



Inequality and health

Policy statement

The Public Health Association of New Zealand supports the urgent reduction of inequality. Unequal incomes and wealth are reflected in unequal health outcomes between different income and ethnic groups. We urge government to reduce inequality by developing a framework to provide a basic income for all; supporting education, skills and job creation; and ensuring that the health system promotes equity.

Income and wealth inequality

New Zealand's wide income and wealth gap is a cause for major concern.^{1,2} The top 10% of wealth holders own 52% of the country's total wealth,³ and the 20% of top-earning households take home 5.88 times the income of the 20% of households that earn the least.³ Wealth is disproportionately held by European/Pākehā households, who also have a higher median income.³

Wealth and income inequality between different population groups reflects inequality in the wage system: Māori and Pacific people, and women, are more likely to be unemployed, underemployed or working in low-wage industries.⁽⁴⁾ Māori and Pacific people, and sole-parent families, are also less likely to own property⁽⁵⁾ which is where wealth is concentrated.^{6,7} There is some redistribution through the tax and benefit system. However, there is inequality within the benefit system; for example, Working for Families Tax credits are not available to people working less than 20 hours a week, and unlike superannuation are not indexed to the median wage.⁸

Over the past thirty years, New Zealand, along with most OECD countries, has become more unequal in terms of income as a result of demographic changes, incomes growing more quickly for the rich than the poor, and tax and benefit systems becoming less redistributive.⁽⁹⁾ In New Zealand, most of the increase in income inequality occurred between the mid-1980s and 1990s.⁽³⁾ New Zealand has also become more unequal in terms of wealth, partly because house prices have increased so dramatically.⁽²⁾

Taking action on inequality is crucial to achieving Sustainable Development Goal 10, reducing inequality within and between countries. As part of this commitment, New Zealand, along with other United Nations member states, must "progressively achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average".⁽¹⁰⁾

Unequal outcomes

Health inequities are "differences which are unnecessary and avoidable, but in addition are considered unfair and unjust".⁽¹¹⁾ Health inequities are a result of differential access to the

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conditions for a healthy life, including sufficient income and wealth, adequate healthcare, quality education, fair treatment by the justice system, and a healthy environment. Differences in health between different groups are “caused by the unequal distribution of income, goods, and services and of the consequent chance of leading a flourishing life”.⁽¹²⁾

In New Zealand, the evidence that health relates to social factors, including income, is clear. Childhood poverty is associated with a number of bad health outcomes, including poor oral health, poor cardiovascular health, poor physical health, substance dependence, and age-related diseases such as clustering of metabolic risk factors.^(13–16) People living in deprived areas are more likely to exhibit risk factors associated with poor health, to report an unmet need for primary health care and to have experienced psychological stress.⁽¹⁷⁾ Low-income people are more likely to live in substandard crowded housing, which affects respiratory health and susceptibility to infectious disease.⁽¹⁸⁾

There are health inequities between ethnic groups. Māori life expectancy at birth is 8.3 years less than non-Māori.⁽¹⁹⁾ There are ethnic differences in morbidity across several health indicators, including most major chronic and infectious diseases.⁽²⁰⁾ Māori and Pacific are more likely to report unmet health need, to exhibit risk factors for disease such as hazardous drinking, smoking, and obesity, and have higher rates of psychological distress, diabetes, asthma and chronic pain.⁽¹⁷⁾ These inequities exist due to different health behaviours and exposure to risks that arise from differences in social conditions, including income, wealth, education and employment; differential access to health care; and differences in the quality of care provided.^(21–23)

Inequities also exist in the education and justice systems. Low-income people, and Māori and Pacific people are more likely to achieve poorly at school, leave school early, and attend schools with additional challenges.⁽²⁴⁾ They are more likely to be the offenders and victims of crime, and spend time in prison.⁽²⁵⁾ Poor health, justice, and education outcomes further contribute to the economic marginalisation of these groups, limiting the resources available for nurturing children, becoming educated, and obtaining good work.^(26,27)

Why inequality is an important public health issue

Income and wealth, as well as other social determinants, affect health.⁽¹²⁾ Higher incomes and wealth are associated with better health; “every step up the socio-economic ladder is generally associated with...better health”.⁽²⁸⁾

The evidence on the extent to which the degree of income inequality in a society affects population health is mixed.^(28–30) New Zealand research has found that it is socio-economic status, rather than the degree of inequality in a region or period, which is most important to determining health outcomes.^(31–34) However, it has been found that redistributing income is likely to improve some health outcomes and reduce some health inequalities.⁽³⁵⁾ Many of the actions proposed to address inequality, would, by raising the incomes and increasing the wealth of the poor, also improve health and reduce health inequities.

Treaty of Waitangi implications and implications for Māori as tangata whenua

Under Te Tiriti o Waitangi, it is a Crown obligation to work toward equity/oritetanga. Discussion of rights and equity must acknowledge the “preferential benefit accrued by Pākehā from the systems they introduced and built, and continue to redefine and control”.⁽²¹⁾ Income and wealth inequality between Māori and European people, and

inequalities in health, justice, and educational outcomes, exist because of the impact of colonisation, the dispossession of Māori from their economic base, breaches of Te Tiriti o Waitangi, institutional and personal racism, and the disproportionate impact on Māori of economic reform^(36–38). Māori, as tangata whenua and as Treaty partners, have “the right to monitor the Crown and to evaluate Crown action and inaction”.⁽²¹⁾ Reducing income and wealth inequality via the tax, benefit and wage systems, alongside Treaty settlements, can contribute towards redress.

Priorities for action

Actions to reduce inequality can, by raising the incomes of low socio-economic groups, help to improve health outcomes. Promoting equity is fundamental to Te Tiriti of Waitangi. Creating more and better jobs, reforming the tax and benefit system, and investing in health, education and justice can help reduce inequality.¹

1. Improve the tax and benefit system
 - Investigate fairer systems of taxation and distribution
 - Improve beneficiary incomes and provide better access to education and training
 - Increase income tax for higher earners, minimise tax avoidance, and introduce a form of wealth tax.
2. Boost employment, creating more jobs, jobs that pay better, and jobs that support equity
 - Support pay equity and whanau-friendly workplaces
 - Increase low incomes
 - Reduce racism in the job market.
3. Invest in public services.
 - Invest in quality education throughout the life course; improve educational outcomes for low socio-economic groups; invest in skills and support training for trades
 - Promote health strategies that address risk factors relating to health inequities (eg tobacco, food, housing quality, walkable neighbourhoods and physical activity)
 - Ensure health systems are equitable
 - Prioritise proven effective approaches to lower imprisonment and support rehabilitation,

PHA actions to support reducing inequality

The Public Health Association, including its branches, will:

- Keep members informed of relevant research, key policy/legislative developments and consultations on inequality
- Influence local and central government policy-making regarding inequality through submissions and participation in policy development
- Highlight the connection between inequality, socio-economic status and health outcomes (eg in submissions, and other communications)

¹ Improving the tax and benefit system, boosting employment, and investing in education, skills and other public services are key measures recommended by the OECD to reduce inequality (9). Details on the specific points here are available in a number of New Zealand publications (2,22,26,27,39–49).

- Strengthen relationships with Maori organisation and with aligned advocacy groups on poverty and inequality, as well as those focussed on health, education and justice sector reform, in order to advocate at regional and national levels
- Honour the Treaty of Waitangi
- Support cross-sector action to reduce wealth and income inequality.

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