

Chapter Eight Economic standard of living

What's in this chapter?

- Income
- Work/life balance
- Cost of living
- Social deprivation
- Net worth



Introduction

The indicators and measures in this chapter look at aspects of the economy that impact at the personal and household level, such as income and expenditure.

Why this is important

Levels of income and wealth are key determinates of individual or family wellbeing. Economic standard of living involves a complex combination of factors such as income, living costs, and household size and composition. The more prosperous an economy, the better off the residents of that economy are in terms of opportunities to gain a higher income, buy material possessions and access quality health care. In general, this leads to greater social connectedness, educational advancement, wider employment options and increased life expectancy.

Key points

Incomes have increased markedly over the past five years, accompanying a sharp decline in the unemployment rate. The gender income gap is also narrowing.

People in the 12 cities are generally satisfied with their work/life balance, although less so than other New Zealanders.

The rising costs of house ownership and energy over the past five years have driven increases in the overall cost of living.

The number of benefits paid to families without children has decreased sharply. Benefit payments to families with children have increased in some cities, but overall the number of domestic purposes benefit payments have decreased while sickness benefits and accommodation supplement payments have increased.

The majority of cities have lower levels of deprivation than the rest of New Zealand. The highest levels of deprivation are found in Hutt and Manukau.

Net worth increases with age, peaking in the early 60s.

New Zealanders have borrowed tens of billions of dollars to fund mortgages in the past five years.

Links to other indicators

There is a correlation between household income and wellbeing, as has been found in the results of the 2006 Quality of Life Survey and previous surveys.

Levels of income are associated with health outcomes. People on lower incomes are more exposed to health risk factors such as poor diet and lack of access to health services, which can lead to poor health outcomes. There is a consistent and pervasive correlation between increasing deprivation and worsening health. This includes shorter life expectancy, higher mortality rates and higher hospitalisation rates. Socio-economic factors, in particular unemployment levels, poor housing standards and low income are also associated with poor mental health outcomes.¹

Income inequality is associated with people's ability and willingness to participate in the community and is therefore closely related to community cohesion.

Inequalities in incomes may contribute to higher levels of crime and poor perceptions of personal safety. Low incomes can be both a cause and an effect of low educational attainment in families. Qualifications and skills, as well as economic conditions, are central to securing paid employment and a liveable income.

Changes in the Consumers Price Index not only indicate the categories of household costs that affect our standard of living, but the index also has an impact on interest rates and thus the affordability of home ownership. Interest rates, in turn, affect the value of the New Zealand dollar and the value of our products and services in international markets.

Retirement savings can improve quality of life and health status in older people and the ability to pass on wealth can provide educational and housing opportunities for future generations. The patterns of household saving, investment and borrowing have an important influence on New Zealand's ability to invest for economic development and compete in the global economy.



Income

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- Real (inflation-adjusted) ordinary-time earnings have decreased in some cities.
- There has been a sharp drop in the number of unemployment benefits received per week between 2003 and 2007.
- The number of benefits paid to families without children has decreased while benefit payments to families with children have increased in some cities.
- The gender wage gap appears to be narrowing, although males still typically earn more than females.

What this is about

Income is one of the single most important factors influencing quality of life in general. It is a key indicator of wellbeing and health for individuals, households and communities. Income levels indicate the ability of people to purchase essential and non-essential goods and services including food, housing, health services and transport.

This indicator illustrates changes in income over time, the distribution of income among households and sources of income, particularly whether from paid work or welfare benefits. Measures for this indicator fall into two groups: those relating to individuals and those for households:

- Average ordinary time weekly earnings
- Median personal income
- Median household income
- Percentage of households in the top and bottom national household income brackets
- Percentage of people in low and high personal income brackets by ethnicity
- Total number of means-tested benefits given out
- Percentage of families receiving means-tested benefits by type of family and type of benefit.

What did we find?

Average ordinary time weekly earnings

This measure shows average weekly ordinary time earnings before tax. Increases in weekly earnings greater than the rate of inflation are a sign of economic vitality and activity.²

Nationally, average weekly earnings in December 2006 were \$833. This was an increase of \$96 or 13.1% over nominal earnings in December 2003.

Of the 12 cities over this period, average nominal earnings in Dunedin increased the most, by \$120 or 17.1%, followed by Manukau (15.1%), Christchurch (15.0%) and Tauranga (14.1%). Average earnings in Hamilton increased the least, by \$41 or 5.4%.

Taking into account inflation over the period, the national increase in average real (inflation-adjusted) earnings was 4.0%. Real earnings increased in nine of the 12 cities. In Rodney they remained almost static, while in Hamilton they fell by 3.1% and in Hutt by 0.5%.

Average ordinary time weekly earnings (December quarters 2003 to 2006)

	2003	2004	2005	2006	Change 2003 to 2006	
	\$	\$	\$	\$	Nominal %	Real %
Rodney	693	735	708	756	9.0	0.2
North Shore	734	744	802	836	13.9	4.7
Waitakere	667	673	703	732	9.6	0.8
Auckland	829	857	878	936	12.8	3.7
Manukau	741	771	794	853	15.1	5.9
Hamilton	763	808	762	804	5.4	-3.1
Tauranga	640	657	671	730	14.1	4.9
Porirua	702	745	764	776	10.5	1.5
Hutt	708	734	713	766	8.2	-0.5
Wellington	952	960	981	1058	11.2	2.2
Christchurch	698	721	751	803	15.0	5.7
Dunedin	701	728	753	821	17.1	7.6
Rest of NZ	668	684	718	756	13.1	4.0
Total NZ	736	758	784	833	13.1	4.0

Data Source: Statistics New Zealand, Quarterly Employment Survey and Consumers Price Index (All Groups)

² Note that Statistics New Zealand's Quarterly Employment Survey is a survey of enterprises with a turnover of \$30,000 or more per year. Overtime payments are excluded, as are bonuses and other one-off payments to employees. As this is a survey of business locations within each city, the average weekly earnings are of those who work in the city rather than those who live in that city.

