

Facts About Poverty in 2009

There is poverty in the midst of prosperity in Aotearoa New Zealand
There is not enough help available when you really need it
With the best budgeting skills there still isn't enough to pay the bills
Living on a benefit is not a good lifestyle
Getting a job doesn't solve the poverty problem
Making life hell on a benefit does not reduce poverty
Economic growth alone does not solve poverty

It has been more than ten years since NZCCSS released a series of leaflets entitled "Myths About Poverty" that sought to explode the "urban myths" that are constantly recycled about people who are poor.

A decade later we find that these "myths" are alive and well. NZCCSS responded in 2008 by releasing **Facts About Poverty** in Aotearoa New Zealand. This 2009 version draws upon more recent data and serves as an update to that publication.

We have read the books, the reports, consulted experts and assembled as much information as we can. Every statement in the following brief fact sheets is backed up by the best evidence we could find. There is a list of references for those of you who want to look further and we are happy to answer any questions on the facts. The facts will continue to be living documents, updated as more information and research becomes available. In the right hand corner of each Fact Sheet is the date that it was last updated.

NZCCSS issued a **Call for More Action** in 2008. We invite you to ask questions of your own attitudes, those around you, your community and your leaders.

Ask what is being done to lift out of poverty the hundreds of thousands of people our country who are living lives affected by poverty?

What is "poverty" in the New Zealand context?

There is no official "poverty line" in NZ as there is in other countries (e.g. USA) and no formal agreement about exactly how to measure poverty.

There is general consensus however, that the strongest indicator of poverty is your level of income. There is also some consensus that an income level set at **60% of median household disposable income after housing costs** is a reasonable level of income to protect people from the worst effects of poverty (e.g. this is the measure adopted by the Government's Social Report). NZCCSS believes that any poverty measure set lower than this is too low (e.g. the OECD uses a 50% measure for its international comparisons).

It is possible to calculate that the poverty line after deducting housing costs for a household with two adults and two children lies at \$449 per week or \$23,300 annually in 2009 dollars. For a sole parent with one child it is \$289 per week or \$15000 annually in 2009 dollars¹.

Ask yourself – how would I get by if I had to provide for myself and family out of an income less than this?

This is the daily reality for hundreds of thousands of people in New Zealand.

For a summary of the Facts About Poverty please turn the page...

There is poverty in the midst of prosperity in Aotearoa New Zealand

- *There is poverty amidst prosperity:* There are around 583,800 people in poverty in this country or one in seven households. Around 163,000 of people in poverty are children.
- *Some groups are more likely than others to be in poverty:* Beneficiaries, children, Māori and Pacific peoples, and sole parents are more likely to experience poverty than other groups
- *What poverty means for people:* Being in poverty means experiencing hunger and food insecurity, poor health outcomes, reduced life expectancy, debt, and unaffordable or bad housing

There is not enough help available when you really need it

- Benefits are not enough to live on with dignity – this is the real issue
- The resources of organisations providing emergency assistance are stretched
- The benefit system is complex and people are often not made aware of their entitlements
- Housing assistance is inadequate

With the best budgeting skills there still isn't enough to pay the bills

- Because people in poverty must survive on very low incomes, they are adept at budgeting and making ends meet
- Contrary to the popular myth, people in poverty don't spend all their money on alcohol, smokes and gambling
- Inadequate income is the real issue affecting the ability of people in poverty to manage their finances
- Debt can be a problem for some low-income people, but debt is often linked to tragic circumstances
- Debt and problems managing money isn't just an issue for people in poverty

Living on a benefit is not a good lifestyle

- Living on a benefit is not a good 'lifestyle'
- Few women on the DPB are unmarried teenage mums
- Most sole parents stay on benefits for a short period, and usually only while their child is young
- There is some benefit fraud, but most debt to Work and Income is the result of negotiated 'recoverable assistance' loans or 'Innocent Overpayment Debt'

