IMPACT OF COVID-19 ON FINANCIAL WELLBEING

Findings from the second wave of a national survey

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Background

In October 2020, the Commission for Financial Capability surveyed 4,009 people on how their personal and household finances were affected by the COVID-19 pandemic. They were asked about their income, bill payment, borrowing, debt, savings, ability to pay for essentials such as food and whether they sought financial help. Fieldwork took place between 30 September and 22 October 2020, using the Dynata panel.[1]

The base for analysis is people who are responsible for the household finances (N=3,687). Non-householders who are responsible only for their own personal finances (most of whom were aged under 25 and lived at home with their parents) are not included, except for the sections which state they use individual level data (N=4,009).

This survey follows a similar survey conducted in April 2020 on a sample of 3,085 people.[2] Both surveys used a questionnaire designed by Professor Elaine Kempson of the University of Bristol.[3]

Executive summary

- Household incomes showed some recovery compared to April 2020 data. 67% of households reported their income is the same or higher compared to February 2020. One in three households have not recovered their incomes to the February 2020 level; this includes 11% of households that are still on a severely reduced income.
- More than 1 in 10 households (11%) report an increased income compared to February 2020. These households are more likely to include knowledge workers and public sectors employees.
- Households where the main respondent was Māori or Pasifika, or worked in insecure employment in February 2020, were less likely to have incomes equal or higher to their income in February 2020.
- The percentage of households in arrears have decreased compared to April 2020, but almost one in four households (23%) had some sort of arrangement with at least one creditor (such as a payment holiday or reduced payments). This raises questions about what happens when these arrangements expire.
- Households' success in securing arrangements with creditors was uneven, for example 52% of Pasifika households who approached creditor(s) to negotiate reported they have been turned down by at least one creditor, compared to 32% of European households.
- Accessing available individualised financial guidance such as budgeting services or Money Talks remained low, even among those who had multiple arrears.
- 12% of households were **in serious financial difficulty** – they had multiple arrears and were constantly struggling to pay bills. Many of these households were out of work before COVID-19, and their difficulty was due to chronic poverty rather than the impact of the virus, although COVID-19 in many cases intensified their hardship.
- 24% of households were **in some financial difficulty**. Unlike households in serious difficulty, these households tended to have optimistic expectations for the future. They had a low rate of seeking financial guidance from sources such as budgeting services, Money Talks or Sorted, even when in arrears.

1 See Appendix 2 at the end of this document for further details on data collection.

2 The report from the previous wave of this survey is available at cffc-assets-prod.s3.ap-southeast-2.amazonaws.com/public/Uploads/Research-2020%2B/COVID-19/CFFC-COVID-19-Research-Report-May-2020.pdf

3 We are very grateful to Professor Elaine Kempson, for sharing her questionnaire and analysis template with us and for generous advice and consultation, and to Christian Poppe for his assistance with segmentation analysis. Our thanks also go to the members of Dynata's online panel who answered the questions willingly and honestly. We hope that this report accurately reflects the situations they were experiencing

- The segment **in difficulty** (which was one segment in April and was divided into **in serious difficulty** and **in some difficulty** as above in the current wave) increased in size compared to April. This increase was due to some households who were in the **exposed** segment in April slipping into difficulty after loss of income. Nonetheless, this increase was less than we feared given the size of the **exposed** segment in April and their lack of savings.
- 41% of households were not in difficulty but had little financial resilience (**exposed** households) and were at risk of difficulty if their income declined. In April, many of these households experienced loss of income or felt they were at risk of loss of income, but in October much of this anxiety subsided as incomes in this segment recovered well. The high levels of consumer debt and low levels of savings means improving financial resilience of these households should remain a priority. Households in this segment increased their saving levels which suggests some of them realised the precarity of their financial situation.
- 23% of households were financially **secure**, not just paying their bills with no difficulty but able to weather a decline of income, should it happen to them, without any financial distress. This segment has shrunk since April but this change seems to be mostly due to depletion of savings rather than income loss (which suggests they may have bought non-financial assets such as property, or helped family members).
- Māori had the lowest financial wellbeing, unlike in April, where they were on par with Pasifika.
- The individual dataset suggests that measures to protect employment have worked well; those who were in permanent employment were likely to keep their status (in the same or a new job). Men were more likely than women to keep their employment status intact.
- Of those who were in insecure employment in February 11% reported they were now unemployed.
- Respondents were more optimistic about keeping their jobs compared to April.
- The April survey indicated a high rate of intention of KiwiSaver hardship withdrawal, but October figures showed the rate of those who actually accessed a hardship withdrawal was much lower than those intentions indicated. We do not know how much of this gap was due to improvement in people's situation, and to barriers in KiwiSaver withdrawal.

Household incomes

NB: Data in the section should be reported as relating to 'households', not individual New Zealanders.

As at 22 October 2020, an estimated 198,253 households (11%) had an income substantially lower than in February 2020 (having lost more than a third of their income as a result of the COVID-19 crisis).[4] This is an improvement compared to April, when there were 232,500 such households. A further 396,506 households (22%) had their income reduced by less than a third compared to what the household earned in February 2020 (in April 447,000 households had their income reduced by less than a third). This means that one in three households has still not recovered its income since the COVID-19 crisis began (Table 1).

The percentage of those still on reduced incomes compared to February 2020 was highest among households where the main respondent was aged 55 to 64 (37%; Table 2). Māori and Pacific Peoples households[5] were more likely to still have reduced incomes, compared to Asian and European households (Table 3). Māori households had the highest proportion of severely reduced income (14%). Pacific households had the highest proportion of income reduced by less than a third (31%).

Table 1. Change in household incomes compared to February 2020

Household income compared to February 2020	April 2020	October 2020
Decreased by one third or more	13%	11%
Decreased by less than one third	25%	22%
Stayed stable	52%	56%
Increased	9%	11%
Total	**100%**	**100%**

Table 2. Change in household incomes compared to February 2020 by age of main respondent

Household income change since February 2020	18 to 34 yrs	35 to 54 yrs	55 to 64 yrs	65 +	Total
Decreased by one third or more	9%	13%	14%	6%	**11%**
Decreased by less than one third	24%	22%	23%	16%	**22%**
Stayed stable	52%	55%	55%	68%	**56%**
Increased	14%	11%	9%	10%	**11%**

Table 3. Change in household incomes compared to February 2020 by ethnicity of main respondent

Household income change since February 2020	Māori	Pacific Peoples	Asian	European
Decreased by one third or more	14%	12%	10%	11%
Decreased by less than one third	24%	31%	25%	21%
Stayed stable	51%	48%	55%	57%
Increased	12%	9%	10%	11%

4 Using Statistics New Zealand estimate of 1,802,300 households at 30 September 2020; www.stats.govt.nz/information-releases/dwelling-and-household-estimates-september-2020-quarter

5 As defined by the ethnicity of the main respondent. Respondents could select more than one ethnicity and in that case were counted in each of the respective ethnic groupings.