Income continued

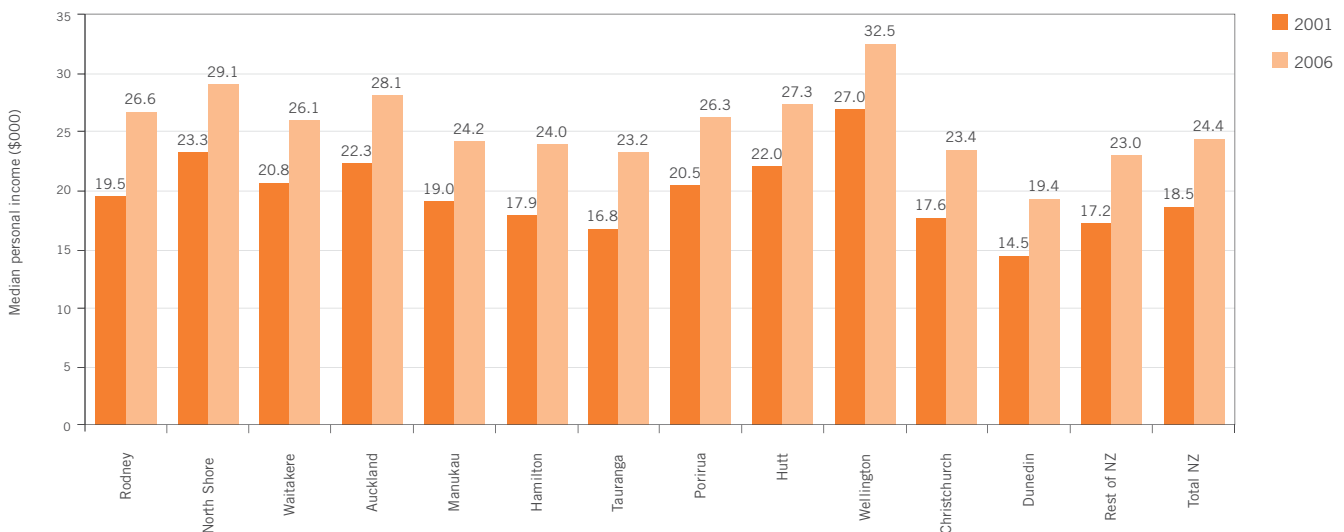
Median personal income

This measure shows changes in median personal income from all sources, not just wages and salaries. The census data allow us to compare changes in personal income separately for males and females, indicating the extent to which the gap in earnings between men and women is changing. However, this data does not take inflation into consideration.

In 2006, the cities with the highest median personal incomes were Wellington (\$32,500), North Shore (\$29,100) and Auckland (\$28,100). Those with the lowest median incomes were Christchurch (\$23,400), Tauranga (\$23,200) and Dunedin (\$19,400). The median income for the rest of New Zealand was \$23,000.

Between 2001 and 2006, nominal median incomes increased by \$5,900 or 31.9% for the whole of New Zealand. Among the 12 cities the greatest increases were in Tauranga (38.1%), Rodney (36.4%) and Hamilton (34.1%), while the lowest increases were in North Shore (24.9%), Hutt (24.1%) and Wellington (20.4%). For the rest of New Zealand, median incomes increased by \$5,800 or 33.7%.

Change in median personal income (2001 to 2006)



Data source: Statistics New Zealand, Census 2001, 2006

When looking at real median incomes for New Zealand as a whole, the real increase (16.4%) is slightly more than half of the nominal increase of 31.9%. This pattern is identical for all cities, as the price index used does not reflect local or regional variations.

Nationally there were clear differences in the median incomes for men and women. The median income of females remained lower than the median male income and increased less in dollar terms between 2001 and 2006. It did, however, increase by a greater

percentage during this time. Male median incomes increased by 11.6% whereas female median incomes increased by 16.2% (inflation adjusted).

The female median income rose at a faster rate than the male median income in Auckland, Manukau and Hutt, but at a slower rate in Rodney, Tauranga and Dunedin.

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Nominal and real changes in median personal income by gender (2001 to 2006)

	Male			Female			Total		
	Increase in income \$	Nominal change %	Real change %	Increase in income \$	Nominal change %	Real change %	Increase in income \$	Nominal change %	Real change %
Rodney	9,000	33.8	18.1	5,000	33.6	17.8	7,100	36.4	20.3
North Shore	6,300	20.5	6.3	5,100	29.5	14.2	5,800	24.9	10.2
Waitakere	6,100	22.8	8.4	4,500	28.0	12.9	5,300	25.5	10.7
Auckland	6,500	23.7	9.2	4,900	26.9	12.0	5,800	26.0	11.2
Manukau	5,400	21.6	7.3	4,400	29.9	14.6	5,200	27.4	12.4
Hamilton	6,700	27.7	12.6	4,700	32.6	17.0	6,100	34.1	18.3
Tauranga	7,700	33.3	17.6	4,600	33.1	17.4	6,400	38.1	21.8
Porirua	6,100	23.5	8.9	5,000	30.5	15.1	5,800	28.3	13.2
Hutt	5,900	21.3	7.0	4,700	27.3	12.3	5,300	24.1	9.5
Wellington	5,800	17.6	3.8	4,900	22.3	7.9	5,500	20.4	6.2
Christchurch	6,800	28.6	13.4	4,500	31.9	16.4	5,800	33.0	17.3
Dunedin	6,400	32.7	17.0	3,300	25.8	11.0	4,900	33.8	18.0
Rest of NZ	6,800	28.9	13.8	4,300	31.4	15.9	5,800	33.7	18.0
Total NZ	6,600	26.5	11.6	4,600	31.7	16.2	5,900	31.9	16.4

Data Source: Statistics New Zealand, Census 2001, 2006

Median household income

Median household income levels varied between our cities. This reflected the different employment levels and variations in types of employment available. However, according to the 2006 Census, households in the 12 cities tended to have higher median household incomes than the rest of New Zealand.

Median incomes increased in all cities between the 2001 and 2006 censuses, both in nominal and real terms. The average nominal increase was 29.8% for New Zealand as a whole, while the average real increase was 14.5%. The greatest real increases were in Rodney (21.9%), Tauranga (20.5%) and Dunedin (17.7%) while the smallest were in Hutt (9.5%), Wellington (10.2%) and Waitakere (11.4%).

The increase in median household income was greater in both nominal and real terms than the increase in average ordinary time wages. The strong growth in new business enterprises is one reason as a greater number of households will be earning proportionally more income from business profits rather than, or as well as, wages and salaries. This rise may also be due to an increase in overtime payments due to the tightening labour market and a strong economy.



Income continued

Change in median household income (March quarters 1991 to 2006)

	1991 \$	1996 \$	2001 \$	2006 \$	Increase, 2001 to 2006	
					Nominal %	Real %
Rodney	28,878	33,822	41,095	56,800	38.2	21.9
North Shore	41,719	46,865	53,355	69,100	29.5	14.3
Waitakere	36,335	41,497	46,426	58,600	26.2	11.4
Auckland	34,189	42,031	51,094	66,100	29.4	14.1
Manukau	37,078	42,658	48,441	62,300	28.6	13.5
Hamilton	32,839	36,235	40,254	52,800	31.2	15.7
Tauranga	26,847	29,865	33,302	45,500	36.6	20.5
Porirua	39,688	43,864	49,363	62,400	26.4	11.5
Hutt	37,831	39,952	45,667	56,700	24.2	9.5
Wellington	46,039	50,916	59,410	74,200	24.9	10.2
Christchurch	29,336	32,913	36,502	48,200	32.0	16.5
Dunedin	27,958	30,490	32,526	43,400	33.4	17.7
Rest of NZ	26,934	29,722	32,685	42,500	30.0	14.7
Total NZ	30,910	34,707	39,588	51,400	29.8	14.5

Data Source: Statistics New Zealand, Census 1991, 1996, 2001, 2006 and Consumers Price Index – All Groups

Percentage of households in the top and bottom national household income brackets

