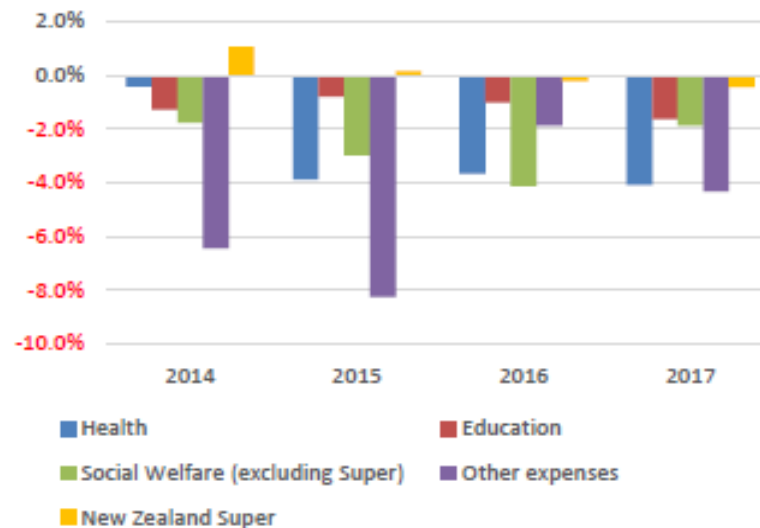
There remains a social stigma in the older population that to receive counselling is a weakness, slowly overcoming this is taking time. GP promotion of our services is helping. Cost is often a barrier for this client group VisionWest Community Trust

## Affording increased health costs

There is no avoiding the physical and mental frailties associated with growing old. Timely access to health services plays an important role in managing associated health conditions (and age-related disabilities). Maintaining good health is also critical for older people to remain sufficiently independent to live in their own home as they age. As more older people are living longer, so also comes a rise in the visibility of more complex health and social needs associated with aging and living longer at home. These complex needs include mild dementia, loneliness and elder abuse.

For this edition, our networks report on the need for a more skilled older people workforce (both carers and general practitioners) to manage these more complex needs in the community. While the recent announcement of additional funding to residential care services is welcome, in the longer term we hear news about Treasury's forecast that health expenditure could fall 11.5% in real terms between 2013 to 2017). The provision of

Forecast annual changes in main core government expenses after inflation and population growth  
NZCTU, Economic Bulletin, No 156 (April 2014)



home support hours, and other services to older people come out of Vote Health. It is not clear at this stage what impact on services for older people the reduced funding will have.

Older people struggling to pay for health services even with state subsidies (via community services card) and trading off a range of preventative care that support independent living is a further theme of this report. These trade-offs include: delays to visit GPs, not picking up prescriptions and avoidance of physiotherapy and occupational

therapy. Affording dentistry is a cost out of reach to many older people who either avoid this cost altogether or find themselves on a long waiting list for free dental work at hospital. Work and Income provides some assistance, but we find the bureaucracy of state help too difficult for some older people to manage. While counselling services are usually associated with younger age groups and families, for this edition also hear about a group of older people who are starting to engage counselling services, along with other age groups.

## Older people as carers

Finally this edition provides a reminder about the valuable contribution many older people make caring for children and spouses.

Grandparents stepping up to look after grandchildren and other relatives is a theme captured in feedback from our providers. We hear about a group of older carers who look after children but who do not necessarily access formal state supports that are available to them. Official data (March 2014) on benefit dependent children identifies a small group of older people living on superannuation or veteran benefit (408) looking after children. This relatively

We have also noticed an increasing number of older people who are looking after their children's child. This is placing an increased pressure on them economically and emotionally. They are often not being supported by their family or by CYF's or other benefit systems. Christchurch City Mission

small number of carers identified in the table, gives support to the view that there is likely many more older carers looking after children in their family/whanau but who are not part of a formalised CYF arrangement, and who therefore are not accessing additional supports and funding that are publicly available.

Another group of carers we hear about this quarter are older people caring for spouses at home, often when both have health needs and age-related disabilities. For this group of carers, an appropriate levels of homecare support delivered by skilled workers is critical to ensure both spouses maintain sufficient health and well-being to enable them to remain at home and live out their lives in dignity and in a meaningful way.