Arrears

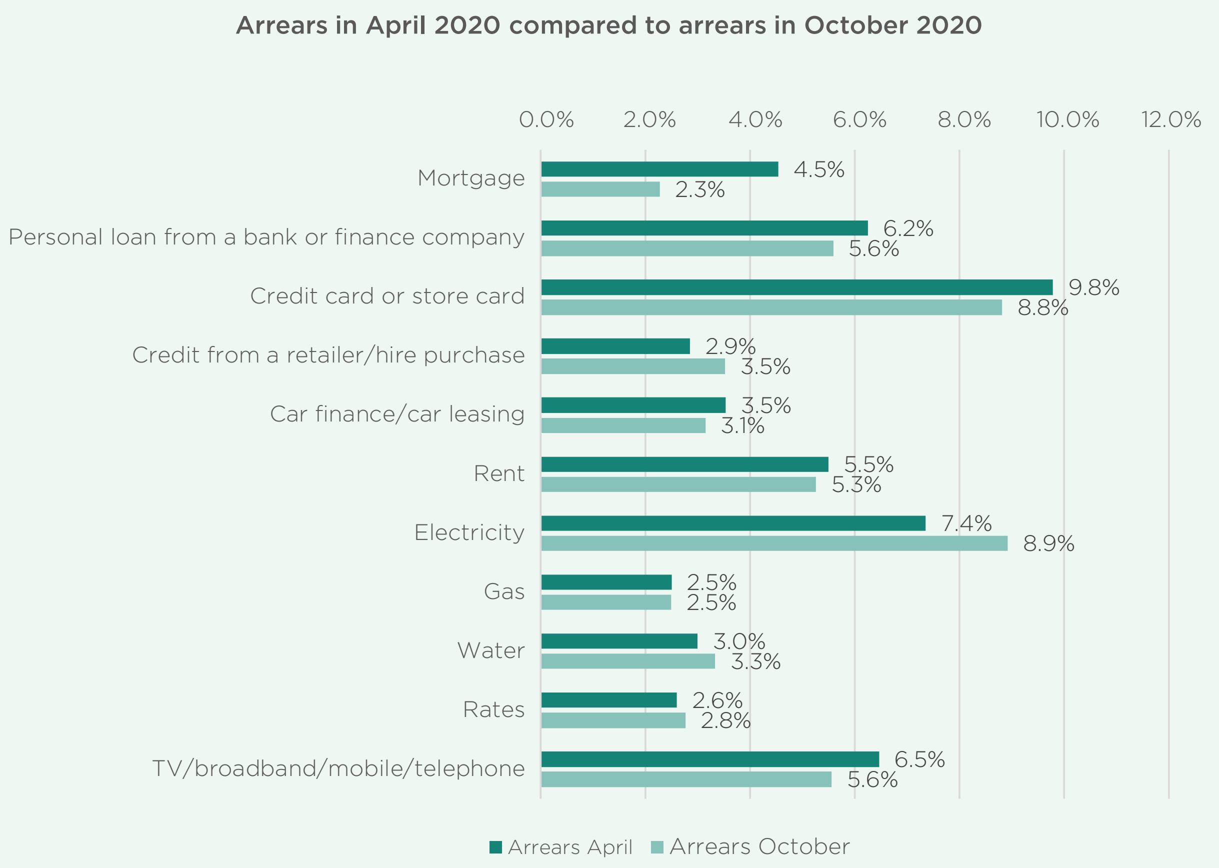
NB: Data in the section should be reported as relating to 'households', not individual New Zealanders.

The percentage of households reporting in arrears on at least one payment (including consumer loans, utility bills and housing costs) was 24%, slightly lower than the 26% reported in April. Mortgage arrears halved from 4.5% to 2.3% of households.[6]

Younger households, female-headed households[7] and households with children aged 0-12 were more likely to have arrears than those who did not have these characteristics. But the most over-represented among those with arrears were Māori and those who were in insecure work before the COVID-19 crisis. 28% of households with one or more arrears were Māori, which is almost twice as much as the proportion of Māori households in the sample (15%). Almost half of the households with one arrear or more were households in which at least one earner was in insecure work in February 2020.

Electricity arrears are the only type of arrears that increased by more than one percentage point between April and October. This is likely due to higher heating costs over winter. Among households with electricity arrears, 38% were Māori and 10% were Pacific. Over half of these households also struggled to pay for food and other necessary expenses. Only 13% of them used the Money Talks helpline; more than half were not aware of it (52%). Given this low level of awareness, power companies could be used as a channel to communicate with those in arrears about where they can access help.

Figure 1. Arrears in April and October 2020 (percentage of households).



6 These are percentages of all households, not only households with a mortgage.

7 Households where a woman is the chief income earner.

The October wave of the survey also revealed that 23% of households had arranged payment holidays or reduced payments on a variety of loans and utility bills. Such arrangements were common especially for mortgages (5.8% of households had a mortgage holiday and 3.4% had reduced payments), credit cards and electricity payments. It is laudable that many lenders stepped up and offered this temporary relief to debtors. However, it raises the question of what happens when these arrangements expire if households with such arrangements do not recover financially before then.

Many households in the sample had both arrears and/or one or more types of arrangement with a lender, sometimes applied to the same type of loan. For example, a household might have a personal loan with reduced payments and another personal loan in arrears. Looking at the combination of arrears and arrangements can give a fuller picture of who successfully negotiated with creditors (Table 4):

- 66% of households had no arrears and no arrangements with creditors.
- 10% of households had arrangements with creditors and no arrears. This means that these households successfully negotiated with all their creditors. Common types of arrangements in this group were mortgage holidays (34%) or rent reduction (11%).
- 11% of households had arrears but no arrangements with creditors. These households either did not try to approach creditors or were unsuccessful. In this group we find predominantly households from the segments in serious difficulty (39%) and in some difficulty (47%), and common types of arrears were: credit cards (40%), personal loans (21%) electricity (35%), TV/broadband (25%) and other bills / unsecured loans.
- 13% of households had arrears and arrangements with creditors. This suggests that these households were unsuccessful in getting arrangements on some of their loans or were still in the process of negotiating with creditors. These households were diverse, but Māori and Pacific households in some difficulty and in serious difficulty were once again over-represented. Common types of arrears were credit cards (35%), rent (27%) and electricity (40%).

It was not those in most difficulty who were most successful in getting payment holidays or reductions. The higher the wellbeing segment, the higher the percentage of households (out of those with any arrears or arrangements) who managed to achieve arrangements on all their problematic loans (loans which would otherwise be in arrears). Māori and Pasifika households had a lower rate of success securing arrangements on all their problematic debt (Table 5). There are several factors in a creditor's decision to provide relief to borrowers, not all of which have been captured in this survey (eg, credit score). However, data suggests that those who need help the most are least likely to get arrangements with creditors. We recommend further research on how much of this difference is due to some debtors not approaching creditors to negotiate, and how much is due to creditor policies.

Table 4. Households' arrears and payment arrangements by financial wellbeing segment

	In serious difficulty	In some difficulty	Exposed	Secure	**Total**
no arrears and no arrangements with creditors	30%	50%	73%	91%	66%
no arrears, has arrangements with creditors	8%	11%	12%	6%	10%
has arrears but no arrangements with creditors	33%	21%	4%	1%	11%
has arrears and arrangements with creditors	28%	19%	11%	2%	13%
	100%	100%	100%	100%	100%
those who have arrangements but no arrears as % of those with arrears or arrangements[8]	12%	22%	44%	67%	29%

Table 5. Households' arrears and payment arrangements by ethnicity of main respondent

	Māori	Pacific Peoples	Asian	European
no arrears and no arrangements with creditors	42%	43%	57%	73%
no arrears, has arrangements with creditors	14%	12%	16%	8%
has arrears but no arrangements with creditors	18%	19%	7%	10%
has arrears and arrangements with creditors	26%	26%	19%	9%
Total	100%	100%	100%	100%
those who have arrangements but no arrears as % of those with arrears or arrangements	24%	21%	38%	30%

8 "No arrears, has arrangement" divided by "no arrears, has arrangement", "has arrears, no arrangements" and "has arrears, has arrangements" combined.

Households' situation

NB: Data in the section should be reported as relating to 'households', not individual New Zealanders.

Using a set of detailed questions about the levels of financial stress experienced and the financial reserves they had to deal with financial shocks, it was possible to segment New Zealand households into four broad groups:[9]

- 23 per cent (an estimated 396,500 households) appeared to be financially **secure**; they were showing no signs of any financial difficulty and had enough money in savings to meet financial shocks in the future.
- 41 per cent (equivalent to 739,000 households) had little financial resilience and were potentially **exposed** to financial shocks. These households were not in financial difficulty currently but were at risk of financial difficulty in the future if they experienced a drop or further drop in income.
- 24 per cent (equivalent to 432,500 households) were experiencing **some financial difficulty** and
- 12 per cent (equivalent to 216,300 households) were experiencing **serious financial difficulty** (in the April wave of the survey there were three segments: **secure**, **exposed** and **in difficulty**. In this wave, the **in difficulty** segment was split into **in some difficulty** and **in serious difficulty** to allow for more nuanced study.)

