

Progress Towards Equality

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Inequality is about never being a priority...

We welcome your feedback

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Te Ope Whakaora

**Social Policy &
Parliamentary Unit**

Working for the eradication of poverty in New Zealand

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Our country is making some progress towards greater fairness and equality, in a context of general prosperity and economic growth. Yet we find significant and enduring unfairness remains and its effects are concentrated in particular groups—in the poor housing outcomes of Pacific people, the disproportionate imprisonment rates of Māori, and the impoverishment of households without paid work. Our country will not achieve wellbeing targets such as child poverty reduction or meet international commitments to sustainable development unless more change is made. As a nation we are well positioned to take the vital next steps to turn promising initial improvements into the wholesale structural change needed to remove the largest barriers to greater equality and freedom of opportunity for all.

We need to examine our priorities in decision making. This discussion paper is calling for a values-led approach to decision making on policies that lead to social and economic fairness. There must be a clear focus on policy that promotes cohesiveness, cooperation and inclusion in response to the social, economic and political challenges. We must overcome the barriers to inclusion created by the way we make decisions, the way certain groups are prioritised in access to resources, and the way we organise housing, health, education, welfare, criminal justice and other social provision.

We need a consistent, medium to long-term focused social and economic plan that will create greater equality and fairness. Essential elements include increasing the lowest incomes through higher welfare benefits and improving the redistribution of income and wealth through the tax system, along with building the social infrastructure that underpins wellbeing through our health, housing, education and justice systems. These must be implemented along with labour market policies that focus on improving wage levels in good quality jobs and maintaining a low level of unemployment. All this will need to happen within the framework of environmental sustainability and the equality contained in Te Tiriti o Waitangi.

SPECIFIC RECOMMENDATIONS INCLUDE:

Set a target to reduce income inequality by increasing the share of total national income received by the poorest households (the bottom two-fifths) from 20 percent to 22 percent by 2030. This would place our country among the most equal of the wealthy developed countries and achieve the United Nations Sustainable Development Goal 10.1.

Increase welfare transfers to reduce inequality and poverty by implementing the recommendations of the Welfare Expert Advisory Group—WEAG—(Recommendations 19–26). Priority recommendations are to lift core benefit rates by between 12 percent–47 percent; increase the abatement thresholds for those benefits to \$150 per week (and \$250 for the Level 2 Supported Living Payment) and index those thresholds to average wages; reform Working For Families by increasing the Family Tax Credit, raising thresholds for abatement and reducing the abatement rate, and increase from six weeks to six months the time of living together before a couple is deemed to be in a relationship for purposes of benefit eligibility.

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Improve the subsidies for housing costs for people on low incomes through changes to the way the Accommodation Supplement and other housing support is calculated, as also recommended by the WEAG report (Recommendation 33). This includes indexing payments against housing costs, reviewing regularly the regional rates, aligning payments for renters and home owners, and increasing the cash asset limit to \$42,700 (currently \$8,100 for a single person) to align with the social housing cash asset limit.

Redesign approaches to decision making about resources and services such as housing to prioritise those who are currently excluded, such as Pasifika communities. Our recent discussion paper on the housing crisis for Pasifika people in Aotearoa made several recommendations. They included: developing an overarching strategy for Pacific communities and their housing needs and establishing a Pacific Housing Unit to deliver the plan; requiring that urban redevelopment projects such as the Mangere and Porirua Housing NZ redevelopments give the local people a mandated voice in the running of those projects; and using innovative housing projects, such as the Matanikolo housing project in Mangere as models for other Pacific communities in meeting their housing needs.

Justice system reform is needed that includes more resources in low income urban and regional areas to help offer the incomes, training, employment and community development opportunities that are proven to reduce crime and provide alternatives to crime pathways.

Implement a Te Ao Māori approach to wellbeing across all government policy. Some of the elements for success that new policy resources include are: embedding tikanga Māori in social policy development; using outcome measurements

that align with Māori values; having governance arrangements that genuinely reflect the Te Tiriti o Waitangi partnership; taking a whānau-centred, strengths-based approach to delivering services and programmes across all government agencies; focusing on designing an education system that works for Māori as well as non-Māori and is clearly focused on finding ways to further Māori educational achievement; and delivering sufficient income support through the welfare system in a way that can be accessed by Māori and upholds the mana and dignity of people and their whānau.

Make progress on changes to the taxation system to improve the distributional impact. This should include increasing the progressivity of the income tax system through a higher top tax rate on the highest income earners to help fund changes to rates and thresholds for lower income earners. The largest gap in the tax system is the lack of tax on wealth so a priority must be to begin work to identify an effective net wealth tax targeted at highest wealth holders (e.g. net of wealth above \$2million).

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Introduction

This discussion paper is about inequality, particularly income and wealth inequality, and how it affects the wider social inequalities in health and wellbeing. The central message is that government action to reduce income and wealth inequality is essential to enhance wider wellbeing. This is because it is both the good and right thing to do and because the evidence available shows it to be an effective way to increase overall wellbeing. This discussion paper is intended for policy makers, officials, political leaders, academics and others who are interested in these issues.

Part One looks at the underlying values that should drive a vision for greater equality. It examines the links between indigenous Māori values, human rights, humanitarian and religious values.

Part Two looks briefly at the overall situation on equality that emerges from recent Salvation Army policy publications as well as the People's Report on the 2030 Agenda and Sustainable Development Goals (NGO Alternate Report)¹ released in July 2019 and the Ministry of Social Development Household Incomes Report 2019² released in November 2019.

Part Three considers some specific 'hot-spots' of inequality—in Pasifika housing, the history of Māori exclusion, as well as impacts of inequality on welfare outcomes, crime and punishment and mental health. Reducing income and wealth inequality is essential in achieving the outcomes sought by government policy in each of these areas.

Part Four looks at policy frameworks grounded in Te Ao Māori that could work for Māori and also help achieve more equal outcomes for all.

Part Five briefly summarises the results of the discussion and recommendations for further action.

The aim is to contribute to a public discussion on the unfairness in the way income and wealth are shared in this country. This unfairness reaches deep into the way we relate to one another and the impacts fall unfairly. There are inequalities within the overall inequality. It says something about how our society values the place of women, people with disabilities, Māori and Pasifika people when their income and wealth ends up being much less than it would be in a genuinely fair society.

The debate is very much about income and wealth, and how that shapes the other aspects of our lives that affect our wellbeing. Inequality challenges the policy work currently exploring how to make wellbeing across material, cultural and subjective experiences of our communities a greater part of the decision-making process.

Economic inequality drastically harms mental health and social connectedness. Mental health in turn influences the cultural and spiritual dimensions of human wellbeing. Immediate and significant policy steps to reduce income and wealth disparities are therefore an essential part of improving overall wellbeing.

Most New Zealanders recognise that inequality is a serious problem³ and support decisive and significant structural change towards greater fairness.



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Now is the best time to make changes to the system. Government finances are in the strongest position for more than a decade⁴ with a record surplus of \$7.5 billion for the June 2019 year.⁵

The Government has made international commitments under the Sustainable Development Goals (SDGS) to significantly reduce inequality by 2030, but New Zealand is not on track to meet those commitments without significant further policy change.

There are significant gaps in the current policy responses to the challenge of building greater equity and fairness. The most glaring of these is the lack of action to increase incomes for those relying on welfare and little action to address the weakness in the tax system at redistributing income and wealth more fairly. Below we outline what some of the changes needed might look like and urge policy makers to take notice.



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Part One—A Vision for a Fairer Country

New Zealand’s Prime Minister, Jacinda Ardern, has called for the international community to act with ‘kindness and collectivism’ in the face of many challenges the world faces.⁶ She refers to the shared values that underpin the work of the international community: that all people are equal, everyone is entitled to have their dignity and human rights respected, we must strive for social progress and freedom, and we must hold ourselves to account on all of this. This call for kindness and collectivism has become more urgent since the March 15th mass shootings in Christchurch.