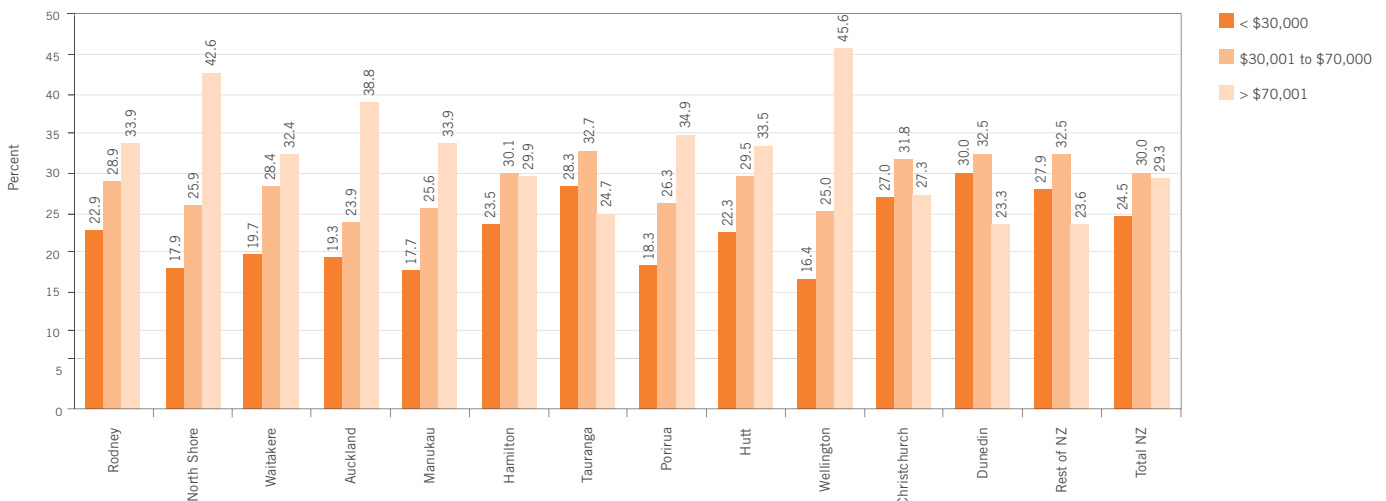
The distribution of income varies between cities, depending on how many people are in work, retired, studying or raising children. The strength of the local economy, the type of work available and the level of income derived from those different types of work also influences income distribution.

In this measure, household incomes have been aggregated into three groups: low incomes (less than \$30,000 per year), middle incomes (\$30,001 to \$70,000 per year) and higher incomes (more than \$70,000 per year).

The cities with the greatest proportion of high income households were Wellington (45.6%), North Shore (42.6%) and Auckland (38.8%). These cities also had the lowest percentages of households in the low income bracket.

Of the 12 cities, only Tauranga and Dunedin had fewer households in the high income bracket than other categories, a pattern shared with the rest of New Zealand. This reflects the high proportion of elderly residents living in Tauranga and the large number of students residing in Dunedin.

Percentage of households in low, medium and high household income brackets (2006)



Data source: Statistics New Zealand, Census 2001, 2006

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Percentage of people in low and high personal income brackets by ethnicity³

Maori, Pacific Islands and Asian populations generally earned less than their New Zealand European counterparts. This is partly influenced by the younger age structures within these populations, but it also may reflect factors such as ethnic differences in educational attainment and employment levels and types of employment.

The number and the percentage of people in high income brackets increased for all ethnic groups. The greatest increases were for New Zealand European (7.3% to 11.9%) and Maori (2.3% to 4.7%). The percentage of people within each ethnic group in the low income bracket also decreased for all groups. The greatest reductions were for Pacific Islands people (81.4%

to 67.7%) and Maori (74.5% to 61.4%). The proportion of New Zealand Europeans in the low income group was less than the average for all ethnicities. The proportion represented in the high income group was greater than the average for all ethnicities.

One of the conclusions from the data is that the phenomenon of 'bracket creep' will have affected all taxpayers, but at the higher end of the tax scale may predominantly affect the New Zealand European ethnic group. As incomes rise an increasing number of people must pay tax at the top marginal tax rate of 39 cents in the dollar, which applies to incomes over \$60,001 per year (i.e. if the threshold for the higher tax bracket does not also change).

Number and percentage of people in low and high income brackets by ethnicity (2001, 2006)

Total 12 cities	2001				2006			
	Under \$30,000		Over \$70,000		Under \$30,000		Over \$70,000	
	Number	%	Number	%	Number	%	Number	%
NZ European	691,101	62.3	80,520	7.3	615,516	51.4	142,746	11.9
Maori	90,222	74.5	2,766	2.3	84,312	61.4	6,435	4.7
Pacific Islands	79,602	81.4	942	1.0	78,858	67.7	2,340	2.0
Asian	109,698	80.0	4,050	3.0	159,636	71.2	9,282	4.1
Other	10,182	78.8	570	4.4	13,398	69.6	1,065	5.5
Total	980,805	66.3	88,848	6.0	951,720	56.1	161,868	9.5

Data Source: Statistics New Zealand, Census 2001, 2006

Total number of means-tested benefits received per week

Government benefit statistics show how many means-tested benefits are received by people aged between 15 and 65 years. This data includes all means-tested benefits (e.g. unemployment, invalids, sickness and domestic purposes), as well as payments to non-beneficiaries (e.g. the accommodation supplement and disability allowance).⁴

Nationally, the largest category was the sickness benefit, paid to people who cannot work due to sickness, injury, disability or pregnancy (5.5%). This was followed by the domestic purposes benefit, paid to a parent caring for children without the support of a partner, to a person caring for someone at home who needs

constant care and in some cases to an older woman living alone (4.6%). The third largest group was the unemployment benefit, paid to people who are looking or training for work (2.2%).

When considered as a percentage of the population of each city (i.e. benefits per capita), the most benefits paid were in Porirua (12.9%), followed by Hamilton (11.0%), Waitakere (10.4%) and Manukau (10.3%). The fewest were paid in North Shore (5.2%), Rodney (5.5%) and Wellington (5.6%). The difference between the 12 cities combined (8.4%) and the rest of New Zealand (8.5%) was negligible.

³ In previous reports, the low income bracket included only households on incomes of less than \$20,000 per year. Given the increase in median household incomes over the past few years, this bracket is no longer relevant, with \$30,000 and below per year the basis of the new definition.

⁴ These statistics are a snapshot of the number of benefits being paid in the last week of March 2006. They do not show how long people have been receiving benefits. There are a number of different benefit types in each category, which have been aggregated to provide a clearer overall picture. The 'other' category includes emergency benefits (11,178), widows benefits (7,920), youth benefits (1,616) and payments to non-beneficiaries (45,357), which include those paid an accommodation supplement.