It is important to note that some of the households currently in financial difficulty were in difficulty before the COVID-19 crisis, and their current situation reflects chronic poverty rather than the impact of COVID-19. Such pre-existing poverty is common, especially in the "in serious difficulty" segment.

The segmentation above reflects a slight downward shift compared to April, when 26% of households were in the secure segment (now 22%), 40% were **exposed** (now 41%) and 34% were **in difficulty** (now 36%). Having enough money in savings to meet financial shocks in the future is an important factor in classifying a household as **secure**, and some households previously in the **secure** segment depleted their savings. The reason for this depletion was not always income loss (19% of **secure** households reported an increase in income compared to February 2020, the highest of any segment). Possible explanations for this decline in savings could be transitioning to non-financial assets like property or helping family members outside of the household.

The **exposed** segment in the April wave was at risk of financial difficulty if their income was affected (or further affected) and for some of these households this risk materialised in the form of redundancies or lower pay after wage subsidies were gradually phased out, resulting in transition to the **in some difficulty** segment. However, the number of households affected was less than we feared in April, when the scale of future job losses was unknown. Perhaps realising the precarity of their situation, **exposed** households improved their savings – in October, 67% could handle a loss of income for 3 months or longer without borrowing, compared to 51% in April. However, the high percentage of households with arrangements with creditors in this segment meant they were not yet out of the danger zone.

9 The segmentation of households is based on scores from a principal component analysis of nine survey questions that cover the extent to which households could meet their financial obligations and the resources they had for dealing with an economic shock. Full details of the methodology employed can be found in Kempson, Finney and Poppe (2017), Financial Well-Being: A Conceptual Model and Preliminary Analysis, Oslo and Akershus University www.hioa.no/content/download/142124/4026299/file/PN%203%20-%202017%20Financial%20Well-Being.pdf.

Those who were **in some difficulty** were optimistic about the future, hoping for recovery of their streams of income. However, for those at the bottom of the financial wellbeing scale (**in serious difficulty**), hardship intensified, as shown by the average financial wellbeing score within those segments (Table 6).

Table 6. Households' financial wellbeing segmentation and mean financial wellbeing scores within segments

	% of households - April	% of households - October	Mean financial wellbeing score in segment – April (out of 100)	Mean financial wellbeing score in segment - October
(out of 100)				
In serious difficulty	11%	12%	19.7	18.6
In some difficulty	23%	24%	41.6	41.3
Exposed	40%	41%	64.6	64.4
Secure	26%	23%	90.8	90.2
Total	**100%**	**100%**	**61.1**	**58.9**

Segment deep dives

NB: Data in the section should be reported as relating to 'households', not individual New Zealanders.

IN SERIOUS DIFFICULTY

For 100% of this segment, paying bills was a struggle. Most (83%) had no savings and 81% would not be able to cover a large unexpected expense. 75% used credit to pay for essentials. 61% had one arrear or more; 43% had two or more types of arrears. Common arrears were personal loans (19%), credit cards (28%), payday lenders (8%) and car finance (11%). 15% were behind on rent, 29% on electricity and 21% on TV/broadband/mobile. Of those who were in arrears and approached creditors to negotiate, 45% got turned down by at least one creditor.

Households with unpartnered adults, many of whom were sole parents, were over-represented in this segment. In more than half of the households in this segment, the primary respondent was aged 35 to 54 years. One in five were Māori. Most of these households were renting (58%) and a further 6% lived in boarding houses/hostels or other group housing situations.

This segment had the lowest employment rate pre-COVID-19 of all segments – In February 2020, 14% of main respondents were unemployed and looking for work (which increased to 22% in October 2020) and 21% were not employed, but not looking for work due to caring responsibilities or sickness. This suggests that many households in this segment were in hardship before COVID-19. Those who worked before the crisis were more likely, compared to other segments, to work in insecure jobs in the private sector.[10] Insecure jobs were among the most affected by the crisis (as discussed in the April report). In October, 60% of this segment was still living on reduced income compared to February 2020. This included 30% where the income was more than a third less than in February 2020.

Households from this segment reported the greatest anxiety about their financial situation, and 70% did not have hope for improvement in the next 3 months. The majority (57%) applied to Work and Income (WINZ) for help due to COVID-19-related financial difficulties (sometimes on top of the benefits they were already receiving). However, 11% said help from WINZ option was "not applicable" in their case, which suggests they may have been on temporary visas. After WINZ, the second most common source of financial help was family (31%) and taking out new

10 Insecure jobs mean any arrangement other than permanent employment – for example, fixed term contacts, agency work, casual work, gig work etc.

loans to cover expenses (15%). 8% had already applied for a KiwiSaver hardship withdrawal or were in the process of applying. For free financial guidance, 19% used Sorted.org.nz, 14% used budgeting services and 5% used the Money Talks helpline (it should be noted that two thirds of this segment did not know about Money Talks).

IN SOME DIFFICULTY

Similar to the **in serious difficulty** segment, almost 100% of this segment reported that paying bills was a struggle. However, unlike the **in serious difficulty** segment, households in **some difficulty** tended to have some short-term savings (albeit limited) and the majority (65%) could survive more than a month without borrowing if their current income was reduced by a third. They had a smaller number of payments that are in arrears: 21% of this segment were in arrears on more than one type of payment, compared to 43% of the serious difficulty segment. When in arrears, they were the least likely of all segments to have been turned down by at least one creditor when applying for a variation of loan terms.

These households were mostly working age couples (18-54) with children. 51% lived in rental accommodation. Compared to other segments, more respondent from this segment reported working in construction, retail, and food and accommodation services. Regardless of these trends, this segment was diverse and included households that were homeowners and respondents working in occupations such as media, IT or finance who were affected by the covid-19 crisis and who slipped from the **exposed** segment.

42% of households **in some difficulty** had reduced income compared to February 2020, but for most of those who lost income the decrease was less than one third. They were more optimistic about the future compared to the **in serious difficulty** segment – only 25% expected that paying bills in the next 3 months would be a "constant struggle", compared to 77% of those **in serious difficulty**. This optimism may be the reason why relatively few of them sought help from budgeting services (8%) or Money Talks (4%). This segment was also the least likely to have used Sorted.org.nz for COVID-19 related financial advice (13%). 22% applied to WINZ due to COVID-19-related financial difficulties (sometimes on top of the benefits they were already receiving). Taking out new loans was less common than in the serious difficulty group (7%) but 15% of them were considering this option.

50% of these households tapped into their savings in the last 4 weeks – highest of all segments. This reflects that many of these households had some savings, unlike households **in serious difficulty**. Short-term savings may tide over those whose situation is indeed going to improve. However, for those whose optimism is unfounded and whose income will not recover soon, having savings to draw on may delay seeking help and advice if these households perceive help as something available only for those with no other options left.

EXPOSED

The **exposed** segment is not currently in financial difficulty, but the low financial reserves of these households and their reliance on income to meet their high commitments put them at risk of financial difficulty if their incomes were lost or substantially reduced. Indeed, some households who were in the **exposed** segment in April slipped into the **in some difficulty** segment. However, most of the **exposed** households recovered well.

This segment was the youngest, with the highest proportion of respondents aged 18-34. Residents of large cities and Asians were over-represented. These households tended to be young couples, with or without children. This segment had the highest proportion of households with a mortgage (43%). Out of all segments, the **exposed** also had the highest proportion of households with mortgage holidays – 7% had a mortgage holiday[11] and a further 4% negotiated reduced mortgage payments. **Exposed** households were relatively successful in negotiating reduced or suspended payments on other types of commitments too. Only 14% had arrears on any bills, and these arrears didn't seem to be causing immediate hardship such as struggling to pay for food.

