

Te Ara Ahunga Ora Insights Programme

Q1 2022 reporting

TE ARA AHUNGA ORA / TRA

TRA

Background

This document is the third report since Te Ara Ahunga Ora Retirement Commission reset its research approach in 2020.

Having adopted an 'always on' population survey since March 2021, we can track and measure trends in New Zealanders' financial confidence over time, through the disruptions of COVID and into the current economic environment.

Please note that in some cases findings are not statistically significant for a particular sub-group, even though they may return a higher percentage than other groups. This is due to smaller sample sizes for some populations of interest. As the sample size of sub-groups grows over time, there will likely be more differences that are statistically significant.

Please also note that no quotas or weighting is applied based on household income. Due to the composition of online research panels, this may mean that higher earning households are over-represented as a result.

Methodology

- Our target is n= 930 New Zealanders aged 18+ per quarter, who are nationally representative of NZ based on age, gender, and region. Survey length is 10 mins, completed online
- So far, we have surveyed 3153 New Zealanders, of which n=1075 responded in this quarter
- Baseline data was captured in February 2021 (Q1) and from March onwards we adopted an 'always on' approach to fieldwork
- The 65+ age group were only included in research from July 2021, so this report will focus on all 18+ (Q3 2021 – Q1 2022).
- Margin of error at the 95% confidence interval is +/-3.14%

Agenda

1

**The financial
landscape & realities
around cost of living**

2

**The impact on NZ's
more vulnerable
groups**

3

The road ahead



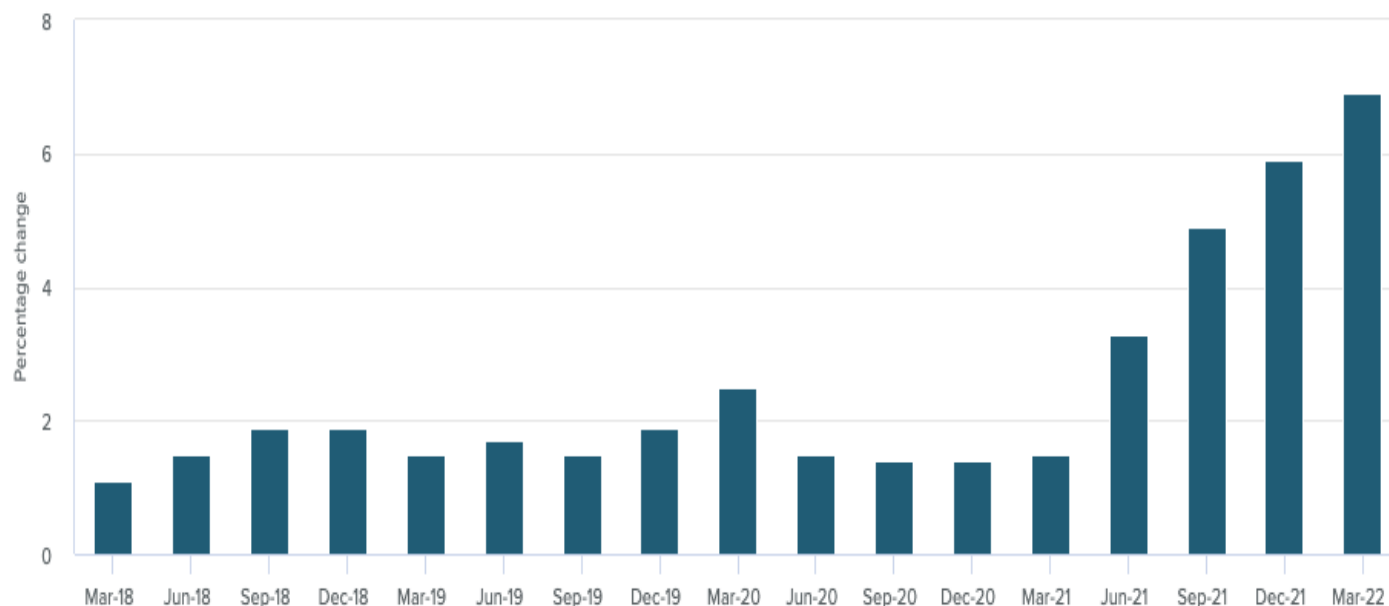
The financial landscape & realities around cost of living

TRA

With CPI at 6.9% in March 2022, we're seeing the highest increase in inflation in 30 years

Contributing to this increase, we see housing and household utilities rising by 8.6 percent, transport by 14 percent, food prices by 6.7 percent, and miscellaneous goods and services by 5.6 percent.

Consumers price index, annual percentage change, March 2018–March 2022



COST OF LIVING ●

Consumer Price Index: Annual inflation hits 6.9 percent - largest increase in more than 30 years

21/04/2022



Jamie Ensor



New Zealand's cost of living challenge has been laid bare with the latest Consumer Price Index (CPI) figures revealing annual inflation hit 6.9 percent in the March quarter.

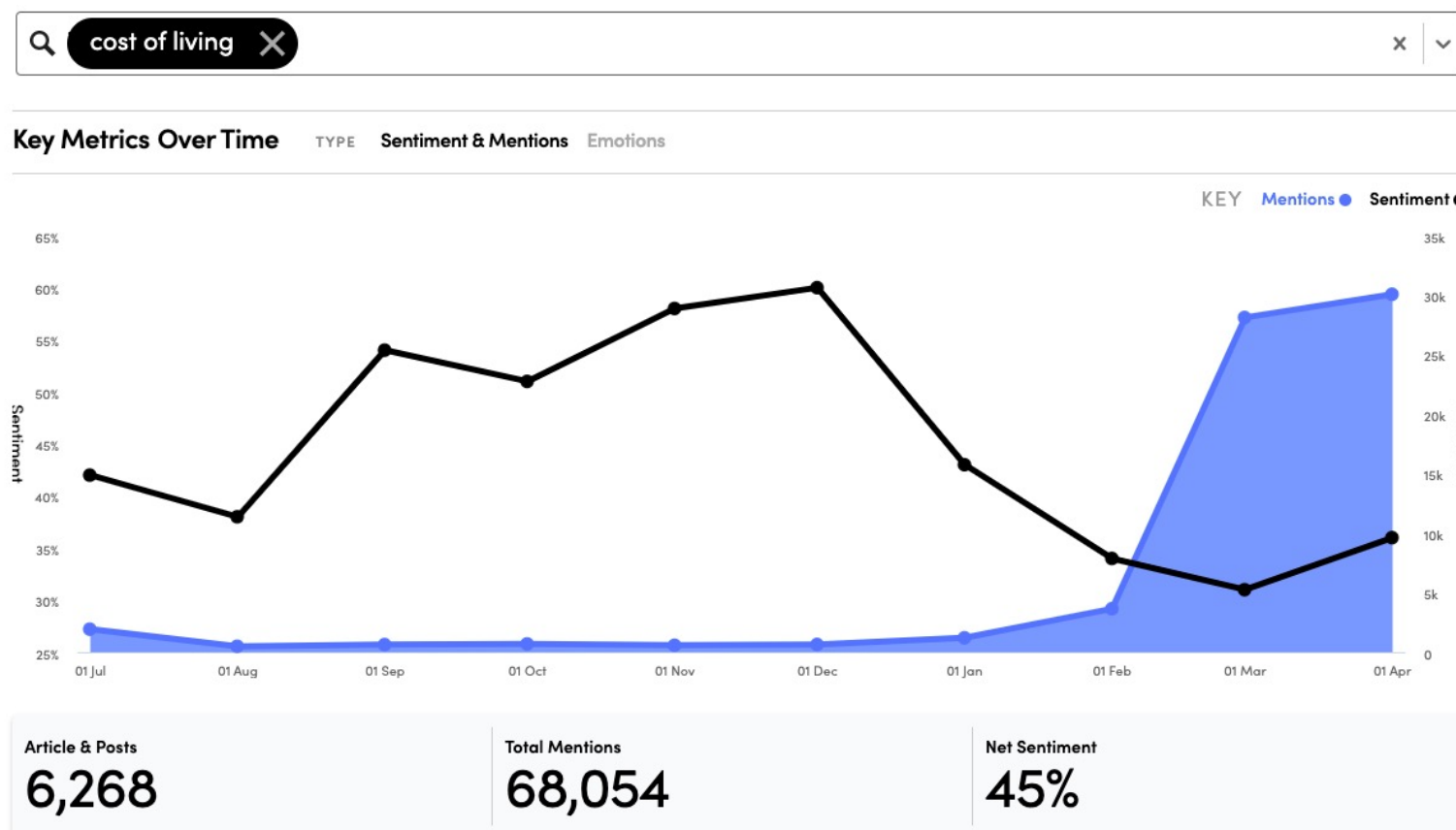
That's the largest year-on-year increase in nearly 32 years and is up from the 5.9 percent rate recorded for the year to December 2021, itself the highest since 1990. The CPI rose 1.8 percent in the March quarter compared to the December quarter.

"The consumers price index increased 6.9 percent in the March 2022 quarter compared with the March 2021 quarter, the largest movement since a 7.6 percent annual increase in the year to the June 1990 quarter", StatsNZ said on Thursday morning.

"The 6.9 percent increase follows an annual increase of 5.9 percent in the December 2021 quarter, the previous largest annual movement since the 7.6 percent increase in the June 1990 quarter, which occurred shortly after the Reserve Bank of New Zealand Act 1989.

Conversations about the cost of living have increased dramatically

Compared to December 2021, total mentions of the 'cost of living' increased significantly in March 2022, and this was accompanied with lower levels of net sentiment across NZ.



