

## It's Good to Vote! Vote for greater Income Equality!

*And all who believed were together and had all things in common. And they were selling their possessions and belongings and distributing the proceeds to all, as any had need. And day by day, attending the temple together and breaking bread in their homes, they received their food with glad and generous hearts. Acts 2.*

**The Equality Network** has three main proposals to guide voting in the Sept 23<sup>rd</sup> election.

1. Income for all that provides the necessities of life through a Living Wage and fairer income support
2. A Government-funded house-building programme to help address the housing crisis and provide everyone with healthy, affordable homes with long-term tenure
3. A tax on very high levels of wealth and higher top tax rates on the highest incomes to ensure everyone contributes their fair share and enable our families and whānau to thrive

In New Zealand inequality has grown dramatically since the mid 1980's as a result of specific government policies. These include lowering taxes for the most wealthy, developing a low wage economy, and failure to foresee and address the shortage of houses and the chronic low quality of housing in New Zealand. Currently the income ratio between the poorest and the wealthiest 10% of people in New Zealand is nine to one, whereas in Denmark it is five to one.

Inequalities come in many forms – gender, ethnicity, regional inequality, wealth and income inequality. Income is essential meet the costs of living - housing and power expenses, food and clothing.

For the election we are focusing on *income* inequality. An example which shows something of the disparity between the wealthiest and poorest, consider tax rates: those who earn under \$14,000 pay 10% tax whereas those who earn over \$70,000 pay 33%. The higher earners pay a lower proportion of tax.

### **A framework for policies on economic inequality**

In broad terms, policies for reducing economic inequality can be divided into three groups: **income inequality**, **wealth inequality**, and **long-term drivers of inequality**. This builds on the Equality Network's 2014 inequality policy matrix (see [www.equalitynetwork.org.nz/election-campaign/inequality-policy-matrix/](http://www.equalitynetwork.org.nz/election-campaign/inequality-policy-matrix/)).

**Income inequality** concerns the imbalances in how income (people's weekly or monthly salary or benefit) is distributed. Policies to address these imbalances are needed in several areas, including:

- Recognizing the value of unpaid work such as bringing up children, caring for older family or other people
- Skills training to ensure people can get good, high-paying jobs
- Reducing imbalance between the pay of workers and executives – this can be managed through a pay ratio scheme within the company by raising low wages and

curbing excessive executive pay. It recognizes the contribution of all to productivity.

- Paying more generous benefits and child support payments
- Increasing income tax rates for those most able to contribute more Wealth inequality concerns imbalances in assets (things people own or have saved, such as houses, cars, cash in the bank and investments).

Policies to address it include:

- Ensuring people who are employed in a company share in the benefits if the company they work for grows in value
- Taxing wealth either annually or when assets are sold
- Redistributing that income to families for greater equity
- Government-funded house-building programmes to including for poorer families

Long-term drivers of inequality include many things, notably inability to access quality health and education, negative social attitudes, and people's inability to empathise with different communities.

### **Key policies**

The Living Wage is important for equality because it ensures an income level that to cover the basic costs of living and the ability to participate in society. It therefore addresses predistribution aspects of income inequality. The proposal to pay benefits and child support payments at a fairer level, is primarily a redistribution issue.

A government house-building programme helps tackle wealth inequality, while taxing wealth addresses upper end and wealth inequality. And requiring the wealthy to pay their fair share provides a means of paying for other policies. In addition to these immediate changes, the Equality Network seeks seven long-term commitments.

- Full partnership between Māori and the Crown to give effect to Te Tiriti
- Free healthcare to ensure everyone can access health support
- Ensure funding so that every child and young person has access to free, quality public education that allows them to reach their full potential
- Retraining and skills programmes to give people a good chance to find a job
- Extending the law to enable industry collective bargaining
- Curbs on political donations to stop money distorting politics
- Broadcasting that serves the public interest

Healthcare, education funding and skills training address major long-term drivers of inequality and disadvantage. They curb the influence of the wealthy on politics and remove a roadblock to pro-equality policies. These create a better informed and connected public.

Acknowledgement: the content is adapted from Equality Network fManifesto

### **Further Information**

Spinoff <https://policy.thespinooff.co.nz/topic/Incomes#Benefits>

The Equality Network <http://www.equalitynetwork.org.nz/>  
[www.equalitynetwork.org.nz/cpag-priorities-or-family-housing/](http://www.equalitynetwork.org.nz/cpag-priorities-or-family-housing/)

On The Fence <http://www.onthefence.co.nz/>

Public Issues [www.facebook.com/PublicIssuesNetworkAotearoaNZ/](http://www.facebook.com/PublicIssuesNetworkAotearoaNZ/)