

"Like slavery and apartheid, poverty is not natural.

Poverty is human-made and it can be overcome and eradicated by the actions of human beings" (Nelson Mandela).



Window on Waikato Poverty

Imbalances and Inequalities



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Disclaimer

While every effort has been made by Poverty Action Waikato to accurately collect and interpret statistics and data provided in this report it is recommended that readers check original data sources where possible.

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Executive Summary

Growing inequalities are leading to imbalances in the way people are able to live well and care for each other and the environment. Every day through media outlets such as radio, newspapers, television, internet, there are ongoing commentaries about the state of the economy and the market driven policies that seem to inform the way our nation is organised and governed. There is a growing body of evidence that points to an increasing imbalance in the distribution of wealth through these market driven policies. World Bank economist Branko Milanovic (2012) reports that on a global scale the richest 8% of people take half of the world's income, the other half is shared by 92% of people.

People in the Waikato have experienced the impacts of both the local and global market economies as they rise and fall. Households, since 2007, have experienced a rise in the overall costs of living where both food and housing costs have been greater than the rise in the median income. At the same time the availability of work has changed across many sectors and the numbers of people receiving benefits have risen. In particular, the numbers of young people aged between 16-24 who are not in education, training or employment have risen dramatically.

The market driven organization of housing does not bode well for all people. While providing considerable returns for investors, the housing market does not appear to be meeting the needs of people who have low incomes. With housing prices continuing to increase the option to buy a family home has moved out of reach for many people. Home ownership rates are dropping and at the same time the proportion of housing owned in the private sector is growing. Housing New Zealand waiting lists remain extensive and housing affordability pressures are apparent in the private rental market for low income households. The quality of housing, in particular, the aging housing stock and relatively poor condition of the private rental accommodation in the Waikato is of concern. Both the affordability and quality issues with housing suggest the very real need for the continued provision of social housing funded by the state. Central and local government are democratically elected to provide for and ensure the welfare of all New Zealanders. The consequences of unaffordable poor quality housing are affecting the wellbeing of people in our communities and this deserves increased government attention.

The stark reality of economic inequality is observable in the housing market. The wealthy suburban mansions loom at a distance from the pool of poor quality rentals. Wealth in the Waikato, as with the wealth of the nation and world, is increasingly concentrated in the hands of the few. The 'high net worth' individuals in the Waikato and nationally have many tools at their disposal with which to avoid contributions to the public purse. Yet the demand for dwindling public services remains. The disconnection and distrust that inequality creates potentially contribute to the demand for wealth protection and the security it offers. Commodity markets, and the livelihoods that depend on them, are vulnerable. Lessening disconnection and vulnerability through a more equitable distribution of wealth must become a priority for government.

The numbers of children growing up in households where there is poverty in our region is deeply concerning. Children being raised in sole parent households are most at risk of growing up in poverty. There are limited opportunities for sole parents to find work outside of the home that will adequately

support their primary parenting responsibility. The stress of making ends meet in the context of single parenting, when parenting itself is a full-time and demanding work, is significant. Young women are over represented in the numbers of young people not in employment, education and training. Young women in rural districts face additional challenges as the hollowing out of public services and local businesses means less work and training opportunities for these women. We call for a nation that leads the way in supporting the work of raising children.

The organization of the population of the Waikato is changing. The reduction of on-farm employment, combined with reduced public services, is resulting in a decline in some of the rural populations in the Waikato. Farming intensification and an increase in the spread of dairying has generated great regional wealth and income. However, this growth does not appear to be matched by greater employment opportunity, at least not in the agricultural sector. Young people, and in particular Māori and Pacifica people are bearing the brunt of unemployment in the Waikato region and nationally. Farming intensification and the increase in dairy farming in the region has come at a cost to our environment, especially our water quality. This cost, if not adequately addressed, affects the long term viability of farming and the wellbeing of people in the region. With attention to inclusion and equity, the work of sustainable development could present an opportunity for those currently marginalised from employment opportunity.

Communities are engaged in developments that suggest a desire for economies that serve communities. Trade and exchange organised primarily through commodity markets has not resulted in positive outcomes for all people. As a response, individuals and communities are developing pathways towards self reliance, and exchanging good and services in ways that do not depend on money. Organisations are creating funding sources through the development of social businesses or enterprises. Money made through business is directly invested by these organisations towards social services and the achievement of positive social outcomes. The creativity of community in the face of a lack of government support for public service and human welfare is commendable, but does not substitute entirely for the need for government interventions.

Introduction

In this report we attempt to draw attention to the imbalances and inequalities in the economic and social structures in the Waikato and broader New Zealand society and how they connect to the underlying reasons for poverty and experiences of marginalization and deprivation. We hope that doing this will contribute to more awareness of what needs to happen at a policy, decision making and community level to alleviate poverty and prevent marginalization.

The inclusion, nourishment and flourishing of all people is one of the desired outcomes of community development. Conversations, research and action related to the achievement of sustainable community development must then recognise and seek to address the ways in which people are currently excluded, marginalised and impoverished in the Waikato and in Aotearoa New Zealand.

On a day to day basis many people living in Aotearoa New Zealand are denied the opportunities and benefits of: employment and income; access to nutritious food; homes that are warm, dry and secure; education and training; and the right to live in ways that uphold and give expression to their cultural values, beliefs, and practices.

Issues of poverty and social wellbeing are complex, multifaceted and interconnected. Any issue and experience of poverty, deprivation or marginalisation has wide reaching ramifications, not only for those currently experiencing these issues, but also for the life and wellbeing of future generations and the planet. This paper presents an overview of some of the social wellbeing and poverty challenges in the Waikato in the context of Aotearoa New Zealand. It is important to note that the information available to represent and describe issues of poverty and social wellbeing is limited and does not encompass the many different ways in which poverty and social wellbeing are understood. Further work is required to develop and utilize measures of social wellbeing and poverty that reflect the cultural perspectives of Tangata Whenua and the many cultures, people and individuals that live in Aotearoa New Zealand today.

In any research related to poverty and social issues in the Waikato and in Aotearoa New Zealand, reports will tend to highlight the inequality of social wellbeing that exists between Pākehā/Europeans, and Māori. The marginalisation of Māori from their social, cultural and economic base (i.e. land) has undoubtedly contributed to the over-representation of Māori in the statistics of poverty and social deprivation (Waikato Tainui, 2013). The exclusion of Māori from land, resources and systems of government and decision making has now been well documented by numerous authors including Drs Ranganui Walker (1990) Claudia Orange (2011) and Heather Came (2012). Without attention to inclusivity in decision making and the opportunity for Māori to be self determining in respect of their own land, resources and

The Bay of Plenty Regional Council has 3 Maori seats/constituencies - nowhere else in New Zealand do Māori have the certainty that they will be represented as Māori in local government. The Councilors and council staff talk about the positive implications of the seats in terms of relationship, financial savings and better decision making (Human Rights Commission, 2010).

people, inequality in social outcomes will continue. The underpinnings of the variable rates of social wellbeing for Māori and Pākehā in the Waikato and Aotearoa need to be acknowledged and addressed if any sustainable social and economic development is to achieve equality.

During the time of writing this report, a number of corporations have announced their philanthropic contributions towards our children in schools who do not have the food that they need. We applaud this charity and the lessening of poverty that can be achieved through the charitable giving of food and money from those who have what they need to those who don't. However corporate charity is often a short-term solution to an immediate need and history shows that it is not a reliable source of redistribution of resources over time. Conversations, actions and policies of social justice that address the underlying causes of poverty appear to be limited. We are reminded by political philosopher and writer Saint Augustine (C.E. 354-430) that "charity is no substitute for justice withheld."