Top Content

TYPE Top Recent



Mon, 7 Mar, 2022

Prime Minister Jacinda Ardern has explained why she wouldn't describe the current cost of living in New Zealand as a crisis

8.9k

2.1k

1.4k



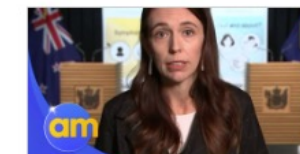
14%



11%



9%

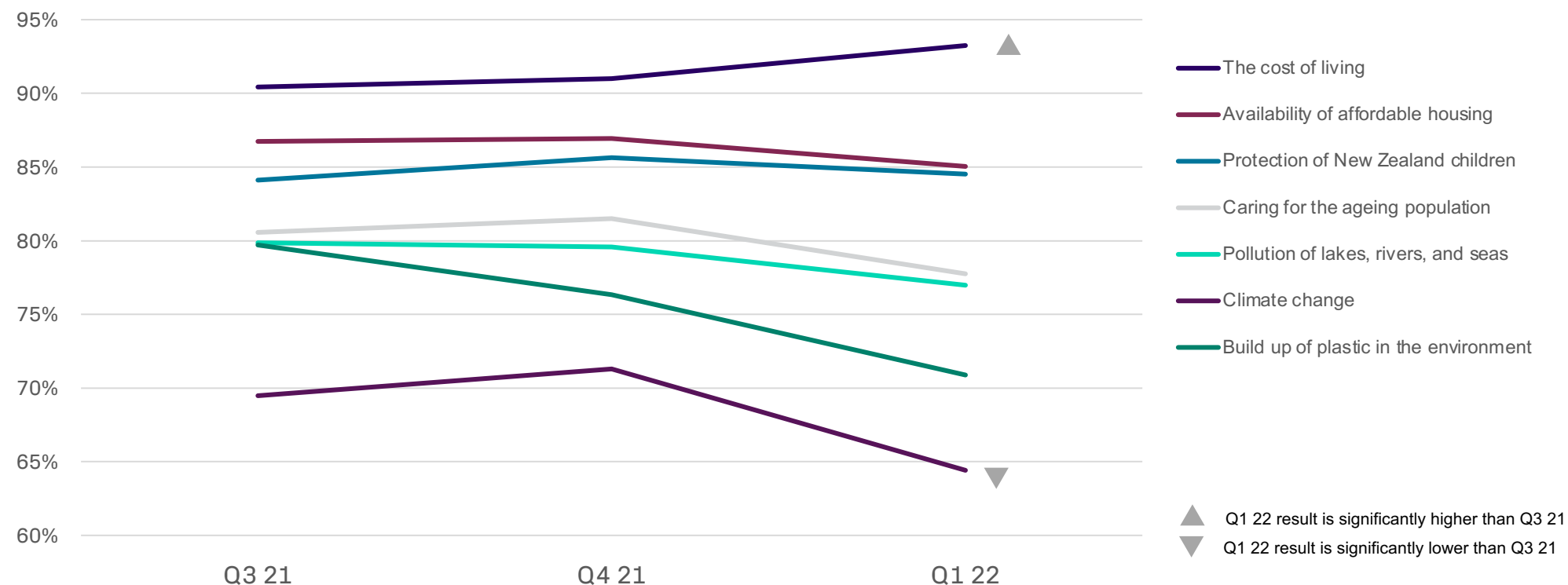


Mon, 14 Mar, 2022

In fact, the cost of living is top of the list of Kiwis' biggest concerns and its impact is still increasing

In this context, NZ is struggling to prioritise longer term issues as they deal with concerns that affect them now

CONSUMER PERCEPTIONS OF ISSUES FACING NEW ZEALAND: ISSUES PEOPLE FEEL ARE IMPORTANT (Q3 21 – Q1 22)



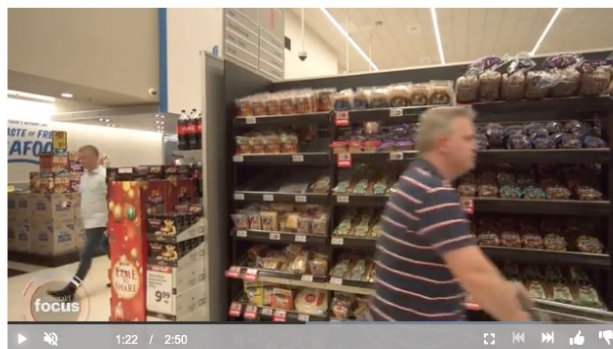
There's evidence that people are feeling the pinch, and having to tighten their belts to make ends meet

Consumer NZ's Sentiment Tracker found that people were making changes to their weekly shop, with more than 84 per cent saying they had removed items from their usual weekly shop because of cost.

'Can't afford a \$2 sausage': Families across New Zealand struggle with basics as costs rise

10 Mar, 2022 06:44 AM

4 minutes to read



The new record inflation figures come as no shock to many, with rising housing, fuel and construction costs putting the pinch on even those with means. Video / NZ Herald

Cost-of-living crisis: Some Aucklanders cutting meals to cope

12 May, 2022 08:06 PM

4 minutes to read



The cost of living crisis hits Kiwis. Video / NZ Herald

RNZ



By RNZ

As food prices continue to rise, some Aucklanders say they are cutting meals to cope.

The latest Food Price Index figures from Stats NZ were released today, showing groceries were 6.4 per cent pricier this April, compared to the same month last year.

Fruit and vegetables rocketed up 9.4 per cent, and meat, poultry and fish 8.4 per cent.

ARTICLE CONTENT

'I just don't know where it's gone': How Kiwis are cutting back to make ends meet as cost of living soars

Bess Manson and Wellington reporters · 05:00, Mar 26 2022



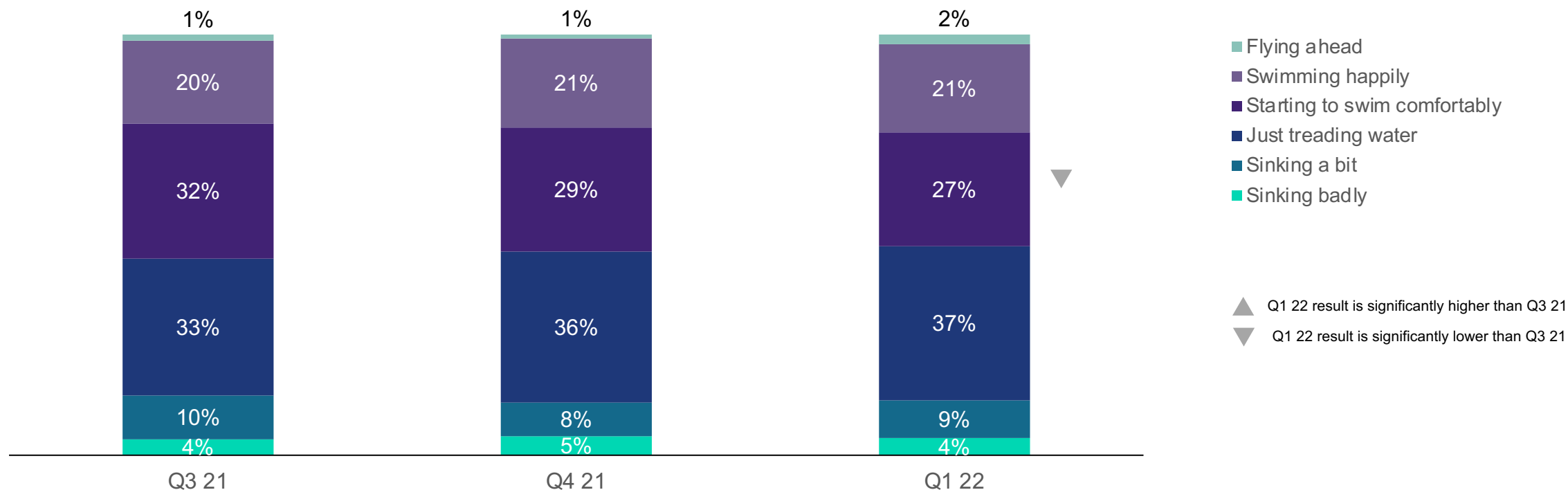
New Zealanders tighten their belts as increasing grocery, petrol and housing costs create a perfect storm.

Source: <https://www.nzherald.co.nz/nz/cant-afford-a-2-sausage-families-across-new-zealand-struggle-with-basics-as-costs-rise/WFZQTLB3XNKM452B7LHV2BVL7U/>
<https://www.stuff.co.nz/dominion-post/128114746/i-just-dont-know-where-its-gone-how-kiwis-are-cutting-back-to-make-ends-meet-as-cost-of-living-soars>
<https://www.nzherald.co.nz/nz/cost-of-living-crisis-some-aucklanders-cutting-meals-to-cope/BKOR5MUFHOCVQPAZKDQ52XPBBY/#:~:text=As%20food%20prices%20continue%20to,the%20same%20month%20last%20year.>
<https://www.nzherald.co.nz/business/cost-of-living-fuelling-concerns-consumer-nz/6K4JXLGILITPNBWUTDYJE75TQ/>

As a result, more New Zealanders are describing their financial position 'just treading water'

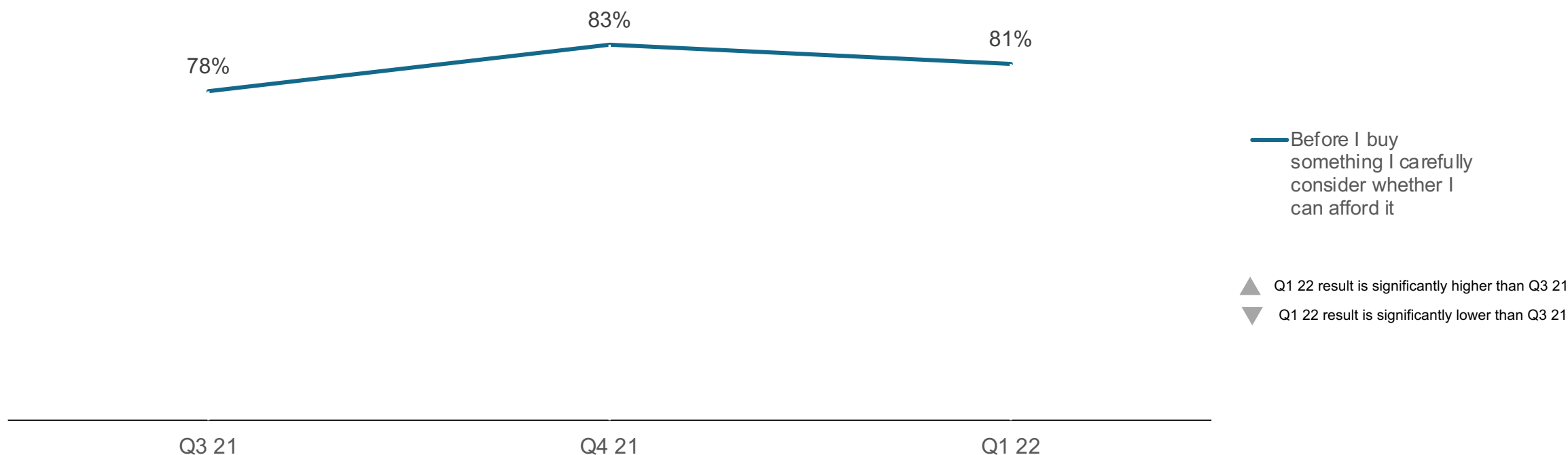
And fewer describe themselves as 'swimming comfortably'

QUARTERLY RESULTS – CURRENT FINANCIAL POSITION



And slightly more people are closely scrutinizing their ability to afford something before going through with the purchase

QUARTERLY RESULTS – MONEY MANAGEMENT



The NZ government has intervened to try and alleviate financial stress

Specifically, there's been cuts in fuel taxes, 50% off public transport fares, and a one-off cost of living cash grant of \$350 to 2.1 million Kiwis.