Getting a job doesn't solve the poverty problem

- Employment alone does not solve poverty and unemployment is now rising again.
- Most beneficiaries want to work. International research does not support the assumption that beneficiaries lack a work ethic and are content with the beneficiary 'life-style'
- Obtaining work in itself does not guarantee that poverty will be alleviated. Many jobs are 'precarious' or insecure and don't pay as well (or offer the same security) as a full-time, permanent job
- There are good reasons why not all beneficiaries should get a job right now: health problems, disabilities and childcare responsibilities all present major barriers to work

Making life hell on a benefit does not reduce poverty

- Most people are on benefits only for a short time
- There is no evidence that cutting benefits reduces dependency
- An argument for back-to-work policies is that it is good for children to see their parents working but research has shown negative outcomes for older children when parents are pushed back to work
- It is poverty, not dependency, that is the problem
- New Zealand can afford to look after our own

Economic growth alone does not solve poverty

- Economic growth alone will not necessarily address poverty and inequality
- The gap between the rich and the poor continues to grow
- There are more people in poverty now than there were in the 1980's
- Income disparities between Māori, Pacific peoples and Pakeha remain high

Fact 1: *There is poverty in the midst of prosperity in Aotearoa New Zealand*

- ***There is poverty amidst prosperity:***
There are around 583,800 people in poverty in this country or one in seven households. Around 163,000 of people in poverty are children.
- ***Some groups are more likely than others to be in poverty:***
Beneficiaries, children, Māori and Pacific peoples, and sole parents are more likely to experience poverty than other groups
- ***What poverty means for people:***
Being in poverty means experiencing hunger and food insecurity, reduced life expectancy, poor health outcomes, debt, and unaffordable or bad housing

Poverty in Prosperity

More than two decades of massive economic change and restructuring since the mid-1980s have left many people worse off a generation later. The proportion of the population with low incomes increased sharply in the mid-1990s before it began to drop over the latter half of that decade. Despite a continuing slow drop, in 2004 the proportion of the population with low incomes was still substantially higher than in 1984. In 2004 the Working for Families financial assistance package was introduced. The initiative was aimed at low- and middle income earners and has led to a further reduction in poverty to 14% of the population compared with 17% in 2004. This is still higher than in 1984 (9%) and means that there remain around 583,800² people in poverty including some 163,000 children³.

Some groups are more likely to be in poverty than others:

The New Zealand Living Standards 2004 study showed that the following groups are disproportionately affected by poverty:

Beneficiaries with children: almost one-third of families reliant on an income-tested benefit are in severe hardship, and nearly three-quarters live in some degree of hardship.

Children are at special risk of poverty: dependent children under 18 years are the age group with the highest levels of hardship with over one third reporting some hardship.

Cultural impact: Pacific people are most notably affected with nearly a quarter living in significant or severe hardship. Approximately one in five Māori and one in ten Pakeha are also experiencing significant or severe hardship⁴.

Sole parent families: 42% of these families are in significant or severe hardship, compared to 16% of two-parent families⁵.

What does poverty mean for people?

HUNGER:

The National Children's Nutrition Survey⁶ found that 1 in 5 families studied said they could only *sometimes* afford to eat properly. A further 1 in 5 households reported that food sometimes or often ran out because of a lack of money.

*"We often have sandwiches so that the kids can eat. It's really expensive to buy milk. You have to spend at least \$150 to get enough food for four people. We often get by on \$70."*⁷

REDUCED LIFE EXPECTANCY: Poverty impacts directly on life expectancy – Life expectancy for men living in the poorest areas is an average 8.9 years less than men in the wealthiest areas.⁸

POOR HEALTH OUTCOMES: Low income households have higher rates of obesity and cigarette smoking, both major factors in poor health outcomes.⁹

*"I was in and out of hospital because one of the twins got bronchitis...it was very cold in the house."*¹⁰

UNAFFORDABLE AND/OR BAD HOUSING:

- A household is considered to be experiencing housing related stress when housing costs consume 30 percent or more of gross income or 40% of disposable income.¹¹
- More than a third of foodbank client households surveyed by NZCCSS are spending 50% of their net income on housing costs. Three quarters of them are paying more than 30%.¹²

*"At the time we were actually sleeping in a double garage...that is how bad we were staying before Housing New Zealand got us this house."*¹³

DEBT:

A study of low-income families found that two-thirds of the families surveyed were in debt, and three quarters had been unable to pay at least 1 regular household bill in the past year. Half had been unable to do so on three or more occasions.¹⁴

*"Debt was like a rope round my neck waiting for me to jump off."*¹⁵

Meeting everyday household expenses is the most common reason given why South Auckland Pacific people ended up in debt to loan sharks.¹⁶

Fact 2:

There is not enough help available when you really need it

- **Benefits are not enough to live on with dignity – this is the real issue**
- **The resources of organisations providing emergency assistance are stretched**
- **The benefit system is complex and people are often not made aware of their entitlements**
- **Housing assistance is inadequate**

Benefits are not enough to live on with dignity – this is the real issue

Real net benefit rates compared to the real net average wage have declined steadily and significantly over the past 20 years¹⁷ and are at levels that leave people in poverty. The Working for Families package has helped wage earners but this has further increased the income disparity between the waged and unwaged.

Benefit levels do not allow families to feed, clothe and house themselves adequately. For example, the disposable income of food bank clients (most of whom are reliant on benefits) is barely sufficient to cover the estimated food costs required to feed a family of two adults and two children. This leaves little or nothing for other household costs.¹⁸

The resources of organisations providing emergency assistance are stretched

The waiting lists for those in need of Housing New Zealand accommodation remains around 10,000. Record numbers of people seeking emergency accommodation has led to a shortage of beds and food banks are reporting unprecedented demand leading to shortages of supplies.¹⁹

“Just from the statistics of April and June 2009 in comparison to last year’s April and June there has been a 33% increase of people using the food bank.” – Wellington Downtown Community Mission Outreach Worker David Manuel²⁰

The benefit system is complex and people are often not made aware of their entitlements.

The current benefit system is complex, confusing and overly bureaucratic. The Wellington People’s Centre worked with the Ministry of Social Development and identified that only 47% of the 77,000 beneficiaries who were potentially eligible for the Special Benefit actually received it.²¹ The Special Benefit is now being phased out and although Work & Income NZ has a policy to ensure all people receive their full and correct entitlements, benefit advocate organisations continue to report that people are not being actively helped to identify and receive all that they are entitled to.

Temporary Additional Support which is replacing the Special Benefit provides less assistance than beneficiaries would have received under the Special Benefit.

The Salvation Army foodbank in Manukau experienced a drop from 237 applicants a month to just 92 a month when they placed a Work and Income officer on site in March 2003 to make sure people were getting their full benefit entitlements.²²

Housing assistance is inadequate

People most hard hit by high housing costs are those living on low-incomes and there is not enough help available.

A 2007 study showed that (rental) housing costs for the lowest income quintiles in Auckland have lowered, which suggests the reintroduction of income related rents has eased housing costs for those who live in HNZN houses.²³ However, many state housing tenants remain in a deficit situation after paying rent (set at 25 percent of their income) and other essential expenses.²⁴

The waiting lists for state houses are very long. Latest figures from HNZN show that as at 30th June 2009 there were 9,973 people on the waiting list. Of this:

- 262 were A priority (severe housing need)
- 3937 were B priority (significant housing need)
- 3242 were C priority (moderate housing need)
- 2532 were D priority (lower level housing need).²⁵

Not enough help on the private rental market

The overwhelming majority of people on lower incomes must rent their housing on the private market. The Accommodation Supplement is not sufficient to cover the gap between current rent levels and incomes. One reason for this is that it is not inflation adjusted and is based on 2003²⁶ rent levels yet weekly private rents have increased by an average of \$50 since 2003.²⁷

Many private market tenants reliant on a benefit experience ongoing financial distress such as:

- Cash flow problems: difficulty paying bills; needing to get financial help from others
- Hardship: having to go without certain basic essentials such as meals, heating and clothing
- Missing out: inability to participate in leisure activities, hobbies, or have the occasional night out.²⁸

Fact 3:

With the best budgeting skills there still isn't enough to pay the bills

- **Because people in poverty must survive on very low incomes, they are adept at budgeting and making ends meet**
- **Contrary to the popular myth, people in poverty don't spend all their money on alcohol, smokes and gambling**
- **Inadequate income levels is the real issue impacting on the ability of people in poverty to manage their finances**
- **Debt can be a problem for some low-income people, but debt is often linked to tragic circumstances**
- **Debt and problems managing money isn't just an issue for people in poverty**

People in poverty are adept at budgeting and making ends meet

All the research points to the fact that people on low incomes are generally very good at budgeting - because they have to be...²⁹

[A]ll the food prices have gone up dramatically but our income has not gone anywhere – we're still struggling on the same income – trying to use the same small amount of money for food but being able to buy less and less because – we've got to cut things out of the budget – we don't buy cheese anymore.³⁰

Contrary to the popular myth, people in poverty don't spend all their money on alcohol, smokes and gambling

- The biggest users of tobacco are middle income households – they spend almost twice as much per household as the poorest households.
- The lowest income households spend one quarter less than middle income households on alcohol and less than a third of what the highest income households spend.
- Lowest income households spend one third less than middle income households on gambling and a third of what the highest income households spend.
- The lowest income households spend over one third less than middle income households on all leisure activities and just a sixth of what the highest income households spend.³¹

Inadequate income levels is the real issue

People on benefits with no other earned income have incomes well below recognised poverty lines which leave them with nothing in reserve.³²

NZCCSS studies of foodbank clients³³ show that:

- The majority of clients receive a benefit as their only source of income
- Median and average weekly net incomes of foodbank clients were less than half that of the average New Zealand household
- Median net income was between \$169 and \$211 per week
- Around three quarters of clients spend greater than 30% of their net income on housing.

Debt can be a problem for some low-income people:

...But is often linked to tragic circumstances, including death, illness and relationship break-up. Low-income families try hard to get out of debt but often don't have enough income to become debt-free.³⁴ Low income families are often forced to borrow money simply to meet everyday living needs.

Debt and problems managing money isn't just an issue for people in poverty:

Since the deregulation of the financial sector in 1984, New Zealand households have become increasingly debt-ridden. Average household debt has increased from 59% of disposable income in 1991 to 159% in 2009.³⁵ There is now far easier access to credit than previously in New Zealand's economic and social history and New Zealand households are using this credit to fund consumption:³⁶

- Those with the highest incomes owe the most on their credit cards³⁷
- 2831 people undertook a 'no asset procedure' in the twelve months leading to July 2009³⁸. This is a recently introduced alternative to bankruptcy. Bankruptcies themselves remained largely unchanged at 2792.³⁹
- People with six-figure incomes are now seeking out the budget advisors.

Fact 4: *Living on a benefit is not a good lifestyle*

- **Living on a benefit is not a good 'lifestyle'**
- **Few women on the DPB are unmarried teenage mums**
- **Most sole parents stay on benefits for a short period, and usually only while children are young**
- **There is some concern about benefit fraud, but most debt to Work and Income is the result of negotiated 'recoverable assistance' loans or 'Innocent Overpayments'**

Living on the Domestic Purposes Benefit (DPB) is not a good 'lifestyle'

As one beneficiary describes it: going on the DPB with more than two children puts you at a disadvantage. *"On the DPB I have been kept in survival mode a lot of the time."* The introduction of Working for Families meant \$50 a week less for her because of changes to the Special Benefit.⁴⁰

*"You feel like a second-class citizen basically and a lot of energy goes into just surviving. You spend more time because of your really tight financial situation running around trying to get assistance to help you keep going all the time... it's a real catch-22. It's a really vicious cycle."*⁴¹

Few women on the DPB are unmarried teenage mums

Massey University research fellow, Helen Wilson,⁴² dispels the myth that teenage birth rates have swelled since the DPB was introduced in 1973. In fact in 2007, at 31.6⁴³ births per thousand women aged 15-19, the rate is less than half of the 1972 level of 69 in 1,000. Teenage mothers make up just 3.4% of DPB beneficiaries.