At home, Te Tiriti o Waitangi remains a cornerstone for understanding equality and fairness. The core Te Tiriti values of Tino Rangatiratanga, partnership, active protection, equity, and options and participation,⁷ have been the basis for Māori aspirations and resistance to colonial dominance and exclusion. It is impossible in the context of 21st Century Aotearoa New Zealand to imagine real equality being achieved without the deep mutuality and relational values of Tikanga Māori embedded within it.

The humanitarian values encoded in the United Nations Declaration of Human Rights that the Prime Minister refers to above, are another pillar of the struggle for greater fairness and equality. There is still much work to do to embed human rights, especially cultural and social rights in legislation and housing policy in this country. The recent United Nations review of our country’s human rights⁸ showed we need more progress in key areas such as gender inequality, the ethnic inequalities experienced by children, the rights of people with disabilities, and indigenous rights.

Humanitarian and Te Tiriti values align well with the vision and values of the Christian faith. The Salvation Army *Te Ope Whakaora* (‘the army that brings life’) expressly includes the commitment to work for social justice and human rights in its mission: ‘We affirm as people of faith we are called to

seek a world of justice and equity in which the structures serve just ends and every person can lead a life of worth and dignity.’⁹

New Zealand church leaders have affirmed that creating the commonwealth of love and justice is central to the vision of the Christian faith. This includes a vision for a fair society that sees the

*‘responsibility of the State as providing for a just sharing of society’s wealth and resources. This includes adequate income for everyone, fair taxation policies, access to good health care, affordable housing, and living sustainably. These are not privileges but part of the common heritage of humanity’.*¹⁰

In the aftermath of the Christchurch mosque attacks, faith leaders re-affirmed the call for ‘all New Zealanders to stand united, to have great love and compassion, and to show unfailing respect and kindness for all people who live in this society of Aotearoa New Zealand, regardless of ethnicity or religious affiliation’.¹¹

This vision for fairness is one widely shared across people of other religions and faiths and aligns with the foundations of our commitments to human rights. The shared moral principle often known as the Golden Rule, ‘do to others

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what you would have done to you', is common to all the major religious traditions. It expresses the fairness that we should expect in how we deal with each other as individuals and as a society. This means we can be confident in having a shared values basis from which we can work together for greater equality.



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Part Two—Experiences of Inequality

If we begin the discussion at the places of greatest disparity and look clearly at what those communities experience, responses to inequality begin to emerge that address the actual problem and are more likely to be effective.

The Salvation Army's Social Policy and Parliamentary Unit (SPPU) reports this year have highlighted some of New Zealand's 'hot-spots' of inequality. These communities we know are rich with potential and with strengths of spirit and cooperation to resist the impacts of inequality, but the reality is also one of struggle.

The decline in home ownership for Pasifika people is staggering. Less than one in five Pasifika people over the age of 15 live in a house they own.¹² A housing-led response to Pasifika inequality would likely deliver the greatest direct benefit of all potential policies. Housing welfare support better designed for Pacific families' needs would help make rent and mortgages more affordable and increase disposable income. Pasifika-led assisted home ownership schemes would help build wealth.

Debt, meanwhile, is an enormous burden that drives people into poverty. Half of the people seeking help from the Salvation Army have financial reasons as the main underlying issue¹³ and four out of five of those people had government welfare as their main source of income.¹⁴ The Government must reform debt collection law but also give more support for low or no-interest credit alternatives run by community-based organisations to help people get out of debt, begin to save and build their wealth.

The extraordinary rate of incarceration for Māori is crippling whānau and communities and can ultimately be traced back

to social and economic policies that marginalise Māori.¹⁵ The Māori imprisonment rate is more than 700 per 100,000 compared to New Zealand's overall imprisonment rate of 234 per 100,000. Justice system reform is needed that includes more resources in low-income urban and regional areas to help offer the incomes, training, employment and community development opportunities that are proven to reduce crime and provide alternatives to crime pathways.

The SPPU 2019 State of the Nation Report included data showing the extent of the inequalities facing Māori, prompting the report's author Alan Johnson in a later commentary to say that the 'appalling inequality suffered by Māori from birth to death' can only be addressed by 'radical reform of our education, welfare and criminal justice systems'.¹⁶ The kaupapa Māori values framework set out in the Te Aro Waiora report for the Tax Working Group and similar approaches to wellbeing from a Te Ao Māori worldview are the frameworks that will help us re-design our social systems to benefit all of us (see **Part Four** for more discussion of this).

A two-pronged approach is needed to respond to these specific aspects of inequality discussed above. We need changes to systems and legislation in these specific areas, but on their own, these moves are like attempting to damp down hot-spots in the midst of a wildfire. The 'dead weight of inequality'¹⁷ is where social and economic effects of income inequality are so significant that they can outweigh



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even the best education¹⁸ or health system responses. Research has demonstrated that, for example, spending more money on the education system alone does not overcome the disadvantages of poverty, deprivation and inequality. Improving education outcomes requires us to address children's other social and economic needs—notably boost their families' incomes. The failure of the Government's rheumatic fever initiatives to achieve sustained reductions in this poverty-related health condition is another example of how a health response can be overwhelmed by the scale of the poverty and poor-quality housing that help spread the disease.

In response government policies must address the inter-related factors causing disadvantage. They must recognise that people live in communities: their incomes, housing, schooling, health services, employment and community support services all interact, and it is the web of interactions that determines their wider wellbeing outcomes.

A consistent medium- to long-term focus is needed on the key elements of social and economic policy that will reduce inequality: lifting low incomes through government transfers, redistributing income and wealth through the tax system, and building the social infrastructure that underpins wellbeing through strong health, housing, education and justice systems as well as labour market policies that support higher wages, good jobs and low unemployment. All this will need to happen within the framework of environmental sustainability and the equality contained in Te Tiriti o Waitangi.¹⁹

REPORTING ON NEW ZEALAND'S PROGRESS TOWARDS GREATER EQUALITY

The most recent and wide-ranging engagement with progress on equality issues can be found in the New Zealand reports to the United Nations on progress towards the 2030 Sustainable Development Goals (SDGs).

In September 2015 the New Zealand Government formally committed to meeting the SDGs agreed by 193 member countries of the United Nations.²⁰ It pledged to achieve reductions in poverty (SDG 1) and inequality (SDG 10) by 2030. Other SDGs are also bound up with achieving greater equality—SDG3 ensuring healthy lives and wellbeing for all, SDG 4 education inequality, SDG 5 gender equality, SDG 7 sustainable energy and energy poverty, SDG 8 inclusive growth, SDG 11 housing and inclusive safe cities, SDG 13 responding to climate change and SDG 16 peaceful and inclusive societies. The Government also committed to regular reports on progress towards achieving those goals.

