

# Social inequality in New Zealand over Christmas

By John Braddock  
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The worsening levels of poverty and financial distress in New Zealand were evident over the Christmas period in the lengthening queues for assistance from charities in Auckland, the country's largest city.

The Auckland City Mission provided Christmas lunch to more than 2,600 people this year, up by more than 25 percent increase from 2013. The mission organises a meal at the Viaduct Events Centre on Christmas Day for those who cannot afford their own. The major occasion, which is staffed by over 700 volunteers and operates on community donations, has grown considerably over recent years.

Spokesperson Diane Robertson said the charity had distributed over 2,000 tickets by December 23, and had prepared an extra 600 takeaway meals. She told the *New Zealand Herald* that Christmas was always the busiest time. "We are always overwhelmed by the level of need we see at this time of the year" she said, adding that 2014 had been "incredibly tough."

The *Herald* reported earlier in December that the charity was under "extreme pressure," having raised only \$NZ430,000 of the \$1.3 million it needed for the summer months.

The number of food parcels the organisation hands out annually has risen from 7,706 in 2009 to 11,349 in 2014. Emergency housing assessments are up from 37 in 2009 to 899 in 2014, while the value of basic furniture given to families in desperate need rose from \$130,243 in 2013 to \$178,044 this year.

From the beginning of December, the mission distributed emergency food parcels to hundreds of families. At least 7,000 gifts were given out to children who would not otherwise have received Christmas presents.

The mission sees around 300 families daily in the

lead-up to Christmas. This year queues began forming at 1 am on December 8 after word spread through social media that staff from Work and Income would be available to process applications for emergency relief. Hundreds queued, for up of 9 hours, for help; some from as far as Hamilton about 125 kilometres away.

All those who spoke to the *Herald* were on welfare, with nothing to spare for the extra costs of Christmas. Eleanor Anaru, a 20-year-old solo mother with a 5-month-old son, said she pays \$400 a week rent and usually has only \$20-\$40 a week for food. Her electricity is on a pre-paid card system and has cut off five times this year when she had no cash to top it up.

Sole parent Betty Morris, 26, lives in a state house with her three children aged two, one and seven weeks. She had not been to the mission before. "Last year I was doing all right. Now it's just getting harder because I have a hire-purchase and too much money trouble. I can't afford the payments after buying all my newborn stuff," Betty told the *Herald*.

At the same time, the country's financial elite celebrated its most lucrative Christmas ever, after the NZX50 share index hit a record high on December 23, closing at 5552.1 points. The *Herald's* business reporter Jamie Gray enthused that 2014 had been another "golden year" as "favourable economic conditions"—low interest rates, low inflation and better than expected growth—drove a 17 percent rise in equities, on top of the 16.5 percent gain in 2013.

Since 2009, in the wake of the Wall Street bailout and accompanying orgy of global speculation, local share prices have risen by 125 percent. Business leaders declared themselves well satisfied. "It's been a huge year for the market," Salt Funds Management managing director Matt Goodson boasted. Shane Solly,

portfolio manager at Harbour Asset Management, said the market had “ticked a lot of boxes” for investors over the past few years.

The bonanza for the rich is, in reality, a product of the relentless onslaught on the jobs and living standards of the working class. Corporate profits and share market gains are predicated on the increasing immiseration of working people through the relentless assault on jobs, working conditions and living standards.

The ANZ Bank is a case in point. On Christmas Eve, several hundred ANZ workers struck to demand an end to the bank’s attempts to further casualise the workforce and for a 5 percent pay rise. In May ANZ reported a 27 percent lift in half-year cash profit to a record \$887 million. Last year CEO David Hisco received a pay rise of 14 percent, pushing his salary package to over \$4 million, as a reward for cutting staff numbers by 10 percent.

New Zealand is one of the most unequal countries in the developed world. A paper released by the OECD this month ranked it alongside Sweden, Finland, Israel, the US and Germany as having the sharpest rises in inequality over the past 30 years. According to Oxfam, the top 1 percent of New Zealanders now holds more wealth (25.1 percent) than the bottom 70 percent, while the top 10 percent hold more than the bottom 90 percent.

Economist Bill Rosenberg notes that, relative to average wages, welfare benefits are among the lowest in the OECD. The Domestic Purpose Benefit for a parent with two children has been slashed from 76 percent of the average wage in 1990 to 53 percent in 2014, while the single unemployment benefit has been cut from 38 to 24 percent of the average wage. Yet wages are so low that of the 24 percent of children, or 260,000, officially living in poverty, half are in working households.

The entire working class has been hit hard by the austerity measures imposed by successive governments following the 2008 financial crisis. In working class South Auckland, the median income plummeted by more than 16 percent between 2006 and 2013. Economist Shamubeel Eaqub, has likened social conditions in some regional areas to those in impoverished countries like Greece, Cyprus and East Timor.

Those forced to turn to charities over Christmas are among the most victimised. The current National government has subjected sole parents and unemployed youth to a stringent new “work testing” regime and forced thousands off benefits. It has slashed forecast welfare spending this year by \$1 billion. Last year, National introduced restricted criteria for state housing tenants, and, after the 2014 September election, announced plans to sell off thousands of state houses amid soaring rents.

The opposition Labour Party and its accomplices, including the Greens, are equally culpable. According to Auckland University professor Susan St John, the introduction of Labour’s 2004 “Working for Families” policy, which made government support for low income children conditional on parents working, resulted in some 230,000 children being excluded from the full package of benefits. A cumulative \$6 billion has been denied to the poorest families in New Zealand over the past decade.

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