Most sole parents stay on benefits for a short period

Ministry of Social Development figures for the quarter ending June 2009⁴⁴ show that of those receiving the DPB:

- Almost one third receive the DPB for less than 1 year
- More than a third receive it for a period between 1 and 4 years
- Only 10% receive the DPB for 10 years or more

...and usually only while children are young

Nearly half of those on the DPB are caring for at least one child under five, and nearly all are parenting someone under fourteen.⁴⁵ It is illegal to leave children unsupervised until they are at least 14 years of age.

There is some concern about benefit fraud, but most debt to Work and Income is the result of negotiated 'recoverable assistance' loans or 'Innocent Overpayments'

2008 Ministry of Social Development figures indicate that only 30% of the money owed to Work and Income by clients is suspected fraud. A further 30% is negotiated advances known as 'recoverable assistance' and the remaining 40% relates to innocent overpayments.⁴⁶

Innocent overpayment debt occurs when a government agency continues a payment to which a beneficiary is no longer entitled, or doesn't deduct the money that it should. It's debt all the same and it has to be repaid.⁴⁷

Government research into beneficiary debt shows that:

- Nearly half of innocent overpayment debt relates to changes in the work status of beneficiaries, for example, late notifications to MSD that work has been obtained is a major cause
- Over one quarter of innocent overpayment debt is for up to 2 weeks overpayment
- Backdated reviews, which discover overpayments to the client, account for around one tenth of innocent overpayment debt.⁴⁸

Fact 5:

Getting a job doesn't solve the poverty problem

- **Employment alone does not “solve” poverty and unemployment is rising.**
- **Most beneficiaries want to work. International research does not support the assumption that beneficiaries lack a work ethic and are content with the beneficiary ‘life-style’**
- **Obtaining work in itself does not guarantee that poverty will be alleviated. Many jobs are ‘precarious’ or insecure and don’t pay as well (or offer the same security) as a full-time, permanent job**
- **There are good reasons why not all beneficiaries should get a job right now: health problems, disabilities and childcare responsibilities all present major barriers to work**

Employment alone does not “solve” poverty

Unemployment in New Zealand, while still low by OECD standards, is rising and reached a six year high of 5% in March 2009.⁴⁹ An additional 1200 people per week are currently registering for welfare assistance⁵⁰ and unemployment is expected to continue increasing and peak at 8% in September 2010, meaning up to 100,000 more people becoming unemployed.⁵¹

The introduction of the Working for Families financial assistance package provided for \$2.6 billion in targeted payments in 2008, mainly to middle and lower income people in paid employment, and has undoubtedly reduced hardship for some. However, working age adults with no children have the second highest poverty rate of all households and they receive no assistance through Working for Families.⁵²

Most beneficiaries want to work

International research does not support the assumption that beneficiaries lack a work ethic, are content with the beneficiary ‘life-style’ or that their children are being groomed for a life on welfare.⁵³

An evaluation of reforms to the DPB and Widow’s Benefit⁵⁴ indicated that sole parents tended to become DPB recipients only as a last resort. They had a high level of previous work history and were generally highly motivated to work.

Obtaining work in itself does not guarantee that poverty will be alleviated

“The important considerations in shaping the employment behaviour of beneficiaries are the availability of jobs, the adequacy and security of income, the state of the economy and the availability of childcare”.⁵⁵

Many working families on low-incomes cannot make ends meet: Low-wage, dead-end jobs have the potential to exacerbate inequalities similar to joblessness.⁵⁶ In 2004 half of those people living in severe or significant hardship were earning wages, salaries or other non-benefit income.⁵⁷ Although working for families has since provided welcomed additional income to many families with children, the earnings of households without dependents remains largely unchanged.