11 This is a percentage of all households in this segment, not just mortgage holders.

The **exposed** segment was the segment with the highest percentage of people in employment or self-employment (79%) in February 2020, with an overrepresentation of those working in IT, media and finance. Since then, 28% of these households experienced a reduction of income, including 8% who experienced a reduction of income of a third or more. Most of these reductions were due to reduced hours (there was a shift from full-time to part-time work in this segment) or a move to lower paid jobs. 7% of this segment reported that they had lost a job (or lost all self-employed income) between February and October but the majority have since found a new job and the employment rate in this segment remained high. Currently, 72% of exposed households have the same or higher income than in February.

In April, when the future was uncertain and the extent of government assistance not known, the **exposed** were very anxious, but in October only 10% felt not confident about the next 3 months, and most did not consider it likely that they will lose their job in the future. 63% considered their financial situation to be good or very good. Notably, these households have improved their savings compared to April – in October, 67% reported that could handle a loss of income for 3 months or longer without borrowing compared to 51% in April. This could be the first step towards building their financial resilience and moving them up to the **secure** segment.

SECURE

Secure households were not showing any signs of financial strain and had enough savings to tide them over potential loss of income - 81% had more than 3 months' worth of income saved, and 43% had more than 12 months' worth of income saved.

These households tended to be older couples, retired (23%) or close to retirement, with near adult or adult children (who often already left home). 48% were mortgage-free homeowners. Europeans/Pākehā were over-represented, as well as those living in the Wellington region. Those who were employed tended to work in professional, scientific and technical services and public service jobs (32% worked in the public sector in February 2020). 19% experienced a reduction in income but only 5% by a third or more, and 19% reported their income has increased between February and October. For those whose income declined, the decline didn't cause any hardship because these households had enough in savings to cover the loss, or they were already spending less than they earned before the income loss. While this segment shrunk slightly compared to April, data suggest that those who fell out of this segment did so mostly due to decrease in savings not related to income loss (which might mean helping family members who live in a different household, or acquiring non-financial assets such as property which were not counted as savings).

Segment composition by age and ethnicity

NB: Data in the section should be reported as relating to 'households', not individual New Zealanders.

As in the April survey, households headed by young people were most likely to be in the exposed segment, and those headed by people aged 65 and over were most likely to be in the secure segment. Households headed by people aged 35 to 54 years had the highest proportion of households that were either **in some difficulty** or **in serious difficulty** (Table 7).[12]

Table 7. Households' financial wellbeing within age groups.

Age of main respondent	18 to 34 yrs	35 to 54 yrs	55 to 64 yrs	65 +	Total
In serious difficulty	11%	16%	13%	4%	12%
In difficulty	27%	26%	22%	16%	24%
Exposed	47%	41%	38%	32%	41%
Secure	15%	17%	27%	48%	22%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Similarly to April result, Māori had the highest percentage of households in difficulty (**in some difficulty** and **in serious difficulty** combined), Asians were more likely to be in the **exposed** segment and Europeans were most likely of all ethnic groups to be in the **secure** segment (Table 7a).

Table 7a. Households' financial wellbeing within ethnic groups.

Ethnicity of the main respondent	Māori	Pacific Peoples	Asian	European
In serious difficulty	17%	14%	7%	13%
In difficulty	36%	32%	24%	22%
Exposed	35%	42%	48%	40%
Secure	12%	11%	21%	25%
Total	**100%**	**100%**	**100%**	**100%**

Table 8 below outlines changes in the financial wellbeing segmentation of households by age group.

Table 8. Changes in financial wellbeing segmentation within age groups.

	18-34 April	18-34 October	35-54 April	35-54 October	55-64 April	55-64 October	65+ April	65+ October
In serious difficulty	9%	11%	13%	16%	12%	13%	5%	4%
In difficulty	26%	27%	26%	26%	22%	22%	13%	16%
Exposed	50%	47%	41%	41%	34%	38%	31%	32%
Secure	15%	15%	20%	17%	32%	27%	52%	48%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

12 The age in this section is the age of the respondent and does not mean all adult respondents in that household are in the same age range. However, we assume that most couples both partners would be in a similar age range.

Employment (individual dataset)

Employment numbers suggest that measures to protect jobs have worked. 88% of respondents who were employed full-time in February were full-time employed at the time of the survey (October 2020); 77.5% who were in part time employment in February were still in part-time employment in October, and 82% of business owners / contractors in February were still business owners/contractors in October. Men were more likely to keep their employment situation intact compared to women. For example, 90% of men in full-time employment in February were still in full-time employment, compared to 86% of women.

Out of those who did not remain in the same form of employment, not all have lost their jobs – some moved between full-time and part-time employment, some left the labour force to retire or to be a full-time parent or full-time student. We do not have similar data from a pre-COVID-19 period so it's not possible to comment how much these changes differ from the usual activity in the labour market. However, 3.5% of respondents reported that since April, they have lost their job and have not found a new job; this was especially high among Māori (5.7%) and Pacific (4.1%) respondents.

People considered losing their job less likely than they did in April, even if some remained uncertain – 13% said it was likely or very likely they would lose their job or all self-employed income in the next 3 months, compared to 18% in April.

Table 9. Perceived likelihood of losing one's job or all self-employed income in the next 3 months, in April and in October.

How likely do you think it is that in the next 3 months, you will lose your job/all self-employed income, and become unemployed?	April 2020	October 2020
Very likely	7%	5%
Quite likely	11%	8%
Not very likely	26%	26%
Not at all likely	44%	49%
Don't know	12%	12%
Total	100%	100%

Seeking guidance (individual dataset)

Of those who were in arrears on at least one bill or payment, less than half accessed any of the following government services that provide free financial guidance: budgeting services, sorted.org.nz, Money Talks helpline or CAB[13] (Table 10). While these services do not constitute the entirety of what is available, this number is low and it suggests that many people do not seek help and guidance immediately after the first symptoms of problems occur (such as being in arrears, or having to borrow to pay off debt). This delay can lead to worse long-term outcomes as debts accumulates.

Table 10. Seeking financial guidance by those in arrears.

	% of those who have at least one arrear who accessed the service
Budgeting services or similar	15%
Sorted.org.nz	23%
MoneyTalks helpline	10%
Citizens Advice Bureau	21%
Any one of the above	42%

A report from an UK-based charity StepChange[14] list a long list of reasons why people may delay getting debt advice:

- unwillingness to face reality of their situation
- over-optimism about their ability to get on top of their debts
- worry about being judged by society at large, but also by employers, family members or debt advisors
- the desire to maintain an image of themselves as successful, professional people
- strong sense of personal responsibility and self-blame for their situation
- not knowing where to get advice from, the nature of the advice available or how to access it
- assumption that any advice would be charged for, which they could not afford to pay
- fear of being exploited by commercial companies looking to make a profit, and a difficulty in distinguishing, when using web search, free-to-client advice organisations from others that charged
- assumption that free-to-client debt advice services were not people ‘like them’
- worries about what seeking help might do to their credit rating, and possible consequences for ability to get a mortgage in the future.

It would be useful to conduct similar research in New Zealand to better understand what can be done to reduce the delay in seeking help.

13 According to CAB’s report on supporting people through covid-19 lockdown, most enquiries were about legal advice such as employment law or tenancy law: www.cab.org.nz/assets/Documents/About-us/e19dc44be9/CAB-Supporting-people-through-Covid-19.pdf

14 Sharon Collard, Andrea Finney and Sara Davies. Working households’ experiences of debt problems. A research report prepared for StepChange Debt Charity. Personal Finance Research Centre, University of Bristol, November 2012. www.bristol.ac.uk/media-library/sites/geography/migrated/documents/pfrc1209.pdf.

Appendix 1: Tables.

