Growing poverty and inequality in New Zealand

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Numerous reports point to worsening poverty and social inequality in New Zealand, more than two years after the formation of the Labour Party-led government, which pledged to end the former National Party government's austerity regime, imposed since the 2008 financial crisis.

Labour and its two coalition parties—NZ First and the Greens—promised to reduce child poverty and homelessness, and properly fund services such as healthcare and education. Prime Minister Jacinda Ardern even created a new role for herself: Minister for Child Poverty Reduction. Deputy Prime Minister Winston Peters, from the right-wing NZ First Party, declared that he chose a coalition with Labour instead of National in order to restore "capitalism's human face."

These pledges have proven to be a fraud. Like social democratic governments around the world, the Ardern government has carried out a thoroughly pro-business agenda, including low taxes and strict spending limits, resulting in the further enrichment of the country's billionaires, while broad layers of the working class are being driven deeper into poverty.

Figures released on December 9 by Children's Commissioner Andrew Becroft show 17 percent of children are in households below the poverty line of 50 percent of the median income—up from 16 percent when Labour came to power in 2017. The figure is 23 percent, 254,000 children, after housing costs are deducted. Some 148,000 children, 13 percent, are going without six or more "essentials," such as decent shoes, warm clothes, enough food, and the ability to see a doctor.

In a damning TVNZ interview on November 17, Becroft described the Ardern government's response to the crisis as "weak, supine, passive… We can't fiddle while Rome burns." He called for raising unemployment and other welfare payments by 20 to 40 percent—a key recommendation from the government's own Welfare Expert Advisory Group that was rejected by Ardern.

In a speech in October celebrating two years in power, Ardern falsely declared: "We have lifted between 50,000 and 70,000 children out of poverty." There is no statistical data to support this claim. These figures are actually a government target for the year 2021, i.e., after next year's election. By then, the government says increases to some benefits and tax credits will give 385,000 families an extra $75 a week. However, this will be outstripped by the cost of living. Median weekly rents, for instance, have already risen in the past two years by $50.

There are many signs of growing hardship. Research by Auckland City Mission, published in October, estimated that 10 percent of the population, almost 500,000 people, cannot afford to eat properly—up from 7 percent 10 years ago.

In the three months to September, the government spent $167 million on 573,588 emergency Hardship Assistance Grants, mostly for food—a major increase from 345,000 grants in the same period of 2018.

Fleur Wainoho, principal of Whare Tapere o Takitimu, a Maori school in Hastings, recently wrote in *Stuff*: "I've seen a family of four children share one sandwich, breaking that up knowing it's the only meal source they've got for the day. Just seeing that is heartbreaking… a hungry child is only thinking about where the next meal is coming from. They can't be expected to write a story or be engaged in a lesson." Wainoho described a solo mother who works full time but pays $520 a week for housing and is forced to rely on charity for food.

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The Human Rights Commission reported on November 25 that 7 percent of working households, more than 50,000 homes, are living below the poverty line (defined as 60 percent of the median income or about $600 a week). After housing costs, the figure rises to 67,000 or 9.2 percent. More than 12 percent of households with just one working parent are in poverty.

For the past decade, wages and benefits have remained stagnant, while the cost of living soared. New Zealand now has the highest housing costs relative to income in the OECD, with poor families typically paying half their income, or more, on rent.

An estimated 41,000 people, one in 100, were homeless in 2013 and the figure today is undoubtedly higher. A record 14,000 families are waiting for public housing, while the number of state houses per capita is the lowest it has been since the 1940s. The *New Zealand Herald* reports that 10 years ago there was one state house for every 65 people, now there is one per 80. The government is building 1,600 houses per year, while demand is increasing by 2,000.

Media commentators and politicians increasingly frame discussion of social inequality as a generational divide, contrasting supposedly comfortable "Boomers" with struggling "Millenials." This superficial analysis diverts attention from the fundamental class division in society, which cuts across all ages and ethnic groups.

The scapegoating of older people is also an attempt to soften up the population for raising the age of pension entitlement, or implementing means testing, which both the Labour and National parties have proposed at different times.

For about 40 percent of people over 65, pensions are their only income. Between 2013 and 2017 the number of hardship assistance grants for this age group soared from 36,000 to 56,000 annually. About 12 percent of older people in Auckland are malnourished, according to a Massey University study last year.

The real wealth gap is between the working class and the capitalist elite, who are making billions from the housing bubble and other parasitic activities. The richest 10 percent controls 53 percent of the wealth and the top 1 percent holds 19 percent. New Zealand now has nine billionaires, up from eight last year, plus five billionaire families. The individuals on the annual *National Business Review* "Rich List" increased their wealth from $81 billion last year to $90 billion this year.

Workers have attempted to fight back. Tens of thousands of teachers, nurses, doctors and other healthcare workers have held nationwide strikes in the past two years. The trade union bureaucracy, however, isolated and strangled these struggles, enforcing the government's cap on public sector wage rises at 3 percent per annum, below the real increase in cost of living. On average, wages increased in the year to September by just 2.4 percent, while rents increased by more than 5 percent.

The Ardern government's record demonstrates that none of the parties in parliament represents the interests of the working class. As the global economy deteriorates, Labour and its allies will respond with more attacks on jobs, wages, benefits and social services, while protecting the fortunes of the super-rich.

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