



PPTA TE WEHENGARUA ANNUAL CONFERENCE 2021

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# TO EVERYONE A HOME: ADDRESSING THE HOUSING CRISIS IN NEW ZEALAND

A paper from the Tāmaki Makaurau region




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## RECOMMENDATIONS

- 1 That the report be received.
- 2 That a national taskforce be convened to report on housing issues facing teachers, and that this report be used by the Executive to develop a national campaign and to inform any campaigns undertaken by individual regions.
- 3 That Executive, in conjunction with other unions as appropriate, undertake a national campaign on the current housing crisis affecting New Zealand, with particular attention to:
  - a. the impact of housing affordability on teacher supply and retention; and
  - b. the impact of housing affordability on school communities and learner outcomes.
- 4 That Executive allocate funding to support regional organising of a national housing campaign as and when local contexts apply, in the 2022/2023 financial year.
- 5 That an accommodation support be included in the 2022 STCA claim.

## 1. WE'VE ALWAYS HAD A HOUSING CRISIS IN NEW ZEALAND

- 1.1. There is, among some, an idea that the current housing crisis is a consequence of late twentieth century capitalism-run-amok, and that if it weren't for property speculators and foreign investors we'd all be able to buy somewhere to live in, to call our own, whether house, apartment, or pretty suburban bungalow. This, however, isn't true. New Zealand has had housing crises for at least the last 150 years, and each crisis has begat the next crisis. The story of our current crisis is a complex tapestry indeed.
- 1.2. It is a story interleaved with that of colonisation (it's no accident that Māori are significantly disproportionately unlikely to own their own home), of deregulation (there's a good case to be made that the current housing crisis really has its birth in the policies of the Fourth Labour Government of Lange, Palmer, and Moore), and of Pākehā mythologies (we're all familiar with that incessant and increasingly unmeetable national need for everyone to have that fabled quarter acre).
- 1.3. After the Treaty of Waitangi was signed (and really, from about the 1860s onwards), Pākehā, fleeing the slums and crushing poverty of Victorian Britain, came to New Zealand - a brighter future, a new life, prosperity, and all that. Part of the colonising experience was getting yourself a house and a bit of land. Provided you were white (and the right sort of white, of course), you could buy a house and section quite cheaply from the New Zealand government (never mind that they, with genocidal intent, had stolen that land from tāngata whenua).
- 1.4. However, as migration from Europe to New Zealand increased in the latter part of the nineteenth century, so too did the costs of housing. By the turn of the twentieth century, New Zealand was fiercely in the grips of a housing crisis: there weren't enough homes, the homes that were available were too expensive for most to buy, and the costs of renting were going through the roof. The newspapers at the time were filled with the sorts of articles we are very familiar with today, with column inches bleating about a shortage of cheap and accessible housing, with editors roaring about the growth of slums in our cities, with journalists pointing the fingers at speculators and Chinese migrants - and the great and the good of the nation cried for something to be done.
- 1.5. In 1905, Richard Seddon's Liberal government tried to solve the problem. They began to build "workers' dwellings" for people who earned less than £156 a year (about \$24,140 today).<sup>1</sup> He reasoned that by ending the monopoly of private landlords over rental housing, the costs of housing for everyone would fall. The scheme was criticised from the beginning: the houses were going to be built quite some distance from the factories and ports where their occupiers would work, Māori wouldn't be able to rent the homes, and single and widowed women were discouraged from applying for the houses lest they establish "dens of ill repute."<sup>2</sup> Seddon reckoned they'd quickly build 5000 homes, each with a 50 year lease (with right of renewal), with the rent to be no more than 5% of the total capital cost of the house and land. He said they could build a house for £300 (\$46,400) and could rent it out for about ten shillings and sixpence each week (about \$81).<sup>3</sup> It may astonish you to learn that Seddon was proved to be incorrect.

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<sup>1</sup> Fill, Barbara (1984). *Seddon's State Houses: The Workers' Dwellings Act 1905 & the Heretaunga Settlement*. Pp 23-25.

<sup>2</sup> Fill, pp 6-8.

<sup>3</sup> Fill, pp 20-35.

- 1.6. By the end of 1905, only 25 houses had been built, all in Petone. Four applications were received. If you lived in one and worked at the port in Wellington, you could get to work with a twenty-minute walk to the train station, then a half-hour train ride, then another stroll on to the port. The houses *were* rented out at about ten shillings a week, but the train would set you back two shillings a week - meaning that you were no better off living in these flash new government homes in Petone compared to renting a shack in Wellington city.<sup>4</sup>
- 1.7. In 1906 Seddon died, and the government changed the rules. It allowed people to borrow up to £450 (about \$70,000) to build their own homes. This proved more popular than the workers' dwellings, but not popular enough for the government to sustain the scheme.<sup>5</sup> By 1910, just 126 of the 5000 homes promised by Seddon had been built, and the Reform government of William Massey began to sell them from 1912 onwards.<sup>6</sup> The housing crisis continued to get worse.
- 1.8. In 1935, New Zealand voted in its first Labour government. The following year, that government proposed to do something about the parlous state of the country's housing: *they* would build houses. The market wasn't building enough affordable homes, and the state was now obliged to act where the market would not.
- 1.9. Prime Minister Michael Joseph Savage, when asked why his government wanted to spend millions of pounds building houses, said that "*we are not going to have people living in slums while there are workmen here capable of building decent houses. We have visions of a new age, an age where people will have beauty as well as space and convenience in and about their homes.*" Savage said this in the waning years of the Great Depression, when we had a population of 1,573,812, when there were 1328 post-primary teachers in New Zealand, when the average annual income for a New Zealander was £500 (about \$49,898 today),<sup>7</sup> and when the average home cost about £5000 (about \$500,000 today).
- 1.10. The Savage government began its house-building scheme at a time when there was a shortage of affordable and accessible housing in New Zealand, but when the average rent was about a third of the average weekly income, and the average annual income was about one-tenth of the cost of buying a house. However, the housing shortages continued to grow under Labour. In 1939, the waitlist for a state house was 10,000. By 1945, it was 30,000. In 1950, it was 45,000 - but there were only 30,000 houses available.
- 1.11. Once we reached the 1960s, and the golden weather of 'Kiwi' Keith Holyoake, the housing crisis that had vexed the nation since the beginning of the century began to dissipate. We were in the middle of an economic boom: incomes were high, unemployment was virtually non-existent (the prime minister, so the apocryphal tale goes, kept a list of the dozen unemployed people in New Zealand in his breast pocket), and a house of one's own was the relatively easily attainable goal for the Baby Boom generation.
- 1.12. By the 1980s, housing was beginning to climb out of the reach of Mum and Dad New Zealander. Wages were stagnating, inflation was high, and the country was drowning in debt courtesy of Rob Muldoon's

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<sup>4</sup> Helen Clark (31 October 2006). "Centenary celebrations, Patrick St Petone workers cottages."

<sup>5</sup> Schrader, Ben (July–August 2007). "State housing". *New Zealand Geographic*. 86:60–61.

<sup>6</sup> Schrader, Ben (2005). *We Call it Home: A History of State Housing in New Zealand*. Auckland: Reed. Pp. 28–29.

<sup>7</sup> [https://www3.stats.govt.nz/New\\_Zealand\\_Official\\_Yearbooks/1936/NZOYB\\_1936.html#idsect1\\_1\\_263363](https://www3.stats.govt.nz/New_Zealand_Official_Yearbooks/1936/NZOYB_1936.html#idsect1_1_263363)

Think Big policies. The Fourth Labour Government, elected in the infamous Schnapps Election in 1984, began to introduce economic reforms at breakneck speed.

- 1.13. This deregulation of markets caused inflation rates to fall, and led many to invest in the sharemarket. This, in turn, led to a bubble, which burst when the markets crashed in 1987 and the New Zealand Stock Exchange lost 60% of its value overnight. Investors, burned by stocks, never returned to the sharemarket in the same numbers. Instead, they opted for the much safer investment of property - and, once again, house prices began to climb out of the reach of the average New Zealander.
- 1.14. In 1989, the government passed the Reserve Bank Act. This set up the Reserve Bank as an independent check on the economy, requiring them to keep lids on inflation and interest rates. This had the effect of reducing the costs of borrowing for fixed assets, like property. A property boom began, although this was slowed somewhat in 1991 when the Resource Management Act was passed (the RMA, of course, being a notorious obstacle to the building of affordable and accessible housing).<sup>8</sup>
- 1.15. Throughout the 1990s and on into the 2000s, we saw the saga of leaky homes (with a repair bill totalling some \$11.3b by 2012)<sup>9</sup>, the ongoing underprovision of homes for Māori,<sup>10</sup> and an increasing income gap in which the richest 20% of households in New Zealand control 70% of the total wealth, with half of that again being held by the top 10% of households.<sup>11</sup> Successive governments introduced policy after policy, all of them valiant and vain attempts to intervene in the crisis - but house prices continued to rise, and rise, and rise, and rise. Indeed, a house in 2018 cost, on average, three times what it did in 2000.<sup>12</sup> Today, we are left with a country in which home ownership rates are the lowest since 1951, and where home ownership rates by people aged 30-39 have fallen from 55% to 43%.<sup>13</sup>

## 2. THE SITUATION AS IT STANDS

- 2.1. There are many factors that will influence home ownership rates. However, far and away the biggest of these factors is income - or, rather, the amount of income left after all necessary expenditure has been met. It is that remaining bit of your income that you can use to save for a deposit on a house, and therein lies the rub for New Zealand in 2021. Our incomes are, internationally, quite average,<sup>14</sup> and our cost of living is high.<sup>15</sup> Getting enough money for a house deposit remains stubbornly out of reach for most.