Struggling to make ends meet

Poverty and hardship in the Waikato and Aotearoa is connected to a lack of affordable, good quality housing for low income people and families (Black and Cox, 2012b). The cost of housing affects the amount of disposable income that people and families have to meet the other basic costs of living, including food, health, and transportation (Cox and Black, 2012; Black and Cox, 2012b). Over recent years, median household incomes have not kept pace with rising food and housing costs (see table 1) (note: 50% of households earn less than the median household income). In the Waikato approximately 20% of households earn less than \$30,000 per year (Waikato Regional Council, 2013). These households are most impacted by rising food and housing costs.

Table 1: Changes in Prices, Housing costs and Income in the Waikato 2007-2012

Year	Food Price Index ¹ July	Average annual housing costs ²	Median yearly household income ³
2007	1038	\$8,595	\$60,164
2008	1120	\$9,196	\$64,584
2009	1212	\$10,537	\$63,856
2010	1204	\$9,068	\$60,996
2011	1299	\$10,171	\$61,828
2012	1275	\$10,839	\$66,612
Change 2007-2012	+23%	+26%	+11%

Source: Statistics New Zealand

¹ Source: Statistics New Zealand, Infoshare - figures for rest of North Island excluding Wellington and Auckland. The Food Price Index is not a measure of price levels or average prices, it is primarily a measure of price change. A price index is a series of numbers that show how a whole set of food prices has changed over time. For more information see http://www.stats.govt.nz/surveys_and_methods/survey-resources/fpi-resource.aspx

² Housing costs include expenditure on rents and mortgages, property rates, and building related insurance. Source: Household Economic Survey

³ 50% of households earn less than this figure and 50% earn more. At least 50% of the population is experiencing rising costs not matched by income. Source: Statistics New Zealand: NZ Stat

The demands for economic and resource redistributive services, such as food charities, have increased dramatically over the last decade (Cox and Black, 2012). Unable to earn enough income to provide for themselves and their families, people are made vulnerable and are often left with no choice but to turn to charitable services for support from time to time.

Single people who are dependent on the unemployment or sickness benefit are often overlooked as a group of people who face significant challenges in affording both the cost of housing and food. The figures in Table 2, below gives some indication of how tight a person's budget might be when living on the unemployment benefit. The Otago University Food Cost Survey⁴ estimates that a basic balanced diet for a single man in Hamilton would costs around \$71 dollars per week.

Table 2: Budget – Single person on an unemployment benefit

Weekly Income/Expense	
Unemployment Benefit after tax	\$206.21
Accommodation Supplement (maximum)	+\$65.00
Average Rent for 1bedroom flat – Hamilton Central/Maeroa/Frankton Junction	-\$182.00
Money left for food, clothes, transport, power, phone etc.	\$89.21

Source: Work and Income

Two people from different Hamilton social service agencies reflected on the challenges that are often faced by single men in our communities who are unable to find work:

Housing is too expensive – if you've got 200 dollars and over half of that goes on rent - it's impossible. You can't say to someone well you are going to have to get a flat mate...it's just not reliable, getting a reliable flatmate -well that can be challenging and how do you get both people responsible for the rent? Basically, you risk getting evicted again (Personal communication, Social Service, Hamilton).

There are so many barriers for our men. They can't afford the rent, and they are insecure in terms of food, so they go back to the default position [crime]. Also, there is no employment for them (Personal communication, Social Service, Hamilton).

For single people living on the unemployment benefit presents a number of challenges in terms of managing their lives and even being able to afford to have the communication tools necessary, for example, to look for employment. Having access to community resources such as libraries where they can access the internet and sources of cheap food and recycled clothing must help to sustain them.

⁴ <http://nutrition.otago.ac.nz/consultancy/foodcostsurvey>

Housing

According to OECD⁵ standards, New Zealand homes are poorly constructed and heated. Only one-third of New Zealand's current housing stock was built after 1978, when mandatory insulation was introduced (Howden-Chapman et al. 2009). A high percentage (63%) of the housing stock in the Waikato was built prior to 1980. The South Waikato and Waitomo areas have a large proportion of houses built before 1980, 90% and 80% respectively. In 2007, it is likely that over 50% of houses built prior to 1980 were occupied by households with incomes less than \$30,000 per annum (Population Health, 2010a). This suggests that the experience of having a low income and living in a cold house is not uncommon in the Waikato.

Approximately 400 homes in Waikato have been insulated as part of Project 270 (Te Puna Oranga, Māori Health Unit, DHB). Māori and Pacific Island families make up 62 per cent of the population benefiting from this investment (Smallman, E, 2013).

People who live in homes with little or no insulation are marginalised from the demonstrated health improvements of a well-insulated home (Grimes et al. 2012). Poor quality housing is recognised as having causal links with serious infectious diseases such as influenza, rheumatic fever and tuberculosis. These diseases place a significant burden on the communities and resources of the Waikato region and, in particular, on Māori and the socioeconomically deprived (Population Health, 2010b). Infectious diseases are also a major cause of health inequalities, with Māori and Pacific peoples' hospitalisation rates from infectious diseases consistently higher than those for Europeans and others. People living in poor neighbourhoods are also more likely to be hospitalised for infectious diseases than those living in the least deprived areas (Baker et al., 2012). Health and housing expert Philippa Howden-Chapman reports that children who suffer most from infectious diseases in New Zealand tend to live in private rental houses (Freeman, 2013). This is not surprising given that 70% of poor children live in rental accommodation (50% private rental, 20% HNZC) (Perry, 2012). The health and wellbeing of current and future generations is compromised by poor quality housing and, in particular, the relatively poor condition of rental accommodation in Aotearoa New Zealand.

The Building Research Association of New Zealand (BRANZ) house conditions survey in 2010 (Buckett, Jones & Marston, 2011) found that generally rental houses in New Zealand were in worse condition overall than owner-occupied houses. Of the 491 houses and units inspected, only 22% of rental properties were considered to be in good condition. 44% were in poor condition. By contrast 42% of owner-occupied houses were found to be in good or excellent condition. A higher proportion of rental houses had dampness and mould issues compared to owner-occupied houses. More rental houses had no insulation at all compared to owner-occupied houses.

According to Philippa Howden-Chapman (Freeman, March 7th, 2013), a disproportionately smaller number of landlords compared with home owners have taken up the government's *"Warm Up New Zealand: Heat Smart Programme"* home insulation scheme. The lower uptake of this programme by

⁵ Organisation for Economic Co-operation and Development – Convention set up in 1960 and NZ joined in 1973

landlords is reflected in the Waikato insulation figures. In 2010 a Waikato rental property was found to be twice as likely to have no ceiling insulation as an owner-occupied home. Owner-occupiers in the Waikato are also far more likely to plan for an insulation upgrade than landlords. The main reason for landlords choosing not to 'warm up' their rental properties was that from their perspective the current insulation or heating available was already good enough. This is concerning because it is unlikely that the current insulation and heating for their rental homes meets modern thermal efficiency standards (Phillips and Scarpa, 2010).

The condition of private rental accommodation in New Zealand is partly related to a change in the way housing is described, considered, and treated in New Zealand. The reduction in housing owned by the State and the increase in private house ownership has meant that a greater proportion of New Zealand's housing stock is being treated as a commodity to be invested in and traded for financial gain. Professor Howden-Chapman notes that more money has been spent on maintaining the infrastructure of Housing New Zealand houses than has been spent on similar maintenance in the private rental market. She suggests that in the private rental market the driver of house ownership is capital gain ahead of human welfare (Freeman, 2013).

The government has announced that they will trial the warrant of fitness for housing in the state housing sector. If the trial is successful they will extend it to the private rental market (Collins, 2013).

