

Analysing New Zealand's Child Poverty

Inequality means the unequal distribution of income, wealth, goods, and services.

Inequity means the opposite of equity, the idea of fairness.

Poverty means people do not have enough money to pay for their basic needs.

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Income poverty: 265,000 children (one in four). This looks at the amount of money families have to pay bills and purchase everyday essentials. This is defined as having less than 60% of median household income, after housing costs are removed.

Material poverty: 180,000 children (17%). This means regularly going without things most New Zealanders consider essential – like fruit and vegetables, shoes that fit, and their own bed and a warm house.

Severe poverty: 10% of children. This means they are going without the things they need and their low family income means they do not have any opportunity of changing this. These are the children experiencing material hardship, and live in families in income poverty.

Persistent poverty: 3 out of 5 children in poverty are in poverty for long periods. 70% of poor children live in rental accommodation. 2 out of 5 poor children come from families where at least one adult is in full-time (FT) work or is self-employed. These children are likely to live in poverty for many years of their childhoods. Persistent poverty is defined as having lived in income poverty over a seven-year period.

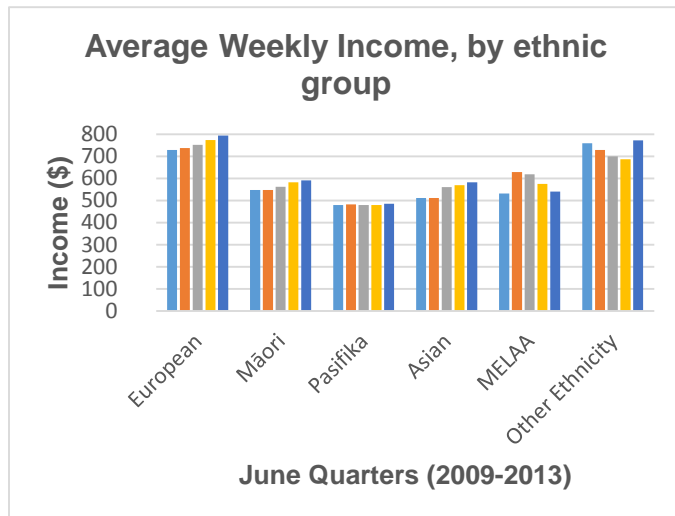
The Child Poverty Monitor 2013.

Causes of Child Poverty

- Wage Inequality among ethnic groups
- Unequal opportunity and educational outcomes
- Increasing housing costs

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The bar graph created from Statistics NZ data shows us the average weekly income for different ethnic groups in NZ over the last five years. Europeans income was \$728 in 2009 and increased to \$793 in 2013.



For Māori, it was \$548 and increased to \$591 in 2013, and Pasifika income was \$479 and only increased by seven dollars to \$486 in 2013.

Asian income was \$512 and increased to \$583 and Middle Eastern, Latin American and African income (MELAA) was \$531 in 2009 and only \$540 in 2013. Other Ethnicities income was \$759 and \$772 in 2013.

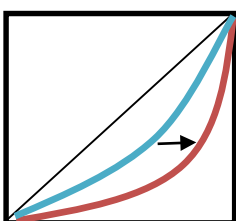
Using 2013 figures, Māori on average earn \$202 per week less, and Pacific peoples earn on average \$307 per week less than Europeans do. Asians earn \$210 less weekly and the MELAA group earn \$253 less than Europeans do.

The greatest income gap is between the Europeans and Pacific peoples, followed by the MELAA group, Asian and Māori groups. There is income inequality

among ethnic groups that is also inequitable if the income differences in these groups is being caused by various forms of discrimination by employers and the current education structure.

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Lorenz Income Curves



The Lorenz Curve Model can show the extent of the inequality of income in an economy, the vertical axis shows the cumulative percentage of national income, and the horizontal axis shows the cumulative percentage of households. The further the Lorenz Curve is away from the line of absolute equality the more unequal the distribution of income. The red line in the model is shifting right reflecting growing income inequality in NZ, the gap between the rich and poor is widening.

For example, in 2010 the average pay for CEOs was \$1.39 million and this increased by 3.3% to \$1.44 million in 2011. The average for their employees, estimated by dividing the total pay bill by the number of staff was \$63,960, up just 0.8% on the previous year. The CEOs get 22.5 times the

pay of the average workers so this highlights why wage inequality will cause income to be distributed unequally and the gap between these groups will continue to grow each year if the CEOs receive larger wage percentage increases than other groups of workers.

Educational outcomes is another cause of income inequality, for instance people that have no education are far more likely to be unemployed than the educated. More school leavers with none or few qualifications add to the supply of labour that is low skilled meaning firms can hire workers and only pay the minimum wage rate of \$14.25 per hour, because if you don't take the job someone else will.

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This means that people with little or no qualifications (low skilled) are more likely to earn a low income and may not be able to afford proper housing and food; therefore, they are more likely to live in poverty. The children who live in these households are more likely to have insufficient food, so less energy and less attention is paid to learning in school, and they get sick more so are absent more often. This leads to less education, fewer qualifications and low paying jobs or unemployment, so it is harder for these children to get out of the poverty cycle.

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They do not experience the opportunity of other children who come from wealthier households with more opportunity and resources to get a good education and become high-income earners.

While public education is provided for every child in NZ, not all children live in households with enough resources to make the most of this opportunity, and therefore state education is not equitable and does not provide equal educational outcomes between different ethnic groups.

Higher housing costs have also made income inequality and child poverty worse, because low to middle-income households struggle to pay for necessities like food, clothing, basic household services, transport, medical care and education after housing costs are paid.

In 2013, about 27% of households had housing costs that took more than 30% of their disposable (after tax) income, for the lowest income group of households it was 42% and for the second lowest group it was 36%. In June 2013, almost all renters receiving the Accommodation Supplement (93%) spent more than 30% of their income on housing costs and 3 out of 4 spent more than 40%, and nearly half of them spent more than 50% of their disposable income on rent.

In 2007, 33% of people entitled to the Accommodation Supplement were receiving the maximum payment, but this increased to 50% in 2013.

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The Ministry of Social Development's *2014 Incomes Report: Overview and Summary* found that:

- Poverty rates for children in beneficiary families are typically around 75% to 80%, much higher than for children in families with at least one adult in full-time employment (11% in 2012 and 2013).
- On average from 2007 to 2013, two in five poor children (38%) were from households where at least one adult was in full-time employment or was self-employed, down from around one in two (50%) before Working for Families (2004) and have become the 'working poor'.
- Children in sole-parent families have a higher risk of income poverty than those in two-parent families (51% compared with 13% in 2013). Half of poor children lived in sole-parent families and half in two-parent families in 2013.
- Poverty rates for Māori and Pacific children are consistently higher than for European/Pakeha children: on average from 2011 to 2013, just under half (48%) of poor children were Māori or Pacific.
- Seven out of ten poor children live in rental accommodation.

<https://www.msdc.govt.nz/about-msdc-and-our-work/publications-resources/monitoring/household-incomes/>

[Student also listed the various impacts of KidsCan, 'Feed the Kids' campaign, 'Vocational Pathways', and BYOD devices funded by schools/communities on certain groups of NZ society. Additionally, the student explained what effect the charities, political campaigns and new education policies may have on NZ child poverty and inequity.]

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