New Zealand's first reports on the SDGs were issued in July 2019. The Government report *He Waka Eke Noa Towards a Better Future, Together*²¹ and a non-government report, *The People's Report on the 2030 Agenda and Sustainable Development Goals*,²² were presented to the United Nations in July 2019. The NGO report is the product of a civil society collaboration that brought many voices into a combined document. The NGO report concludes on SDG 10 Reducing Inequality²³ that:

'Progress towards the inequality goals is limited. Income inequality is not reducing and not on track to meet the 2030 target. Significant disparities remain in the outcomes for Māori and Pacific people and for

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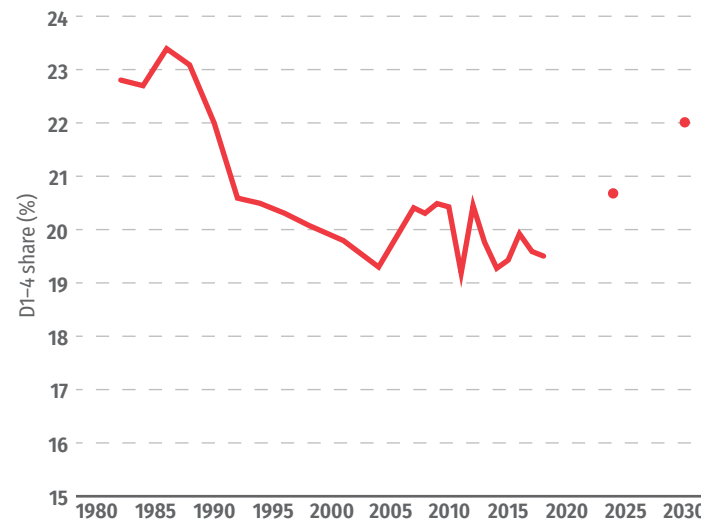
those living with disabilities. Recent policy changes are not reflected in current statistics but should bring improvements if sustained until 2030. Much work is needed to bring an inclusive approach to measuring progress by using wellbeing measures that genuinely incorporate the aspirations of Māori and Pacific people and those with disabilities.’

INCOME INEQUALITY HIGH AND NOT DECREASING

The 2019 Household Incomes Report²⁴ released in November contains the most recent official information on poverty and inequality, based on surveys completed in mid-2018. Over the past three decades New Zealand has seen an increase in income inequality that began with a sharp increase until the mid-1990s. Since then, it has fluctuated around this higher level, with a decrease between 2004–2007 followed by an increase again in 2010–2011 when inequality peaked. This means that, overall, the share of total income received by the bottom 40 percent of the population has declined or been static. If this trend continues New Zealand will not meet SDG Goal 10.1 to reduce inequality by *increasing* the share the lowest 40 percent receives in a sustained way by 2030.

In the graph on the right (**Figure 1**), the solid line shows how the share of the lowest 40 percent has declined over the past 30 years as inequality has increased. The dotted points on the graph suggest the path needed to get to a fairer share for the lowest 40 percent by 2030.

Figure 1. SDG 10.1: By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average



Source: Household Incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2018, B. Perry, Ministry of Social Development, Wellington, 2019, p94.

There has been some positive progress in tackling inequality. Significant increases to the minimum wage will see it reach \$20 per hour by April 2021. The current minimum wage of \$17.70 represents an increase in real terms of 57 percent between 2000–2019, more than twice the amount that the gross average wage had increased by (26 percent).²⁵ This policy affects hundreds of thousands of low paid workers and helps reduce inequality and in-work poverty.

The gender pay gap for women persists, with women’s earnings around 12 percent lower than men’s and it is not reducing. Pacific women are most affected, with average earnings 23 percent lower than European men.²⁶ Recent



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changes to wage rates brought about by pay equity legislation and related wage settlements in occupations where the workers are predominantly women, such as aged care workers and social workers may offer some help to close these pay gaps.

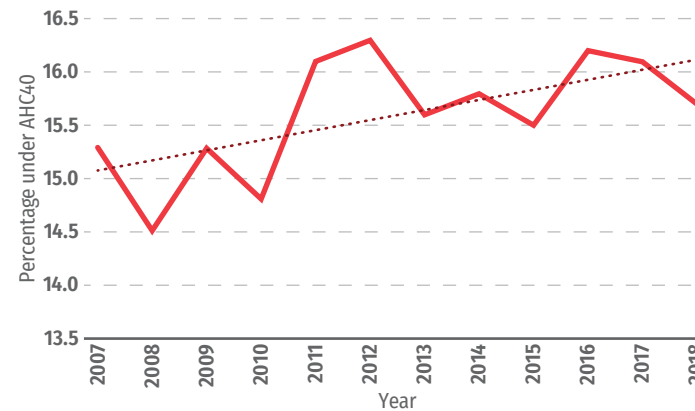
WELFARE TRANSFERS— THE FRONTLINE OF INEQUALITY

The household incomes data tells a split narrative. On the one hand, incomes are rising on average across most households after adjusting for inflation. On the other hand, households without access to paid employment have seen virtually no increase at all and are no better off than similar households 30 years ago.

As a result, in mid-2018 our country was as unequal as it was more than 20 years ago in the mid-1990s. The gains in income and wealth are accumulating in the middle- and upper-income categories, while the lowest income households have received almost nothing.

One big obstacle to substantial reduction in inequality in recent years has been the refusal of successive governments to reverse the deep welfare cuts made in the early 1990s, in which benefits were cut by 20 percent. An essential first step, therefore, needs to be significant and ongoing increases in core welfare benefits such as those proposed by the Welfare Expert Advisory Group (see **Part Three**, p21).

Figure 2: Proportion of Children in deepest poverty 2018



Source: stats.govt.nz/information-releases/child-poverty-statistics-year-ended-june-2018

The number of households without paid employment has declined but remains high and includes around 120,000 children. Most of these households are sole parent households where options for paid employment are limited because of the care needs of children. These households are in the deepest poverty, meaning that the proportion of children living in deepest poverty is increasing (under 40 percent of the median income after housing costs—see **Figure 2** above). These households are likely to need welfare support for some years at a vital time in their development. To leave these families in deep poverty is a moral failure on many levels—of human rights commitments, of a duty of care to all children in this country and of the basic moral value of compassion.

The MSD figures do not include the impact of the Families Package, which came into effect in mid-2018, or the Winter Energy Payment. The Government has calculated these two initiatives and the 2019 Wellbeing Budget measures would



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reduce child poverty from the current 16.5 percent to 10–12 percent once fully rolled out in 2021.²⁷ Because much of the Families Package goes to households in the lower-middle income ranges, the impact for lowest income families, such as those relying on welfare and without access to paid work, is less than needed²⁸ and will likely have limited impact on inequality.

The Government has set targets to reduce child poverty in line with SDG 1, but has not done the same for inequality. The NGO report recommends that the New Zealand Government should adopt a target to increase the share of the bottom 40 percent of incomes by between 1–2 percentage points by 2030. This would mean that by 2030 the income share of the lowest 40 percent would be around 22 percent, a level similar to that of the most equal OECD countries. There would need to be an average annual increase of around 0.2 percent per year in the share of income going to the lowest 40 percent of households to be sustained over the coming decade. It is worth noting that the last substantial upward shift in the lowest income share was the 1.1 percent increase 2004–2007 when the Working For Families income support package was introduced.

WELLBEING AND INEQUALITY

There is now a well-established body of evidence that more equal countries do better on a number of accepted measures of health and wellbeing. In contrast, high inequality is closely associated with poorer wellbeing outcomes.

Britain’s Equality Trust has estimated the costs of inequality in the United Kingdom, including reduced life expectancy, worse mental health, and higher levels of imprisonment and murder, at £39 billion per year or about 1.8 percent of

GDP.²⁹ That would equate to around \$5.4 billion per year for New Zealand. But it is impossible to put a cost onto many of the intangible impacts on our wellbeing such as loss of trust, community cohesion or lack of social mobility that characterise more unequal countries.

There are large potential benefits to the health, education, crime, and community relationships from significantly reducing inequality. Without dealing with the income inequalities that create barriers to shared prosperity in this country, it will be virtually impossible to achieve our ambitious goals for meeting SGDs or child wellbeing or mental health targets.

So long as governments continue to address only the *effects* of inequality, employing remedial policies that respond to the presenting issues and do not address the underlying causes, success will at best be incremental and not sustained.

A WELLBEING ECONOMY

The current Government has made wellbeing the centrepiece of its economic and social policy, an exciting and bold vision. But without sustained and major commitment of policy and resources to the inequalities that underlie our poor wellbeing outcomes, the wellbeing approach risks evaporating into the mist of policy rhetoric.