Income continued

Number of benefits distributed and benefits per capita (%), by type of benefit (2006)

	Sickness		Domestic Purposes		Unemployment		Other		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%
Rodney	1,834	2.0	1,659	1.9	321	0.4	1,122	1.3	4,936	5.5
North Shore	6,402	3.1	6,089	3.0	1,708	0.8	5,267	2.6	19,466	9.5
Waitakere	3,108	1.7	2,705	1.5	955	0.5	3,906	2.1	10,674	5.7
Auckland	11,381	2.8	7,099	1.8	4,927	1.2	8,054	2.0	31,461	7.8
Manukau	9,140	2.8	11,733	3.6	5,597	1.7	7,447	2.3	33,917	10.3
Hamilton	4,633	3.6	4,444	3.4	2,685	2.1	2,442	1.9	14,204	11.0
Tauranga	3,557	3.4	3,389	3.3	532	0.5	2,441	2.4	9,919	9.6
Hutt	2,880	2.9	2,692	2.8	1,643	1.7	1,565	1.6	8,780	9.0
Porirua	1,684	3.5	2,088	4.3	1,551	3.2	930	1.9	6,253	12.9
Wellington	3,302	1.8	1,911	1.1	2,817	1.6	2,020	1.1	10,050	5.6
Christchurch	13,505	3.9	7,623	2.2	3,058	0.9	5,447	1.6	29,633	8.5
Dunedin	4,301	3.6	2,007	1.7	1,358	1.1	1,269	1.1	8,935	7.5
Total 12 cities	65,727	2.9	53,439	2.4	27,152	1.2	41,910	1.9	188,228	8.4
Rest of NZ	56,920	3.2	48,814	2.7	22,336	1.2	23,531	1.3	151,601	8.5
Total NZ	122,647	5.5	102,253	4.6	49,488	2.2	65,441	2.9	339,829	15.2
Proportion of all benefits (%)	36.1		30.1		14.6		19.3		100.0	

Data sources: Ministry of Social Development – Benefits current at March 2006

Percentage of families receiving means-tested benefits by type of family and type of benefit

The greatest overall reduction in benefit payments has been among people without children, whether single or in a relationship.

Families receiving means-tested benefits, by type of family (2001, 2006)

	March 2001				March 2006				Change 2001 to 2006 %			
	No children		With child(ren)		No children		With child(ren)		No children		With child(ren)	
	Couple	Single	Couple	Single	Couple	Single	Couple	Single	Couple	Single	Couple	Single
Rodney	469	2,456	518	1,774	256	2,208	493	1,979	-45.4	-10.1	-4.8	11.6
North Shore	928	5,740	1,236	3,750	925	4,745	1,461	3,543	-0.3	-17.3	18.2	-5.5
Waitakere	1,570	10,020	2,357	7,342	1,373	8,122	2,392	7,579	-12.5	-18.9	1.5	3.2
Auckland	2,859	20,976	3,939	9,766	2,490	16,741	3,284	8,946	-12.9	-20.2	-16.6	-8.4
Manukau	2,558	15,814	4,415	13,526	2,360	13,506	3,799	14,252	-7.7	-14.6	-14.0	5.4
Hamilton	874	8,364	1,169	5,238	681	6,954	1,095	5,474	-22.1	-16.9	-6.3	4.5
Tauranga	1,085	5,819	1,183	4,231	516	4,194	981	4,228	-52.4	-27.9	-17.1	-0.1
Hutt	612	5,407	819	3,351	490	4,355	714	3,221	-19.9	-19.5	-12.8	-3.9
Porirua	356	3,605	694	2,614	263	3,037	490	2,463	-26.1	-15.8	-29.4	-5.8
Wellington	654	7,824	794	2,524	534	6,375	798	2,343	-18.3	-18.5	0.5	-7.2
Christchurch	2,564	20,684	2,959	9,945	1,570	16,077	2,450	9,536	-38.8	-22.3	-17.2	-4.1
Dunedin	1,017	6,925	716	2,890	531	5,380	573	2,451	-47.8	-22.3	-20.0	-15.2
Total 12 cities	15,546	113,634	20,799	66,951	11,989	91,694	18,530	66,015	-22.9	-19.3	-10.9	-1.4
Rest of NZ	14,637	88,575	14,282	60,293	8,674	74,226	10,895	57,806	-40.7	-16.2	-23.7	-4.1
Total NZ	30,183	202,209	35,081	127,244	20,663	165,920	29,425	123,821	-31.5	-17.9	-16.1	-2.7

Data source: Ministry of Social Development - Benefits current at March 2001 and 2006



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For the whole of New Zealand, between 2001 and 2006 the number of benefits paid to couples without children reduced by 9,520 or -31.5%, while the number paid to single people without children reduced by 36,289 or -17.9%. The number of benefits paid to couples with children reduced by 5,656 or -16.1% and to single parents by 3,423 or -2.7%.

For the 12 cities the percentage decreases were lower than the decrease nationally for childless couples (22.9%), but higher for childless singles (19.3%). The percentage decreases were lower for families with children, whether a couple (-10.9%) or a single parent (-1.4%).

The types of benefits paid to families with children changed quite markedly between 2001 and 2006. For New Zealand as a whole, the percentage of domestic purposes benefits payments to single people with children decreased by -6.6%. The number of unemployment benefits paid to parents also decreased, by -72.3% for couples and by 64.1% for single parents. There were increases in the number of sickness benefit payments to couples (6.5%) and single parents (61.0%), as well as increases among the numbers of 'other' types of benefits in total (by 44.5% for couples and by 34.3% for single parents).

Families with children receiving means-tested benefits, by type of benefit (number in 2006 and percentage change from 2001 to 2006)

	2006 (number)								Change from 2001 %							
	Sickness		Domestic Purposes		Unemployment		Other		Sickness		Domestic Purposes		Unemployment		Other	
	Couple	Single	Couple	Single	Couple	Single	Couple	Single	Couple	Single	Couple	Single	Couple	Single	Couple	Single
Rodney	134	113	0.0	1,558	15	5	344	303	0.0	109.3	0.0	5.8	-89.2	-84.4	40.4	40.9
North Shore	185	142	0.0	2,521	89	27	1,187	853	15.6	67.1	0.0	-12.1	-76.1	-65.8	68.8	18.6
Waitakere	536	398	0.0	5,782	172	59	1,684	1,340	50.1	75.3	0.0	-2.4	-80.8	-78.8	52.7	46.9
Auckland	761	640	0.0	6,605	459	186	2,064	1,515	19.7	52.4	0.0	-6.6	-74.2	-70.8	35.2	-7.3
Manukau	1,035	795	0.0	11,148	704	452	2,060	1,857	21.6	48.0	0.0	9.2	-62.5	-51.7	22.0	0.5
Hamilton	247	306	0.0	4,226	231	163	617	779	14.4	66.3	0.0	-0.7	-57.6	-40.1	51.2	48.1
Tauranga	233	239	0.0	3,197	35	16	713	776	9.4	92.7	0.0	-9.2	-93.6	-90.7	69.4	86.5
Porirua	103	107	0.0	1,971	135	88	252	297	0.0	118.4	0.0	-7.5	-63.9	-42.9	16.1	5.7
Hutt	172	157	0.0	2,538	126	62	416	464	-3.4	48.1	0.0	-8.6	-65.3	-55.7	49.6	41.0
Wellington	138	102	0.0	1,782	179	42	481	417	-2.1	34.2	0.0	-11.0	-53.5	-57.1	79.5	20.2
Christchurch	675	809	0.0	7,149	203	55	1,572	1,523	6.1	79.0	0.0	-11.9	-80.5	-70.9	22.7	27.8
Dunedin	170	174	0.0	1,874	78	14	325	389	-12.8	29.9	0.0	-23.6	-76.0	-78.8	65.8	64.1
Total 12 cities	4,389	3,982	0.0	50,351	2,426	1,169	11,715	10,513	14.9	62.7	0.0	-4.6	-71.9	-61.7	40.6	21.4
Rest of NZ	3,684	3,818	0.0	45,818	1,936	1,026	5,275	7,144	-2.0	59.3	0.0	-8.8	-72.8	-67.7	54.3	58.9
Total NZ	8,073	7,800	0.0	96,169	4,362	2,195	16,990	17,657	6.5	61.0	0.0	-6.6	-72.3	-64.7	44.5	34.3

