

Middle class joins food parcel queue - Sunday Star Times, 23 August 2009

Homeowners and professionals are lining up for food parcels as redundancies leave previously big earners struggling to pay the bills. And a budget adviser is calling for the entitlement thresholds for food grants to be relaxed so that more of those families can get help from Work and Income (Winz).

Meanwhile, budget advisers are swotting up on areas new to them, such as renegotiating car lease arrangements or advising on mortgagee sales, as their customer-base changes to include the recently well-off.

This month, new figures showed unemployment had jumped to 6%, or 138,000 people. Treasury has forecast unemployment to reach 7.5% (172,000 people) by next year.

Budget advisers around the country are reporting a flood of inquiries and requests for help from previously high-earning families a group which seldom sought budget help before the recession.

Budgeting & Family Support Services chief executive Darryl Evans said his Auckland agency had seen a 43% increase in working families seeking help this year. Last year they had around 13 families with mortgages on their books. Now they have 190, and some are facing mortgagee sales. He has helped one family that this time last year was earning \$180,000, but which was now coping on a benefit of around \$26,000 following two redundancies.

"It is the families that have come down from two incomes to one or possibly none that need the most help at the moment."

Evans said the sudden drop of income for families still trying to meet financial commitments such as the mortgage, hire purchase agreements and car lease payments was a "culture shock".

There was often little money left for food but, because one partner was still earning, some families failed to fulfil Winz criteria for food grants. The income limit is currently \$726.04 a week before tax for a couple with children, but Evans would like to see that lifted and has emailed Social Development Minister Paula Bennett asking if she would consider it even if it's just while the recession lasts.

"It's those working families who really do need access to the food grants that are being turned away."

Evans said the increased demand meant it was referring needy clients to Winz in the first instance, and providing a food parcel only if the client was turned down by Winz.

Bennett told the Star-Times she was open to discussion on the issues raised by Evans, and that she was aware more families were under pressure. She said the food grants entitlement had doubled a year ago. An extra \$15 million had been set aside to meet extra demand for special grants.

New Zealand Federation of Family Budgeting Services chief executive Raewyn Fox said advisers nationwide were noticing increased inquiries from people who owned houses or previously had high-paying jobs.

In Wellington, City Mission chief executive Michelle Branney said demand for food parcels over winter had been about 25% higher than last year. The clientele had also changed, from predominantly beneficiaries to include working families. "We are seeing a few people with mortgages, so that is a change."

Christchurch City Commissioner Michael Gorman had noticed a 30% increase compared to last year and demand had spiked dramatically over the past few weeks. Like other areas around the country, they were also seeing more people who had been made redundant, often without redundancy pay.

Figures released by Winz show there has been a 14% increase in the number of food grants over the past three months. In June, 42,416 grants were given up from 24,799 for the same month last year.