Economic circumstances by levels of current financial wellbeing	Percentages in this table are percentages of household within the segment.					
	In serious difficulty	In some difficulty	Exposed	Secure	Total (October)	Total (April)
% of households	12%	24%	41%	23%		
Household income compared to February 2020						
Decreased by one third or more	30%	14%	8%	5%	11%	13%
Decreased by less than one third	31%	28%	20%	14%	22%	25%
Stayed stable	33%	52%	61%	63%	56%	53%
Increased	6%	7%	11%	19%	11%	9%
Thinking about my financial situation makes me anxious (all who agree)	87%	61%	41%	13%	45%	41%
*Struggle to pay for food/expenses (b3)	78%	28%	9%	1%	20%	18%
*Current ability to pay bills and credit commitments (b18)						
Constant struggle to pay bills	91%	23%	2%		18%	14.8%
Struggle from time to time to pay bills	9%	76%	55%	2%	43%	38.2%
Pay bills without difficulty	0%	1%	43%	98%	40%	47.0%
Arrears on bills and credit commitments						
Arrears on rent/mortgage (arr_housing)	19%	10%	4%	2%	7%	10%
Arrears other bills (arr_bills)	43%	23%	9%	1%	15%	14%
Arrears on unsecured credit and car finance (arr_com)	46%	27%	10%	2%	17%	18%
Any arrears (arr_all)	62%	39%	14%	3%	24%	26%
No arrears and no arrangements with creditors	30%	50%	73%	91%	66%	n/a
No arrears, has arrangements with creditors	8%	11%	12%	6%	10%	n/a
Has arrears but no arrangements with creditors	33%	21%	4%	1%	11%	n/a
Has arrears and arrangements with creditors	28%	19%	11%	2%	13%	n/a

Strategies to make ends meet at different levels of current financial wellbeing	In serious difficulty	In some difficulty	Exposed	Secure	Total (October)	Total (April)
% of households	12%	24%	41%	23%		
Use of savings to make ends meet (c10_1)						
Didn't have any savings	62%	34%	11%	2%	21%	20%
Have used savings last four weeks to make ends meet	36%	50%	38%	15%	36%	30%
Have savings but did not use any of them	2%	14%	50%	83%	42%	49%
Have used credit for food and other expenses last four weeks (b10)	75%	50%	23%	5%	32%	24%
has taken out new loan(s) to cover expenses	15%	7%	3%	1%	5%	3%
sought free guidance from budgeting services	14%	8%	4%	2%	6%	4%
sought financial advice on sorted.org.nz	19%	13%	18%	14%	16%	11%
used MoneyTalks	5%	4%	4%	2%	3%	2%

Financial resilience	In serious difficulty	In some difficulty	Exposed	Secure	Total (October)	Total (April)
% of households	12%	24%	41%	23%		
How much of a large unexpected expense could be covered? (c3)						
None of it	80%	39%	8%	2%	23%	21%
Some of it	15%	52%	63%	12%	43%	42%
All of it	4%	10%	29%	86%	34%	37%
*Ability to make ends meet if income were to fall (has fallen) by a third or more						
Income has increased, remained stable or fallen by less than one third (c17)						
Could not cope (c5a)	9%	20%	15%	4%	13%	11%
Could cope up to month without borrowing (c5a)	73%	37%	8%		19%	18%
Could cope between 1 and 3 months without borrowing (c5a)	14%	27%	26%	2%	19%	19%
Could cope longer than 3 months without borrowing (c5a)	4%	16%	52%	94%	49%	51%
Income has fallen by one third or more (c17)						
Could not cope (c5b)	19%	27%	8%	3%	17%	11%
Could cope up to one month without borrowing (c5b)	57%	23%	4%		26%	26%
Could cope between 1 and 3 months without borrowing (c5b)	17%	31%	18%	3%	20%	28%
Could cope for longer than 3 months without borrowing (c5b)	7%	19%	70%	95%	37%	35%
*Amount currently held in savings (c10)						
No savings	12%	21%	13%	5%	13%	11%
Have savings (one month's income in February or less)	82%	56%	23%	4%	34%	33%
Have savings (more than one month's income in February)	5%	23%	64%	92%	53%	55%
How confident about the financial situation next three months (a3)						
Not at all	24%	3%	1%		4%	
Not very	46%	29%	8%	2%	16%	
Ability to pay bills and credit commitments next three months (b18_1)						
Will be a constant struggle	77%	25%	4%	0%	17%	
Will be a struggle from time to time	22%	71%	54%	6%	44%	
Will be done without any difficulty	1%	4%	41%	93%	39%	

	In serious difficulty	In some difficulty	Exposed	Secure	Total
Percentage of households	12%	24%	41%	23%	
18 to 34 yrs	21%	28%	29%	17%	25%
35 to 54 yrs	55%	47%	43%	33%	43%
55 to 64 yrs	20%	17%	18%	23%	19%
65 +	4%	8%	10%	27%	13%
Māori	21%	22%	13%	8%	15%
Pacific Peoples	7%	8%	7%	3%	6%
Asian	7%	12%	14%	11%	12%
European	75%	67%	73%	81%	74%
I live in my own home with a mortgage	29%	31%	43%	32%	36%
I live in my own home without a mortgage/freehold	5%	9%	19%	47%	21%
I live in a rented home/flat	57%	51%	31%	16%	36%
I live with my parents/guardians	2%	4%	4%	2%	3%
Something else (rent free, boarding house, hostel, retirement village etc.)	6%	4%	3%	2%	4%
Children aged 0-4 years living in your household	19%	19%	19%	13%	18%
Children aged 5-12 years living in your household	34%	28%	26%	14%	25%
Children aged 13-17 years living in your household	21%	19%	13%	10%	15%
Children under 18 living in the household	52%	46%	43%	29%	41%
Auckland	30%	33%	34%	31%	33%
Porirua/ Hutt Valley/ Wellington	9%	11%	10%	15%	11%
Christchurch	14%	11%	13%	11%	12%
Other NI	37%	33%	32%	30%	32%
Other South Island	10%	12%	12%	12%	12%

Employment status of households	In serious difficulty	In difficulty	Exposed	Secure	Total
Percentage of households	12%	24%	41%	23%	
Couple, both FT employed	13%	19%	29%	30%	25%
Couple, one FT one PT	5%	4%	6%	4%	5%
Couple, one SE one employed FT or PT)	6%	10%	11%	10%	10%
Couple, both Self-employed / business owners	2%	2%	3%	3%	2%
Couple, one working (employed or self-employed), one not working	13%	14%	12%	8%	12%
Couple, both not working	8%	5%	3%	1%	4%
Couple, both retired	2%	4%	5%	15%	7%
Couple, one retired	1%	1%	3%	8%	3%
Single, FT employed	9%	12%	15%	10%	12%
Single, PT employed	8%	5%	4%	2%	5%
Single, SE/business	3%	3%	2%	1%	2%
Single, not employed	28%	15%	4%	1%	9%
Single, retired	3%	5%	4%	6%	4%
Total	100%	100%	100%	100%	100%

Tables by age group (individual dataset)

Age and sex	18 to 34 yrs Male	18 to 34 yrs Female	18 to 34 yrs Total	35 to 54 yrs Male	35 to 54 yrs Female	35 to 54 yrs Total
Number in sample	442	670	1112	781	901	1682
% who say their or their household's financial situation is bad or very bad	17%	19%	18%	21%	24%	23%
% who say their or their household's income remained stable or increased	73%	63%	67%	69%	62%	65%
% confident or very confident in their financial situation next 3 months	57%	50%	53%	52%	48%	50%
Their or their household's ability to pay bills in the next 3 months						
Constant struggle	16%	17%	16%	19%	23%	21%
Struggle from time to time	44%	50%	47%	44%	48%	46%
Without any difficulty	40%	34%	36%	37%	30%	33%
% reporting they were employed in February 2020 and are now unemployed	3.2%	3.4%	3.3%	4.2%	4.2%	4.2%
% who report feeling anxious when thinking about their financial situation	41%	57%	51%	44%	56%	51%
% who think it is likely or very likely that they will lose their job in the next 3 months	18%	13%	14%	14%	13%	14%
% who have applied for a KiwiSaver hardship withdrawal (note: lower than those who said they planned to)	6.6%	4.5%	5.3%	3.1%	3.2%	3.2%
% who asked family for financial help	14%	15%	15%	9%	13%	11%
% who used budgeting services or a similar source of free financial guidance	7.5%	6.9%	7.1%	6.1%	7.8%	7.0%
% who used Sorted.org.nz for COVID-19 related financial help	20%	20%	20%	19%	16%	17%
% who used Money Talks for COVID-19 related financial help	5.7%	4.5%	4.9%	5.0%	2.9%	3.9%
% who left the labour force since February 2020	1.4%	4.6%	3.3%	1.2%	2.9%	2.1%