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<sup>8</sup> <https://www.newsroom.co.nz/2017/04/19/19623/housing-1989-generation-rent>

<sup>9</sup> [http://www.nzherald.co.nz/nz/news/article.cfm?c\\_id=1&objectid=10617051](http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10617051)

<sup>10</sup> <https://www.oag.govt.nz/2011/housing-on-maori-land/part2.htm>

<sup>11</sup> <https://www.stuff.co.nz/business/88455171/the-truth-about-inequality-in-new-zealand>

<sup>12</sup> OECD Economic Surveys: New Zealand 2019.

<sup>13</sup> [https://nzier.org.nz/static/media/filer\\_public/98/7c/987c99b1-d879-48ca-ac2c-58e05307ac5c/nzier\\_public\\_discussion\\_document\\_2014-04\\_-\\_home\\_affordability\\_challenge.pdf](https://nzier.org.nz/static/media/filer_public/98/7c/987c99b1-d879-48ca-ac2c-58e05307ac5c/nzier_public_discussion_document_2014-04_-_home_affordability_challenge.pdf)

<sup>14</sup> Indeed, the average annual income in New Zealand is literally the OECD median. In 2020, the average annual income in New Zealand was NZ\$65,011.94, which placed us 18th out of the 36 countries in the group. <https://data.oecd.org/earnwage/average-wages.htm>

<sup>15</sup> New Zealand has a current cost of living index of 76.31, which makes us the 20th most expensive country to live in anywhere in the world. By comparison, Australia has an index of 80.75 (14th most expensive), the United States 70.55 (28th most expensive), the United Kingdom 70.64 (27th most expensive), and South Africa 44.21 (77th most

- 2.2. Suppose it is 1992, and you're in Auckland, you're earning the median income, and you want to buy a house. On that median income, it's going to take you about 10 years to get a house deposit for a house costing the median house price - but it's only going to take you about 18 years to pay back the mortgage. Indeed, in 1992 you could save a deposit *and* pay off the mortgage within 30 years. Nowadays, it's going to take you about 12 years to get the deposit - but it's going to take you nearly 40 years to pay off the mortgage.<sup>16</sup>
- 2.3. In March 2021, data showed that the average price of a house in New Zealand had increased by \$50,000 in just one month.<sup>17</sup> This was on top of record increases throughout the previous year - average house prices increased by 23% throughout 2020, well in excess of average income increases.<sup>18</sup> This is despite a building boom - 17,000 new homes were built in Auckland over the last year,<sup>19</sup> and consents for new homes have increased by 18% nationwide since this time in 2020.<sup>20</sup>
- 2.4. Even though we're building more and more homes, demand continues to outpace supply and prices continue to grow: in May this year, it was reported that the average value of a house in New Zealand was \$913,209, a rise of 8.9% in three months.<sup>21</sup> At the time of writing this paper, the average value of a house in this country was \$943,184, an increase of 6.6% on the last quarter.<sup>22</sup> By the time this paper is being debated at Annual Conference, the average value of a home in this country will have exceeded \$1 million. The average weekly rent will have reached about \$500/week.<sup>23</sup>
- 2.5. This rise in house values is not just limited to Tāmaki Makaurau, of course. The average price in Auckland is \$1.15 million (up 25% from 2020), with the fastest growth coming in South Auckland (Papakura's house prices are growing by about 10% year on year).<sup>24</sup> In Napier, house prices are 14.2% higher now than in 2020. In Tauranga City, the average home will set you back \$992,087. The following tables shows the average house prices around New Zealand, as at June 2021<sup>25</sup>, and the average weekly rentals, as at the end of the first quarter of 2021<sup>26</sup>:

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expensive). The least expensive place to live is Pakistan, with an index of 21.88. The most expensive is Bermuda, with an index of 147.51. [https://www.numbeo.com/cost-of-living/rankings\\_by\\_country.jsp](https://www.numbeo.com/cost-of-living/rankings_by_country.jsp)

<sup>16</sup> This is based on the assumption that you're saving for a 20% deposit, with a mortgage rate of 6%, and paying about 33% of your income in mortgage repayments, for a median income household buying a median-priced house.

<sup>17</sup> <https://thediomat.com/2021/03/can-new-zealand-fix-its-housing-crisis/>

<sup>18</sup> <https://thediomat.com/2021/03/can-new-zealand-fix-its-housing-crisis/>

<sup>19</sup> <https://www.nzherald.co.nz/nz/housing-crisis-exclusive-data-shows-the-suburbs-aucklands-new-houses-are-being-built-in/LADO7RRZEHWXNXTLYZNDTC54HQ/>

<sup>20</sup> <https://www.stats.govt.nz/news/annual-number-of-new-homes-consented-rises>

<sup>21</sup> <https://www.newshub.co.nz/home/money/2021/05/house-prices-increase-21-percent-as-govt-reserve-bank-changes-fail-to-hit-market.html>

<sup>22</sup> <https://www.qv.co.nz/price-index/>

<sup>23</sup> <https://www.tenancy.govt.nz/rent-bond-and-bills/market-rent/>

<sup>24</sup> <https://www.newshub.co.nz/home/money/2021/05/house-prices-increase-21-percent-as-govt-reserve-bank-changes-fail-to-hit-market.html>

