



**families** commission  
kōmihana ā **whānau**

> Giving New Zealand families a voice *Te reo o te whānau*

RESEARCH REPORT NO 3/08  
JUNE 2008

# the kiwi nest

60 YEARS OF CHANGE IN NEW ZEALAND FAMILIES

A FAMILIES COMMISSION REPORT

**The Families Commission was established under the Families Commission Act 2003 and commenced operations on 1 July 2004. Under the Crown Entities Act 2004, the Commission is designated as an autonomous Crown entity.**

**Our main role is to act as an advocate for the interests of families generally (rather than individual families).**

Our specific functions under the Families Commission Act 2003 are to:

- > encourage and facilitate informed debate about families
- > increase public awareness and promote better understanding of matters affecting families
- > encourage and facilitate the development and provision of government policies that promote and serve the interests of families
- > consider any matter relating to the interests of families referred to us by any Minister of the Crown
- > stimulate and promote research into families, for example by funding and undertaking research
- > consult with, or refer matters to, other official bodies or statutory agencies

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# PREFACE

While some commentators lament the demise of the 'traditional family' and promote a return to the values and policies that they believe supported such families, others seek a better alignment between current policies and the demands on contemporary families. Both sides nevertheless accept that the family is the foundation of our society. They believe the interests of the family must be enhanced if it is to more effectively care for all its members, bring children into the world, nurture and prepare them to participate in the economy and society and generally enhance their wellbeing.

Families today are different in many respects from families of yesteryear. An accurate appreciation of these differences and the current forms families take is a prerequisite to designing effective policies and programmes to support them. However, this information is spread over many reports and much of it demonstrates the fairly constant evolution of the family over the past 60 years or so. Families, academics, policymakers, service providers and researchers have an interest in interrogating this data.

This report does not set out to discuss all aspects of the evolution of family life in New Zealand. This would require several volumes, and one has recently been completed.<sup>1</sup> It focuses on the family experiences of people born before 1943 (the pre World War II era), between 1944 and 1970 (the post-war baby boomers) and between 1971 and 1993 (the children of the baby boomers). People from these different eras will readily recognise themselves in this report. Juxtaposing their experiences may also contribute to a greater appreciation of each other's experiences.

Alongside a demographic description of families in these eras, the report examines three important dimensions of family life – work, income and housing. A number of themes that transcend these topics are also discussed.

In this report we see how change has been constant for families over the last 60 years and we can appreciate the resilience of the family in the face of these changes. We see the relationship between family form and the influences on their working life, their home life and their income. We are also able to better contemplate the evolving relationships between state, society and family.

This report is set out in a way which will make it possible for people to see the evolution of their own family and understand the differences between themselves and those of families from a different era. Our intention is for this report to be useful in discussion and debates how best to further the interests of the family.



Rajen Prasad  
Chief Commissioner

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<sup>1</sup> Pool, I., Dharmalingam, A., & Sceats, J. (2007). *The New Zealand Family from 1840: A Demographic History*. Auckland University Press.

# DEFINITIONS

Definitions are given below for the terms used in the report. Where terms are related to one another, their definitions are grouped together.

## Families and their forms

A **'family'**, for statistical purposes, refers to a couple (of any age) with or without children, or a single parent with children, where they live together in a dwelling. Related people who are not in a couple or parent-child relationship (for example, adult siblings) are therefore excluded from this definition. Also excluded are biological children who do not share a dwelling with a parent.

**'Family form'** refers to partnership arrangements (the presence or absence of a partner, and whether formally married, or joined in a civil union, or neither).

**'Family structure'** refers to the age of the family members and the size of the families (the number of children and the number of other family members living in the household who are not dependent children or parents). For simplicity, this report uses the term 'family form' to refer to both 'form' and 'structure'.

**'Family diversity'** or **'diversity in family forms'** are phrases frequently used in this report. They refer to the increasing multiplicity of forms and structures that are called 'family' today, with variations in the number of parents, their sexual orientation, their form of commitment and the number of children and their ages and relationships with each other and the adults in the household.

A **'household'**, for statistical purposes, can consist of one person residing alone, or two or more people or families residing together in a private dwelling and sharing facilities.

**'Step-families'** are those where at least one of the adult couple is not the biological or adoptive parent of one or more of the children and the adult couple has married or formed a civil union.

**'Blended families'** are those where at least one of the adult couple is not the biological or adoptive parent of one or more of the children and where the adult couple's relationship is outside of a legal arrangement (eg, in a *de facto* relationship). For the purposes of this report, the term **'step-family'** is used to refer to both step-family and blended family arrangements.

**'Couple'** refers to those married, those in a civil union and those in *de facto* relationships.

**'Two-parent families'** may include biological parents, step-families, those living in *de facto* relationships, married people, same-sex couples and those who have formed a civil union.

**'Single-parent families'** may include those living in households with others.

**'De facto'** refers to a relationship in the nature of marriage or a civil union, which has not been legalised or formalised. Terms such as 'cohabitation' and 'union' are widely used today, but '*de facto*' is better known and is used in this report.

**'Living-apart-together'** refers to a committed couple choosing to live in separate houses either for social, moral, religious or other reasons, or because it is more financially advantageous to do so.

**'Single'** refers to un-partnered people rather than to those living alone. Un-partnered does not necessarily mean living alone.



## Changes in family form and structure

The **'marriage rate'** is the number of marriages per 1,000 not-married population aged 16 and over.

**'Remarriages'** are measured as a proportion of all marriages.

The **'divorce rate'** is the number of divorces per 1,000 estimated existing marriages. Note that the United States divorce rate is calculated as the number of divorces per 1,000 women *married*.

**'Women giving birth to their first child'** refers to women giving birth to the first child from their current relationship.

The **'fertility rate'** is the average number of live births per 1,000 estimated female residents in the population. The 'replacement fertility rate' is the average number of births needed per woman over her reproductive life, in order for the population to replace itself. The 'peak fertility rate' is the highest recorded rate of births.

**'Closed stranger adoptions'** refers to adoptions in which the biological parents did not know who had adopted their baby, and it was left to the adopted parents to tell the child, or not, of the existence of its birth parents and about the adoption.

## Demographic groups

**'Baby-boomers'** are people born in the post-war period between the early to mid-1940s to about 1970 (the 'baby-boom' era). This period is notable for the sheer number of children born, and for the fact that women almost universally married (at a young age) and had children (at a young age). New Zealand's baby boom was more prolonged than in other developed countries. New Zealand also experienced 'waves' of baby-boom characteristics over the reference period.

**'Older families'** includes single people aged 65 years or over, and couples of which at least one is aged 65 years or over.

## Labour market and employment

**'Labour market participation'** is measured by the proportion of working-age people (currently 15–64 years) who are employed (for one or more hours per week) or unemployed and actively seeking employment.

**'Employment'** is measured as all people of working age who work for one hour or more per week (for pay or not for pay and whether self-employed or employed), as well as people who had a job but were absent from work at the time of the survey for reasons of ill-health, injury, leave etc.

**'Unemployment'** is measured as all people of working age who are without a job, who are available for work and who are actively seeking employment. Census measures of 'unemployment' are different from the numbers registered unemployed with the Department of Labour. The Census figures tend to be higher than the registered unemployed figures, as those who register tend to do so to (a) receive assistance in finding employment and (b) be eligible to receive a benefit.

**'Full-time employment'** is defined as employment of 30 or more hours per week.

**'Multiple job holding'** figures are for the annual average number of people employed in at least two jobs on the 15th day of the middle month of each quarter of the tax year.

Employment sectors:

- > The **primary sector** includes agriculture, hunting, fishing, forestry and mining.

- > The **manufacturing sector** includes manufacturing industries.
- > The **services sector** includes wholesale and retail trade, restaurants and hotels, transport and communications, finance, personal community services and government services.
- > The **'other' sector** includes electricity, gas, water and construction.

## Income and wealth

Measures of **'poverty'** and **'income inequality'** are usually based on 'real, equivalised, median disposable household incomes after housing costs'. This means that the income takes into account: inflation (real); the size and composition of the household (equivalised); the mid-point of all household incomes (median); the removal of tax (disposable); and the payment of housing costs.

**'Net worth'** is the difference between a person's assets (belongings that could be exchanged for money) and their liabilities (debts) and is often accumulated over time.

An **'adequate income'** is one that provides the necessities of life (food, shelter and fuel, for example). It is sometimes defined as income above a specified threshold, which, in this report, is referred to as the 'poverty line'.

The **'poverty line'** referred to in this report is defined as 60 percent of net median income after housing costs. 'Low income households' are those living below the poverty line. Many other measures of poverty are also used (as described in Perry, 2007). The importance of a poverty measure relates less to the actual measure used and more to the changes observed over time by a constant measure.

The threshold for **'low income'** in the United Kingdom is defined as 60 percent of median disposable income.

**'Income inequality'** means the extent to which incomes are spread around the middle or median income. Where there is a wide spread (with some very rich people and some very poor people) there is high income inequality.

## Housing

**'Overcrowding'** is defined as occurring when the number of people residing in a household exceeds the ability of the dwelling to provide adequate shelter and services to its members (Statistics New Zealand, 2006a).

A definition of **'overcrowding'** was not supplied by the Royal Commission, but the definition used by the National Housing Commission at that time (it contributed to the Royal Commission's report) was 'two or more families in the same households not by choice' (National Housing Commission, 1988, p 76).

**'Housing costs'** include rent payments, mortgage principal and interest payments and rates. Repairs, maintenance and dwelling insurance are not included.

## Other terms

**'Child outcomes'** refer to how well a child does, both in the short term and long term, across a range of areas, including health, education, employment, behaviour and civic engagement.

**'Median'** means the midpoint, with half of the items of data below it and half above it.

**'Average'** refers to the 'mean' point, in this case the total amount earned, divided by the number of people earning. The average (or mean) can sometimes be distorted by a small number of people at the top end of any distribution.

**'Real'** terms refers to adjusting for inflation.

# INTRODUCTION

## What is important about families?

Families are integral to society. The value of 'the family' is often seen in its capacity to:

- > produce children, and to nurture and socialise family members, particularly children (Ministry of Social Development, 2004, p 8; Pool et al, 2007, p 304)
- > share resources, demonstrate commitment and support, pass on information and values and meet many of the physical, material, social and emotional needs of its members (Milligan, Fabian, Coope, & Errington, 2006, p 26, referencing Edgar, 1992).

The family is variously defined by its function and composition, by public programmes and legislation and by tradition and culture. New Zealand's culture continues to evolve a dynamic blend of its migrant, Māori and Pākehā communities and heritages, with a correspondingly complex and plural understanding of the family.

Because the family is an economic entity and a critical social group, and a building block of communities, society as a whole can be affected when families come under pressure. A strong or resilient family is one that can weather shocks such as a sudden drop in income, the loss of a member's job, an unexpected pregnancy, a natural disaster, sickness or the death of a member. At times, communities, community organisations, local authorities, friends and services are called on to help individuals and their families get through such times of trouble. Successfully negotiating difficult times can be empowering and satisfying for individuals, families and communities.

Various factors contribute to a family's functioning and sense of wellbeing:

- > **external factors**, such as employment opportunities; racism; wages; housing affordability and quality; and environmental, other shocks to the economic base of communities (such as natural disasters and global events such as an international credit crunch)
- > **the social environment**, such as a supportive community and social connectedness
- > **individual members' contributions**, such as their health or disability, their previous education, their capacity to earn an adequate income and their capacity and inclination to support family members
- > **the legacy of earlier generations**
- > **the internal dynamics of the family**, such as the degree of commitment to the family, parenting and communication skills, the capacity to show affection, joint decisionmaking, resilience, support and time together (Families Commission, 2005, pp 9–12, 58–60; Milligan et al, 2006, pp 26–38).

These factors are more likely to integrate positively for families when the role families play in society is valued universally.

## What has been happening to families?

What families look like – their form and structure<sup>2</sup> – has been changing in New Zealand as in other developed countries. This has raised questions about the capacity of different family forms to meet contemporary functions of families. This is important because the children brought up in today's families are the parents of tomorrow, and will be the guardians of New Zealand's future generations.

This progressive change to the prevailing mix of family forms raises many questions. What does it mean – for society, for the types of support needed and for the outcomes for children? How has the changing mix of family forms influenced the economic position of families at various life stages? Have changes to the way people work affected families? Are more people 'time poor' as they try to juggle work and family? What are families' prospects regarding access to crucial resources and services? (Stevens, Dickson, Poland, & Prasad, 2005, p 26).

## Purpose of this report

In considering such questions and issues, this report:

- > describes how families have changed over approximately 60 years
- > identifies the pressures on families that influence their functioning and individual outcomes
- > considers some of the implications of family change for New Zealand, and some of the challenges facing families, now and into the future.

The key themes of this report on New Zealand families are change and adaptation:

1. Families are the foundation of our society, in whatever form they take. Throughout the ages they have provided the social input to the development of dynamic and effective societies.
2. Families are forever changing and adapting. While it is not clear what forms families will take in the future, it is unlikely that the current degree of diversity will diminish.<sup>3</sup>
3. Families sometimes need support to fulfil their functions and purposes. The diversity of family forms makes the targeting of policies more complex. A better understanding of how families operate and make decisions will enable us to develop more effective ways of supporting families.

This report does not discuss every aspect of families. It discusses key elements in the life of a family: forming, having children, maybe re-forming, working, earning, saving and buying a home. These elements are fundamental to families and sit at the heart of the character of a family – who makes up a family, where it lives and how it earns an income. They are key contributors to, and indicators of, a family's wellbeing.

In each chapter, the report looks at life for families today and how this is similar to, or different from, life for families in different age groups that formed at various times throughout the second half of the 20th century. This story puts into context the challenges facing families in an environment of change and adaptation and the corresponding demands for those who work with families in the state, local authority, community, business and voluntary sectors.

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<sup>2</sup> See Definitions, p 6.

<sup>3</sup> See Definitions, p 6.

## Families

In this report, the Families Commission uses the term ‘family’ to refer to family groupings – nuclear and extended – in all ethnicities, including whānau.

Families can form when adults establish a committed relationship, or when an adult (with or without a partner) has or adopts children. Sometimes adults form a commitment when they already have children from a former relationship or already have adopted children. Families can also extend to include other, even quite distant, relations.

Families may have one parent or two, or more; adult family members can be married or living together and sometimes they live in different households. Parents can be same-sex or opposite-sex, biological parents, adoptive parents or step-parents. Adults can formally or informally adopt children, and may have no children, a few children or sometimes many children; they may have adult children and their children living with them, and sometimes other relations and generations too. Whānau in the mid-20th century were described by Metge as orientated to ancestors, with members living in different households but acting together to care for whānau affairs (Metge, 1995, p 40). Metge notes that the most important enduring difference between whānau and Pākehā families is that whānau retain the inclusion of extended family members in group interests including child rearing and economic support.



## Data and statistics

As this report largely draws on official statistics, statistical definitions of family and household are useful guides. These definitions limit the data that are available and thus what can be presented in this report.

A family for statistical purposes refers to a couple (of any age) with or without children, or a single parent with children, where they live together in a dwelling. Related people who are not in a couple or parent-child relationship are therefore excluded from this definition. Also excluded are biological children who do not share a dwelling with a parent. These data limitations restrict the capacity of this report to say much about shared parenting arrangements or about extended and inter-generational family situations within a household or whānau, or other extended family situations across households. These family forms are most common among Māori, Pacific and Asian family groupings.

A household, for statistical purposes, can consist of one person residing alone, or two or more people or families residing together in a private dwelling and sharing facilities.

The report presents such statistics as are available about families over time.<sup>4</sup> Most of the data presented here are from Statistics New Zealand, the country's official source of statistical information. None of the data presented here are new, but the existing data are considered from a family perspective in a way to make the data accessible and linked with the experiences and stories of families.

As official comparable data are often available only from 1981, this report does not, in the main, attempt to provide a pure 'cohort analysis'. That would involve following the specific characteristics of each birth group as it ages. Where time series data by birth date are available and accessible, the information has been included. Mostly, however, this report provides some data on key aspects of family life for different age groups in different time periods, where possible. This means that the statistics provided are more illustrative of family life for different ages than definitive, since the data are incomplete in some areas. Sometimes data that mix various age groups are all that is accessible. Where this happens, it is made explicit.

## Use of this report

The Families Commission would like to see this report used to encourage discussion and understanding of the importance and complexity of families and how families are influenced by their social and economic contexts. In particular, the Commission hopes that this report will contribute to a New Zealand view of the importance of families and how they can be supported to enhance the wellbeing of their members and therefore all society.

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<sup>4</sup> We could not always find comparable statistics, over time, by age, gender or ethnicity, for example. If you cannot find the particular statistics you are looking for, we can only apologise for not finding and including them; it is possible that they have never been collected.





# 1. FAMILIES AND THEIR FORMS

*“ I know for me, family is my children, myself, whoever loves and nurtures and works with us. Then I have the family who supports us – the wider family, you know, parents and uncles. But it’s really tricky to define family, blood is thicker than water. ”*

*“ I think of me and the kids and then the man who chose to be the children’s father, who’s not their biological father. And then extended family, his parents, my parents and then my siblings. ”*

## 1.1 INTRODUCTION

Over the past 60 years, the family in New Zealand has changed in several ways. These changes mirror similar developments in other countries. The family now takes many diverse forms and families are now, on average, smaller than those 60 years ago. Irrespective of their form and size, however, families fulfil the same functions, caring for all their members, bringing children into the world, nurturing them and preparing them to participate in society and in the economy.

This chapter describes the typical family forms and family sizes of different age groups of New Zealanders over approximately 60 years. This allows the family experiences and influences to be seen by generation. The objective has been to gain a broad understanding rather than a more detailed one.<sup>5</sup>

## 1.2 OVERVIEW OF FAMILIES TODAY AND PROJECTIONS INTO THE FUTURE

The themes of change and diversity emerge readily in any discussion about New Zealand families. Even though New Zealand has a small population compared with many other countries, it generally reflects global trends. Its population is ageing and it has greater ethnic diversity. Couples with children are still the largest single category of family. At the same time, a number of other family forms are growing in prominence, and the average size of families today (in whatever form) is smaller than those of previous generations.

This section provides an overview of the typical experiences of ‘family’ of people in particular age groups. People often refer to ‘family’ or ‘families’ on the assumption everyone has the same idea of what a family is, whereas in fact the understanding of the term is very much determined by a person’s age, experiences and various other factors. When a 65-year-old European New Zealander refers to a family, he or she might not mean the same as a 20-year-old or a person from a different ethnic background.

### Families within the New Zealand population:

- > **Age:** Of the 4.2 million residents in New Zealand at 30 September 2007, 67 percent are of working age (between 15 and 64 years); 13 percent are aged 65 years or over; and 21 percent are aged 14 years or under (Statistics New Zealand, 2007q).
- > The age structure of New Zealand is projected to undergo significant changes over the next 40 or so years with more older people, numerically and proportionately, with further significant ageing of the population as a whole. Those aged 65 years or over are projected to make up 17 percent of the population by 2021, and 22 percent by 2031 (Statistics New Zealand, 2007e).
- > While the median age in September 2007 was 36.2 years, this is expected to rise to 45.9 years by the year 2051 (Statistics New Zealand, 2007e, q).

<sup>5</sup> The influences on family of health, disability, family violence and a raft of other factors, have not been included in this report.

- > **Ethnicity:** In 2006, 68 percent of the population reported as New Zealand European, and a further 11 percent as New Zealander. Māori represented 15 percent, Asian nine percent and Pacific people six percent.<sup>6</sup> By 2021, the population is expected to be more ethnically diverse, with Māori at 17 percent, Asian 15 percent and Pacific people nine percent of the population (Statistics New Zealand, 2007e, h).
- > **Gender:** There are around 96 males for every 100 females in New Zealand (Statistics New Zealand, 2007q).

### Family forms:

- > **Couples:**<sup>7</sup> In 2006, 57 percent of all adults aged 16 years and over were partnered and living together. The majority of those partnered (76 percent) were legally married (Statistics New Zealand, 2007d). Of all households in 2006, 38 percent were couples with at least one dependent child and 19 percent were couples without children. Couples without children are expected to increase faster than couples with children over the next couple of decades (Statistics New Zealand, 2007c).
- > In 2006, about 20 percent of all men and women who were in partnerships were living in a *de facto* relationship.<sup>8</sup> Of partnered people aged 15 to 44 years in 2006, about 40 percent were living in *de facto* relationships, compared with 10 percent of those aged 45 years and over (Statistics New Zealand, 2007r, 2008, p 63). Some couples are of the same sex. Some families are blended or step-families.<sup>9</sup>
- > **Marriages, civil unions, divorces and remarriages:** The marriage rate in 2006 was 13.9,<sup>10</sup> and the divorce rate 11.9.<sup>11</sup> There were 430 civil unions registered in 2006, of which about 80 percent were same-sex unions. In 2006, 34 percent of all marriages were remarriages (Statistics New Zealand, 2007r, 2008, pp 1, 62).
- > **Single-parent families:** In 2006, 10 percent of all households (and 21 percent of households with dependent children)<sup>12</sup> were single-parent families, of which about 80 percent were headed by women. These proportions are projected to remain relatively stable from now until 2021 (Statistics New Zealand, 2007c, e).
- > **Living alone:** Twenty-three percent of all households in 2006 consisted of people living alone, and this proportion is projected to increase to 26 percent by 2021. In part, this reflects the projected ageing of the population (Statistics New Zealand, 2007e).

### Children:

- > In June 2007, the median age of women giving birth to their first child was 28 years, while the median age of all women giving birth was 30.1 years and the fertility rate was 2.1 – just on replacement level.<sup>13, 14</sup> The fertility rate subsequently increased slightly to 2.2 by December 2007. By 2016, however, fertility is projected to drop to 1.85 (Johnston, 2008, 2005b; Statistics New Zealand, 2007).

<sup>6</sup> Respondents can choose more than one ethnic group, so the data will total more than 100 percent.

<sup>7</sup> See Definitions, p 6.

<sup>8</sup> See Definitions, p 6.

<sup>9</sup> See Definitions, p 6.

<sup>10</sup> See Definitions, p 6.

<sup>11</sup> See Definitions, p 6.

<sup>12</sup> See Definitions, p 6.

<sup>13</sup> See Definitions, p 6.

<sup>14</sup> See Definitions, p 6.

- > Compared with earlier generations, the number of children being born is decreasing (in actual numbers and as a proportion of the population), as more people stay single, more people partner but do not have children and more women delay having children until they are financially settled – often into their mid-30s or later. It is projected that by 2061, children aged up to 14 years will make up only 16 percent of the population, compared with 21 percent in 2006. There were 890,000 children in this age group in 2006 (Statistics New Zealand, 2007t).
- > Against this general trend, 64,040 births were registered in 2007, the most since the early 1960s. Furthermore, at the end of 2007, the country's fertility rate rose fractionally to 2.2, the highest since 1990. By age, the highest fertility rate in 2007 was among women aged 30 to 34 years; while in the late 1960s it was among those aged 20 to 24 years. This mini baby-boom goes against the general downward trend in the number of births and fertility rates. The reasons for it are not known and a fall in fertility rates by 2016 is still predicted (Johnston, 2008).



### Ethnic differences:

- > Māori and Pacific populations have a younger age structure than other ethnic communities in New Zealand. At 30 June 2007, for example, the median age of the Māori population was 23 years, compared with a median of 34.1 years for New Zealand's total population. In 2001, the median age for New Zealand's Pacific population was 21 years, compared with a median of 34.8 years for the population as a whole at that time (Statistics New Zealand, 2003a, p 9, 2008, p 14).
- > About one in five children born in New Zealand in 2006 had more than one ethnicity. By comparison, about one in 10 mothers had multiple ethnicities (Statistics New Zealand 2008, p 34).
- > Māori and Pacific children are more likely than other ethnic groups to live as part of a single-parent family, while Asian children are the least likely to do so. In 2001, for example, the proportion of women likely to be single parents differed markedly depending on ethnic group and age, as below (Statistics New Zealand, 2005a, pp 36–37):

	15–19 YEARS %	20–24 YEARS %	25–29 YEARS %	30–34 YEARS %	35–39 YEARS %
Māori women	5	27	33	35	32
Pacific women	4	15	21	22	23
NZ European women	3	9	13	14	15
Asian women	1	3	5	8	12

- > Compared with other ethnic groups, Māori women have a higher fertility rate (2.8 at June 2007); lower median age of giving birth (25.9 at June 2007); and lower median age of marriage (25 in 2005) (Pool et al, 2007, pp 192–193; Statistics New Zealand, 2007, 2007e).
- > Some ethnic groups are more likely than others to live in multi-generational households and families. This is a particular characteristic of Asian families, as well as many Māori and Pacific families. In 2006, just over 27 percent of families with dependent children in New Zealand lived in households where there was more than one family. In 1981, this proportion was 17.2 percent (Pool et al, 2007, pp 193–194, 260; Statistics New Zealand, 2007c).

Different generations of people have differing experiences of growing up in families and forming new families, as elaborated in the following section.

### 1.3 DIFFERENT EXPERIENCES BY AGE GROUP

Our perception of 'family' is located in a specific timeframe and our experiences are therefore affected by our age and culture. To understand these differences, this section provides statistics about family forms for three broadly-defined generations of adults:

- > people aged 65 years and over (born in 1943 or before)
- > people aged between about 38 and 64 years (born between 1944 and 1970)
- > people aged between 15 and 37 (born between 1971 and 1993).

The generation that lived through World War II is considered first, and a picture emerges of a generation that married, married young and had large numbers of children. Few people born at this time deviated from the trends described here.

## 65 + YEARS

### For people aged 65 years and over (born in 1943 or before), family life might typically correspond with these statistics

#### Family forms:

##### Marriage:

Most people born in the early 1940s got married, and mostly before they turned 25:

- > In 1961, the marriage rate was very high at 38.2 marriages (per 1,000 not-married population aged 16 and over).
- > The median<sup>15</sup> age of marriage for women in 1960 was 22 years (Dalley & McLean, 2005; Dharmalingam et al, 2007, Table 5.6; Statistics New Zealand, 2007e).

##### Divorce and remarriage:

- > The nuclear family (a mother, a father and children) in which the parents were married was the norm during the 1950s and 1960s. The divorce rate, however, increased from 3.2 in 1961 to 5.1 in 1971 (Statistics New Zealand, 2007e).
- > While few parents divorced when their children were young, some divorced once their parenting had finished. Of women who had married before 1970, for example, 20 percent divorced within 15 years of marriage, and 25 percent with 25 years of marriage. Some of the most common characteristics of these divorces were marriage at an early age, and being pregnant at the point of marriage or becoming pregnant shortly after (Pool et al, 2007, p 188).

##### De facto relationships:

- > Very few people currently aged 65 years or over would have experienced a *de facto* relationship. Of those born in the years 1936 to 1949, for example, only 11 percent had lived in a *de facto* relationship by the age of 30 years. By contrast, 81 percent had married by that age (Dharmalingham et al, 2007, Table 5.6).<sup>16</sup>

<sup>15</sup> See Definitions, p 6.

<sup>16</sup> Pool et al indicate that the incidence of *de facto* relationships in New Zealand may be higher than indicated in official statistics, particularly among the 20–24 age group (Pool et al, 2007, p 229).

### **Single-parent families:**

- > Even fewer would have lived as single parents with dependent children, and where they did, it was more likely to be the result of the early death of a spouse than of divorce or ex-nuptial birth. By 1971, for example, only five percent of all households were single-parent families (Pool et al, 2007, pp 104, 188; Statistics New Zealand, 2005a).

### **Un-partnered<sup>17</sup> people:**

- > Few people in this age group who were un-partnered would have fallen in the category 'never partnered'. In 1971, only about five percent of all women aged 30 to 39, for example, had never married (Statistics New Zealand, 2004a, p 17, 2005a).

### **Extended families:**

- > Most people lived as part of a nuclear family in the post-war period. In 1966, for example, 81.5 percent of the population lived in a household that included either a single person or one family only and no others. Six percent of households contained people who were not related (for example, flatmates) and 12.5 percent included a family and other related people (Royal Commission on Social Policy, 1988, Vol I, p 147).