Analysis of benefit-to-work transitions indicate that less than a third of those re-entering the paid workforce remain continuously employed for the following two years.⁵⁸ Many of those who re-enter the workforce do so with part-time or casual work that does not necessarily significantly boost their incomes and more than half of them need further benefit income.

Many jobs are 'precarious' or 'non-standard' and don't pay as well, or offer the same security, of a full-time, permanent job

Work that is not permanent and full-time has become increasingly common in New Zealand. Some non-standard workers, particularly casual and/or temporary workers, may be in precarious jobs - that is, low quality work with low wages, low job security, higher health and safety risks, little or no control over workplace conditions or hours of work and limited opportunity for training and skill development.

Precarious workers, or those at risk of precariousness, are more likely to be women, young, an ethnic minority, and less skilled and -educated.⁵⁹

There are good reasons why not all beneficiaries should get a job right now

Not everyone can or even should seek paid employment. People who are disabled, those who are sick, the people who are caring for sick or disabled family or partners, parents caring for young children – they have good reasons not to be in the paid workforce and deserve to receive an equivalent level of support to those in paid employment.

Fact 6:

Making life hell on a benefit does not reduce poverty

- **Most people are on benefits only for a short time**
- **There is no evidence that cutting benefits reduces dependency**
- **One argument for back-to-work policies is that it is good for children to see their parents working. However, research has shown negative outcomes for older children and teenagers when parents are pushed back to work**
- **It is poverty, not dependency, that is the problem**
- **In New Zealand we can afford to look after our own**

Most people are on benefits only for a short time

Latest figures from the Ministry of Social Development for the quarter ending June 2009 show that most people are on benefits for a short time only. Most (90%) of the people on the unemployment benefit and over half of people receiving the sickness benefit receive it for less than one year. Relatively few people receive these benefits for more than four years (2% and 14% respectively)⁶⁰

People on the DPB and invalids benefit tend to receive it for longer periods, but this reflects the ongoing nature of certain disabilities, and childcare responsibilities, and isn't necessarily evidence of benefit dependency.

In total, over all the main income-tested benefits:

- More than a third receive a benefit for less than one year
- Just under a third receive a benefit for 1-4 years
- Only one eighth receive a benefit for 10 years or more. Many of these people would have significant long-term health issues.

There is no evidence that cutting benefits reduces dependency

Sometimes people think that higher benefits encourage people to become dependent on welfare, and therefore the way to cut the number of people on benefits is to reduce the level of help available. However, there is little evidence for this, and in fact, a Norwegian study of families on welfare showed that the shortest stays on welfare are found in the most generous welfare regimes.⁶¹

There is no factual foundation for the highly contradictory attitudes that say wealthy people need to be given more money through tax cuts to motivate them while people in poverty (such as those on benefits) need less money to motivate them by taking it away through lowering benefits.

Back-to-work policies aren't necessarily good for children of beneficiaries

One reason often given for favouring back-to-work policies is the positive effect they are believed to have on children. However, there is no unequivocal evidence that pushing parents into work is good for children. For older children and teenagers, back-to-work policies have consistently shown negative effects including low school activity, lack of participation in extra-curricular activities, emotional and behavioural problems, and poor health.⁶²

It is poverty, not dependency that is the problem

Poverty is often a vicious circle: people in poverty (whether they are on low wages or on benefits) have fewer opportunities and resources, which in turn translates into less education, fewer job skills and an increased chance of needing benefits as adults. This poverty trap is frequently called "welfare dependency". Welfare dependency is an ill-defined concept that is often referred to without any attempt to explain what it means. It implies that welfare benefits are some kind of "drug" that people in poverty are addicted to and the only cure is withdrawal! This attitude is based on moral judgments about the poor that say that somehow it is a person's own fault that they become unemployed, sick, disabled, widowed or responsible on their own for the care of children.