Progressively deregulated, and with home loans relatively accessible, the 'housing market' has ballooned over the last few decades. Prior to the global financial crisis, the real estate sector was one of the top three Waikato industries in terms of Gross Domestic Product (GDP). The sector contributed 6% of the total GDP for the region, behind that of Dairy Cattle Farming (9%) and Business Services (8%) (Market Economics Ltd cited by MacDonald et al, 2010a). In 2010/11, the real-estate sector was still making a sizeable contribution to Regional GDP (Waikato Regional Council, 2013). The commercialization and commoditisation of housing has contributed to the wealth of the Waikato region overall, however many have been excluded from the benefits of this wealth.

While the trade and exchange of housing in the region has been profitable for some (as evidenced by the GDP figures), the distribution, organization and provision of housing is still not meeting the housing needs of all the people living in the region. The median house price in Hamilton City increased 66% between 2002 and 2006 (Future Proof, 2012). Even with the 2008 global financial crisis house prices in New Zealand have continued to rise. While house price increases have provided rewards for investors and traders, and those already in the housing market, many families and people have been sidelined with no way of actively engaging in the housing market and in the increasingly privileged experience of home ownership. The ongoing treatment of housing as a commodity, and the continual reduction in the provision of housing by the State, is likely to exacerbate the already challenging housing situation for the most vulnerable in our communities.

In the latest State of the Nation report issued by the Salvation Army, Johnson (2013) describes the polarization of housing into two groups: people that can afford to participate in the housing market, and

those who cannot and who have no way in. The falling rate of owner occupied home ownership in New Zealand (72.4% in 1991, 70.7 percent in 1996, 67.8 in 2001 and 66.9 in 2006), and the increased privatisation of rental housing, signals an increasing concentration of housing ownership in the hands of fewer people. In Hamilton City, the home ownership rate fell from 70.7% in 1991 to 60.7% in 2006 (Choosing Futures Waikato, 2012).

Māori are less likely than non-Māori to own their own home (Office of the Auditor General, 2011). Further, Māori experience numerous barriers to developments on their own land (Morgan, 2004; The Office of the Auditor General, 2011; Greensill, 2010). The vast majority of the land that remains in indigenous control is held in remote rural areas with often challenging terrain that makes building difficult.

The legal, planning and professional engineering resources necessary to overcome the legal and physical barriers to access often have a very high cost. Further, the provision of reticulated infrastructure (water, electricity, sewerage, telecommunications) for these developments often does not eventuate and the owners settle for temporary make-shift arrangements based on roof catchment for water, portable generators for power supply, and rudimentary ablutions (long-drops)(Morgan, 2004, p.87-88).

The exclusion of more people from the privilege of home ownership, even when they are land owners, is of concern, particularly given that home ownership is recognised as offering considerable protection against financial poverty in older age (Waldegrave and Cameron, 2010).

Housing researchers suggest that when a household spends more than 30% of household income on accommodation costs, it is likely that the household is experiencing related financial stress or 'housing stress' (Johnston, 2013). In 2012, 21% of households spent more than 30% of their income on housing (Johnston, 2013). Tenant households are disproportionately represented in the set of households living in housing related financial stress:

62% of all households paying more than 30% of their income were tenant households, yet tenant households represent only around 35% of the housing market (p. 64, Johnston, 2013).

Policies related to accommodation supplement payments have a bearing on the amount of stress experienced by tenanted households. Of particular note is that the maximum accommodation supplement payments have not increased since 2007, yet rents have increased by at least 10% since then (Johnson, 2013). Of the tenanted housing in the Waikato receiving the accommodation supplement, 60% are receiving the maximum payment available. These households have effectively carried the financial burden of rent increases since 2007 with no additional support. With a high proportion of household income absorbed by housing costs, many people in the Waikato struggle to make ends meet. Financial stress and pressure has an impact on the degree of social wellbeing that people experience.

The rising number of tenant households experiencing financial stress is perhaps to be expected when we consider the failure of successive governments to index maximum Accommodation Supplement payments to reflect rent inflation (Alan Johnston, 2013).

From conversations with social agencies in the Waikato, it appears that there is a lot of concern for the provision of affordable housing. The government has indicated that they wish to divest some of the stock of state housing to the community and social service sector, and a number of community agencies are becoming social housing providers. Some community agencies see the benefit of being involved in providing housing in terms of enabling them to provide wrap around services for the people they work with. However, there is also a degree of exasperation being expressed. With the Housing New Zealand stock depleting and simply not enough affordable accommodation available, one social service agency describes how the community sector is left with little choice but to build and develop homes for the people that they work with:

They [Housing New Zealand] don't build enough stock. They kick people out of their homes and then they don't rebuild. I don't think community housing is necessarily safe in the community sector, but the government has not provided enough and we have to act. We have a housing crisis partly because we don't have enough state provision (Personal communication, Social Service, Hamilton).

A recent investigation by the Waikato Times revealed that

close to 300 Housing NZ homes are standing empty in the Waikato, despite the 160-name waiting list for accommodation in the region...of the 4000 HNZ properties in the Waikato, 286 stand vacant with only 20 ready to be let (Yates, 2013).

There was some indication that some of the houses have been vacant for some time and appear to have squatters now living in them (Yates, 2013). There is also some speculation that the selling of state housings in certain areas is freeing up land for developers. This speculation has sparked some community protest (McGillivray, Lauaki & Fox, 2013).

It appears that the organization of housing as a commodity has resulted in a significant degree of unmet housing need in our communities. The condition of a large amount of our private rental accommodation is shameful. Commodity markets do not provide for human need, rather they are most responsive to those with money and those without money are rendered vulnerable. Unfettered markets result in economic inequality and this has a polarising affect on our communities. This polarisation is evident in the ways in which some people in our communities are very well housed, some poorly housed and some not housed at all.

Economic inequality

Economic equality is recognised as one of the key determinants of societal wellbeing. Countries that have a smaller gap between lower and higher levels of income have greater social cohesion and lower rates of mental illness, infant mortality, obesity, infectious diseases, homicide and violence (Wilkinson and Pickett, 2010). The level of income inequality in New Zealand and in the Waikato is greater than the levels of inequality evident in generally healthy and dynamic economies (Mazin, 2010).

Over the last three decades, New Zealand has experienced the fastest growth in income inequality in the OECD (NZ Treasury, 2011). Income inequality in the Waikato has grown at a similar rate to that observed nationally. With the emphasis on tight government control and the provision of social security, New Zealand maintained a low income gap until the economic and social policy changes in the 1980s and 1990s. These changes included the 1988 income tax changes (which cut top income tax rates, without comparable changes in bottom rates) and the 1991 benefit cuts (Barber, 2011).

The growth in income inequality in New Zealand from 1980s also coincided with the era of globalization. This era is described by the World Bank lead economist Branko Milanovic (2012) as including:

Greater movement of capital, goods, technology and ideas from one end of the globe to another implies greater connectivity with people who are not one's compatriots, and greater dependence on other nations for generation of one's income (p.1).

Globalisation has had a positive impact on the relative wealth of the richest 1% of people who have had a real income rise by more than 60% over two decades from 1988-2008). The relative and actual incomes for many people in both China and India have also increased dramatically. Most of the OECD countries, for example, have maintained the wealth they have accumulated and tend to pass that wealth on to the next generations of their citizens. However, the world's poorest peoples have tended to stay poor or even become poorer. One of the impacts of growing inequality between the rich and poor countries is the increased migration of poor people to richer countries so that they too may have a share in the wealth that is located there (Milanovic, 2012).

When the income of the world is divided into two halves: the richest 8% will take one half and the other 92% of the population will take the other half (Milanovic, 2012).