The Wellbeing Budget 2019 was a first attempt to incorporate wellbeing ideas and measurement into Government policy. It offers the opportunity for greater equality by providing measurement through different outcome indicators in the Living Standards Framework and the StatsNZ Indicators NZ project. These frameworks need to more meaningfully incorporate Te Ao Māori values that place high worth on



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cultural and spiritual connection, Te Reo Māori language ability, and whānau/family connection (see **Part Four**, p24). But they are a good start.

New Zealand is now part of an alliance of governments established in 2018, the WellGo grouping of Iceland, Scotland and New Zealand,³⁰ that are committed to developing social and economic policy built around wellbeing. This shared international effort is re-thinking economic and social policy to broaden it beyond a sole focus on economic growth. In their words, a 'wellbeing economy would pursue social foundations of gender equality, social equity, peace and justice, health, food, water, and education that must be secured within environmental boundaries'.³¹



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Part Three— Shifting Patterns of Exclusion

This section looks at some examples of how exclusion operates and its links to income and wealth inequality, touching on areas The Salvation Army, Te Ope Whakaora, has worked on recently. We consider the experience of Māori as the background to further discussion of Te Ao Māori perspectives on equality and wellbeing in **Part Four**. We look at the housing situation for Pasifika people reported in our discussion paper *The Housing Crisis Facing Pasifika People in Aotearoa* as one extreme example of inequality. Then we turn to look at the impact of income inequality on crime and punishment, linking to the work done in the Briefing Paper series on Criminal Justice. Mental health and income inequality are strongly related, and New Zealand is a ‘case study’ of the impacts. Finally, we look to the importance of welfare and tax reform to address two glaring gaps in work to reduce inequality and poverty.

TE TIRITI O WAITANGI— CORNERSTONE FOR EQUALITY

Shifting patterns of inclusion and exclusion have marked the history of our land Aotearoa New Zealand. This year marks 250 years since the first encounters between tāngata whenua and European colonisers. The first century or so after 1769 was dominated by the tikanga and politics of Māori, some of whom found prosperity in trading with the small but growing settler population, building thriving local economies. As the pressures and conflicts of British colonial politics and ambitions began to build, some iwi of the new territory of New Zealand combined to assert the autonomy of their nation through a Declaration of Independence in 1835. The principles of fairness and equal treatment found further expression in 1840 through Te Tiriti o Waitangi that remains today a cornerstone for understanding what equality and fairness means in our land.³²

The events of the next century did not fulfil the Te Tiriti commitment. An enormous transfer of wealth and resources occurred as most Māori land was alienated from Māori ownership or control by early 20th century. Today only around 6 percent of land remains in Māori ownership and most land was lost in the 60 years after the signing of Te Tiriti.³³ This meant that Māori never attained full equality or a fair share of national resources of wealth and influence. This disparity was masked to some extent in the decades following World War II by the general wellbeing of the country—supported by a broad social welfare system, state housing programme and high employment levels—until the economic crises of the 1970s.

The eroding of social wellbeing under the weight of the oil crises and shifts in world trade provided the justification for radical policy changes in the mid-1980s. Politicians and policy makers exploited dissatisfaction with the status quo to implement social liberal policies that enhanced social freedoms (such as alcohol laws, voting age changes, and



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gender rights) but were accompanied by economic policies aiming at less government involvement in the economy, reduced taxation, and sweeping de-regulation. These changes led to rapid increases in income inequality, and reduced access to public goods such as health, education and affordable housing.

The impact of these changes amplified the already existing inequalities experienced by Māori. The Te Tiriti vision of equality and tino rangatiratanga was never lost and continued to be sought through the courts and through protest. The establishment of the Waitangi Tribunal in 1975 that eventually led to the Treaty settlement process beginning in the 1990s has helped address some of the unfairness and injustice.³⁴ But there is still a lot to do to achieve equity and fairness for Māori.

PASIFIKA INEQUALITIES

The exclusion that Pasifika people experience is brought into strong focus by the recent discussion paper on Pasifika housing released by the SPPU in October, *The Housing Crisis Facing Pasifika People in Aotearoa*.³⁵

Pasifika people are one of the fastest growing ethnic groups, a young and dynamic population that represents the future of our country. Pasifika people make up 8 percent of the New Zealand population according to the 2018 Census. The population is growing faster than the overall population, having increased by 29 percent since the 2013 Census. In 20 years, in 2038, it is expected that around 11 percent of the population will be Pasifika.

The richness and diversity of Pacific cultures has contributed to Aotearoa New Zealand's rapid transformation

into a diverse land. Auckland is now one of the most culturally diverse cities in the world.

The flipside to this diversity is the increasing inequality that Pacific people experience. The Pasifika population (median age 22 years) is younger than the European population (median age 38³⁶), which means a small part of the income and wealth inequality experienced can be explained by the stage of life, but even when allowing for this, a large inequality remains. Most concerning of all, this inequality is not decreasing but growing.³⁷

Pacific people are more likely to be unemployed, and when they are in employment earn less. They are more likely to be in debt, less likely to own their own home, and have lower net wealth. The figure below (Figure 3, p16) shows that Pacific households have had the lowest incomes consistently over the past three decades and that the increase in their incomes over the past decade has been far less than that of European households. European household median income is nearly 50 percent higher than that of Pacific households after adjusting for inflation and household size. Inequality between the Pacific and European ethnic groups is growing.

It is striking that the global financial recession of 2010 hit Pacific incomes hardest. The median for European incomes barely declined at all and is now well above the 2010 level. The median for Pacific people has only recovered to the pre-recession level in the last two years, nearly 10 years later. The gap in income was around 38 percent in 2010, but by 2018 it had increased to 47 percent. That is what exclusion means—to suffer the most and be the last to experience improvements.



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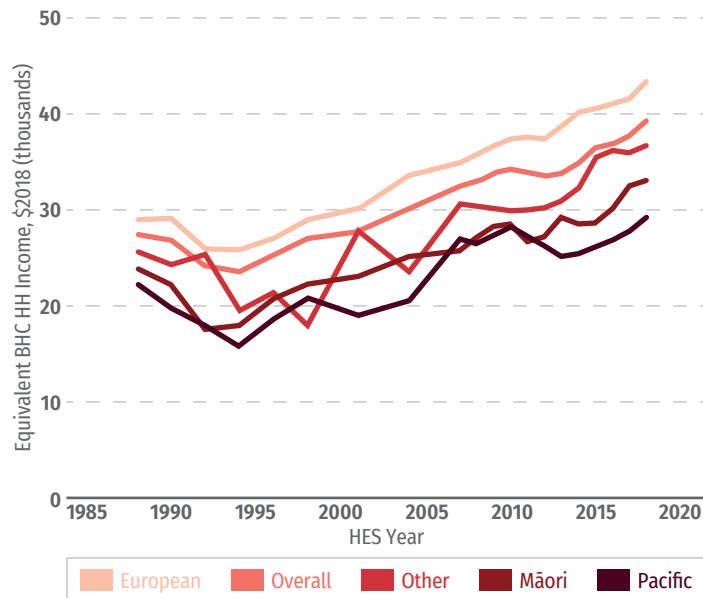
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Figure 3: Real equivalised median household incomes (BHC) by ethnicity, 1988 to 2018 (\$2018)

Note: For Māori, Pacific and Other, the graph shows the rolling two-year average from 2008 on.



Source: Household Incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2018, B. Perry, Ministry of Social Development, Wellington, 2019, Figure D.9 p85.

