

Window on Waikato Poverty



Anna Cox and Rose Black

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Poverty Action Waikato

This 'Window on Waikato Poverty' report describes, through statistics and stories¹, some of the social and economic hardships experienced by people living in the Waikato region today. As with other regions in Aotearoa, many people in the Waikato are experiencing the impacts of increased food and living costs, the ongoing lack of affordable housing, and limited work and employment opportunities. These are some of the factors that contribute to a sense of uncertainty and vulnerability for people who are barely managing to live within their current means.

Of particular concern is the vulnerability of young people in the Waikato once they finish their secondary schooling and start looking for employment, training and educational opportunities. There appear to be few jobs on offer for the young and inexperienced with a youth unemployment rate of 17.3 percent being recorded in the year to June². The difficulty in finding employment for youth may be compounded by the employment preferences of employers, as reported by Fiona Rotherham following a Randstad survey on the future of work. In this survey "61 percent of Kiwi businesses said they intended hiring more qualified professionals" while "only 28 per cent of businesses intend hiring graduates, apprentices and trainee, and 22 per cent entry-level staff" (Rotherham).³ As a society we need to focus more on offering adequate opportunities for the realisation of the potential of young people.

The degree of social connectedness in the Waikato is compromised by a significant and persistent level of economic inequality. Alongside stories of financial struggle are stories of wealth and affluence and we seem to be losing the common ground between people. Poverty Action Waikato echoes Anglican

¹ The stories included in this report are largely gleaned from *Talk About Poverty: Looking back and Moving Forward*, May 2011, Rose Black & Anna Cox and conversations the authors have had since that time.

² <http://www.stuff.co.nz/business/opinion/5784953/Young-workers-being-overlooked>

³ Waikato Times p.C4, 15.10.2011

Archbishop David Moxon in calling for a more just and equitable distribution of resources in our community:

“Like the mighty Waikato, goods and services need to flow through our communities - not trickle down.”

This call for a more equitable distribution of wealth through all communities is being heard in the current worldwide “Occupy” movement, which has been brought to our notice by the ‘Occupy Wall St’ people. Millions of people worldwide are protesting against the increasing gap between rich and poor based on the evidence that the richest 1% of people in the world now control 40% of the world’s wealth.⁴

The unequal distribution of wealth worldwide is also reflected in New Zealand, a country which once upon a time prided itself on its egalitarian and level playing field values. Statistics New Zealand data from 2004 shows that the wealthiest 1% of people living in New Zealand, owned more than the least wealthy 60%.⁵ Of the 4 million people living in New Zealand, a little over 40 thousand people (1%) own more than the other two million four hundred thousand people (60%).

Income inequality is defined as “the extent of disparity between high income and low income households”.⁶ Income inequality rose considerably in New Zealand between 1988 and 1991. During this time there was a larger overall rise of income for those in the top 20 percent of incomes and a small decrease in income for those in the bottom 20 percent. Incomes for the middle 60 percent climbed more overall for those closer to the top 20 percent than for those closer to the bottom 20 percent.⁷

In this first Window on Poverty Report, Poverty Action Waikato presents a snapshot of how vulnerable people in the Waikato are to poverty. The regular “Vulnerability Reports” produced by New Zealand Council of Christian Social Services (NZCCSS) over the last two years have provided the inspiration for this report. Some of the indicators of vulnerability to poverty presented here come from Government sources while others come from social service networks. It is intended that these indicators act as a baseline from which to measure progress towards eliminating many of the drivers of poverty.

⁴ Occupy New Zealand, Facebook page, <http://www.facebook.com/pages/Occupy-New-Zealand/229645187093918?sk=info>

⁵ Wealth Disparities in New Zealand, Statistics New Zealand (2003/04 data)

⁶ <http://socialreport.msd.govt.nz/economic-standard-living/income-inequality.html>

⁷ As in 5 above

The figures and stories in this report call each of us toward actions that increase equality and lessen the social and economic hardship experienced by many.

Poverty is complex and can be viewed in a number of ways. We were reminded of the cultural aspects of measurement by people we spoke to in the Waikato region.

The gap in material wealth is getting bigger and with this the gap between Māori and Pākehā. However, Māori have whakawhanaungatanga. We are more connected with the people around us. ... We have Whare Tapa Wha model. We are rich in culture. It comes back to values, and what you value. Who is measuring the inequality? (Thames/Hauraki)

The strength of relationship and connection in communities is not easily quantified and often overlooked as an enriching factor in people's lives. We will present layers of information that contribute to the overall picture of poverty and vulnerability in the Waikato. This issue focuses on the following areas:

- A profile of who lives in the Waikato
- Income inequality in the Waikato
- Income and expenditure in the Waikato - *Debt is not a choice, it's a given*
- Employment and work: *Considering overwork, under work and what work?*
- Education: *Young people leaving school with limited qualifications*
- Housing: *an ongoing, growing need*

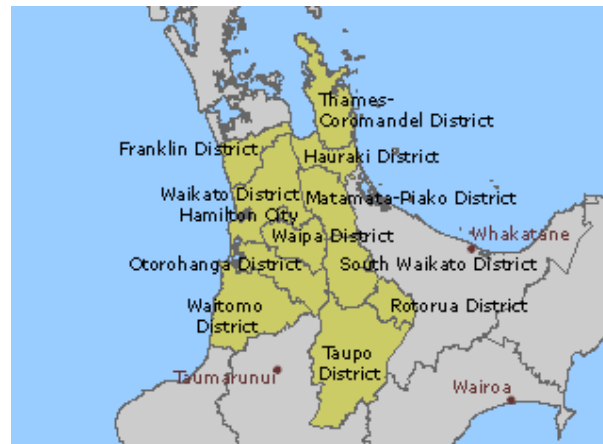
Our hope is that people will engage in both dialogue and action as we look to co-create healthy communities and healthy economies in the Waikato.