Age and sex ctnd.	55 to 64 yrs Male	55 to 64 yrs Female	55 to 64 yrs Total	65 + Male	65 + Female	65 + total
Number in sample	347	382	729	294	192	486
% who say their or their household's financial situation is bad or very bad	18%	19%	18%	6%	4%	5%
% who say their or their household's income remained stable or increased	64%	63%	64%	77%	79%	79%
% confident or very confident in their financial situation next 3 months	50%	55%	53%	73%	72%	73%
Their or their household's ability to pay bills in the next 3 months						
Constant struggle	18%	19%	19%	7%	7%	7%
Struggle from time to time	42%	40%	41%	32%	33%	33%
Without any difficulty	40%	41%	41%	61%	59%	60%
% reporting they were employed in February 2020 and are now unemployed	3.7%	3.7%	3.7%	1.4%	0.5%	1.0%
% who report feeling anxious when thinking about their financial situation	39%	42%	17%	20%	29%	5%
% who think it is likely or very likely that they will lose their job in the next 3 months	13%	13%	13%	6%	4%	5%
% who have applied for a KiwiSaver hardship withdrawal (note: lower than those who said they planned to)	2.9%	2.4%	2.6%	n/a	n/a	n/a
% who asked family for financial help	3%	6%	5%	0%	2%	1%
% who used budgeting services or a similar source of free financial guidance	3.2%	3.9%	3.6%	1.0%	0.5%	0.8%
% who used Sorted.org.nz for COVID-19 related financial help	10%	11%	11%	6%	6%	6%
% who used Money Talks for COVID-19 related financial help	1.4%	1.6%	1.5%	1.4%	0.5%	1.0%
% who left the labour force since February 2020	1.7%	3.1%	2.5%	4.8%	2.1%	3.7%

Tables by ethnicity (individual dataset)

	Māori - male	Māori - female	Māori - Total	Pacific Peoples - male	Pacific Peoples - female	Pacific Peoples - Total
Number in sample	217	435	652	141	129	270
% who say their or their household's financial situation is bad or very bad	20%	27%	25%	28%	22%	25%
% who say their or their household's income remained stable or increased	64%	60%	62%	62%	56%	59%
% confident or very confident in their financial situation next 3 months	54%	44%	48%	51%	45%	48%
Their or their household's ability to pay bills in the next 3 months						
Constant struggle	18%	23%	21%	20%	22%	21%
Struggle from time to time	50%	53%	52%	48%	56%	52%
Without any difficulty	33%	24%	27%	32%	22%	27%
% reporting they were employed in February 2020 and are now unemployed	3.7%	6.7%	5.7%	2.1%	6.2%	4.1%
% who report feeling anxious when thinking about their financial situation	37%	52%	47%	38%	45%	41%
% who think it is likely or very likely that they will lose their job in the next 3 months	24%	16%	18%	18%	19%	19%
% who have applied for a KiwiSaver hardship withdrawal (note: lower than those who said they planned to)	4%	6%	5%	6%	5%	6%
% who asked family for financial help	14%	21%	19%	9%	22%	15%
% who used budgeting services or a similar source of free financial guidance	9%	13%	11%	6%	8%	7%
% who used Sorted.org.nz for COVID-19 related financial help	18%	16%	17%	18%	23%	20%
% who used Money Talks for COVID-19 related financial help	5.1%	5.1%	5.1%	6.4%	4.7%	5.6%
% who left the labour force since February 2020	2.3%	4.6%	3.8%	2.1%	3.1%	2.6%

Tables by region (individual dataset)

	Auckland	Porirua/ Hutt Valley/ Wellington	Christchurch	Other North Island	Other South Island	Total
Number in sample	1325	440	505	1280	459	4009
% who say their or their household's financial situation is bad or very bad	20%	17%	21%	17%	16%	19%
% who say their or their household's income remained stable or increased	63%	68%	66%	70%	71%	67%
% confident or very confident in their financial situation next 3 months	50%	61%	50%	55%	57%	54%
Their or their household's ability to pay bills in the next 3 months						
Constant struggle	19%	13%	18%	18%	15%	18%
Struggle from time to time	43%	44%	45%	44%	45%	44%
Without any difficulty	38%	44%	37%	38%	40%	39%
% reporting they were employed in February 2020 and are now unemployed	3.9%	3.0%	4.0%	3.1%	3.3%	3.5%
% who report feeling anxious when thinking about their financial situation	48%	44%	47%	44%	44%	46%
% who think it is likely or very likely that they will lose their job in the next 3 months	16%	13%	11%	11%	9%	13%
% who have applied for a KiwiSaver hardship withdrawal (note: lower than those who said they planned to)	4%	3%	3%	4%	3%	4%
% who asked family for financial help	11%	7%	8%	11%	7%	10%
% who used budgeting services or a similar source of free financial guidance	7%	5%	5%	6%	3%	6%
% who used Sorted.org.nz for COVID-19 related financial help	19%	17%	15%	12%	14%	15%
% who used Money Talks for COVID-19 related financial help	4.2%	3.9%	2.6%	2.8%	3.1%	3.4%
% who left the labour force since February 2020	2.0%	2.3%	2.2%	3.3%	3.9%	2.7%

Appendix 2: Impact of COVID-19 on Financial Wellbeing in New Zealand – additional findings from the Māori dataset

Background

Comparing differences in ethnic population averages, as we did in the main report, does not capture intra-group differences. In the previous wave of this survey, conducted in April 2020, the Māori sample was too small for robust comparisons within the Māori population, which were requested by some of the CFFC's stakeholders. To address this, the October wave of the survey oversampled Māori to achieve 1,228 Māori respondents. Quotas were applied to part of this sample and post-weighting by age and gender (interlocked) was applied to address the under-representation of younger people and men in the unweighted sample.

This research, as part of a larger survey of all New Zealanders using a questionnaire designed in the UK, was not designed as kaupapa Māori research, and there were no Māori-specific questions in the survey (such as, for example, tribal affiliation). As a result, the data may not speak from Te Ao Māori realities significantly enough. This limits the depth of information, but we hope that even with these limitations, the findings will be useful for those working in the financial capability space. The representativeness of the Māori sample may be affected by the data collection approach (see Appendix 3).

In this appendix, we look at trajectories through the COVID-19 crisis, and the factors that ameliorated or exacerbated the economic impact of COVID-19 among Māori. We also look at help-seeking behaviour and risks and opportunities that have consequences for policy and delivery of financial guidance. This report uses individual-level rather than household-level data, and for this reason some measures may differ from the household-level Māori data in the main report.

Appendix 1 contains tables which outline age and gender differences in different financial wellbeing variables among Māori and Pacific respondents. This appendix does not focus on those age and gender differences, but rather on identifying groups with similar experiences through the COVID-19 crisis and identifying risk factors and protective factors.

The two major factors affecting post-COVID-19 outcomes, when controlling for a range of variables, were insecure employment in February 2020 (increasing the risk of financial hardship) and homeownership (reducing the risk of financial hardship).