### Benefit dependent children by benefit group

Benefit group	Dec-13	Mar-14
Emergency Benefit	1,539	1,030
Emergency Maintenance Allowance	2,759	2,625
Job Seeker Student Hardship	2,455	38
Job Seeker related	37,010	34,004
<b>New Zealand Superannuation and Veteran's Pension</b>	<b>380</b>	<b>408</b>
Non Beneficiary	70,445	71,013
Sole Parent Support	145,710	142,076
Supported Living Payments related	19,007	18,605
Youth Payment and Young Parent Payment	1,277	1,206
<b>Total</b>	<b>280,582</b>	<b>271,005</b>

Note: Excluding orphans benefit, and unsupported child benefit clients.



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Workshops by: **Paul Barber, Mike Coleman, Gill Genet, Puamiria Maaka, Max Rashbrooke and Gilbert Rochecouste**

# Additional economic data for the June 2014 quarter

Overall, the official story on the economy is positive for the June quarter. Employment is up (3.7%) and unemployment is down 10.9% over the year to June 2014 (5.6%). Maori and Pacifica share in this good news across a range of indicators but to a far less extent when compared to European New Zealanders. Here, the story remains largely unchanged. Underemployment is up a massive 12% over the year to June, indicating a large group of New Zealanders wanting to work more hours than the economic market will provide. The Canterbury re-build continues to be a key driver for most of the activity in the labour market, followed by Auckland, and to a much less extent other regions. There is some good news on the salary and wage front but it's mixed. The annual wage rate increased 1.7% but when we take a closer look we see salary and wage rates

may have increased for over 50% of the working population, there was no change to the salary and wage rate for approximately 40%. For housing it is primarily a tale of two cities: Auckland and Christchurch. The annual price growth for housing saw the most activity in Auckland and Greater Christchurch (Christchurch, Selwyn and Waimakariri): Auckland (14%), Waimakariri (8%), Christchurch (8%) and Selwyn (8%). The annual growth in rents has Canterbury fast approaching Auckland's unaffordability levels. Finally for those people needing affordable housing there remains a very long wait for a Housing New Zealand home.

Note: The official data on the economy set out in this section primarily draws on data released in June 2014. However, for some indicators, March 2014 data are the most available data at the time this report was written.

## The bigger picture: What the economists are saying

The Household Labour Force Survey: June 2014 quarter paints an optimistic picture of an economy. Over the year to June, employment increased 3.7% to 2,328,000. Economic growth is forecast to accelerate from 'an estimated 3.1% in the March 2014 to 3.8 in the coming year', although there are also some mixed messages about the sustainability of this rosy picture 'Growth will moderate in future years, but remain positive' (p.1, NZ Institute of Economic research, 16 June 2014).

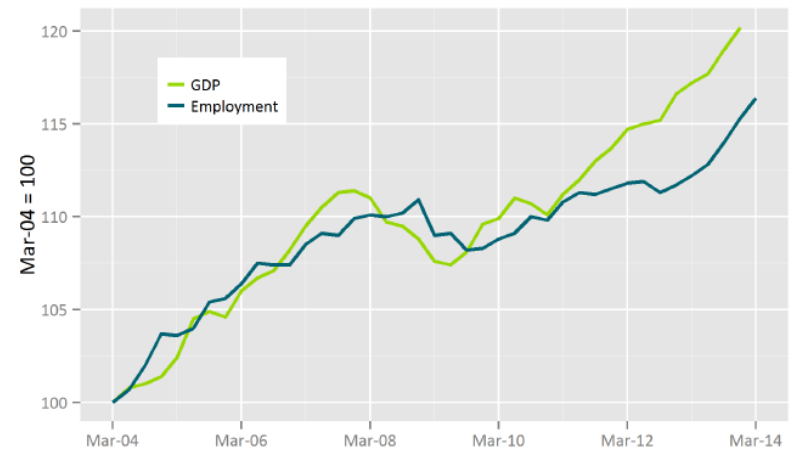
## The mystery of the GDP and employment growth divergence

The Gross Domestic Product (GDP) is New Zealand's measure of economic prosperity. The theory is the bigger the pie the bigger the slice for all of us to share; also known as the trickle-down theory. The May 2014 Quarterly Labour Market Report (QLMR), the most recently available report at the time of writing, points to the mystery of 'employment growth has lagged behind GDP growth since the

Real GDP growth. Statistics NZ, NZIER



GDP and employment indices. Statistics NZ



start of the recovery in 2009'. See the chart above. This mystery has been noted over several QLMR quarters. The official explanation lies in 'high output growth for industries with low

labour intensity'. So what is the story here? And how confident should we be that the trickle down mantra will equate to more employment opportunities across New Zealand?