Budget 2022: Cost-of-living payment hands \$350 to lower-income families

2:26 pm on 19 May 2022

Share this

Craig McCulloch, Deputy Political Editor
@craigmcculloch craig.mcculloch@rnz.co.nz

More than two million New Zealanders will get a one-off \$350 sweetener as part of the Budget's centrepiece \$1 billion cost-of-living relief package.



Government's \$350m fuel tax cut skipped usual scrutiny

Henry Cooke · 16:01, Mar 18 2022

Share this



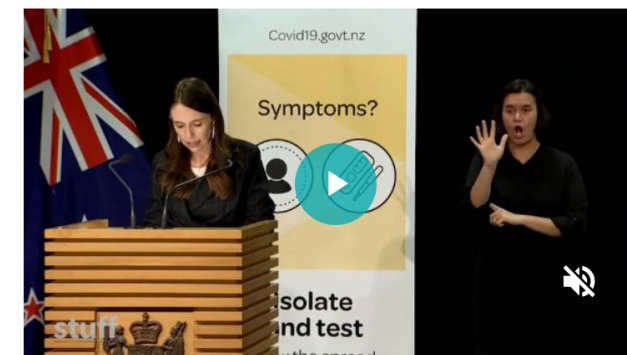
Finance Minister Grant Robertson details new measures the Government will undertake as petrol prices rise.

The Government's decision to cut fuel taxes – at a cost of \$350 million to the Treasury's coffers – was made without the scrutiny that usually applies to major decisions, as the Government sought to quickly mitigate the rapidly rising cost of petrol prices.

Government cuts fuel taxes by 25c and halves public transport fares for three months

Henry Cooke · 16:08, Mar 14 2022

Share this



Prime Minister Jacinda Ardern says the Cabinet will be reducing the fuel excise duty and road user charges by 25 cents a litre, as well as halving the price of public transport for three months. Video from March 23.

The Government will cut fuel taxes by 25c a litre for the next three months – and halve public transport fares.

Together with low unemployment levels, this has allowed many New Zealanders to feel optimistic about their future

Unemployment levels sit 3.2% in the first quarter of 2022, so many households are still bringing in an income. The proportion of people feeling optimistic and confident has increased, with **2/3 New Zealanders feeling confident they can cope with rising prices.**

New Zealanders Confident They Can Cope With Rising Prices, Survey Finds

Friday, 8 April 2022, 6:22 am
Press Release: [Westpac](#)

More than two-thirds of New Zealanders are confident they can cope with rises in the cost of living and more than half are already taking positive steps to manage their finances, according to new research from Westpac NZ.