## **Having children:**

- > Most people born in 1943 or before had children during the post-war period (1945 to 1970). Even by the mid- to late 1970s, the median age at childbirth was still quite young at around 25 years. In 1961, the peak year for births, New Zealand's fertility rate was 4.3 (Statistics New Zealand, 2007, 2007e).
- > A significant proportion of women born before 1943 would have conceived a child before they married. Of women born in 1936, for example, over 37 percent had conceived a child outside of marriage by the age of 27. Of women born in 1945 (just slightly outside our age group), over 54 percent had conceived a child outside of marriage by the same age (Else, 1991, pp 2, 3). Many, if not most, young pregnant women got married before they gave birth (Pool et al, 2007, p 189).
- > Of the women who gave birth outside of marriage in the post-war decades, most found adoptive parents for their babies: in 1971, for example, the peak year for adoptions, 3,976 babies were 'adopted out' by young unmarried mothers. Between 1955 and 1974, 56, 581 adoption orders were registered (Else, 1991).
- > In 1974, the number of children aged up to 14 years peaked at 940,000 (Statistics New Zealand, 2007t).

## **Ethnic differences:**

### **Population then:**

- > In 1961, when this age cohort was marrying and having children, 94 percent of New Zealanders reported their ethnicity as New Zealand European. Māori made up only eight percent of the population, and Asian and Pacific peoples each made up just under one percent (Khawaja, Boddington, & Didham, 2007).<sup>18</sup>

<sup>17</sup> Un-partnered does not necessarily mean living alone.

<sup>18</sup> As people can choose more than one ethnicity, these figures add up to more than 100 percent.

**Population now:**

- > For people currently aged 65 years or over, 90 percent are New Zealand European, four percent Māori, two percent Pacific peoples and two percent Asian. The ethnic composition of those aged 65 years and over is expected to become more diverse over the next few decades as a result of the diversity in the current working-age population and changing life expectancies in all ethnic groups (Statistics New Zealand, 2004a, pp 3, 6).

**Having children:**

- > Māori people from this age cohort were less likely than New Zealand European to legally marry, but many entered into a customary marriage. They were more likely to have children outside of marriage, and more likely to have children at a younger age. In 1966, the fertility rate for Māori women was 5.5, significantly higher than the total fertility rate for all women in New Zealand of 3.4 (Pool et al, 2007, pp 192, 204; Statistics New Zealand, 2007e).

People now aged 65 years or over formed their families and brought up their children during a period when family form was remarkably homogeneous. As New Zealand Europeans formed the predominant ethnic group in New Zealand in the post-war decades, their experiences of family formation dominated the slightly different experiences of Māori. The extent to which almost all adults married, married young and had many children was very different from the pattern in the pre-war years. Social expectations and values prevailing from the 1940s to 1970 reinforced specific notions of family.

The labour market, taxation, social assistance, laws and public policies supported families of a specific family type during this period. The extent to which this support and the associated experience of family could be sustained became uncertain, however, as a range of economic and social factors began to change.

The next age group to be considered is people now aged between 38 and 64 years. This is the baby-boomer generation that we hear so much about.<sup>19</sup> The experiences of people born in this period were so different from those of the previous generation that they commanded a distinctive name. This age group encountered enormous change, increasing diversity in family forms and experiences and a rapidly decreasing average family size.



<sup>19</sup> See Definitions, p 6.



**For people aged between about 38 and 64 years (born in the baby-boom era between about 1944 and 1970), typical family life might be represented by these statistics**

### **Family forms:**

#### **Marriage:**

- > A smaller proportion of the baby-boom generation married than that of their parents. In 2001, for example, 36 percent of women aged 30–34 years and 22 percent of women aged 35–39 years had never married, compared with about five percent across this age range in 1971 (Statistics New Zealand, 2005a, p 27).
- > Marriage rates dropped from an all-time high of 45.5 marriages (per 1,000 not-married population aged 16 and over) in 1971 to 16.5 in 1996. Of marriages during this time, more than a third (16 percent in 1971, increasing to 33 percent in 1986, and 37 percent in 1996), were remarriages (Statistics New Zealand, 2007e).
- > Marriage and family formation for people born between 1944 and 1970 were different, however, depending on whether they were early or late baby boomers. Early baby boomers married earlier and more often than the later baby boomers, in a pattern more similar to that of their parents. Of women born in the 1950s, for example, 47 percent had legally married by the age of 25 years. By contrast, of women born in the 1960s, only 20 percent had legally married by that age (Dharmalingam et al, 2007, Table 5.6).

#### **Divorce and remarriage:**

- > Divorces increased from 5.1 in 1971 to 12.7 in 1996, peaking at 17.1 in 1982 (Statistics New Zealand, 2007e). Many, if not most of these, however, were the parents of the baby boomers divorcing, generally once their parenting was over. Most had married early, often precipitated by a pre-nuptial pregnancy (Pool et al, 2007, p 188). Even so, Pool et al report that one out of every 10 marriages for the birth cohort 1966–75 was dissolved within two years (2007, p 236).
- > Many divorced baby boomers re-partnered or remarried. From 1971 to 1996, the proportion of marriages that were remarriages increased from 16 to 37 percent (Statistics New Zealand, 2007e).

#### **Step-families:<sup>20</sup>**

- > Baby boomers are more likely than their parents to have been involved in parenting shared between households and parenting of children from other relationships, as rates of divorce and remarriage increased during the 1980s and 1990s. We know less about the re-formation and blending of baby-boom families where marriage was not involved.

#### ***De facto* relationships:**

The later people were born during the period 1944 to 1970, the more likely it was that they lived in a *de facto* relationship:

- > of those born between 1950 and 1959, for example, 20 percent had lived in a *de facto* relationship by the age of 20 years and 38 percent by the age of 25 years
- > of those born between 1960 and 1969, 33 percent had lived in a *de facto* relationship by the age of 20 years and 60 percent by the age of 25 years (Dharmalingam et al, 2007, Table 5.6).

<sup>20</sup> See Definitions, p 6.

### **Single-parent families:**

- > The later in the baby-boom era people were born, the more likely they are to have been single parents. Most of the growth in single-parent families occurred during the late 1970s and the early 1980s (Pool et al, 2007, p 268; Statistics New Zealand, 1999). The number of single-parent families increased from 5.1 percent of all households in 1981 to 9.5 percent in 1996<sup>21</sup> (Statistics New Zealand, 2007c).
- > The main contributors to this increase were (a) an increase in divorcees with dependent children (50 percent of all divorces in 1996 involved dependent children, for example) and (b) an increase in young unmarried mothers who decided not to place their babies for adoption. Any increase in the number of ex-nuptial births was a small contributor to the increase in the number of single-parent families, however (Pool et al, 2007, p 188; Royal Commission on Social Policy, Vol I, 1988, p 151).
- > By the early 1970s, fewer parents were seeking to adopt children and more single mothers began to keep their babies. Even in 1976, however, only 4,640 single mothers kept their babies, increasing to 9,470 in 1981 (Else, 1991, pp 159–161; Royal Commission on Social Policy, Vol I, 1988, p 151).
- > By 1986, seven percent of households were single-parent family households and 16 percent of dependent children lived in single-parent families (Statistics New Zealand, 1999, 2007c).

### **Un-partnered people:**

- > More of the baby-boomer generation has remained un-partnered than the earlier generation, and more of the later baby-boomers have remained un-partnered than the earlier baby boomers. The proportion of adults aged 15 and over who remained un-partnered by the age of 25 years is estimated at:
  - 15 percent for those born between 1950 and 1959
  - 20 percent for those born between 1960 and 1969 (Dharmalingam et al, 2007, Table 5.6).
- > Official statistics show that the proportion of adults that remained un-partnered between the ages of 25 and 29 years was:
  - 42 percent for those born between 1962 and 1966
  - 39 percent for those born between 1967 and 1971 (Statistics New Zealand, 2006d).

### **Extended families:**

- > Few people born during the baby-boom period would have lived in an extended family. The proportion of households containing extended families (a nuclear family living with other people who are related) fell from 12.5 percent in 1966 to 11 percent in 1971, and even further to 9.4 percent in 1976. In 1981, this proportion rose slightly to 9.5 percent (Royal Commission on Social Policy, 1988, Vol I, p 147).

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<sup>21</sup> These statistics include single-parent families living in households with others.

## Having children:

- > People born between 1944 and 1970 are more likely than their parents to have had their children later and to have fewer children. The median age of mothers giving birth increased from 25 years in 1976 (when the early baby-boomers, born late 1940s/early 1950s, might have been having children), to 29 years in 1998 (representing the later baby-boomers, born in the late 1960s). Fertility rates reduced significantly between the early baby-boomer years of childbearing to the later years 3.18 in 1971, dropping to 1.96 in 1996 (Statistics New Zealand, 2007e).
- > As more single mothers kept their babies, the number of children adopted out in closed stranger adoptions<sup>22</sup> fell from just over 2,300 in 1970 (about 60 percent of the 3,837 adoptions registered that year) to 191 in 1989 (Else, 1991, pp xii, 201; Statistics New Zealand, 2003).

## Ethnic differences:

### Population:

- > In 2006, 65 percent of those aged between their late 30s and 64 reported their ethnicity as European and 11 percent as 'other ethnicity' including 'New Zealander'. In addition, 14 percent reported as Māori, seven percent as Pacific peoples and nine percent as Asian (Statistics New Zealand, 2007m).

### Family type:

- > At the end of the baby-boom, Māori families were still more likely than New Zealand European families to live in an extended household (with two or more families, and/or older parents and adult children living together) (Pool et al, 2007, p 193).

### Having children:

- > For Māori born in the baby-boom period, the pattern of childbearing followed the same general trend in New Zealand, with falling fertility rates and a rising median age of giving birth. Even so, Māori continued to have more children and at a younger age than New Zealand women as a whole. In 1976, for example, the median age of childbirth for Māori women was 22 years, increasing to 26 years by 1998. In 1971, the Māori fertility rate was 5.1, falling to 2.7 by 1996 (Statistics New Zealand, 2007e).
- > For Pacific women born during the baby-boom period, the median age of giving birth has been lower than that for New Zealand women generally, but not as low as that for Māori women: 28 years in 1998, for example (Statistics New Zealand, 2007e).
- > For Asian women born in the baby-boom era, the median age of childbearing has been higher than that for New Zealand women generally: 31 years in 1998, for example (Statistics New Zealand, 2007e).

<sup>22</sup> See Definitions, p 6.

For the baby-boom generation, the pace of change during the post-war years was startling, particularly regarding the expectations and norms about family formation, the use of contraception and having children. Furthermore, choices changed regarding higher education, participating in the labour force and being employed, all of which affected decisions about family life. Family diversity became increasingly apparent.

The typical experiences of family that people now aged between 15 and 37 years may have known, follows. For this group, diversity in family forms has become commonplace. One of the most obvious trends in this section is a delaying of childbearing. Delaying childbearing obviously reduces the window of opportunity for childbirth, and potentially means smaller families and fewer children overall. This age group is also exhibiting trends towards fewer marriages, more remaining un-partnered and fewer divorces involving children.



## For people aged between 15 and 37 (born between 1971 and 1993), typical family life might be represented by these statistics

### Family forms:

#### Marriage:

- > Among people aged 15 to 37, fewer have married than their parents. In 2006, the marriage rate was 13.5 (marriages per 1,000 not-married population aged 16 and over), continuing the trend of a steady decline in marriage rates since the 1971 high of 45.5.
- > People in this age group are more likely than their parents or grandparents to marry later. In 2006, the median age of first marriage for women was 28.2 years. By comparison, the median age of first marriage for women in 1996, for example, was 26.1 years (Statistics New Zealand, 2007e, r).

#### Divorce and remarriage:

- > People aged between 15 and 37 are as likely as their parents to have divorced. Since 1984, divorce rates have remained fairly stable at around 12 percent, very occasionally touching 13 percent. About half of divorced people who remarry marry other divorced people (Statistics New Zealand, 2007e).
- > In 2006, 44 percent of divorces involved families with children, down from 50 percent in 1996. Fewer children were involved in divorces in 2006 (8,075) than 1996 (9,445) (Statistics New Zealand, 2007r).
- > Of those marrying in 2006, 34 percent were remarrying: many were members of the baby-boomer generation remarrying, and some of them were people in the 15 to 37 age group (Statistics New Zealand, 2007r).

#### Step-families:

- > Many people in this age group have lived in a blended or step-family. In 2001, for example, close to one-fifth of all women who have children have been parents in step-families or blended families (Ministry of Social Development, 2004, p 32). Furthermore, one in five separated women re-partner in the first year of separation (Pool et al, 2007, p 238).

#### *De facto* relationships:

- > While people in this age group are less likely to marry young or marry at all compared to their parents and grandparents, they are more likely to live or to have lived in a *de facto* relationship:
  - Of those born between 1970 and 1975, for example, 38 percent had lived in a *de facto* relationship by the age of 20 years, while only two percent had married (Dharmalingam et al, 2007, Table 5.6).
  - *De facto* relationships have replaced marriage amongst younger people. Of all women who married in 1971, 32 percent were teenagers, compared with two percent in 2006. Nine out of 10 teenage women who were partnered in 2006 were living in *de facto* relationships (Statistics New Zealand, 2007r).

### Single-parent families:

- > Currently, people aged from 15 to 37 are more likely than their parents or grandparents to have been born into and/or lived in a single-parent family:
  - By 2006, 10 percent of all households were headed by single parents, compared with 9.5 percent in 1996, seven percent in 1986 and five percent in both 1981 and 1971 (Statistics New Zealand, 2005a, 2007c).
  - In 2006, 21 percent of households with dependent children were single-parent households, down from 22 percent in 2001, but up from 13 percent in 1986 and eight percent in 1981 (Statistics New Zealand, 2007c).
- > Most single-parent families are headed by women. Only one in eight children in a single-parent family lived with their fathers in 1996 (Statistics New Zealand, 1999).

### Un-partnered people:

- > This generation is more likely than older generations to be un-partnered or to partner later. In 2006, 28 percent of people aged 25 to 34, for example, had never married or entered a civil union, and 34 percent were un-partnered (Statistics New Zealand, 2006d).
- > Since the 1980s, the number of women residents in New Zealand has been increasing relative to men, particularly in the broad 20 to 49 age group. More women are either living on their own or are single parents (Callister, Bedford, & Didham, 2006).

### Living-apart-together (LAT) relationships:<sup>23</sup>

- > New forms of relationship have emerged as this generation entered adulthood. Of women aged 20 to 24 in 1995, for example, 20 percent were in LAT unions compared with 27 percent in *de facto* relationships and 37 percent in no union of any sort. This reflects the fact that adult children today are increasingly likely to continue to live with their parents for some time, in a trend sometimes called the 'cluttered nest syndrome' (Pool et al, 2007, pp 231–232, based on Statistics New Zealand's *New Zealand Women: Family, Employment, and Education* survey).

### Extended families:

- > In 2001, nine percent of women were living in extended families, and a similar proportion of men (eight percent). About 55 percent of women who lived in extended families were in families of three or more generations, suggesting women with children living with a grandparent (Statistics New Zealand, 2005a, p 37).

### Having children:

- > People aged 15 to 37 are more likely than their parents and grandparents to have children later. In 2007, the median age of women giving birth to their first child was 28 years,<sup>24</sup> and for all births was just over 30 years (Statistics New Zealand, 2007).
- > While fewer children are being born today compared with earlier generations, New Zealand is experiencing a mini baby-boom with increased fertility and more children being born. This is not expected to last. The fertility rate in June 2007 was 2.1, just on replacement level, and at the end of 2007 it rose slightly to 2.2 (Johnston, 2008).

<sup>23</sup> See Definitions, p 6.

<sup>24</sup> See Definitions, p 6.

- > Children born to teenage women within marriage reduced from a peak of 5,100 in 1972 to 200 in 2002. Children born to teenage women outside of marriage reduced from a 1972 peak of 4,050 to 3,400 in 2002 (Statistics New Zealand, 2003).
- > Children now account for 21 percent of the population (Statistics New Zealand, 2003, 2007t).

### **Ethnic differences:**

Data are not readily available for this specific age group, so the figures provided here are more illustrative than definitive for this age group, and are not precisely comparable with those for earlier generations.

#### **Population now:**

- > New Zealand is more ethnically diverse than ever before. This generation has experienced increasing ethnic diversity in the population: between 1991 and 1996, the number of people reporting as Asian rose by 74 percent. The number reporting as Māori and Pacific rose by 20 and 21 percent, respectively. The comparable figure for European New Zealanders was only 3.5 percent (Khawaja et al, 2007).<sup>25</sup> More recently, the numbers of people identifying as Asian rose by almost 50 percent between 2001 and 2006, and of people identifying as Pacific by nearly 15 percent (Statistics New Zealand, 2007h).
- > In 2006, just under 20 percent of children were reported as belonging to two or more ethnic groups, compared with only 3.5 percent of people aged 65 years and over (Statistics New Zealand, 2007h).

#### **Family types:**

- > Māori children in the 1990s (and, to a lesser extent, Pacific children) were more likely than children from other ethnic groups to live with one parent. About 41 percent of Māori children lived in single-parent families in 1996, compared with 29 percent of Pacific children, 17 percent of European children and 12 percent of Asian children (Statistics New Zealand, 1999).

#### **Having children:**

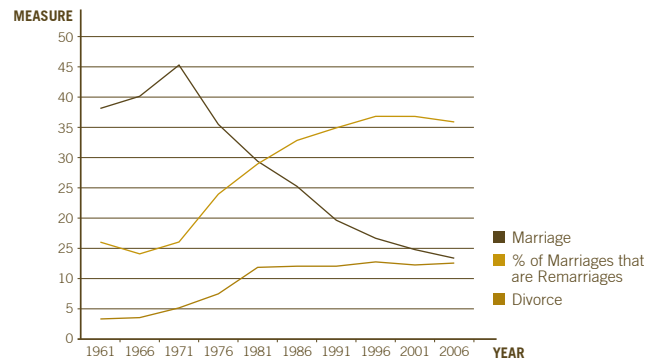
- > Māori women continue to be more likely than women from other ethnic groups to have children, to have larger families and to have children at a slightly younger age. The fertility rate for Māori women at June 2007 was 2.8, compared with the overall fertility rate of just on replacement level (2.1). The median age for Māori women giving birth as at June 2007 was 25.9 years (Statistics New Zealand, 2007).

***“For me [family is] bigger than that. It’s up to great-great-great-grandparents. That’s all my family. Because every two weeks I get a call from my great-great-aunt or uncle asking us to help so that’s why they are calling me, they are my family. In our culture we are big families.”***

<sup>25</sup> It is recognised, however, that changes in design of the questions about ethnicity between the 1991 and 1996 Censuses may have some bearing on the significance of the results.

Figure 1 illustrates clear trends in the demographic statistics applying to our three age groups – 65 years and over, 38–64 years and 15–37 years. Overall there has been a sharp fall in the rate of marriage, an increase in the divorce rate and a significant increase in the proportion of marriages which are remarriages.<sup>26</sup>

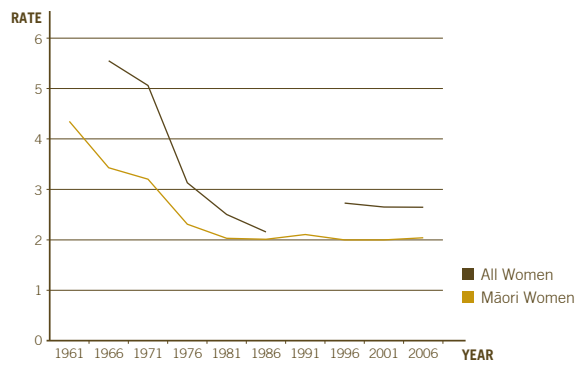
**FIGURE 1: MARRIAGE RATES, DIVORCE RATES AND PROPORTIONS OF MARRIAGES THAT ARE REMARRIAGES 1961–2006**



Source: Statistics New Zealand, 2007e

A decrease in fertility rates<sup>27</sup> is another trend observable across the three different age groups as the 1961 to 2006 period advanced. This trend, illustrated in Figure 2, has accompanied a dramatic reduction in the average size of families and an increase in the median age at which women start having children.

**FIGURE 2: FERTILITY RATES 1961–2006**



Source: Statistics New Zealand, 2007e.

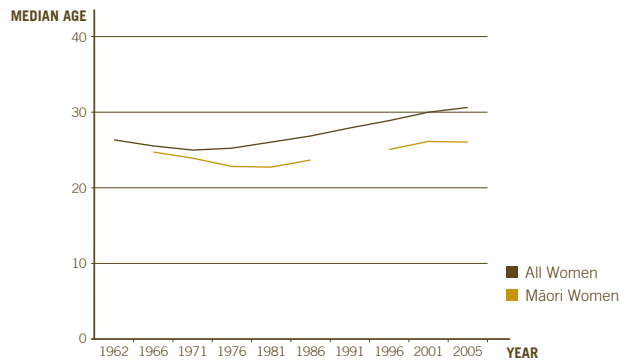
Note: Comparable data for Māori women in 1961 and 1991 are not available.

<sup>26</sup> See Definitions, p 6.  
<sup>27</sup> See Definitions, p 6.



Figure 3 shows how the median age for women giving birth has increased over a similar period to that in which fertility rates have decreased.

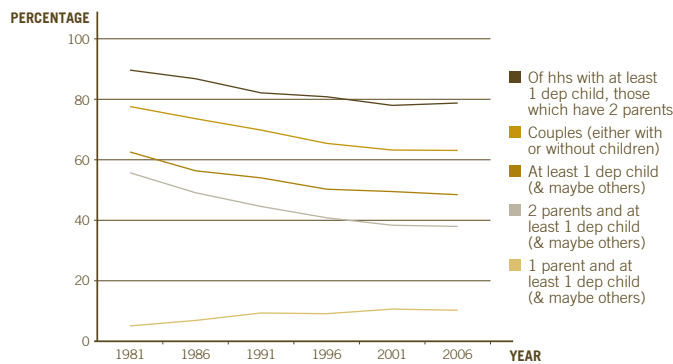
**FIGURE 3: MEDIAN AGE OF WOMEN GIVING BIRTH 1962–2006**



Source: Statistics New Zealand, 2007e.  
 Note: Comparable data for Māori women for 1991 are not available.

The 1980s and 1990s were a period of particular change in household formation, with decreases in the proportions of adults partnering, families with children and families with two parents. The proportion of families with one parent increased. These trends are illustrated in Figure 4.

**FIGURE 4: FAMILY TYPES AS A PROPORTION OF ALL HOUSEHOLDS 1981–2006**



Source: Statistics New Zealand, 2007c.

The demographic statistics for different age groups and for all ages (some of them illustrated in the graphs), show the extent of family change over the past 60 years or so. The following section in this chapter considers why this might have occurred.

## 1.4 EXPLANATIONS FOR DIFFERENCES IN FAMILY FORMS FOR DIFFERENT AGE GROUPS

This section surveys the key global, economic, labour market, social and other factors that have influenced family changes over the past 60 years. As they were forming their families, people now aged 65 years and older lived and worked in a different environment from that experienced by the waves of baby-boomers, which was different again from the environment experienced by those born after 1970.

In the first three decades after World War II, public policy and the law did not need to acknowledge diversity in the family, nor did those involved in financial and other business transactions with families. There was little diversity in family forms to take into account. Policies and laws designed to improve living conditions were relatively easy to target to families, because most families were similar in type. Despite whānau being different they were considered in the same way as Pākehā. The policies reinforced a homogeneous approach to families premised primarily on the 'nuclear' family. (Pool et al, 2007).

Until the early 1970s, there was usually (not so in late 1960s) full employment and generally a growing economy in New Zealand. The labour market was regulated in a way that enabled and even encouraged women to stay at home to bear and raise children, and for fathers to earn enough through full-time employment to keep a family. This was achieved in various ways:

- > Legislation of the 40-hour week under the provisions of the Industrial Conciliation and Arbitration Act 1894, which reduced both the extent to which people were expected to work longer hours and the potential for other types of employment such as part-time work (Pool et al, 2007, pp 290–291).
- > Expectations regarding the provision of a 'man's wage', designed to be adequate to keep a family, as it was generally accepted that women stayed at home and raised children (Pool et al, 2007, pp 201–202, 290; Royal Commission on Social Policy, 1988, Vol I, pp 28, 33).
- > A preponderance of full-time positions in the labour market. It was expected that there would generally be only one wage-earner in a family, who needed to work full-time to support his family (Pool et al 2007, pp 201–202, 290).
- > High tax rates for secondary income-earners in a family and tax rebates that penalised second earners, which meant that it was often not financially advantageous for wives (who were generally the secondary income-earners if they worked at all) to take on part-time employment (where it existed).

As well as being affected by the economy and the labour market, families were also influenced by moral beliefs, social norms and laws, such as confining work for mothers, where it existed at all, mainly to the 'caring professions' such as nursing and teaching. These all reinforced the pre-eminence of the nuclear family.

Family-related laws supported the continuance of post-war ideals about family, including marriage at a young age, having many children and families having two parents. Some examples of such laws are those relating to contraception, abortion and divorce:

- > **Contraception:** It was an offence, under a 1954 amendment to the Police Offences Act, for people under the age of 16 years to obtain or be given contraception. Until 1972, the Family Planning Association had a policy of not assisting unmarried

women. Difficulty obtaining adequate contraception would have contributed to the significant numbers of women who became pregnant outside marriage at a young age and the numbers who married when already pregnant (Else, 1991, pp 2–4; Pool et al, 2007, p 225).

- > **Abortion:** It was not until 1977 that a legal abortion became less difficult to obtain under the Contraception, Sterilisation and Abortion Act. Until that time, women who were unmarried and pregnant generally needed to marry quickly, have an illegally-performed abortion or have their child and either give it up for adoption or (more rarely) keep the child. Married women who could not access or afford contraception and did not wish to have any more children were also in a difficult position. The illegality of abortion before 1977 reinforced the expectation of large families (Else, 1991).
- > **Divorce:** The Matrimonial Proceedings Act required 'fault' to be found on the part of at least one party. This made it difficult for two adults in a relationship they no longer wished to continue, but where neither was 'at fault'. The difficulty of obtaining a divorce supported the social norm that husbands and wives should stay together.

Public policies also supported the post-war notion of the family, by financially rewarding families for having children and by targeting assistance to married couples:

- > A Universal Family Benefit (UFB) was paid to mothers for each child they gave birth to, irrespective of the income of the family. A 2001 study indicates that if there had been no UFB in those post-war years, fertility in New Zealand might have been reduced by as much as 28 percent (Pool et al, 2007, p 202, referencing Poot & Siegers, 2001).
- > Until comparatively recently, 'marriage' was assumed to be the key indicator of 'family', as far as communities, the state and financial arrangements were concerned. By contrast, assessment of eligibility for support for today's families tends to be more intrusive, as the presence of 'marriage' to define a family can no longer be relied on.

Social norms, combined with public policies and family-related laws, reinforced powerfully the importance and the dominance of the nuclear family. This dominance can be seen in the dichotomy between the private and public lives of families:

- > Matters inside the family, including violence, neglect and abuse, were expected to remain inside the family.
- > Childbearing was expected to be almost exclusively confined to marriage or hidden through closed stranger adoption. Nearly 57,000 children in the years 1955 to 1974 were born outside of marriage and were adopted out (Else, 1991).

Social, policy and legal factors, together with a particular set of morals and beliefs, combined to make the immediate decades after World War II notable, compared with the pre-war period for:

- > the extent to which marriages formed
- > the young age at which marriages formed
- > the young age of childbearing
- > the large number of children in each family (Pool et al, 2007, pp 166–169).

Joan Metge (1995) gives an account of the history of whānau that differs from the history of Pākehā families. Before significant contact with Europeans, whānau were three-generation groups, and social and economic units. They changed, however, with increased exposure to European law and to changing economic influences. It was not until the Child, Youth and Families Act was passed in 1989 that whānau were legally recognised. Until the mid-20th century, customary Māori approaches to forming a union did not embrace the registration of marriage and births initially imposed by the British settlers in 1852. As the receipt of benefits, retirement income and other state assistance began to require proof of age and marriage, Māori began to register. Early data based on registration processes, therefore, show Māori to have had lower marriage rates and more babies born outside of marriage (Pool et al, 2007, pp 176–177; Royal Commission on Social Policy, 1988, Vol I, p 61) than others, perhaps misleadingly as it disregarded the stability and cultural sanction of these customary unions.

The post-war period saw the start of intensive migration to the cities by Māori. Before World War II, 75 percent of Māori lived in rural areas. Work attracted Māori to the cities, a trend which grew into wholesale migration by the 1950s and 1960s (Dalley & McLean, 2005, p 325). This movement of Māori from their places of origin brought, for many, cultural and family disruption on a large scale.