Poverty Action Waikato in conjunction with NZCCSS will continue to gather comparable data over time and release further reports as resources permit. The reports will be used to track progress towards how well local and national Government approaches are working to reduce poverty and increase fair and equitable access to economic and social resources for vulnerable whānau, families and individuals.

A Profile of who lives in the Waikato

In 2010, approximately 409,000 people lived in Waikato Region, with around a third of the regional population living in Hamilton City.⁸ As a whole, the Waikato regional population grew by just under 25,000 people (or 7%) between 2001 and 2006. Sub-regionally, the changes in population numbers were quite variable; while the population of Hamilton City grew strongly, the population of some of the more rural districts declined.

Figure 1: Boundary Map of the Waikato Region used for 2006 Census Collection⁹



The ethnicity of the Waikato population, based on 2006 census, can be described in the following way:

- 70% – 286,300 - European/Pākehā peoples (67% NZ)
- 21% – 85,890 - Māori peoples (15% NZ)
- 5% – 20,450 - Asian peoples (10% NZ)
- 3% – 12,270 - Pacifica peoples (7% NZ)

Of note are the variations from the national average of people of different ethnicities living in the Waikato region. While the percentage of people reporting European/Pākehā ethnicity was also most the same, there was a higher proportion of people reporting Māori ethnicity (21%), there were fewer people reporting Asian (5%) and Pacifica (3%) ethnicities.

⁸ "[Subnational population estimates at 30 June 2010 \(boundaries at 1 November 2010\)](http://www.stats.govt.nz/~media/Statistics/Methods%20and%20Services/Tables/Subnational%20population%20estimates/su)". Statistics New Zealand. 26 October 2010.
<http://www.stats.govt.nz/~media/Statistics/Methods%20and%20Services/Tables/Subnational%20population%20estimates/su>
[bpopest2001-10.ashx](http://www.stats.govt.nz/~media/Statistics/Methods%20and%20Services/Tables/Subnational%20population%20estimates/su). Retrieved 7 March 2011.

⁹

<http://www.stats.govt.nz/Census/2006CensusHomePage/Boundary/BoundaryMap.aspx?id=1000003&type=region&ParentID=>

The Waikato Region has a similar age-gender profile to the national average in terms of median age (35.6 years) and the proportion of the population aged 65 year and over (12.4 percent). It does however, have a higher proportion of children (15 years and under) at 22.9 percent compared to 21.5 percent nationally. However, the proportion of people over 65 in the Waikato region is expected to grow significantly in the next two decades.¹⁰ The Māori population in the Waikato region is relatively youthful, with approximately 35.5% of that population under 15 years of age.

All Territorial Authorities (District or City Councils) in Waikato Region, except for Hamilton City, had a net outflow of people in the 15-24 age group over the past 10 years. Hamilton City experienced a net inflow of people aged 15-19, and a net outflow of people aged 20-24. It is likely that the flows of people in these age groups are related to study opportunities at the University of Waikato or WINTEC as these, along with Te Wananga o Aotearoa, are the major tertiary education providers for the region¹¹.

Income Inequality in the Waikato

There is a lot of money. Isn't it 2% of the population has 80% of the wealth? Poverty is built into our system. It works on some people being rich and some being poor. (Thames Hauraki)

Numerous negative social impacts of greater income inequality, including higher levels of obesity, mental illness and imprisonment, are described by researchers Richard Wilkinson and Kate Pickett (2009) in their book "The Spirit Level: why equality is better for everyone"¹². Income inequality is the gap between those who earn most and those who earn least. New Zealand has become a world leader in the growth of income inequality over the last 25 years particularly with the increased disparity in income that was experienced during the late 1980s and up to 2004.¹³

The development of a measure of income inequality has been complex. The Gini coefficient incorporates some of the complex issues associated with income inequality and is now used as a common measure.

¹⁰ Quoted in Demographic Challenges and Opportunities in the Waikato Region, a presentation by Professor Natalie Jackson, University of Waikato, 2010

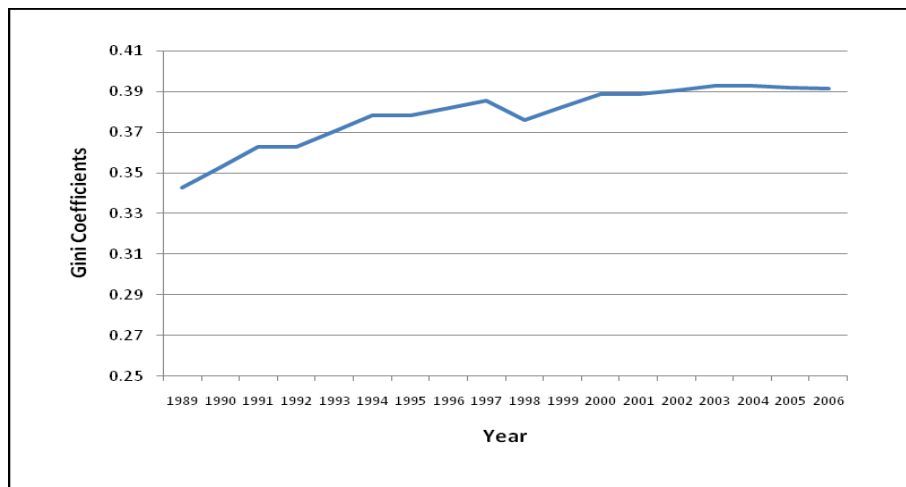
¹¹ Choosing Future Waikato (2011). Waikato Regional Community Outcomes MACRO Indicators. Data Analysis Report. Update 2011 <http://www.choosingfutures.co.nz/Publications/>

¹² <http://www.equalitytrust.org.uk/resource/the-spirit-level>

¹³ <http://socialreport.msd.govt.nz/economic-standard-living/income-inequality.html>

A score of zero indicates perfect equality, and a score of one indicates complete inequality. Lower Gini Coefficient values reflect greater equality and a more even distribution of income.