The latest "Household incomes in New Zealand" report (Perry, 2012), reviewing trends on inequality and hardship, highlighted that the share of the total New Zealand income received by the top 1% roughly doubled from the mid 1980s to 2009. By contrast the households earning the least gained the least during this period. The rise in income inequality in New Zealand over the last 3 decades has been driven by what has happened to the top and bottom incomes rather than in the middle 60% to 70% of incomes (Perry, 2012). In summary, the rich have got richer and the incomes of the poorer households have increased very little. This is very similar to the global pattern of income inequality described by Milanovic above.

Further to growing income inequality Brian Easton (2012) reports that “wealth [in New Zealand] is much more unequally distributed than income”. He lists the main forms of personal wealth as:

- Personal property like houses and cars
- Savings held in accounts in banks and other financial institutions
- Investments in income-producing businesses, normally in the form of shares or bonds (Easton, p.5).

Owning the home they live in is often the most significant single asset for households.

From 2003/04 Survey of Family, Income, and Employment report

- Average wealth per adult was \$160,000.
- Median wealth per adult was only \$70,000.
- The average is higher because it includes people with great wealth. The median is the mid-point level of wealth that half the population falls below (Cheung, 2007 cited in Easton, p.5).

The more engrained issues of wealth inequity are also of concern, particularly as wealth transfers between generations are providing an ongoing economic safety net for some from which many are excluded. The wealthiest 10% of New Zealanders hold 50% of the total wealth (Perry, 2012).

The major means of income and wealth redistribution in New Zealand is through the payment of taxes to the Government. Sixty six percent of all government revenue comes from the collection of taxes by the Inland Revenue Department (IRD). Of that 66% of government revenue in the year to June 2012 Individuals contributed 29%, with GST 18%, corporate tax 10%, and other taxes 9%. Treasury reported that “tax revenue increased \$3.5 billion from last year as the economy rebounded, spending increased, and wages and salaries rose”⁶.

The absence of wealth taxes like capital gains tax in New Zealand has been highlighted as a significant impediment towards the reduction of economic inequality in New Zealand (Barber, 2011). A recent New Zealand Herald article “How super-rich Kiwis dodge tax” provided some insights into the degree of wealth protection and tax avoidance in Aotearoa New Zealand:

Inland Revenue has found that 107 out of 161 “high-wealth individuals” who own or control more than \$50 million worth of assets declared their personal income in the last financial year was less than \$70,000 - the starting point for the top tax bracket of 33 cents in the dollar. The multimillionaires used a variety of 6,800 tax-planning devices - such as companies, trusts and overseas bank accounts - to avoid paying tax (Leask & Savage, 2013).

The Inland Revenue Department (IRD) undertakes a number of investigations regarding tax avoidance. In the last 10 years or so there have been 7 or 8 big cases which the IRD has brought against big companies [including banks] claiming tax avoidance. The IRD has won every time⁷. It is interesting to

⁶ <http://www.treasury.govt.nz/government/financialstatements/yearend/jun12snapshot>

⁷ See <http://www.ird.govt.nz/technical-tax/case-notes/>

note that penalties for tax evasion rarely involve imprisonment, but they do for benefit fraud. While welfare fraud has been estimated to cost the country millions of dollar, the former (tax evasion) has cost billions (Johnston, 2012).

Over recent years, the IRD has been particularly committed to identifying property speculators and dealers who have not declared, and paid tax on, their income from their property trading activity (IRD, 2012). One local business service discusses some of the issues related to tax avoidance:

The biggest issue with high net worth individuals, of which there are plenty in the Waikato, is that there are lots of way to minimise tax which don't quite meet the legal test of tax avoidance (the threshold for which has, as a result of IRD investigations, been significantly lowered over the last 5 years or so). In addition, a number of high worth individuals also play the non-resident game i.e. to be liable for income tax in NZ you need to be a resident which comes down to things like how much time a person spends in a country – so people move around a lot to avoid becoming a “resident.”(Personal communication, Business Services, Hamilton)

Multinational corporations are also recognised for their ability to avoid paying tax. A recent article by the former president of the World Bank Joseph Stiglitz (2013) highlights the issue:

It is time the international community faced the reality: we have an unmanageable, unfair, distortionary global tax regime. It is a tax system that is pivotal in creating the increasing inequality that marks most advanced countries today... Our multinationals have learned how to exploit globalisation in every sense of the term – including exploiting the tax loopholes that allow them to evade their global social responsibilities.

More work is required to restore the balance in income and wealth distribution both in the world and in New Zealand. Certainly, the work of the IRD and the international collaboration of national tax departments require support. Together with Poverty Action Waikato and others, The New Zealand Council of Christian Social Services is currently working to establish a High Pay Commission. Movements geared towards raising public awareness of inequality, its negative impacts and what can be done about it, are developing⁸.

A recent initiative to redress inequality for people living on the minimum wage is the Living Wage campaign. This campaign is supported by research carried out by Peter King and Charles Waldegrave (2012) on the requirements of a household of two adults and two dependent children would need to make ends meet. King and Waldegrave have calculated the living wage at \$18.40 per hour, in contrast the current minimum wage is \$13.75 for employees 16 years and older.

Hamilton City Council has recently announced that they will introduce the living wage (\$18.40) for all council employees. The council is considering extending this to contractors who are often paid the least.

⁸ See <http://www.closetogether.org.nz/> and <http://www.closingthegap.org.nz/>

Impacts of poverty on children

One of the main impacts of the inequality gap in Aotearoa New Zealand is the alarming rate of children living in poverty compared to the rates of poverty in the population overall. In 2011, 16-25 percent of children were estimated to be living in poverty, compared to 13-19 percent in the population overall.

“Only those who have enough money to live on say that money doesn’t affect the ability to parent children well.”

Celia Lashlie in a debate about parenting and poverty (TV3 19 June 2013).

There are a number of measures that can be used to determine the percentage of the population that is living in relative poverty. When looking at short to medium trends in poverty, Ministry of Social Development researcher, Brian Perry (2012) recommends using a measure of poverty that takes into account the impact of

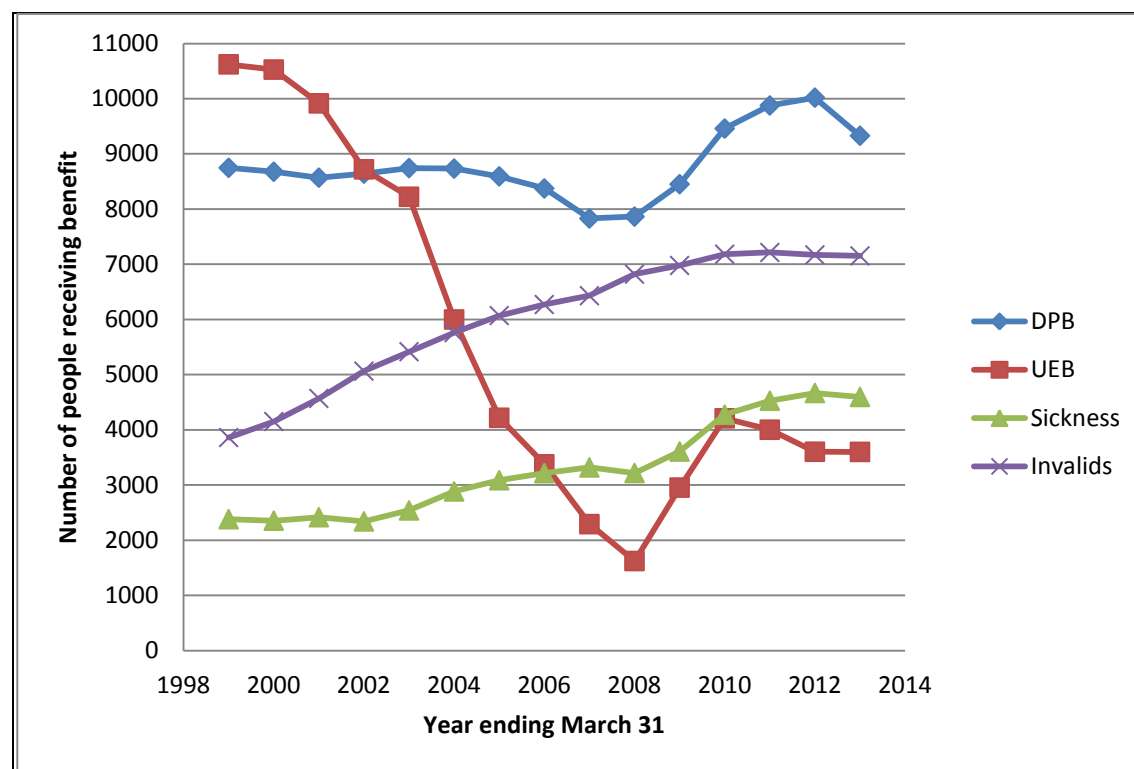
housing costs. Assuming that the percentage of children living in poverty nationally is similar to the percentage locally, we estimate that in 2011 approximately 18,000 Waikato children aged 0-15 years were living in poverty. These children are likely to be living in households with an income less than 60% of the median income after housing.