In the late 1960s and early 1970s, some environmental factors started to change and, in step with them, more diversity in families began to emerge. The arrival of the contraceptive pill meant that women could decide if and when to have children. By the 1970s, New Zealand began to need new skills in the labour market, more people in the work force and new ways of working to compete in the global economy and respond to technological advancements, which encouraged and allowed women to work. The 1980s and 1990s saw major upheavals in the labour market and in New Zealand's economy, and at the same time emerging changes in family formation patterns became significant. These changes and upheavals were experienced by the baby boomers as they became adults and began to form their own families.

Women's liberation<sup>28</sup> swept developed countries, coinciding with a demand for women's participation in the labour market, and with advances in, and access to, contraception. These factors combined to influence changes in laws, policies and practices to accommodate the needs of mothers. Women achieved empowerment through education, the availability of contraception, deregulation of economic and labour market environments and changes in social and moral norms. All of these factors combined to give women more options about when and how to form a family and have children. (Pool et al, 2007, pp 269–277, 296–299, 366–367).

More young people in general, and more young women in particular, began to access education. The longer education demanded by the changing labour market may also have contributed to the trend we have observed of delayed childbearing:

- > Of young people born in 1949, 21 percent participated in tertiary education (beginning to enter tertiary education about 1965). This rose to 27 percent of those born in 1962, who began to enter tertiary education about 1978 (Ministry of Education, 2007a, p 2).
- > In 1971, women made up 30 percent of enrolments in tertiary education, increasing to 49 percent by 1985 (Maani, 1997, p 9; Statistics New Zealand, 2005a, pp 49, 58).

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<sup>28</sup> Women's liberation or 'lib', also known as feminism, was a political movement that aimed to improve the status and living and working conditions of women.

The contraceptive pill became widely available by the mid-1960s, followed by sterilisation in the 1970s. Abortion was made legal in certain circumstances under the Contraception, Sterilisation and Abortion Act 1977. These factors increased the potential for women to delay childbearing, to choose to have fewer children or to choose not to have children at all.

As the labour market grew and changed between the 1970s and the 1990s, it needed more adults to work and more adults with new skills. Women helped to meet that demand and invested time in their careers. This also contributed to delayed childbearing (Pool et al, 2007, p 303). Many women, however, were already mothers, and were keen to work, while many more were keen both to have a career and to start a family. Childcare centres were established. The Equal Pay Act was introduced in 1972, and a raft of government policies were introduced and refined between the 1980s and the 2000s, including:

- > childcare subsidies to offset some of the costs of care for children aged under five years
- > the provision of subsidies for after-school and holiday care for children aged five to 13 years
- > job protection, through the Parental Leave and Employment Protection Act 1987
- > paid parental leave, under the Parental Leave and Employment Protection (Paid Parental Leave) Act 2002 and its amendment in 2004
- > tax credits towards the costs of raising children and other costs specific to working parents, under the recent Working for Families package
- > 20 free hours of teacher-led care and education for three- and four-year-olds, introduced in 2007.

Of the youngest group of adults today, born between about 1971 and 1993, many have lived in, or observed around them, a variety of family forms. Diversity in what is called family became more apparent over the past few decades. Over the same period, labour market policies were introduced to support their mothers and fathers, and now themselves, in the dual roles of worker and parent. Other policies and laws also emerged as this age group was growing up to support family change.

The introduction of the Status of Children Act in 1969, for example, removed discrimination between children born in or out of marriage. Children born during marriage and ex-nuptially from that time forward had to be treated equally in the wills of their parents. The term 'illegitimate' was no longer used in legislation or in judicial decisions (Pool et al, 2007, p 230, referring to a 1985 paper by Sylvia Cartwright). Some of the stigma of parenting outside marriage was thus removed.

Single parenting became more prevalent and more possible from the 1970s, compared with the immediate post-war years.<sup>29</sup> Social norms became more relaxed about unmarried motherhood, and a single-parent benefit was advocated.

**“ Strong families are described as involving positive parenting skills, strong communication skills, and an ability to adapt to meet challenges affecting individual and wider family members. ”**

<sup>29</sup> Pool et al point out, however, that single parenting is not a recent phenomenon. Prior to World War II, for example, single parenting was common: estimated at about 20 percent of adult women in 1926 (2007, p 104).

Over the same period, New Zealand increasingly came to accept the primacy of human and children's rights. Society has come to believe that it is acceptable for mothers who are unmarried and/or un-partnered to raise their children. Society has also come to accept that *allowing* women to leave their partners and *allowing* women without partners to keep their children is not enough: mechanisms need to be available to *enable* women to do this and *support* them while they do it, such as:

- > financial assistance
- > help in finding employment, if they can juggle childrearing and employment
- > measures to compel fathers to contribute financially to their children's upbringing, and to encourage them to have a contact role in their lives.

In the 2000s, it is just as usual for women as for men to engage in higher study. In fact, since the mid-1990s, women have been more likely than men to participate in tertiary education. In 2006, 12.8 percent of men and 14.6 percent of women of all ages were participating in tertiary study, up from 9.1 and 10.8 percent respectively, in 1999. In all years, and for both men and women, adults aged between 18 and 24 years are more likely than others to be in tertiary education, at between 33 and 40 percent (Ministry of Social Development, 2007, p 39).

Adults with a disability are more likely than those without to be single (38 percent compared with 26 percent),<sup>30</sup> less likely to be part of a couple without children (20 percent compared with 35 percent) only slightly less likely to be part of a couple with children (30 percent compared with 35 percent) and significantly more likely to be a single parent (12 percent compared with five percent) (Jensen et al, 2005, p 20).<sup>31</sup>

Step-families in New Zealand have become common, and many of the young adults of today have lived in them. By the 1980s and 1990s, 'reconstituted and blended families had become far more common and seem to have, at least in their manifest dimensions, been one of the more important changes to the nuclear family occurring during this period' (Pool et al, 2007, p 239). One in five children is likely to have lived in a step-family household before they reached the age of 17 (Pool et al, 2007, p 368). As a result of 'reconstitution and blending', the size and range of many family networks has increased (Pool et al, 2007, p 385).

The welfare of families was a particular concern to government and society in the mid-to-late 20th century, as family change and re-formation became more common. The legal system became supportive of the rights and economic position of all parties. This was reflected in changes to laws relating to divorce and marital property, and to public policies such as those that provide financial assistance for single parents, and those that expect absent parents to make a financial contribution to the parenting of their children:

- > **Divorce:** Changes to the Matrimonial Proceedings Act in 1963 allowed separation agreements to qualify as grounds for divorce. In 1980, the Family Proceedings Act was passed, which allowed dissolution of marriage on the grounds of irreconcilable difference. Both legal developments reduced the need to allocate 'fault' and the courtroom confrontation in divorce. Divorce became more possible and, as the rise in the divorce rate in the 1980s testifies, many of those who married between 1945 and 1980 took advantage of this new opportunity (Pool et al, 2007, p 188; Royal Commission on Social Policy, 1988, Vol I, p 151).<sup>32</sup>

<sup>30</sup> 'Single' is the term used by Jensen et al, referring to un-partnered people rather than to those living alone. These statistics are likely to reflect in part the older age structure of people with disabilities.

<sup>31</sup> Although the results from a subsequent Disability Survey (2006) are available, the findings have not yet been analysed by family form, as have the earlier results.

<sup>32</sup> In part, the rise in the divorce rate following the introduction of the Family Proceedings Act 1980 reflected the number of couples who had already separated and now had an opportunity to legalise their situation.

- > **Matrimonial property:** The Matrimonial Property Act was introduced in 1976 (and subsequently renamed the Property (Relationships) Act 1976). It aimed to protect the financial rights of vulnerable adults coming out of a marriage. More recently, the 1976 Act was amended in 2001 to, among other things, give the more vulnerable partners within a marriage a fairer share of the family assets. It also recognises *de facto* relationships alongside legal marriages and even people in relationships who do not live together.
- > **Human rights:** The Homosexual Law Reform Act was introduced in 1986 in response to an increasing social acceptance of different family arrangements and of the rights of gay and lesbian individuals and couples. The Civil Union Act in 2004 ensured that same-sex couples (and opposite-sex couples if they wished) could legally formalise their commitment to each other, outside of marriage.
- > **The Domestic Purposes Benefit (DPB)** was introduced in 1973, and has given single parents an income if they are not working while bringing up their children. The DPB has largely been claimed by mothers with dependent children who have left a marriage or *de facto* relationship, or who are widows. Single-parent families resulting from ex-nuptial births and/or teenage pregnancies have been, and remain, a small proportion of single-parent beneficiaries (Pool et al, 2007, p 188; Rochford, 1993, p 12; Royal Commission on Social Policy, 1988, Vol I, p 151).
- > **The Child Support Act** was introduced in 1991 and replaced court-awarded spousal maintenance with formula-derived child support payments. The intention was to ensure that absent parents made a financial contribution to the parenting of their children.

The youngest group of adults in New Zealand society grew to adulthood at a time when policies, laws and social norms were adapting to support and enable family diversity. Over the same time period, New Zealand has become more ethnically diverse, and the term 'family' has been influenced by the migration into New Zealand of families from around the world bringing with them different cultures, social norms, religions and family types. Immigrants to New Zealand have affected various demographic statistics, including the number of children in a family, the median age of giving birth and the number of families that include extended family and adult children.<sup>33</sup> People from Asian and Pacific countries, in particular, have significantly affected New Zealand's culture and its understanding of the term 'family' (Burke, 1986; Pool et al, 2007, pp 191–194, 260).

Many factors have combined over the past few decades to greatly diminish the capacity and the desire of society to give primacy to the nuclear family, and to ignore other forms of family. People today are therefore freer to live in various family forms, and (on average) to have smaller family sizes than in the period just after World War II.<sup>34</sup>

New Zealand is not alone in this significant change to families and their economic and social contexts over the past 60 years. The following section traces a remarkable similarity in the family-related experiences of developed countries around the world.

<sup>33</sup> This has been most recently observable following the enactment of the Immigration Act in 1987.

<sup>34</sup> Pool et al consider that post-war family formation trends were unprecedented and even 'aberrant', and that some of the diversity of family forms and structures we see today is more similar to pre-war life (2007, pp 168, 211–213). Even fertility rates today are similar to those pre-war: in 1935, for example, the fertility rate in New Zealand was 2.05 (Royal Commission on Social Policy, 1988, Vol I, p 56).

## 1.5 INTERNATIONAL COMPARISONS

The experience of New Zealand families over the last 60 years follows a similar pattern to that in other developed countries. The similarities include homogeneity during the post-war baby boom in family formation, and subsequent change and adaptation in families.

Australia, the United States of America and Canada have all experienced something similar to New Zealand's post-1945 baby boom, involving almost universal marriage, marriage at a young age and a remarkable number of children being born. These baby booms, however, were not as prolonged as that observed in New Zealand (Pool et al, 2007, pp 211–212, 215–216).

Many developed countries have also experienced a post-1970 trend of increasing diversity in family forms and changes to the average family size. Post-1970, many countries have had fewer people marrying, more people forming *de facto* relationships and single parenting, more divorces, children being born later and fewer children being born (Pool et al, 2007, p 228; Statistics New Zealand, 2007). Some international examples are discussed below:

- > Now, “a growing proportion of New Zealanders, like their counterparts in Australia, Northern America and Europe, live together without legalising or formalising their union” (Statistics New Zealand, 2007).
- > Since the 1970s, most developed countries have had a rising divorce rate. New Zealand's divorce rate has stabilised at around 12 since about 1984, and in 2006 was 12.5 (Statistics New Zealand, 2007r).<sup>35</sup> This pattern is comparable with:
  - Australia, which had a divorce rate of 13.1 in 2001. Its divorce rate has been stable since the mid-1980s (de Vaus, 2004, p 232)
  - England and Wales, which had a divorce rate of 12.2 in 2006. Between 1981 and 2006, the divorce rate has moved only between about 12 and 14 (National UK Online Statistics, 2008; Statistics New Zealand, 2007r)
  - The United States, whose divorce rate began climbing from 9.2 in 1960 to reach a peak of 22.6 in 1980. Since then, it fell to 20.9 in 1990, 18.8 in 2000 and 16.4 in 2005 – the lowest rate since 1970 (Popenoe, 2007).
- > Single-parent families and step-families have become more common in many developed countries as well as New Zealand. Figures in Australia for 2001, for example, show that step-families made up nearly nine percent of all families with dependent children, and single-parent families made up 11 percent (de Vaus, 2004, p 60).<sup>36</sup>
- > Adoption has been relied on less as a way of caring for children born outside of a legal marriage not only in New Zealand. In Australia, for example, adoptions fell from 9,798 in 1971/72 to 561 in 2001/02, and are now very rare (de Vaus, 2004, p 92).

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<sup>35</sup> See Definitions, p 6.

<sup>36</sup> Currently, New Zealand does not collect data on step-families, although this may change in the next Census of Population and Dwellings.



- > New Zealand's rates of abortion (per 1,000 women aged between 15 and 44) increased between the early 1980s and the early 2000s, to a more extreme extent than other comparable countries (Pool et al, 2007, pp 271–275), as shown in Table 1 below.

**TABLE 1: GENERAL ABORTION RATES PER 1,000 WOMEN AGED 15–44 YEARS, IN LOW-FERTILITY ENGLISH-SPEAKING COUNTRIES**

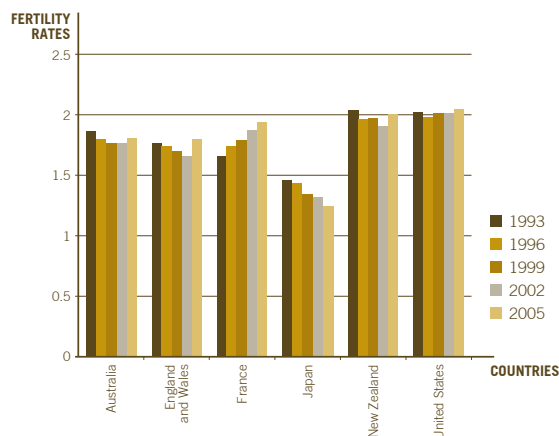
	CIRCA 1981	CIRCA 2000
Australia	–	1996:22
Canada	1981:11	2000:15
England & Wales	1983:12	2001:16
United States	1982:29	1997:22
New Zealand	1981:10	2000:20

Reproduced from Pool et al, 2007, p 273

- > In 1961, New Zealand's peak fertility rate<sup>37</sup> of 4.31 exceeded the post-war peak rates anywhere else in the developed world. Peaks for Canada and Ireland, for example, were recorded at 3.9 (Royal Commission on Social Policy, 1988, Vol I, p 56). Like those of many other countries, however, New Zealand's fertility rates have dropped significantly over the past 30 or 40 years. Even so, New Zealand's current fertility rate remains higher than most other developed countries.

While New Zealand's fertility rates have fluctuated around or just under replacement rate (2.1) since about 1993, the fertility rates in Australia, Japan and England and Wales have remained below it. The United States is the only developed country in which fertility rates are similar to New Zealand, sitting at or around replacement level (Statistics New Zealand, 2007e). Figure 5 provides a cross-country comparison of fertility rates from 1993.

**FIGURE 5: CROSS-COUNTRY COMPARISON OF FERTILITY RATES 1993–2005**



Source: Statistics New Zealand, 2007e

<sup>37</sup> See Definitions, p 6.

“ One word covers the whole thing – aroha. ”

- > In New Zealand in 2006, two-parent families with at least one dependent child were only 38 percent of all households, compared with 56 percent in 1981 (Statistics New Zealand, 2007c). In Australia, households including couples with at least one dependent child and headed by someone of prime working age account for 41 percent of the population (Hamilton, Downie, & Lu, 2007).<sup>38</sup>

Australian commentators point out that in Australia “there is hardly any aspect of family life that has not changed in one way or another. Relationship patterns, fertility, gender roles, relationship breakdown, the work and family interface, and the growth of particular family types are but a few of the major changes to families that we have seen in recent decades” (de Vaus, 2004, p v).

Most developed countries, then, first saw a remarkable homogeneity of family forms in the immediate decades after World War II, followed by an equally remarkable period of rapid change characterised by: high divorce rates; falling rates of marriage, adoption and fertility; more variety of types of partnership; and increasing numbers of single-parent families. Decreases in fertility have been accompanied in many countries by delayed childbearing and smaller families.

## 1.6 CONCLUSION: FAMILIES AND THEIR FORMS

This chapter is about family change and adaptation. Families in New Zealand and in many similar countries have undergone significant transformation over the past 60 years. They have emerged, changed in form and smaller in size in many cases, but also enduring.

Global influences, our economy, social norms, our capacity to work and earn and our expectations about working, earning and being a parent are often different today than for previous generations. This chapter is also about recognising the importance of these factors in supporting the formation and existence of families, so that families can adapt to changes. If families are adaptable, society benefits.

Laws and policies have played a role, particularly over the past 30 years, in allowing diversity in family formation, supporting that diversity and responding to the multiplicity of family forms today by providing ways of recognising and reaching those families. The trend of family change observed in this chapter raises questions about how New Zealand can support its families in bearing and raising children, and how public policy in particular can target support to families in all their diversity.

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<sup>38</sup> These Australian data are based on individuals in households, while the New Zealand data are based on families in households.

## 2. FAMILIES WORKING

*A Families Commission poll of members of 'The Couch' in October 2007 asked people if the eight-hour working day was a reality. Almost half of the respondents said they worked over 40 hours per week and almost two-thirds said that their partner worked over 40 hours per week. One-third of respondents reported that their relationships were under strain because of the extra hours they worked.*

## 2.1 INTRODUCTION

Paid and unpaid work are among the most powerful influences on family life and the way families organise themselves. Work is a significant contributor to family wellbeing and good life outcomes. It is also one of the influences on the trends in family formation. Families provide support for the workers of today and nurture the workers of tomorrow. In different ways throughout the past 60 or so years, family members have been supported in undertaking paid and unpaid working roles.

The previous chapter showed how, in the immediate post-war years, mothers found that constraints on working encouraged them to stay at home to look after children, while various mechanisms ensured that fathers could earn enough to keep a family, and mothers were given a Universal Family Benefit for each child born. A buoyant economy, labour legislation, taxation rules and the labour market combined to foster the formation of nuclear families, and a particular specialisation of roles.

From about 1970, many of these familiar structures, which had supported a particular pattern of families' involvement in paid and unpaid work, began to change. Today, New Zealand has returned to an economy of almost full employment, but one which is remarkably different from that of the post-war years. It has been through enormous upheaval.

How parents balance work and family, for example in the number of hours they work and at what times, can affect their adult relationships within the family and their interaction with their children.

This chapter looks at how different age groups over the past 60 years have experienced paid and unpaid work, how this has influenced family formation and how families are supported in both working and raising children.

## 2.2 OVERVIEW OF FAMILIES WORKING TODAY

The working experience of individuals and families (where data exist for families) in New Zealand today is highly varied. At all ages there are adults who can and do work, for pay and not for pay. Adults also find time for leisure.

The employment-related statistics for mothers and fathers in this chapter refer to mothers and fathers with dependent children who live with those children. No official employment-related data are available about mothers and fathers who do not live with their children. Where the terms 'women' and 'men' are used here without qualification, they mean all women and all men, with or without children.

### **Labour market participation:<sup>39</sup>**

- > Today, most people of working age are either in work or seeking work. In December 2007, there were 3.3 million adults of working age; and 68.8 percent of them were participating in the labour force. This means they were either working or actively seeking work. Men are more likely than women to participate in the labour market – 62.4 percent of women and 75.4 percent of men in December 2007 (Statistics New Zealand, 2008a).
- > Women, including mothers with dependent children, now play a significant role in the labour market, although it can vary depending on the age of their children and their partnership status. Their participation remains lower than that of men.<sup>40</sup>
- > Looking only at adults aged 20 to 54 years (prime childbearing years) in the 2001 data gives a fuller picture, showing the difference between the participation rates of mothers with dependent children, solo mothers and women with no children:
  - Men in this age range had a participation rate of 88 percent.
  - Mothers with dependent children had a lower participation rate than women with no children (69 percent and 83 percent, respectively).
  - Single mothers had a lower participation rate than partnered mothers (60 percent and 72 percent, respectively).
  - Mothers with pre-school children were less likely to participate than those with school-aged children (54 percent and 79 percent, respectively) and all the other groups listed in the bullet-points above (Johnston, 2005).

### **Employment and unemployment:<sup>41</sup>**

- > In 2008, almost everyone is employed who wishes to be and is able to work. Exceptions include people with disabilities. At December 2007, the unemployment rate was only 3.4 percent (77,000 people), comprising 3.5 percent of women and 3.4 percent of men (Statistics New Zealand, 2008a).
- > Most adults in families with dependent children are working at least some hours each week. In 2004, 97 percent of children in two-parent households, for example, lived in households where at least one parent worked full-time (Perry, 2007, p 88).

### **Hours of work:**

- > The great majority of mothers with dependent children, but just over half of fathers with dependent children, work 40 or fewer hours each week. In the third quarter of 2007, for example:
  - 88 percent of all mothers with dependent children who worked in paid employment worked 40 hours per week or less
  - 55 percent of all fathers with dependent children who worked in paid employment worked 40 hours per week or less (Statistics New Zealand, 2007j).

### **Industry and employment:**

- > In 2005, nearly three-quarters of all employed adults in New Zealand worked in the service sector. Growth employment areas are the mining industry, construction, retail trade and property and business services. Recent employment growth has largely been in salaried or waged jobs rather than self-employment (Statistics New Zealand, 2007n).

<sup>39</sup> See Definitions, p 6.

<sup>40</sup> The participation rate for fathers is not available.

<sup>41</sup> See Definitions, p 6.

### **Unpaid work:**

- > In 2006, 92 percent of women and 86 percent of men engaged in unpaid work (Statistics New Zealand, 2007v).
- > Even when in paid work, mothers with dependent children continue to undertake a vast amount of unpaid work. Despite changes in the labour market and the labour force participation of women, in many cases women have remained primarily responsible for household tasks and caring for family.
- > The 1998/99 Time Use Survey found that being a mother involves considerable unpaid work: about double that of other women, fathers or other men. It also found that there was only a small difference in the number of hours of unpaid work undertaken per week between mothers who were partnered and mothers who were not (Statistics New Zealand, 2001, p 37).
- > Even when women work full-time, their average hours of unpaid work each week are higher than the equivalent average for men who work full-time or even part-time. The survey also found, however, that the total hours of work per day (paid combined with unpaid) for women and men is similar when they work full-time:
  - Men who worked full-time for pay did (on average) a total of 9.5 hours per day of paid and unpaid work, consisting of about seven hours of paid work and 2.5 hours of unpaid work; while
  - Women who worked full-time per pay did (on average) a total of 9.5 hours per day of paid and unpaid work, consisting of about six hours of paid work and 3.5 hours of unpaid work (Statistics New Zealand, 2001, p 50).

### **Leisure:**

- > For most people, leisure is an important counter-balance to paid and unpaid work: almost three-quarters (73 percent) are either satisfied or very satisfied with their leisure time, and almost the same proportion (72 percent) is physically active (Ministry of Social Development, 2007, pp86-91).
- > Of the cultural activities in which adults participate, some of the most popular are purchasing books and music, visiting public libraries, going to a movie, and hiring DVDs (Ministry of Social Development, 2007, pp 86–91).
- > A recent survey found that two-thirds of New Zealand parents of dependent children spend less than five hours during the week playing with their children. More than half, however, said that they devote at least four hours each weekend to playing with their children. About 83 percent of fathers and 71 percent of mothers would like to spend more time at play with their children (Colmar Brunton, 2007).

### **Ethnic differences:**

- > New Zealand European adults are more likely to be employed than adults from other ethnic groups. As at September 2007, only 2.6 percent of New Zealand Europeans were unemployed. By contrast, the figures for Māori and Pacific peoples were 7.7 percent and 7.0 percent respectively (Department of Labour, 2007ci).

- > The higher unemployment rates for Māori and Pacific people, compared with New Zealand European, reflect to some extent their younger age structure (Royal Commission on Social Policy, 1988, Vol I, p 127; Statistics New Zealand, 2003a). Unemployment is heavily concentrated among younger working-age adults:
  - In December 2007, 31.2 percent of all those unemployed were aged 15–19 years (Department of Labour, 2007b).
  - For the year to December 2007, the unemployment rate for young people aged 15–19 years was 14 percent, well above the national average for people of all ages of 3.6 percent, and for working-age people (15–64 years) of 3.7 percent (Department of Labour, 2007b).
  - The unemployment rates for Māori and Pacific youth aged 15–19 years for the year to September 2007 were respectively 14.5 and 15.6 percent (Department of Labour, 2007ci, cii).
- > Māori and Pacific people are more likely than other ethnic groups to be engaged in unpaid work involving care of others within their own household:
  - 43 percent of both Māori and Pacific people looked after a child in their own household in 2006, compared with 30 percent of New Zealand European and 32 percent of the population overall.
  - 13 percent of both Māori and Pacific people looked after a member of their own household who was ill or who had a disability, compared with eight percent of the population overall (Statistics New Zealand, 2007v).

This section has covered statistics that may not, at first glance, always seem to relate to families. They do relate to families, however, in their implications, suggesting that:

- > most women with children now work for some time in the paid work force while their children are still dependent
- > more parents are working in the service sector than ever before (which can mean that flexible, part-time and shift work are available)
- > fathers tend to work long hours in the paid work force and, on average, more hours than mothers
- > mothers continue to work the same number of hours as fathers if paid and unpaid work are both taken into account
- > almost all children live in a family where at least one parent works in full-time paid work
- > some parents would like to have more leisure time to spend with their children.

This picture of the way men and women and mothers and fathers work has emerged after decades of change. Changing global influences, economic pressures, technology and business patterns have affected the labour market and the way families have interacted with it. Changing social norms and values, education, contraception, laws and state policies designed to support working family members have had an effect too.

As more women and men have been encouraged into tertiary education and into paid work, there have been implications for family formation, the average age of childbearing and fertility rates. How this might have affected families from different generations is described in the following section.

## 2.3 DIFFERENT EXPERIENCES BY AGE GROUP

In this section, the experiences of different age groups are described (those now aged 65 years and over; those aged between about 38 and 64 years; and those aged 15 to 37). Trends relating to participation in the labour force, employment, unemployment, type of occupation, hours of work and economic growth are explored.

We begin with those aged 65 years or over, and find that the working-age years for this age group were dominated by fairly similar family and work-life experiences. We see that few women, and even fewer mothers with dependent children, participated in the work force. Various mechanisms combined to support the formation of nuclear families and the specialisation of working roles within a family. These influences included:

- > the labour market (which largely offered full-time employment opportunities)
- > rates of taxation (which were harsh for a secondary income-earner in a family)
- > labour laws (which ensured that a man could earn enough to support a family)
- > social assistance (which provided mothers with a benefit for each child).

### 65 + YEARS

#### **For people aged 65 years and over (born in 1943 or before), working life as part of a family might be represented by these statistics**

##### **Labour market participation:**

- > When working and raising a family from the 1940s to the 1960s, most men and very few women worked:
  - In 1945, only 29.1 percent of women aged 15 to 64 years were participating in the labour market (Royal Commission on Social Policy, 1988, Vol I, p 125).
  - The labour force participation rates for working-age men (aged 15–64 years) in 1951 and 1961, respectively, were 91.3 and 91.1 percent, compared with 28.4 and 31.8 percent for working-age women (including mothers) (Johnston, 2005, p 13). Whereas modern employment figures consider 30 or more hours to be ‘full-time’, these figures include those who worked 20 hours per week or more.
  - While some women who worked 20 or more hours per week would have been mothers with dependent children, most would have been unmarried or childless, or with adult children. Some women and mothers would also have worked fewer than 20 hours per week, where such opportunities were available.
- > In 2006, the labour force participation rate for people aged 65 years or over was 17.1 percent. This comprised 23.9 percent of men and 11.6 percent of women (Statistics New Zealand, 2007p, p 82).
- > People who turned 65 even a decade or so ago were less likely to be participating in the labour market than people of that age today. In 1996, for example, only 9.2 percent of those aged 65 years or older participated in the labour force (Statistics New Zealand, 2007p, p 82). The removal of surtax on additional income earned by those receiving New Zealand Superannuation at that time would have been a major influence on the increase between 1996 and 2006.



