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# In-Work Poverty in New Zealand

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# SNZ Disclaimer

- Access to the anonymised data used in this study was provided by Statistics New Zealand in accordance with security and confidentiality provisions of the Statistics Act 1975, and secrecy provisions of the Tax Administration Act 1994.
- The findings are not Official Statistics. The results in this paper are the work of the authors, not Statistics NZ, and have been confidentialised to protect individuals, households, businesses and other organisations from identification.



# Research Design

- **First study** to examine the prevalence of, and characteristics associated with, in-work poverty in New Zealand
- **IDI based:** Linking 2013 Census data with records from Inland Revenue and Working for Families
- **‘Working’ household:** at least one adult (18 to 65) is receiving positive wages or salaries for a minimum of seven months between April 2012 and March 2013
- **‘Poverty’:** equivalised total net household income falling below the 60% median income poverty threshold before housing costs



# Population Spine

- Not including pensioner households and households with one self-employed member
- Census 2013: 875,000 households
  - 150,000 non-work households (17 percent)
  - 725,000 in-work households (83 percent)
- **In-work poverty:**
  - 50,000 out of 725,000 working households → 7 percent
  - 108,000 out of 1,508,000 adults → 7.2 percent
  - 57,000 out 725,000 children → 10 percent



# In-Work Poverty in New Zealand

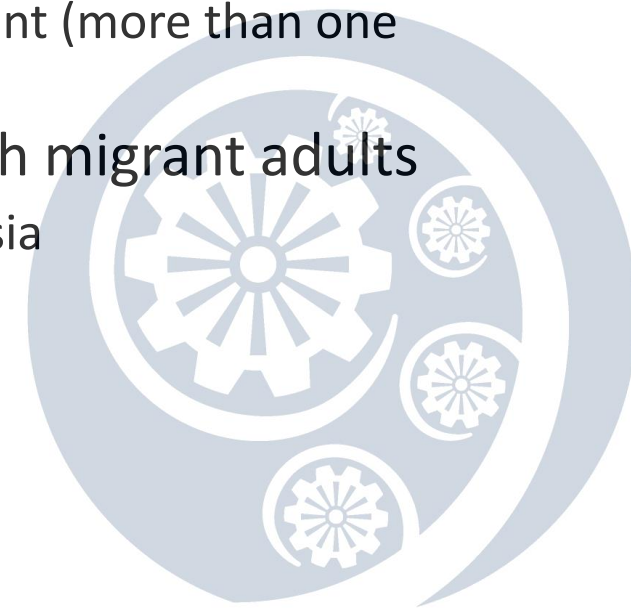
- Substantial re-distributional effect of *Working for Families tax credits* and the *Accommodation Supplement*
- Prevalence is greatest for our most vulnerable
  - Single parents (12.3 percent)
  - Māori (8.6 percent) and Pacific peoples (9.5 percent)
  - Households with low educational attainment (10.7 percent for households without any qualification)
  - Disabled people (9.5 percent)
  - Renters (9.2 percent)
- Very little change between 2007 and 2017 (HLFS data)



# In-Work Poverty in New Zealand

## Differences across various dimensions:

- **Household structure**
  - Lowest in-work poverty rate for couple without children (4.8 percent)
  - Highest for two or more families (9.6 percent) or single-parent (12.3 percent) households
- **Additional earner**
  - Couples with children: 13.5 percent (one adult working) vs 1.9 percent (more than one adult working)
- **Migrants** → substantial heterogeneity across households with migrant adults
  - Highest rates for households with migrant adults from North-East Asia
  - Below average for those from the United Kingdom



# In-Work Poverty in New Zealand

## Differences across various dimensions

- Occupation / Industry
  - negatively associated with occupational hierarchy
  - Elevated risk when working in *agriculture, forestry and fishing*, and in the *accommodation and food service industry*
- Substantial regional variation
  - Canterbury: 5.7 percent; Bay of Plenty: 10.2 percent
  - Sub-regional variation is pronounced
- Poverty duration
  - 20 percent experience at least one month of poverty



# Thank you for your time

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