What serious research that has been done has not been able to establish a causal link between poverty and welfare over time. There is some research showing that children raised in families relying on benefits are more likely to rely on benefits as adults.⁶³ But looking across a number of countries it cannot be proved that dependency creates poverty.⁶⁴ Rather it is *poverty* which is the key factor behind any associations found between welfare receipt and children's outcomes, according to a study of US, UK, Swedish and New Zealand research.⁶⁵

In other words, ***the real problem is lack of income*** – low benefits and low wages.

In New Zealand we can afford to look after our own

Social development expenditure is a significant component of New Zealand's annual budget. However, working-age benefits^{66*} account for only 7% of GDP, while pensions make up a further 11%.⁶⁷ In the 2009/2010 budget, this compares 17.4% on health and 15.5% on education. Spending on welfare is not as much as many people think. A failure to ensure people have the resources they need to live with dignity promotes exclusion and hinders personal development and is likely to cost New Zealand even more in the long term.

Fact 7:

Economic growth alone does not solve poverty

- **Economic growth alone will not necessarily address poverty and inequality**
- **The gap between the rich and the poor continues to grow**
- **There are more people in poverty now than there were in the 1980's**
- **Income disparities between Māori, Pacific peoples and Pakeha remain high..**

Economic growth alone will not necessarily address poverty and inequality

It is certainly true that when economic growth falters and unemployment increases, thousands more people are plunged into poverty. However, it is now widely recognised that poverty is not automatically solved by economic growth.

“Growing the (economic) cake” does not necessarily mean that everyone receives a larger slice. Recent evidence from the World Bank⁶⁸ and from the United Nations Development Programme⁶⁹ recognises the need for growth to be “pro poor” if it is to make an impact on poverty and inequality. This means that economic growth needs to be accompanied by policies that reduce inequality by redistributing wealth (e.g. cash payments to the poor that help them access health care and stay in school).

The gap between the rich and the poor continues to grow:

Over the past two decades New Zealand has shown the greatest growth in income disparity of all OECD countries (Australia has actually reduced its income disparity in the same period). For example, the New Zealand economy grew by 17% between 2000 and 2004 yet living standards fell for those living on benefits or working for the minimum wage, particularly if they had children.⁷⁰ The Working for Families income support package introduced in 2004 has had some impact since then with income inequality falling slightly for the first time for nearly twenty years. But the most recent data suggests that inequality is now growing again.⁷¹

There are more people living in poverty now than there were in the 1980's. The following groups are affected particularly severely:

- sole-parents with dependent children (almost half are in poverty)
- single-adults (a quarter are in poverty)
- households reliant on social welfare benefits.⁷²

Income disparities between Māori, Pacific peoples and Pakeha remain:

The average weekly income from all sources in the June 2008 quarter was \$741 for European/Pākehā, \$573 for Māori, \$472 for Pacific peoples and \$512 for the 'Other' ethnic group.⁷³

Wealth Disparity is huge

A 2007 study reported that the top 10 percent of wealthy New Zealand individuals own over half of New Zealand's total net worth, and nearly one fifth of total net worth is owned by the top one percent of wealthy individuals. At the halfway mark, the bottom half of the population collectively owns a mere 5 percent of total net worth.⁷⁴

Pacific people are the cultural group with the least wealth with two thirds having net assets of less than \$16,000 and one tenth have negative net worth (i.e. in debt).⁷⁵

References

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- ³ *Household Incomes in New Zealand: trends in indicators of inequality and hardship 1982 to 2008* B. Perry (Ministry of Social Development, June 2009), p.83, table F.5. See also *A Fair Go for all Children: Actions to address child poverty in New Zealand*. M. Fletcher & M. Dwyer (Children's Commissioner and Barnados, August 2008) p.18 and *Left Behind: How Social & Income Inequalities Damage New Zealand Children*, (Child Poverty Action Group, April 2008)
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