**Employment and unemployment:**

- > Men working at any time in the post-war period until about 1974 would have worked full-time and were rarely ever unemployed. Fewer than 3,000 people were unemployed at any one time before 1974 (Fletcher, 1990, p 6). Between 1960 and 1964, only 0.1 percent of those in the labour force were unemployed. Even between 1975 and 1979, this proportion increased only to 0.9 percent (Royal Commission on Social Policy, 1988, Vol II, p 492).
- > With most women married and bearing a number of children, few mothers worked in paid employment. A high proportion of women in this age group also married very young – often straight out of school – so many did not do tertiary training. In 1945, for example, only 7.7 percent of married women were in the full-time labour force. Even by 1981, only 36 percent of married women were employed full-time (Royal Commission on Social Policy, 1988, Vol III Part 1, p 325).
- > People in this age group would have expected to retire by the age of 60, although the age of eligibility for superannuation began rising in 1992, to reach 65 years by 2001. Some people in this age group would have needed to adjust their expectations and work longer to be eligible to receive superannuation.

**Employment now:**

- > Many in this age group are willing and able to continue working after the age of 65, often in part-time, piecemeal or contract capacities, or in self-employment (Senior Citizens Unit, 1999).
- > In 2006, 17.1 percent of people aged 65 years and over were employed (part- or full-time), making up 3.9 percent of all people employed (Statistics New Zealand, 2007p, p 82). Older people who work are more likely than ‘working-age people’ (15–64 years) to work part-time and to be self-employed (Statistics New Zealand, 2007p, pp 79, 90).

**Hours of work:**

- > Men with little education who worked in low-income jobs during the 1950s to the 1970s typically worked longer hours than those in professional positions. Men in lower-income positions probably sought overtime in order to earn a little extra (Fletcher, 1990, pp 8, 24).

**Industry and employment:**

- > Many men were working in primary production, trades or manufacturing in the post-war years. There was a housing construction boom during the baby-boom era, as significant investment in state housing required skilled tradesmen. Agriculture and fisheries were substantial employers of men in the post-war decades, usually in farm work. New Zealand’s wool industry also boomed during the 1950s and 1960s. Women who worked were most likely to teach, nurse or work in a clerical position (Royal Commission on Social Policy, 1988, Vol I, pp 128–30, Vol III Part I, p 572; The New Zealand Treasury, 2007).
- > Jobs in the cities increasingly demanded a tertiary education. By 1965, there were 20,000 university students (Dalley & McLean, 2005, p 340). This demand for tertiary education coincided with the period of change observed in family-related trends, including delayed family formation, delayed childbearing and lower fertility rates.

#### **Economic growth:**

- > In the 1950s and 1960s, a period of sustained full employment, Gross Domestic Product (GDP) grew at an average annual rate of four percent. By the late 1960s, problems emerged for the New Zealand economy (and the labour market). Governments sought to maintain New Zealand's high standard of living with increased overseas borrowing and increasingly protective economic policies (The New Zealand Treasury, 2007).

#### **Leisure:**

- > More people currently aged 65 and over have reported being either satisfied or very satisfied with their leisure time (90 percent), compared with any other age group. Understandably, fewer of this age group report that they are sufficiently or highly active compared with other age groups. Although 81 percent participate in cultural activities, that proportion is also lower than that in other age groups (Ministry of Social Development, 2007, pp 86–91).

The statistics above suggest a degree of homogeneity in the way work and family interacted for most people now aged 65 or older. Many of their baby-boomer children (particularly those born between about 1960 and 1970), began their adult lives in a global, economic, social and working environment very different from that experienced by their parents. During this time of change, however, most found ways to adapt to a new environment.

## **38-64 YEARS**

### **For people aged between 38 and 64 (born in the baby-boom era between 1944 and 1970), working life as part of a family might be represented by these statistics**

#### **Labour market participation:**

- > The working experiences of this age group would have been particularly influenced by the steady and significant increase in the number of women entering the work force, coinciding with changes in family formation trends:
  - In 1971, less than 39 percent of women aged 15 to 64 participated in the labour force, compared with 88.5 percent of men in that age range (Johnston, 2007, p 13).
  - By 1981, the labour force participation of women aged 15 to 64 years had risen to nearly 46 percent (mostly representing women aged 24 years or under). This remained significantly lower, however, than the rate of just over 86 percent for men (Johnson, 2007, p 13; Royal Commission on Social Policy, 1988, Vol I, p 125).
  - By 2007, however, far more women were engaged in the labour force, and the gap between men's and women's rates of participation had narrowed. As at December 2007, 62.4 percent of women and 75.4 percent of men participated in the labour force (Statistics New Zealand, 2008a).

### **Employment and unemployment:**

- > In the 1980s and 1990s, people from this age group found it tougher to find a job, particularly those with few qualifications, and particularly in occupational areas such as the primary sector, manufacturing and construction. In September 1986, unemployment was at 4.1 percent, increasing to 10.6 percent by June 1992. Unemployment stayed above nine percent until September 1994 (Department of Labour, 2007b).
- > For people who were partnered and raising children, it was most likely that only one parent in the family would have been working in 1982 (52 percent of two-parent families), although half that number again of families then had one parent working full-time while the other worked part-time (28 percent). In only 20 percent of families were both parents working full-time (Perry, 2007, p 88).
- > In 1981, 80 percent of mothers with a child aged under one year, and 60 percent of mothers with a child aged under five years, were not in paid work (Royal Commission on Social Policy, 1988, Vol I, p 126).
- > Mothers who did look for work in the 1970s and 1980s were most likely to seek part-time work. Between 1971 and 1981, the number of part-time workers increased by about 73 percent from 110,000 to 190,000. By 1986, this figure had risen even further to 289,000. One in every five employed adults was working part-time in 1987, compared with one in every 10 in 1971, and most were women (Royal Commission on Social Policy, 1988, Vol I, p 133).
- > Men who were working in the 1980s and 1990s were more likely than women to become unemployed, as they were more likely to be working in the industry sectors which were affected by market liberalisation, changes in technology and globalisation. Some skills simply became obsolete. Many men were fathers. Many families were harshly affected by their breadwinner's loss of work, the shock to the father's self-esteem and periods of uncertain income. Increasing numbers of families, including single parents, became reliant on benefits. This is explored in the following chapter on income. In each cohort, the lifetime economic prospects of a large group were permanently changed.
- > Men may be less likely to remain or become part of a stable family unit if they are unemployed and less able to participate in society. It was during the 1980s that the Royal Commission on Social Policy affirmed work as "central to the well-being of New Zealanders. Through work we participate in the community and sustain ourselves and others" (1988, Vol II, p 479).
- > Until the last two decades of the 20th century, labour market regulation and the focus on a 40-hour working week meant that many single parents found it difficult to find employment that paid enough at times that fitted with their parenting responsibilities, to make it worthwhile. Since the 1980s, a greater variety of working arrangements has been available, including part-time employment, self-employment, shift work and working from home.
- > People's experiences of the labour market in the late 1980s and 1990s would have differed greatly depending on their ages. The rate of unemployment for people aged between 15 and 24 years, for example, was consistently about double the unemployment rate overall (Department of Labour, 2002b).
- > Younger adults may well have found it more difficult than their older siblings or their parents to enter the work force after leaving school. Labour market conditions during the mid- to late 1980s had lifelong consequences for a significant share of this age cohort, and consequently affected the way younger adults during this period approached issues of forming, or remaining in, a family.

### Hours of work:

- > The 1980s and 1990s saw New Zealanders working very long hours. With high unemployment, those who were employed worked hard to retain their jobs. Employers were more likely to offer existing staff overtime than take on additional staff because of the uncertain economic conditions (Fletcher, 1990).
- > Professional people were likely to have been offered flexible working with a fixed total (glide-time or flexi-time) in the 1980s and 1990s. In many cases this meant, in reality, that longer hours of work became the norm. In the third quarter of 1986, for example, 66 percent of working fathers and 22.6 percent of working mothers worked 40 or more hours per week. (Statistics New Zealand, 2007j).
- > Many people, particularly women and mothers, took on part-time employment in the 1980s and 1990s. With the increasing dominance of the service sector, part-time opportunities rapidly increased during this period.
- > In March 1986, 16.3 percent of all employment was part-time (Department of Labour, 2007b).
- > In 1981, women accounted for 63 percent of the part-time labour force, increasing to 77 percent by 1986 (Royal Commission on Social Policy, 1988, Vol III Part 1, pp 325–326).
- > Just over 16 percent of all women aged 15 years and over were in the part-time labour force in 1986, at a time when 53.3 percent of women were participating in the labour force overall (Department of Labour, 2007b; Royal Commission on Social Policy, 1988, Vol III Part 1, pp 325–326).

### Industry and employment:

- > People from this age group are more likely to have a tertiary qualification than their parents. The demand for tertiary education increased rapidly during the 1980s and 1990s, as skills in new areas such as information technology and tourism were required in the labour market. The numbers participating in tertiary education increased to 50,000 in 1985, for example, compared with 20,000 in 1965 (Dalley & McLean, 2005, p 340).
- > New Zealand needed to become globally competitive. The primary industries became focused on 'adding value' to products before exporting them, to achieve an advantage. The emphasis in general began to swing away from the primary industries towards the service sector.
- > In 1981, almost 55 percent of the work force was employed in the service sector, compared with 47 percent in 1951. By 1981, only 12 percent of the work force was occupied in the primary industries (Royal Commission on Social Policy, 1988, Vol I, p 128).
- > These changes contributed to increasing unemployment among men and fathers who no longer found opportunities in the primary sector, and an increasing number of (often part-time and low-paid) opportunities that became available to women and mothers in the service sector.

### Leisure:

- > Many people in this age group are busy with both work and family commitments, which reduces time for leisure.
- > Fewer people currently aged between 38 and 49 years, for example, are satisfied or very satisfied with their leisure time (67 percent of those aged 25 to 49 years), compared with those aged 50 to 64 (76 percent). Even so, 70 percent of this age group report being physically active (a slightly lower percentage than the younger age groups), and over 90 percent report participating in cultural activities (Ministry of Social Development, 2007, pp 86–91).

### Ethnic differences:

- > A growing ethnic diversity became apparent in the work force between 1971 and 1981, due in part to increased immigration from Pacific nations and a bulge of young Māori and Pacific people reaching working age. The number of Pacific people in the work force, for example, grew from 16,500 to 35,000 over that period. By 1981, one in every 10 workers was either Māori or Pacific (Royal Commission on Social Policy, 1988, Vol I, pp 126–127).
- > Māori or Pacific people in the labour market in the 1980s and 1990s were far more likely than European people to have had difficulty finding a job and to be unemployed. Even when the unemployment rate was still fairly low at 4.1 percent in December 1986, the unemployment rate for Māori was 11.3 percent and for Pacific people it was 6.6 percent. By March 1992, New Zealand had an overall unemployment rate of 10.6 percent. By comparison, over a quarter of all Māori and Pacific people were unemployed at that time (25.9 and 28.9 percent, respectively) (Department of Labour, 2007b).
- > Unemployment and the capacity to earn an income affect family formation and demographic trends. The statistics show us that by the early 1990s, more Māori than other ethnic groups were single parents, and most single parents are single mothers (Royal Commission on Social Policy, 1988, Vol I, p 151).

To the baby-boom generation, at a time of startlingly rapid change in family form, the accompanying changes to the labour market and to economic conditions in New Zealand may well have been confounding.

The ways in which families interacted with work also began to change. More mothers began to work, particularly part-time but also often full-time. Many factors made it easier for more mothers to work, including changes to labour laws and rates of taxation; more readily available childcare, tertiary education and contraception; the introduction of policies to support parents who worked; and increasing demand for labour. Other factors made it *necessary* for more mothers to work, including a changing labour market which meant that many men could no longer find work in their traditional occupations; changing expectations about living standards; more expensive goods and services (particularly housing); and increasing inequality in incomes.

Many families went through tough times during the upheavals of the 1980s and 1990s, and some are still finding their feet as a result. Most, however, found ways to move with and through the changes, and adapted in ways that suited them. For the youngest group of adults today, the participation of women and mothers in tertiary education and the labour force is an accepted part of their environment, along with delaying childbearing and having smaller families.

## 15-37 YEARS

### For people aged 15 to 37 (born between 1971 and 1993), working life as part of a family might be represented by these statistics

#### Labour market participation:

- > In December 2007, 62.4 percent of working-age women (15 to 64 years) participated in the labour force, compared with an overall participation rate of 68.8 percent (Statistics New Zealand, 2008a). A higher proportion of men than women continue to work or look for work, although the gap between male and female participation rates has narrowed.
- > In New Zealand, the labour force participation trends for women (going back as far as cohorts of women born just after World War I) show a dip during the prime childbearing ages of 25 to 34 years (Johnston, 2005).
- > This trend continues today, although it is less pronounced and starts and ends further up the age ranges. In the year to September 2007, for example, just over 92 percent of men aged 25 to 39, compared with 72.7 percent of women in that age range, participated in the labour force (Department of Labour, 2007ciii).
- > Single parents today are more likely than those in previous generations to be participating in the labour force. Nevertheless, single parents continue to be less likely to be in paid work than partnered parents. In 2003, for example, 77 percent of partnered parents with dependent children worked, compared with 56 percent of single parents with dependent children (Poland, Cameron, Wong, & Fletcher, 2007, p 11).
- > In 2001, of those aged 20 to 54 years (prime childbearing and working years), 72 percent of partnered mothers worked, compared with 60 percent of single mothers (Johnston, 2005).
- > There is an even more obvious difference between participation rates for mothers (partnered or un-partnered) with pre-school children and those with school-aged children. In 2001, for example, for the age range 20 to 54 years, some 54 percent of mothers with pre-school children participated in the labour force, compared with 79 percent of mothers with school-aged children (Johnston, 2005).

#### Employment and unemployment:

- > Today, it is likely that people who wish to be employed are. Only 3.4 percent of adults were unemployed in December 2007: 3.4 percent of men and 3.5 percent of women (Statistics New Zealand, 2008a).
- > The trend of more mothers working and more working full-time,<sup>42</sup> which began in the 1980s and 1990s, continues. People who were partnered and raising children in 2004 were most likely to be in a situation where either both partners worked full-time (42 percent) or one worked full-time while the other worked part-time (31 percent). It was less likely that only one partner was working (27 percent) (Perry, 2007, p 88).
- > Men and fathers continue to put in more paid work hours per week than women and mothers. In the third quarter of 2007, 69.2 percent of working men and nearly 28 percent of working women worked 40 or more hours per week. Nearly a third of working men and 72.3 percent of women worked fewer than 40 hours per week (Statistics New Zealand, 2007j).
- > A small proportion of people (five percent of all New Zealand adults in 2006) hold multiple jobs<sup>43</sup> (Statistics New Zealand, 2007n, p 16).

<sup>42</sup> See Definitions, p 6.

<sup>43</sup> See Definitions, p 6.

- > Where a family member has a disability, it can be harder for all the adults in the family to work, or to work full-time, and this can have implications for family income. People who have disabilities, or who are caring for someone with disabilities, are less likely than other adults to be employed or employed full-time.
- > The 2001 Disability Survey revealed that 58 percent of working-age adults with a disability were employed, compared with 77 percent of those without. It also found that, of employed adults with a disability, half were working in full-time employment, compared with 84 percent of employed adults without a disability (Jensen et al, 2005, p 2).<sup>44</sup>

#### **Hours of work:**

- > Today, the highest-qualified people who work at high-paid jobs are likely to be working some of the longest hours in New Zealand – these are predominantly men, and often fathers (Callister, 2005; Ministry of Social Development, 2004, p 49; OECD, 2004). This applies to working men of all ages.
- > The latest statistics reveal, however, that in September 2007 fewer people were working more than 40 hours per week and 50 hours per week than in 1986 (Statistics New Zealand, 2007j). While these statistics apply to people of all age groups, they are particularly relevant to young adults starting out in their professions, at a time when they may also be forming committed relationships.
- > In March 1999, 24.1 percent of all employment was part-time, up from 16.3 percent in 1986 (Department of Labour, 2007b).

#### **Industry and employment:**

- > People in this age group (as well as the younger age group) are more likely to be working in the service sector than their parents or grandparents at a similar age:
  - In 2005, 72 percent of the working-age population were employed in the service sector, up from 68 percent in 2000.
  - By comparison, the proportion working in the primary sector is small and still declining: down from eight percent in 2000 to seven percent in 2005.
  - The industry sector is larger than the primary sector, but it, too, continues to decline. In 2005, 22 percent of employed people worked in this sector, down from 23 percent in 2000.
  - Many service-sector opportunities are part-time, or casual, or involve non-traditional hours of work (such as night-time). Mothers often find work in this sector (Royal Commission on Social Policy, 1988, Vol III Part 1, p 330; Statistics New Zealand, 2005).
- > The numbers participating in tertiary education increased by 94 percent between 1985 and 1995: by 108 percent for women and by 80 percent for men, as labour market demand for tertiary education continued to increase (Maani, 1997, pp 9–10).

<sup>44</sup> Results have been released from a more recent Disability Survey (2006), but comparative analysis with the 2001 survey results by family type and employment status is not yet available.

**Leisure:**

- > Leisure is important in maintaining a balance between work and the rest of life.
- > Of people aged between 15 and 24, three-quarters are either satisfied or very satisfied with their leisure time. For those who are a little older (25 to 38 years), about 67 percent reported being satisfied with their leisure. In addition, between 74 and 84 percent, depending on age, are either sufficiently or highly active. Most participate in cultural activities (Ministry of Social Development, 2007, pp 86–91).

**Ethnic differences:**

- > Māori or Pacific people of all ages are still more likely than other ethnic groups to be unemployed, although this has vastly improved since the 1980s and 1990s.
- > In December 2007, for example, the unemployment rate for Māori was 7.7 percent and for Pacific people was 6.5 percent. This compares with an overall unemployment rate of just over three percent in December 2007. The fall in the Māori unemployment rate since 1999, however, has been greater than the fall for European and for Pacific people (Department of Labour, 2007b, c; Statistics New Zealand, 2008a).
- > Unemployment and its implications for the income of Māori and Pacific families continues to be of concern, particularly if outcomes for children are affected.

The work experiences of different age groups illustrate some of the changes that have affected families over the past 60 years, with shifts in factors such as the economic strength of the country and social values, relative to the immediate post-war years.

One of the most significant changes has been the increase in women's participation in the labour force. Over the same period, trends in family formation show families forming later, having children later and having fewer children. Young adults today live in an environment that accepts women and mothers working and aims to enable them to do so.

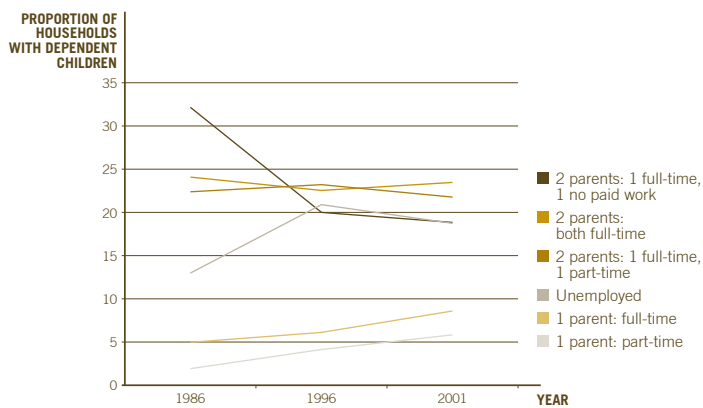
Since the 1970s, men's and fathers' hours of work have also changed, affecting the availability of fathers to their children. The 1980s and 1990s saw a rise in the proportion of fathers who worked very long hours. Partners, children and fathers themselves are signalling that they want more time together. The most recent statistics indicate that fewer men are now working 50 or more hours per week.

Families have approached paid and unpaid work in different ways over time, depending on the support and encouragement available to them. The way individuals approach work also affects families.

Some of the key changes in employment and working, particularly from the early 1980s, are demonstrated below in Figure 6. The graph shows a remarkable shift away from families with a single breadwinner, particularly between 1986 and 1996. The figure also shows the level of unemployment among families with dependent children over that same decade.



FIGURE 6: EMPLOYMENT OF HOUSEHOLDS WITH DEPENDENT CHILDREN, BY FAMILY TYPE 1986–2001



Source: Statistics New Zealand, 2007u

The changes families have experienced over half a century or more have resulted from a myriad of factors in combination. Working in paid employment is now the norm for parents of both sexes, while family sizes have shrunk. It remains open for debate whether more parents are available for paid work now partly because they have fewer children, or whether more families are smaller because more parents need paid work. Maybe it is a bit of both, together with a range of other influences. Section 2.4 describes some of the changes that have affected the working lives of family members, and families themselves, over the past few decades.

**“ Spending quality time with each other AND having adequate finances to do this. ”**



## 2.4 WHY WORKING EXPERIENCES DIFFER BETWEEN AGE GROUPS

The impact of the 1970s oil supply shocks on employment and unemployment in New Zealand was severe. In the 1980s and 1990s, many internal changes in New Zealand also directly affected the economy and the labour market. Some of them also made global influences on New Zealand's economy, and its culture, more immediate: the removal of controls on capital; the introduction and subsequent removal of wage, price and rent freezes; the privatisation of assets; and efforts to reduce inflation (Fletcher, 1990; The New Zealand Treasury, 2007).

Like other developed countries, New Zealand has moved away from the primary and manufacturing sectors towards an expansion of the service sector.<sup>45</sup> In 1951, almost 47 percent of the New Zealand work force was employed in the service sector (Royal Commission on Social Policy, 1988, Vol I, p 128). Between 1986 and 1996, the percentage share of employment of the service sector rose from 60.2 to 65.6, with a corresponding decrease in the other sectors (Gobbi, Chapple, & Fletcher, 1996, p 7).

For adults working and bringing up their families between the 1970s and the 1990s, these factors meant job losses in some sectors, and demand for employment in others. They also meant that many people already participating in the labour market needed to retrain and learn new skills in order to find work. Men in low-skilled jobs were the worst hit, and many were fathers. Fathers in the latter part of the 20th century experienced work very differently from their parents.

The long post-war period of full employment ended in the early 1970s. Without the increase in public sector activity that expanded employment well before this time, full employment would have ended perhaps a decade earlier. In the decade to December 1974, registered unemployment had averaged 2,880. In the next 10 years, the equivalent figure was 34,890 and in the five years from 1984 to 1989, the average was 97,130 (Fletcher, 1990, p 6). The period from late 1991 to early 1992 saw up to 185,000 people registered as unemployed (Department of Labour, 2007b). Many of them were fathers. Unemployment hit families, particularly children, hard (Callister, 2001). Financial stress can contribute to families separating, and no doubt did so in the 1980s, a period of upheaval in the economy, the labour market and family formation.

There was turmoil in the economy and the labour market, and changes in social values and expectations about living standards in the 1980s and through to the end of the 20th century. Mothers in two-parent families began paid work on a part-time or full-time basis to an extent not seen before. Labour force participation rates for working-age women increased from 54 percent in 1986 to a record high of 62.4 percent in December 2007 (Department of Labour, 2007b).

The massive increase in women's labour force participation has been observed in all developed countries. Many factors have contributed to this phenomenon:

- > demand for labour causing the wages of women to rise, making it more financially attractive for them to work
- > changes in the types of work available, such as increased demand in the clerical sector and the decline of the agricultural sector
- > a growing number of part-time jobs

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<sup>45</sup> See Definitions, p 6.

- > increased access to tertiary education for women
- > changing cultural attitudes
- > reductions in tax disincentives for women to work
- > more accessible contraception, which helped plan or delay childbearing (or allowed the choice not to have children)
- > policy changes to support mothers who work
- > changes in family composition due to factors such as divorce and delayed childbearing (Johnston, 2005; Pool et al, 2007).

The mid-1980s to the early 1990s saw a simultaneous growth in households where all the prime working-aged people were in paid work (work-rich) and households where no prime working-aged person was employed (work-poor). Work-poor households increased from 13 percent of working-aged households in 1986 to 20 percent in 1991. Households with children, and particularly single-parent households, were over-represented among work-poor households in New Zealand. In 1996, nearly 36 percent of work-poor households included children, compared with an OECD average of 18.7 percent (Callister, 2001).

There was an influx of low-skilled unemployed male workers into the benefit system in the 1980s and 1990s, rising to 185,000 in 1991. The majority of single parents (estimated at between 80 and 85 percent of single parents in 1991) claimed the Domestic Purposes Benefit during those years of difficulty in securing work. Even so, 31 percent of them worked either part-time or full-time<sup>46</sup> as well as receiving a (usually abated) benefit (Rochford, 1993, p 17). The benefit system was under pressure in the late 1980s and 1990s, as the numbers accessing a main benefit – unemployment, sickness, invalids’ and carers’ (DPB) – continued to grow.

The high unemployment rates of the late 1980s and 1990s (peaking at 10.9 percent in 1991) have subsequently decreased to the 30-year low of 2007. In September 2007, for example, the unemployment rate was 3.5 percent (Department of Labour, 2007b; Statistics New Zealand, 2007s). By 2007, in a buoyant economy and labour market, less than 10 percent of the working age population (270,000) received one of the main benefits (Ministry of Social Development, 2007c).

Today, most parents work and most children in two-parent families (97 percent) live in households with at least one full-time worker (Perry, 2007, p 88). People now work in many different ways, including full-time work, shift work, part-time work, seasonal work, self-employment and short-term contracts. In 2002, a comparative analysis of mothers in the labour force in New Zealand, Australia and Britain found that flexibility, casualisation, shift-work and part-time work can help increase the income of some families while they are raising children (particularly single parents, and two-parent families where care and household tasks can be shared). It also found, however, that working this way can be extremely stressful and disruptive of family life (Pool et al, 2007, p 301).

It continues to be hard for some families to juggle the demands of employment, the need to earn a decent income and the desire to spend quality time with their family. In the current period, there has been a need and a demand for new policies and programmes to address these issues. These have been progressively rolled out.

***“ I feel the increasing crime rates and general social disharmony has a lot to do with children not having enough time with parents, that is, with most/both parents working. They don’t have the time to teach values, moral codes etc, just focus on day-to-day survival. ”***

<sup>46</sup> See Definitions, p 6.

**“ Policy should be supporting parents to be better parents rather than implying that they need to go back to work and give over the care of their child to ECE [early childhood education] strangers. Parents need help to build better parenting skills, and they are not going to achieve this by working. ”**

The Government helps some parents to work by providing, and subsidising, pre-school and out-of-school childcare. Paid and unpaid parental leave and job security provisions also give family members more opportunity to balance work and children. Families with dependent children today are supported in their parenting and employment endeavours by a very different set of public provisions from those available to their grandparents.

The state now aims to make work more financially attractive than receiving benefits. After benefit cuts in 1991, it was assumed that the greater gap between benefit income and earned income for single parents and couples would mean that far more people would find working more financially viable than receiving benefits. However, continued low participation in the labour force and low employment rates during the 1990s indicate that far fewer families than expected responded significantly to the presumed financial incentives (Department of Labour, 2007b; Maloney, 1997; Prebble & Rebstock, 1992).

This was partly because once childcare, travel and accommodation costs were taken into account, income after tax and after working costs was insufficient to encourage most single parents or even many partnered mothers to consider full-time employment, unless they could earn a very high hourly rate. Once these poverty traps were recognised, the beginnings emerged of a different approach to making work possible.

In-work financial assistance, in the form of the Working for Families package, currently contributes to making work more financially viable than non-participation in the labour force or benefit receipt. While a raft of current state programmes makes it more financially possible for many parents to work once they have children, the overall costs of having children (including opportunity costs), are still not fully recognised, and this may act as a disincentive to some people to have more children.<sup>47</sup>

In addition to the state policies and programmes available to parents, some employers are making arrangements to address the tensions between working and family time, including:

- > flexible daily start and finish times
- > part-time work
- > working from home (regularly or occasionally)
- > flexibility to take time off for key family and school events
- > job-sharing
- > flexible breaks
- > choice of or influence over rosters or shifts
- > working in school term-time only
- > flexible provisions for paid and unpaid leave.

These flexible work initiatives have brought mutual benefits for employers and employees, including: recruitment and retention advantages; better staff morale and commitment; happier and healthier employees; and the recruitment and retention of disabled people and older workers (Families Commission 2007a, unpublished, drawing on the EEO Trust's Work-Life Survey Report in 2006; the Auckland Chamber of Commerce Survey in 2005; and the Department of Labour's National Survey on Work-Life Balance in 2006).

