

Submission to the Productivity Commission: A fair chance for all: Breaking the disadvantage cycle

27 August 2021

Our overarching submission is that Society can only be maximally productive when all its citizens can maximise their wellbeing and potential.

1. What are the main aspects of disadvantage that should be investigated in this inquiry?

Who gets stuck in persistent disadvantage?

A. Disability

Disabled people are especially disadvantaged compared with non-disabled people in every aspect of their lives and across the lifecourse.

Children who are disabled or living in a household with a disabled person are disproportionately in poverty and living in the deepest poverty.

Māori and Pacific people are disproportionately disabled.

- In employment, disabled people are not valued enough for consideration for employment, and are often considered too risky to employ. They may only be able to work part-time or they may have intermittent periods where their work capacity is reduced or they may need to work from home. Paid work is usually low paid. There is a critical need for mana-enhancing work that is flexible, that has a career trajectory, and that the social security system is responsive, recognising that there are additional needs and flexibility for disabled people that must be met and in the long term support long term employment and wellbeing.
- Housing that is accessible, healthy and affordable is a fundamental human right. There are not enough homes with accessible features beyond just a ramp – one level, bathrooms accessible for a wheel chair, open plan, grass in a yard for service animals, catering for family members living with the disabled person eg a parent with children. The new builds are not including sufficient homes with these features. Most new builds should have these accessible features, as the general population is aging. Homes should be built to the Life Mark Standard <https://www.lifemark.co.nz/>. Housing should also meet the needs of extended family groups (including Māori, Pacific people, refugees); co-housing offers lots of support and efficiencies especially for disabled people and should be promoted.
- Costs of disability far exceed the income through the welfare system, health and disability system, and low paid work (including disability allowance and child disability allowance). The costs of disability include: medications, equipment, therapy, dressings eg for oozing stoma sites, specialised diets, cost of transport if they don't drive.
- The Welfare System still does not deliver adequate incomes for all supported by the system. The level of debt, including debt to government, is a disproportionate burden that disabled people bear.

B Ethnic pay gap

We are pleased to see the work started by the Human Rights Commission on the ethnic pay gap. We are aware that early data shows that Pacific People in South Auckland are the most disadvantaged in the labour market in terms of remuneration. Having a group of people ethnically and geographically confined to areas characterised by low-wages and insufficient

opportunities. This is not good for Pacific peoples, not good for society and not good for the overall productivity of the country.

We urge the Productivity Commission to take note of the research and recommendations that come from this study and work with organisations representing those on the wrong side of the ethnic pay gap to undertake concrete actions to close these gaps in Aotearoa.

C Housing

The lack of supply and cost of housing is the most significant driver of disadvantage currently in Aotearoa.

For the year ended June 2020, 17.0 percent of households spent 40 percent or more of their total household income on housing costs. (Household income and housing-cost statistics: Year ended June 2020 – corrected. Statistics New Zealand).

Just over 1 in 4 (27.1 percent) renting households spent 40 percent or more of their household income on rent and other housing costs. (Ibid)

The housing market has seen the wealth of home owners climb dramatically over the past ten years, while home ownership rates have declined to the lowest level since the 1950s at 65%. (The Rising Divide. 2021. Deloitte)

Critical areas to explore (these are the areas we have little research on and they are very relevant to our current problems. Key initial studies are identified)

- A thorough comparison of housing security and affordability in the post-World War II period with government investment in homeownership products (1960-1986 an average of \$1.5 billion per annum) with the market approach 1990 to the present. From a policy that characterised NZ as a Home Owning Democracy to a society where Homes were commodified into Housing Products. (K. Saville-Smith ed. 2019. *Revitalising the Production of Affordable Housing for Productive, Engaged & Healthy Lives: Integrated Report*. Wellington: Building Better Homes Towns and Cities National Science Challenge)
- The increasing wealth inequality in NZ due to the reduction in homeownership. Key focus: the 20% fall in Māori homeownership and the 35% fall in Pasifika homeownership. The impacts on low-income households, children's development and opportunities. This is consolidating inequality in NZ. (Alan Johnson Philippa Howden-Chapman Shamubeel Equb 2018 *A Stocktake of New Zealand's Housing*)
- Research into the outcomes of tenure differences renting and homeownership. Differences like security, building an asset, stability for children staying in the same area and schools, being able borrow in an emergency, being able to make modifications to the structure and the research on health, employment, crime, etc impacts. (Charles Waldegrave, Ganesh Nana and Natalia Fareti 2017. *Housing Tenure: A brief synthesis of two studies including a review of the international literature and an assessment of long-term fiscal costs in New Zealand*. NZ Housing Foundation and the two full reports that lay behind the synthesis)
- Not-for-profit community housing providers in OECD countries. Currently Kāinga Ora partners mostly with private developers. Not-for-profit Housing Associations make up 10% of the housing stock in England. Organisations like the NZ housing Foundation have built

