

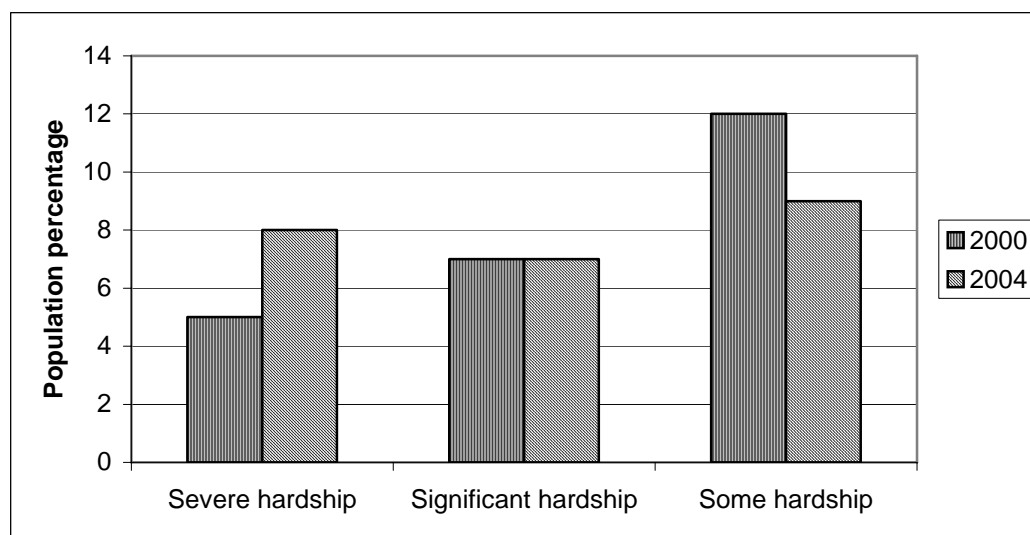
## ***The Living Standards Report: Who is poor in Aotearoa New Zealand?***

**D Wynd<sup>1</sup>**

The Ministry of Social Development released its Living Standards report a couple of weeks ago.<sup>2</sup> This shows how the living standards of New Zealanders changed between 2000 and 2004. If you've been listening to the good economic news of the last few years and thinking "how come I'm still struggling?" then this report confirms what you suspected. The poor got poorer, even as the economy grew at its fastest rate for years. If you are one of the thousands working for the minimum wage or thereabouts, or are on an income-tested benefit then your standard of living has probably fallen. Especially if you have children.

The report divides the population's living standards into seven categories ranging from "very good" at one end to "severe hardship" at the other. There has been very little change for those in the four highest living standards. What is striking is how many people in "some hardship" have shifted further down the ladder into significant and severe hardship. This shift can be seen in Figure 1 (note we are only looking at the bottom three categories here). The report also makes clear that for those at the bottom the booming economy did not improve their standard of living – in fact they could afford less in 2004 than in 2000.

**Figure 1: Overall distribution of living standards 2000 and 2004.**



*Source: Ministry of Social Development (2004) "Living standards report 2004".*

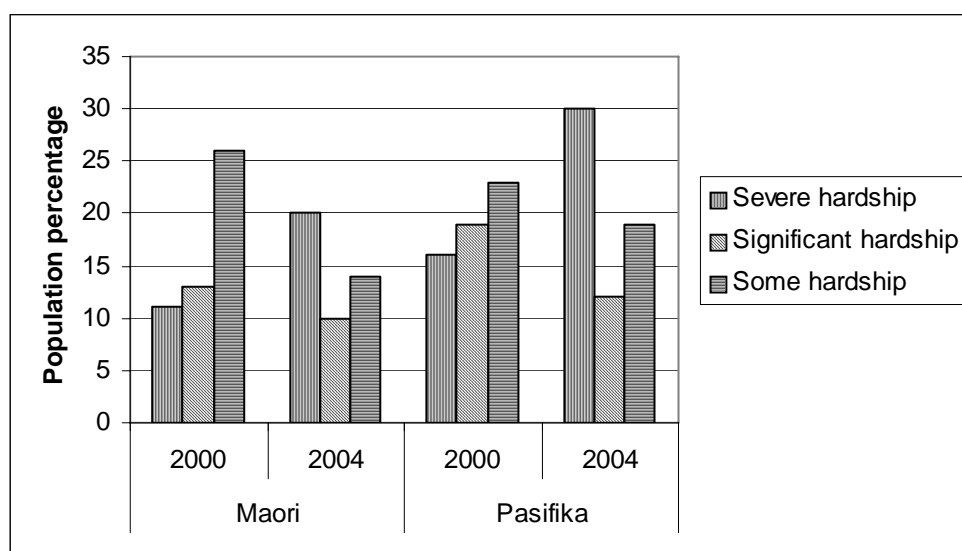
<sup>1</sup> Donna Wynd is a researcher for Child Poverty Action Group.