<sup>47</sup> This issue, and whether such costs should be fully recognised, is touched on in the following chapter on families and income.

Opportunities for families with young children to find a balance between work and home life have increased with the passing of the Employment Relations (Flexible Working Hours) Amendment Act in 2007. This Act gives parents with young children the right to request flexible working arrangements. By passing this Act, the Government has signalled that it accepts a role in strengthening family wellbeing by improving the balance between work and time with family.

In their recent history of the family, Pool et al (2007) mention the recommendations of an OECD team working on reconciling work and family life, which visited New Zealand in 2003. Pool et al say that the recommendations of this OECD team focused on the observed trend of manipulating the family, particularly single-parent families, to meet the needs of the economy. The point is made that an alternative approach might be to enable production to accommodate reproduction, rather than give priority to production (Pool et al, 2007, p 298, referencing Beaujot, 2006).

This chapter focuses on the centrality to families of work, and how shifts in the way family members interact with paid work also affect family formation and family size, as well as the sharing of roles within a family.

Like New Zealand, many developed countries have experienced economic changes in the latter part of the 20th century and accompanying movements in patterns of working and family formation. Even so, New Zealand has been particularly affected by global events, partly because of its relative size and isolation, and this vulnerability has had flow-on effects for domestic, economic and labour market events, and social factors. Subsequently, New Zealand's recovery has been more spectacular than many other countries, although some issues remain to be resolved.

## 2.5 INTERNATIONAL COMPARISONS

New Zealand's economic performance in the 1960s and early 1970s sat around the average for all OECD countries, at four percent growth per year. Between the mid-1970s and the early 1980s, however, New Zealand was much harder hit by the oil supply shocks of 1974 and 1979 than many other countries, resulting in nil growth, against an OECD average of around 2.4 percent growth per annum (Fletcher, 1990). Between 1982 and 1989, New Zealand's GDP growth averaged 1.8 percent per annum, compared with an OECD average at that time of 3.5 percent (Fletcher, 1990). These changes indicate that the labour market, with its critical link to the level of economic activity, went through decades of turmoil, affecting many men and women individually, and families as a whole:

- > Analysis of the labour market experiences of Germany, France, Italy and the United Kingdom, and comparison with New Zealand's labour market found that these European countries had also had mediocre economic growth and persistently high unemployment since the mid-1970s. In a number of respects, New Zealand's circumstances had been similar to those of the major European countries, but it was expected that New Zealand's labour market problems during the 1990s and 2000s would be less severe than those in Europe (Savage, 1990). Statistics considered below indicate that this certainly has been the case to date in the 2000s.

Today, unemployment in New Zealand sits at a new low of between three and four percent.<sup>48</sup> New Zealand's unemployment rate is the fifth lowest among 27 OECD nations with comparable data. New Zealand is the only OECD country to remain below four percent for the 14 quarters since September 2004. The average unemployment rate

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<sup>48</sup> The collection of this data began in 1986.

across the whole OECD was 5.5 percent in the December 2007 quarter (Department of Labour, 2007a). This is a vast improvement from 1991 (at which time New Zealand's unemployment rate was 19th out of the 27 comparison countries), and it means that most family members today can find work if they are seeking it.

Tertiary education achievement has become a powerful predictor of finding a job that pays well. The proportion of working-age men and women participating in tertiary education increased in New Zealand between 1999 and 2006. It is difficult to find comparable measures of tertiary participation for OECD countries. New Zealand's relative standing can be inferred from the proportion of people enrolled in education in the 20 to 29 years age group. In 2004, for example, 30 percent were enrolled in New Zealand, placing New Zealand seventh out of 28 countries, above the OECD median of 25 percent (Ministry of Social Development, 2007, p 39).

Men and women around the developed world are participating in tertiary education for longer, often postponing family formation and childbearing while they are studying. Establishing oneself in a career after higher education is also important for gaining credentials in the labour force, requiring years of focus. Women often aim to establish a career before starting a family.

New Zealand's female and parental labour market participation patterns, Table 2, have been similar to those of other developed countries.

<b>TABLE 2: CROSS-COUNTRY COMPARISON OF LABOUR FORCE PARTICIPATION RATES<sup>49</sup> BY GENDER AND FAMILY TYPE (MOST RECENT AVAILABLE DATA)</b>				
	<b>WOMEN</b>	<b>SINGLE PARENTS (80% WOMEN)</b>	<b>PARTNERED PARENTS</b>	<b>MEN</b>
New Zealand	62.4% (Dec 2007)	56% (2003)	77% (2003)	76.4% (Dec 2007)
	<b>WOMEN</b>	<b>SINGLE MOTHERS</b>	<b>PARTNERED FATHERS</b>	<b>MEN</b>
Australia	55.5% (2002)	53.8% (2003)	93.1% (2003)	72.2% (2002)
	<b>WOMEN</b>	<b>SINGLE WOMEN</b>	<b>PARTNERED WOMEN</b>	<b>MEN</b>
UK <sup>50</sup>	72% (2002)	68% (2002)	74% (2002)	84% (2002)
	<b>WOMEN</b>	<b>SINGLE MOTHERS</b>	<b>MOTHERS</b>	<b>MEN</b>
USA	59.3% (2005)	78% (2003)	71% (2003)	73.3% (2005)

Sources: **New Zealand:** Poland et al, 2007, p 11; Statistics New Zealand, 2008a; **Australia:** Australian Bureau of Statistics, 2004; de Vaus, 2004, pp 300–301; **UK:** Gutiérrez-Domènech & Bell, 2004; **US:** Bureau of Labor, US Department of Labor, 2008; Sherman, Fremstad, & Parrott, 2004

<sup>49</sup> Proportion either working or seeking employment.  
<sup>50</sup> Females aged between 16 and 59 years.

Although these figures are not altogether comparable, they do indicate that single women, single parents and single mothers have lower labour force participation rates in three of these countries than partnered mothers, partnered parents of either gender, women in general and men. The anomaly is the United States. As Sherman et al point out in their analysis of this anomaly, however, while single mothers are strongly attached to the labour force, a growing proportion is unable to find jobs (Sherman et al, 2004).

Lower participation by single parents in many countries might, in part, reflect the difficulties associated with being a single parent who works, together with the difficulty of earning a sufficient income as a single parent to meet both the costs of family living and those of childcare. Participating in the labour market can be harder for single parents. Statistics also show that New Zealand and Australia share a pattern whereby many women in their prime childbearing years (both partnered and un-partnered) leave the labour market, to return when their children are older. Some European countries and the United States have far less of a 'dip' in female labour force participation in the (currently) 25 to 39 age group and, in earlier years, the 20 to 35 year age group (Johnston, 2005).

Table 3 provides some 2002 OECD comparisons of employment rates of mothers by age of youngest child, compared with average employment rates for men and women. New Zealand women and mothers have a higher than OECD average employment rate, except when their youngest child is aged under five years.

<b>TABLE 3: EMPLOYMENT RATES 2002</b>					
	<b>% MEN</b>	<b>% WOMEN</b>	<b>% MOTHERS WITH YOUNGEST CHILD AGED:</b>		
			<b>UNDER 3</b>	<b>3 TO 5</b>	<b>6 TO 14</b>
New Zealand	81.5	68.0	43.2	58.2	74.7
Australia	78.5	64.7	n/a	n/a	n/a
Canada	76.7	68.3	58.7	68.1	76.3
UK	78.6	66.8	57.2	56.9	67.0
US	77.6	65.6	56.6	60.0	69.4
<b>OECD average</b>	<b>74.5</b>	<b>58.7</b>	<b>60.1</b>	<b>64.1</b>	<b>69.7</b>

Source: OECD, 2006a, pp 53, 57

This may be related to cultural and social norms, to in-work policies and programmes that support the combination of work with parenthood and to the way labour force participation is measured. Many European countries, such as the Nordic countries of Sweden, Denmark, Finland, Norway and Iceland, for example, provide extensive paid parental leave, and people taking up these provisions are still counted as participating in the labour force. We do not measure labour force participation in this way in New Zealand (Johnston, 2005). The labour force participation rates of each country need to be considered in the context of that country's policy framework.

Parental leave entitlements and their objectives for families vary between countries. New Zealand offers paid parental leave of up to 14 weeks after the birth of a baby (or the adoption of a child under the age of six). It pays 100 percent of the parent's previous income, up to a maximum amount equivalent to 46 percent of the average weekly full-time earnings of men and women.<sup>51</sup> Jobs are protected for new parents for up to a total of 54 weeks including the 14 weeks' paid leave, 38 weeks' unpaid leave and two weeks' unpaid paternity/partners care leave.

<sup>51</sup> In 2006/07, this was \$372.12.

The Families Commission understands that the objectives of parental leave in New Zealand are to:

- > promote maternal health and children's health and development
- > provide a period of income stability and security to compensate parents for the loss of income following the birth of a child, and help protect future income by allowing them to remain involved in the labour force
- > promote gender equity in the home and the labour market, by ensuring mothers can return to paid work without disadvantage, while also encouraging fathers to take up job-protected leave and share caring responsibilities (Families Commission, 2007, pp 7–8).

Policy comparisons with other developed countries place New Zealand's parental leave entitlements in an international context. New Zealand was one of the last countries in the OECD to introduce paid parental leave entitlements, and it remains one of the least generous in terms of their level and duration. New Zealand is also one of the most restrictive countries in its employment criteria for accessing parental leave and lack of flexibility in the way the leave may be used (Families Commission, 2007, pp 8–9).

The more limited a parental leave policy, the less real choice families have about having children while also earning an income adequate to support and nurture them. France, for example, provides extensive support for new parents, combining 156 weeks of family leave with a flat-rate weekly payment, with 16 weeks' maternity leave and two weeks' paternity leave, with weekly income fully replaced up to a maximum amount. Sweden, Norway and Hungary provide among the highest levels of compensation for lost earnings (Families Commission, 2007, pp 50, 80–81).

Disability or caring for someone with a disability also affects employment potential in New Zealand and other comparable countries. In Canada, for example, only 51 percent of working-age adults with disabilities are employed (Campaign 2000 Canada, 2007). This is similar to New Zealand's 58 percent in 2001 (Jensen et al, 2005, p 2). In Denmark, only 45 percent of people with disabilities were employed in 2000, compared with 81 percent of the non-disabled population (Jensen et al, 2005, p 4, referring to Hogelund & Pedersen, 2001). An OECD study of working-age people in 20 countries, published in 2003, reported that the employment rates of those with severe disabilities are only about one-third of those for the general non-disabled population and, for those with moderate disabilities, are around 70 percent of those for the general non-disabled population (Jensen et al, 2005, p 4).

One of the labour market areas in which New Zealand stands out from other countries is in average weekly hours of work. An OECD examination of trends in working hours shows that between 1970 and 2004, New Zealand's hours of work increased by nearly 18 percent – the second-highest increase in the OECD after the United States. New Zealand then ranked sixth-highest in the percentage of women who worked 45 hours per week or more, and fifth-highest of men who worked those hours (OECD, 2004).

In 2001, a quarter of all New Zealand fathers aged between 25 and 34 years with a child under five worked 50 or more hours (Ministry of Social Development, 2004, p 49). Only in the United Kingdom did fathers work longer hours in that year. However, September 2007 figures show that fewer New Zealand men are working 40 or more hours per week, or 50 or more hours per week, compared with the mid-1980s (Statistics New Zealand, 2007j).



Fathers who work long hours can be as absent for their families as those who live in another house. Many fathers, partners and children want more time together as a family unit for leisure, sport and recreation. This is supported by recent New Zealand research which found that half of all respondents would like to spend more time with immediate and extended family and with close friends. This was particularly reported by fathers (Robertson et al, 2006, p 30). While parental incomes have been found to be the factor most likely to affect children's outcomes, good parenting remains a significant factor too (d'Addio, 2007, pp 19–20). Time with parents, absorbing their values and aspirations, can affect later outcomes (d'Addio, 2007, p 21; Milligan et al, 2006, p 92).<sup>52</sup>

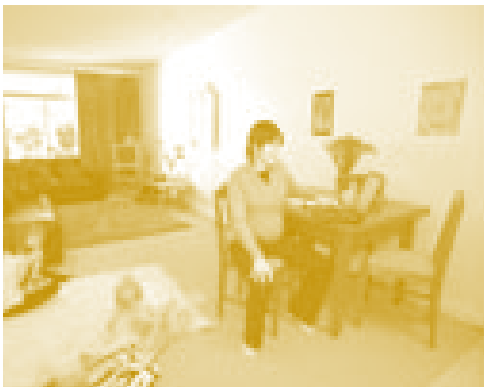
Flexible working arrangements are a tool that makes it easier for parents to manage their dual working and family responsibilities. These arrangements have become increasingly important in many industrialised countries, including New Zealand, but arrangements vary widely depending on objectives, cultures, social norms and government involvement.

A range of legislative and other initiatives operate in countries such as the United States, Germany, the Netherlands, the United Kingdom and France:

- > Germany and the Netherlands have taken a fairly regulated approach with a combination of domestic legislation and European Union (EU) directives about flexible working arrangements.
- > The United Kingdom legislation is relatively soft with an emphasis on encouragement.
- > The United States has a non-regulatory approach and relies on worker-employer negotiation (Families Commission, 2007a).

New Zealand has recently introduced legislation which gives parents with young children the right to request flexible working arrangements. This places New Zealand somewhere between the more directive approaches of Germany and the Netherlands, and the more encouraging legislation of the United Kingdom.

Flexible working arrangements are one mechanism to support families in their interactions with the labour market and in their choices about sharing paid and unpaid work. In today's environment where most parents work, flexible working options can be part of a package of family-friendly and family-centred policies, programmes and laws, including parental leave provisions, in-work financial assistance and accessible childcare.



***“ I wanted to drop down to part-time work when our second child was born, but instead I had to return to full-time work after she was 8 weeks old. The government’s ‘paid maternity leave’ was too small an amount to replace my normal salary and we ran out of savings. ”***

<sup>52</sup> Child outcomes are referred to a number of times in this report. This phrase refers to how well a child does, both in the short term and longer term, across a range of areas. These might include health, education, employment, behavioural and civic engagement.

## 2.6 CONCLUSION: FAMILIES WORKING

This chapter has shown how the work experiences of families have evolved and adapted over the past 60 years with changing economic and labour market demands, social norms, contraception, policies to encourage mothers and fathers to share paid work and time with their children and the availability of childcare.

At the same time as working experiences have changed, family forms have changed too, although the functions of the family have remained a constant. We are beginning to see that, for families, many factors are interrelated. Family formation, working arrangements and sharing the responsibility of parenting, nurturing and earning an income, are just a few of these factors.

The changes and adaptations over the past 60 years have brought families to a point where they face a number of pressures, immediately and looking into the future. If families and their essential roles of childbearing and nurturing (including earning to support the family) come under pressure, then society as a whole may feel the implications. Support for families in all their roles is an essential element of our society; some of this support comes through government policies and programmes.



### 3. FAMILY INCOMES

*A Families Commission poll on 'The Couch' between August and October 2007 focused specifically on managing the family budget. It found that 45 percent of respondents felt they were worse off than last year, and 11 percent said they were struggling or unable to manage their debt.*

### 3.1 INTRODUCTION

An adequate income enables people to:

- > shelter, support and nurture their families
- > keep children out of poverty
- > invest in the development of children
- > reduce parental stress, with benefits for child development
- > purchase a house, which is a key factor in wealth accumulation, child outcomes and living standards in old age
- > transfer wealth from one generation to the next (d'Addio, 2007, p 21).

Paid employment has generally been considered the best way for families to gain an adequate income, and we have seen that most parents – both mothers and fathers – now work. Other sources of income<sup>53</sup> include:

- > benefits, which are available as a safety net to those most in need and with a low net worth, and also as supplementary assistance to help families offset the costs associated with raising children
- > returns on investments, which are often owned by those with a higher net worth.

'Net worth' refers to the difference between a person's assets (belongings that could be exchanged for money) and their liabilities (debts), and is often accumulated over time. It is one of the areas considered in this chapter as it examines how families from different age groups have earned an income, been helped by social assistance and accumulated wealth. Debt is also discussed. In and of itself, debt is not necessarily problematic. Debt to buy a home, for example, can be a positive thing. In some cases, however, debt can become difficult for families. Sometimes, incomes cannot both service debt and allow a family a reasonable standard of living.

An 'adequate income' (an income that provides the necessities of life as described above) is sometimes defined as income above a specified threshold. That threshold is, in this report, referred to as the 'poverty line'. An 'inadequate income' or the resultant state of 'poverty' are also sometimes referred to in this report as 'low income'. A poverty line or threshold can be defined in different ways; one way is 60 percent of median incomes, after housing costs have been paid.<sup>54</sup> Setting aside housing costs gives a fair picture of disposable income for families, so this measure is used here. There are many measures of poverty, which are fully described in a 2007 publication on Household Incomes in New Zealand.<sup>55</sup> The actual measure used is less important than the changes observed over time using any constant measure.

This chapter also takes a look at 'income inequality', which means the extent to which incomes are spread around the middle or median income. A wide spread (with some very rich people and some very poor people) denotes high income inequality. Increasing income inequality has been observed in New Zealand and in some other developed countries over the past 60 years, at the same time that economies and working experiences for families changed dramatically in the latter part of the 20th century.

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<sup>53</sup> When this chapter refers to 'income' it means income from all sources, unless it is explicitly stated otherwise.

<sup>54</sup> Housing costs include rent payments, mortgage principal and interest payments and rates. Repairs, maintenance and dwelling insurance are not included (Perry, 2007, p 9).

<sup>55</sup> Perry, B. (2007, July). *Household Incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2004*. Ministry of Social Development, Wellington.

One of the difficulties in discussing families and income is that there is very little family-based data. For this reason, this chapter often uses household income or the income of men and women, on the understanding that they provide indications of how families might be affected by income.

Decades of extraordinary economic and social change in New Zealand have left some families and their children struggling to obtain an adequate income today. This can be observed in this chapter in changes to benefit assistance, income adequacy, income inequality and the net worth of families from different age groups. This is the case even with New Zealand's current strong economy and labour market and even though most parents now work and many receive significant in-work assistance. The adequacy of employment combined with supplementary assistance to support families is no longer as certain as it was for earlier generations (Perry, 2007, pp 84, 98; Pool et al, 2007, pp 288–290, 369–377).

## 3.2 OVERVIEW OF FAMILY INCOMES TODAY

To begin, an overview is provided of incomes, net worth and levels of debt for New Zealanders today. Wherever possible, incomes generally and incomes of families are differentiated, although this is sometimes complicated. To show where New Zealanders are now and where they have come from in terms of income, the following section in this chapter (Section 3.3) provides trends and patterns regarding income over the past 60 years for different age groups.

### Incomes:

- > Median annual income in 2006 (before tax is paid) for all people aged 15 and over was \$24,400, with a median of \$31,500 for men and \$19,100 for women (Statistics New Zealand, 2007g).
- > In June 2007, the average<sup>56</sup> weekly income for men and women combined was \$667 (before tax). For men this was \$832 per week, while for women it was \$510 per week, partly because of the higher proportion of women who undertake part-time work (Statistics New Zealand, 2007o).
- > By the hour, however, it is clear that women still tend to earn less than men: the median hourly rates (before tax is paid) were \$19.10 for men and \$16.78 for women in June 2007 (Statistics New Zealand, 2007o).
- > A lower rate of pay can make it less financially viable for mothers to work than fathers, particularly if childcare costs are deducted from the additional income earned. This also makes it difficult for single mothers, particularly, to earn an adequate income for a family after childcare and other in-work costs.
- > It is important to note that regional differences exist, and have increased since the mid-1980s, with the most marked difference between Wellington and the West Coast (Pool et al, 2007, p 375).

### Beneficiaries:

- > At the end of December 2007, about 270,000 people aged 18 to 64 years were receiving a main benefit (unemployment, invalid's, sickness and the domestic purposes benefits). This equated to just under 10 percent of the working-age population (aged 15 to 64) (Ministry of Social Development, 2007c).

<sup>56</sup> See Definitions, p 6.

- > Of these beneficiaries: 62 percent were women; less than a quarter were caring for a dependent child (22 percent); 65 percent were aged 25 to 54 years; about 16 percent were aged 24 years or younger; and 16 percent declared additional earnings while on a benefit (often causing the benefit to be abated). Only three percent of all domestic purposes beneficiaries were aged under 20 years (Ministry of Social Development, 2007c).<sup>57</sup>
- > The highest main benefit received by an individual on a benefit (before tax is paid) was \$357.11 per week (excluding any supplementary assistance such as Accommodation Supplement), which was the rate for a sole parent who was also either an invalid or caring for someone with a disability. Sole parents, where disability was not involved, were eligible for \$309.73 gross per week, and individuals in a couple were eligible for \$221.47 gross per week each (\$442.94 gross per week in total).<sup>58</sup>
- > As at 31 March 2007: 134,620 parents paid Child Support through the Inland Revenue Department's (IRD) Child Support administrative system; 140,517 parents received those payments; and an estimated 228,529 children were involved. An estimated 80 percent of those receiving payments through IRD are beneficiaries. Some parents also pay and receive Child Support outside of the IRD system (Inland Revenue Department, 2007).

#### **Income equality:**

- > In 2004, the purchasing power of the median household income<sup>59</sup> was little different from that of the 1980s. At the same time, the spread of incomes around that median is wide. New Zealand is experiencing more income inequality:
  - In 1982, median incomes for those in the lowest and the highest income deciles, respectively, were \$12,000 and \$39,100.
  - By 2004, median incomes for those in the lowest and highest income deciles, respectively, were \$11,300 and \$47,300 (Perry, 2007, p 34).

#### **Income adequacy:**

- > It is estimated that in 2004 about 17 percent of individuals, including nearly a quarter of children (23 percent), and seven percent of households aged 65 years and over, were below the poverty line.<sup>60</sup> Most children in poverty live in two-parent households. It is estimated that the Working for Families package of in-work tax credits and supplementary assistance, once fully implemented (in July 2008), will reduce but not eliminate child poverty (Perry, 2007, pp 24, 72, 85, 98).<sup>61</sup>
- > Fewer older families<sup>62</sup> live in poverty compared with any other household or family type (Ministry of Social Development, 2001).

#### **Role of work in ensuring income adequacy:**

- > Working full-time does not always mean that your family can make ends meet. If your family is living below the poverty line, it is almost equally likely that there is no adult or at least one adult in your household working full-time: 49 percent and 45 percent, respectively (Perry, 2007, p 85).

<sup>57</sup> The age of eligibility for main benefits is, in most cases, 18 years.

<sup>58</sup> Rates applicable from 1 April 2007.

<sup>59</sup> See Definitions, p 6.

<sup>60</sup> See Definitions, p 6.

<sup>61</sup> Estimates of the extent to which child poverty might be reduced are not published in relation to this measure of poverty. In relation to a slightly different measure – one in which housing costs are not taken into account – the extent of poverty is projected to reduce by 30 percent. If housing costs are taken into account, the extent of any poverty reduction might be less than 30 percent.

<sup>62</sup> See Definitions, p 6.

### Savings, investments and net worth:<sup>63</sup>

- > Thirty-eight percent of adults received investment income in the year to June 2007, with an average weekly investment income of \$137. Age groups with the highest average weekly investment income were the 60 to 64 age group and the 55 to 59 age group (\$265 and \$232, respectively) (Statistics New Zealand, 2007o).
- > The older generation (the parents of the baby-boomers) are among the better-off families in terms of asset accumulation (net worth) and disposable income after housing costs (Ministry of Social Development, 2001; Perry, 2007).
- > The median net worth of individuals who are in couple relationships but without children is nearly double that of their counterparts who are not part of a couple. This is likely to be due to the effects of age. Couples without children are often older and because of this are at a more advanced point of their wealth accumulation trajectory, for example, while single people are almost equally split between the young and those who are close to retirement or retired (Cheung, 2007).
- > Just over half the population has a net worth of \$10,000 or less, and 6.5 percent of the population has substantial negative net worth. There are net worth disparities, with the top 10 percent of the population owning over half of the country's total net worth. The bottom half of the population owns only five percent of total net worth (including those with negative net worth) (Cheung, 2007).

### Debt:

- > Debt is money borrowed that needs to be paid back, usually with interest. For every \$1.00 each household in New Zealand earns, they currently spend \$1.15 on average. What is spent over and above what is earned tends to be debt-financed (NZIER, 2008, referencing Cullen, 2007a).
- > The average level of household debt in New Zealand was estimated at 140 percent of annual disposable income in 2004 (Goh, 2005). Borrowing in order to purchase an investment can be a positive approach to wealth creation. Where debt is difficult to service and hampers family functioning, however, it can become problematic.
- > Today, many people who have recently finished their tertiary studies start their working lives with significant debt. Ministry of Education data on student loans reveals total student loan debt as \$9.4 million at December 2007 (Ministry of Education, 2007). Statistics New Zealand data show that:
  - up to 62 percent of borrowers are aged under 25
  - the average per-person student loan debt at the end of study was \$15,590 as at December 2005
  - borrowers who had left study in 2001 had paid off, on average, 21 percent of their loan five years later (Statistics New Zealand, 2008b).
- > A recent survey by the New Zealand Union of Students Associations, however, is reported to have found that **all** debt for students (including student loans, personal loans, bank overdrafts, loans from parents and credit card debt) averages at \$28,838 per student (The Dominion Post, 2008, p A6).<sup>64</sup> The impact of student debt on family formation and family functioning is currently unquantified.

<sup>63</sup> See Definitions, p 6.

<sup>64</sup> At time of writing, the survey had not been made publicly available.

#### **Ethnic differences:**

- > New Zealand European children are the least likely to be living in poverty (16 percent in 2004). ‘Other ethnicities’ including Pacific children are the most likely (40 percent), while about 27 percent of Māori children were living in poverty in 2004 (Perry, 2007, p 83).
- > A disproportionate number of Māori are receiving a main benefit. In December 2007, for example, 31 percent of beneficiaries were Māori and seven percent were Pacific people (Ministry of Social Development, 2007c).
- > The New Zealand European ethnic group made up 83 percent of the population and held 93 percent of the total net worth in 2004.<sup>65</sup> Comparable statistics for other ethnic groups are:
  - Māori population – 10 percent; four percent of the total net worth.
  - Asian population – six percent; four percent of the total net worth.
  - Pacific population – five percent; one percent of the total net worth (Cheung, 2007, pp 9–10).

**“ You cannot have a full-time job and be a full-time mum. Your children miss out. ”**

These statistics show that most parents today are working, few are receiving a main benefit and most families have adapted to the conditions in which they find themselves. We also can see from the data above that many families are living in poverty (whether working or not), 23 percent of children were estimated to be living in poverty in 2004 and a small proportion of families are crippled by their debt (Perry, 2007, p 83; Valins, 2004, p viii).

Families most likely to be struggling to make ends meet are shown to be either single-parent families or two-parent families where only one parent is earning an income. Older families are the most financially comfortable. Young people are most likely to face difficulties, as they struggle to pay off student debt, possibly delay forming a family and having children while doing so, and while they establish their careers (Pool et al, 2007, pp 379–380).

### **3.3 DIFFERENT EXPERIENCES BY AGE GROUP**

The main trends over time for different age groups are explored here with regard to income (source, amount, equality and adequacy), net worth and debt. For those currently aged 65 years and over, income in the post-war decades was typically a combination of an assured family wage (earned by the male breadwinner) and a weekly Universal Family Benefit paid to the mother for each child born.

The reliability of this income, in the context of economic growth and combined with other state assistance such as low-interest loans for the purchase of a house, supported the growth and nurturing of post-war families. It also supported the specialisation of roles within a family, and both enabled and encouraged mothers to focus on childrearing. Those bringing up children at that time continue to feel the benefits of the assistance received at that time, as most now live in freehold houses.

<sup>65</sup> Based on data from Wave Two of the Statistics New Zealand Survey of Family, Income and Employment (SoFIE).



## For people aged 65 years and over (born in 1943 or before), patterns of family income might be represented by these statistics

### Incomes:

- > For people aged over 65 years today, the median income in 2006 (before tax is paid) was \$15,500, lower than the population's annual median income of \$24,400 in that year (Statistics New Zealand, 2007g, p, p 79).