Employment trends	12
Wages: How much is tricking down?	13
Housing	14

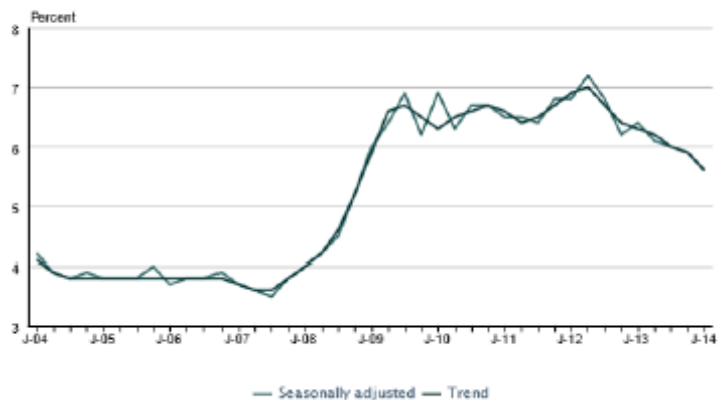
Employment rate (quarterly).

Statistics NZ



Unemployment rate (quarterly).

Statistics NZ



Employment rate by region (quarterly).

Statistics NZ



## Employment trends

There is good news for those looking for work over the June 2014 quarter, with an increase in the number of people employed (↑3.7% to 2,328,000). Accordingly, the employment rate rose to 65% over year, up from 63.7% a year ago (HLFS, June 2014).

### Maori

According to officials there is also good news on labour market outcomes for Maori:

- Employment was up 15,600 workers to 264,700.
- The unemployment rate to 12.3% (↓1.9%)
- Labour force participation rate increased to 66.8% (↑1.7%)

Not in education or employment (NEET)

- The NEET rate is 21% (↓2.4%). European NEET 9.6% (↓1.4%)
- NEET males is 15.6% (↓3.4%)
- NEET female is 26.7% (↓1.2%)

(Source: MBIE)

### Pasifika

- the number of pacific people employed has risen by 18,000 (19%).
- the employment rate is up 6.3% to 56%.

- the unemployment rate 13.5%.
- labour force participation rate increased to 63.8%.

Not in education or employment (NEET)

- The NEET rate is 19.2 (↓0.9%)
- neet male is 16.5% (↑3.6%)
- neet female is 21.8% (↓5.6%)

### Full-time and part-time employment

Both full-time and part-time employment are on the up over the year. Full-time employment increased 4%. Part-time employment increased 2.6%. Potentially, this is good news for working mothers needing to balance work and family responsibilities.

### Underemployment

Underemployment is up 12% over the year to June 2014 (in unadjusted terms). This group of people represent those who work part-time but want more hours, and are available to do so.

For those in work, where is all this annual increase in employment coming from?

According to the HLFS, the main contributors are:

- Construction industry – up 29,600 (17%)
- Wholesale trade industry – up 16,800 (20%)

- Public administration and safety industry grew by 11,000 (9.1%)
- Electricity, gas water and waste services industry report a ‘significant increase’ but no figures are provided.

### Participation in the workforce

Labourforce participation has increased over the year to June 2014 to 68.9%.

### Not in the labourforce

Over the year to June 2014, the number of people not in the labourforce fell 0.9% (↓10,000). This was interpreted as a fall in the numbers of people at home looking after children (↓16,400 people) and an increase in the number of retired people (↑13,700).

### Canterbury is the place to be if you are a job seeker

The HLFS June 2014 reports Canterbury has contributed the most over the year to New Zealand’s employment growth, accounting for nearly half of the total growth (45%).

- Canterbury employment increased by 37,200 people (11%).
- The employment rate increased 2.6% to 70.2%
- Unemployment dropped to 2.8%



- Retail trade, accommodation, food services industry (↑12,400)
- Public administration and safety (↑6,100)
- Employment in the construction industry (↑10,300)
- Transport, postal and warehousing industry group (↓5,800)

### Auckland and the rest

In Auckland, employment has risen by 21,200 (2.9%) over the year to June 2014.