Figure 2: Waikato Region Gini Coefficients, 1989 – 2006



Source: Genuine Progress Indicator for the Waikato Region

As demonstrated by the graph above, the degree of income inequality in the Waikato Region increased substantially between 1989 and 2006, with a larger proportion of total household income going to the top quintile of households.¹⁴ During this period the Waikato Gini coefficient increased from approximately 0.34 to 0.39. To put the Waikato numbers in perspective, reported Gini coefficients for national incomes across the world range from the lowest at 0.23 (Sweden) to the highest 0.70 (Namibia).¹⁵

Drawing on the research contained in *The Spirit Level* (Wilkinson & Pickett, 2009), The Equality Trust (based in the United Kingdom) makes a number of statements that provide evidence for greater equality. We have chosen to focus on some of these statements in the table one below to open a window on the Waikato by describing some relevant New Zealand research. It is important when looking at change over time to consider both older and more recent data to get a more comprehensive understanding of the changes that have occurred. We have attempted to highlight some trends which appear to correlate with the described Waikato experience of increased income inequality.

¹⁴ McDonald et al (2010). Genuine Progress Indicator for the Waikato Region. Available at <http://www.choosingfutures.co.nz/>

¹⁵ <http://en.wikipedia.org/wiki/Gini-coefficient> (Sourced 2 Nov 2011)

Table 1: A Waikato Window on Equality Evidence Statements

Equality Evidence Statement	Waikato window
Obesity is less common in more equal societies.	<p>It is estimated that 57% of Waikato DHB's population are either overweight or obese, while 22.7% of the population are classified as obese¹⁶.</p> <p>Cardiovascular diseases are the leading cause of avoidable mortality in the Waikato DHB region.¹⁷ Cardiovascular diseases are associated with obesity</p>
Unequal societies are harsher; they imprison a higher proportion of people.	<p>The national imprisonment rate per 100,000 of the total population increased by 46% in the decade 1987 to 1996.¹⁸</p> <p>Between 1985 and 2002 imprisonment rates nationally went up for the population overall, and in most regions particularly for those aged 25-29 years. The estimated male prison muster as a percentage of the male population in the Waikato Region approximately doubled between 1985 and 2002.¹⁹</p>
Inequality makes it harder to gain public support for policies to reduce global warming.	<p>People are doing more today than they were ten years ago to protect the environment for the future. However, there is still room for improvement in terms of energy conservation, urban air quality and river water quality.</p> <p>Of some concern, a 2008 survey by Waikato Regional Council showed that only 16% of people in the Region had proecological values. This was lower than in 2004 when 19% had pro-ecological values, and significantly lower than in 2000 when 36% had pro-ecological values²⁰</p>
People in more equal societies are far less likely to experience mental illness.	<p>47% of New Zealanders will experience a mental illness and/or an addiction at some time in their lives, with one in five people affected within one year. Prevalence is higher for people who are disadvantaged.²¹</p> <p>Between 2003 and 2007, the rate of hospitalisations for intentional self harm in</p>

¹⁶ Population Health, Health Waikato (2010). Future Focus, Section 12, Chronic Conditions. Available at <http://www.waikatodhb.govt.nz/page/pageid/2145848209>

¹⁷ Choosing Future Waikato (2011). Waikato Regional Community Outcomes MACRO Indicators. Data Analysis Report. Update 2011 <http://www.choosingfutures.co.nz/Publications/>

¹⁸ Ministry of Justice (1998). Profile of New Zealand's Prison Population and Trends, <http://www.justice.govt.nz/publications/publications-archived/1998/the-use-of-imprisonment-in-new-zealand/3.-profile-of-new-zealands-prison-population-and-trends>

¹⁹ Population Studies Centre (2006). Population Trends, Convictions and Imprisonment: Demographic Divergence, Dichotomy and Diversity. <http://researchcommons.waikato.ac.nz/bitstream/10289/810/1/PSC-dp-61.pdf>

²⁰ Choosing Future Waikato (2011). Waikato Regional Community Outcomes MACRO Indicators. Data Analysis Report. Update 2011 <http://www.choosingfutures.co.nz/Publications/>

²¹ Oakley Browne, M. A., Wells, J. E., & Scotts, K. M. (Eds). (2006). *Te Rau Hinengaro: The New Zealand Mental Health Survey*. Wellington: Ministry of Health. Accessed at <http://www.mentalhealth.org.nz/resourcefinder/listings/resource/168/quick-facts-and-statistics/#content-328>

	the Waikato was higher than the national rate (81.1 per 100,000 population versus 71.2 nationally). However, the rates of suicide was slightly lower than the national average (11.5 per 100,000 population versus 11.9 nationally).
Communities are more cohesive and people trust each other more in more equal societies.	In 2008, 76% of people aged 15 years and over living in Hamilton reported that people can be trusted, indicating a lower level of trust than people in most other major New Zealand cities apart from Waitakere and Manukau. ²²

Income and Expenditure in the Waikato – Debt is not a choice, it's a given

The median weekly income (from all sources) for residents aged 15 years and over in the Waikato region increased from \$525 in 2008 to \$552 in 2011.

Table 2: Changes in Incomes and Prices 2008-2011 for the North Island, excluding Auckland and Wellington

Changes in Income and Prices 2008 – 2011			
Year	Prices ²³		Median Income ²⁴
	Consumer Price Index	Food Price Index	
2008	1061	1113	\$525
2009	1081	1196	\$537
2010	1099	1188	\$511
2011	1157	1271	\$552
Change 2008-2011	+9.0%	+14.2%	+5.1%

Source: Statistics New Zealand

From Table 2 we note that the median income increased by 5% from 2008 – 2011. However in the same time period the costs determined by the consumer price index (CPI) increased by 9% and those determined by the food price index (FPI) increased by 14.2%.

These income and expenditure figures suggest that a significant proportion of people are now having to make their incomes stretch further to cover basic living costs than they did three years ago.