### Beneficiaries:

- > In the 1950s to the 1970s, few people would have received a main benefit from the state as their key source of income. In 1956, for example, only five unemployment benefits were being paid. During the period 1960 to 1964, only 0.1 percent of the labour force was unemployed. Between the period 1975 and 1979, the rate was still only 0.9 percent (Royal Commission on Social Policy, 1988, Vol I, p 35).
- > In 1976, there were only 4,640 single parents who had not previously been married, while there were 70,000 single-parent families in total in 1976. At that time most unmarried mothers adopted out their babies, and most single mothers who kept their babies received a state benefit (Royal Commission on Social Policy, 1988, Vol I, p 151).
- > From 1946, a Universal Family Benefit to supplement a family's main income provided support to families on a per-child basis for all children up to 15 years of age. The benefit embodied the principles of the 1938 Social Security Act. It was also a way for government and society to collectively recognise that all parents incur costs in rearing children and that it is in the interests of the collective to support the welfare and wellbeing of children and their families. It was viewed as an investment in the future of the nation and it could encourage some people to have children, in the knowledge they would have assistance.

### Income equality:

- > When families were working and bringing up children in the years before the early 1970s, a single wage provided an adequate family income. Most incomes were similar. Options as to what to spend disposable income on were more constrained than they are today.

### Income adequacy:

- > Today, those aged over 65 years are the least likely family group to fall below the poverty line (which is calculated after housing costs). Only seven percent of those aged 65 years and over were experiencing poverty in 2004. Couples aged 65 years or over made up only one percent of all individuals below the poverty line in 2004. A further three percent of all those under the poverty line were single people aged 65 years or older. Significant freehold homeownership, combined with guaranteed National Superannuation, contributes to this pattern (Perry, 2007, pp 72, 77, 90).
- > The older person most at risk of poor living standards is characterised by a mix of a lifetime of low income, no savings, high accommodation costs, a history of economic stress, being of Māori or Pacific ethnicity and having held a low-status occupation. What determines a person's living standard in old age is no single factor (such as net annual income) but an accumulation of factors in a person's current circumstances and life history (Ministry of Social Development, 2001).

#### **Role of work in adequacy of income:**

- > Full-time income earners in the years after the war were guaranteed, through the Industrial Conciliation and Arbitration Act 1894, an income that could support a wife and children.

#### **Savings, investments and net worth:**

- > Compared with other age groups, older people today are most likely to own a significant asset (their home) and live on an income which keeps them above the poverty line (Perry, 2007).
- > In 2001, 41 percent of people living as couples and aged 65 years or over had received an inheritance. The median net worth of older couples who had received an inheritance was \$291,000. This compares with a median net worth of \$167,000 for those who had not received an inheritance. For those who are non-partnered, only around one-third in this study had received an inheritance. Their median net worth was almost double that of those who had not received an inheritance, at \$194,000 and \$99,000, respectively (Statistics New Zealand, 2004a, p 46).

#### **Debt:**

- > In the mid-1950s, most families that borrowed (apart from home loans) did so through hire-purchase loans to finance big-ticket items. Over £8 million was owed in 1956, £20 million by 1963 and £30 million by 1965. “A government funded community budgeting service operated, starting in Kaikohe in 1960 and in many towns by the end of the decade” (Dalley & McLean, 2005, p 312).
- > In the main, however, debt in the post-war decades was a positive way to finance investment in a family home. The state helped many families with children into their own homes, with a mortgage at three percent interest. From 1958, the Family Benefit could be capitalised and used as a house deposit (Royal Commission on Social Policy, 1988, Vol I, p 29).

#### **Ethnic differences:**

- > European people aged over 65 years are still more likely to have a higher income than other ethnicities. In 2001, for example, the average median annual income for all those aged 65 years or older was \$13,100, compared with \$11,700 for older Māori, \$9,900 for older Pacific people and \$8,300 for older Asian people (Statistics New Zealand, 2004a, p 49).

After World War II, the economy in New Zealand was booming and state assistance was available to establish a family, to buy a house and to manage the dual roles of raising a family and working to earn an income. Specialisation of roles was usual, with the husband and father earning a wage that was adequate to keep a family, while the wife and mother largely focused on having and raising children. This homogeneity of expectation and practice, combined with state assistance targeted at young families, has meant that the adults of those post-war years aged 65 years or over are still experiencing the benefits today.

In the 1950s and 1960s, social policy intervention was intended as a social contract: “a bargain struck with the recipients that they would exchange the benefits they accepted in their time of need for obligations when their needs had been met. It has been persuasively argued that this was, in the event, a contract which could not be fulfilled. As times worsened from the late sixties, those who had benefited earlier clung to their advantages and were able to block the delivery of comparable advantages to a

new generation of rising families” (Royal Commission on Social Policy, 1988, Vol I, pp 29–30).

For the baby-boomers, everything changed. Between the 1970s and the 1990s, the ease of finding work diminished progressively. The types of jobs available changed, as did the qualifications needed to secure them. More families needed to turn to the state for benefits as times became tough.

Women’s chances of finding employment increased, while work opportunities for male partners diminished. Women nevertheless tended to be paid less, continued to take the brunt of unpaid work and often took on part-time paid roles. More women also became single parents and many found that work did not pay enough (after childcare costs) to be worthwhile and that benefit rates and housing assistance were reduced. Poverty increased, and families with children felt it the most.

**For people aged between 38 and 64 years (born in the baby-boom era between 1944 and 1970), patterns of family income might be represented by these statistics**

**38-64  
YEARS**

**Incomes:**

- > The purchasing power of household incomes fell during the 1990s. Median real equivalised household incomes (after tax and housing costs) fell between 1982 and 1994, from \$17,400 to \$14,600 per annum (Perry, 2007, p 34).
- > Median incomes can differ quite markedly from one region to another, and similar families can have quite different incomes depending on their geographical location. From 1986 to 2001, many changes were occurring in the labour market and in incomes:
  - Northland, Gisborne and the West Coast all experienced significant declines in their median real equivalised household annual incomes – declines of between \$3,000 and \$6,000.
  - Only two regions (Auckland and Marlborough) experienced significant increases in median annual incomes – increases of between \$3,000 and \$4,000.
  - By 2001, there were only two regions in which household median annual incomes exceeded the national average: Auckland and Wellington (Pool et al, 2007, p 375).

**Beneficiaries:**

- > The 1980s and 1990s saw a significant rise in the number of beneficiaries (across all benefit types) as the economy contracted, income inequality grew, costs rose and demand for job skills changed:
  - The number receiving an unemployment benefit increased from about 3,000 in 1974 to 185,000 in the early 1990s (Department of Labour, 2007b; Ministry of Social Development, 2007d).
  - The 46,000 single parents in 1976 had increased to 110,000 by 1991. In 1976, only 46 percent of them received the DPB, increasing to an estimated 80 to 85 percent by 1991 (Rochford, 1993, pp 11–12).
  - The numbers claiming the invalid’s and sickness benefits also increased exponentially over the same period: the proportion of working-age people receiving a Sickness Benefit, an Invalid’s Benefit or ACC weekly compensation rose from around one percent in the 1970s to five percent in June 2002 (Wilson & McLeod, 2006).

#### **Income equality:**

- > Income inequality became increasingly apparent in New Zealand during the 1980s and 1990s. While the median income remained fairly static (\$17,400 in 1982 compared with \$18,500 in 2004),<sup>66</sup> the range of incomes around that median broadened rapidly, particularly between 1982 and 1992:
  - In 1982, median incomes for those in the lowest and the highest income deciles, respectively, were \$12,000 and \$39,100.
  - By 2004, median incomes for those in the lowest and highest income deciles, respectively, were \$11,300 and \$47,300 (Perry, 2007, p 34).

#### **Income adequacy:**

- > By 1982, changes were occurring in economic conditions, the labour market and some social norms. Those with dependent children at that time, particularly the growing number of single-parent families, might have struggled. In 1982, 12 percent of children lived below the poverty line (Perry, 2007, p 83). In 1981, single parents were found to have some of the lowest incomes in the community (Royal Commission on Social Policy, 1988, Vol II, p 208).
- > Children who lived in single-parent households in 1982 were more likely to live in a household which fell below the poverty line (31 percent of single-parent families), while 11 percent of children in two-parent households lived in households whose income fell below the poverty line (Perry, 2007, p 85).
- > Even though children in single-parent households were more likely to be below the poverty line, there were far more children living in two-parent households. That meant that the majority of children living below the poverty line in 1982 (68 percent) had two parents (Perry, 2007, p 85).
- > By 1994, 35 percent of all children lived in a household that fell below the poverty line: 76 percent of children who lived in single-parent households lived in a household below the poverty line and 29 percent of children in two-parent households lived in a household below the poverty line. Of all children living below the poverty line, the majority still lived in two-parent households (61 percent) (Perry, 2007, p 85).

#### **Role of work in income adequacy:**

- > In most cases, in 1982, where children lived below the poverty line, at least one of their parents was working full-time (59 percent). By 1994, where children lived below the poverty line, the majority now lived in a household where no parent worked full-time (also 59 percent) (Perry, 2007, p 85).

#### **Savings, investments and net worth:**

- > People currently aged 40 years or over are more likely to have accumulated wealth than those who are younger, particularly if they are partnered. Even after sharing net worth across two partners, couples still have a median value over eight times that of their non-partnered counterparts, of the same age (Statistics New Zealand & the Retirement Commission, 2004).

#### **Debt:**

- > The level of household debt was estimated at about 50 percent of annual disposable income in the mid-1980s (Goh, 2005).

<sup>66</sup> Real, equivalised, household income, after tax and after housing costs.

### **Ethnic differences:**

- > In 1982, households of all ethnicities were very similar in the likelihood of their children falling below the poverty line: 12 percent of European children, 14 percent of Māori children and 10 percent of all other ethnicities fell below the threshold at that time (Perry, 2007, p 83).
- > In 1986, Census statistics<sup>67</sup> show that 12 percent of Māori men and 19.1 percent of Māori women were unemployed, compared with 5.2 percent of all men and nine percent of all women. For Pacific people, 9.7 percent of men and 14.5 percent of women were unemployed (Royal Commission on Social Policy, 1988, Vol II, p 499).
- > Māori and Pacific people were particularly affected by the changing labour market of the early 1990s. A disproportionate number of Māori and Pacific people were unemployed at that time, and were severely affected by the 1991 benefit cuts (Perry, 2007, p 83).
- > By 1994, differences had emerged in the likelihood of poverty depending on ethnic group. In that year, over half of all Māori and Pacific children fell below the poverty line, compared with just over a quarter of European children (Perry, 2007, p 83).

It is difficult to disentangle cause and effect in the complex interaction of factors during the later 20th century. New Zealand families began to get smaller in the late 1970s and through the 1980s and 1990s. The increased cost of living, the change in focus of financial assistance from the Government, the increasing need for two parents in a coupled family to work and in many cases difficulties finding or keeping employment, collided with social change, the availability of contraception and an increased range of acceptable options and roles for women.

During the 1980s and 1990s more families began to rely on benefits, more fell below the poverty line and more resorted to debt. Today, with a return to economic growth and almost full employment, few families rely on benefits. Even so, some still fall below the poverty line and some are adversely affected by debt. Student loans are one aspect of debt. Family formation trends, including delayed partnering, delayed childbearing and smaller families, accompany current trends in employment and earning an income.



<sup>67</sup> See Definitions, p 6.

## 15-37 YEARS

### For people aged 15 to 37 (born between 1971 and 1993), patterns of family income might be represented by these statistics

#### Incomes:

- > While growing up, some people in this age group lived in families that struggled financially for a while. Now, as teenagers or as young adults working, their families may not have such difficulty making ends meet. Median incomes<sup>68</sup> increased from their 1994 low of \$14,600 to \$18,500 per annum in 2004, higher than those in 1982 (Perry, 2007, p 34).
- > Despite increasing median incomes, some groups continue to have greater difficulty making ends meet than the average. For example, women continue, on average, to earn less than men.
  - Weekly median incomes as at June 2007 (before tax is paid) were \$832 for men and \$510 for women, partly because of the higher proportion of women who undertake part-time employment.
  - Even by the hour, women still tend to earn less than men: the median hourly rates (before tax is paid) were \$19.10 for men and \$16.78 for women in June 2007 (Statistics New Zealand, 2007o).
- > Differences in median incomes can be observed between age ranges. Those aged 15 to 19 years and 20 to 24 years, for example, both fall below the national median income (before tax is paid) of \$24,000 in 2006. Median annual incomes for people aged between 25 and 39 sat between \$31,000 and \$34,000, depending on their age, in that year (Statistics New Zealand, 2007g).
- > Differences in median incomes can also be observed by region, with median incomes in only Auckland, Wellington and the Waikato reaching or exceeding the national average median annual income of \$24,000 (before tax is paid) in 2006 (Statistics New Zealand, 2007g).

#### Beneficiaries:

- > Comparatively few people in this age group are receiving a benefit. As at December 2007, some 270,000 adults (of all ages) claimed a benefit. Of these, 16 percent were aged 24 years or younger (Ministry of Social Development, 2007c).

#### Income equality:

- > In 2004, 93 percent of single-parent families with dependent children were in the bottom 40 percent of incomes in New Zealand, more than twice the proportion of two-parent families (39 percent). Because two-parent families continue to be the most dominant family type, however, the number of two-parent families with dependent children who live on a low income (587,000 in 2004) is far greater than the number of single-parent families who do so (219,000 in 2004) (Perry, 2007, p 24).

#### Income adequacy:

- > Fewer households and children are living in poverty today than a decade ago. The proportion of children living below the poverty line fell from 35 percent in 1994 to 23 percent in 2004 (Perry, 2007, p 85). The ages of the parents of these children are not known, but a proportion will fall into this age group.

<sup>68</sup> Real, equivalised, household incomes after tax and housing costs.

#### **Role of work in income adequacy:**

- > For families living below the poverty threshold, it is almost equally likely that either there is no adult in the household working full-time (49 percent) or that there is at least one working full-time (45 percent) (Perry, 2007, p 85).

#### **Debt:**

- > The average level of household debt increased from 50 percent of annual disposable income in the mid-1980s to over 140 percent of disposable income by the end of 2004 (Goh, 2005).
- > Student debt particularly affects this age group, as up to 62 percent of student-loan borrowers are aged under 25 years. With an average leaving student debt of \$15,590 (Statistics New Zealand, 2008b) and potentially an average debt from all sources of \$28,838 (The Dominion Post, 2008, p A6), many young people are starting their working and family formation period of their lives with significant financial commitments.

#### **Ethnic differences:**

- > All ethnic groups are less likely to be experiencing poverty today than in the 1990s. Poverty rates for:
  - European children almost halved between 1994 and 2004, down from 27 percent to 16 percent
  - Māori children halved between 1994 and 2004, from 53 percent to 27 percent
  - the children of ‘other’ ethnicities (including Pacific peoples) remain higher than for other ethnic groups, although they dropped from 54 percent in 1994 to 40 percent in 2004 (Perry, 2007, p 83).

Some families today find it difficult to increase their incomes enough to raise their children out of poverty. Proportionately more single parents and Māori and Pacific families are vulnerable. Earning an income from work, even with current in-work financial assistance for low-income families, is not always a guarantee of finding it easier to make ends meet. Some families have found that their debt (particularly where borrowing is not associated with the purchase of an asset) has made it difficult for them to make ends meet, and some may be delaying childbearing while they pay off debt. However, it is important to note that, overall, poverty rates have dropped markedly since 1994.

The different income patterns of different age groups demonstrate how shifts in the economy, the labour market and government policies can have different effects on the capacity of family members to earn an adequate income. This also depends on where they are in the life-cycle, their position in the labour market and the age and number of their children. Furthermore, despite continuing economic difficulties for some families, levels of poverty and debt have fallen and we live longer and are more healthy and enjoy leisure to a far greater extent than families in the past.

Income is a critical component of family life, and children’s outcomes are significantly affected by family income (d’Addio, 2007, pp 19–21). Decisions about whether or not to work, and whether or not to have more children, are often predicated on an understanding of how family income will be affected.

***“ The fact that we are both working and trying to raise a child means that our relationship has suffered, and that is affecting the quality of our child’s life. ”***

### 3.4 EXPLANATIONS OF FAMILY INCOME DIFFERENCES BETWEEN AGE GROUPS

The immediate decades after World War II saw a reasonably stable distribution of incomes around the median, with differences between wages remaining fairly constant from year to year, because of nationally-set wage rates. Expectations that people should have similar living standards were reinforced by the 'fixing' of wage rate changes by a tribunal. Up until the 1970s, most men could find full-time employment, and women too if they chose to. A single wage was believed to provide enough income to keep a family with three children, as long as it was a nuclear family (Pool et al, 2007, pp 201–202, 290; Royal Commission on Social Policy, 1988, Vol 1, pp 28–33).

Where this was not practical, a benefit was available, to widows (who had lost the family breadwinner) and to people temporarily out of work. The Universal Family Benefit (UFB) was provided to all mothers, which was often the only income a mother received directly. It offset some of the costs associated with having children and aimed to make it possible for the mother to stay at home for the purpose of raising children. The advantages that accrued from housing finance, the family benefit and a tax structure that tended to flatten real incomes chiefly benefited young families in the process of formation (Royal Commission on Social Policy, 1988, Vol I, p 29).

Around the world, globalisation and technology-induced change has tended to increase income inequalities. New Zealand began to experience income inequality to a greater extent than most OECD countries, as the economy and labour market changed during the 1980s and 1990s. This meant that even while median household incomes remained fairly static (\$17,400 per annum in 1982 and \$18,500 per annum in 2004),<sup>69</sup> the range of incomes around the median grew wider, particularly during the 1982–1992 period (Perry, 2007, pp 34, 42):

- > Those at the bottom of the income distribution stayed fairly static in terms of how much they earned, but the size of the group earning these amounts grew slightly.
- > Those at the top of the income distribution earned significantly more, and the size of that group also grew.
- > The size of the group traditionally earning in the middle income bracket (\$12,000 to \$30,000 gross per annum) correspondingly decreased (Perry, 2007, p 39).

Low income is particularly prevalent in some geographical regions of New Zealand, and tends to coincide with fewer labour market opportunities and poorer housing, resulting in a higher proportion of work-poor and income-poor families with children. Regions such as Northland and the East Coast of the North Island are particularly affected by this trio of factors (Callister, 2001; Pool et al, 2007, p 375; Statistics New Zealand, 2007g).

The principles of social security determined by the 1972 and 1988 Royal Commissions, such as universal financial support for families and an adequate income for all those in financial difficulties regardless of the cause, became increasingly difficult for governments to support during the 1980s when global and internal economic factors caused upheaval in New Zealand. Early measures to enable citizens to belong and participate in New Zealand life became increasingly difficult to sustain as more people began to rely on state assistance.

Registered unemployment rose in the early 1980s, at a time of protracted low economic growth. Mounting fiscal pressure led to significant changes to the character of the

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<sup>69</sup> See Definitions, p 6.



welfare state (Boston, Dalziel, & St. John, 1999). Benefits began to be targeted to need, to reduce fiscal costs over this difficult period. A wage supplement called Family Care was introduced in 1984 for low-income working families to help them remain in employment. In 1990, the Government explicitly announced a shift in policy rationale, gearing social security toward more reliance on self or family:

- > The UFB was repealed, although its value was absorbed into Family Support, so that low-income families (who were eligible for Family Support) would not lose this income. Middle- and higher-income families with children lost the additional assistance.
- > Social assistance became narrowed from a universal enabling approach to a modest safety net approach and rates of assistance were reduced (Pool et al, 2007, pp 294–295, 369–372).
- > Social participation became seen as active involvement in the work force by all who were able (Pool et al, 2007, pp 294–295, 369–372).

Despite a subsequent return to a stronger economy, it is only in the area of retirement provision that we have more recently returned to the simpler universal benefits.

Today, along with the myriad types of employment available (shift work, contract work, part-time employment, seasonal work and so on), wages and salaries are also now highly variable. There is, however, a legislated lower benchmark minimum wage for adults and for young people. Alongside minimum wage rates, government is involved in providing families with various kinds of assistance:

- > benefits, supplementary benefits (such as the Accommodation Supplement), and a family benefit that offsets some of the costs of raising children for those who are not earning and have no or little family income
- > tax credits, supplementary benefits and a family benefit for those who are working but earning under specified amounts
- > a stepped-income tax regime under which those earning less pay less tax as a proportion of their earnings.

Each of these measures is designed to play a part in simultaneously:

- > improving income adequacy for individuals and families
- > maintaining the incentive for family members to work (rather than to receive a main benefit), and to improve their earnings
- > not restricting the labour market, so that it is globally competitive.

This means that the design of the policies and programmes involves a delicate balance between all of the objectives – income adequacy, incentives to work and earn, labour market competitiveness and universality (less complex, less administratively costly, easily accessed, but potentially more costly overall) *versus* targeting to need (more complex, more administratively costly, less easily accessed, but potentially less costly overall).

In 2008, New Zealand has high labour force participation and employment rates. There are policies and programmes to ‘top up’ both in-work and out-of-work incomes for those on low incomes. Despite all of this, some families continue today to live on very low incomes, particularly after housing costs.

Families in which an adult is seriously ill or disabled, for example, or in which an adult is devoted to caring for a child or another family member who is ill or disabled, can find it difficult to earn an adequate family income. Disability is also associated with additional costs.

Opportunity to earn an income depends too on the region in which families live. Employment and income-earning potential in rural areas and small towns can be limited. Pool et al describe extreme declines in the median annual incomes of many households and families in many regions between the late 1980s and 2001. By 2001, there was marked polarisation of regions (Pool et al, 2007, pp 375–376).

Some families find that separation, divorce and family re-formation affect their capacity to earn an income and to create wealth. Single parents are 'time poor' compared with partnered parents in that they are both attempting to earn an adequate family income and allocate time to the needs of their children and themselves (d'Addio, 2007, p 69). Single parents are more likely than any other family type to live on a low income.

Two-parent families are, however, still the predominant family form in New Zealand,<sup>70</sup> and most families with dependent children that are struggling to make ends meet are families with two parents.

The Child Support Act 1991 enables parents who are not living with their children to contribute financially to their children. As the majority of single parents are receiving a benefit, however, they do not receive these payments. The payments are absorbed into the Government's consolidated fund, to offset some of the costs of the benefits paid. Many parents paying Child Support also receive a benefit or earn a very low income, which means they pay the minimum amount of Child Support, currently just over \$14 per week per child, depending on their living circumstances.

Rates of poverty are expected to fall, partly because of the new Working for Families package rolled out in the 2007/08 tax year. It is forecast that this package of tax credits and additional housing and childcare assistance will reduce child poverty rates in New Zealand by 30 percent (using a 60 percent of median income poverty measure, but this time *before* housing costs) (Perry, 2007, p 98). This may reduce the incidence of poverty indicated by the figures in this report, but will not eliminate it.

The capacity to earn an adequate income affects the capacity to save and the debt levels of families. Over the past few years, many economists have mentioned New Zealand's poor record of household savings. The concerns are, in particular, that lack of household savings will affect both the economy and future retirement incomes. The New Zealand Institute of Economic Research (NZIER) has studied both concerns, however, and is of the opinion that:

- > there is no connection in New Zealand or in other countries between the level of household savings and the Current Accounts Deficit, which is expressed as a proportion of Gross Domestic Product or GDP, a measure of our economic health (NZIER, 2008)
- > there is little evidence of a household savings problem in New Zealand. Previous methods of calculating household savings have been found wanting. NZIER's approach is to consider the informal as well as the formal economy, and it concludes that savings performance is positive and has risen considerably in recent years (NZIER, 2007).

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<sup>70</sup> See Definitions, p 6.

Debt in and of itself, however, is not necessarily problematic. Debt to buy a home, for example, can be a positive thing. Investment that is financed by borrowing or saving does not matter, so long as the funds are invested wisely (NZIER, 2007).

When debt becomes difficult to service, however, is when debt becomes a problem. Up to 15 percent of New Zealand households may be over-indebted at some point during any 12-month period, and struggling to meet their financial commitments. As many as a third of this group may have longer-term problems requiring external interventions (Valins, 2004, p viii). Many students today start their working lives with significant debt. The average per-student loan debt was \$15,590 in December 2005 (Statistics New Zealand, 2008b). Student debt from all sources, however, was recently estimated by the New Zealand University Students Association (NZUSA) to be on average nearly \$29,000 per student (The Dominion Post, 2008, p A6). When debt becomes crippling, it can become a barrier to family formation, to saving a deposit to buy a home and to good outcomes for children. The stress arising from debt can impede parenting and reduce extra-curricular activities and experiences for children.

Higher education is a necessity for most people if they wish to work in jobs that pay well. Research demonstrates the increased personal rate of return effected by tertiary education (Maani, 1997). There is also, of course, an increased public return (through taxes paid, labour productivity and economic growth). The OECD, for example, reported that the average level of education is associated with the aggregate productivity of a country: a one-year increase in average education is estimated to raise the level of GDP per capita between three and six percent (OECD, 2006, p 274).

Historically, people have tended to begin accumulating savings and net worth between the ages of 30 and 34 years, and peaked between the ages of 55 to 59 years. Recent and current policy and economic settings, resulting in student debt and difficulties for some young families in purchasing their first major asset, may result in different trends of net worth accumulation in the future (Cheung, 2007).

Over the past 60 years, New Zealand's experience of change from homogeneity to evident diversity in family forms, combined with major change in the ways families shared paid and unpaid work, occurred at the same time that many New Zealand families experienced a drop in the adequacy and purchasing power of their income. A single full-time income is often now not enough to keep a family out of poverty, even if it receives substantial in-work family assistance. Income inequality rose during the 1980s and 1990s, and specific family types are disproportionately more likely than others to remain in poverty. Increases in income inequality coincided with an increasing dichotomy between work-rich and work-poor families (Callister, 2001).

New Zealand has levels of income inequality and income inadequacy in common with many developed countries. One of the things we have in common is the proportion of single-parent families who struggle. Another is the fact that full-time employment is no longer a prerequisite for *avoiding* poverty. New Zealand also has some income-related differences from other developed countries. Our wages and salaries, for example, remain low compared with those in Australia and other industrialised countries.

**““ The increasing cost of living while wages remain stagnant is the biggest source of stress for our family these days. Whenever my husband and I argue, it's about money. ””**

### 3.5 INTERNATIONAL COMPARISONS

Inequality in incomes grew in many developed countries in different periods of the 1980s and 1990s. The OECD reports that in the United States and the United Kingdom income inequality has increased sharply over the past 20 years, while remaining fairly constant in Germany and even decreasing in France, Italy and Canada. Widening inequality in earned income over that period, however, has been observed in the United States, the United Kingdom, Australia, Canada, Austria, Belgium and Japan, as well as in New Zealand (OECD 2006, pp 291–292).

In the 1980s in the United Kingdom, disposable income in real terms<sup>71</sup> grew by 38 percent for those earning in the top 10 percent of incomes, compared with a growth of only seven percent for those earning in the bottom 10 percent of incomes (National UK Online Statistics, 2008). Surveys conducted by the Federal Reserve of the United States show that job growth and incomes have improved over time but there is ‘troubling evidence of a rising gap in wealth’. Things have improved in the United States only for the people at the top of the distribution of income and wealth (Kirchhoff, 2006). The Australian experience of income inequality stabilised by the mid-1990s, and there has been no significant change in income inequality since (Australian Bureau of Statistics, 2008).

Despite the experiences of income inequality in many other OECD countries such as the United States, Canada, the United Kingdom and Australia, New Zealand’s rising income inequality during the 1980s and 1990s was the largest and most significant (Perry, 2007, p 46).

Wealth tends to be even more unevenly distributed than income:

- > Half of the population of the United Kingdom, for example, owned just five percent of the wealth in 2001 (down from eight percent in 1976). It has been noted in the United Kingdom, however, that wealth became more evenly distributed over the 20th century as a whole: in 1911, one percent of the population held around 70 percent of the wealth, but by 2001, 21 percent of the population held that proportion (National UK Online Statistics, 2008).
- > In the United States, net worth rose only slightly between 2001 and 2004 compared with the period between 1998 and 2001: a 1.5 percent increase compared with an earlier 10.3 percent increase, bringing average net worth to US \$93,100. Liabilities rose faster than assets over the same period, largely because of a big rise in mortgage debt (Kirchhoff, 2006).
- > In 2005/06 in Australia, the wealthiest 20 percent of households accounted for 61 percent of total household net worth, with average net worth of AUS \$1.7 million per household. By comparison, the poorest 20 percent of households accounted for one percent of the total household net worth, with an average of AUS \$27,000 per household (Australian Bureau of Statistics, 2008).
- > Estimates of net worth in New Zealand, based on 2001 statistics, show, as in Australia, that the richest 20 percent of households in 2001 own 62 percent of the country’s net worth, while the bottom half of the population own only 5.2 percent of all the wealth (including negative wealth). Non-partnered individuals in New Zealand had a median net worth of \$10,300, while individuals in couples had a median net worth of \$172,900. This significant difference is based, in part, on life-time and ageing effects. Single people were more likely to be young and just beginning to

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<sup>71</sup> ‘Real’ terms refers to adjusting for inflation.

accumulate net worth (Cheung, 2007, p 7; Statistics New Zealand & the Retirement Commission, 2004).