Based on national figures it is likely that just under half (47percent) of these children are Māori or Pacific (Perry, 2012). Nationally in 2011, around one in six European/Pākehā children lived in poor households, one in four Pacific children, and one in three Māori children (double the rate for European/Pākehā children) (Perry, 2012). Perry (2012) suggests that the higher poverty rate for Māori children reflects the relatively high proportion of Māori children living in sole-parent beneficiary families and households. In the year ending March 2013, 53 percent of the people receiving the Domestic Purposes Benefit in the Waikato were Māori.

Children who are in poverty are most likely to live in benefit dependent households or in sole parent households. The economic recession in 2008 appears to have had a considerable impact on the number of people receiving the Domestic Purposes Benefit and the Unemployment Benefit in the Waikato (see figure 1). Following the global financial crisis there was also a sharper increase in the number of people receiving the sickness benefit.

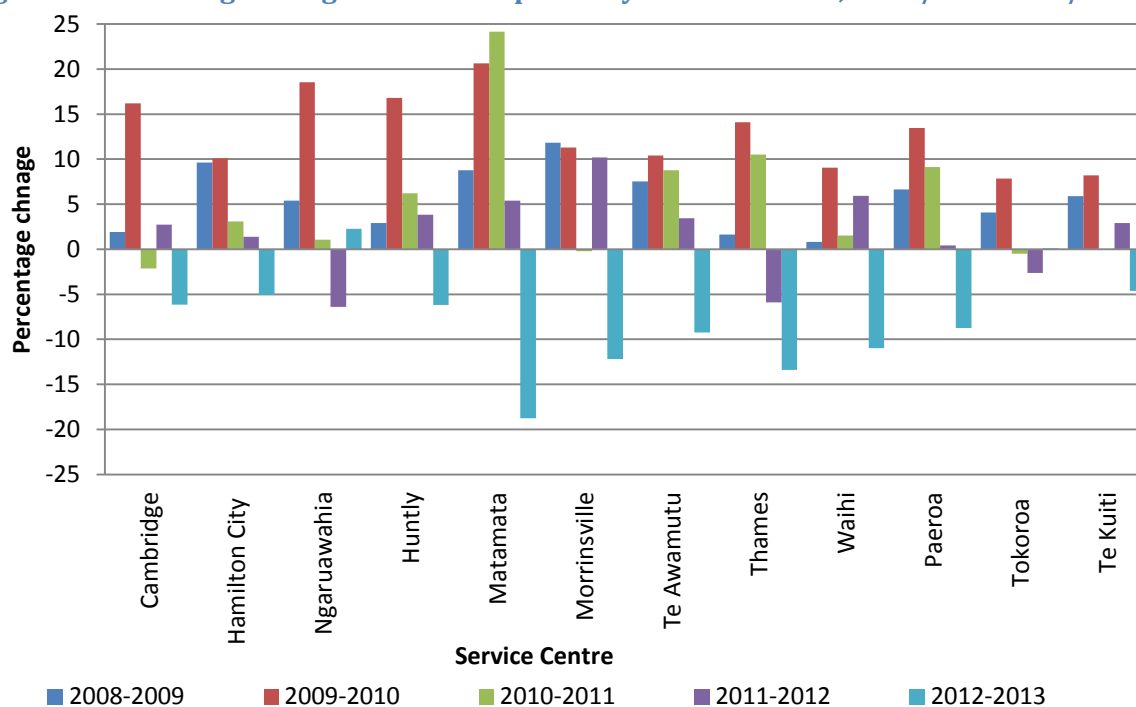
In May 2013, the Government announced a \$9.5 million contribution towards the extension of the Kickstart breakfast programme in decile 1-4 schools. The extra funding is part of the Government's response to the Children's Commissioner's Expert Advisory Group report on child poverty. Unfortunately the funding does not support: a universal approach to food provision; paid coordinators; monitoring and evaluation; and school lunches. All of these elements are discussed by the Children's Commissioner in a working paper on school food programmes (Children's Commissioner, 2013).

Figure 1 Number of People Receiving the Domestic Purposes Benefit (DPB), Unemployment Benefit (UEB), Sickness Benefit and Invalids Benefit in the Waikato Region, 1999 To 2013



Source: MSD Fact Sheets

Figure 2: Percentage change of DPB Recipients by Service Centre, 2008/09 – 2012/13



Source: MSD fact sheets

There are a number of explanations regarding the rise in the number of people receiving the domestic purposes benefit during the economic recession. The majority of people receiving the domestic purposes benefit are women⁹. Women are more likely to be employed part-time and in industries that are vulnerable to poor economic conditions (Statistics New Zealand, 2005). Therefore, it is not surprising that the economic recession has had an impact on the number of women accessing benefits, including the domestic purposes benefit.

There are other possible explanations for an increase in the number of people receiving the DPB during recessionary times. Financial stress caused by unemployment impacts households and can result in the breakdown of relationships and an increase in sole parent households. During recessionary times, the probability of medium to long run unemployment is higher. In these times, some people who are unemployed may consider having children because they do not have to give up paid employment or the possibility of paid employment to do so (Dr Bill Cochrane, personal communication).

Between March 2008 and March 2010, all Work and Income Service Centres in the Waikato experienced increases in the number for people receiving the DPB (see figure2). The majority of service centres continued to experience increases in the following two years. The majority of service centres demonstrate some bounce back in numbers of people receiving the DPB in more recent years, although the overall numbers of people receiving the DPB are still higher than they were prior to the recession.

It appears that there are a disproportionate number of women receiving the DPB in some Waikato districts and an under representation in others. The number of women receiving the DPB the South Waikato, Waikato and Hauraki districts appears to be greater than what would be expected given the numbers of women living in these districts (see table 3). The over-representation of people receiving DPB in these districts may suggest that additional public investment is required to provide greater employment and training opportunities for women living in these districts.

Table 3: Districts with an over representation of people receiving the DPB

District	Actual Number of DPB recipients, year ending March 31 st 2013	Expected number of DPB recipients given the female population in district (2006 census)	Degree of over representation
Hauraki District	545	473	15%
Waikato District	1663	1379	21%
South Waikato District	908	656	39%

Source: MSD Fact Sheets and Statistics NZ

⁹ In the year ending March 31st 2013, 86.5% of the people receiving the DPB were women.