This inequality is strongly reflected in the housing experiences of Pacific people. They are 10 times more likely to be homeless. Nearly a third (29 percent) of the 41,000 people who were in severe housing deprivation, some 11,000 people, were Pasifika, using the most recent information available from the 2013 Census. In September 2019, 14 percent of the more than 13,000 people on the Social Housing Register waiting to access public housing through Housing NZ or community housing providers were Pasifika and 27 percent

of Housing NZ tenants were Pacific in 2018. Nearly two thirds of the Pacific population are renting (64 percent) and there has been an alarming decline in Pacific home ownership since 1986, to the point where less than 20 percent of Pasifika people over 15 years of age live in a house they own.³⁸

HOUSING-LED ACTION FOR PASIFIKA PEOPLE

The Salvation Army has made a series of recommendations for overcoming the housing challenges facing Pasifika people. These include developing an overarching strategy for Pacific communities and their housing needs and establishing a Pacific Housing Unit to deliver the plan. Urban redevelopment projects, such as the Mangere and Porirua Housing NZ redevelopment projects, should give the local people a mandated voice in the running of those projects. The fourth recommendation is that innovative housing projects, such as the Matanikolo project in Mangere, be used as models for other Pacific communities.

In addition, the recommendations of the Welfare Expert Advisory Group that relate to housing support (see p21) are also vital to help Pasifika families get ahead.

INEQUALITY IS ABOUT NEVER BECOMING A 'PRIORITY'

Communities most impacted by inequality are the communities most marginalised and their needs are often side-lined in decision-making processes. An example of the continuing dynamics of exclusion played out at a recent Capital and Coast District Health Board meeting.³⁹ A doctor working at a Porirua-based low-cost primary health care organisation gave a presentation about the challenges of providing services under the Very Low Cost Access (VLCA)



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scheme, which funds the GP and community health services on the basis that they charge a small, capped fee (between \$7–\$17 in this case). Because a large proportion of people in this community have complex and high needs, the funding is not sufficient to meet those health needs. People also struggle to pay even the lower fees because their incomes are so low. The doctor talked of the daily impacts on the health and life expectancy of the mainly Pacific and Māori people that the organisation serves. Board members greeted the presentation with tears and frustration at the suffering in their community.

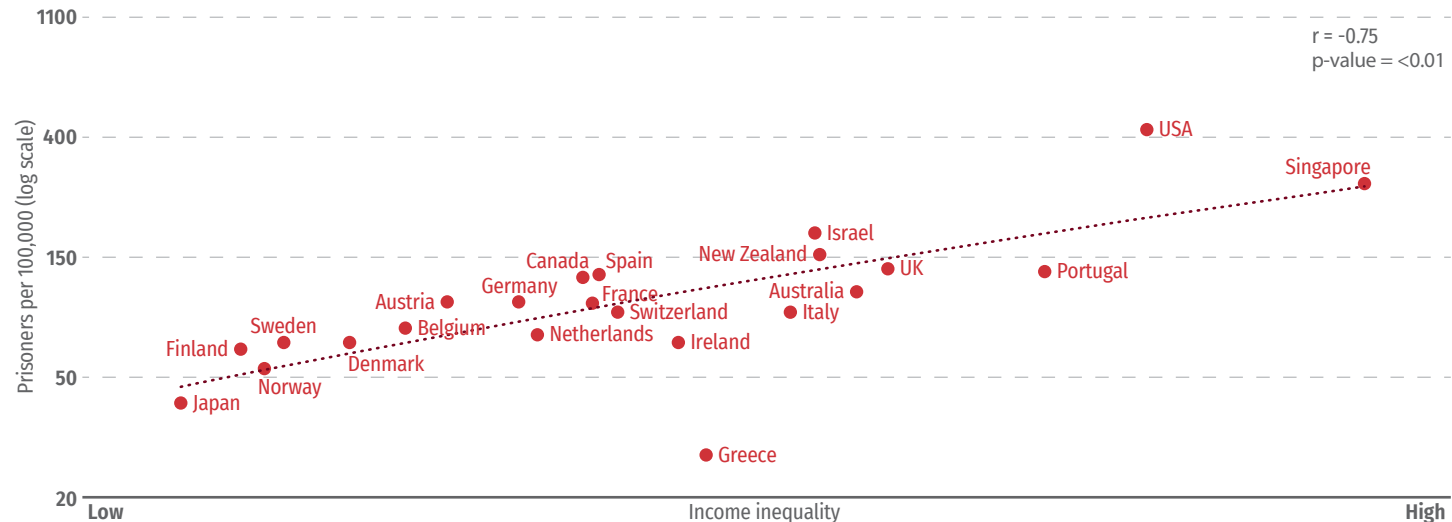
The response by Capital and Coast District Health Board’s chief executive Fionnagh Dougan showed just why health inequities are not being overcome. She said that \$3m had been earmarked for ‘ongoing equity work’ as the DHB was preparing its budget but ultimately did not make it into the final budget. The financial pressures the DHB is facing to

meet costs mean additional investments such as this one ‘have not been prioritised at this point’.

Achieving structural change that benefits Pasifika people will require decision-making processes that work differently and give different outcomes to the one described above. District health boards, local bodies, government agencies, businesses, churches and community organisations all need to adjust their priorities. The Ministry of Health has called on health agencies to use an equity lens in developing their plans and budgets. The Auckland DHB is trying to put it into practice through developing a sustainability strategy endorsed by the senior leadership team and led by an SDG Coordinator. The strategy uses a comprehensive equity approach, including disease prevention and health promotion, advocacy and partnership, to tackle social, economic and environmental determinants of health.⁴⁰

Figure 4: Rates of imprisonment are higher in more unequal countries

Source: Wilkinson & Pickett, The Spirit Level (2009)



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INCOME INEQUALITY, CRIME AND PUNISHMENT IN NEW ZEALAND

There is a well-established link between income inequality and some key indicators of crime and punishment. The most comprehensive international studies have shown that among wealthy, developed countries like New Zealand, the more unequal countries also have higher homicide and imprisonment rates.⁴¹ The social division created by high levels of inequality lead to less empathy and a greater willingness to punish people.

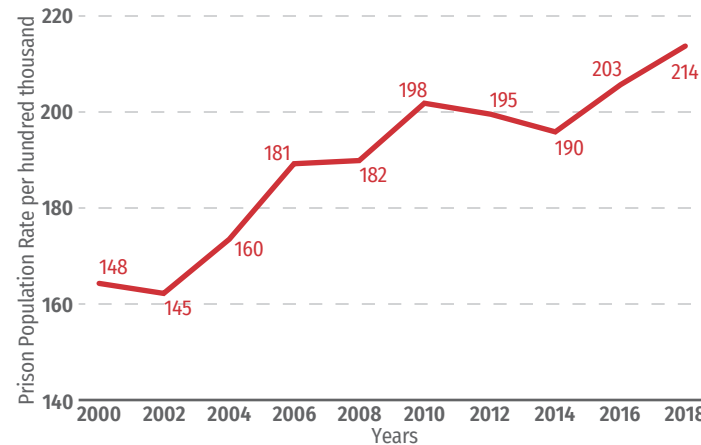
New Zealand fits this pattern closely when it comes to imprisonment rates, having one of the highest imprisonment rates as well as being one of the most unequal countries (see **Figure 4** on the previous page). This is despite the fact that crime rates are actually falling.

In 2018 New Zealand’s imprisonment rate was even higher than it was nearly two decades ago when the Spirit Level data used in the graph above was compiled in 1999. In the graph opposite (**Figure 5**) the rate in 2017 is nearly 50 percent higher than in the year 2000.

This link between crime and punishment and inequality holds across different cultures, contexts and research methods, and after allowing for other factors that influence crime levels such as low income, unemployment and teen birth rates.⁴²

Only a small part of the difference in imprisonment rates between countries can be explained by higher crime rates.⁴³ It is better explained by the tougher and more punitive attitudes in society supporting imprisonment for less serious offences and longer sentencing. More unequal countries also tend to make children criminally

Figure 5: Prison Population Rate New Zealand



Data source: World Prison Brief, prisonstudies.org/country/new-zealand accessed 22 October 2019.

responsible at a lower age. New Zealand’s minimum age of criminal responsibility was lowered to 10 years in 2010 and is amongst the lowest of the wealthy, developed countries.

