

Housing crisis fuels poverty and inequality in New Zealand

Tom Peters

28 December 2020

For hundreds of thousands of families in New Zealand, the holiday period this year will be one of the hardest in living memory.

Like other countries, the working class is bearing the full brunt of the most severe global economic crisis since the Great Depression, triggered by the COVID-19 pandemic. Although New Zealand has, so far, experienced only 25 deaths from the virus, the social impact has been devastating.

The Labour Party-led government, which was re-elected in October and formed a coalition with the Green Party, is presiding over soaring social inequality and poverty. Its main response to the crisis was to hand out tens of billions of dollars in subsidies, mostly to large businesses. The Reserve Bank is making more than \$100 billion available to the commercial banks, to prop up their profits and ensure unlimited cheap cash for big investors. Meanwhile tens of thousands of people have lost their jobs and 30 percent of households have reported a drop in income this year.

In a December 7 interview with *Stuff*, Prime Minister Jacinda Ardern said her priorities remained to fix “housing, child poverty and climate change... Child poverty really motivates me, it’s one of the reasons I wanted to be in politics.”

During the election campaign Ardern falsely claimed that child poverty had been reduced since she became prime minister in 2017. In fact, more than one in five children are still living in poverty.

A post-election briefing to Ardern from her Department of Prime Minister and Cabinet, which was only made public on December 15, revealed it expects the number of children living in “material hardship,” i.e., lacking basics such as adequate clothing, shelter and food, to “rise strongly” in the coming period.

Demand for food parcels from charities is at record

highs. On Christmas Eve, the *Press* newspaper reported that queues outside the Christchurch City Mission were causing “traffic chaos.” It noted that “Auckland City Mission has doubled the number of food parcels it makes available” after its phone lines crashed when it “received 42,000 calls in one day.” The charity estimates the level of “food poverty” has doubled from one in 10 to one in five people.

Housing costs are a major factor fuelling the crisis. According to the Ministry for Housing and Urban Development, in 2019, 320,000 households were paying 40 percent or more of their income on housing. This has undoubtedly worsened in the past year, as house prices have soared by 11 percent, driven by out of control speculation by wealthy investors. Even in poor suburbs like Otara, South Auckland, modest houses are selling for more than \$1 million.

The number of mortgages in arrears increased to 15,000 in November, 2,000 more than in September, as people who have been made unemployed struggle to meet their payments.

As of September, there were 22,000 families waiting for public housing subsidised by the government, up from 6,000 in 2017. These people are basically homeless, living with relatives, in overcrowded conditions, or in caravans, garages, or motels that are serving as “emergency” public housing.

Figures from Trade Me, the main website listing rental properties, show that the national median weekly rent is now \$520—21 percent higher than in 2015. In working class Porirua, north of Wellington, the figure is now \$595, not much less than the median weekly income.

A 2018 report found that 20 percent of children in Porirua lived in overcrowded houses and a quarter were in damp and mouldy conditions. Porirua Mayor Anita

Baker told *Newshub* on December 19: “This is already a crisis that demands an urgent policy response.”

Tee, a construction worker in Porirua, told the *World Socialist Web Site* that he and his partner, who is pregnant, were forced to live in emergency housing at a motel. The couple left their old flat in Hamilton when the landlord increased the rent from \$350 to \$550 “all in one go” after discovering that Tee had got a job.

“I am on \$20 an hour, about \$680 a week,” he said. This is just above the legal minimum wage. “It’s sad for us to watch on TV that there are kids and parents sleeping in their cars. It is heartbreaking.

“I voted for Labour, my whole family did. We were all thinking that the government was going to make a change. But by the looks of it, they are bringing more people down, not giving them places to live,” Tee said. “I hope that the government does hear us. To be honest, they are only sitting behind their desk and not realising how many people are actually struggling out here on the streets.”

A cleaner in Porirua, who asked to be referred to as Waha, had seen appalling conditions in some of the flats she cleaned. She told the WSWS some people paid \$500 or \$700 a week for “dumps.”

“I know when the windows don’t shut properly because you get a hell of a lot of mould and grime, and it doesn’t hold the heat in. The tenants are paying astronomical rents and the landlords and real estate agents say it’s a fair trade, when it’s not. If these houses were in better nick, people wouldn’t be spending a lot more money on heating, clothing, firewood, carpets, thermal curtains.

“All the people I know work bloody hard and usually both parents are working. Twenty-five dollars an hour is supposedly good money, but it’s not. As soon as the money hits their bank account it’s gone on power, rent, tax, petrol,” Waha said.

Fifteen years ago, she continued, it was possible to pay \$520 a week for a large four-bedroom house, but since then the cost of living has soared, while wages remained stagnant. It was now impossible to save for anything.

Waha asked: “Why is the government allowing landlords to have rents at such astronomical prices? They have to do something. It’s their fault and only their fault. You cannot blame low-income people or unemployed people.” She said her attitude to politicians

was the same as Jamaican singer Bob Marley, who once said: “It doesn’t matter to me, because they’re all the same.”

She said Prime Minister Ardern “plays the game very well” and was good at making speeches, but had done nothing for working people. “The working class is very anxious, there’s a lot of worry and stress, and at this time of the year a lot of financial drama. It’s been a hard year for them.”



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact