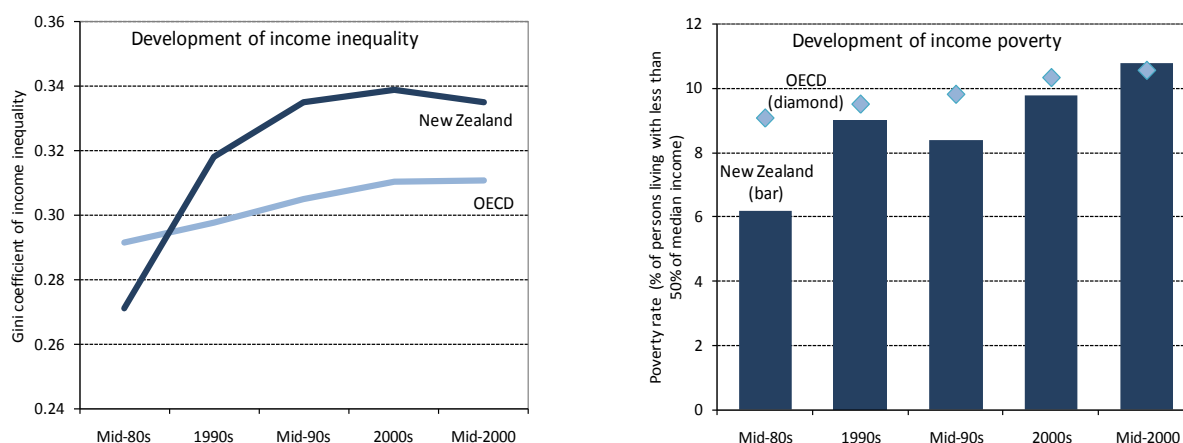


## COUNTRY NOTE: NEW ZEALAND

Inequality in New Zealand has fallen since 2000, reversing a long-term trend, but is still well above the OECD average. On the other hand poverty (meaning people who live on less than half the median income) has risen since 2000, and is now at the OECD average.

Figure 1. **Income inequality started to decline around 2000 but poverty is still rising**



Source: *Growing Unequal?*, OECD 2008. Income is disposable household income adjusted for household size.

- Between 1985 and 1995, real household incomes of lower and middle income groups fell, whereas rich households saw their real incomes rise. Since 1995, all groups experienced income growth, but the middle classes gained the most. This explains the recent decrease in overall inequality.
- Since 1985, the distribution of earnings widened by 22%, compared to an average rise in the OECD of 15%. Capital income, too, has become more unequally distributed, at a faster rate than in most OECD countries.
- On average, New Zealand's households receive just 13% of their income from the government in the form of public benefits. In the average OECD country, it is 22%. But New Zealand targets these benefits more tightly on low-income households than other countries: one third of total cash benefits go to the poorest 20% of the population. Only Australia and Denmark target their benefits more.
- Since 1985 child poverty has increased from 10 to 15%, at the higher end of the OECD. Poverty among younger adults aged 18 to 40 also increased. Poverty among the elderly remained at one of the lowest levels across the OECD, around 2%.
- Almost half of people living in households where no one works are poor. If there is someone working, the poverty rate falls to 19% and to 4% if there are two or more people working.