<sup>25</sup> <https://www.qv.co.nz/price-index/>

<sup>26</sup> <https://www.interest.co.nz/property/110471/rents-have-risen-much-more-slowly-auckland-compared-rest-country> and <https://www.tenancy.govt.nz/rent-bond-and-bills/market-rent/>

Authority		Median house price, Q2	% change on 2020	Median rental/week, Q1
Auckland	Auckland City	\$1,564,764	↑ 22.6%	\$546
	Franklin	\$870,597	↑ 23.8%	\$532
	Manukau	\$1,187,704	↑ 24.3%	\$580
	North Shore	\$1,520,177	↑ 21.6%	\$614
	Papakura	\$943,001	↑ 27.2%	\$572
	Rodney	\$1,249,368	↑ 25.2%	\$578
	Waitākere	\$1,085,964	↑ 24.8%	\$554
Bay of Plenty	Kawerau	\$364,524	↑ 22.2%	\$350
	Ōpōtiki	\$543,208	↑ 38.6%	\$330
	Rotorua	\$691,789	↑ 21.4%	\$447
	Tauranga City	\$1,042,533	↑ 29.8%	\$544
	Western Bay of Plenty	\$943,062	↑ 30.9%	\$415
	Whakatāne	\$686,686	↑ 28.6%	\$420
Canterbury	Ashburton	\$456,518	↑ 17.9%	\$350
	Christchurch City	\$651,914	↑ 25.8%	\$422
	Hurunui	\$502,075	↑ 21.2%	\$400
	Kaikōura	\$598,323	↑ 18.4%	\$360
	Mackenzie	\$640,604	↑ 4.0%	\$300
	Selwyn	\$694,887	↑ 21.9%	\$481
	Timaru	\$447,694	↑ 13.7%	\$345
	Waimakariri	\$570,480	↑ 21.8%	\$420
	Waimate	\$363,791	↑ 22.7%	\$300



<b>Gisborne</b>		\$611,730	↑ 31.3%	\$330
<b>Hawke's Bay</b>	Central Hawke's Bay	\$577,526	↑ 26.5%	\$373
	Hastings	\$818,322	↑ 34.7%	\$455
	Napier City	\$814,055	↑ 28.6%	\$499
	Wairoa	\$417,408	↑ 40.8%	\$300
<b>Manawatū-Whanganui</b>	Horowhenua	\$619,054	↑ 37.4%	\$440
	Manawatū District	\$629,596	↑ 31.1%	\$450
	Palmerston North City	\$717,733	↑ 35.6%	\$430
	Rangitikei	\$442,292	↑ 28.1%	\$360
	Ruapehu	\$390,741	↑ 36.3%	\$308
	Tararua	\$443,137	↑ 35.2%	\$300
	Whanganui	\$535,063	↑ 40.4%	\$367
<b>Marlborough</b>		\$689,485	↑ 30.1%	\$450
<b>Nelson</b>		\$789,621	↑ 19.2%	\$450
<b>Northland</b>	Far North	\$646,390	↑ 25.5%	\$380
	Kaipara	\$782,661	↑ 25.5%	\$390
	Whangārei	\$739,973	↑ 26.6%	\$460
<b>Otago</b>	Central Otago	\$697,746	↑ 12.7%	\$435
	Clutha	\$383,900	↑ 20.7%	\$310
	Dunedin City	\$671,364	↑ 20.4%	\$440
	Queenstown Lakes	\$1,386,994	↑ 15.6%	\$520
	Waitaki	\$437,828	↑ 17.7%	\$330

<b>Southland</b>	Gore	\$386,863	↑ 29.1%	\$320
	Invercargill City	\$444,011	↑ 16.7%	\$344
	Southland District	\$474,419	↑ 20.8%	\$320
<b>Taranaki</b>	New Plymouth	\$658,166	↑ 26.7%	\$437
	South Taranaki	\$399,532	↑ 27.5%	\$400
	Stratford	\$468,098	↑ 27.7%	\$383
<b>Tasman</b>		\$785,826	↑ 20.7%	\$523
<b>Waikato</b>	Hamilton City	\$820,337	↑ 25.0%	\$464
	Hauraki	\$631,722	↑ 33.5%	\$390
	Matamata Piako	\$654,486	↑ 22.8%	\$450
	Ōtorohanga	\$511,031	↑ 30.3%	\$380
	South Waikato	\$445,764	↑ 32.2%	\$350
	Taupō	\$790,223	↑ 35.6%	\$440
	Thames Coromandel	\$1,077,224	↑ 28.3%	\$420
	Waikato District	\$712,183	↑ 30.4%	\$420
	Waipa	\$812,115	↑ 24.3%	\$470
	Waitomo	\$367,990	↑ 33.0%	\$293
<b>Wellington</b>	Carterton	\$682,032	↑ 35.5%	\$420
	Hutt City	\$968,021	↑ 38.1%	\$541
	Kapiti Coast	\$917,204	↑ 32.6%	\$493
	Masterton	\$640,402	↑ 38.8%	\$385
	Porirua City	\$953,692	↑ 35.4%	\$553