²² <http://www.socialreport.msd.govt.nz/regional/territorial-authorities/trust-in-others.html>. Source: Quality of Life Survey,

2008

²³ <http://www.rbnz.govt.nz/statistics/0135595.html>

²⁴ http://www.stats.govt.nz/tools_and_services/tools/TableBuilder/income-tables.aspx

However, the median income figures in the table above mask the significant disparities between ethnic groups. There is both a persistent and increasing disparity between income earned by European/Pākehā and that earned by Māori and Pacifica peoples.

Table 3: Changes in Median weekly income by ethnic group for the Waikato Region²⁵

Median weekly income, and income disparity, Waikato Region by ethnic group				
Year	European/Pākehā	Māori	Pacifica	Combined
2008	\$540	\$480	\$496	\$525
2009	\$569	\$484	\$463	\$537
2010	\$544	\$410	\$350	\$511
2011	\$583	\$463	\$345	\$552
Change 2008-11	+8.0%	-3.5%	-30.4%	+5.1%

Source: Statistics New Zealand

This table shows that while the 8% increase in median weekly income for European/Pākehā over the years 2008 – 2011 has almost kept up with the 9% increase in the CPI the position, for Māori and Pacifica peoples is far less equitable. In the same period that prices have increased, the median weekly income for Māori has actually decreased by 3.5% and for Pacifica their median weekly income has decreased by over 30%.

This is extremely concerning for two reasons. Firstly, it indicates that the disparity between income and expenditure is growing. Secondly, it shows that growing poverty levels are being experienced proportionately far more by Māori and Pacifica peoples. Median weekly incomes levels for Maori in the Waikato region are now only 80% of that for European/Pākehā. Median weekly income for Pacifica peoples is even less at 60% of that for European/Pākehā. The disparities in median weekly income levels indicate that Māori and Pacifica peoples are facing greater financial pressures than their European/Pākehā counterparts.

Although we will not explore in any depth the effects of the disparity between male and female median weekly incomes we note that there was a significant increase in disparity over the period 1998 to 2005 which has since fluctuated, with males earning between \$250-300 per week more than females²⁶.

²⁵ http://www.stats.govt.nz/tools_and_services/tools/TableBuilder/income-tables.aspx

²⁶ Choosing Future Waikato (2011). Waikato Regional Community Outcomes MACRO Indicators. Data Analysis Report. Update 2011 <http://www.choosingfutures.co.nz/Publications/>

The following stories, which we have noted from our conversations with people in the Waikato, illustrate not only heightened financial desperation, but the limited alternatives people have available to make ends meet.

We continue to be concerned about the increases in food, power and rent. People on low to average incomes are struggling to pay for these basics. People have to “cut back” in many areas, sometimes it is food. (Hamilton)

There is a heightened level of desperation. People are stealing from foodbanks. People are stealing from the community garden - someone dug up the potatoes from the community garden. (Tokoroa)

There are an increasing number of burglaries, which include stealing food. People are stealing sheep – and you have to be really hungry if you steal a sheep... You used to be able to feed yourself from the sea, but this is not possible anymore - the food basket is not there anymore. (Coromandel)

One boy, he goes to a house, cooks himself a feed and waits for the cops, he’s hungry. His record is based on cops picking him up at different addresses. (Cambridge)

In the western world, it takes money to have access to good food and many people lack enough money to do that. So there is a financial issue. Some people have no space to grow their own kai. Now there are limits on how many pipi we can collect. This used to be the way for Māori – we used to collect big bags. That was how we did it. (Thames/Hauraki)

If you don’t have enough money - you go to family or you go to crime. (Tokoroa)

People who face considerable financial hardship sometimes access foodbanks. The majority of people accessing the foodbanks are Work and Income New Zealand (WINZ) referred. Foodbanks are reliant on significantly increased community donations to meet this rising need. The Hamilton Combined Christian Foodbank has seen a marked increase in the number of food parcels supplied to households throughout Hamilton City over the past year. From September 2010, to September 2011, the number of food parcels delivered has increased by 49%. In September 2011 there were 327 more adults²⁷ and 215 more children accessing the foodbank than at the same time last year.

²⁷ For food parcels an adult is deemed to be a person 13 years and over, hence the proportions of adult-child parcels distributed.

Table 4: Food parcels supplied by Hamilton Combined Christian Foodbank

Month	Food Parcels total	Value	Adults	Children
Sep-10	248	\$ 8,997	456	321
Sep-11	369	\$ 14,850	783	536

Source: Hamilton Combined Christian Foodbank

Foodbanks throughout the Waikato tell a similar story.

The foodbank has experienced a 34% increase in demand from last year. The previous year the demand was up 108%. The depth of the need has increased with clients presenting an increasing number of times. (Tokoroa)

Easy access to credit and mounting debt compounds the hardship experienced by people with minimal income.

A number of people who access our service have too many hire purchase commitments, as credit has been too freely available for a number of years. Deferred hire purchases catch up with people and that causes hardship.... there are few options available to them to improve their situation as most do not have money to repay debts (Hamilton).

Consumer culture is pervasive. As these stories illustrate, all people, regardless of their financial resources and capability to make debt repayments, are pressured and enticed by consumerism.