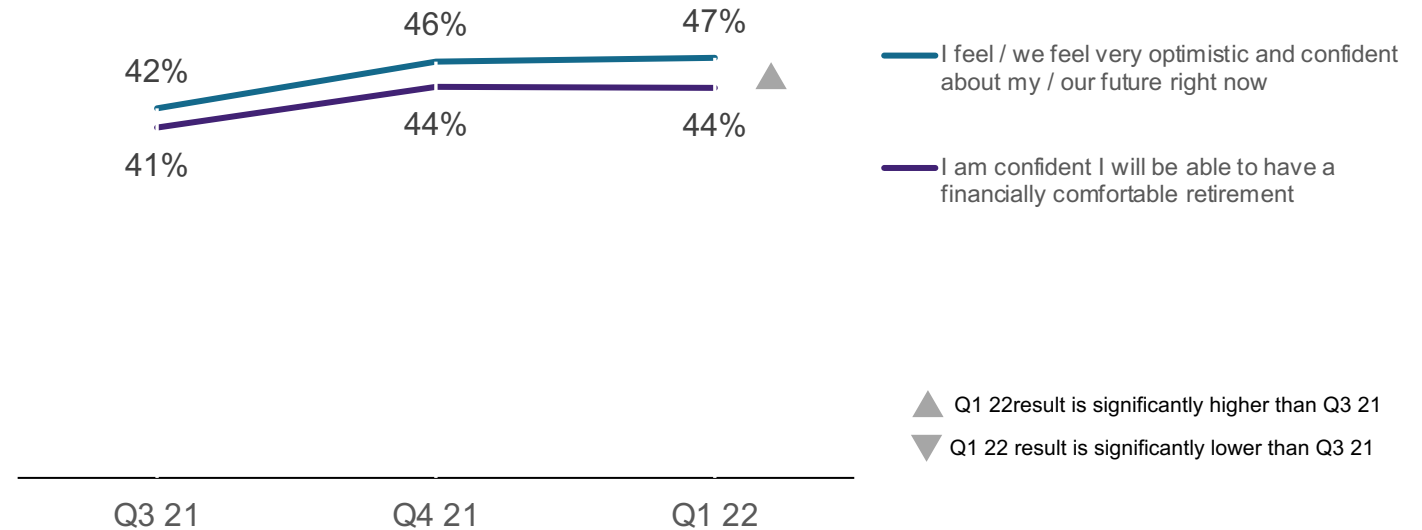
Unemployment rate

Quarterly

3.2%

March 2022 quarter

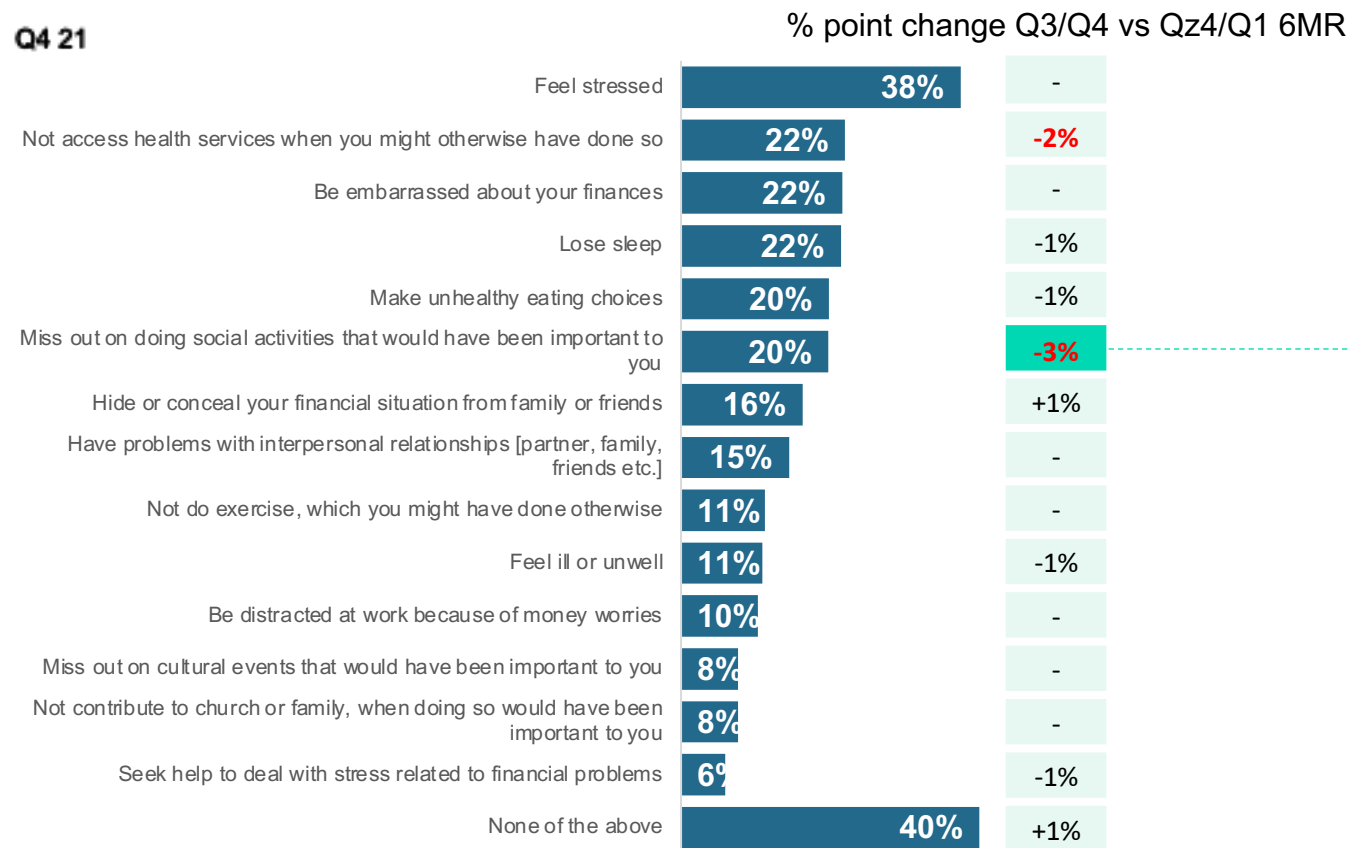
QUARTERLY RESULTS – MONEY MANAGEMENT



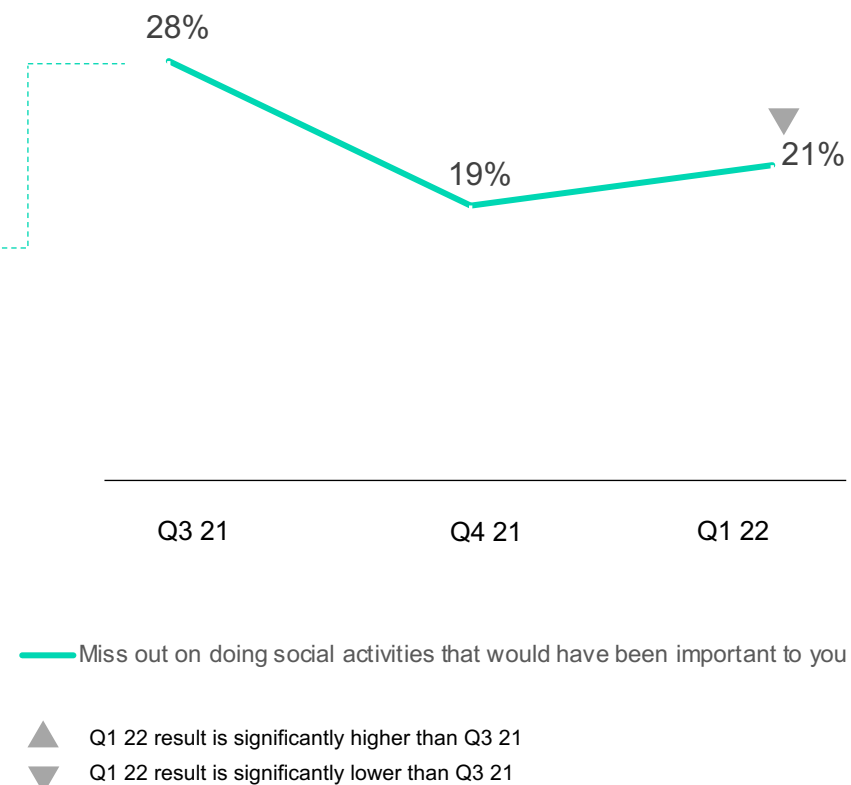
Source: <https://www.stats.govt.nz/>
<https://www.scoop.co.nz/stories/BU2204/S00156/new-zealanders-confident-they-can-cope-with-rising-prices-survey-finds.htm>
 Te Ara Ahunga Ora Tracker: MONEY_MGMT1. How much do you agree or disagree with the following statements?
 Total base (18+) n=3153, Q3 n=975, Q4 n=1105, Q1 n=1073

And this means that financial stress indicators are largely stable

6MR RESULTS (JUL 21 TO MAR 22) – FINANCIAL STRESS



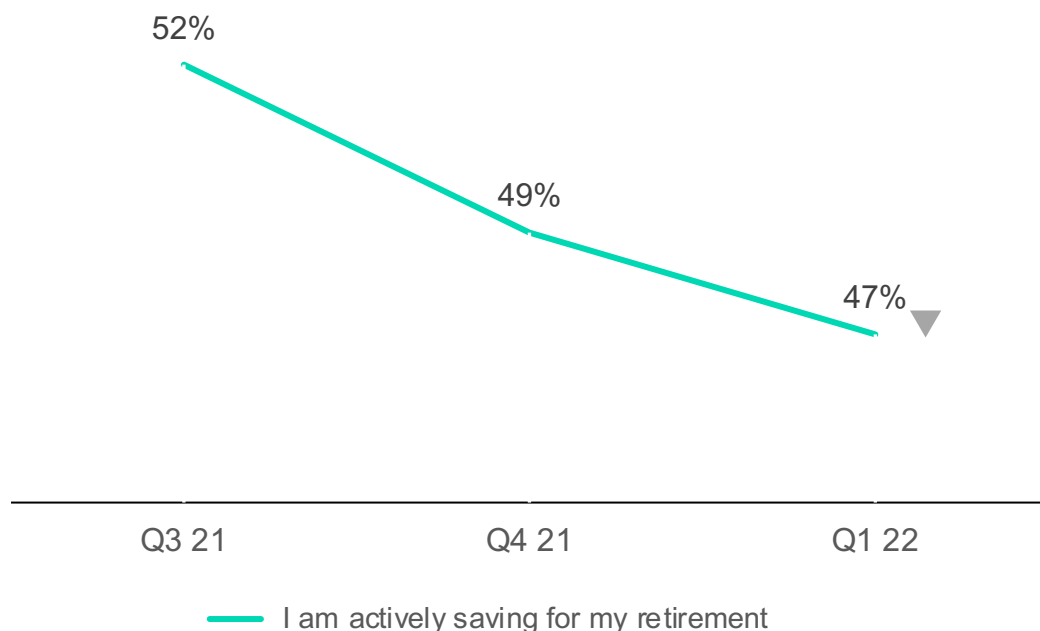
SIGNIFICANT QUARTERLY RESULTS



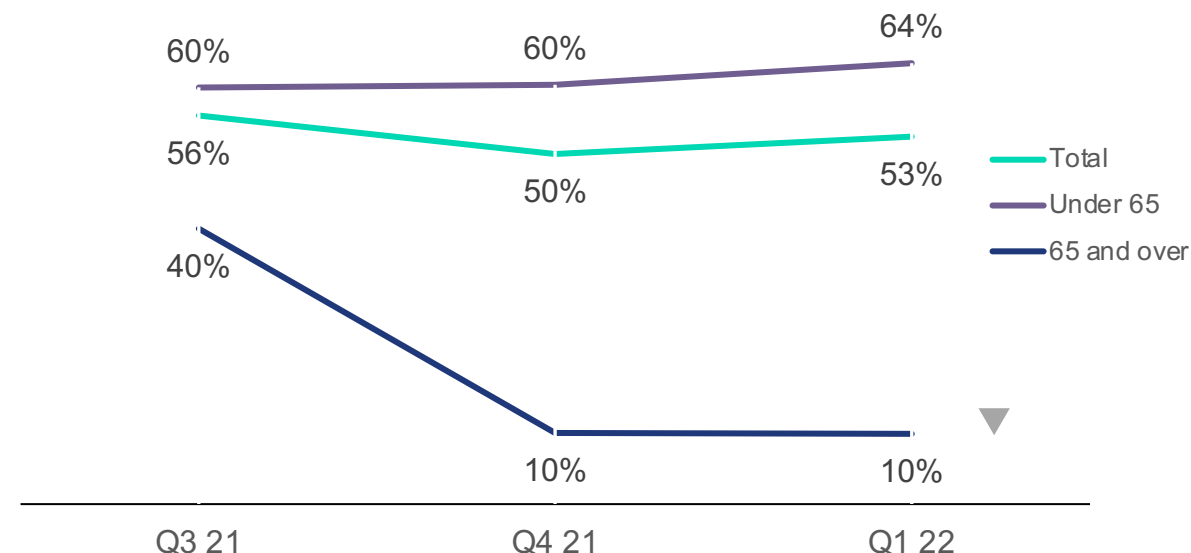
But dealing with today's issues means that there is less attention on long term savings

There's a significant decrease in consumers actively saving for retirement, from Q3 2021 to Q1 2022, however, many are still contributing passively through KiwiSaver (with a slight increase in contributions for those under 65 years).

QUARTERLY RESULTS – ACTIVELY SAVING FOR RETIREMENT



IN KIWISAVER AND MAKING CONTRIBUTIONS



Source: Te Ara Ahunga Ora Tracker
MONEY_MGMT1. How much do you agree or disagree with the following statements?
KIWISAVER: Are you currently in KiwiSaver and making contributions or payments?
Total base (18+) n=3153, Q3 n=975, Q4 n=1105, Q1 n=1073

Despite the rising cost of living, New Zealanders are doing what they can and many remain optimistic

Despite concerns about cost of living and inflation, people are still optimistic, with two-thirds believing that they can cope. This is likely to be related to low levels of unemployment, and government interventions.

However, there are some signs of early stress, and it could be that the widespread impacts of cost of living increases have yet to be felt. It will be important to identify those who are more vulnerable and in greater need of help and intervention.

IMPLICATION



2

The impact on NZ's
more vulnerable
groups

TRA

Those with more financial concerns are under 50's, NZ Māori, Pasifika, and lower household incomes (<\$70K)

These groups tend to be more worried about their level of debt and finances from pay to pay, and therefore are more likely than average to see themselves to be in a negative financial position.

JUL 21 - MAR 2022 RESULTS – CURRENT FINANCIAL POSITION AND MONEY MANAGEMENT

	Total	Male	Female	18-34 years	35-49 years	50-64 years	65 and over	NZ Māori	Pasifika	Asian	European/ other	Under \$70K	\$70-\$99K	\$100-\$149K	\$150K or more
Just treading water, sinking a bit or sinking badly	48%	47%	50%	46%	54%▲	51%	41%▼	61%▲	59%▲	40%▼	48%	62%▲	48%	31%▼	21%▼
I'm worried about the level of debt I'm in	26%	28%	25%	33%▲	35%▲	24%	8%▼	36%▲	37%▲	30%	24%▼	28%	27%	27%	22%
I'm worried about my finances from pay to pay	35%	34%	35%	41%▲	43%▲	33%	16%▼	47%▲	45%▲	35%	33%	41%▲	34%	33%	22%▼

▲ Result is significantly higher than total ▼ Result is significantly lower than total

Earlier we saw that two-thirds of the nation felt confident they could cope with rising costs – but one-third are not

Compared to Q3 2021, in Q1 2022 the groups showing potential signs of increased financial stress include those 65 and over, NZ Māori, Asian, middle income, and higher income households.