Table 4: Districts with an under representation of people receiving the DPB

District	Actual Number of DPB recipients, year ending March 31 st 2013	Expected number of DPB recipients given the female population in district (2006 census)	Degree of under representation
Thames-Coromandel District	629	760	17%
Matamata-Piako District	706	885	20%
Waipa District	945	1316	28%

Source: MSD Fact Sheets and Statistics NZ

The government's latest wave of welfare reforms have a significant focus on encouraging people receiving the Domestic Purpose Benefit into work once their youngest child reaches 5 years of age. Over the past year, the number of people receiving the DPB has reduced in all Waikato based service centres other than Ngaruawahia and Tokoroa where there were slight increases. Both these service centres are in areas where there is an over representation of women receiving the DPB compared with the population of women overall. Without the creation of flexible work and training opportunities for women, it is questionable whether or not the number of women receiving the DPB will reduce below the proportions observed prior to the Global Financial Crisis. As one social service agency noted:

Women with poor education and parenting alone have poor employment opportunities. There are barriers to employment associated with issues of transport, child care options and work experience (Personal communication, social service, Hamilton).

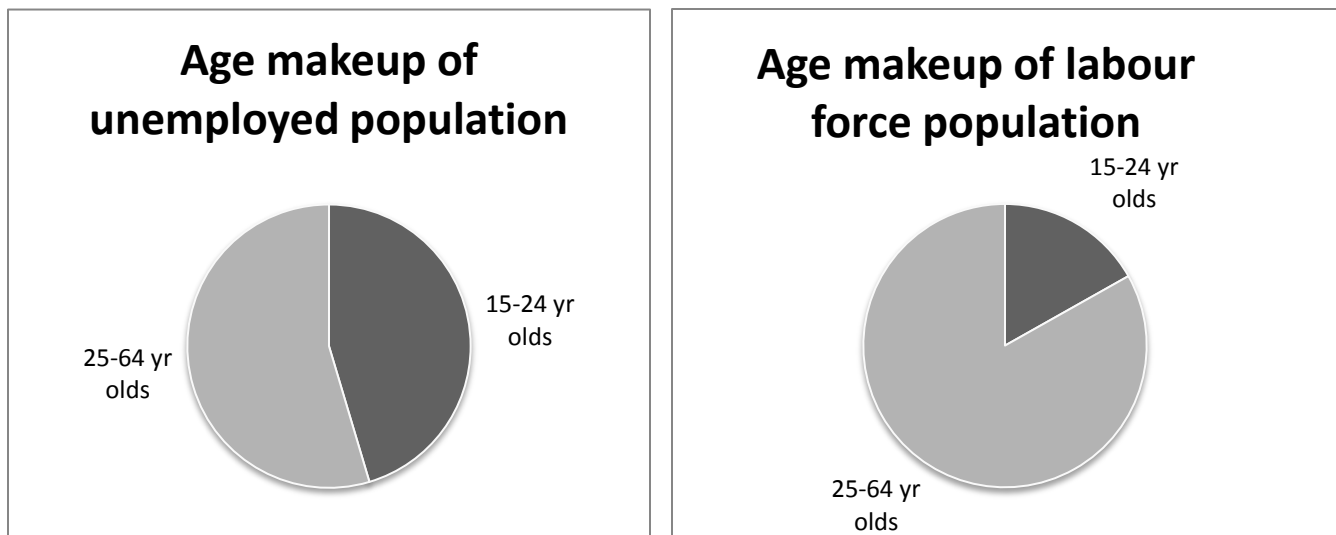
In order to lift the 18,000 children currently living in low income households out of poverty, strategies that increase the incomes of these households are needed. The Child Poverty Action Group is currently continuing its campaign to extend the in-work tax credit (a \$60 per week payment intended to support working families with the costs of caring for children) to children in households that are benefit dependent¹⁰.

¹⁰ <http://www.cpag.org.nz/resources/presentations/legal-case-in-work-tax-credit/>

Young people

Young people in Aotearoa New Zealand have disproportionately higher rates of unemployment relative to any other age group. The unemployment rate for young people aged 15-24 years in December 2012 was 19% compared to 4.6% for 25-64 year olds¹¹. New Zealand youth bear a greater share of the unemployment burden than any other age group. Young people aged 15-24 represent almost half (45%) of all New Zealand's unemployed, yet they only make up 17% of the labourforce¹².

Figure 3: Comparison of labour force and unemployed populations by age



Source: Statistics New Zealand

The global financial crisis leading to the 2008 recession has had a considerable impact on the rates of unemployment for young people. The national youth unemployment rate increased from 8.7% in December 2007 (prior to the recession) to 18.4% in December of 2009. Young people tend to be employed in work that is particularly vulnerable to economic recession, such as retail trade, accommodation, cafes and restaurants. In 2006 the employment of 15-19 year olds in the Waikato was mostly part-time, and a significant proportion of the employment (greater than 30%) was in the area of retail trade. Between June 2008 and June 2010, the level of employment for 15-19 year olds and 20-24 year olds in the Waikato region fell by 3,500 and 1,350 jobs respectively (see Black and Cox, 2012a). During this time the level of employment for people aged 55-65+ in the Waikato actually increased and other age groups experienced more modest reductions in levels of employment. Small businesses coping with the impact of the global recession are sometimes reluctant to take on the potential costs of employing, training, and up skilling a younger person. Some strategies to improve the opportunities for

¹¹ Source: Statistics New Zealand, <http://www.stats.govt.nz/infoshare/>

¹² Source: same as above. The labour force consists of members of the working-age population who are classified as employed or unemployed (people in the labour force). People are considered not in the labour force if they are neither employed nor unemployed and of working age. This can include, for example, students and people at home with children who are not looking for employment.

young people have been implemented. However, the reality for many young people is that paid work is relatively hard to get, training and education is expensive, and opportunities to learn alongside others in the workplace are limited (Cox and Black, 2012a).

A significant proportion of young people in Aotearoa New Zealand are not engaged in employment, education or training (NEET). NEET young people are recognised to be at risk for future exclusion from work opportunities. The NEET rate is described by the Department of Labour as a key measure of youth disengagement. In June 2012, Māori youth (22.8%) had the highest NEET rate, ahead of Pacific (18.3%) and European youth (11.3%)¹³. These variable rates of engagement suggest that both education and industry in New Zealand is disproportionately failing to engage Māori and Pacific youth. The recent investment by the government to facilitate Māori and Pacifica young people into apprenticeships and cadetships is to be applauded.

In June 2012, approximately 83,000 young people aged 15-24 in Aotearoa New Zealand were considered to be Not in Employment Education or Training (NEET) (Dept of Labour).

The NEET rate for all groups of young people appears to be increasing. Between June 2010 and June 2012, there was an increase in the NEET rate of approximately 25% for Māori youth, 24% for European youth, and 26% for Pacific youth. This is a concerning trend, particularly given that disengagement as a young person presents a significant risk for disengagement later in life. Young women between the ages of 20 and 24 appear to be more at risk for disengagement than their male counterparts. In June 2012, within the 20-24 years age group, 13.1% of males and 21.0% of females were NEET.

The increase in NEET rates indicate a need to invest in strategies to actively facilitate the participation and engagement of young people, in particular Māori and Pacific youth and young women. Professor Natalie Jackson (2011) suggests that without investment in our children and young people so that they live and work in New Zealand, there may not be enough younger people to support the growing numbers of older people in our communities. Between 2011 and 2026, the total NZ population is projected to grow by 13%. However, concealed within this total is a 61% increase in the 65+ year population, while all other age groups combined will grow by only 5.4% (Jackson, 2011). In the Waikato region, the population of over 65 year olds could increase from 57,000 to 102,000 in the next 20 years (Waikato Regional Council, 2012). For the sake of their own wellbeing and the wellbeing of young people, older generations might consider engaging with, and supporting greater work and educational opportunities for, all young people.