- Wholesale trade industry increased from 33,500 people to 46,500 people.
- Construction grew by 12.8%.

Outside of Auckland and Canterbury, employment has increased 24,100 (2%) over the year.

## Wages: How much is tricking down?

Wages and salaries remain the main source of income to afford life's necessities. There seems some good news on this front. The Labour Cost Index (Salary and Wage rates) June 2014 quarter advises the annual wage rate increased 1.7%. If this measure is compared to the annual consumer price rate of inflation for the June 2014 (1.6%), it might be reasonable to say salary and wages are keeping up with inflation. However, this good news is mixed. The annual wage rate increased 1.7% but when we take a closer look we

see salary and wage rates may have increased for over 50% of the working population, there was no change to the salary and wage rate for approximately 40%.

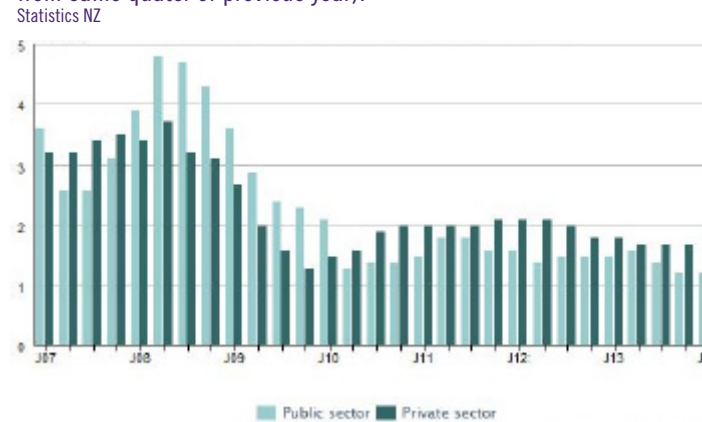
Here are some more facts:

- 57% of salary and wage rates increased over the year.
- 'This was the largest annual proportion increasing since March 2012' (p.4).
- Out of this 57% there were:
  - A median (middle) annual increase of 2.4%
  - A mean annual increase of 3.1%.

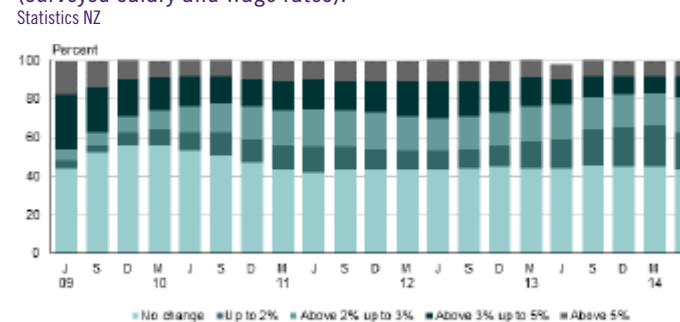
In the year to June 2014 the mean (middle) increases by sector were:

- Private sector: ↑3.4%
- Public sector: ↑2.3%.

All salary and wage rates by sector (percentage change from same quarter of previous year).



Distribution of annual movements, all sectors combined (surveyed salary and wage rates).



Annual percentage change in salary and ordinary time wage rates (June 2009 quarter to June 2014 quarter).



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## Housing

Housing continues to be a pressure point whether you are renting or buying a home. As we see for the June edition, where you live matters, with Canterbury and Auckland continue to dominate the scene.

### Rental affordability

Canterbury sees the greatest annual growth in average rents over the year to April 2014 and is seen to 'largely reflect the post-earthquake rebuild'. The extent of this growth makes changes around the country pale in comparison (see chart above right). The New Zealand Housing and Construction Quarterly, June 2014 advises 'rental affordability in Canterbury has worsened and is now quickly approaching Auckland's affordability levels', (p.7).

### Home ownership

The housing market is described as a *Tale of Two Housing Markets* for this edition. The June *Housing and Construction Quarterly* (ph2) points to Auckland and Greater Christchurch (Christchurch, Selwyn and Waimakariri) as the regions where most activity is happening. In April 2014 the top four Territorial Authorities

by annual price growth were Auckland (14%), Waimakariri (8%), Christchurch (8%) and Selwyn (8%).