	South Wairarapa	\$855,615	↑ 37.9%	\$490
	Wellington City	\$1,179,813	↑ 29.9%	\$600
	Upper Hutt	\$887,732	↑ 37.5%	\$530
<b>West Coast</b>	Buller	\$298,881	↑ 40.5%	\$300
	Grey	\$326,244	↑ 32.9%	\$300
	Westland	\$331,606	↑ 15.4%	\$340

- 2.6. In 2019, the last year for which data is available, the median weekly income from wages and salaries, across New Zealand, was \$1,016.27 The median weekly cost of rent, nationwide, is currently about \$430.28 This means that, if you're renting, the average New Zealander is going to be spending about 40% of their income on rent. If they're trying to save for a house, that means if the current median house price is \$943,184,29 and if they're aiming for a 20% deposit (which is \$188,636), it's going to take them some time:

Median weekly income, all sources		\$1016
Median weekly expenses <sup>30</sup>	Accommodation (rent)	\$430
	Clothing	\$96.83
	Communications (including internet)	\$33.83
	Food	\$280
	Insurance	\$32.40
	Medical expenses	\$58.83
	Property maintenance	\$70.50
	Transportation (including public transport and private vehicles)	\$52.98

<sup>27</sup> <https://www.stats.govt.nz/topics/income>

<sup>28</sup> <https://www.tenancy.govt.nz/rent-bond-and-bills/market-rent/>

<sup>29</sup> <https://www.qv.co.nz/price-index/>

<sup>30</sup> <https://www.ird.govt.nz/-/media/project/ir/home/documents/forms-and-guides/ir100---ir199/ad164/2020.pdf?modified=20200907050256>

	Utilities (electricity, gas, water)	\$42.83
All median expenses		\$1098.20

- 2.7. This table shows that, if you're earning the median income, and you're spending the median amounts calculated by Inland Revenue, it is virtually impossible to make any savings. It's certainly not possible to save for a house deposit - and this doesn't take into account things like student loan repayments either.
- 2.8. In 2005, a PPTA task force reported on the impact of student loans on teachers. It reported that the high cost of loan repayments had significant impacts on lifestyles and on personal wellbeing - and frequently prevented teachers from setting aside any money for a house deposit.<sup>31</sup> The taskforce said that teachers felt like they couldn't save, that they didn't want to incur further debt, and that it limited their choices around starting a family. In the 16 years since, it is unlikely anything has changed.
- 2.9. This is relevant because in 2005, student loan interest meant that those on the bottom of the pay scale couldn't pay back their student loans faster than the interest was accruing. PPTA joined with other unions/groups calling for change in this area and were ultimately successful in getting interest removed from student loans. We are now at a stage where those at the bottom of the scale (in reality, most people at any level on the scale) cannot possibly save fast enough to keep up with rising house prices.
- 2.10. When it comes to teachers, the case could be made that we're in a relatively safe position. After all, our salaries increase year-on-year, and with a bit of careful planning and frugality, a teacher's salary can go a long way. Of course, the only people who might try to make that case are unlikely to have the lived experience of the average teacher in New Zealand. There is a clear link between housing affordability and the recruitment and retention of teachers.
- 2.11. Although the general cost of living doesn't really change from district to district around New Zealand, accommodation costs, whether through rent or mortgages, do. Indeed, as PPTA noted at its 2009 Conference: *This focus on the cost of housing eliminates distracting factors in discussions of the relative cost of living in different areas, such as individual perceptions of relative wealth within the community in which a member teaches (how affluent a person feels compared to those they mix with at work and socially) and, at least to some degree, the issues around the choices individuals make in their lifestyle.*<sup>32</sup>
- 2.12. Such accommodation costs will disproportionately impact teachers living in areas within which the median cost of housing is excessive - and we take "excessive" to mean where a household is spending more than one-third of its total income on accommodation costs.