INSECURE EMPLOYMENT IN FEBRUARY 2020 – A MAJOR RISK FACTOR

Survey data suggest that, for Māori, insecure employment before COVID-19 was the highest risk factor for hardship (as measured by current arrears; Appendix, Table 3). In this survey, those in insecure employment included self-employment, casual work, working through an agency, online platform/gig work such as Uber, and temporary contracts. For this group, loss of income could be abrupt, and access to assistance such as wage subsidies was uneven. Insecure work was more common in industries most affected by the COVID-19 crisis, such as hospitality, arts, sports and recreation and retail. 31% of Māori in the sample (and 38% of Māori in the sample who were in the labour force) worked in some form of insecure employment in February 2020. This over-representation of Māori in insecure employment has been already described in Council of Trade Unions' report "Under Pressure - A Detailed Report into Insecure Work in New Zealand"[15].

This correlation between insecure employment and the economic impact of COVID-19, alongside the high percentage of the Māori workforce in insecure jobs, raises the question about the adequacy of legal protection and service provision for those workers. For those delivering financial guidance, this finding emphasises the need to make that guidance relevant for situations where income is unpredictable and insecure.

15 www.union.org.nz/wp-content/uploads/2016/12/CTU-Under-Pressure-Detailed-Report-2.pdf

HOMEOWNERSHIP – A MAJOR PROTECTIVE FACTOR

Even controlling for income and income loss and other factors such as age, homeowners were less likely to be in arrears (Appendix, Table 3). This positive impact of homeownership may be linked to the availability of mortgage holidays (with no equivalent relief scheme for renters), opportunities for extra income by renting out a room, or the ability to tap into existing equity. The stability of housing situation might have also contributed to building a supportive network. The survey did not attempt to measure any of these possible mechanisms of how homeownership was protective. Nonetheless, this finding suggests that homeownership can be an important part of financial resilience for Māori and underscores the importance of improving access to homeownership.

It is worth noting that this protective role of homeownership is not a universal characteristic of homeownership across the world but stems from New Zealand policy settings. Renting in New Zealand often means higher housing costs, more frequent involuntary moving and lower building standards (which may affect health) compared to homeownership.[16]

FINANCIAL TRAJECTORIES THROUGH COVID-19

Cluster analysis has identified 5 types of experiences of the economic disruption of COVID-19 in the Māori sample (Appendix, Table 1).

(1) NOT IN THE LABOUR MARKET: CHRONIC INCOME INADEQUACY BUT ONLY INDIRECTLY AFFECTED BY COVID-19

In this group, virtually none were in employment in February 2020, although some engaged in casual or gig work. This group consisted largely of those who were retired, beneficiaries, full time students and stay at home parents. While all genders and age groups were present in this segment, women and older people were over-represented. Incomes in this group were typically low before COVID-19 and these incomes were not dramatically affected by COVID-19, except for those who engaged in casual or gig work. However, some people reported increased financial hardship. This is likely due to the indirect effect of loss of incomes within their broader whānau with whom they pooled resources or from whom they received informal (not always financial) support. The average financial wellbeing score (out of 100) for this group was 48. Being behind on utility bills such as electricity was relatively common (15%), but this group did not have high levels of consumer debt.

While much Government assistance was already targeting this group (especially the unemployed) before COVID-19, the current risk was that this assistance would not recognise the increased need due to loss of income in the broader whānau. As a result the level of Government assistance would be inadequate, leading to the deepening of the current hardship.

(2) INSECURE URBAN WORKERS: BADLY AFFECTED AND HIGHLY STRESSED

In this segment, Māori living in large urban centres such as Auckland were over-represented. 46% were under 35 years old. In February 2020, many worked in retail, food and accommodation, transport, warehousing and similar industries in which insecure work was common. Many experienced income-decline due to COVID-19. High levels of arrears followed because emergency savings were insufficient. While this group was never well off, the hardship caused by COVID-19 was new to many of them and caused a lot of anxiety – 60% of this segment, highest of all segments, felt anxious thinking about their financial situation.

16 Statistics New Zealand, Housing in Aotearoa 2020, www.stats.govt.nz/reports/housing-in-aotearoa-2020.

For many, their only savings were in KiwiSaver, and this segment stands out in that over 90% either attempted to get a hardship withdrawal (successfully or not) or were thinking about applying for it in the near future. The average financial wellbeing score for this group was 41 out of 100 – lower than for the group described above who were not in employment before COVID-19, and lowest of all segments. High costs of housing in urban centres contributed to this low financial wellbeing – 1 in 5 were in arrears on rent. This group had the highest rate of being behind on loans to payday lenders (11%). This group was also the most likely to have taken out new loans to cover expenses (15%).

Citizen's Advice Bureau (CAB) was the main place when they enquired for help (23% contacted CAB or used its resources, more than sought help from budgeting services, Money Talks or Sorted). The importance of CAB may be due to this group's needs for information on their rights as insecure workers. CAB specialises in advice on employment more than the other government-funded services measured in the survey. This high rate of CAB usage provides an opportunity for further referrals to services that specialise in financial guidance.

The high rate of attempting to, or intending to, access KiwiSaver funds through applications on the basis of significant financial hardship was concerning, as this group was unlikely to have adequate retirement savings from other sources. On the other hand, the barriers they encountered when applying for hardship withdrawal may negatively affect their trust in the scheme and may impact on their willingness to contribute once their hardship is over. There is need for educational outreach about KiwiSaver and increasing awareness of other options for financial assistance.

(3) PROVINCIAL WORKERS IN HARDSHIP: HIT THE HARDEST BUT RESILIENT

This group was concentrated in the North Island outside of large urban centres, especially in Northland. Many worked in primary industries, construction, and trades, but retail and other services[17] were also well represented, with a very high rate of casual work (44%) and self-employment (19%). This group was one of the two segments with the highest percentage of people under 35 years (55%). Almost all were working in February 2020, and 59% of this group experienced a decline in income – highest of all segments. The resulting hardship was intensified by the extent of their financial commitments. 89% - again, highest of all segments – had at least one bill or payment in arrears. Many of these arrears were unsecured loans. The average financial wellbeing score out of 100 for this group was 45.

Notwithstanding the obvious hardship experienced by this group, they were reporting less financial anxiety than the previous group (insecure urban workers) and more confidence about the future. They were less likely to take out new loans to cover current expenses. This resilience suggests that there are support networks this segment was benefitting from that were not captured in the survey. The second highest rate of homeownership (36%) among segments also put them at a relative advantage for reasons discussed above. This segment was also most likely of all segments to access available financial information and guidance such as Sorted (32%), budgeting services (19%) and Money Talks (14%). Even those who did not use these services were more likely than the previous group to be aware that these services exist.

However, many of them seem to wait for the recovery of their income (about which they are optimistic) rather than act now to address their debt. Since they are largely aware of available financial guidance, outreach targeting this segment should be focused on overcoming any further barriers to getting help (such as attitudes), rather than just disseminating information about where to access help.

17 The "other services" category reflects the Statistics New Zealand Industry classification (ANZSIC06) where "other services" are those not included in the other categories: Agriculture, forestry, & fishing, Mining, Manufacturing, Electricity, gas, water, & waste services, Construction, Wholesale trade, Retail trade, Accommodation & food services, Transport, postal, & warehousing, Information media & telecommunications, Financial & insurance services, Rental, hiring, & real estate services, Professional, scientific, & technical services, Administrative & support services, Public administration & safety, Education & training, Health care & social assistance, Arts & recreation services. "Other services" include, among others, repair and maintenance, and personal care services.

(4) THE UPWARDLY MOBILE: AVOIDED THE WORST BUT STILL AT RISK

This group had near full employment in February 2020 and near zero homeownership. Work in the IT sector and other knowledge-based occupations, and work in the public sector, were over-represented. While 29% reported decline in income due to COVID-19, this decline was not as drastic as in the two previously discussed segments and did not seem to cause high levels of hardship, perhaps thanks to the wage subsidy. This segment was the youngest (55% under 35 years) and most optimistic about their financial future of all segments. Their financial future looked good if their incomes continue uninterrupted, but 57% couldn't survive more than one month on their savings. Their financial wellbeing was 61 out of 100.

The continued wellbeing of this segment will depend on the state of the labour market and the economy. Increasing savings should be the priority for this segment, to increase their future financial resilience and to put them on the path to homeownership.