<sup>2</sup> Available from the Ministry of Social Development, PO Box 1556, Wellington or online at <http://www.msd.govt.nz/work-areas/social-research/living-standards/living-standards-2004.html>.

What does the report mean by “living standards”? It has a list of basics lacked because of cost, for example good shoes and adequate fresh fruit and vegetables, and another list of comforts/luxuries such as pay TV. How much hardship there is depends on how many of the basics families go without. A family in “severe” hardship may share a house with others to save money on rent, not heat the house to save on power, not pick up all a child’s prescriptions, and not give presents on birthdays and Christmas. Families in severe hardship are also likely to go without food sometimes. Families in “some” hardship might heat the lounge but not the bedrooms, have good clothes for special occasions and be able to afford pay TV, but live in a cheap run-down flat.

So who is poor? The report is clear: the group that went backwards was beneficiaries with dependent children. Because they are over-represented in this group we also see a significant fall in the living standards of Maori and Pasifika families (Figure 2). It is families who are hurting the most, and the number of children in significant and severe hardship increased to almost 300,000 in 2004.

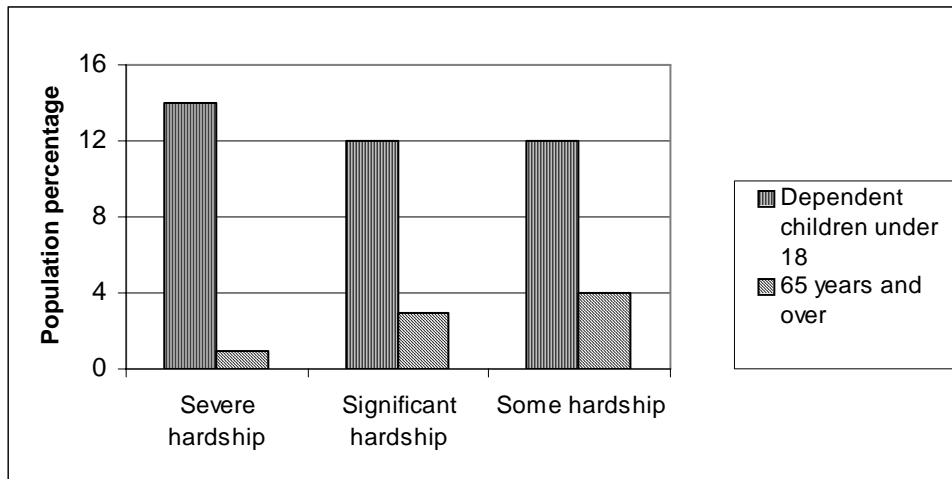
**Figure 2: Living standards of Maori and Pasifika families, 2000 & 2004.**



*Source: Ministry of Social Development (2004) “Living standards report 2004”.*

The miserable standard of living suffered by many families with children is not inevitable. This can be seen if we compare the percentage of children in severe and significant hardship with the percentage of elderly in hardship. New Zealand has made a commitment to the elderly that we have not been prepared to make to the young. Hence 38% of younger New Zealanders are in some degree of hardship, compared to 8% of older New Zealanders (Figure 3).