In 2006, 13.3 percent of the United States population had incomes below the United States poverty threshold.<sup>72</sup> For families, this proportion was, on average, 9.8 percent, ranging from 4.9 to 16.8 depending on the state. No states were found to have had an increase in their family poverty rate between 2005 and 2006 (Webster & Bishaw, 2008).

In the United States in 2002/03, 17 percent of the population lived in households with income below the threshold for 'low income', down from 21 percent in 1991/92<sup>73</sup> (National UK Online Statistics, 2008). Similarly, 17 percent of all New Zealanders were living below the poverty threshold<sup>74</sup> in 2004 (Perry, 2007, p 72).

A comparison of New Zealand child poverty rates with 23 other countries (using a slightly different income poverty measure from that used elsewhere in this report) found that only two countries (the United States and Italy) had higher child poverty rates than New Zealand in 2003 (Perry, 2007, p 97). Changes in economies and labour markets over the 30 years from 1970 to 2000 (at the same time that remarkable change has occurred in family formation and state assistance) have had different outcomes in different countries.

Current low inflation, falling unemployment and additional investment in child tax credits and other in-work tax credits are expected – both in the United States and in New Zealand – to affect poverty outcomes in the future (Perry, 2007).

Canada, however, has found that child poverty is not easily fixed. Eighteen years after its 1989 all-party resolution to eliminate child poverty, the rate of children in poverty has been calculated as exactly the same: just under 12 percent.<sup>75</sup> This is despite a growing economy, a soaring dollar, and low unemployment (Campaign 2000 Canada, 2007).

In Australia, the United States, Canada and New Zealand, single mothers and their children continue to be one of the most economically vulnerable groups:

- > Almost half of all single-parent families live in poverty in Canada (Campaign 2000 Canada, 2007).
- > Single-parent families in Australia are more likely than two-parent families to have no-one working (with an average of 0.8 employed people per household, compared with an average of 1.5 employed people per household for couples with dependent children), and to have a low average disposable income: AUS \$446 per week, compared with an average of AUS \$642 per week. These figures applied to couples with an eldest child aged between five and 14 years (Australian Bureau of Statistics, 2008).
- > United States studies have found that about half of all single parents are working, and that 60 percent of those are poor because the types of jobs available to them are generally low-wage, part-time and temporary (The New Zealand Treasury, 2002, referencing Mulroy, 1995).
- > Over half (56 percent) of all children in New Zealand single-parent families in 2004 were living in poverty (Perry, 2007, p 85).

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<sup>72</sup> See Webster and Bishaw (2008) for the poverty calculations.

<sup>73</sup> See Definitions, p 6.

<sup>74</sup> See Definitions, p 6.

<sup>75</sup> The income poverty measure used by Campaign 2000 Canada is not directly comparable to New Zealand's measure of 60 percent of real, disposable, equalised household median incomes after housing costs, which is largely used in this report.

It has been found in Canada that a job alone is not enough; 41 percent of low-income children live in families where at least one parent works full-time all year, yet these families still live in poverty (Campaign 2000 Canada, 2007). New Zealand too, has found that working is not necessarily a mechanism to avoid poverty. For families living below the poverty line in New Zealand in 2004, it was almost equally likely that there was no adult in the household working full-time (49 percent) or that there was at least one working full-time (45 percent) (Perry, 2007, p 85).

That New Zealand has many family-related trends in common with other developed countries does not mean that the income experiences of families today should be dismissed as predictable or unchangeable. New Zealand has its own set of policy levers, which are regularly reviewed in order to improve the support offered to families as they perform their vital roles of nurturing family members and raising the next generation.

### **3.6 CONCLUSION: FAMILY INCOMES**

This chapter shows that some families (even those in which at least one adult is working full-time) find that they do not earn enough to keep them out of poverty. Others find that the stresses of juggling work and parenting and earning a low income introduce tension into the family. This chapter shows the inter-relation of family formation, working and income. It also shows the necessity of support for families as they make choices about having children, working, sharing paid and unpaid work and earning an income that is adequate to bring up a family.

## 4. FAMILIES AND THEIR HOMES

*A further poll of families on 'The Couch' conducted in August 2007 on Checking the Family Pulse, found that the most pressing family issue right now is money and making ends meet. Inter-related issues were identified as budgeting, mortgage rates, low wages, debt and the cost of housing.*

## 4.1 INTRODUCTION

Housing has traditionally been important to New Zealand families, and one which is inseparable from the issues of family income and family outcomes. This chapter compares the housing experiences of different age groups of families and considers their interaction with family formation and childbearing trends. Housing experiences in New Zealand have tended to be closely related to the life stage of individuals and families, but this relationship has changed over the past 60 years.

Good-quality, affordable, comfortable and secure housing (whether rental or owned) enables children to grow and learn with confidence. Unaffordable housing and housing of poor quality (damp, cold, overcrowded, difficult to get to, difficult to get to work from) is bad for families and children. Housing transience – regularly moving in search of a better place but not necessarily finding it – can also be bad for families and children. Being part of a community can contribute to a sense of belonging, connectedness and participation in society at large and in local communities in particular.

Since the turn of the 20th century, New Zealand has placed a high value on good-quality housing for all the reasons listed. This was particularly so in the days of ‘cradle to grave’ social policies and the massive construction of state rental housing that occurred in the 1930s to 1950s. The state’s enabling of home ownership has also been a significant factor for families in New Zealand.

## 4.2 OVERVIEW OF FAMILIES AND THEIR HOMES TODAY

This section provides a picture of housing today, and how it may be affecting families. Home ownership and rental housing – both state housing and privately-owned rental housing – are considered. This picture is the result of many years of changes in the housing market.

### Home ownership:

- > At the end of the 2006/07 year, 69 percent of New Zealand households either owned their own homes (with or without a mortgage) or held the ownership of a home in a family trust (Statistics New Zealand, 2007i). The home ownership rate has been in decline since as far back as 1991, when it peaked at 74 percent (Johnson, 2007; Statistics New Zealand, 2007f).
- > Strong growth in dwelling values has significantly reduced housing affordability, particularly for younger households. Unless there is a significant adjustment in housing affordability, lower home ownership among younger people is unlikely to change as they get older. A sustained effect on overall home ownership over the next 10 years is expected, with the home ownership rate projected to fall to 61.9 percent by 2016 (DTZ New Zealand, 2007).

### Rental housing market:

- > Rental housing, private and public, makes up about 31 percent of the total housing market (Housing New Zealand Corporation, 2007).
- > The proportion of all New Zealand households in the private rental sector increased from 22 percent in 1991 to 28 percent in 2006 as the home ownership rate fell (Housing New Zealand Corporation, 2007).



- > The public sector's contribution to the housing market is now small (three percent). It is made up of Housing New Zealand Corporation and local authority rental housing. The voluntary sector makes a small contribution to the housing market by providing community housing.

#### **Housing affordability:**

- > Increases in house prices have outpaced rises in average household income, making housing unaffordable for many, particularly people seeking to buy a first home. House price inflation over the last five years has priced many potential first-time home buyers out of the housing market, particularly in Auckland (Housing New Zealand Corporation, 2007). This has occurred as the cost and availability of land for residential housing and mortgage interest rates have increased.
- > In 2006/07, "32 percent of households owned their own home with a mortgage and these households spent an average of \$271 per week on mortgage payments", compared with total average household expenditure of \$956 per week. Mortgage payments therefore comprised 22 percent of their household expenditure, on average (Statistics New Zealand, 2007i).
- > Of households renting, the average expenditure on rent was \$220 per week. Rent payments constituted 28 percent of their household expenditure on average (Statistics New Zealand, 2007i). The average income in 2006 was \$667 per week (before tax) (Statistics New Zealand, 2007o).
- > In 2004, 43 percent of low-income households,<sup>76</sup> 61 percent of single parents with dependent children, and 37 percent of couples with dependent children spent more than 25 percent of their income on housing. In that same year, 57 percent of households that rented privately and 41 percent of homeowners spent more than 25 percent of their income on their housing (Statistics New Zealand, 2006a).

#### **Housing quality and overcrowding:**

- > Statistics New Zealand estimates that 4.9 percent of all New Zealand households were living in overcrowded conditions<sup>77</sup> in 2004: they represented 4.7 percent of homes owned with a mortgage and 7.2 percent of homes rented privately (Statistics New Zealand, 2006a).
- > New Zealanders have been aware for some time of many of the housing quality problems experienced today. These problems are often particularly prevalent in regions of the country with few employment opportunities, low incomes and often the multiple ownership arrangements of Māori land. Infrastructure can be poor in the most affected regions, and the costs to families of renovating or replacing substandard and overcrowded housing are prohibitive.
- > A further housing quality problem relates to the weathertightness of homes built in the 1990s, when housing regulations were relaxed and many houses around the country were built to what we now consider an unsatisfactory standard.

#### **Ethnic differences:**

- > Compared with all other ethnic groups, Pacific people in New Zealand are the least likely to own their own homes (partly as a result of the younger age structure of the Pacific population in New Zealand); the most likely to be paying significant proportions of their income in rent; and the most likely to be living in overcrowded conditions.

<sup>76</sup> See Definitions, p 6.

<sup>77</sup> See Definitions, p 6.

- > In 2006, the ethnic groups most likely to own their own homes were the 'other ethnicity' group, largely comprising those who identified themselves as 'New Zealanders' (at 65 percent), and those of New Zealand/European ethnicity (just under 60 percent). About 35 percent of those identifying themselves as Asian owned their own homes; around 30 percent of Māori; about 24 percent of those identifying themselves as Middle Eastern, Latin American and African; and 22 percent of Pacific people (Statistics New Zealand, 2007f).
- > In 2004, 27 percent of New Zealand European households, 33 percent of Māori households and 47 percent of other ethnic group households spent more than 25 percent of their income on housing costs (Statistics New Zealand, 2006a).
- > New Zealand European households were less likely to live in overcrowded conditions<sup>78</sup> in 2004 than Māori and all other ethnic groups: three percent, compared with 10 percent and 16 percent, respectively (Statistics New Zealand, 2006a).
- > A longitudinal study of Pacific Islands families, which is following the progress of a group of children born in South Auckland in 2000, has found that "37 percent of mothers reported housing dampness or mould and 53.8 percent reported cold housing ... key factors found to be associated with damp or mouldy housing were a household size of eight or more people, state rental housing, and financial difficulty with housing costs" (Poland & Legge, 2005, referencing Butler et al, 2003).

In 2007, the Housing New Zealand Corporation advised its Minister that the emerging problems for New Zealand housing include declining affordability, limited supply, variable quality and continuing demand for social housing. It mentioned that some people are struggling to service housing costs in all forms of housing (Housing New Zealand Corporation, 2007). This advice is reflected in the statistics summarised above.

The points made by the Housing New Zealand Corporation are still relevant, but the situation has not always been so. The different housing experiences of different age groups are described below.

### 4.3 HOUSING EXPERIENCES BY AGE GROUP

People aged 65 years and over, in the main, married and had their children at a time: when the husband could earn an income that kept a family; when economic growth happened and was expected; and when house prices and interest rates meant that home ownership was within the reach of most. The state contributed to the environment of stable housing with:

- > deposit assistance and assured low interest rates for families seeking home ownership
- > secure rental housing with low rentals, for those who were not.

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<sup>78</sup> See Definitions, p 6.

**For people aged 65 years and over (born in 1943 or before), the housing experiences of their families could be represented by these statistics****Home ownership:**

- > People aged 65 years and over are more likely than any other age group to own their own home. In general, older generations are more likely than younger generations to have higher rates of home ownership, as they have had more time to accumulate financial resources.
- > For this particular generation, the state assisted with housing deposits and low-interest loans in the post-war decades, and enabled many to buy a house and settle down with their families. In both 2001 and 2006, those aged 70 to 74 years were the most likely to own their own homes: 81 percent and 80 percent respectively, compared with the 2006/07 average across all age groups of 69 percent (Johnson, 2007; Statistics New Zealand, 2007f, i).
- > In New Zealand, from late in the 19th century, housing provision has been an area in which governments have played an important role in helping people to purchase their own freehold properties. This was encouraged through legislation, and in the 1920s the State Advances Department was established to administer loans. As a result, New Zealand had a high level of home ownership even in the earlier years of development, when many other countries' housing markets were dominated by private renting. By 1949, 52 percent of all households were owner-occupied (Royal Commission on Social Policy, 1988, Vol. III Part II, pp 5–6).
- > The types of housing available in New Zealand post-war (detached suburban houses rather than inner-city apartments, for example) supported the nuclear family model with many children. Pool et al (referencing geographer Mary Watson) say that the synergistic relationship between dwelling type and family forms “underlies national social and economic development and demographic change...” (Pool et al, 2007, p 135).

**Rental housing market:**

- > During the term of the first Labour Government (1936 to 1949), the state became a central agency in the provision of rental housing for families in need, and in the financing of house purchases, supplying loans at modest interest rates to families on modest incomes. State rentals remained at around six percent of all households and private rentals at around 16 percent, from the early 1950s until the early 1980s (Royal Commission on Social Policy 1988, Vol III Part II, pp 6–9).

**Housing affordability:**

- > Compared with other age groups, few people aged 65 years and over have paid, or now pay, more than 30 percent of their income in housing costs (in either rent or mortgage payments).
- > Depending on age, between about three and 15 percent of people aged 65 years or over will have had such high housing costs in the last 20 years. By contrast, up to 37 percent of other age groups have experienced high housing costs at some stage over the last 20 years.
- > In 2004, 5.9 percent of people aged 65 years or over were paying 30 percent or more of their income in housing costs (Ministry of Social Development 2007, p 63).

**Housing situation:**

- > Many older people have moved, or are considering moving, either to be closer to family or health and residential services, or to downsize their homes: 33 percent of women aged 65 to 74 in 1996, for example, were living at a different address in 2001 (Statistics New Zealand, 2004a, p 5).

#### **Ethnic differences:**

- > In 2006, those who reported their ethnicity as European or as an 'other ethnicity' (mainly people who identify themselves as 'New Zealanders') were the most likely to own their own homes. European people make up the majority (90 percent) of people aged 65 years and over (Statistics New Zealand, 2004a, p 6, 2007f).

The housing experiences of the older age groups in New Zealand occurred in the context of many comfortable years of economic growth, full employment and state assistance. The way the state provided support for home ownership, and who it targeted, was reinforced by the way the banks rationed mortgage finance, and by a general recognition within society of the demands that parenting placed on married couples. This has resulted in an older generation that is now, in the main, relatively comfortable financially. Statistics show that few older people fall below the poverty line, compared with a significant proportion of families with dependent children.

Many of the early baby boomers will have had housing-related experiences more similar to those of their parents, while later baby-boomers and some of the children of early baby-boomers may have had quite different experiences.

## **38-64 YEARS**

### **For people aged between 38 and 64 years (born in the baby-boom era between 1944 and 1970), the housing experiences of their families could be represented by these statistics**

#### **Home ownership:**

- > In 1986, nearly 73 percent of the population (many of whom would have been the older generation) owned their own homes, including 71 percent of single-parent households and 82 percent of partnered-parent households (where they were not living with other households) (National Housing Commission, 1988, p 41; Royal Commission on Social Policy 1988, Vol III Part II, p 46).
- > Single parents in the 1980s may have bought their first homes with assistance from the Housing Corporation. Between 1981 and 1987, single parents became a significant proportion of the state's modest-income borrowers, increasing from 11 to 41 percent of its borrowers over that period, as the numbers of single-parent families grew. Single-parent families were likely to have been beneficiaries (National Housing Commission, 1988, p 103).
- > Rising house prices, followed by periods of rapid decrease in house values, were a dominant feature of the 1970 to 1990 period:
  - Rising values would have been beneficial for people selling a house and making a capital gain, but made it difficult for those entering the housing market. During the period from 1972 to 1975, house prices rose by 40 percent annually. Again, from 1980 to 1983, they rose at an annual rate of 35 percent (Royal Commission on Social Policy, 1988, Vol III Part II, p 33).
  - On the other hand, the late 1980s also saw some individuals and families affected by falling house values combined with high mortgage interest rates (at around 21 percent at one time).

### **Rental housing market:**

- > In 1986:
  - Rental stock accounted for about a quarter of the total housing stock, and Housing Corporation stock accounted for 25 percent of rental properties (with a stock of about 60,000). Local authorities maintained a small rental housing stock of about 16,200 units (Royal Commission on Social Policy, 1988, Vol III Part II, p 41). Public rentals, therefore, made up about six percent of the total housing market.
  - The Housing Corporation charged income-related rents (National Housing Commission, 1988, p 42).
  - Fifty-four percent of all female tenants (single women and single mothers) were tenants in the private rental market (Royal Commission on Social Policy, 1988, Vol III Part II, p 43).

### **Housing affordability:**

- > Housing affordability became a significant issue for many families during the 1970–90 period of economic instability and change:
  - From 1975 to 1985, when many of those born in the earlier part of the 1944 to 1970 cohort owned a home, average weekly mortgage repayments rose from 42 percent of weekly earnings to 63 percent (Royal Commission on Social Policy, 1988, Vol III Part II, p 33).
  - In 1998, when this cohort was aged between 28 and 54 years, up to 15 percent were paying (rental or mortgage) housing costs of 30 percent of income or more (Ministry of Social Development, 2007, p 63).
  - In the years since 1998, as this cohort has aged, up to about a third in the younger age group of the cohort has paid more than 30 percent of income in housing costs (rental or mortgage), while about five to 15 percent of those in the older age group of this cohort has paid such high housing costs (Ministry of Social Development, 2007, p 63).
  - Today, up to 25 percent in the younger age group and about 15 percent in the older age group of this cohort are still paying more than 30 percent of income in (rental or mortgage) housing costs (Ministry of Social Development, 2007, p 63).

### **Housing quality and overcrowding:**

- > Home ownership opportunities for single parents were often confined to dwellings of a lower standard or in poor locations. Children were disadvantaged by living in poor-quality accommodation, sometimes distant from recreational and community facilities. Cheaper housing was also to be found on the edge of cities at a distance from labour markets and childcare services, or in areas of high unemployment (Royal Commission on Social Policy, 1988, Vol III Part II, pp 40–41).
- > The incidence of overcrowded housing was estimated at six percent of all houses in 1994 (Statistics New Zealand, 2006a).<sup>79</sup>

<sup>79</sup> See Definitions, p 6.

#### **Ethnic differences:**

- > A significantly smaller proportion of Māori owned their own homes than other ethnic groups in 1986: 52 percent of male Māori and 39 percent of female Māori heads of households owned their own houses, compared with 79 percent and 71 percent, respectively, of non-Māori (Royal Commission on Social Policy 1988, Vol III Part II, p 50).
- > Māori female-headed households with children were more likely to be renting a home than owning it. Over half of all Māori tenants were housed in the public sector in 1986 (Royal Commission on Social Policy, 1988, Vol III Part II, p 50).
- > Māori dwellings were found, on average, to have twice as many people living in them as non-Māori dwellings. Overcrowding occurred at a rate eight to 10 times greater than for non-Māori.<sup>80</sup> Māori and Pacific families were found to constitute the majority of those living in substandard housing in both rural and urban areas. In some rural areas, Māori lived in homes made of tarpaulin and iron with no running water or electricity (Royal Commission on Social Policy, 1988, Vol III Part II, p 51).
- > Allocating poor Māori families state houses in housing estates sometimes led to isolation rather than engendering a sense of community, and contributed to breakdowns in whānau and hapū structures (Royal Commission on Social Policy, 1988, Vol III Part II, p 51).

Baby boomers, particularly later baby boomers, felt the pinch of the 1980s and 1990s as economic recessions and reforms hit and jobs were lost. There were dramatic increases in housing and land prices at times, followed by rapid falls in value and interest rates soared. Even so, 73 percent of households owned their own homes in 1986, increasing to 74 percent in 1991. Subsequently, housing policies and assistance retracted, and housing prices again began to increase – every year – even more steeply than previously.

Members of the youngest age group of adults (aged 15 to 37), whose experiences are described below, have grown up and are starting families in an economic environment, housing market, labour market and policy environment that is very different from that of 60 or even 30 years ago.

**15-37  
YEARS**

#### **For people aged 15 to 37 (born between 1971 and 1993), the housing experiences of their families could be represented by these statistics**

##### **Home ownership:**

- > Many people in this age group became adults during the 1990s when housing assistance was significantly changed, median incomes dropped and unemployment was high. Concurrently, land and housing prices were increasing, and interest rates were high. As a result, fewer people have been able to buy homes.
- > The decline in home ownership rates from 1991 to 2006 was much greater for younger households (those aged between 20 and 40 years) than for older households. However, while it was in the 20 to 30 age group that home ownership declined most between 1991 and 2001, this was true for the 30 to 40-year age group between 2001 and 2006 (DTZ New Zealand, 2007, pp 5, 26).

<sup>80</sup> See Definitions, p 6.

- > The gap between the home ownership rates of families with dependent children (who have historically had the highest home ownership rates) and other types of households narrowed over the 1991 to 2006 period. In 1991, 38 percent of owner-occupied housing was owned by families with children. By 2006, this had dropped to 32 percent (DTZ New Zealand, 2007, p 5).
- > A smaller proportion of this age group now owns their own homes: only 27 percent of those aged under 40 years owned their own home in 2006 compared with 30.2 percent in 2001 (Statistics New Zealand, 2007f).

#### **Rental housing market:**

- > Rental housing owned by central government is a small but important part of the total rental housing stock. In 2005/06, 68,000 houses were rented out. Few people in this age group are renting from the Housing New Zealand Corporation, however, as single, older people make up its largest proportion of renters (Housing New Zealand Corporation, 2007).
- > An increasing number of young individuals and families are renting from the private sector, and renting for longer than was usual in previous decades (DTZ New Zealand, 2007; Housing New Zealand Corporation, 2007).
- > With the current combination of high rents in some places (making it difficult to save a house deposit), high house and land prices, increasing mortgage interest rates and debt (including student loans), there is a lower probability that young adults and families will purchase a house in the near future than there was of their parents and grandparents doing so at this age (DTZ New Zealand, 2007).

#### **Housing affordability:**

- > This age group is more likely than others to be paying more than 30 percent of their income in housing costs: 25 percent of those aged 25 to 44 years and 29 percent of those aged 24 years or under in 2004 (Ministry of Social Development, 2007, p 63).
- > Even with an easing of house price growth, predictions are that at current incomes and interest rates, small falls in house prices are unlikely to make a marked difference to affordability. “There is a growing group that cannot afford a mortgage on a house and is ineligible for state housing assistance, that is likely to require secure long-term tenure arrangements in the private rental market” (DPMC, 2008).

#### **Housing quality and overcrowding:**

- > Overall, slightly fewer people and families are living in overcrowded conditions today than 20 years ago: down from 13 percent of the population in 1986 to 10 percent in 2006. Overcrowding is more likely to be experienced by younger people, however, particularly Pacific people and those who are unemployed (Ministry of Social Development, 2007, pp 64–65).<sup>81</sup>
- > There continues to be a shortage of quality housing in some rural areas, particularly those characterised by multiply-owned Māori land. The most common housing quality problem faced today, however, relates to leaky buildings and weathertightness.
- > Since the mid-1990s, many houses have been built using methods that do not comply with the New Zealand Building Code. Some houses are leaking because of problems involving design, installation and materials. Water can be trapped behind certain cladding types, potentially causing fungal growth and rotting.

<sup>81</sup> Overcrowding is defined here as people who live in households requiring one or more additional bedrooms to adequately accommodate household members (Ministry of Social Development, 2007, p 64).

- > Measures for resolving leaky home disputes have been legislated for and implemented, but many homeowners remain out of pocket because of their leaky homes, especially among those who bought a new house in the 1990s. Measures to ensure that leaky homes are not built in future have also been implemented ([www.consumerbuild.org.nz](http://www.consumerbuild.org.nz)).

#### **Ethnic differences:**

- > Home ownership rates in 2006 varied significantly depending on ethnicity:
  - Those most likely to own their own home (at 65.3 percent) identified with the 'other ethnicity' category, largely consisting of people identifying themselves as 'New Zealanders'.
  - Just under 60 percent of New Zealand European people owned their own homes.
  - Māori were less likely to own their own home (nearly 30 percent) than New Zealand European.
  - Pacific people were the least likely to own their own homes (at 21.8 percent). In part, this is due to the young age of the Pacific population in New Zealand (Statistics New Zealand, 2007f).

Compared with previous generations, many young families today are unsupported by the state, are paying high rental costs, have significant student debt and are finding it difficult to become home owners. Table 4 demonstrates the declining rates of home ownership by age. Lower home ownership may have implications for children's outcomes, net worth in retirement and intergenerational transfer of wealth. In some cases, families who are renting trade off housing quality for more affordable rent. This can affect health and wellbeing. Security of tenure and being able to participate in a community are also important aspects of having a home.





**TABLE 4: HOME OWNERSHIP RATES BY AGE GROUP 1991–2006**

ADJUSTED CENSUS HOME OWNERSHIP RATES				
AGE GROUP	1991#	1996#	2001#	2006
20-24	26.6	24.8	23.2	21.7
25-29	53.8	46.2	41.5	36.3
30-34	69.1	62.8	57.1	52.6
35-39	77.2	73.1	68.3	61.9
40-44	82.1	78.8	74.5	68.5
45-49	84.4	82.7	79.0	73.7
50-54	85.7	84.8	82.5	77.8
55-59	87.3	86.3	84.6	80.5
60-64	87.4	86.7	84.7	81.2
65 & over	84.4	83.8	83.7	79.5
<b>TOTAL</b>	<b>74.9</b>	<b>72.3</b>	<b>70.5</b>	<b>66.9</b>

Source: Reproduced from DTZ New Zealand, 2007, p 17, referencing Briggs, 2006 and Statistics New Zealand.  
# Adjusted to take into account the level of ownership of private trusts.

In mid-2008, however, New Zealand house prices are easing. This, combined with the implementation of supply-related measures to enable more families to enter the housing market, may make it easier for young families in the coming years.



## 4.4 WHY FAMILY HOUSING EXPERIENCES DIFFER BETWEEN AGE GROUPS

Traditionally, home ownership has been a significant part of the psyche and aspirations of New Zealanders. After World War II, for example, New Zealand's rehabilitation programme helped "no fewer than 49,000 ex-servicemen ... into their own homes by 1955". "Another 18,000 received state rental homes. Some 14,000 were helped into farms, and thousands more were financed through training of various kinds – 7,400 as carpenters alone" (Belich, 2001, p 489).

Rates of home ownership have been high since the war, reaching 74 percent in 1991. People now in their 70s and 80s often purchased their first homes in the 1950s, at a time when New Zealand's economy was booming and the welfare state played a significant role in encouraging home ownership, with deposit assistance and low-interest loans. Post-war home ownership focused on detached housing built in the suburbs. Detached, roomy houses made large families more possible and helped contribute to the baby boom (Pool et al, 2007, p 135).

Those who purchased a new home, for example, could capitalise their Universal Family Benefit for a deposit, and take out a mortgage with a three percent interest rate. It wasn't until the children of this age group had grown, and they had paid off their mortgages, that New Zealand entered the economic malaise of the 1980s and 1990s.

The poverty statistics show that compared with other age groups, those aged 65 years or over are the least likely to fall below the poverty threshold (Perry, 2007, p 90). One of the key reasons for this is freehold home ownership, leaving minimal housing costs to be met from income. Once housing costs are taken into account, it is clear that income inequality has increased between 1982 and 2004, that families with children have fallen further behind other groups and that there has been a decrease in income adequacy (Perry, 2007, pp 42, 63, 76, 78).

The hope of ensuring intergenerational wealth by home ownership is one important reason why parents work hard to buy a house and become mortgage free. The Household Savings Survey 2001 asked respondents and their partners whether they had ever inherited money or an asset worth \$10,000 or more. The responses suggested that inheritance – often of a house or the proceeds of the sale of a house – had a substantial impact on their net worth (Statistics New Zealand & the Retirement Commissioner, 2004).