¹³ Source: Youth Labour Market Fact Sheet, available at <http://www.dol.govt.nz/publications/lmr/pdfs/lmr-fs/lmr-fs-youth-jun12.pdf>

Impacts of changing land ownership and use: More cows, less people

Prominent economists both locally and internationally, including New Zealand economist Bernard Hickey¹⁴ and former president of the World Bank Joseph Stiglitz¹⁵, are now questioning the relentless pursuit of economic growth and profit as a measure of human well-being. Along with others they are concerned that the pursuit of economic growth does not appear to be generating positive outcomes and wellbeing for all people. This pursuit of economic growth also appears to be connected to some damaging environmental impacts that threaten the wellbeing of future generations and the planet. The evidence of poverty in our communities and the expressed concern with the current economic model suggests a consideration of the pursuit of economic growth in the Waikato region and its outcomes.

A significant proportion of wealth and income in the Waikato region is generated from the goods produced through farming the land in the region. For example, dairy cattle farming contributes approximately 8% to Waikato Gross Domestic Product (GDP)¹⁶ and dairy product manufacturing contributes approximately 4% (Waikato Regional Council, 2013). In 2007 dairying provided almost 12,000 full time jobs and dairy product manufacturing close to 3000 jobs (Environment Waikato cited by NIWA, 2010). However, it is important to note that the distribution of the wealth and income generated from dairy farm production and processing is changing.

Due to farm consolidation and improved productivity, dairy farming is predicted to require less labour inputs in the future (Infometrics, 2012). There is also likely to be changes in the occupational mix in agriculture. There is a change from farm owners and managers and farm workers towards more

Between 2001 and 2004, the contribution that dairy cattle farming made to Gross Regional Product increased by 51%. At the same time employment in dairy cattle farming decreased 11% from 15,055 full time jobs in 2001 to 13,355 full time jobs in 2004 (Market Economics Ltd, 2006).

specialised contract staff such as skilled animal and horticultural workers and mobile plant operators (Infometrics, 2012). Reductions in employment through dairy product processing are also expected into the future, as there is predicted to be increased mechanization of processing, packaging and laboratory work (Infometrics, 2012). The main argument for increased productivity is to ensure the sector remains competitive in the global marketplace. However, with potentially fewer employment opportunities in the agricultural sector overall, there are fewer people to share in

the product of labour. Profits generated through farming and farm product manufacturing appears to be in the hands of fewer people today as compared with the share of profits and wealth in previous decades.

A product of fewer on-farm employment and centralized manufacturing processing is the hollowing out of rural communities. The populations of Hauraki, Otorohanga, South Waikato and Waitomo districts are now in decline, and the populations of Matamata-Piako, Taupo and Thames-Coromandel districts are

¹⁴ http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10676862

¹⁵ <http://www.guardian.co.uk/business/2013/jan/07/climate-change-poverty-inequality>

¹⁶ See <http://www.waikatoregion.govt.nz/Community/About-the-Waikato-region/Our-economy/>

not expected to increase significantly (Statistic New Zealand, cited by the Waikato Regional Council, 2012). The hollowing out of communities is a concern for a number of reasons. It is expected that the affordability of council services will become more challenging (Waikato Regional Council, 2012). Also, there are potentially less young people to care for the older populations in the districts. In her study of resilient aging in place, Dr Janine Wiles (2011) describes the desire and preference of people living in Tokoroa and elsewhere to stay in their home communities through their older years.

Along with reduced employment in the dairy farming sector there are also environmental costs associated with the increased growth and productivity of dairy cattle farming in the Waikato. Environmental degradation is a significant risk to natural capital and the ongoing generation of wealth from agricultural production in the region. The conversion of large tracks of dry stock farming and forestry to dairy farming in the Waikato¹⁷

and nationally, along with the intensification of existing farms has significantly impaired our lakes, rivers, and streams (NIWA, 2010). Intensification refers to the increase in animals per unit of pastoral area and the increased use of fertilisers required to sustain those animals. Nationally, between 1994 and 2002 the number of dairy cows increased by 34% and the land area used grew by just 12%. In the same period, synthetic fertiliser use across all sectors grew by 21% and urea use grew by 160% (PCE, 2004). Nutrient runoff from these farms has stimulated



nuisance algae and plant growth in receiving water bodies, which in turn has resulted in a multitude of undesirable effects. These include reduced water clarity, fish kills, loss of aquatic biological diversity, and impediments to recreation (NIWA, 2010).

A study by MacDonald et al (2010) looked at the impact of loss/damage to terrestrial ecosystems and human well-being for the Waikato Region using the Genuine Progress Indicator (GPI).¹⁸ The study provides estimates of a range of costs and benefits that form the components of the GPI for the period 1990 – 2006. The most significant estimated environmental costs to human welfare in this period were for: climate change at \$334 million (35.9 percent of total environmental costs); loss of soils at \$215 million (23.1 percent); loss of water quality \$110 million (11.8 percent); and loss of wetlands \$110 million (11.8 percent). These all connect to the use of land and agricultural practices in the Waikato region.

¹⁷ Over the past decade approximately 25,000 hectares of pine forest has been converted in dairy farms in the headwaters of the Waikato (NIWA, 2010)

¹⁸ See McDonald et al (2010b) for information on the Genuine Progress Indicator (GPI). GPI is a concept becoming increasingly popular world-wide as a measure of human welfare. It attempts to undertake a more holistic measure of welfare than Gross Domestic Product. For example, it incorporates measures of income inequality and distinguishes between sustainable and unsustainable forms of consumption.

Options for improved farming practices to help mitigate some of the potential deleterious environmental impacts of farming have been identified by some agencies including Landcare Research – Manaaki Whenua, and the National Institute of Water and Atmospheric Research (NIWA). Poor water quality affects the long term viability of farming and food production, as well as the physical and spiritual wellbeing of people, land and water (NIWA, 2010). Māori people and communities, who have long used the streams and rivers as a traditional food source, and who understand the health of the water as integral to their own wellbeing, are impacted by poor water quality in numerous and interconnected ways (NIWA, 2010). Given the complexities of relationship between land use, environmental health, employment, economic growth, and social wellbeing of people, it is worth considering the use of measures like the Genuine Progress Indicator in determining the impacts of any social and economic developments (see MacDonald et al, 2010b).

The increased consolidation and intensification of farming is arguably a risk to the long term wellbeing of the land, water and people of the Waikato and Aotearoa New Zealand. Environmental and social externalities need to feature in any consideration of land use and agricultural organisation in the Waikato. It is likely that new ‘green skills’ will be required to enable communities to achieve better balance between profitability and good social and environmental outcomes. The need for these skills, and the sustainable development necessitated by climate change, is suggested to be job creating overall (Department of Labour, 2008). This may present an opportunity for young people in the Waikato. There is a considerable amount of work being invested into creating environmentally conscious children and young people throughout New Zealand. There are now 149 Enviroschools in the Waikato region and approximately 60% of the Waikato based primary and intermediate schools have vegetable gardens (Cox & Black, 2012).

The dairy industry and government are responding to the need for better environmental management. Dairy New Zealand provides advice to farmers on nutrient management.¹⁹ The Waikato Regional Council provides financial support for farmers for fencing and planting waterways through the Clean Streams Project²⁰. Along with the continued advice around nutrient and effluent management, the new Sustainable Dairy Water Accord includes guidelines around water use efficiency, dairy conversions and a riparian planting.²¹ Dairy New Zealand’s new strategy for sustainable dairy farming includes work related to animal welfare, the farm working environment, participation in local communities and national prosperity²². The development of mechanisms to provide employment opportunity through the investment of industry profit into local community development might support a more equitable distribution of the region’s wealth and contribute to regional prosperity.