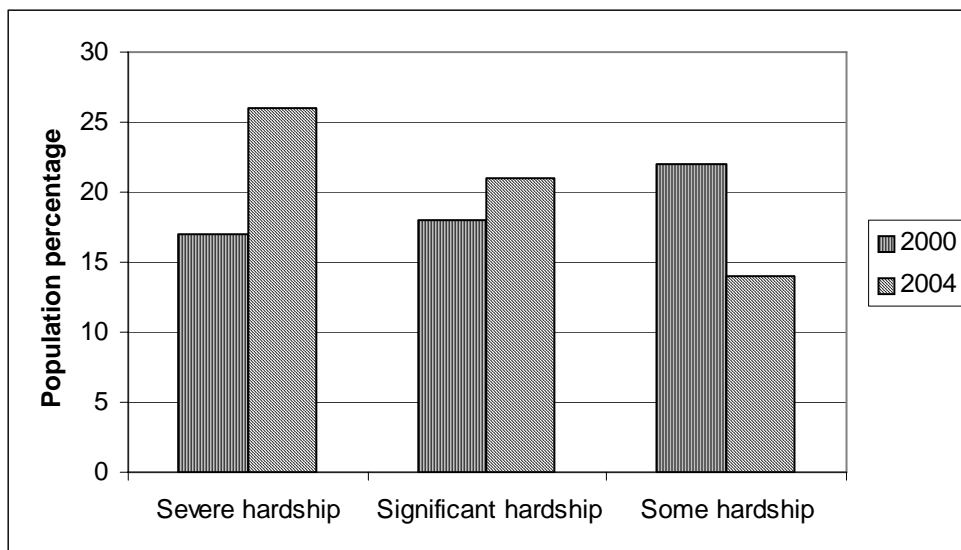
**Figure 3: Living standards of dependent children under 18 and persons 65 years and over, 2004.**



*Source: Ministry of Social Development (2004) "Living standards report 2004".*

The data for the report was collected before Working for Families and the government has argued that conditions have improved for the poorest families as a result of the changes introduced. WFF increased Family Support and raised maximum payments for the Accommodation Supplement. But for families with two or more children core benefits were cut, and some families had their Accommodation Supplement reduced because the thresholds were raised. There have also been changes to the Special Benefit that will reduce the extra assistance available to meet unavoidable expenses, as well as limiting the time it is available. Too bad for those of you with ongoing medical or other costs. Most significantly, the generous In Work Payment will not be available to the very people the report shows need it most, that is beneficiaries with dependent children (Figure 4). Whatever we may choose to believe about beneficiaries, those working with them consistently point out that they are "capable budgeters and caring parents".

**Figure 4: Living standards of families on income-tested benefits, 2000 & 2004.**



*Source: Ministry of Social Development (2004) "Living standards report 2004".*

The new In Work Payment is worth up to \$60 per week for one, two and three-child families. If you get the In Work Payment no doubt it is a welcome boost to your income, and one that is probably much needed. But consider this: if you are made redundant you not only lose your income, you also lose that additional assistance. Do the needs of your family change just because you lose your job? Probably not. You might find another job, you might not. Do your children deserve less because of your circumstances?

If we want a fair and just society where all of our children have the possibility of growing up to become caring, capable adults then we need to start investing in them now. We need to drop the arbitrary discrimination we have built into family assistance so support is available to all regardless of work status. We must also ensure that quality education is available and affordable for all children, and not just those in well-off areas. We must make doctors visits and prescriptions free for all children under 18. With so many children turning up to school hungry, we should be providing free, good quality breakfasts to children in decile one and two schools. And we need to commit to ensuring that decent affordable housing is available to families so they do not have to live in the damp crowded conditions that are a risk factor for so many childhood diseases. The Ministry of Social Development's report shows that the number of families and children being left behind has increased, and that many of them will be left further behind as the gap between those in work and those on benefits widens. This wide gap never used to exist in New Zealand, and it is time we closed it.