Data source: Ministry of Social Development - Benefits current at March 2001 and 2006

Work/life balance

- The majority of New Zealanders feel positively about their work/life balance, more so outside the 12 cities. Residents of North Shore, Waitakere and Manukau are the least satisfied with their work/life balance.

What this is about

Work/life balance is about people having the right combination of participation in paid work and other aspects of their lives. People's perceptions of their work/life balance have an impact on their perception of personal wellbeing. The 2006 Quality of Life Survey showed that when comparing work/life with the overall quality of life, those who rated their quality of life extremely good were significantly more likely to have rated their work/life balance positively. This indicator looks at resident satisfaction with the balance between work and other aspects of their lives.

What did we find?

Work/life balance is the interaction between time devoted to paid work and time devoted to other activities, including family, community activities, leisure and personal fulfilment. It is a subjective indicator, because each person may evaluate their satisfaction in different ways. It encompasses not only the amount of time devoted to work and other activities, but also the quality of their experience in each sphere of activity.

In the 2006 Quality of Life Survey, residents were asked how satisfied they were with the balance between their work and other aspects of their life, such as time with their family or leisure. The majority (77.0%) of New Zealanders felt positively

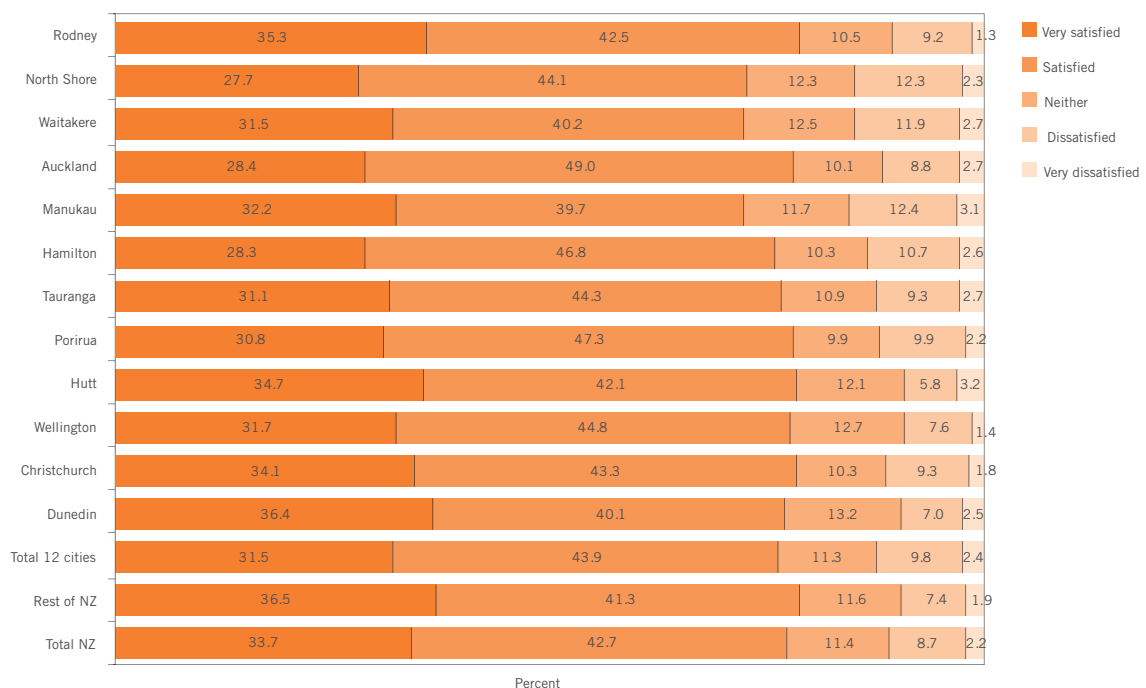
toward their work/life balance, with (34.0%) responding with a rating of 'very satisfied' and 43.0% with 'satisfied'.

Those who were more likely to have rated their work/life balance positively lived outside the 12 cities, while in the 12 cities, those who were less likely to do so lived in North Shore, Waitakere and Manukau. The residents of Auckland were more likely than the residents of the other 12 cities to indicate that they were 'satisfied' but less likely to be 'very satisfied'. Otherwise there were few differences among the residents of the 12 cities.

Nationally and in the 12 cities, residents in low income households were more likely to be satisfied with their work/life balance than those in higher income households. Of residents on lower household incomes (\$20,001 to \$40,000), 79.0% rated their work/life balance positively, while 74.0% of those on higher household incomes (\$70,001 to \$100,000, or over \$100,000) did so.

The survey also showed a strong correlation between satisfaction with work/life balance and overall quality of life, nationally and in the 12 cities. Residents who were 'very satisfied' with their work/life balance were much more likely to report that they had an 'extremely good' quality of life, while those who were 'very dissatisfied' with work/life balance were much more likely to have a 'poor' quality of life.

Percentage of residents satisfied with work/life balance (2006)



Data source: Quality of Life Survey 2006



Cost of living

8. Economic standard of living

- Home ownership, energy, health care and education costs have risen faster than the overall rate of inflation.
- The cost of food has increased, but at a lower rate than inflation.
- Rental housing costs and clothing costs have risen only slightly.

What this is about

Assessing the cost of goods and services provides an indication of living costs in the 12 cities. While the consumer might face a large price increase in particular types of items, this might in turn be offset by lower increases, or even decreases, in other items. Households on lower incomes are particularly vulnerable to changes in price. Measures for this indicator include:

- Consumers Price Index
- Food Price Index
- Household contents and services.

What did we find?

