

# **TIPPING THE BALANCE: AN ANALYSIS OF THE IMPACT OF THE WORKING FOR FAMILIES (WFF) POLICY ON MĀORI WHĀNAU.**

Dr Heather Gifford

Whakauae Research for Māori Health and Development, Whanganui  
[heather@whakauae.co.nz](mailto:heather@whakauae.co.nz)

Dr Amohia Boulton

Whakauae Research for Māori Health and Development, Whanganui

Sue Triggs

Research Centre for Māori Health & Development, Massey University,  
Wellington

Professor Chris Cunningham

Research Centre for Māori Health & Development, Massey University,  
Wellington

Key words: social policy, Māori, poverty, income, whānau

## **Abstract**

NZ's Working for Families (WFF) policy introduced in 2004 aimed to address, amongst other things, the poverty faced by low-income working families. While WFF has been evaluated, little evidence exists on its impact on Māori. Using data from the Best Outcomes for Māori: Te Hoe Nuku Roa Longitudinal Survey (THNR), we found that WFF has positively impacted income adequacy for WFF-eligible families. There was a large decline in the proportion of families whose income was 'not enough' to meet their everyday needs, and an equivalent increase in the 'just enough' category in the periods before and after WFF was introduced. However, we note that improvements in income adequacy occurred within a time period of other macro-environment changes for low-income families. Gains made at the individual whānau level may well be fragile, as the economic situation of low-income families is still one of considerable hardship. Consequently, support for vulnerable families remains of critical importance.

## **Introduction:**

This paper presents quantitative data on economic living standards of whānau before and after the introduction of WFF. The living standards of WFF-eligible families were also compared to other types of household. A separate qualitative study, carried out as part of the wider research into WFF, conducted interviews with a subset of THNR households to gather in-depth data on their knowledge of the policy and its effects on their whānau

wellbeing; this data is presented elsewhere (Boulton & Gifford, 2011; Gifford & Boulton, 2012).

Working for Families was introduced in 2004 in New Zealand as a means of addressing a number of social policy goals. The policy's objectives were to reduce child poverty; to improve the incomes of working families; to strengthen work incentives for unemployed parents; and to make it easier for families to access financial assistance (Johnson, 2005). Components of the policy include increasing family incomes, making work pay, assisting with childcare costs and more affordable housing for families (Ministry of Social Development, 2008). While the research team recognise evaluation of the WFF policy has been given consideration (Wehipeihana & Pipi, 2008; Bryson et al, 2007; Evans et al, 2007) to our knowledge this is the first time research has been undertaken which specifically investigates the impact of WFF for Māori whānau.

### **Methodology:**

In 2011/12 Whakauae Research for Māori Health and Development (WRMHD) and the Research Centre for Māori Health and Development (RCMHD), Massey University, jointly analysed data from *Te Hoe Nuku Roa: Best Outcomes for Māori* (THNR) longitudinal study of Māori households in an attempt to identify the impact of WFF on Māori households and whānau.

THNR is the longest-running longitudinal survey of Māori households, originally designed to provide an on-going socio-cultural-demographic profile of Māori households, whānau and individuals. The study design, well described elsewhere (Durie 1995), surveys the same people/households at 3-5 year intervals. The initial survey (Wave 1) began late in 1995. Eight hundred and fifty Māori households (roughly 2500 individuals) across seven Regional Council areas are currently enrolled with THNR.

The tool used for the first five sampling waves was an omnibus survey which asked a broad range of questions on lifestyle, culture, te reo Māori, education, health, income, employment, and household composition. The Wave 4 questionnaire also added detailed questions on whānau membership and interaction dynamics, as well as the addition of an Economic Living Standards Indicator (ELSI<sub>SF</sub>) (Jensen et al, 2002) which had been developed through collaboration with the Ministry for Social Development (Cunningham et al, 2002).

Wave 4 included six geographic regions – Northland, Auckland, Gisborne, Manawatū/Whanganui, Wellington and Southland – which together accounted for just over half of the Māori-descent population resident in New Zealand. These six regions are broadly similar to the overall New Zealand population of Māori descent in terms of key demographic, social and economic variables.

The first part of the research examined changes in living standards of whānau using data from households interviewed in Wave 4 (2004-2007). While THNR was not specifically designed to evaluate WFF, it provided a useful platform to

do so, as around half the Wave 4 sample was collected before WFF and half after, with a fairly equal split between WFF-eligible families and ineligible households.

