

Glenfield
Auckland

27th August 2021

The Chair
Productivity Commission,
141 The Terrace,
Wellington 6011

Productivity Commission Submission: A Fair Chance for All?

Introduction

It was only a few days ago I became aware of this hugely important work of the Commission. As a consequence I have not had an opportunity to consider the background papers or the questionnaire in other than in a very cursory way; for that I apologise as the subject matter demands deep and considered scrutiny in an effort to develop pathways to the futures to which I think all NZ Inc. aspires.

Approach

Over many years, perhaps since the 1960's or thereabouts we have experienced some major changes within in our country.

Perhaps pivotal has been adoption by multiple governments of;

- (a) A neo-liberal approach and
- (b) The creation of the most open-market economy in the world.

Things are of course complicated and certainly not black and white with many moving parts; sometimes working against each other.

There are of course many issues which New Zealand can not and does not control. There are however many aspects which we can.

It could be said a good number challenges relating to deprivation arise from manifold factors. There is the saying "A death by a thousand cuts". My perception is our current situation is an outcome of a 1,000 cuts.

Rather than responding to the questionnaire my contribution amounts to no more than listing what may be some of the causal factors leading to our current plight.

"Time" precludes me from developing possible solutions, but perhaps in some way the bullet points which follow will contribute positively to framing the terms of reference for the inquiry into persistent disadvantage.

The bullet points are not listed in any order of perceived importance. Some are grouped roughly by themes; they are posed as possible ideas for consideration. The list is not exhaustive and there will be multiple aspects to some of the topics.

Issues impacting the disadvantaged

Abolishing the Family Benefit

Abolishing the ability capitalise the family benefit for deposits on homes

Abolishing State Advances and their housing support per the above plus massive State Housing programme

Councils exiting pensioner flats/low cost housing

Maori owned land – Difficulties in securing finance → now being addressed?

House prices – Multiplier of household incomes → from 3 to currently 10. See Demographia International Housing Affordability, 2021 edition at www.demographia.com/dhi.pdf

Distance of housing from places of work → Locate places of work where people live. It's crazy in Auckland people from Whangaparoa travelling to Mt Wellington and beyond. People from southern Auckland travelling to Albany and possibly beyond

Urban design

Transport – Need for households to have one car per income earner and multiple earners rather than one

Abolishing – effectively – the trade unions with many conditions work including fair pay → As seen in some sectors some provisions in agreements may have gone 'too far'

Split shift work

Part time work

Individual employment agreements → sole purpose to suppress remuneration and conditions

Overtime and penal rate largely abolished disadvantaging in particular the lower paid pushing down incomes, driving need for multiple incomes in households and multiple jobs → adverse impacts on families with social consequences e.g. children not adequately supervised and loss of social cohesion

GIG economy – its introduction and increasing prevalence; often as a last resort by those who can not obtain regular work → a mix of those who do it by choice and those who do not often with low remuneration

Contractors who are not really contractors at all. This applies to numerous sectors and often with low net income

Contracting out in order to reduce costs

Offshoring some types of work in order to reduce costs

Opening the borders to 'free trade' thus wages in NZ dropping to the lowest common denominator and as a consequence most manufacturing going offshore

Issues around the huge drop in adoptions and young women not have the supports necessary and associated with that the decline of traditional family units → very controversial

Single parent families – parents working – caregivers not having networks in their communities e.g. by walking to the shops and the arrival of supermarkets which removes opportunities to interact with the butcher, baker and candlestick makers and fellow shoppers → drop in social connections

Shops not being in walking distance of our homes

Children not readily being able to cycle to school

Afterschool activities out of local communities → e.g. children in Devonport taken to Northcote and parents complaining about traffic congestion

Seven days a week shopping → intrusions into family time including sports

Growth – Continual focus by economists and others on growth. Question: Who is it for and who benefits? This in context we should be aiming for no growth or even negative growth → aside from the impact on "the commons" a relentless drive to consume far too much stuff and to travel too much

Mega schools where children are transported considerable distances from their homes

'Death' of small towns and communities and withdrawal of services from them → even in cities; Devonport for example no longer has any banks

Fast food – impacts on diet and health – disadvantaged

Sugar and salt in drink and food products – impacts on diet and health – disadvantaged

Demise of school dental clinics

Alcohol available 24/7

Gambling industry expansion – online, pubs/clubs, casinos

Drugs – Horrendous growth in use

Gangs – Partly filling some of voids but often up to ‘no good’

Demise of the trust banks and their community involvement albeit some now replaced by various trusts

Prisoners – Who should actually be imprisoned? Are those who ‘come out’ ‘better’ than they come out than when they went in? What are the drivers? What would success look like and how would that be achieved?

Importing large number of workers from offshore

Immigration at one of the highest rates in the world → Housing, communities etc unable to cope with pace

Dismantling the training provided by P&T, Railways, MOW, NZED and the Dockyard → They were perhaps inefficient but very effective

Closing mental hospitals without putting in place adequate services

Discharging women from birth centres too soon after giving birth especially in context where lack of support from families

Parenting skills many have not learnt from their parents and little in place to replace that

Education – Style of learning. Was ‘rote’ learning actually better? → Decrease in numeracy and reading skills → Other countries now overtaken NZ

Financial literacy

Entertainment, literature, games on electronic devices – normalised violence and similar. Chief Censor’s role? → Overseas content readily accessible → “Personal freedom”

Debt – credit cards, debit cards, payday lenders, modern easy to get “no cost” so-called ‘layby’

Credit unions – role of mutual self-help now has reduced reach including union holiday homes, death and sickness benefits

Food banks – The huge growth in the number and scale → Canary in the coal mine

Upsizing family farms, especially dairy farms from say 150 cows to herds of several thousand

Rental housing – private providers now dominate the market has led to significantly increased rents – state-owned houses was not profit motive and finance to governments cheaper

State owned housing stock not well maintained and allowed to deteriorate causing health and other issues

Housing – Building standards remain behind those of other countries

Housing – Factory built housing has not been viable as banks unwilling to lend on product not on the land against which borrowing secured

Houses – Many are too big → every child has to have its own bedroom → multiple toilets where one will do

Employers expecting candidates to have experience yet frequently not prepared to provide training

Extra-ordinary remuneration of CEO’s and others → These financed by customers → Shift from poor to the well off → What is a reasonable multiplier from the lowest paid in enterprises?

High remuneration of those in finance and commerce who add little if any value → Another shift from the deprived to the well off

Tax creep – Tax brackets not adjusted for income inflation

Alcohol – Lowered drinking age → High density of bottle shops especially in low income areas → push by supermarkets to sell alcohol and now account for about 30% of their profit → availability “24/7” → Licensing trusts to some extent kept the lid on

Schools – Out of zone enrolments skew student composition

Education – Heavy reliance at all levels in recent years on overseas students so they can balance the books → therefore underfunded

Education – Market based seeking of students → demise of University of New Zealand → all now compete

Tertiary education – Heavy focus on universities yet as a rule of thumb every professional person requires, or should have support of, about ten educated to a technician/trades level

Health system – Delivered at the right place in a timely manner → Bottom of cliff approach?? → diseases of the those in low social economic groups → performance poor when considered across the OECD?

Yours sincerely
Ray Skinner, FCA