It is argued that differences in imprisonment rates are related to social stress and competition. An unequal distribution of resources creates higher levels of social competition and stress that affect the way people think, act and relate to others.⁴⁴ In a similar way, lower levels of trust in unequal societies reduce social cohesion⁴⁵ and make it harder for communities to develop the social capacity to moderate violence and keep communities safe.

The prison system also displays the inequalities within inequality. New Zealand’s high level of inequality is primarily one experienced by Māori and Pacific communities. The most deprived areas, where Māori and Pacific people are more likely to live, are the most likely to experience high



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homicide rates.⁴⁶ This power imbalance is further reinforced by criminal and penal policy that ensures the most marginalised people are also imprisoned. Those in society who hold the power and wealth show a great deal of social resistance to the kind of policies that might change this power imbalance.⁴⁷

POLICY RECOMMENDATIONS

From this evidence we can be confident that reducing inequality will create better social relationships that will reduce the inclination to imprison others and reduce some of the social stress points that are linked to violent crime.

More equal countries imprison far fewer people, with the most equal group of countries having rates less than half of New Zealand's. If a similar rate was achieved here, there would be around 5000 fewer people in prison.

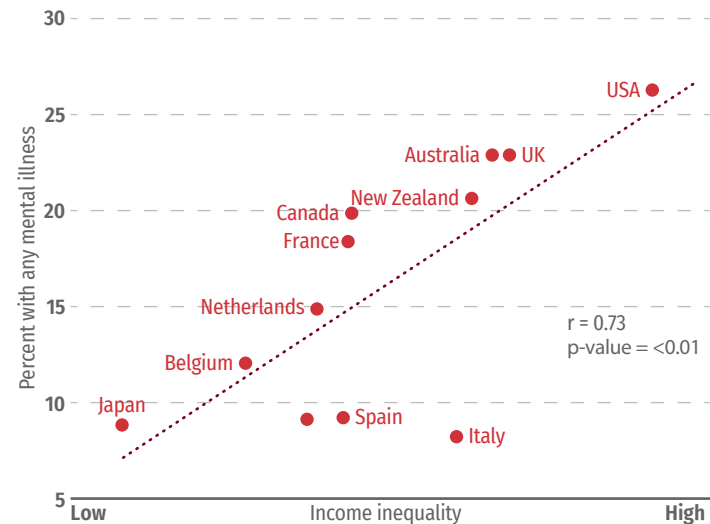
The policy problem is that progress in reducing imprisonment rates is part of a complex inter-relationship of social and economic policies with uncertain outcomes and timeframes. Initial policy changes to dealing with remand and parole processes and increased use of alternative justice processes like the Rangitahi Courts have already helped to halt the increase in prison numbers. But in order for the larger legislative changes to succeed, that use sentencing that does not include imprisonment, they will need to be supported by policies to address the social, health and economic influences on inequality and offending.

It will take sustained efforts to achieve reduced imprisonment rates, most likely as a medium-term outcome accompanied by major changes to the incomes, housing, physical and mental health of marginalised communities.

INEQUALITY—IT'S IN OUR HEADS

There is a striking connection between high economic inequality and levels of mental illness among wealthy countries. New Zealand, along with the UK, Australia and USA, all have levels of mental illness that are double those of more equal countries like Japan and Belgium (see **Figure 6** below).

Figure 6: The prevalence of mental illness is higher in more unequal rich countries



Source: Wilkinson and Pickett, 2018, p36.

Unequal societies are inherently more stressful places to live because it is harder for people to mix due to the differences in wealth and income. This affects general social cohesion, increasing stress and social insecurity. Higher drug use is one of the responses to this social stress as is the 'pre-loading' drinking that people use to help cope with socialising in pubs and night clubs.⁴⁸ Inequality increases



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anxieties about status, resulting in depression and anxiety disorders, as well as compensating behaviours such as ‘self-enhancement’⁴⁹ and narcissistic behaviours.

New Zealand’s mental health crisis led to a Government inquiry into the state of mental health and addictions services.⁵⁰ Submissions to the inquiry emphasised the roles of social determinants of mental health include poverty, debt, unemployment, homelessness and economic inequalities.⁵¹ Conversely, the Mental Health Foundation in its submission argued the causes of wellbeing included financial security, stable housing and meaningful work. Population level responses are needed to provide the context for programme and community-level services and other support. The OECD estimates that poor mental health costs high income countries around 3.5 percent of GDP; around \$8.4 billion in New Zealand.

The report of the Inquiry into Mental Health and Addiction identified the disproportionate impact of mental health problems on some groups, noting the high suicide rate among young Pacific men. The report recommended addressing income inequality and other social determinants of mental health as part of a whole of government approach to mental health.⁵² In response, the Government announced the establishment of an independent Mental Health and Wellbeing Commission, as well as a package of measures costed at \$1.9 billion over five years as part of the 2019 Wellbeing Budget. The package funds increased frontline mental health services, including placing trained providers into doctors’ clinics and iwi health centres. Some of the measures, especially those addressing homelessness, were expressly framed as addressing the socio-economic drivers of poor mental health. This additional funding and focus on socio-economic determinants is a very welcome change,

yet the amount of the funding, at \$400 million per year on average is too small in the face of the sheer scale of the challenge.

IMPLEMENTING CHANGES TO WELFARE SUPPORT

Lack of action to address welfare benefit levels is one of the glaring gaps in policy to reduce inequality. The Welfare Expert Advisory Group (WEAG) was appointed by the Government in 2018 to investigate how to modernise the welfare system. Its report, released in May 2019, contains strong recommendations that include increasing core welfare benefits and reducing abatement rates when people enter the paid workforce. The report investigated the living costs for families needing welfare support and calculated the level of income required for ‘basic’ needs, as well as what would be needed to achieve an ‘adequate’ standard of living in society. These were compared to the income from welfare benefits and other income support.

The report showed that current benefit levels are too low to meet even the ‘basic’ level of need and fall well short of an adequate standard of living for participation in society. Depending on the circumstances of the person or whānau/family, the deficit for the most basic income needs ranged between \$50 for a sole parent with one child to as much as \$230 per week for a job-seeking couple with two children. The gap was even larger (\$112–\$356 per week) if an adequate standard of living allowing for a reasonable level of participation in society was to be achieved.⁵³

The WEAG report identified many ways the welfare system could be improved, making 42 main recommendations. If these recommendations were fully implemented, they



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would significantly reduce inequality and poverty and greatly improve the mana and wellbeing of people relying on welfare support.

Key WEAG recommendations that would have most impact are:

- 1 Raise core benefit rates substantially by between 12 percent–47 percent, as well as making it easier for people to move into paid work by increasing the amount people can earn before their government support is reduced (abatement thresholds) to \$150 per week (and \$250 for the Level 2 Supported Living Payment) and index those thresholds to average wages so that people really are better off in paid work. WEAG also recommended reform of Working for Families by increasing the Family Tax Credit, raising thresholds for abatement and reducing the abatement rate.
- 2 Housing support payments such as the Accommodation Supplement (AS) and other housing-related support need to be improved in a way that makes sure lower-income households are better off. Changes recommended include indexing thresholds, adjusting the AS areas, basing the AS around house size and family size, changing abatement rates, and increasing the cash asset limit to \$42,700 (currently \$8100 for a single person) to align with the social housing cash asset limit. These changes would mean housing support is better designed to respond to family/whānau situations and ensure their incomes are lifted when they move into part-time or full-time employment.⁵⁴
- 3 Remove all the harmful sanctions that punish whānau and families by taking away income for reasons like missing appointments or not meeting strict work

obligations. This results in deeper hardship for those whose income is already not enough.