People with mental health issues continue to make up a large portion of the people who access our service, and they seem to be able to access loans that they can never repay. (Hamilton)

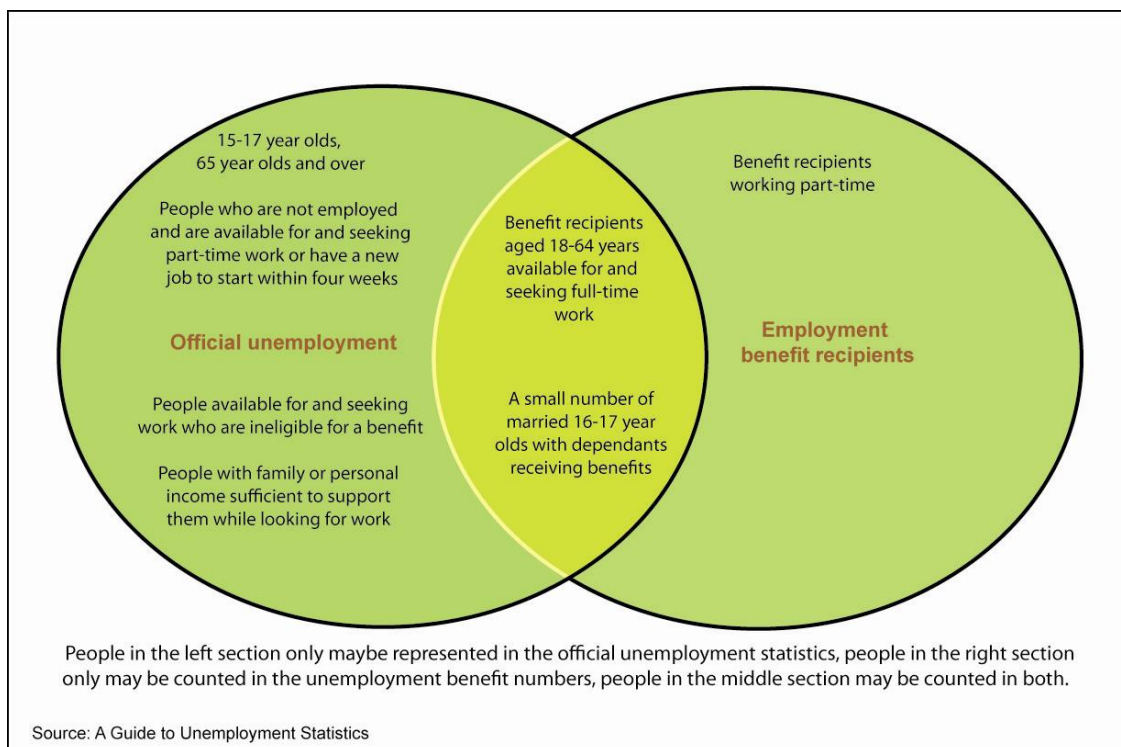
White western consumerism pervades community – people who have little are also into buying the latest of gadgets. (Hamilton)

Employment and Work: Considering overwork, under work and what work?

Employment opportunities have decreased in the Waikato since the global economic recession in 2008.

In this report we will discuss rates of unemployment and to do this we are informed by the definitions used by Statistics New Zealand.

Figure 3: Official unemployment (left) and employment benefit recipients (right)²⁸



Source:
A
Guide
to

²⁸ Figure 3 is reproduced from A Guide to Unemployment Statistics - pdf, p.7

http://www.stats.govt.nz/browse_for_stats/income-and-work/employment_and_unemployment/a-guide-to-unemployment-stats.aspx

In June 2007, the unemployment rate in the Waikato was 3.7%. By 2009 the unemployment rate had ballooned to 6.8% and has made little recovery since. The unemployment rate in Waikato for the year to June 2011 was 6.7% compared to the national average of 6.6%. The Waikato is one of the few regions in New Zealand to have experienced an increase in unemployment over the past year.

In the year to June 2011 the working-age population in the Waikato region was 311,900. The working aged population can then be broken up into two groups. Group 1 comprised of 215,800 people who were 'in the labour force'²⁹ and in Group 2 were 96,100 people 'not in the labour force'. Of those people who were in the labour force (Group 1), 6.7%, or 14,500 were unemployed and 201,300 were employed³⁰.

While national unemployment rates are broken down further to see those who are most affected, regional breakdowns are not readily available. For example, the national youth (15-24 years) unemployment rate in March 2011 was four times the adult unemployment rate. To consider who is affected by unemployment in the Waikato we need to look at Ministry of Social Development (MSD) figures on who is receiving the unemployment benefit (see Table 5 below).

Table 5: Characteristics of working-age Unemployment Benefit recipients (aged 18–64 years), at the end of September 2006 and the end of September 2011³¹

Percentage of recipients who were:	Sep-2006	Sep-2011
Male	65.0	71.6
Female	35.0	28.4
Māori	44.6	48.2
Pacific people	1.8	2.5
People of unnamed ethnicities including European/Pākehā*	53.6	49.3
18–24 years	29.8	32.8
25–39 years	32.0	33.4

²⁹ The labour force comprises people aged 15 years and over who regularly work for one or more hours per week for financial gain, or work without pay in a family business, or are unemployed and actively seeking part-time or full-time work (<http://www.stats.govt.nz/~media/Statistics/Browse%20for%20stats/NationalLabourForceProjections/HOTP06-61/NationalLabourForceProjections06-61HOTP.pdf>)

³⁰ Waikato-Quarterly Regional Labour Market update June 2011. <http://www.dol.govt.nz/publications/lmr/regional/joint/lmr-regional-wai.asp>

³¹ Table 1 is reproduced from Work and Income Region Benefit Factsheets, Waikato September 2011. <http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/2011-wiregion-benefit-factsheets.html>

40–54 years	19.7	24.1
55–64 years	18.5	9.6
Declaring earnings	14.6	11.3
Caring for a dependent child aged under 6 years	6.7	7.1
Number of working-age Unemployment Benefit recipients (aged 18–64 years)	2,788	3,196

*not included in original table Source: Work and Income Region Benefit Factsheets

When considering the age of unemployed people in this table we note that between September 2006 and September 2011, there was a significant decrease in the percentage of unemployment benefit recipients aged between 55 and 65. All other age groups saw increases in the percentage of people receiving unemployment benefits during this time. A person aged over 39 years in the Waikato is less likely to be receiving an unemployment benefit, indicating that there are potentially fewer participation opportunities in the Waikato for younger generations.

Unemployment is disproportionately experienced by those who are named as Māori or Pacific people. At the 2006 census Māori and Pacific people were about 23 percent of the overall Waikato population and in that same year they made up over 45 percent of people receiving the unemployment benefit. Although unnamed in the original table, people of ethnicity other than Māori or Pacifica make up over 50% of the people who are receiving unemployment benefits. We also note that while the percentage of unemployed people in the Māori and Pacific groups rose between 2006 and 2011, conversely the percentage in the unnamed ethnic group dropped.