three developments with around 300 new builds in each. They are capable of building developments of 1,000 houses. Building their capacity provides an important difference where all the surplus is ploughed back into housing, they provide rent-to-buy schemes and shard equity, and they provide pastoral support for vulnerable households where it is needed. We need to understand more about this innovative mode of development and how we could enhance greater capacity with Community housing Providers and Progressive Homeownership products. (Welfare Expert Advisory Group 2018. Welfare and Housing Interface: Evidence and Policy options Background paper)

2. Where should the Commission focus its research effort?

What can be done to help break the cycle of that disadvantage?

Extensive relevant research has been done, published, and is ongoing. Mainly it is implementation of the recommendations that is required. Areas identified in 1A-C above should be focussed on.

In order to address inequalities in the labour market action must be taken on both the supply and demand side of the market. The Government's Reform of Vocational Education (RoVE) seeks to address reforms needed on the supply side of the market with better and more targeted training for industry. However, by itself this is only half the answer as the WEAG report (<http://www.weag.govt.nz/weag-report/whakamana-tangata/>) has pointed out. There needs to be much more research and analysis on the demand side of the equation as to how "good" or quality jobs can be created. This could be a role for the Productivity Commission together with employer and union groups to ensure that the economy is producing good quality jobs (including, but not just, high wages) as well as jobs that are environmentally sustainable and add to climate change commitments that the Government has made.

3. Where should government focus its effort on finding solutions?

What can be done to help break the cycle of that disadvantage

Implement fully:

- UN Convention on the Rights of the Child
- UN Convention on the Rights of Persons with Disabilities
- UN Declaration on the Rights of Indigenous Persons.

Welfare Expert Advisory Group (WEAG) Report Whakamana Tāngata: Restoring Dignity to Social Security in New Zealand (February 2019) stated:

"The New Zealand Social Security Act is meant to provide a government guarantee of financial and social support to ensure people have an adequate income and standard of living when needed. The lives of New Zealanders are varied, so any social security system needs to be able to respond to this. A wide cross section of New Zealanders face life shocks, such as job loss, illness, disability or relationship breakdown, which mean they need to receive government assistance to support themselves and their family. Other New Zealanders need support because their low wages mean they are unable to meet basic costs such as for housing, food, school and work."

This WEAG Report provides relevant solutions for the government: <http://www.weag.govt.nz/weag-report/whakamana-tangata/>.

We are pleased to see reform start in the Vocational Education system (RoVE) and within that adoption of the WEAG proposal for regional labour market bodies in the form of Regional Skill Leadership Groups. However the Regional Skill Leadership Groups must be given the resources and mandate to address labour market disadvantage in the regions especially for disability and ethnic cohorts. This discrimination and disadvantage locks too many people out of the employment and

those that do find jobs are confined to a low wages. This work needs to be done with and not to these communities and solutions found that address the needs of sub groups, especially in the disability sector, as well as the sector as a whole.

4. Is there anything else that you would like to see covered in this inquiry?

- Employment policies around ethnicity and disability. Ongoing review of their implementation.
- Income inequality. The Government has done much to address this but poverty remains ever present. We need to understand how we overcome poverty in a sustainable way and form a plan to do so.
- Recognition of the need to address the child welfare-prison-welfare cycle and the inter-generational harm that it produces and reproduces. The gross disproportionality of Māori within these systems demonstrates state harm and embeds scarcity and deprivation while narrowing life trajectories at an individual and collective level. There has been a lot of research in this area. Recent reviews and reports include :
 - (i) Turuki! Turuki! Move together! Transforming our criminal justice system: 2019
<https://www.justice.govt.nz/assets/Documents/Publications/turuki-turuki.pdf>
 - (ii) Ināia Tonu Nei – Hui Māori Now is the time. We lead you follow. July 2019
<https://www.justice.govt.nz/assets/Documents/Publications/d8s653-Inaia-Tonu-Nei-Hui-Maori-English-version.pdf>

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