The second part of the research examined changes in the living circumstances of households between Wave 4 and Wave 5 of THNR and looked at the effect of these changes on living standards. The effect of WFF over this time period was tested by comparing the living standards of whānau eligible for WFF who were interviewed before WFF (2004, Wave 4) with the living standards of the same whānau after WFF (2011, Wave 5), taking into account other household changes.

The final sample size was 579 whānau/households, of which 330 were interviewed before WFF and 249 were interviewed within Wave 4. Of these, 278 were whānau who were eligible for WFF; 160 sampled before, and 118 after, WFF was implemented. Wave 5 data were being collected at the same time as this research paper was being prepared. Therefore, living standards comparisons between Wave 4 and Wave 5 were based on a preliminary sample of 267 of the 579 households interviewed in Wave 4, 132 of whom were eligible for WFF in Wave 4. This analysis used pairwise (matched) comparisons between Wave 4 and 5 responses for each person.

**Table 1: THNR Sample for WFF Analysis**

Whānau type	Wave 4 sample			Wave 5 sample
	Before WFF	After WFF	Total	Total
WFF-eligible	160	118	278	131
Not eligible	170	131	301	136
Total	330	249	579	267

**Limitations:**

There are a number of limitations to our analysis. The actual data collected by any survey is always subject to a level of bias, as certain types of people are not contactable or decline to participate. Males and young adults were under-represented relative to the actual Māori population, as were households with fewer residents. Of the people interviewed in Wave 1, 44% were re-interviewed in Wave 4, with a greater loss of young people and households who move a lot (such as renters). The loss of young adults means that the young families were under-represented in the WFF dataset. The Wave 4 data was weighted in order to minimise the effect of these biases.

Statistical limitations and the complexity of WFF eligibility and entitlements meant that levels of hardship and differences between groups may have been underestimated. Lack of strong differentiation in perceived living standards, as measured by ELSI<sub>SF</sub>, may have also lead to an underestimation of differences between groups. By far the majority of all types of household

reported that their standard of living was “medium” or “high”, according to ELSI<sub>SF</sub> definitions, and that they were satisfied with their standard of living, despite marked differences in income adequacy and economising behaviour.

## **Findings:**

More detailed findings from the quantitative analysis are presented elsewhere in our technical reports (Gifford & Boulton 2012; Research Centre for Māori Health and Development 2012). This paper discusses the high level findings arising from the study.

**WFF eligible whānau demonstrated need for financial support:** It was apparent that the whānau who were targeted and eligible for a range of WFF payments were in need of some form of financial support to increase income adequacy. Prior to the implementation of the WFF policy, the living standards of WFF-eligible Māori families/whānau were markedly and significantly lower than ineligible Māori households. Beneficiary families with dependent children were the worst-off economically, followed by other beneficiary households (excluding super-annuitants) and low-income working families with dependent children. High-income families with dependent children scored towards the top end of the living standards scale (as measured by ELSI<sub>SF</sub>). Households without dependent children had above-average living standards if the principal adult was employed or retired. This finding confirms those reported in other studies (Krishnan et al. 2002; Jensen et al. 2006). Twice as many WFF-eligible whānau scored in the hardship category and three-quarters of WFF-eligible whānau reported that their income was not enough or only just enough to meet their needs.

**WFF eligible whānau experienced an improvement in income adequacy:** Comparisons between the households interviewed before and after the introduction of WFF (between 2004 and 2007) indicated that WFF positively impacted income adequacy for WFF-eligible whānau. In particular, there was a decline in the proportion of whānau whose income was ‘not enough’ to meet their everyday needs and an equivalent increase in the ‘just enough’ category. After analysis of both Wave 4 and Wave 5 data we found that WFF-eligible families were still worse off economically than other households, but with a slight improvement in living standards and a significant improvement in income adequacy between Waves 4 and 5. Housing satisfaction also improved. One area of concern was the much higher proportion of families having to economise on the purchase of fruit and vegetables in 2011 compared to 2004.