In 2006, the estimated direct economic cost of unemployment for the Waikato region was 46 million dollars³². Since this time the number of unemployed people has more than doubled from 7,000 to 14,500 in June 2011. Therefore, the estimated direct economic cost of unemployment over the past year is in the vicinity of 92 million dollars. The unrealised economic value of people who are currently unemployed in the Waikato is considerable and suggests that there are large economic returns possible through investment in job provision. In 2006, the costs of underemployment and overwork were \$42

³² McDonald et al (2010). Genuine Progress Indicator for the Waikato Region. Available at <http://www.choosingfutures.co.nz/>
In this report, the cost of unemployment is estimated as the total unemployed hours multiplied by an average hourly wage rate.

and \$426 million respectively.³³ The extent of overwork in the Waikato region suggests an uneven and unsustainable distribution of work.

The recession continues to affect many people who have either lost work, had their work hours reduced or their overtime cut, and who then face an inability to pay their high debt commitments (Hamilton Budgeting Advice, 2010).

The distribution of work in the Waikato region is a pertinent issue when the availability of work is limited. We also hear stories of employers who find it difficult to find skilled people for the jobs that they have available.

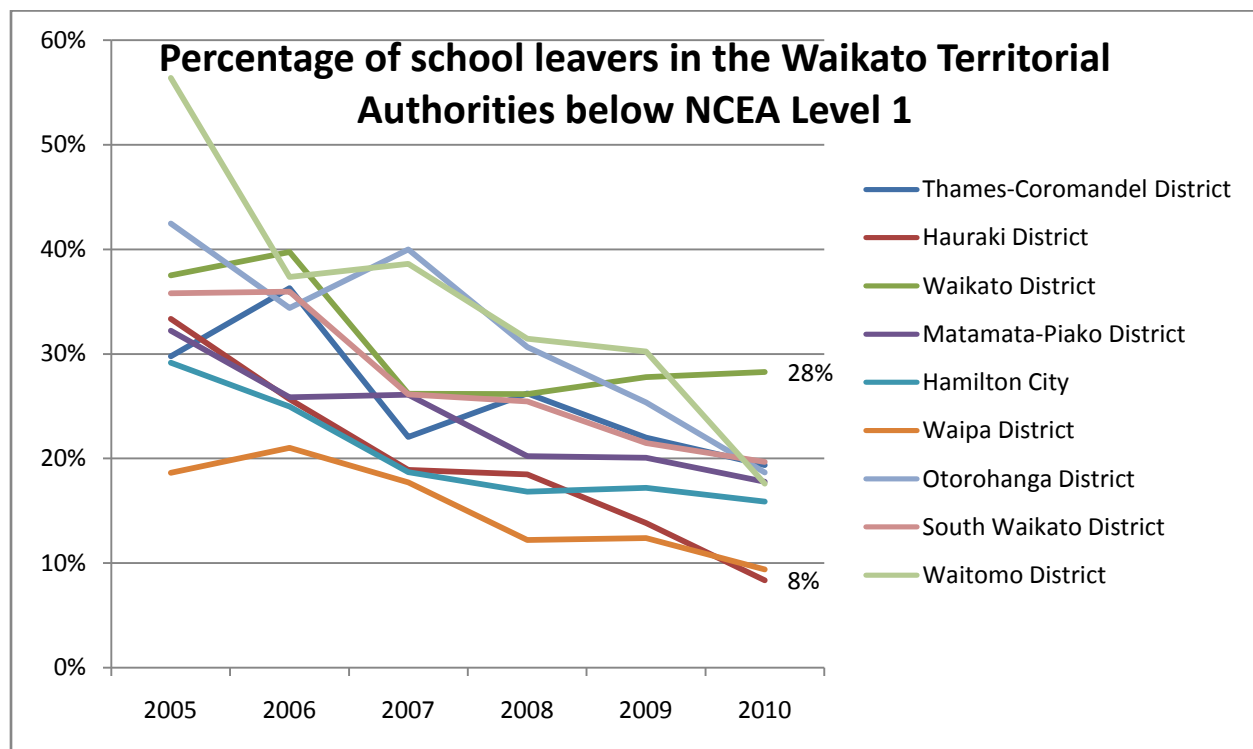
Education – young people leaving school with limited qualifications

Each year up to 10,000 New Zealand school leavers have no formal qualifications. There are three notable risks for those who leave school with few qualifications: a much greater risk of unemployment; greater vulnerability in the labour force; and greater likelihood of lower incomes.

The proportion of school leavers in the Waikato Region with no formal qualification appears to have fallen dramatically over the past few years.

³³ As above. In this report the cost of underemployment is estimated as the total underemployed hours (part-time workers looking for full time work) multiplied by the average wage rate. The cost of overwork is estimated as the total hours overworked multiplied by the average wage rate.

Figure 4: Percentage of school leavers in the Waikato Territorial Authorities below NCEA Level 1³⁴



Source: Education Counts

There were 5,302 school leavers in the Waikato Region in 2010, of whom 849 (16%) left school with qualifications below NCEA level 1³⁵. The official comparative figure for 2005 was 30%. There is however, considerable variation between territorial authority areas throughout the Region. In 2010, for example, 28% of school leavers in the Waikato District left school with below NCEA level 1 qualifications³⁶.