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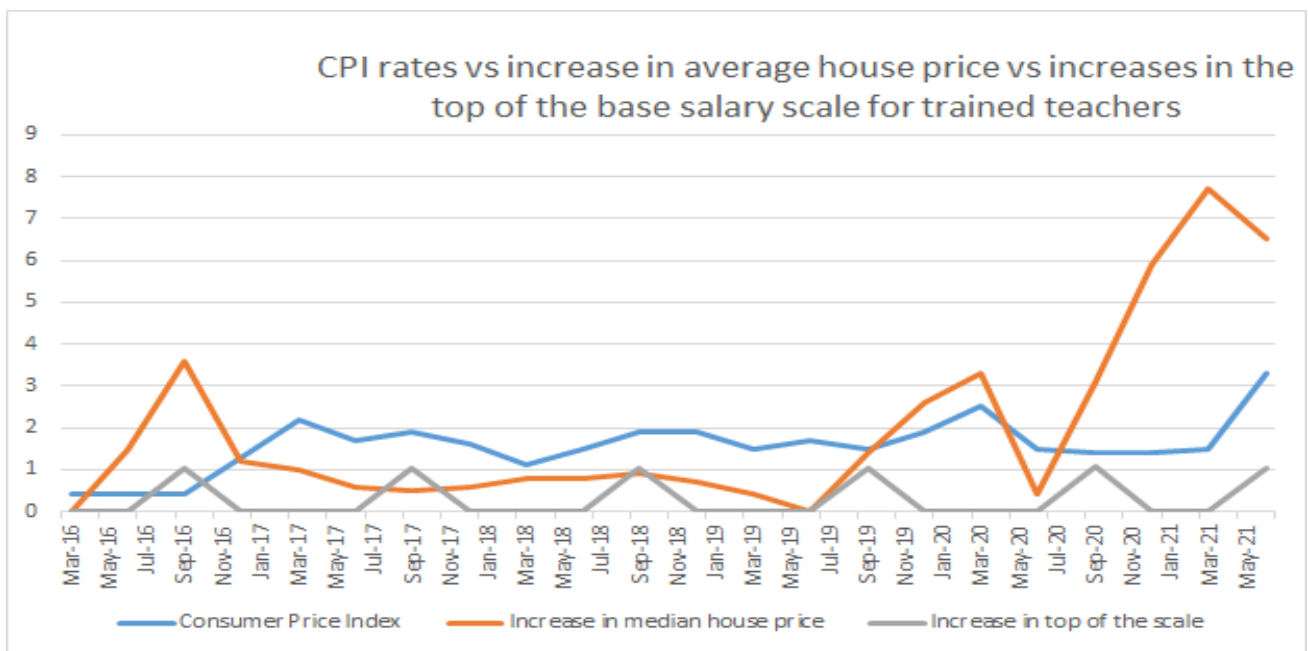
<sup>31</sup> HX079 2005.

<sup>32</sup> AC2009 Paper: Housing Affordability.

2.13. Currently, about a third of New Zealanders are in accommodation where the costs are excessive.<sup>33</sup>

### 3. THE SITUATION FOR TEACHERS

- 3.1. Although teachers have seen salary increases year-on-year, these increases have not kept pace with the rate of inflation or with rises in costs of living - including increases in accommodation costs. This has been the situation since at least 2000, but even if we just focus on the last five years we see that things are dire.
- 3.2. This graph shows the average percentage increase of teacher salaries year-on-year (excluding any units and allowances),<sup>34</sup> the consumer price index,<sup>35</sup> and the percentage increases in the median house price:



- 3.3. Since 2016, the consumer price index has averaged 1.57%. Median house prices have increased by 53%. The top of the base scale for trained teachers has increased five times over this period, by an average of 1.04% each time. We're slowly falling behind.
- 3.4. When it comes to average expenses, teachers aren't doing so well either. Suppose we have a teacher, living in Auckland, with two children. Suppose too that this teacher is at the top of the base scale, but they don't get any allowances or units. Suppose too that they only spend the average weekly amount on their groceries, utilities, and other expenses. They're making the minimum contributions to Kiwisaver, but they don't have a student loan. They're renting, paying the average weekly rent of \$500.

<sup>33</sup> <https://www.stats.govt.nz/information-releases/household-income-and-housing-cost-statistics-year-ended-june-2019>

<sup>34</sup> <https://www.education.govt.nz/school/people-and-employment/employment-agreements>

<sup>35</sup> <https://www.rbnz.govt.nz/statistics/key-graphs/key-graph-inflation>

- 3.5. After deductions for tax and Kiwisaver, our teacher takes home \$1258.25 each week. Their expenses (keeping in mind that they're only spending the average amount of money on each thing) will be around \$2,097 each week - leaving a shortfall of \$839.36. We might hope they have a partner to help make up the difference.
- 3.6. Let's move that teacher out of Auckland, and to Dunedin - we won't make any other changes to their circumstances. They'll now have a shortfall of \$579.55. In Whangārei, the shortfall is \$502. In Tauranga, it's \$476.75. In fact, no matter where we put our top-of-the-scale teacher, with their average family, and their average lifestyle, they're not able to make ends meet on that one salary.
- 3.7. Suppose we were to assume our imaginary teacher does have a partner, and let's suppose they're also a teacher, at the top of the scale, no extra allowances or units. Their combined take-home salary is \$2,341.88, and after all their average expenses on their average family, they've got \$559.68 left over if they're living in Auckland. In Dunedin, they'd have \$504.08 left. They have \$581.48 in Whangārei, and about the same in Tauranga. We might say to our teachers that they've done well, and they can save their extra money for that long-awaited house deposit - but not so fast!
- 3.8. We already know that the average house in New Zealand costs \$943,184. You can get a mortgage with a deposit of 10%, but most lenders will require 20%. If we assume a minimum deposit of 20%, then for an average home our average teacher will need a deposit of \$188,636. If they're living in Auckland and they save every cent of their \$559.68 each week, it will take them about six and a half years to get their deposit - but that's assuming that the average cost of a home stays the same. We know, of course, that it won't: since 2016, house prices have increased by an average of 6% each quarter. If house prices go up by an average of 6% every three months, and the consumer price index averages 1.57% each quarter (meaning your day-to-day average expenses inexorably increase year-on-year), and the top of the trained scale increases by an average of 1.04% every three years, it doesn't take a Maths whiz to see that we're on a highway to nowhere.
- 3.9. In the following table, we can see that a house deposit will only get harder and harder to achieve. This table assumes the median house price continues to increase by 6% every quarter (for an average 24% increase year-on-year). It assumes too that the CPI will remain at an average of 1.57% every quarter, and that the top of the base scale will increase by a (hopefully not too optimistic) \$1500 each year. Finally, it assumes that a teacher, earning the top of the base scale, without any additional allowances or units, is able to save at least one-fifth of their annual income towards a deposit.<sup>37</sup>