Consumers Price Index

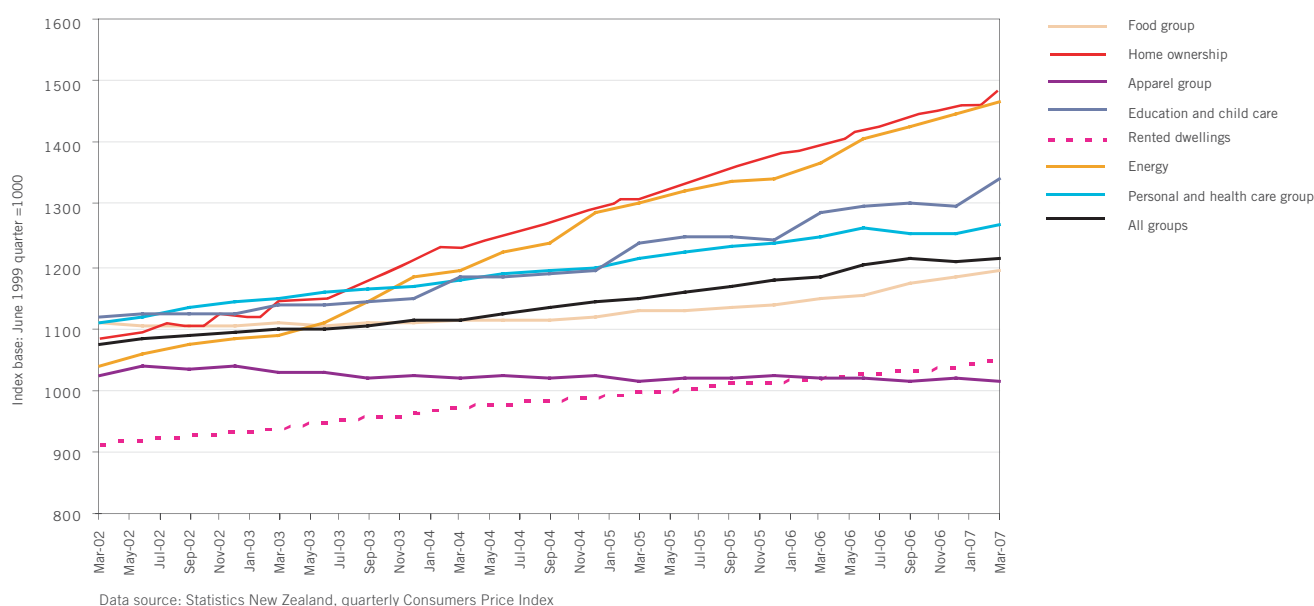
The Consumers Price Index (CPI) is a measure of the change in the price of goods and services purchased by private New Zealand households, which represents the average expenditure pattern. It can be used as an indicator of the effect of price change on the purchasing power of household income.

The Consumers Price Index is comprised of a range of household expenditure items, which each contribute to the overall index (All Groups).⁵

Some groups have had a major effect on the index for New Zealand as a whole. Home ownership and energy have risen in costs over the past five years. Health care and education costs have grown higher than the overall rate of inflation, while food prices have tracked slightly below the inflation rate. The cost of rental housing has risen very little since 1999 and the cost of apparel (shoes and clothing) has remained relatively constant.

In general, the items and groups that have risen faster in price are non-tradable (i.e. they are produced in New Zealand and do not face competition from foreign suppliers), these include fresh food, electricity, housing, health care and education. The items and groups that have risen more slowly tend to consist predominantly of tradable goods (e.g. they may be produced in New Zealand and do face competition from foreign suppliers). These include tinned and packaged foods, petrol, clothing and footwear.⁶

New Zealand quarterly consumers price index for selected items and groups (March 2002 to 2007)

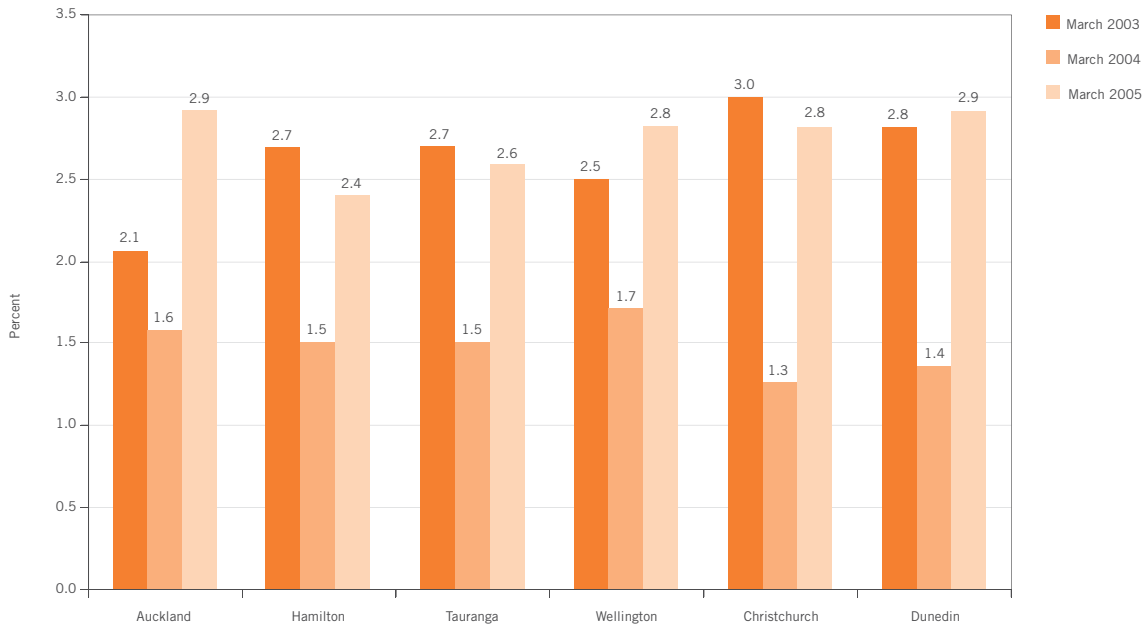


⁵ The CPI has undergone a major review, implemented in the September 2006 quarter, requiring an estimation to extrapolate trends from the previous base. Trends shown from March 2006 to March 2007 may not precisely match official statistics.

⁶ New Zealand Treasury. (2007). *New Zealand Economic and Financial Overview 2007*.