6MR FINANCIAL POSITION AND MONEY MANAGEMENT - % POINT CHANGE Q3/Q4 VS. Q4/Q1

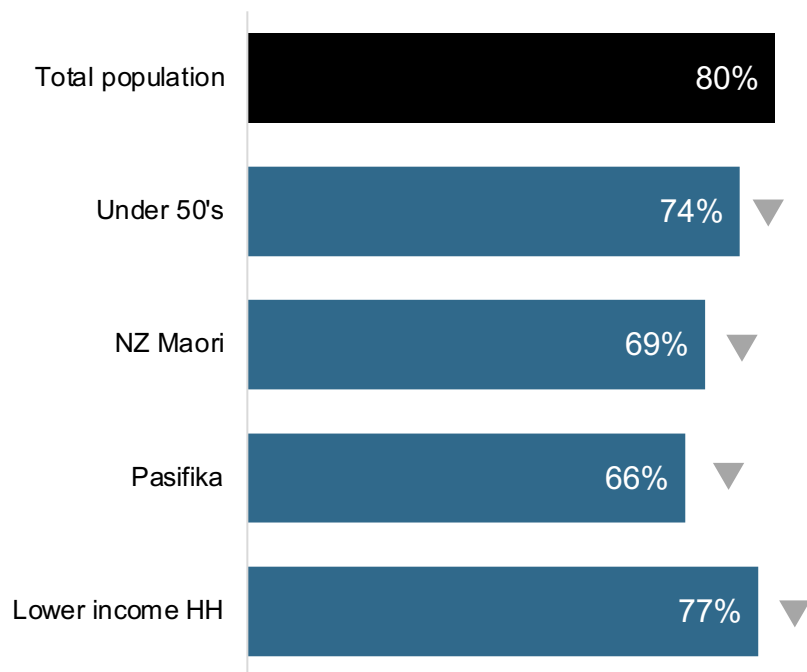
	Male	Female	18-34 years	35-49 years	50-64 years	65 and over	NZ Māori	Pasifika	Asian	European/ other	Under \$70K	\$70-\$99K	\$100-\$149K	\$150K or more
Just treading water, sinking a bit or sinking badly	+2%	+1%	-1%	-	+1%	+6%	+1%	-7%	+5%	+1%	+1%	+3%	+1%	+3%
I'm worried about the level of debt I'm in	-1%	-2%	-2%	+1%	-2%	-2%	-	-3%	+1%	-1%	-3%	-	-2%	+2%
I'm worried about my finances from pay to pay	+1%	-	+1%	+2%	-2%	+1%	+4% ▲	-3%	+3%	-	-	+2%	-1%	+4%

▲ Q4/Q1 result is significantly higher than Q3/Q4

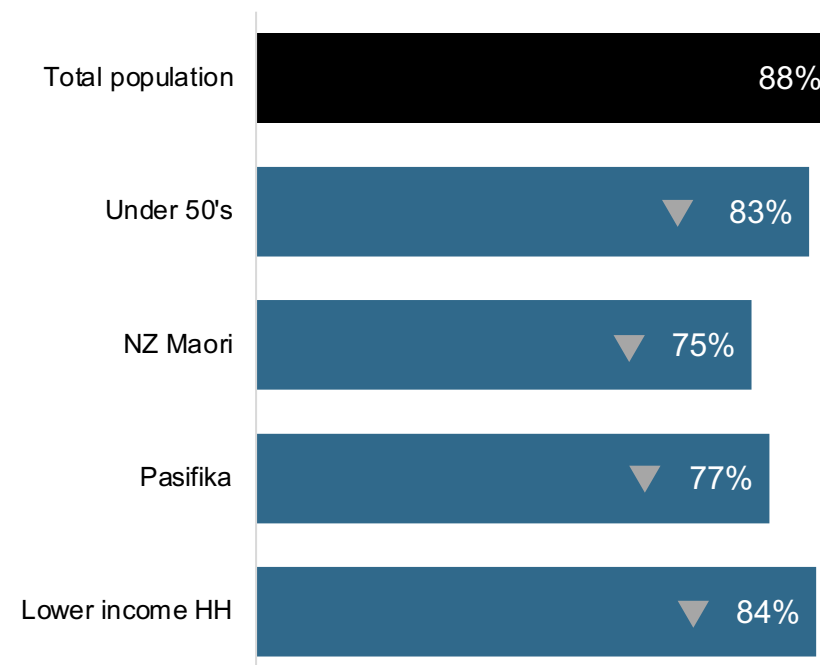
▼ Q4/Q1 result is significantly lower than Q3/Q4

A closer look shows that all four groups under-index on actively managing their finances and paying bills on time

I KEEP A CLOSE PERSONAL WATCH ON MY FINANCIAL AFFAIRS
JUL 21 - MAR 2022 (T2B AGREE)



I PAY MY BILLS ON TIME
JUL 21 - MAR 2022 (T2B AGREE)



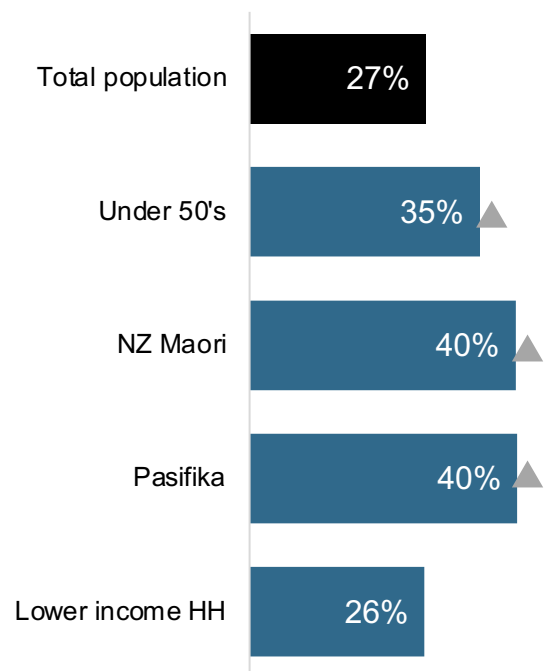
▲ Result for sub-group is significantly higher than average ▼ Result for sub-group is significantly lower than average

Source: Te Ara Ahunga Ora Tracker
MONEY_MGMT1 & MONEY_MGMT3: How much do you agree or disagree with the following statements?
Total base (18+) n=3153, Under 50's n=1804, NZ Māori n=533, Pasifika n=298, Lower income household (<\$70K p.a.) n=1344

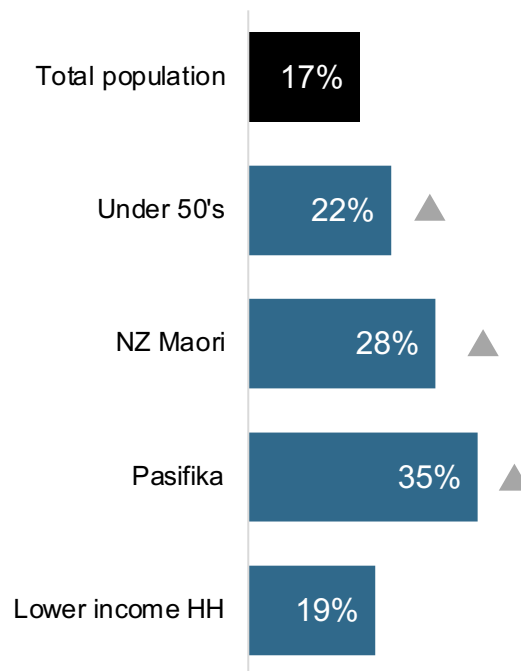
Under 50's, NZ Māori, and Pasifika also over-index on being spenders, and on gifting money beyond their means

Lower income households in contrast, are in line with the total population.

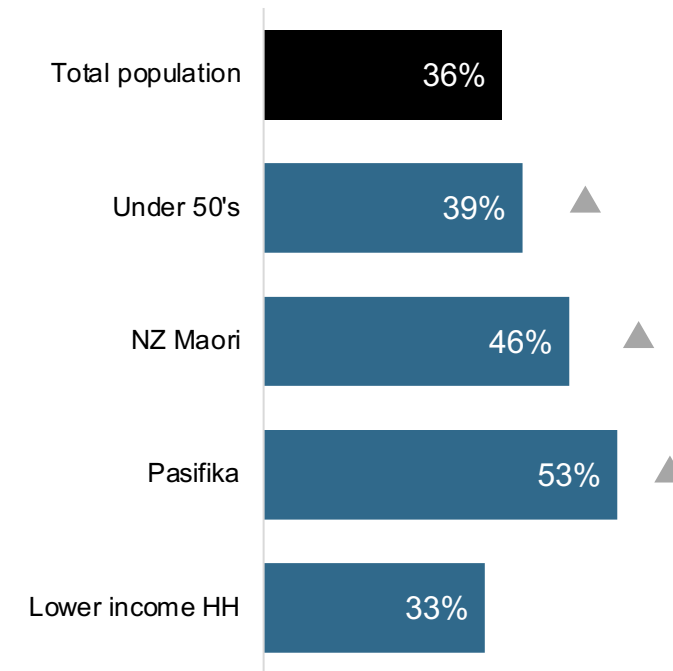
I'M A SPENDER RATHER THAN A SAVER
JUL 21 - MAR 2022 (T2B AGREE)



I GIVE MONEY TO OTHERS WHEN I CAN'T AFFORD TO AND I DON'T KNOW HOW TO STOP
JUL 21 - MAR 2022 (T2B AGREE)



I AM GENEROUS WHEN IT COMES TO KOHA / GIFTING MONEY TO OTHERS
JUL 21 - MAR 2022 (T2B AGREE)