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<sup>36</sup> <https://www.newzealandnow.govt.nz/live-in-new-zealand/money-tax/cost-of-living>. Of course, this doesn't include any income from Working for Families, tax credits, or other forms of income support.

<sup>37</sup> We are aware, of course, that saving 20% of your salary each week can be an unattainable goal for many teacher families.

	Median house price	Minimum deposit (20%)	CPI (estimate)	Top of the base scale (estimate)	Approximate time taken to save 20% deposit
2022	\$1,169,548	\$233,909	1.57%	\$91,500	About 13 years
2023	\$1,450,240	\$290,048		\$93,000	About 15.5 years
2024	\$1,798,298	\$359,659		\$94,500	About 19 years
2025	\$2,229,890	\$445,978		\$96,000	About 23 years
2026	\$2,765,064	\$553,012		\$97,500	About 28 years
2027	\$3,428,679	\$685,735		\$99,000	About 34.5years

Clearly, something needs to be done.

#### 4. WHAT ABOUT AN ACCOMMODATION SUPPLEMENT FOR TEACHERS?

- 4.1. In the 2018-2019 industrial round, PPTA attempted to have accommodation support for teachers included in our collective agreements. We proposed that teachers in rental accommodation who taught in areas where the median weekly rental price exceeded 110% of the national median weekly rental should receive a weekly accommodation allowance. That allowance would be the difference between the median rental for those houses within a 2km radius of their school and 110% of the national median rental, up to a maximum of \$100/week.
- 4.2. We also proposed that the same allowance would be paid to teachers in those eligible areas for the first three years of mortgage payments on their first home.
- 4.3. During negotiations, the Ministry of Education rejected our proposals for accommodation support
- 4.4. Some have called for this or a similar accommodation supplement to be campaigned for in the 2022 round. Whilst this does have some merit, it is exceedingly unlikely to be successful with the Ministry. However, that should not prevent us from campaigning for one. Teaching is a hard and stressful enough job as it is; anything that can help alleviate stress, as an accommodation support might, would be helpful.
- 4.5. In the first quarter of 2021, the national median weekly rental was \$491.38 110% of that is \$540. It is difficult to determine how many teachers would be eligible, without knowing the median rental of

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<sup>38</sup> <https://www.interest.co.nz/property/110471/rents-have-risen-much-more-slowly-auckland-compared-rest-country>

houses within a 2km radius of every post-primary school in the country, but we do know which areas have a median weekly rental cost of at least \$540:

Local authority		Median weekly rental
Auckland Region	Auckland	\$546
	Manukau	\$580
	North Shore	\$614
	Papakura	\$572
	Rodney	\$578
	Waitākere	\$554
		\$541
Porirua City		\$553
Tauranga City		\$544
Wellington City		\$600

- 4.6. Almost every teacher in Auckland could potentially be entitled to accommodation support. There are about 8,800 secondary school teachers in Auckland,<sup>39</sup> and if we assume that just half could be entitled to accommodation support we reach a total annual cost of \$22,880,000. Chump change, when compared to the overall cost of the education budget. If we add in the secondary teachers in the Hutt, Porirua, Tauranga, and Wellington, and assume that only half of them would be eligible to support, we have a total annual cost of \$30,604,600. If we were to assume that half of all teachers (and principals) in any state and state-integrated school, across all the sectors, could be eligible, then we reach an annual cost of \$55,107,000.
- 4.7. The question is, of course, whether we should advocate for an accommodation supplement of some sort in our next industrial round. There are plenty of reasons why we perhaps ought not to:
- Any accommodation support is likely to be applied unevenly. Some teachers will get it. Some teachers will miss out (and they will miss out even if they are struggling to meet their accommodation costs) simply because they might not meet the criteria of the support. Let's be clear: if an accommodation support *were* successfully included in a future collective agreement,

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<sup>39</sup> <https://www.educationcounts.govt.nz/statistics/teacher-numbers#3>



it is quite reasonable to assume that it would only be included if it can be hedged with strict eligibility. Despite what some might assume, the government is not easily separated from its money.