¹⁹ http://www.dairynz.co.nz/page/pageid/2145861522/Nutrient_Management

²⁰ <http://www.waikatoregion.govt.nz/Services/Regional-services/River-and-catchment-management/Clean-streams/>

²¹ <http://www.dairynz.co.nz/file/fileid/45905>

²² http://www.dairynz.co.nz/page/pageid/2145862755/Dairy_Industry_Strategy

Economies that serve communities

The opportunity for achieving a livelihood through paid work is limited for many people in our region. Young people, Māori and Pacific communities are disproportionately affected by a lack of employment opportunity. In December 2012, the national unemployment rate for Māori and Pacific peoples was 15.5% and 14.9% respectively, whereas the unemployment rate for European people was only 4.8%²³.

Employment in any sector of the economy is not guaranteed. Production efficiencies in industries can result in fewer jobs within particular industries. The centralising and reduction of public services means that there are less public service jobs available, particularly in small rural locations in the Waikato (Black and Cox, 2011). The lack of employment opportunity, combined with the costs of training and education, and the low wages that are paid in particular jobs, means that many people face significant obstacles in terms of making ends meet. Communities are responding to these challenges in creative ways that depend on and encourage giving and receiving in the context of developing community based relationships. A number of initiatives are underway both locally and nationally that attempt to develop ways of trading and exchanging good and services (economy) that may better serve the needs of community²⁴.

In the Waikato an increasing number of community groups are engaging in food growing and sharing activities. Many of the community houses in Hamilton now provide fruit and vegetable boxes at very affordable rates. There is an established network of community gardens in the Waikato that meets every 6 months to share ideas and encouragement. There are 23 community gardens in the network and 15 supporting organizations. A number of communities in the Waikato have also been involved in developing fruit orchards and in planting fruit trees around their neighborhoods.

Streetworks has helped us plant a number of fruit trees in our neighbourhood and we are now seeing the benefits of this with people able to harvest fruit from out of their own backyards (Personal communication, social service, Hamilton).

The Hamilton Timebank is a new initiative that is supporting people to share knowledge, resources and skills within the community. Rather than money, TimeBanks use time as the measure of trade. Everyone's time is considered equal. Some of the trades that people have been involved in Hamilton include the sharing of information (eg. languages, cooking, car maintenance), resources (e.g., trailers, kitchen appliances, and tools) and skills (e.g. gardening, sewing, bicycle repairs, cleaning, massage, reiki, and life coaching). These trades are benefiting members by providing access to information skills and resources that members would otherwise need to purchase through the market economy.

Hamilton Timebank coordinator Ruth Seabright describes the benefits of the Timebank as she experiences and observes them:

Perhaps above all else, members of the TimeBank are getting to know people in their community a little better and at the same time, they are improving the quality of their

²³ Source: Source: Statistics New Zealand, <http://www.stats.govt.nz/infoshare/>

²⁴ See <http://www.realsolutions.org.nz/>

life. Some trades have led onto opportunities for paid work, while others have developed in to on-going friendships. For me personally I have met lots of people who live near me, so I don't feel so isolated in community anymore. Now I drive down the street and know who lives around me. I also know that if I need help, there are people in the TimeBank who I can call on, and it's ok to ask for help within the TimeBank, that's what it's all about giving and receiving...Everyone likes to feel needed and valued (Ruth Seabright, personal communication).

Social service organizations are also responding creatively to the reality of limited access to financial resources. Many Waikato social service providers are now attempting to develop private funding streams through the development of social enterprises or social businesses. The Social Enterprise Institute describes social enterprise in the following way:

Social enterprises are mission driven not-for-profits that apply business strategies to achieve social, environmental, economic and cultural outcomes, with profits being re-invested for community benefit.

There are many examples of social enterprises in the Waikato. The Maniapoto Marae Pact Trust has developed its own farming and forestry enterprises, and all surplus income generated from the Maniapoto Trades and Services division is channeled back into the charitable work the Trust is involved in. Te Kohao Health has a Toanga shop and a cafe, the proceeds of which support the many social and health services that Te Kohao health provides. Anglican Action also has a cafe that provides training for people wanting to develop food service skills, particularly for people who have been excluded from employment and training opportunities in the past. The cafe also contributes financially to the social services that the agency provides to the community.

Individualized western economic belief systems are challenging to Māori economic aspirations which tend to be underpinned by collective/social/environmental objectives. That may be an explanation for the reported thriving of social enterprise in the Māori world. There is a significant collective ownership of assets and enterprise development within iwi organisations.

One of the concerns with the development of social enterprise as a method of providing both funding and delivering social services is the reduced opportunity for democratic oversight in the provision of social welfare. The importance of developing and maintaining a central and local government that is committed to the Treaty of Waitangi, democratic decision making, public service and the social welfare of its people cannot be over stated.

Conclusion

The ways in which wealth, income, services, opportunity and welfare is organized in the Waikato is creating imbalances and disconnection in our communities. The day to day struggle of making ends meet impacts households reducing their ability to provide for their children and our future generations. The issue of unaffordable housing is one of the significant issues impacting our communities today. Unaffordable housing and food insecurity go hand in hand. The lack of financial resources in our lower income households with which to meet both housing and food costs creates the ongoing need for charitable services and philanthropy. Services like foodbanks and the need for the provision of food in lower decile schools are directly connected to the lack of financial resources that communities have access to.

Alongside the stories of poverty in our communities is a story of wealth and abundance. The lands of the Waikato are bountiful and produce a considerable amount of food that is developed, packaged and organized primarily for our international markets. The production for food commodities brings considerable returns to the region and nation in terms of income and wealth. One of the concerning issues highlighted in this report is the shift in how this wealth and income is organized and distributed. There is less employment in the Waikato dairy sector now than there was at the turn of the century, and there is predicted to be less employment in the sector into the future. Wealth concentration in our region, nationally and internationally means that more and more people are increasingly dependent on the spillover of income and wealth from those who are fortunate enough to have it. Increased productivity in the Waikato agricultural sector does come at a significant cost to the Waikato environment. Environmental degradation is evidenced by the significant degree of poor water quality throughout the region.

The global financial crises and the employment shocks that occurred as part of the 2008 recession, demonstrated the vulnerability of livelihoods that depend to varying degrees on commodity markets. Young people, single parents, Māori and Pacifica peoples are disproportionately affected by poor labour market conditions. Single men without work, and particularly those who have been through the criminal justice system, face considerable challenges in reintegrating and contributing to society. Single parents with low education attainment, often have more limited employment opportunities than other parents. Parenting is demanding work. The vulnerability of children in single parent households where income and support are limited is an ongoing concern. The creation of employment and training opportunities for vulnerable young women in rural centres is an important consideration. The welfare reforms are heavily vested in encouraging people into work. Unfortunately, we have not heard many stories related to the creation of work and the redistribution of wealth through employment.

Many people are responding to the lack of needed resources in creative ways. Most services and goods that people need require money. However, some communities are fostering initiatives that facilitate sharing and reciprocity that do not depend on monetary markets.

Throughout this report is an indication of the privatization of welfare and the dominance of market based processes for the meeting of human need. This shift appears to be exacerbating wealth and income inequality which in turn negatively affects the degree of interconnectedness that people experience in their day to day lives. This report highlights a profound need to create better equity in access to both opportunity and resources in the Waikato for the sake of human welfare and the wellbeing of future generations.

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