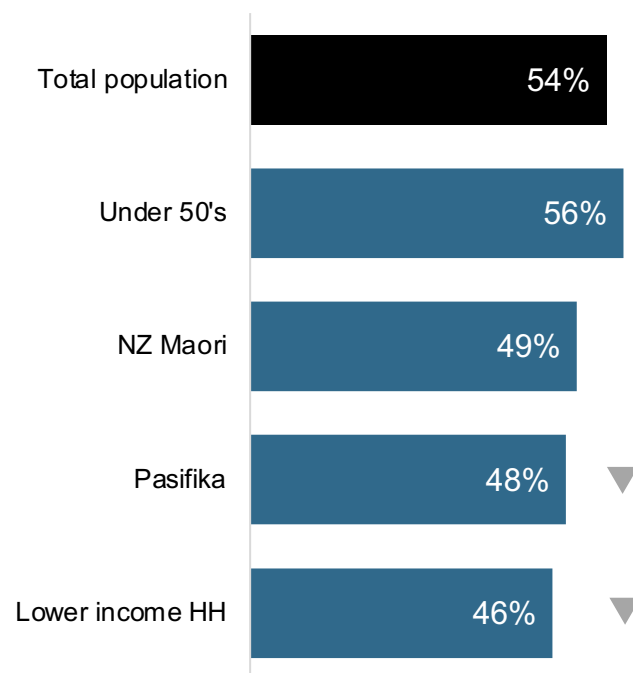
▲ Result for sub-group is significantly higher than average ▼ Result for sub-group is significantly lower than average

Source: Te Ara Ahunga Ora Tracker
MONEY_MGMT4: How much do you agree or disagree with the following statements?
Total base (18+) n=3153, Under 50's n=1804, NZ Māori n=533, Pasifika n=298, Lower income household (<\$70K p.a.) n=1344

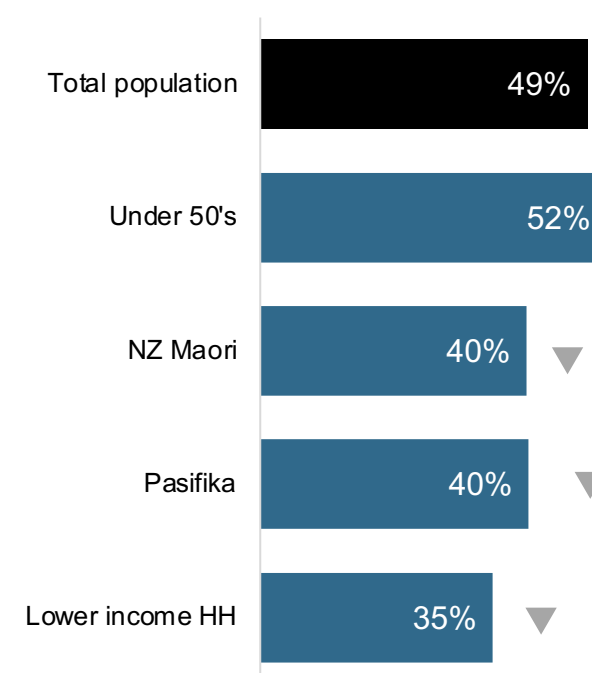
And Pasifika and lower income households under-index on setting long-term goals and actively saving for retirement

Across the four groups, under 50's appear to be the most future oriented with both metrics sitting in line with the total population.

I SET LONG-TERM FINANCIAL GOALS AND STRIVE TO ACHIEVE THEM
JUL 21 - MAR 2022 (T2B AGREE)



I'M ACTIVELY SAVING FOR MY RETIREMENT
JUL 21 - MAR 2022 (T2B AGREE)



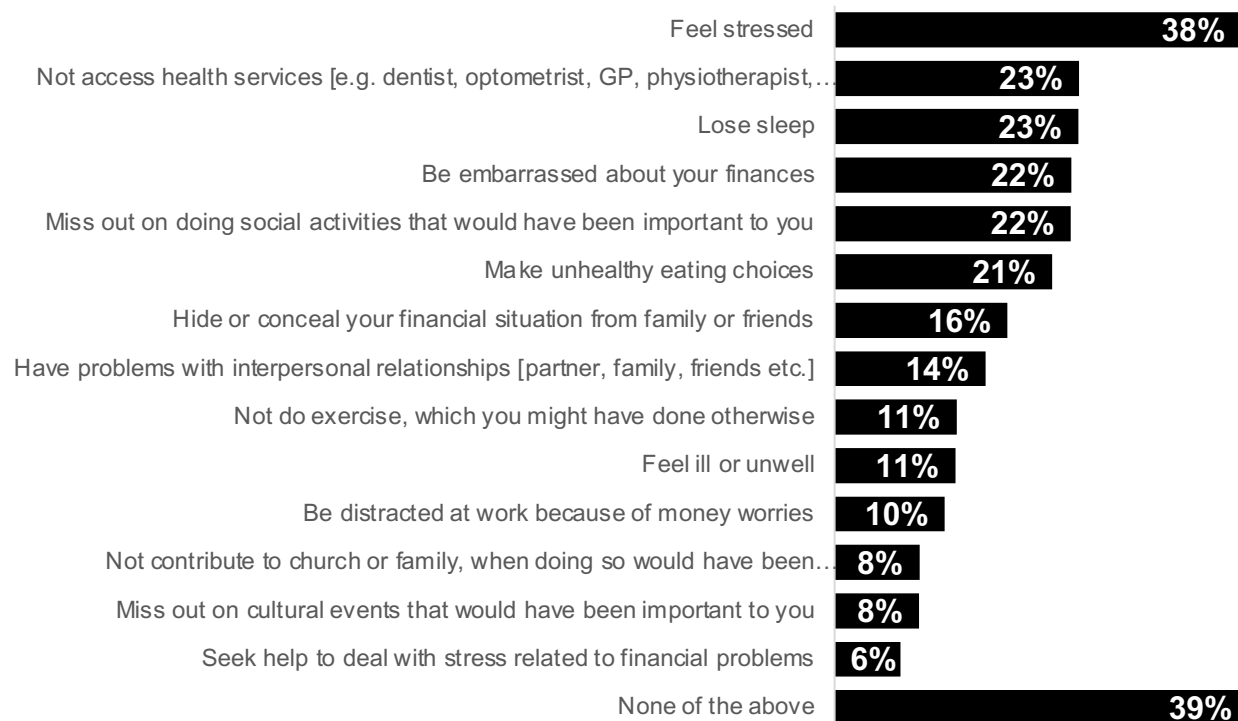
▲ Result for sub-group is significantly higher than average ▼ Result for sub-group is significantly lower than average

Source: Te Ara Ahunga Ora Tracker
MONEY_MGMT1, MONEY_MGMT3: How much do you agree or disagree with the following statements?
Total base (18+) n=3153, Under 50's n=1804, NZ Māori n=533, Pasifika n=298, Lower income household (<\$70K p.a.) n=1344

All groups are more likely to experience a wider range of stress, with Pasifika experiencing the most on average

Pasifika experience the most on average at 4.1. This is followed by NZ Māori at 3.5 and both under 50's and lower income households at 2.8.

MANIFESTATIONS OF FINANCIAL STRESS JUL 21 - MAR 2022 TOTAL



Under 50's	NZ Māori	Pasifika	Lower household income
46% ▲	47% ▲	50% ▲	40%
25%	31% ▲	24%	28% ▲
26% ▲	30% ▲	33% ▲	26% ▲
28% ▲	33% ▲	41% ▲	28% ▲
26% ▲	34% ▲	38% ▲	26% ▲
26% ▲	32% ▲	42% ▲	25% ▲
20% ▲	28% ▲	34% ▲	20% ▲
18% ▲	25% ▲	26% ▲	16%
14% ▲	19% ▲	24% ▲	13%
14% ▲	19% ▲	17% ▲	14% ▲
15% ▲	14% ▲	19% ▲	11%
10% ▲	13% ▲	23% ▲	10%
9%	16% ▲	23% ▲	10% ▲
9% ▲	12% ▲	13% ▲	8%
27% ▼	23% ▼	21% ▼	34% ▼

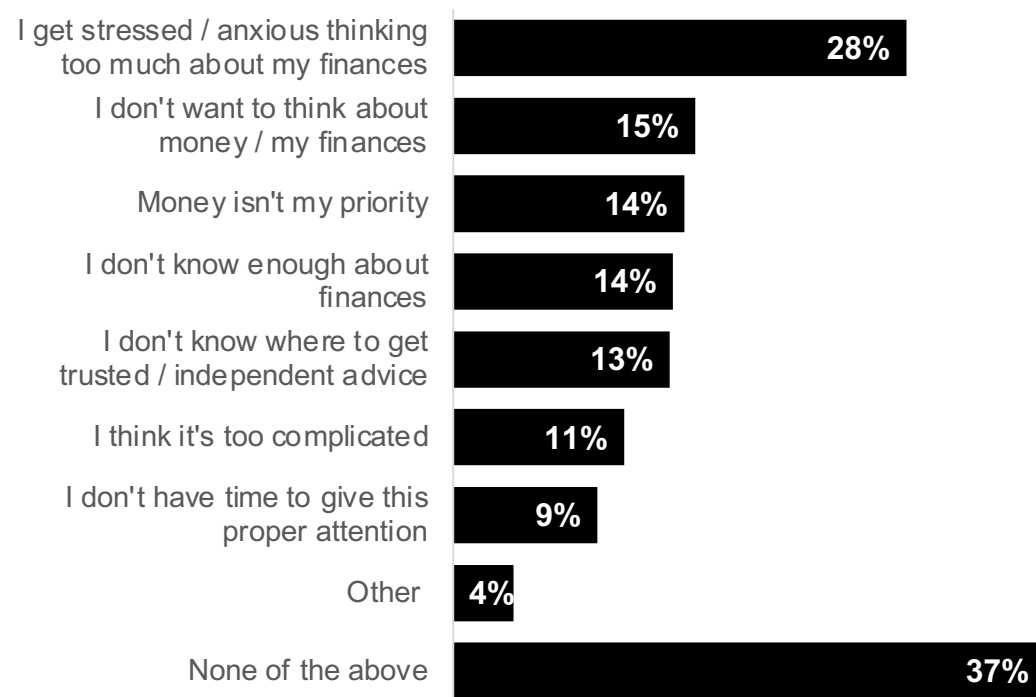
▲ Result for sub-group is significantly higher than average

▼ Result for sub-group is significantly lower than average

Barriers to money management slightly differ, but again Pasifika experience the most barriers of all

Barriers for NZ Māori is about stress and a lack of priority, whilst Pasifika's focus more on stress and a lack of knowledge and time. Lower income households are most in line with the total population.