**The impact of WFF was significant but modest, and possibly fragile:** Both the quantitative and qualitative analysis reported elsewhere (Boulton & Gifford 2011; Gifford & Boulton, 2012) confirmed that WFF whānau experienced a significant although modest improvement in income adequacy. While the results of this study provide evidence of the contribution that Working for Families payments make towards improving income adequacy, we note that this improvement – a ‘tipping of the balance’ for many families towards having ‘just enough’ income – was realised within a time period of

other supportive policies for low-income families, such as an increase in the minimum wage and a decrease in the unemployment rate. In the period 2007-2011, following the collection of Wave 4 data, the economy experienced a substantial downturn, with an increase in both the unemployment rate and the number of people in receipt of the Domestic Purposes Benefit (DPB). At the same time, the cost of housing increased, potentially eroding gains in housing affordability. Furthermore the cost of food increased at a faster rate than wages and general inflation during this same period. Thus, the gains we describe above, may well be fragile, particularly as the economic situation of low-income families remains one of considerable hardship in many cases, with families still having to economise on basic necessities such as fruit and vegetables and visits to the doctor. Early gains made by WFF in the period 2004-2007, as evidenced both in this study and others (Perry, 2011), have been impacted by the more recent wider economic recession resulting in continuing hardship and income insufficiency for many Māori whānau.

**The policy (and research) setting and whānau dynamics are very complex:** It is challenging to single out the contribution to whānau living standards of the WFF policy, given its inherently complex and dynamic nature; which necessarily involved changes to a range of entitlements and to eligibility over time, and was implemented within a volatile economic setting. The impact of WFF can, at best, be described as modest when compared to the substantial changes in living standards displayed by many households as a consequence of changes in household circumstances (such as family formation and splitting); movement into and out of the labour force; and income change.

With the exception of a stable group of retirees, the majority of households had some change in their circumstances over the study period. The rate of change was especially high for WFF-eligible families, where 29% changed their family type, two-thirds had a change in the number of dependent children, half had a change in income and over two-thirds of principal adults changed their labour force status. One feature of the data was the fluctuation in labour force status around the margins of employment – between full-time and part-time work and between work, parenting, study and looking for work. The role of whānau in helping to care for each other, and especially for children, the unwell or the elderly, is a benefit to both whānau and broader society. However, it is also important to recognise the pressure this places on some whānau. A third of all whānau (and half of all sole-parent whānau) had at least one other person living with them who was not part of the ‘nuclear family’, but who was most often a relative. More than one in eight of the extended households included an older relative, or a whangai, or young relative, while several other households comprised a sole parent living with her parent(s) and siblings. Māori resiliency is seen in the manner in which whānau contribute horizontally to vulnerable members. Two-thirds of Māori, interviewed for THNR, had given money to help their whānau over the previous month; a figure which was no different in households whose income did not meet their own everyday needs compared to other, wealthier, households.

**Evident tensions between WFF policy objectives:** The Working for Families welfare package, introduced in the 2004 budget, signalled a significant change in welfare policy in New Zealand. It was conceptualised as a tool to target those sectors of the population experiencing social disadvantage and unequal opportunity with a view to increasing overall living standards and reducing poverty across the community. Rather than being specifically tailored to addressing the needs of Māori, its development was informed by the wider reducing inequalities framework with its emphasis on ethnic disparity primarily conditioned by socio-economic factors. WFF was designed to make it easier to work and to raise a family. Targeting low-to-middle income families with dependent children (Perry, 2004), the WFF package sought to improve the incomes of working families going outside the benefit system to meet welfare goals (Johnson, 2005).

As previously discussed, low living standards, high levels of hardship, low income adequacy and the need to economise on even the most basic of items (such as fruit and vegetables) underpinned the need for an improvement in income adequacy for low-income families with dependent children. However, the particularly low living standards faced by beneficiary families is at odds with their lower level of WFF entitlements. We believe this inconsistency arises from the disconnect between the ‘making work pay’ and the ‘income adequacy’ aims of the WFF policy. As a nation we need to consider the implications of excluding unemployed and beneficiary families from full entitlements of the WFF policy. In particular we question the impact of exclusion for Māori whānau who are overrepresented in unemployment and beneficiary statistics. The focus needs to remain on tamariki within whānau and on the impact poverty will be likely to have on their lifetime trajectory and potential life outcomes.

## **Conclusions:**

Working for Families has ‘tipped the balance’ for whānau who are recipients of WFF entitlements. However an equally important finding of this study is the dynamism of whānau in terms of their composition and circumstances.