Of the 2010 school leavers with qualifications below NCEA Level 1, 50% were Māori and 39% Pākehā. Based on population levels (20% Māori, 78% European/Pākehā), Māori are significantly over-represented in the proportion of school leavers with qualifications below NCEA Level 1. While the overall number of Māori school leavers with qualifications below NCEA Level 1 has decreased from 712

³⁴ http://www.educationcounts.govt.nz/statistics/schooling/school_leavers2

³⁵ NCEA – National Certificate of Educational Attainment levels 1, 2 & 3 replaced School Certificate, University Entrance and University Bursary Examinations in 2004

³⁶ NCEA Level 1 or Above Numbers – Trend Data (2005 to 2010)

http://www.educationcounts.govt.nz/statistics/schooling/school_leavers2/ncea-level-1-or-above-numbers-trend-data-2005-to-2009

in 2005, to 421 in 2010, the percentage of leavers that are Māori has increased (see table below) during this time.³⁷

Table 6: Ethnicity of school leavers with qualifications below NCEA Level 1

Ethnicity of school leavers with qualifications below NCEA Level 1		
Waikato region	Māori	Pākehā
2005	42%	51%
2010	50%	39%

Source: Education Counts

Educational disparity between Māori and Pākehā students is observed in many of the Territorial Local Authorities (see table below) with the Waikato District showing the greatest level of disparity.³⁸

Table 7: Ethnicity of school leavers with qualifications below NCEA Level 1 by TLA, 2010

Ethnicity of school leavers with qualifications below NCEA Level 1 by TLA, 2010		
Territorial Local Authority	Māori	Pākehā
Thames-Coromandel District	37%	59%
Hauraki District	58%	33%
Waikato District	70%	26%
Matamata-Piako District	32%	63%
Hamilton City	44%	39%
Waipa District	50%	49%
South Waikato District	63%	23%

Source: Education Counts

Note: Otorohanga and Waitomo Districts have been omitted from table due to low population numbers

In an overview of the statistics where young people leave school with no qualifications Statistics New Zealand suggest that:

“There is a lack of information concerning young people who leave school and simply ‘fall through the cracks’. These young people may not enrol for any training or further education, or qualify for any welfare, or register as unemployed. Similarly, little is known about school leavers with no qualifications who do manage to gain employment, and their subsequent experiences in the labour market. The extent to which a lack of school qualifications impedes the progress of young people in their transition from school to

³⁷ As in 36 above

³⁸ As in 36 above

work must be of major concern to a nation focusing on developing an inclusive, innovative economy.”³⁹

The story below gives insight into the experiences of one young person who has little support and without educational and life opportunity will struggle to engage with society and realise his full potential:

There is this young guy. He lives in a rural town with his parents. He’s gotten into trouble just hanging around with the wrong people. He doesn’t have any nice clothes or anything – all his clothes are all old, holey and all that stuff. The house isn’t that flash. He is living in a house, but the environment that he lives in is not the greatest. His parents don’t really support him, and his brother also gets in trouble with the police, and living next to a drug house doesn’t help.

Education, he’s been kicked out of school, so he’s not getting education at this stage. I’m working on that. So he’s at home, just sitting there doing nothing, bored, I guess. And he really doesn’t have that much support from his family, because his family is either away or working. (Te Awamutu)

Even though the numbers of young people leaving school with limited qualification has decreased, there is a need for finding ways in which our current education system can connect with families and wider networks to support all young people through their education.

Housing – an ongoing, growing need

Currently within the Waikato there are a significant number of people whose housing need is assessed by Housing New Zealand as being ‘serious.’ These are households who have a significant and persistent housing need (Priority Eligible B in table below). Most notable is the increase in the numbers of people in Hamilton classified as having serious housing need between April and June this year (27%).⁴⁰

³⁹ (www.stats.govt.nz/browse_for_stats/education_and_training/secondary_education/school-leavers-with-no-qualifications.aspx).

⁴⁰ <http://www.hnzc.co.nz/hnzc/web/rent-buy-or-own/rent-from-housing-new-zealand/waiting-list-by-nu.htm#waikato>

Table 8: Housing need in Waikato/Coromandel/King Country

	Hamilton		Huntly		Te Kuiti		Thames	
	April 2011	June 2011	April 2011	June 2011	April 2011	June 2011	April 2011	June 2011
Priority Eligible A 'At risk' housing need	2	1	1				4	1
Priority Eligible B Serious housing need	128	163	12	13	5	8	12	10
C - on the waiting list to 30 June	102	115	19	18	10	9	5	4
D - on the waiting list to 30 June	81	88	6	7	8	6	7	7

Source: Housing New Zealand

On 27 June 2011 the government announced a change in the 'social allocation of housing system' which determines the eligibility criteria for housing need, to try and make it fairer. Below is a quote from Housing Minister Phil Heatley's announcement.⁴¹

From 1 July, Housing New Zealand will start using improved criteria to decide who gets in to state housing. All applicants will be recorded on a housing need register. Only those in the greatest need (A and B priority applicants) will be eligible for state housing, and will make up the Housing New Zealand's waiting list.

Those with lower housing needs (C & D priority applicants) on the housing need register will not be part of the waiting list, and instead will be helped in to other types of housing through Housing New Zealand's Options and Advice Service.

However, those C & D priority applicants already on Housing New Zealand's waiting list at 1 July, will be able to remain there if they wish, and Housing New Zealand will continue to try to house them. No new C & D applicants will be added to the waiting list after 1 July.

Across the Waikato of the 450 people/families on the waiting list for a state house just over half (254 people/families) will be removed. However, a telephone call to Housing New Zealand assured us they would be helped to find other housing.