- 4 Use a fairer test of when a couple is in a relationship to encourage healthy and stable family lives by increasing the time of living together before a couple is deemed to be in a relationship for purposes of benefit eligibility from six weeks to six months, as well as allowing people to keep more of their savings for future security and emergencies.
- 5 Change the fundamental principles that underpin our welfare system so they are based on compassion and caring.

THE ROLE OF TAX IN REDUCING INEQUALITY

A further gap in policy to reduce inequality is in the tax system. The Government-appointed Tax Working Group (TWG) which delivered its final report in February 2019 was tasked with recommending ways to make the tax system work better to reduce inequality. The TWG found that our tax system has become much less effective at redistributing income than it was 30 years ago and performs worse than most other OECD countries in this respect. This weakening of the redistributive role of tax has been a significant contributor to New Zealand’s rise in inequality.

The TWG also reported that New Zealand is an international oddity among developed countries in that we have effectively no taxes on wealth. Almost all other countries have either a capital gains tax, inheritance or gifts taxation, a wealth tax, or some combination of these. The TWG noted that the absence of such taxes was a large gap in the tax system and unfairly benefitted a relatively small group of large wealth



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holders - the wealthiest 20 percent of the population who enjoy significant untaxed wealth gains each year.

The TWG recommended introducing a tax on capital gains (a tax on the income from wealth), which, if adopted would have added up to \$3 billion in additional tax revenue when fully implemented.

The TWG terms of reference specifically ruled out increasing the top income tax rate, greatly limiting the options for making the income tax system fairer and more progressive. The TWG did, however, recommend changes to income tax thresholds for lower income earners so that they paid less income tax. This would have had a small impact to reduce inequality and was designed to be fiscally neutral through recycling funding from the proposed tax on capital gains.

However, the Government then ruled out introducing a capital gains tax and therefore ruled out the changes to income tax for low-income earners because there was no longer any revenue from the capital gains tax to recycle.⁵⁵ As a result, has there been no progress on income tax rates for lower income earners, and the lack of taxes on wealth remains a gaping hole in our tax system that overwhelmingly benefits the small group of people with high wealth.

While a capital gains tax is now unlikely, a new⁵⁶ discussion paper from Tax Justice Aotearoa NZ makes a strong case for introducing some form of net wealth tax with a threshold set at a level that would target high wealth holders. People with more than say, \$2 million net worth (i.e. assets less debts) would be liable for a small annual tax of, say 1 percent per year, on net wealth above that threshold. While there is very limited information on the wealth held by New Zealanders, such a tax could bring in several billion dollars of revenue each year.

We recommend that the Government looks again at ways to improve the tax system's distributional impact. That must include reconsidering the decision not to introduce an additional higher tax rate on the highest income earners (e.g. those over \$150,000). This could be used to help fund adjustments to lower income tax thresholds to reduce their tax or provide additional revenue for essential social services. The Government is also urged to take action to address the lack of taxes on wealth.



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Part Four—Inequality and Te Ao Māori

Within Te Ao Māori strong relational understandings of iwi, hapu and whānau connection have been the strengths that have helped maintain identity and mana even in the face of systemic discrimination and exclusion (see Part Two p8). This is the resource that will be the basis of actions to overcome the barriers to equality for Māori. Measuring inequality is one way of measuring the quality of our relationships as a society.

New policies and greater resources have, in recent years, sought to achieve greater equality for Māori, often by the relational perspective of whānau ora, the wellbeing of family/whānau. This work includes measuring wellbeing for Māori through the StatsNZ Te Kupenga⁵⁷ programme, the Family and Whānau Wellbeing Status report series⁵⁸ that originated in the Families Commission/Superu (The Social Policy Research and Evaluation Unit) and Te Puni Kokiri’s work on the Whānau Ora policy programme including the 2018 review report,⁵⁹ and the ongoing work on the Outcomes Framework. The *He Ara Waiora*⁶⁰ report prepared for the Tax Working Group in 2018, the Treasury Discussion paper on *An Indigenous Approach to the Living Standards Framework*,⁶¹ and *Whakamana Tāngata*, the report of the Welfare Expert Advisory Group,⁶² have outlined kaupapa Māori approaches to policy reform.

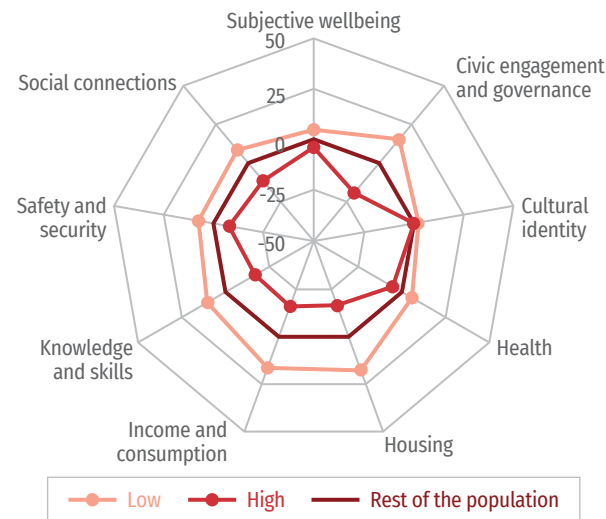
All these resources can guide us to design social and economic policy that will lead to a re-balancing of wellbeing, incomes and wealth so that Māori can enjoy outcomes on a par with those of other New Zealanders.

DIFFERENCES IN WELLBEING

The best wellbeing outcomes for Māori fall under the ‘cultural identity’ and ‘subjective wellbeing’ headings, showing little or no disparity with non-Māori, according to

the analysis published in the 2019 Wellbeing Budget (Figure 7). The Treasury’s wellbeing work still needs to better reflect Te Ao Māori experience, but achieving outcomes like this across all areas of wellbeing must be the aim of social policy.

Figure 7: Māori Wellbeing analysis compared to the rest of New Zealand



Sources: Wellbeing Budget 2019, p12.

The largest disparities experienced by Māori are in incomes, housing, and civic engagement. Average disparity in earnings for Māori is around \$10,000 per year. That means



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that each year \$2.3 billion less goes into Māori households than if they had earned the same as the average for the whole population. If no changes are made the gap will continue to grow, and in 20 years' time it will be some \$4.3 billion per year.⁶³ Examples of other disparities experienced by Māori include:⁶⁴

- the number of Māori children stood down from school is double that for non-Māori
- overall youth offending for Māori is more than four times that of non-Māori
- overall unemployment and youth unemployment rates are around 2.5 times higher for Māori.

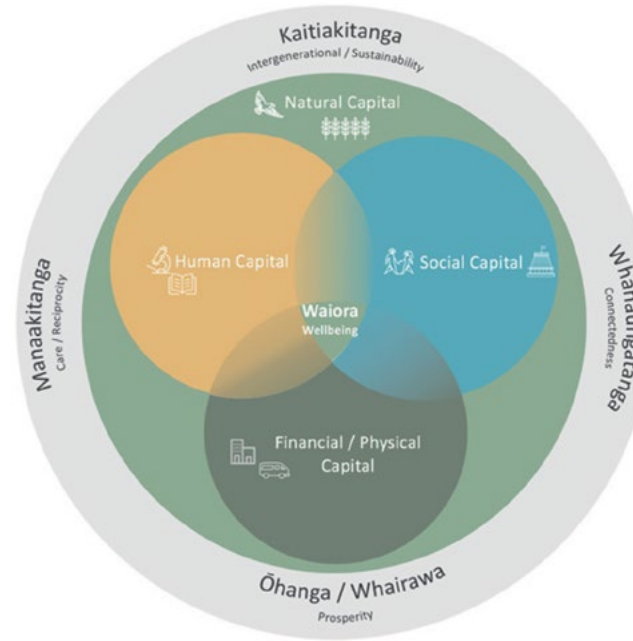
VALUES-DRIVEN SOCIAL POLICY

Values are at the heart of a tikanga Māori approach to social policy. The *He Ara Waiora* report⁶⁵ sets out a kaupapa Māori values frame (Figure 8). Waiora speaks to a broad conception of human wellbeing, grounded in water (wai) as the source of all life. The foundations for wellbeing come through Kaitiakitanga (stewardship of all our resources), Manaakitanga (care for others), Ōhanga (prosperity) and Whanaungatanga (the connections between us).