Those who inherit wealth because their parents had purchased a home are less likely to live in poverty. In European countries, for example, between 12 percent and 26 percent of individuals have become homeowners directly through inheritance (d'Addio, 2007, p 17).

The late 1980s saw the introduction of a range of housing assistance policies, designed to help buffer families against the worsening economic climate and labour market. The period was referred to by the National Housing Commission as "a time when New Zealand's material standard of living was subject to unpredictable changes as a result of international and internal economic forces" (National Housing Commission, 1988). These policies included:

- > income-related mortgage interest rates from 1985
- > home deposit assistance, which replaced Family Benefit capitalisation in 1987 (Homestart)

- > an urban renewal scheme to help home owners, landlords and local authorities to repair and upgrade housing
- > assistance for people wanting to build new homes on multiply-owned Māori land (National Housing Commission, 1988, pp 111–137).

By the early 1990s, many of the housing policies were revisited. Housing prices and mortgage interest rates remained high, the numbers of low-income and beneficiary families requiring income assistance steadily increased during a period of significant change in the labour market and people were still reeling from the stock market crash.

Rents can move at a different pace from home ownership costs. New Zealand has experienced this effect over the last 15 to 20 years. When house prices were fairly flat in the late 1990s, for example, rents increased significantly. While house prices soared ahead during the early 2000s, however, rents in most regions in New Zealand moved by far less. Even so, many renters are finding their housing costs difficult.

The drop in the rate of homeownership and the fall in the affordability of some rental housing over the last 15 to 20 years has been influenced by a range of factors:

- > the benefit reductions in 1991
- > the full introduction of market-related rents in state rental housing in 1991
- > the introduction in 1993 of the Accommodation Supplement to offset some of the high costs of rents and mortgages to low-income people and families
- > the corporatisation and restructuring of Housing New Zealand and the reduction in public rental stock between 1994 and 1997
- > reintroduction of income-related rents for Housing New Zealand Corporation tenants in 2000
- > increasing demand for housing by immigrants
- > falling unemployment from around 10 percent in the early 1990s to around four percent in 2004.

Local authority planning, building consent and resource consent processes are also pushing up the prices of new housing (DTZ New Zealand, 2007; Housing New Zealand Corporation, 2007).

Regional differences can be observed in rates of home ownership, housing supply, housing demand and housing affordability.

- > Home ownership rates are now about five percent lower in Auckland than in the rest of New Zealand, and the gap has widened since the early 1990s. The higher costs of housing and the comparatively younger age of the population in Auckland will have contributed to this (Johnson, 2007, p 35).
- > Shortfalls in housing supply have emerged in some areas, particularly Manukau (DPMC, 2008).
- > Areas with poor infrastructure and low rating bases, such as parts of Northland and the East Coast of the North Island, continue to struggle to provide adequate housing in terms of both quality and quantity (Housing New Zealand Corporation, 2007).

Many families are paying well over 30 percent of their income in housing costs, which contributes to the incidence of poverty discussed elsewhere in this report, and reduces the capacity of many families to save a deposit to purchase a home. In 2003/04, a quarter of those aged 25 to 44 and nearly a third of younger people paid more than 30 percent of their income for housing. By contrast, this was the experience of just under six percent of people aged 65 years and over (Ministry of Social Development, 2007, p 63).

Historically, families have tended to buy their first houses in their 20s, as they formed partnerships or became pregnant with their first child. Today, it is more likely for a family to live together and rent (or live-apart-together) while they consolidate their relationship and before they start having children.

“The trigger for the initial move into home-ownership is closely linked to couple stability and the presence of two incomes in a household, which makes house purchase affordable ... homeownership rates rise across the age range with the addition of a second adult and the presence of children in the household” (DTZ Research, 2005, pp 5–7).

Latest home ownership figures for the 2006/07 year show that 57 percent of households own the dwelling in which they live (with or without a mortgage) and a further 12 percent hold their dwelling in a family trust. These figures are slightly up from the 2006 Census figures: 55 percent and 12 percent, respectively (Statistics New Zealand, 2007i). Even so, the likelihood of families with dependent children or people aged between 20 and 40 years of age owning their own home has decreased:

- > The share of home ownership for couples with children declined from 38.1 percent in 1991 to 32 percent in 2006.
- > In 1986, 82.4 percent of couples with children and 63.3 percent of single parents with children owned their own homes.<sup>82</sup> In 2006, these figures were, respectively, 75.6 percent and 50.5 percent.
- > Only 27 percent of those aged under 40 years owned their own home in 2006 compared with 30.2 percent in 2001 (DTZ New Zealand, 2007, pp 5, 28).

In 2005, a new deposit assistance scheme called Welcome Home Loans was re-introduced. The scheme acts to guarantee a mortgage with no deposit up to \$200,000, and up to \$280,000 with a small deposit.

The extent to which the Welcome Home Loans scheme can be effective may be constrained by the lending limits, which are low compared with the price of housing in the most populated areas such as Auckland and Wellington. Median sale prices in January 2007 were \$432,750 in Auckland and \$366,750 in Wellington ([www.reinz.org.nz](http://www.reinz.org.nz)). The recently introduced KiwiSaver scheme will also be able to assist some people to buy their own homes, from the year 2010 (Housing New Zealand Corporation, 2007).

Despite these measures, it has been predicted that, because of an accumulation of economic, labour market, employment, social policy and other factors over the past decades, “it is likely that more New Zealanders may remain in private rental accommodation throughout their lifetimes. This has implications for social and health outcomes, such as security in old age, the ability of the elderly to stay in their homes, and retirement income. There are also flow-on implications for Government, such as

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<sup>82</sup> These figures differ from 1986 home ownership figures by household type from the Royal Commission on Social Policy (quoted elsewhere in this report), as they include all such family types whether they live on their own or with others. The Royal Commission figures quoted only refer to such family types where they live on their own.

aggregate household savings, growth in Accommodation Supplement outlays and investment in social housing” (Housing New Zealand Corporation, 2007, p 9).

Other recently announced schemes may help, however. One initiative is designed to free up land for the building of low-cost homes. Another is support for a revitalised shared equity scheme, through which individuals or families can jointly purchase a house with the state, and then buy the state out over time. Theoretically, a shift in the share of households that live in rental housing is not in itself a sign of economic disadvantage, so long as those households can live in good-quality rental housing with security of tenure, and save and invest in other ways (such as in pensions and other assets).

If a significant rise is observed in the share of households that rent long term (and rent in unaffordable or low-quality housing), and these families prove unable to save and invest in home ownership or in other ways, then we might worry about the implications for families, children and intergenerational wealth. In that case, more policy emphasis may be needed on access to other ways to accumulate wealth. A period of falling housing prices may also be accompanied by increased rents, if investors believe that any potential capital gain on their investment may be reduced. This has the potential to particularly affect lower-income renters.

Some families have low incomes, unaffordable housing, difficulty saving and difficulty accumulating wealth. A cluster of persistent and intractable problems relating to low living standards, poor housing, insecurity of housing tenure, debt and health can accompany low income and lack of choice. These problems affect family functioning, decisions about where to live and, therefore, employment opportunities, and the potential for social mobility and for good child and family outcomes.

The environments in which children spend most of their time have a significant impact on their subsequent development. When it comes to housing characteristics, both the physical quality of the home and the character of the neighbourhood are important, particularly as children get older. “Enduring, consistent experiences with people and places over time have stronger impacts on children than do environments experienced more briefly.” Security of tenure, most often associated with home ownership, is important (Vandivere et al, 2006, p 6).

**“ Home prices and rents have increased to the point where most families need both parents in full-time employment just to meet the bills. Time to engage with children is lost. Young children are deprived of the enrichment opportunities of one-on-one interactions with their parents. School-aged children learn quickly that mum and dad have neither time nor energy to actually help them with studies. ”**



## 4.5 INTERNATIONAL COMPARISONS

New Zealand is unique among OECD countries today in showing a declining home ownership rate. All other countries surveyed show either stable or increasing home ownership. Compared with other countries, however, New Zealand has started from a higher rate of home ownership (Johnson, 2007). Some examples of home ownership rates by country, and their movements since 1980 are reproduced below:

	<b>1980/81 %</b>	<b>2000/01 %</b>	<b>MOST RECENT %</b>
New Zealand	71.3	67.8	(2007) 69.0
Australia	70.1	70.2	(2004) 70.0
US	64.4	66.2	(2005) 69.0
UK	58.0	69.0	(2007) 70.0

Sources: Johnson, 2007, p 85; National Centre for Social Research, 2007; Statistics New Zealand, 2007i; US Department of Housing and Urban Development, 2006

Like New Zealand, Australia has traditionally had a fairly high rate of home ownership. Unlike New Zealand, between 1995 and 2006 Australia has seen home ownership rates remain relatively stable at around 70 percent of households, although the proportion owning houses with a mortgage has risen (Australian Bureau of Statistics, 2005/06).

Australia's housing prices and mortgage interest rates have, like New Zealand's, increased over the 1970–2000 period. Over the 21 years from 1975–76 to 1996–97, housing costs in Australia have risen by 77 percent, particularly because of the rising cost of insurance and mortgage interest (de Vaus, 2004, p 275). Even so, as we have seen, home ownership rates in Australia have not tumbled.

Spending on housing in Australia averages almost 12 percent of household expenditure, while spending on housing in New Zealand averages 23 percent of household expenditure (de Vaus, 2004, p 274; Statistics New Zealand, 2007i). On the other hand, The Australian Institute of Health and Welfare has reported that, in 2004, 1.7 million people were living in 'housing stress' and paying more than 30 percent of their income on accommodation (Colebatch & Topsfield, 2005).

At that time, Australia was found to have the highest house prices relative to rents, the third-highest house prices relative to incomes and the fourth-highest levels of household debt relative to incomes, in an OECD study of 15 countries.

The report said that demand for affordable housing had risen at the same time that the public housing stock had dropped (between 1995 and 2004), and that average household debt had risen as a proportion of annual household disposable income from 49 percent in 1990 to 143 percent in 2004. The major component in this debt was the increase in borrowing for housing. The OECD report found that 52 percent of Australian houses were overvalued, compared with 33 percent in the United Kingdom, eight percent in New Zealand and only two percent in the United States (Colebatch & Topsfield, 2005, referencing OECD, 2004).

A 2006/07 United Kingdom housing survey found that 70 percent of its housing stock is owned, 18 percent is public-sector rentals and 12 percent is private-sector rentals. Fewer young people are buying a house. In 2001, 40 percent of United Kingdom households aged 30 years or under bought their own home with a mortgage and 33 percent were renting privately. By 2007, that had changed to 34 and 43 percent,

respectively. Seventy-nine percent of couples with dependent children were owner-occupiers, compared with 35 percent of single parents. Just under three percent of households are considered to be overcrowded (National Centre for Social Research, 2007).

In the fourth quarter of 2005, 69 percent of all United States households owned their own homes, but only 50 percent of Hispanic households and 48 percent of black households. In the United States (unlike New Zealand) age-specific home ownership rates have remained constant between 1970 and 2000 (United States Department of Housing and Urban Development, 2006).

Many developed countries around the world shared the changes and upheavals of the late 20th century with New Zealand. There were changes in the economic environment, social norms and values, the labour market and women's place in it, income inequality and family formations. In many developed countries, house prices and mortgage interest rates increased.

Nevertheless, New Zealand's experience seems to have left more families finding home ownership, and even rental housing, more unaffordable than 30 years ago. Home ownership rates have been more volatile in New Zealand than in some other countries. One of the most striking elements of New Zealand's housing experience since the 1970s was the abrupt change to, and withdrawal of, housing assistance in the early 1990s. And one of the most striking features of the housing experience for families today is that they are less likely to enter home ownership than their counterparts in previous decades.

## 4.6 CONCLUSION: FAMILIES AND THEIR HOMES

The capacity of families to purchase a home has an important effect on their wellbeing. Traditionally, the purchase of a family home can provide some or all of:

- > a stable base for the family to grow and develop
- > the opportunity for better health and education outcomes
- > a sense of belonging to a community
- > an opportunity for children to achieve social mobility
- > a mortgage-free home for the parents as they approach retirement
- > an asset that can be 'traded down' to free up cash
- > an asset that can effectively transfer wealth from one generation to another (d'Addio, 2007, p 17; Vandivere et al, 2006).

While New Zealand has traditionally promoted home ownership as an important goal for families, we know that not every family will be able to achieve it (DPMC, 2008; Housing New Zealand Corporation, 2007). Providing a stable home is one of the cornerstones of good child outcomes.

This chapter has told a story of changing housing experiences for families. It begins with solid state and community support for home ownership and secure and affordable public rental housing for young families. These things were possible because of, and were supported by, New Zealand's buoyant economy, low interest rates and full employment in the immediate post-war years. The story shows the turbulent years in the later part of the 20th century in which the economy and labour market changed. Interest

rates, land prices and house prices variously soared and dipped. The stock market crashed. Incomes did not keep up with house prices. State assistance changed as the demand for it became unaffordable.

A comparison between age groups recently concluded that younger generations are deferring (or having to defer) home ownership, along with other decisions such as marriage, childbearing and career entry. Evidence was found of some subsequent catch-up in home ownership, although each successive generation has not caught up fully with the home ownership rates of previous generations (Morrison, 2008).

The story of changing housing patterns shows that today, despite a return to a buoyant economy and full employment, New Zealand is in a situation where many young families – even those where partners are both working and earning a good income – are having difficulty purchasing a house. Many are paying high rents and some are also repaying student debt. Some may be delaying having children. Some geographical regions have more difficult and entrenched housing difficulties than others. Gradual easing of housing prices and an increase in housing supply is expected in some areas. Nevertheless, it is suggested that a growing group of New Zealanders are neither able to afford a mortgage nor are eligible for state housing assistance. On the other hand, many New Zealanders are adding to the value of their homes by renovation, rebuilding and repair, so that the overall quality of the New Zealand housing stock is now rising, with higher building standards, new technologies and better design.





## **5. WALKING WITH NEW ZEALAND FAMILIES INTO THE FUTURE**

## 5.1 INTRODUCTION

'Family' has been experienced differently by different generations and age groups of people in New Zealand. This is because each generation is influenced by period-specific events, policies, beliefs and responses. The bicultural and multicultural nature of New Zealand means, too, that there is considerable diversity at any one time in the ways that families are defined and understood. No rigid concept of 'family' can be used when discussing the interests of current generations of families.

This report has recorded some of the key factors that have influenced and shaped families of different generations over the past 60 or so years. In particular, it has focused on the primary elements in the lives of families:

- > family formation and having children
- > paid and unpaid work
- > income to support a family
- > family homes.

These factors have been considered because of their primacy for families' wellbeing. They are also the factors for which data for different generations can be sourced, so that a story can be told with confidence.

This chapter summarises the conclusions of the other chapters in this report, sets out the implications of family change and considers ways for us to support families in the future.

## 5.2 SUMMARY OF CHAPTERS

In narrating the story of New Zealand families since World War II, from the perspective of successive generations, the chapters of this report have concentrated on a number of key issues for families.

- > **Chapter 1** considered the considerable change that families have encountered over the past 60 years – more *de facto* relationships, single parent families, divorce and step-family formation and lower fertility.
- > **Chapter 2** discussed paid and unpaid work as influences on family life and organisation. In 60 years the norm for New Zealand families has moved from a single breadwinner in each family to most parents working. Greater numbers of mothers in the paid work force have reflected: changes to the labour market; access to tertiary education, contraception and childcare; more flexible work arrangements; and changing family formation trends. Later childbearing and fewer children than in previous generations is now the norm.
- > **Chapter 3** considered the income of New Zealand families: earned income; benefits; and supplementary assistance to support families both in and out of work. Patterns in this area have shifted over the years, in response to global shocks, the domestic economy, the labour market and the priority successive governments have given to financial assistance.

The post-war model of a single wage adequate for a family, combined with a universal benefit paid to mothers for each child, has been replaced by a pattern in which two parents must generally earn for the family to have an adequate income.

Where this is not the case, for example in single-earner and single-parent families, the family is disproportionately more likely to be living on a low income. Child poverty increased dramatically during the 1980s and 1990s and, although somewhat reduced today, remains higher than it was previously.<sup>83</sup>

- > **Chapter 4** looked at housing. The older generations enjoyed low interest rates and state support for home ownership or affordable, secure rental housing at low rents. Partly as a result of this earlier support, the older generations today are the least likely to be living in poverty.

The later part of the 20th century saw great change in a number of factors. During this period, when a great many families relied on state and community assistance to survive unemployment and meet their financial needs, the state reduced its income and housing assistance.

Today, many young families are finding that the combination of high rents, student debt, high housing costs and higher interest rates makes home ownership difficult. Some of them are delaying having children until they are financially secure and own a house.

## 5.3 IMPLICATIONS

The role of the state in relation to families has constantly been contested, with views differing about whether or not it should intervene minimally in the lives of families and whether its role is primarily that of providing support for families to function adequately, or one of intervention in order to influence attitudes and behaviours in a range of ways. It is not the task of this report to comment on these positions. However, it has been able to document changes that are important in considering families today.

More than anything, the report has documented change over the last 60 years. Family forms, sources of income, individual roles in families and the availability of housing look very different in 2008 than they did 60 years ago. It is evident, too, that the range of choices available to individuals within families has expanded so that, for example: women are able to enter and stay in the work force where their grandmothers were not; young people can contemplate many more career choices than those a generation or two earlier; and fathers are increasingly choosing to be fully involved with their children where their grandfathers would not have had that opportunity.

This increase in choice is influenced in large part by changes in social attitudes. No longer is it shameful for a child to be born out of wedlock or for that child's mother to raise him or her alone. The increased range of choices, however, means that there are far fewer scripts available for families to guide them in performing their roles.

Some aspects of families, however, remain constant. They still carry out the central function of bearing, raising and nurturing children. In particular, their role is: to establish family units that include children; to raise and socialise children to become fully functioning and participating members of society; and to protect vulnerable family members including children and elders. In order to do these things, they also need 'family time' to devote to strengthening family relationships and parenting their children. This suggests that we need policies that enable families to make wise choices in these areas of functioning and that, at the least, the role of the state is to support families to make informed decisions in the current context of flexible attitudes and a wide range of choices.

<sup>83</sup> Perry (2007) estimates that the Working for Families package of assistance, once fully implemented, will certainly contribute to the reduction of the child poverty rate.

## 5.4 INCOME AND FAMILY FORMATION

Today's comparatively low rate of fertility is common to all family forms in New Zealand, including married couples. Many couples are delaying childbearing, narrowing the timespan within which children can be born; others are deciding not to have children at all.

This report has touched on the effects of income and debt on decisions about whether and when to have children and how many. Many adults and families make rational decisions as to when they can afford to take time out from earning an income to have children, when they can afford the additional costs of children and how many children they can afford to raise. People today are delaying marriage, family formation and childbearing and are aided in this by the availability of effective contraception.

Delayed childbearing may reflect a desire to be financially settled before starting a family. For some, the decision not to have children at all may indicate that they do not feel able to achieve financial security. The issue of low fertility in New Zealand, while it is not as low as in some other countries, cannot be ignored. The statistics on fertility suggest that many families need assistance and support in order to afford to have, or to have more, children.

There is considerable tension, in terms of policy, between enabling parents to participate in the workforce and making it financially feasible to have children and to care for their children whilst they are at work. Parents are unlikely to have children or larger families if they are unable to cope financially.

As far back as 1988, the Royal Commission on Social Policy found that all too often the cost of unpaid work to those who do it (mainly women) is long-term financial hardship and general vulnerability. "The distribution of paid and unpaid work throughout the community is critical to the development of a social policy which is not only more fair, humanitarian and consistent, but equally one which is more efficient and economical." The Commission recommended that the state provide payment for work that is currently unpaid, effectively proposing that parenting be valued (Royal Commission on Social Policy, 1988, Vol II, pp 479–480).

Coherent policy development is needed in this area, to enable parents or potential parents to have children and to raise them successfully, without compromising their financial security. For example, any policy that aims to provide people with real choices and options about having children may need to include measures to improve the affordability of renting or owning a home.

## 5.5 NURTURING THE NEXT GENERATION

Making family life affordable for all New Zealanders and eliminating family poverty should be key aims for policymakers. Many of the familiar social and economic props that supported families until the early 1990s – housing assistance, for example – have been changed, removed or re-introduced in new forms. We also know that incomes in New Zealand are low compared with other countries and relative to our costs of living.

Some families find engaging with the labour market difficult, for reasons such as drug or alcohol abuse, poor health, disability or caring for someone with a disability. In these situations it can be hard to earn a decent income and it is a relief to know that a safety net is available in the form of the benefit system, community group assistance and community support. Benefits are not designed for long-term reliance

however, and families find it tough to exist on a benefit over a sustained period. In these situations, low income is an ongoing issue for the wellbeing of families and the outcomes of their children.

Families who raise children incur significant costs. If parents work, there are specific costs associated with the care of children, while for those not working, there is the opportunity cost or lost income associated with staying at home. There is an argument that everyone in society should contribute to the additional costs of children, because as a society we are indebted to families who bear and raise children. These children are the future of our country as well as our future taxpayers and their outcomes will affect our future society (Craig, 2007).

Although the merits or otherwise of this argument are beyond the scope of this report, there is no doubt that making it possible for families to have access to adequate income for day-to-day living and providing the opportunity to live in housing that is adequate for raising children should be important aims for policymakers. Lack of adequate income and housing puts stresses on parents that have a potent effect on their ability to parent their children well.

The need to maintain fertility rates has already been noted, but New Zealand's population will also be determined by levels of migration (into and out of the country). The Longitudinal Immigration Survey (Statistics New Zealand, 2008c) indicates that New Zealand is perceived to be a good place for families and children: the most common reason for permanent migrants to choose New Zealand as their new home was 'the relaxed pace of life' (44 percent), while the third most common reason was 'the desire to provide a better future for their children' (39 percent). As well as focusing on fertility rates, policymakers must ensure that New Zealand remains an attractive place to form a family and to raise children.



## 5.6 WORK AND HOME-LIFE BALANCE

Work is a crucial aspect of family and individual life. Not only is it a means to survive and to sustain an adequate standard of living, but it is also a source of personal independence, meaning and self-esteem. The challenge is for the labour market to work for everyone: older people; young adults; families with children; and families and individuals without children.

It is particularly important for family wellbeing that adult family members have access to flexible working arrangements if they are to successfully combine raising children with paid work. Good parenting requires the investment of time and energy in children and flexibility in working life makes this possible, especially for young families. Reducing hours of work and thereby income is not always a viable option for households; some parents need to do work including doing shift work, part-time work or night work to achieve an adequate household income.

There is a growing awareness, too, that working long hours is not what parents or children want. Fathers, in particular, want to play a larger role in raising their children and to spend more time with their families. Many mothers, too, would prefer their partners to be more involved with their children. A 2002 survey of the roles of men and women in New Zealand society, for example, found that 80 percent of respondents considered that fathers should be more involved in their children's lives (Ministry of Social Development, 2004, p 42; Robertson et al, 2006, p 30). Long hours of work are not compatible with spending satisfactory amounts of time with children (d'Addio, 2007, pp 19–20).

Many children, too, report that they would like more time with their parents: 40 percent of secondary school students surveyed (45 percent of Māori students and 35 percent of European students) felt that they did not have enough time with their parents or guardians (Ministry of Social Development, 2007, pp 118–119, reporting from Adolescent Health Research Group, 2003).

It is a significant challenge for families to balance work and home-life, without reducing family income. Employers and government each have roles in helping families to manage this balance. Many employers are now offering flexible work options and it is important that government policy encourages employers in this. High-quality and accessible out-of-school services are also needed for families. The importance of family time, as well as family income, for child outcomes and family relationships must be acknowledged at all levels.

## 5.7 CHALLENGES FOR POLICY

The diversity of family forms today has made it challenging for policies and organisations to target assistance where it is needed and to support families as they raise their children. Marriage was once a common and obvious trigger point for targeting, but this is not so useful today (Pool et al, 2007, p 201). The birth of a child is now perhaps one of the most useful trigger points. Because of the complex living arrangements of many children today, however, benefits and assistance probably need to follow the child rather than the parent. This then raises questions about the status and role of the parents and step-parents and their rights and obligations. This also raises the level of complexity of any policy delivery to these children and their families.

It is probable, too, that some children live in unsatisfactory conditions regardless of community initiatives or public programmes. The difficulty of targeting support accurately and in a way that is both accessible and acceptable to families can make the challenge of improving outcomes for these children harder.

Policies may also have unexpected consequences on families. For example, the policy of providing student loans for tertiary education hinged on the assumption that private gains outweighed public gains from education and that individuals and families should therefore be responsible for a significant proportion of the costs. There are some indications that the level of debt students have on finishing their education contributes further to delayed childbearing, which impacts on overall fertility in New Zealand.

Policies that have an impact on families are part of the environment in which families live and make decisions. These policies can be either direct (eg, paid parental leave) or more distant (eg, policies on health delivery). It is important for families that policies be designed from a family-centred perspective and that less immediately relevant policies be scrutinised for their potential impact on family functioning. The Families Commission's proposals for parental leave are an example of such a family-centred approach. They are included in its 2007 publication *It's About Time: Towards a parental leave policy that gives New Zealand families real choice* (research report no. 3/07). Family-centred policies should aim to enable families to receive an adequate income, while providing:

- > real choice about when to have children and how many
- > choice about whether to work or not while raising young children
- > choice about how many hours to work and when (the ability to have 'family time')
- > the capacity to afford good-quality, secure housing.

The success of these family-centred policies will be reflected in a range of outcomes and indicators. These will include the degree to which families: form and stay together; choose to have children; and choose to move to or stay in New Zealand.

Good policy also depends on reliable and sufficient data; the paucity of family-related statistics that cover the full range of family forms and structures common today hinders the development of effective policy. In particular, the lack of data on intergenerational family forms such as whānau and fono makes it difficult to design policies to target the needs of Māori families and families of other ethnic groups, where extended family structures are common.

## 5.8 CONCLUSION

This report has told the story of New Zealand families since World War II through the lens of different age groups and generations. It has focused on the primary elements in the lives of families – forming a family and having children, finding work and housing. These elements are both conditions and indicators of family wellbeing. Other factors, such as health and disability, affect people's choices regarding family formation, working and housing.

This report has told a story of family change and adaptation over a range of factors. Today, the forms of families, as well as their relationships with the labour force, differ vastly from those of families in the immediate post-war years. This is the legacy of decades of change in the late 20th century. Today, childbearing is being delayed and fewer children are being born in each family, as more parents study and earn an income and as they find it difficult to buy their own home.

It has been observed in this report that it is important that we increase the number of children being born in New Zealand. This is an issue that goes beyond families and households to have implications for society and the wider economy. The changing proportion of elders to young people, for example, will increase the burden on the young if their numbers fall further. Because New Zealand's population is also affected by migration (both into and out of the country), it is important to ensure that New Zealand remains an attractive place for families to raise children.

Families and their wellbeing are vital to the health of New Zealand as a nation and public and private wellbeing are not independent of each other. If families thrive and both produce and nurture future generations, then the work force, the economy and the social fabric of New Zealand will also thrive. This depends on policies that are family-centred and can reach families in all their diversity.





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- 1/05 *Review of New Zealand Longitudinal Studies*, Michelle Poland and Jaimie Legge, May 2005.
- 2/05 *Review of Parenting Programmes*, Anne Kerlake Hendricks and Radha Balakrishnan, June 2005.
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- 4/05 *Focus on Families: Reinforcing the importance of family*. Families with dependent children – Successful Outcomes Project. Report on literature review and focus groups, Katie Stevens, Marny Dickson and Michelle Poland with Rajen Prasad, October 2005.
- 5/05 *Methodologies for Analysing the Impact of Public Policy on Families: A conceptual review*, Jacqui True, October 2005.
- 1/06 *What Makes Your Family Tick? Families with dependent children – Successful Outcomes Project*. Report on public consultation, Robyn Seth-Purdie, Andrew Cameron and Francis Luketina, March 2006.
- 2/06 *Review of the Empirical Literature Assessing the Impacts of Government Policies on Family Form: A report for the Families Commission*, Jeremy Robertson, Vanessa Rogers and Jan Pryor, April 2006.
- 1/07 *When School's Out: Conversations with parents, carers and children about out of school services*. A Families Commission report, Donella Bellett and Marny Dickson, February 2007.
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