- The wider public may see an accommodation support for teachers as being little more than typical troughing by already well-paid public servants. After all, surely the people who clean our classrooms or who labour in factories are better deserving of accommodation supports from the government: if teachers can't afford housing, then what hope is there for everyone else?
- For teachers who would receive an accommodation support for rent, any support is likely to go directly into the bank accounts of their landlords. We know that when accommodation supplements for benefits paid by the Ministry of Social Development are raised, rent rises soon follow. This would mean, in effect, an accommodation support would make no real difference to a teacher's wallet.
- Since accommodation supports have the effect of increasing rental costs, we may see people who don't get such support shut out of the rental market. This may exacerbate issues of transience and housing impermanence that we see with our students - and may worsen any current impacts housing costs have on teacher recruitment and retention.

4.8. Nonetheless, this paper proposes that we should campaign for some sort of accommodation support. There may be unintended consequences, but every small fillip a person can receive to their income is always helpful. Moreover, there is no harm in asking: if you ask, you may well receive.

## 5. WHAT SHOULD PPTA DO?

- 5.1. Housing affordability, as we have seen, is not something that affects teachers exclusively. It affects all New Zealanders, in all regions, across all deciles, and across all ethnicities. We have increasing numbers of workers, including some of our most vulnerable and precariously employed, living hand-to-mouth as accommodation costs soar out of reach. We don't need to look far - there's a very good chance that someone in your classroom is living in a precarious housing situation, where even a small increase in rent may see them homeless.<sup>40</sup> Indeed, it's quite possible that someone in your staffroom is in this situation.
- 5.2. Since this is not an issue peculiar to teachers, it is vital we support other unions working in this space. The Public Service Association has long called for the government to do more to fix housing - to build more state and social houses, to provide subsidized housing for public employees or accommodation supplements, and to remove any systemic barriers to home ownership.<sup>41</sup> Similarly, First Union is pushing for large-scale construction projects to help our housing problem, arguing that "affordable

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<sup>40</sup> The most recent data has the number of New Zealanders experiencing housing deprivation at a little over 100,000 people, or about 2% of the total population. <https://www.hud.govt.nz/assets/News-and-Resources/Statistics-and-Research/2018-Severe-housing-deprivation-estimate/Severe-Housing-Deprivation-2018-Estimate-Report.pdf>

<sup>41</sup> <https://www.psa.org.nz/media/releases/government-should-spend-surplus-on-housing-health-and-social-services/>

housing is fundamental to our quality of life. All New Zealanders should have secure, warm, dry, energy-efficient housing. No questions.”<sup>42</sup> There is every reason to join with our comrades in this fight.

- 5.3. Accommodation support for teachers must be enshrined in our collective agreements. This would provide relief to teachers, and would help diminish a powerful source of household stress. This paper is agnostic on what form that accommodation support should take, but suggests the 2019/2020 proposal as a good place to start.
- 5.4. Although the national campaign focus for 2022 must be the new collective agreement, it does not mean we cannot campaign about other things too. That is why this paper recommends that PPTA, in conjunction with other unions, undertakes a campaign calling attention to the parlous state of housing in New Zealand, its impacts on the economy, and its impacts on our children. We encourage the lobbying of the government in all the usual ways, but as well as this we call for a concerted, targeted, nationally coordinated and funded campaign.
- 5.5. In order to best know what such a campaign should focus on, we propose a taskforce be created to prepare a report. Housing issues affect different regions in different ways. In our cities, as well as having high rents and house prices, teachers may find they must live some distance from their school - and commuting each day brings its own stresses. In more rural areas, it may simply be a case of there not being any adequate accommodation at all. Schools used to have school houses that were a significant recruitment tool to encourage teachers to move to a rural town, but nowadays school houses are far less common.
- 5.6. A taskforce would necessarily need to be quickly convened, and would need to write its report this year in order for such a report to be helpful in a 2022 campaign. Although the constitution of a taskforce would be up to Executive to determine, this paper suggests that it consist of representatives from urban and rural branches in both the North and South Islands (excluding Auckland), as well as a person from a branch in the PPTA Tāmaki Makaurau Auckland Region and representatives from Te Huarahi Māori Motuhake and Kōmiti Pasifika. This would ensure a good spread of voices, and would enable the taskforce to write a report that very clearly enunciates the housing issues faced throughout the country.
- 5.7. In addition to a national campaign, PPTA Te Wehengarua regions must organise and fight. Although it is a national issue, the severity and nature of the housing crisis is most felt locally. Empowering regions to meet with and lobby decision makers in their areas is the best way for meaningful activism to occur. That is why this paper asks for the Executive to allocate funding to support regional organising around housing campaigns, as and when local contexts apply, in the 2022/2023 financial year. The work of the taskforce would also be used to inform region-specific campaigns.
- 5.8. As we have seen in this paper, housing is an issue that has affected New Zealand for decades. This is not a new problem, nor is it a problem that is going to fade quietly away. It is a national problem requiring a national solution, and we will need to organise, militantly, to see solutions put in place. There is great power and strength when people work together for the common weal.

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<sup>42</sup> <https://www.firstunion.org.nz/whats-new/a-future-that-works>