BARRIERS TO MONEY MANAGEMENT JUL 21 - MAR 2022 TOTAL



Under 50's	NZ Māori	Pasifika	Lower household income
35% ▲	34% ▲	43% ▲	30%
18% ▲	19% ▲	20%	17%
12% ▼	19% ▲	17%	15%
18% ▲	16%	26% ▲	14%
17% ▲	17%	19% ▲	13%
14% ▲	13%	15% ▲	10%
12% ▲	12%	17% ▲	9%
2% ▼	4%	4%	5% ▲
28% ▼	23% ▼	17% ▼	33% ▼

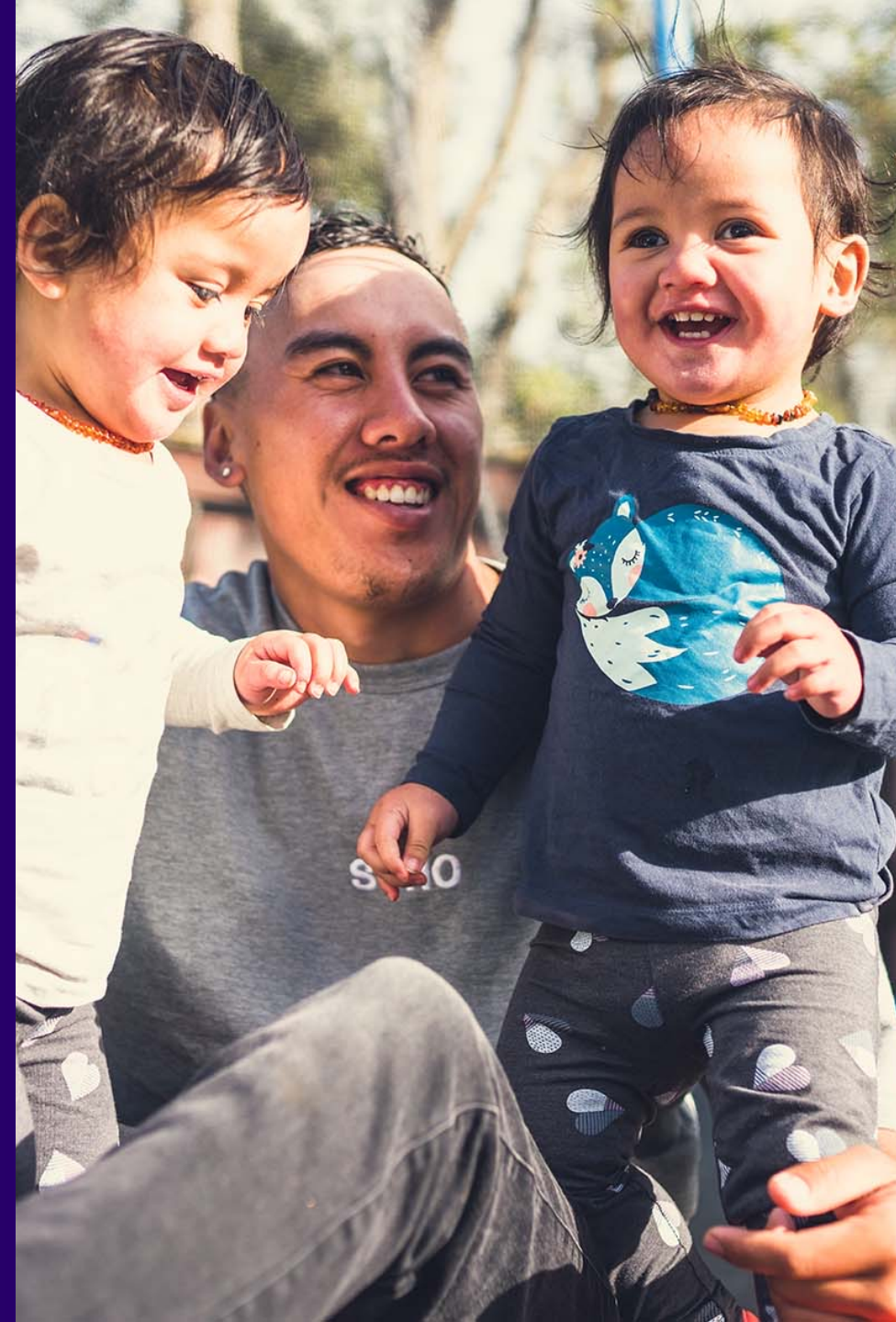
▲ Result for sub-group is significantly higher than average ▼ Result for sub-group is significantly lower than average

Our vulnerable groups are most likely to bear the brunt of an economic downturn, and now is the time to think about targeted interventions

Vulnerable groups are doubly at risk – they tend to have lower incomes and have different attitudes to financial management.

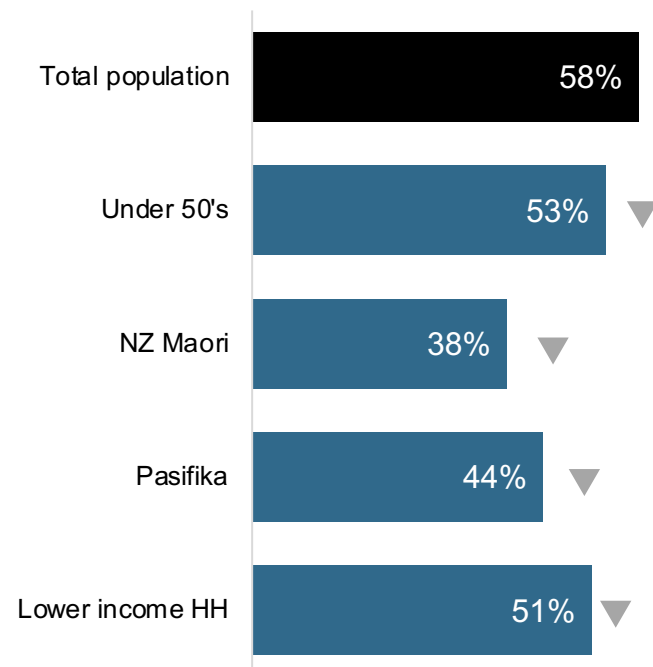
Targeted programmes / interventions focused on key barriers to financial management may be used to help adjust their relationship with money, and help vulnerable groups better manage both their immediate situations and prepare for the longer term future

IMPLICATION

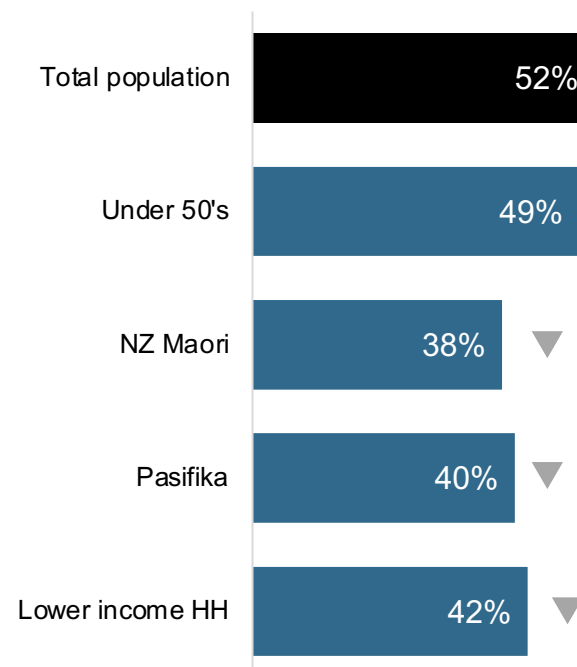


NZ Māori, Pasifika, and lower income households under-index on personal savings and the ability to meet unexpected expenses

HAVE PERSONAL SAVINGS
JUL 21 - MAR 2022 TOTAL



IF AN UNEXPECTED EXPENSE COMES UP,
I CAN EASILY FIND MONEY TO COVER IT
JUL 21 - MAR 2022 (T2B AGREE)



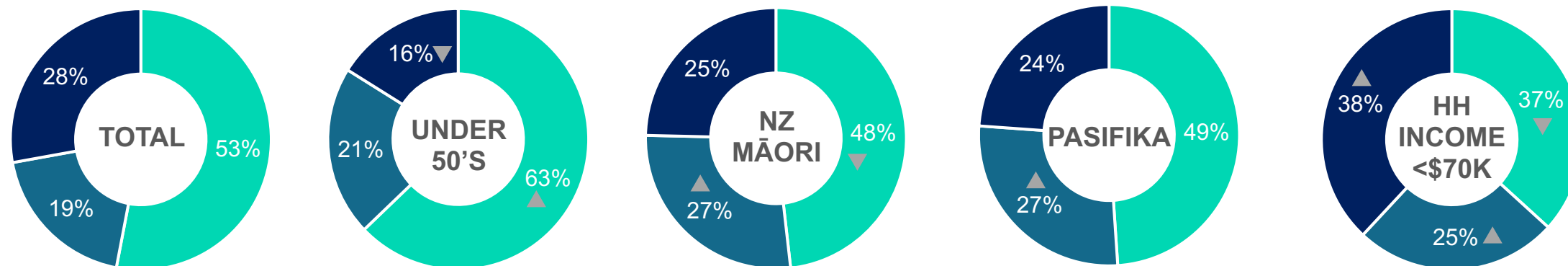
▲ Result for sub-group is significantly higher than average

▼ Result for sub-group is significantly lower than average

NZ Māori, Pasifika, and lower income households are more likely to have KiwiSaver but are not making contributions

In contrast, under 50's are more likely to have KiwiSaver and are also making contributions.