The report connects these foundations to the development of the Treasury Living Standards Framework's four capital stocks: financial and physical capital, human capital, social capital, and natural capital. Wellbeing depends on the sustainable growth and distribution of these four capitals, which together represent the comprehensive wealth of New Zealand.

These key kaupapa Māori values are echoed in the *Whakamana Tāngata* report of the Welfare Expert Advisory

Figure 8: He Ara Waiora/A Pathway Towards Wellbeing



Source: Tax Working Group, 2018.

Group. The WEAG group's model (Figure 9), *Kia Piki Ake Te Mana Tangata* (uplift and strengthen the mana of the people), adds two dimensions of *Kotahitanga* (people able to participate meaningfully in communities), *Takatūtanga* (a system that is fit for the present and can respond to future ways of working) to envisioning a welfare policy system that enhances the mana of the people (*Whakamana Tāngata*).



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Figure 9: Kia Piki Ake Te Mana Tangata Framework, p64 Whakamana Tāngata report



GENUINE ACCOUNTABILITY TO MĀORI

Overcoming the economic and cultural marginalisation of Māori requires genuine accountability to Māori for social outcomes affecting them. As the WEAG experts argue, this has to begin at the top: ‘A system to address inequity requires chief executive-level accountability to iwi and Māori’.

Universal services that support people to take opportunities and live to their full potential are vital to overcoming inequality. As the WEAG group makes clear, universal services need to work for all but this does not mean one size fits all.⁶⁶

MEASURING OUTCOMES FOR MĀORI AND ALL NEW ZEALANDERS

The Treasury discussion paper on a Te Ao Māori approach to wellbeing, published in January 2019, proposes using the seven Whānau Ora domains for measuring wellbeing instead of the 12 OECD wellbeing domains included in the draft Treasury Living Standards Framework. This would make the wellbeing measures more strongly anchored in the social and cultural context of this country without compromising the ability to report and benchmark internationally. The Treasury paper argues it is perfectly feasible to report against both outcome domains by linking the 12 OECD domains within the Whānau Ora domains.

Whānau Ora Outcomes

Whānau are self-managing and empowered leaders	Whānau are leading healthy lifestyles	Whānau are confidently participating in te ao Māori (the Māori world)	Whānau are participating fully in society
Whānau are economically secure and successfully involved in wealth creation	Whānau are cohesive, resilient and nurturing	Whānau are responsible stewards of their living and natural environment	

Te Puni Kokiri: tpk.govt.nz/en/whakamahia/whanau-ora/about-whanau-ora



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ACHIEVING (INCOME) EQUITY FOR MĀORI

There are several pathways towards closing the income disparities such as the annual \$10,000 per year income difference that Māori experience. The Māori population is on average 10 years younger than the whole population and the Māori workforce is growing much faster. In 20 years, one in five people of working age will be Māori.⁶⁷

The Ngai Tahu iwi has identified the importance of education as a key reason for the income difference and calculated that lifting educational achievement will contribute over the medium to long term to overcoming income inequities.

They have estimated that it will require 50,000 more Māori with higher qualifications (Level 5+) and 55,000 currently with no qualifications gaining at least high school qualifications to help achieve this.

This will require ‘transformational pathways’ to ‘re-wire the education system’ through Treaty partnerships to redesign the education to work for Māori. Significant improvements in Māori achievement are already being made, but not yet at a rate that will close the disparities. But, as noted earlier, education system changes alone cannot overcome the ‘deadweight of inequality’ (p8), so these aspirations need to be linked to other specific policies to lift incomes for Māori.

SUMMARY—ELEMENTS ESSENTIAL FOR SUCCESS

Some of the elements for success that these policy resources identify include:

- Embed tikanga Māori in social policy development. Tikanga Māori demands ‘kia tiki, kia pono, kia ngākau māhaki’—to operate with integrity, honesty and fairness

MĀ TE HURUHURU TE MANU KA RERE **LET OUR RANGATAHI** **BE THE WINGS THAT GIVE US**

FLIGHT

Source: Change Agenda: Income Equity for Māori, BERL, 2017.

- Use outcome measurements that align with Māori values
- Have governance arrangements that genuinely reflect the Te Tiriti o Waitangi partnership
- Take a whānau-centred, strengths-based approach to delivering services and programmes across all government agencies that is flexible and able to progress issues of most importance to whānau while providing a high level of support
- Focus on designing an education system that works for Māori as well as non-Māori and is clearly focused on finding ways to further Māori educational achievement
- Deliver sufficient income support through the welfare system in a way that can be accessed by Māori and upholds the mana and dignity of people and their whānau.

GOVERNMENT POLICY

In the 2019 Wellbeing Budget the Government made lifting the skills, opportunities and incomes of Māori and Pacific people a Budget priority. This included specific recognition



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of the structural impacts of social and economic factors. Finance Minister Grant Robertson highlighted half a billion dollars of funding over four years, some of it directly aimed at addressing the structural issues highlighted above. It includes programmes for youth not in employment, education or training (NEETS), papakainga housing, enhancing Te Reo Māori, Whānau Ora, and Whenua Māori schemes to help Māori landowners improve the use of their land.

While \$500 million over four years is significant, an average of \$125 million per year may not be enough to fund structural change towards greater equality. In the context of an annual Government budget of more than \$80 billion, this looks more like beginning steps, albeit in the right direction.

Achieving income equality for Māori will, in any case, take a mobilisation and awakening by non-Māori to the realities of our changing communities. Young Māori are our future workers and future leaders. Their wellbeing will significantly impact on the wellbeing of everyone. The building blocks for transformation are already laid out through the frameworks discussed above. Significant progress has been made (in some respects) to recognise different understandings and experiences of wellbeing. A lingering question remains, however, regarding constitutional and governance issues. Our country is a long way from a truly Treaty-based constitutional arrangement. In the next 20 years to 2040, can we incorporate Te Tiriti o Waitangi fully into our constitutional structures and decision-making?



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Part Five—Conclusion

This discussion paper has covered just some of the many aspects of inequality. From the point of view of *overall* wellbeing, economic progress and the Government’s financial position, we are doing well. Yet within that overall good news, the reality is that wellbeing is not fairly shared and significant unfairness and inequality exists.

Moves to reduce income inequality have included lifting the minimum wage significantly, implementing pay equity measures, and keeping unemployment reasonably low.

The 2019 Wellbeing Budget has taken initial steps to address socio-economic drivers of inequality specifically focused on Māori wellbeing, mental health and homelessness.

However, overall, these initiatives are not sufficient to achieve a sustained rebalancing of our society and ensure that all can have a fair share. Significant gaps remain in our efforts to create greater fairness.

More action is needed to address the fairness gaps in the welfare system, the tax system, the way our housing system supports Pasifika housing needs and aspirations, and resource allocation decisions that should uphold Te Tiriti and the mana of tāngata whenua.



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Paul Barber joined the Social Policy and Parliamentary Unit in August 2019, after 15 years with the New Zealand Council of Christian Social Services. He has more than 20 years' experience in the not-for-profit and social services sectors and a background in theology and social ethics.

We welcome your comments on this Discussion Paper.

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