The results of this study support the contention that Working for Families payments have made a contribution towards improving income adequacy. However, it is noted that this improvement – a tipping of the balance for many families towards having ‘just enough’ income – was realised alongside implementation of other policies for low-income families, such as an increase in the minimum wage and a decrease in the unemployment rate. The more recent economic downturn may reverse the modest improvements that have been made, resulting in a return for many households to a state of income inadequacy. Thus the gain may be a fragile one, particularly as the economic situation of low-income families is still one of considerable hardship in many cases, with families still having to economise on basic necessities such as fruit and vegetables and visits to the doctor.

During the study period (2004-2011) many individual households showed substantial changes in living standards, often associated with changes in

household circumstances such as family formation and splitting, movement into and out of the labour force, and changes to their income. Capturing and understanding the dynamism of whānau, especially as it applies to design and implementation of social policy, is a critical and on-going research goal.

## **Acknowledgement**

The research team would like to thank all those involved with this Working for Families research; our research partners, advisors and participants. We appreciate the time and assistance our research participants in particular have given to this study. They contributed their knowledge and expertise willingly so that others may learn from their experience. The research was funded by the Health Research Council and the Foundation for Research, Science and Technology (FoRST) in 2008.

## **References:**

Boulton, A., Gifford, H. (2011). Implementing Working for Families: the impact of the policy on selected Māori whānau, *Kotuitui: New Zealand Journal of Social Sciences Online*, 6:1-2, pp144-154

Bryson, A., Evans, M., Knight, G., La Valle, I., Vegeris, S. (2007) *New Zealand Working For Families programme: Methodological considerations for evaluating MSD programmes*. PSI Research Discussion Paper 26, London: Policy Studies Institute.

Cunningham, CW., Durie, M., Fergusson, D, Fitzgerald, E., Hong, B., Horwood, J., Jensen, J., Rochford, M., Stevenson, B. (2002). *Living Standards of Older Māori*. Wellington: Ministry of Social Development.

Durie, M. H. (1995). Te Hoe Nuku Roa Framework: A Māori Identity Measure. *Journal of the Polynesian Society*, 104(4), 461-470.

Evans, M., Knight, G., La Valle, I. (2007). *New Zealand Working For Families programme: Literature review of evaluation evidence*. PSI Research Discussion Paper 25, London: Policy Studies Institute.

Gifford, H., Boulton, A. (2012) *Report to HRC on Reducing Inequalities: Analysing the Effect of Government Policy on Whānau Ora*. Whakauae Research for Māori Health and Development, available from [www.whakauae.co.nz](http://www.whakauae.co.nz)

Jensen, J., Spittal, M., Crichton, S., Sathiyandra, S., Krishnan, V. (2002). *The Direct Measurement of Living Standards: The New Zealand ELSI Scale*. Ngā Whakaaturanga Ahuatanga Noho. Ministry of Social Development: Wellington.

Jensen, J., Krishnan, V., Hodgson, R., Sathiyandra, S. G., Templeton, R., Jones, D., et al. (2006). *New Zealand living standards 2004*. Wellington: Ministry of Social Development.

Johnson, N. (2005). 'Working for Families' in New Zealand: Some Early Lessons. <http://www.fulbright.org.nz/voices/axford/johnson.html>. Accessed 26 August 2008

Krishnan, V., Jensen, J., Ballantyne, S. (2002) Living Standards in New Zealand 2000. Ngā Ahuatanga Noho o Aotearoa. Centre for Social Research and Evaluation, Ministry of Social Development, Wellington, New Zealand. Ministry of Social Development, (2008) <http://www.msd.govt.nz/about-msd-and-our-work/work-programmes/policy-development/working-for-families/index.html>. Accessed August 2008.

Perry, B. (2011) *Household incomes in New Zealand: trends in indicators of inequality and hardship 1982 to 2010*. Ministry of Social Development, Wellington, New Zealand.

Perry, B. (2004). Working for families: the impact on child poverty. *Social Policy Journal of New Zealand* 22: 19-54.

Research Centre for Māori Health and Development in collaboration with Whakauae Research Services. (2012). Economic Living Standards for Māori Whānau Before and After Working for Families. Available from [www.whakauae.co.nz](http://www.whakauae.co.nz).

Wehipeihana, N., Pipi, K. (2008). Working for Families Tax Credits: Barriers to Take Up from Potentially Eligible Families. Wellington: Research Evaluation Consultancy Limited.