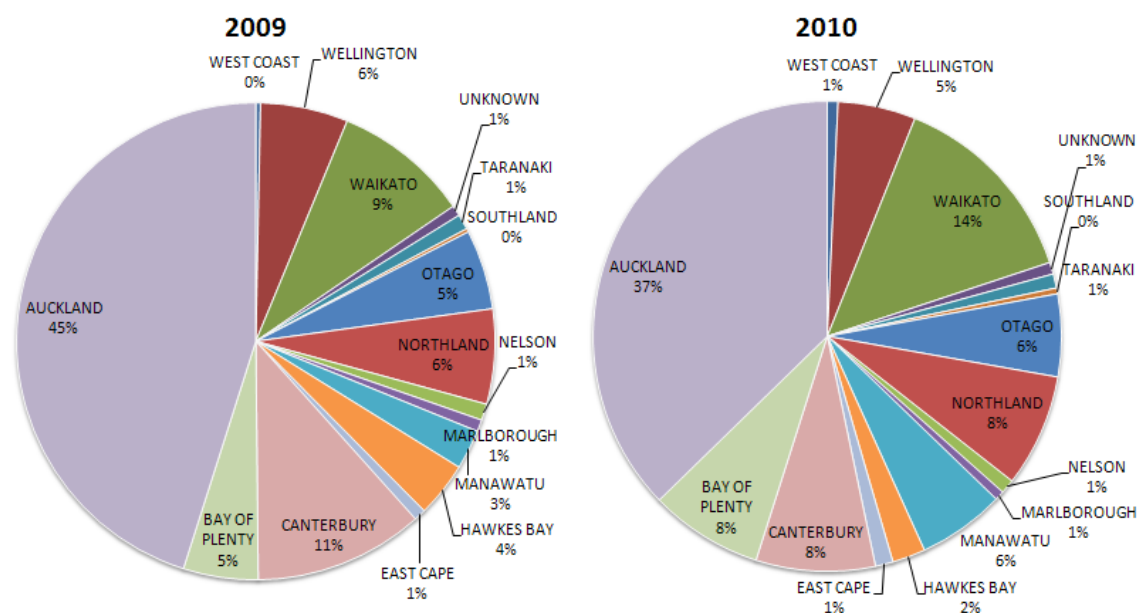
The Department of Building and Housing market rent analysis shows the average weekly market rent for new private tenancies in Hamilton increased 4.8% to \$303 during the May 2011 year.⁴² This has occurred when median weekly income has increased by only 3% since 2009, and food has increased by 10% between 2008 and 2011.

⁴¹ (<http://www.hnzc.co.nz/about-us/news/new-changes-to-the-state-housing-system>).

⁴² <http://www.dbh.govt.nz/market-rent-analysis>

Many home owners are also finding it harder to meet their mortgage payments. The charts below show the percentage of mortgagee sales by region for the first 6 months of 2010 as compared to 2009. Rising sales have been seen in the Waikato (9% to 14%), Northland (6% to 8%) and the Manawatu (3% to 6%).⁴³

Figure 5: Percentage of mortgagee sales by region



Source: Terralink Mortgagee Sales Report

National figures show that more than five home owners each day have been forced to sell their properties at mortgagee sales so far this year. Real estate owners of only one property comprised 19 per cent of all mortgagee sales last year. This figure has risen to 23 per cent of all mortgagee sales for the first nine months of 2011, according to a TVNZ report on 6 October.⁴⁴

Mortgagee sales continue. Many people who access our service have never saved when earning/high times and when the earning gets interrupted or changed, they have no money available for the emergencies/low times (Hamilton).

⁴³ <http://www.zoodle.co.nz/cms/terralink-mortgagee-sales-report>

⁴⁴ <http://tvnz.co.nz/business-news/mortgagee-sales-still-rife-4453603>

During the beginning of the recession, it was predominantly property developers, or individuals with multiple properties who were being affected the most. But as the recession deepened, more and more everyday Kiwis began losing their home (Terralink Managing Director, Mike Donald).

Conclusion

Over the last three years the cost of living in the Waikato has been increasing faster than income. From 2008 to 2011, there has been a 9% rise in the consumer price index (CPI) and a rise of 14% in the cost of food (FPI). In the same time period the median weekly income has increased by only 5%.

The gap between the lowest level of income and the highest in the Waikato region has increased significantly from 1989 to 2006. The relationships between increased income inequality and various indicators of societal wellbeing are complex but worthy of our reflection, consideration and debate. Increases in income inequality mean that a proportion of the population carries a greater share of the burden of disparities between prices and income.

In the last three years income data for different ethnic groups shows that while European/Pākehā (70% of the population) have on average maintained their standard of living that is not true for Māori and Pacifica groups. While prices have increased, the median income for Māori and Pacifica peoples has decreased. We have highlighted stories suggesting the limited alternatives that people have available to make ends meet in the face of low incomes. Some people now have to choose between paying for the basics such as power, rent, or food out of their weekly income. Not surprisingly, Waikato Foodbanks are facing increased demand.

The rising cost of food and increase in the average weekly market rent for new private tenancies to \$303 in Hamilton City means in 2011, all people trying to manage on less than the median wage for their group must be struggling to make ends meet. Recent government policies tightening housing assistance are likely to increase numbers of people relying on charity such as that provided by foodbanks just to get by. It is concerning that an increasing proportion of mortgagee sales are experienced by individual home owners potentially affected by job loss and rising living costs.

The growth in unemployment since the global economic recession is significant. Of particular concern are the numbers of young people currently receiving the unemployment benefit relative to other age

groups. The direct economic costs of unemployment, underemployment and overwork suggest our attention to a more equitable distribution of work. There is much social and economic value to be lost through a lack of investment in creating opportunities for our young people. Increasing support is also needed for pathways to employment and employment opportunities for Māori and Pacifica peoples.

It was pleasing to see that the proportion of school leavers leaving school with qualifications below level one NCEA has fallen dramatically since 2005, this fall is tempered by the over representation of Māori in this group. The flow on effect of low levels of school achievement may be associated lower income levels and adverse unemployment and crime statistics.

Fiona Farrell⁴⁵ following the impacts of the recent earthquakes wrote that “it is the political structures we create to respond to disaster that make a difference”. She was issuing a challenge to all of us to think very carefully about making sure that the political structures we put in place serve all peoples and not just one sector of the community. This same challenge can be applied to the devastation of growing disparity between people living in Aotearoa. Sustainable prosperity for all peoples living in Aotearoa and the Waikato requires a commitment to a more equitable distribution of resources, including income, work, education and housing.

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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.

⁴⁵ The Free-market Quake by Fiona Farrell. In The Common Good, Spring 2011, No 58, p.5.