Cost of living

Consumers price index all groups, change from previous year, by CPI region (March quarters 2003 to 2005)



Data source: Statistics New Zealand, regional Consumers Price Index

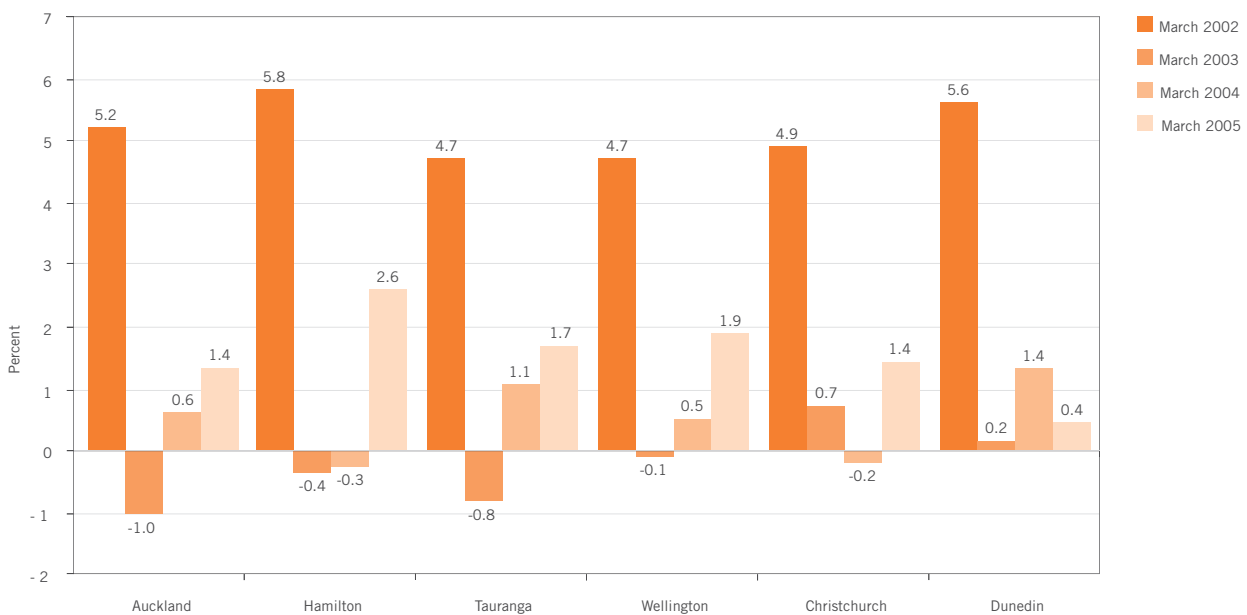
The regional Consumers Price Index shows that inflation dropped markedly in March 2004 compared with the previous March and more so in Christchurch and Dunedin than in the other CPI regions.

Food Price Index

The Food Price Index is one of the nine groups that make up the Consumers Price Index. Food is a basic item of household

expenditure. Affordable food is important for nutrition and general health and is particularly important to help meet children's development needs. Seasonal factors, changes in the broader national economy and the international environment all impact on food prices. Households on lower incomes have limited ability to adjust to increases in the price of food, as it tends to make up a significant proportion of household expenditure.⁷

Consumers price index, food group only, change from previous year, by CPI region (March quarters 2003 to 2005)



Data source: Statistics New Zealand, regional Consumers Price Index

7 Talbut, K. (2003). *Consumer Expenditure (1990-2001)*. Statistics New Zealand. Wellington.



8. Economic standard of living

Food prices increased somewhat over the four years to March 2005, falling from a high in March 2002 to a slight decrease in 2003 and/or 2004 in most regions and then rising again in 2005.

Household contents and services

The household contents and services category of the Consumers Price Index covers the costs of living not including the cost of housing (rent and mortgage payments) or food. It incorporates

the costs of energy, communications, appliances, furniture and furnishings, cleaning products, insurance and other services.

Unlike the Food Price Index, the cost of household contents and services has risen steadily over years 2002 to 2006, although markedly less in the Auckland region than in other CPI areas.

Consumers price index, household operations group (March quarters, 2002 to 2006)

CPI regions	2002	2003	2004	2005	2006	Change 2002 to 2006 %
Auckland	1,013	1,019	1,023	1,042	1,048	3.5
Hamilton	1,020	1,047	1,054	1,060	1,082	6.1
Tauranga	1,010	1,038	1,062	1,083	1,090	7.9
Wellington	1,037	1,055	1,089	1,111	1,139	9.8
Christchurch	1,016	1,052	1,082	1,107	1,117	9.9
Dunedin	985	1,020	1,032	1,058	1,075	9.1
Total NZ	1,020	1,039	1,054	1,074	1,087	6.6

Data source: Statistics New Zealand, regional Consumers Price Index



Social deprivation

- The cities with the highest proportion of people living in the two least deprived deciles are North Shore and Wellington.
- The cities with the highest percentage of people living in the two most deprived deciles are Porirua and Manukau.

What this is about

The economic and social circumstances that city residents find themselves in will have a significant impact on their ability to provide for their individual and family needs. The deprivation index is a combination of a key range of socio-economic variables and provides an overall score of deprivation in a particular meshblock.

The aim of the New Zealand Deprivation research programme is to develop small area indexes of socio-economic deprivation for New Zealand. The scores are on a scale of one (least deprived) to ten (most deprived).⁸

What did we find?

This indicator shows the percentage of city residents living in each decile. Overall there is significant variation in the distribution of deprivation between the cities. North Shore (35.0%) and Wellington (34.0%) have the highest proportions of residents living in the least deprived areas (deciles one and two).

Porirua (42.0%) and Manukau (38.0%) have the largest proportions of residents living in areas with the highest levels of deprivation (nine and ten). Porirua and Hutt have a large proportion of residents living in both the most deprived and least deprived deciles.

Other cities, such as Auckland, Christchurch and Dunedin, have a more even distribution of the population across each of the deciles.

These deciles give an indication of wealth and to a lesser extent perceptions of relative poverty. Relative wealth is important because people tend to compare their material wellbeing to that of others as a measure of social status, which has an effect on perceived quality of life. A recent study links large disparities in relative wealth to the absence of trust in society, which also has an impact on economic performance.⁹

Percentage of population living in deprivation index deciles (2006)

Decile	Rodney %	North Shore %	Waitakere %	Auckland %	Manukau %	Hamilton %	Tauranga %	Porirua %	Hutt %	Wellington %	Christchurch %	Dunedin %
1	13	17	10	7	8	10	7	20	15	22	12	12
2	15	18	10	8	8	8	8	10	10	12	10	9
3	16	16	11	9	8	6	10	4	7	12	11	11
4	12	17	10	6	7	8	9	6	8	12	11	9
5	15	11	9	9	7	7	12	4	8	10	11	11
6	11	10	10	12	6	11	13	3	8	9	11	10
7	9	7	11	14	6	12	11	3	8	8	9	9
8	5	2	9	17	12	11	13	7	10	6	10	10
9	2	1	8	13	15	16	11	12	12	4	10	13
10	1	1	12	4	23	10	5	30	13	5	6	6

1 = Least Deprived 10 = Most Deprived

Data source: University of Otago, Wellington School of Medicine and Health Sciences

8 Income- People aged 18 to 64 years receiving a means tested benefit. Income- People living in equivalised households with income below an income threshold. Owned home- People not living in own home. Support- People aged < 65 years living in a single parent family. Employment- People aged 18 to 64 years unemployed. Qualifications- People aged 18 to 64 years without any qualifications. Living space- People living in equivalised households below a bedroom occupancy threshold. Communications- People with no access to a telephone. Transport- People with no access to a car.

9 Labonne, J., Biller, D. & Chase, R. (2007). *Inequality and relative Wealth: do they matter for Trust? Evidence from poor communities in the Philippines*. World Bank Social Development Department. Working Paper Series.