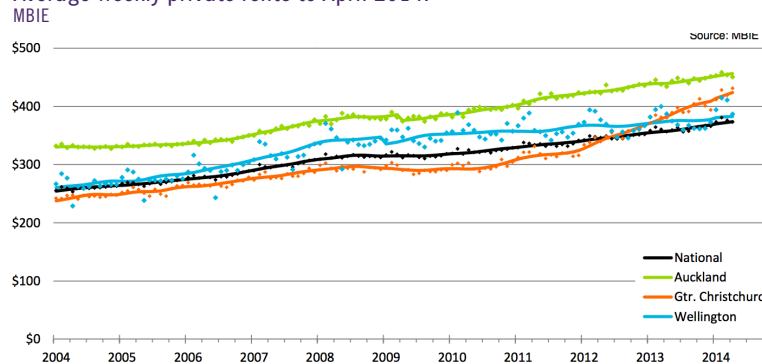
### Social housing sector

For this edition there is no change to the story about social housing. January 2014 remains the latest official data available on Housing New Zealand's waiting lists.

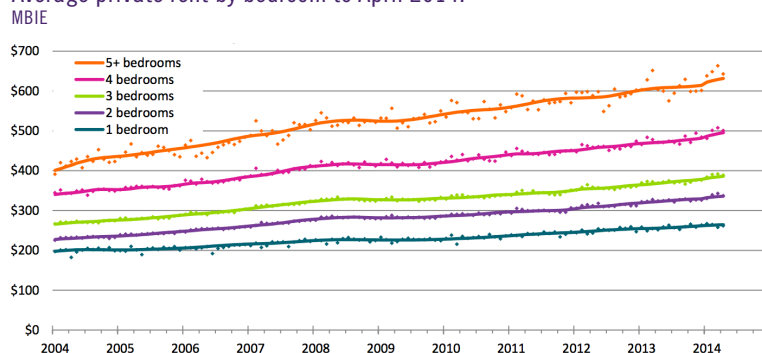
#### Housing NZ waiting lists

January 2014	Waiting	Annual change
A priority	1,522	↑ 31.1%
B Priority	2,672	↑ 36.9%

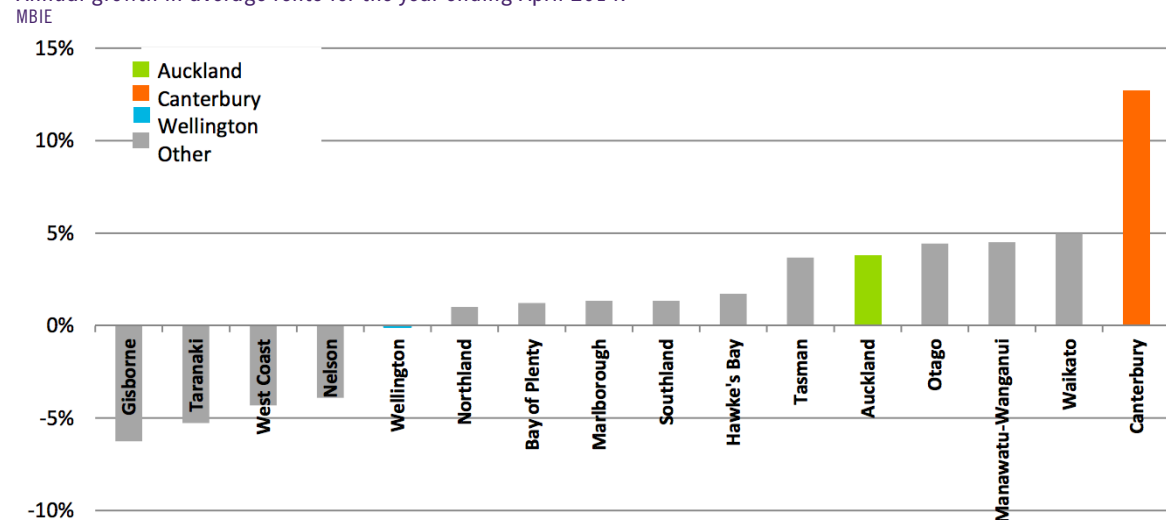
Average weekly private rents to April 2014.



Average private rent by bedroom to April 2014.



Annual growth in average rents for the year ending April 2014.



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