KIWISAVER MEMBERSHIP AND CONTRIBUTION JUL 21 - MAR 2022 TOTAL



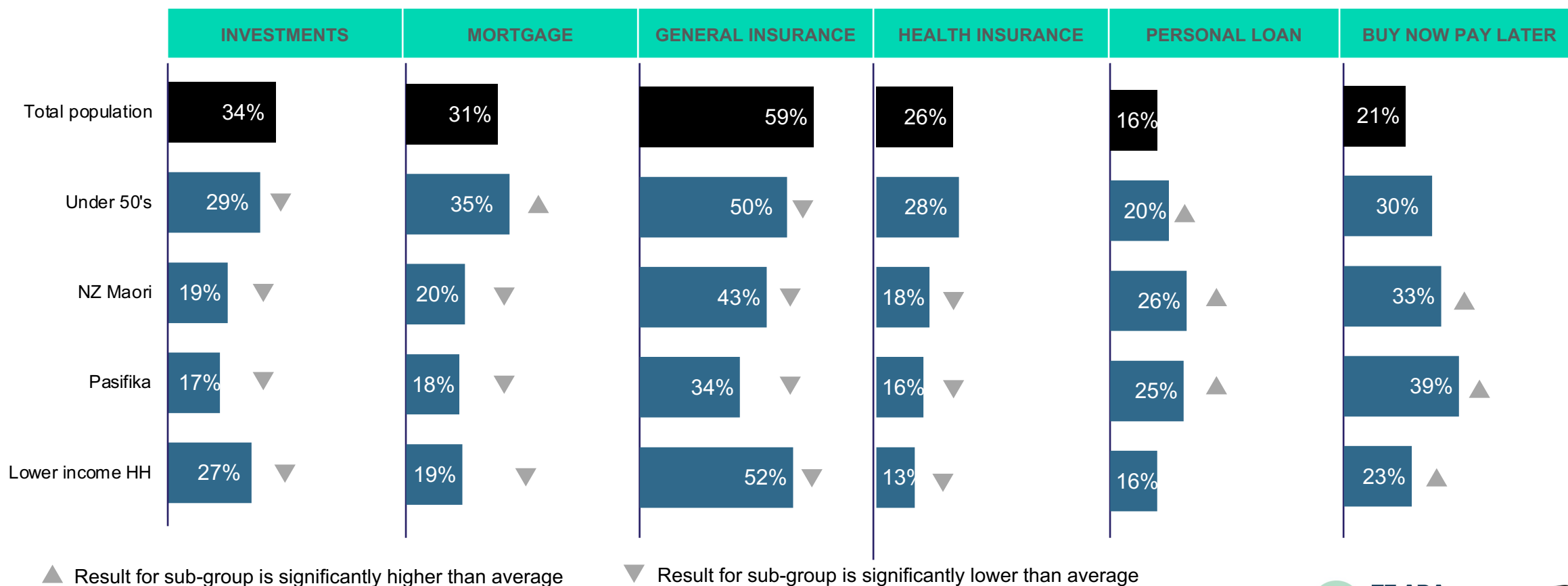
■ KiwiSaver, contributing ■ KiwiSaver, not contributing ■ No KiwiSaver / Unsure

▲ Result for sub-group is significantly higher than average ▼ Result for sub-group is significantly lower than average

Source: Te Ara Ahunga Ora Tracker
 KIWISAVER: Are you currently in KiwiSaver and making contributions or payments?
 Total base (18+) n=3153, Under 50's n=1804, NZ Māori n=533, Pasifika n=298, HHI <\$70K p.a. n=1344

NZ Māori, Pasifika, and lower income households further under-index on investments, mortgages, and insurance

At the same time, all three groups over-index on BNPL products, whilst only NZ Māori and Pasifika over-index on personal loans. And, in contrast to other vulnerable groups, under 50's over-index on mortgages.



Our vulnerable groups tend to have financial product portfolios that hinder rather than build for the future

NZ Māori, Pasifika, and lower income households are more likely to have short-term debt products to help manage day-to-day spend, and this in turn limits their ability to save or invest for the future. This affects the type of guidance and advice that will be most useful compared to other population groups.

A one size fits all approach will not work here - to help these groups better navigate this rising cost of living situation, they'll need a more customised and targeted approach.

IMPLICATION



Under 50's, NZ Māori, and Pasifika are significantly more likely to find a broader range of financial information relevant

In contrast, lower income households are less likely than average to engage. Under 50's, NZ Māori, and Pasifika are most interested in how to build up savings.

RELEVANT INFORMATION SOURCES JUL 21 - MAR 2022 TOTAL **

		Under 50's	NZ Māori	Pasifika	Lower household income
How to build up savings	35%	47% ▲	41% ▲	58% ▲	32%
How to make investments	33%	44% ▲	31%	42% ▲	27% ▼
How to plan for retirement	29%	36% ▲	27%	41% ▲	22% ▼
How to draw up a will	25%	30% ▲	35% ▲	37% ▲	23%
How to budget	24%	35% ▲	37% ▲	51% ▲	23%
How to manage my money during a serious crisis [e.g., long-term illness, disability, pandemic etc.]	21%	27% ▲	32% ▲	32% ▲	20%
How to manage debt	20%	28% ▲	33% ▲	45% ▲	20%
How to buy your first home	17%	28% ▲	26% ▲	35% ▲	16%
How to draw down my savings in retirement	15%	16%	13%	20%	13%
Advice on insuring your assets	14%	20% ▲	22% ▲	24% ▲	11% ▼
Resources and content based on Maori world view	4%	7% ▲	17% ▲	9% ▲	5%
Content in Te Reo Maori	3%	4% ▲	11% ▲	8% ▲	3%
None of the above	28%	12% ▼	17% ▼	10% ▼	33% ▲

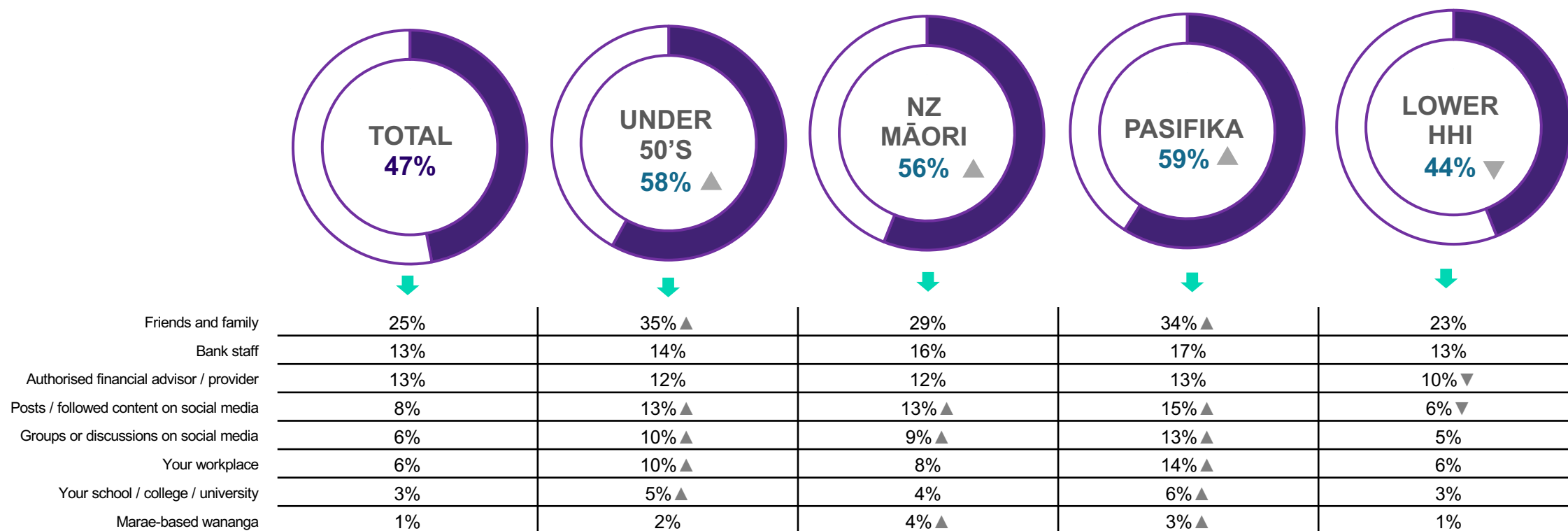
**Added in Q4 2021 so has only 6 months of data instead of 9 months

▲ Result for sub-group is significantly higher than average ▼ Result for sub-group is significantly lower than average

Under 50's, NZ Māori, and Pasifika are also more active than average in seeking financial advice

They are jointly more likely to seek advice from social media, whilst only under 50's and Pasifika are more likely to seek advice from family and friends, workplace, or school / college / university.

RECEIVED / SOUGHT FINANCIAL ADVICE IN PAST 12M
JUL 21 - MAR 2022 TOTAL



Source: Te Ara Ahunga Ora Tracker
INFO_SEEK12M: In the past 12 months, have you received or sought advice or information about money from any of the following sources?
Total base (18+) n=3153, Under 50's n=1804, NZ Māori n=533, Pasifika n=298, Lower income household (<\$70K p.a.) n=1344

▲ Result for sub-group is significantly higher than average
▼ Result for sub-group is significantly lower than average

Our vulnerable groups do have an appetite for financial education – if we deliver the right information and in ways that suit them best

This is strongest for under 50's, NZ Māori, and Pasifika indicating that there is a desire to build wealth, budget, and manage debt.

These groups using social media for information about financial advice, therefore assisting them will need to be more focused here relative to the total population.

IMPLICATION



The road ahead

4

TRA

Thus far, there is still some optimism in New Zealand despite indicators of a rising cost of living

However, we may still be in the earlier phases of this issue and Sorted should proactively monitor this space over the next 6 months, especially for our more vulnerable groups – under 50's, NZ Māori, Pasifika and lower income households. If the situation worsens as expected, there will be bigger ripple effects on New Zealanders as well as the economy, and Sorted's resources will be needed more than ever.

Inflation forecast to go even higher: What you need to know

6:02 pm on 9 March 2022

Share this     

Leith Huffadine, Digital Journalist
leith.huffadine@rnz.co.nz

ANZ has warned that it expects inflation will hit 7.4 percent in the second quarter, but it wasn't long ago that news it had reached 5.9 percent set alarm bells ringing. Given that 5.9 percent mark was a 30-year high, what's going on - will it soar another 1.5 percent and what will that mean for you? RNZ is here to help clear it up.



'Extraordinary' living costs rise not going away soon - economist

Thu, Mar 17 • Source: 1News

A top economist is urging the Government to help put more in the pockets of low income New Zealanders as the cost of living rises.



Let's talk