(5) DOING OKAY: NO HARDSHIP

This segment had a high percentage of homeowners and middle-aged people, employed (with a mix of employment / self-employment) with an over-representation of those working in the public sector, health, education, or professional occupations. This group was not experiencing any financial hardship and was not at risk. This group had the highest awareness of Sorted among all segments (74%) although few accessed it for COVID-related financial guidance as they did not need it. The average financial wellbeing score was 67 out of 100, which was highest of all segments but still lower than the average for the counterpart of this group in the main report - the "secure" segment.

AGE GROUPS

Hardship was concentrated among those under 55. Those aged 18-34 had the highest incidence of: insecure employment in February 2020, current arrears, and substantial (more than a third) decrease in incomes. However, it was those aged 35 to 54 who were most likely to say that they struggled to pay for food and necessary expenses (28%), that their financial situation was bad or very bad (25%) and that they couldn't make it for even one month without borrowing if their income fell. Higher level of financial and family commitments in this age group compared to young people was the probable cause of worse outcomes even if incomes were affected less compared to those aged 18-34. (Table 2).

REGRESSION RESULTS

Regression results (Table 3) suggest that the factors which had the highest impact on the likelihood of being in arrears were (controlling for other factors): insecure employment in February 2020 (2.9 times more likely to be in arrears[18]), selecting only Māori ethnicity (2.2 times more likely to be in arrears[19]), a decline in household income since February (2.2 times more likely[20]), dependent children living in the same household (2.1 times more likely[21]), having no savings (1.9 times[22]) and personal income under $30,000 pa (1.4 times more likely to be in arrears[23]). Protective factors included homeownership (1.9 times less likely to be in arrears[24]) and older age (those aged 55-64 were 1.8 times less likely, and those aged 65+ were 6.3 times less likely to be in arrears compared to those aged 18-34). Gender, wage subsidy, living with a partner in the same household, urban location, region and public sector employment were not significant when other factors were controlled for.

18 Compared to those not in insecure employment (either in secure employment or not in employment).

19 Compared to those who selected multiple ethnicities, one of which was Māori. Ethnicity is a measure of cultural affiliation, as opposed to race, ancestry, nationality, or citizenship. Ethnicity is self-perceived, and people can belong to more than one ethnic group, see https://www.stats.govt.nz/consultations/ethnicity-standard-classification-consultation.

20 Compared to those who did not experience a decline in income.

21 Compared to those not living with dependent children.

22 Compared to those who had at least 1 months' worth of savings.

23 Compared to those with an income of $30,000 per annum or higher.

24 Compared to non-homeowners.

Appendix 2: Tables

TABLE 1. SEGMENTS

	Not in labour market	Insecure urban	Provincial hardship	Well to do	Upwardly mobile	Total
Only Māori ethnicity	62%	54%	69%	34%	33%	48%
Homeowner	18%	13%	36%	100%	1%	37%
Income under 30k	70%	53%	28%	12%	20%	34%
Employed in February 2020	4%	45%	94%	90%	96%	68%
Has arrears	32%	58%	89%	6%	11%	32%
Confident or very confident in financial situation next 3 months	40%	36%	40%	72%	64%	54%
Income decreased	31%	45%	59%	24%	29%	35%
Average number of arrears	0.77	1.56	2.55	0.08	0.19	0.81
Under 35	40%	46%	55%	21%	55%	42%
Anxious when thinking about finances	48%	60%	54%	34%	41%	45%
Self-employed	3%	15%	19%	14%	9%	11%
Casual contract	5%	9%	44%	6%	13%	14%
Agency work	2%	8%	16%	1%	1%	4%

TABLE 2. AGE GROUPS

	18 to 34 yrs	35 to 54 yrs	55 to 64 yrs	65 +
Currently struggling to pay for food and necessary expenses	24%	28%	20%	13%
Paying bills is a constant struggle	18%	26%	18%	5%
No arrears	62%	64%	76%	95%
Have arrears	38%	36%	24%	5%
Current financial situation bad or very bad	19%	25%	18%	6%
Income decreased by a third or more	16%	14%	14%	8%
Confident / very confident about financial situation in next 3 months	54%	48%	53%	74%
In serious difficulty	13%	22%	14%	2%
In difficulty	29%	29%	31%	22%
Exposed	45%	36%	32%	42%
Secure	13%	12%	23%	34%
Insecure employment in February 2020	36%	28%	31%	15%
Used Sorted	18%	15%	13%	2%
Relies on family help	19%	16%	10%	4%
Taking out new loans	9%	6%	4%	2%
Couldn’t meet expenses even for 1 month without borrowing if income fell	17%	27%	21%	14%
Not aware of Sorted	46%	30%	36%	51%
Owes money on credit cards	10%	13%	5%	2%

TABLE 3. REGRESSION RESULTS FOR CURRENT ARREARS

	B	S.E.	Wald	df	Sig.	Exp(B)
Male	-0.062	0.144	0.184	1	0.668	0.940
In insecure employment in February 2020	1.059	0.151	49.198	1	0.000	2.885
Low personal income (under 30k)	0.341	0.153	4.980	1	0.026	1.406
Experienced a decline in household income since February	0.809	0.145	31.136	1	0.000	2.247
Received wage subsidy	0.038	0.166	0.054	1	0.817	1.039
Partner in the same household	-0.125	0.154	0.660	1	0.417	0.882
Dependent children in the same household	0.753	0.152	24.543	1	0.000	2.122
Urban	-0.095	0.176	0.290	1	0.590	0.910
Homeowner	-0.625	0.170	13.509	1	0.000	0.535
Only Māori ethnicity	0.779	0.144	29.071	1	0.000	2.179
Age 18-34 (reference category)			23.593	3	0.000	
Age 35-54	0.040	0.159	0.063	1	0.802	1.041
Age 55-64	-0.567	0.228	6.186	1	0.013	0.567
Age 65+	-1.844	0.443	17.357	1	0.000	0.158
Auckland region (reference category)			3.734	4	0.443	
Porirua / Hutt Valley / Wellington	-0.173	0.253	0.465	1	0.495	0.841
Christchurch region	-0.519	0.299	3.023	1	0.082	0.595
Other North Island	-0.071	0.171	0.175	1	0.675	0.931
Other South Island	-0.298	0.298	0.995	1	0.318	0.743
Employed in public sector in February	0.041	0.185	0.049	1	0.825	1.042
No savings	0.644	0.163	15.553	1	0.000	1.904
Constant	-1.936	0.296	42.758	1	0.000	0.144

Appendix 3: Data collection and limitations.

Participants were recruited from an online panel (Dynata) using quota sampling. Quota sampling is a non-probabilistic sampling method which takes its name from the setting of 'quotas' of different types of respondent to survey, for example, a pre-specified numbers of men and women, or of people from different age groups. The aim of quota sampling is to control the composition of the final achieved sample 'by design'. Through appropriate design, a quota sample will be more representative (in terms of the estimates it produces) of the population of interest than a self-selecting sample (where any respondent can choose to take part) or a convenience sample (where interviewers can sample any respondent they choose); see the Government Statistical Service (UK) Quota Sampling Guidance, available at: gss.civilservice.gov.uk/wp-content/uploads/2018/03/Quota-sampling-guidance-4.pdf.

Quota sampling is used as a matter of course in most market research and political polling (many market research agencies incorrectly use terms "nationally representative sample", "confidence intervals" and "significance tests" as a matter of course, even though from a theoretical perspective they are invalid in the case of a quota sample. If the data in this survey were generated from a random probability sample, the margin of error would be 2%.

This survey, as an online survey, excludes those without internet access. Online surveys can also under-represent harder-to-reach groups in the population, such as the very elderly and those in low socio-economic groups. For other limitations of online panels and quota sampling, see Baker, Reg, et al. "Summary report of the AAPOR task force on non-probability sampling", Journal of Survey Statistics and Methodology 1.2 (2013): 90-143.