Net worth

8. Economic standard of living

- The top 10.0% of wealthy individuals own more than half of the nation's total net worth, while the bottom 50.0% of the population owns just 5.2% of total net worth.
- Wealth accumulation is closely related to age. Nearly half of people with negative net worth are likely to be students accruing student loan debts.
- The most valuable asset people have is residential property, including homes, rental property and holiday homes.

What this is about

Disparity of incomes has implications for health outcomes, economic and social wellbeing and opportunities for social participation. Net worth has implications for people's ability to withstand life-shocks and to raise finance when needed. Net worth contributes to people's sense of security and their ability to enjoy health, wellbeing and social participation into the future. Finally, it enables people to provide security for other members of their family including future generations. Measures for this indicator include:

- Debt and savings
- Total household claims.

What did we find?

Debt and savings

The data for this measure comes from Statistics New Zealand's Survey of Family, Income and Employment (SoFIE). The survey looks at changes in income and labour force participation in association with changes in individual, family and household circumstances. The same people are re-interviewed once every 12 months, over eight cycles, in order to build up a picture of how their circumstances have changed over time.

Number of people, total and median values of assets, liabilities and net worth by region (2003 to 2004)

Region	Population	Asset value		Liability value		Net worth value	
		Total (\$ million)	Median (\$)	Total (\$ million)	Median (\$)	Total (\$ million)	Median (\$)
Auckland	871,400	166,907	101,300	33,454	3,000	133,453	52,400
Waikato	301,700	70,793	107,500	11,281	2,500	59,512	77,000
Wellington	334,300	61,107	115,000	11,298	4,300	49,809	69,500
Canterbury	398,200	79,511	111,300	11,427	2,500	68,085	73,500
Rest of North Island	671,100	114,245	102,000	15,682	1,500	98,563	73,300
Rest South Island	352,800	66,851	104,800	8,585	1,600	58,266	79,600

Data Source: Statistics New Zealand, Survey of Family, Income and Employment (SoFIE)

Net worth continued

Nationally, the key results were as follows.¹⁰

- The top 10.0% of wealthy individuals own more than half (51.8%) of total net worth. The top 1.0% of wealthy individuals own 16.4% of total net worth. The bottom 50.0% of the population collectively owns just 5.2% of the nation's total net worth, taking into account 6.5% of the population that has negative net worth (more debts than assets).
- Property accounted for approximately 43.0% of the total value of assets. The most valuable asset was residential property, including homes, rental property and holiday homes. The largest type of debt was mortgage debt, making up approximately 80.0% of the total value of debts.
- The level of net worth held is strongly related to age: younger people tend to have very low net worth. Wealth accumulation accelerates through the working ages, from ages 25 to 49 years and peaks between ages 55 and 69 years. The level of median net worth remains relatively stable at post-retirement ages.
- There are significant disparities between ethnic groups. Differences in age structure among the groups partly accounts for this.
- People in one-parent families have significantly lower net worth than any other group. Non-partnered individuals (people living alone) tend to have lower net worth over their entire lifecycle than those in couple relationships. People who are in couple relationships without children have a median net worth nearly double that of individuals without children.

- Individuals with negative net worth (more debts than assets) make up 6.5% of the sample (191,700 individuals). Nearly half are between the ages of 15 and 24 years and a third (2.4% of the sample) are members of a family group that has positive net worth. They are likely to be students accruing student loan debts. The number of individuals with indebtedness is minimal at post-retirement ages.

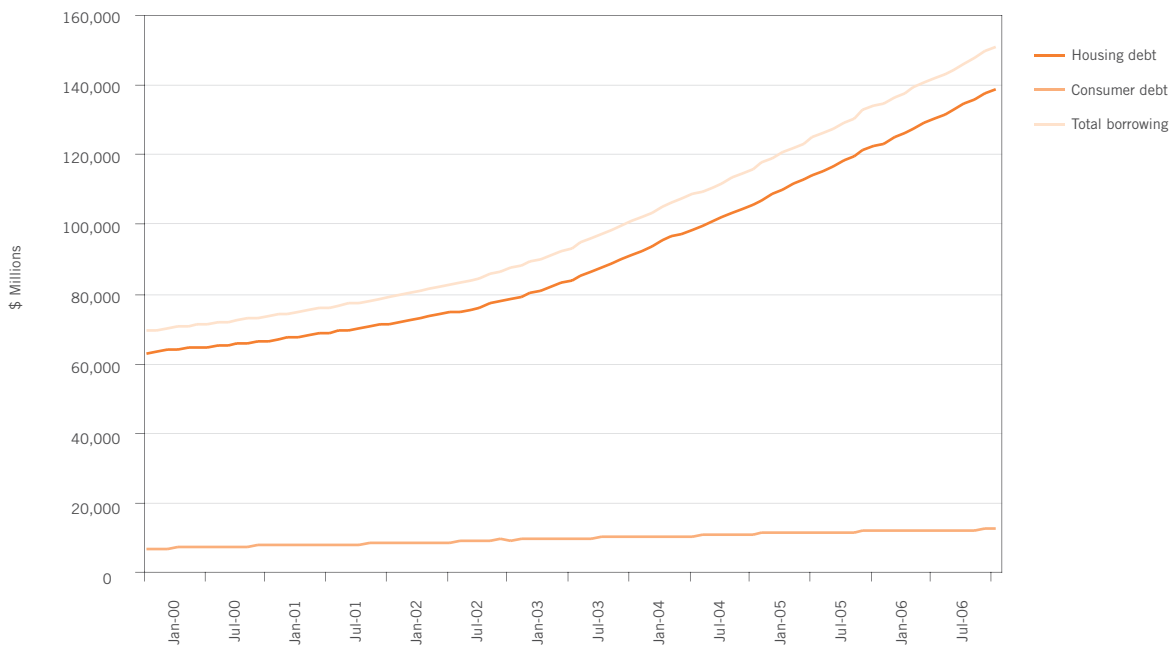
These national results will have different effects in each city. From the results provided by SoFIE to date, the main factor behind the differences in net wealth among cities is likely to be the age profile of the population, with ethnic composition also playing a part.

Total household claims

The Reserve Bank of New Zealand collects information on loans to households for housing and consumer purposes. The data is collected for all registered banks and Non-Bank Financial Institutions. It includes all residential mortgage loans to personal customers, as well as loans, whether or not secured by mortgage, which have been separately identified as being for personal customers but not for housing (e.g. boat or car purchase, travel and all credit card lending).

Household claims (debt) across New Zealand have increased by 73.6% during the period December 2002 to December 2006 (from \$85,806 million to \$148,920 million). Of this increase, the majority was mortgage debt, which increased by \$59,836 million, while consumer debt grew by \$3,384 million. However, these figures do not take into account changes in home affordability and additional assets that may be owned by borrowers.

New Zealand's mortgage and consumer debt (monthly, January 2000 to January 2007)



Data source: Reserve Bank of New Zealand, Household Claims

10 Cheung, J. (April 2007) *Wealth Disparities in New Zealand*. Paper presented at the Social Policy, Research and Evaluation Conference 2007.