



PPTA TE WEHENGARUA ANNUAL CONFERENCE 2022

TO EVERYONE A HOME

TĀMAKI MAKĀURAU AUCKLAND REGIONAL PAPER



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File Number. G/E/AC/2022



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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 2023/2024 fiscal year.

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

- 1.1 This paper was originally written for presentation at the 2021 Annual Conference. The restraints imposed by the global pandemic meant the content of the 2021 Conference was significantly reduced, and this paper was one of the items removed from the agenda. The Tāmaki Makaurau Auckland Region believes that the issues raised by this paper are still pressing – indeed, they are more pressing than ever before. Consequently, this paper is being re-presented for the 2022 Conference, with updated statistics, information, and recommendations.
- 1.2 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 were not 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.
- 1.3 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).
- 1.4 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 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 tangata whenua).
- 1.5 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 increasing very quickly. 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.
- 1.6 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).¹ He reasoned that by ending the monopoly of private property owners 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

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

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."² 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).³ It may astonish you to learn that Seddon was proved to be incorrect.

- 1.7 By the end of 1905, only twenty-five 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.⁴
- 1.8 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.⁵ By 1910, just 126 of the five thousand homes promised by Seddon had been built, and the Reform government of William Massey began to sell them from 1912 onwards.⁶ The housing crisis continued to get worse.
- 1.9 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.*
- 1.10 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 workers 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 salary for a teacher was £303 (about \$32,924 today),⁷ when the average annual income for a New Zealander was £500 (about \$49,898 today),⁸ and when the average home cost about £5000 (about \$500,000 today).
- 1.11 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

² Fill, pp 6-8.

³ Fill, pp 20-35.

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

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

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

⁷ *Report of the Minister of Education for the Year Ended 31 December 1934*, <https://atojs.natlib.govt.nz/cgi-bin/atojs?a=d&d=AJHR1935-1.2.2.4.1&l=mi&e=-----10--1---%2E%2E---0-->

⁸ https://www3.stats.govt.nz/New_Zealand_Official_Yearbooks/1936/NZOYB_1936.html#idsect1_1_263363

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.

- 1.12 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 easily attainable goal for the Baby Boom generation.
- 1.13 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 Think Big policies. The fourth Labour Government, elected in the infamous Schnapps Election in 1984, began to introduce economic reforms at breakneck speed.
- 1.14 This deregulation of markets caused inflation rates to fall and led many to invest in the share market. 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 share market 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.
- 1.15 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 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).⁹
- 1.16 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)¹⁰, the ongoing under-provision of homes for Māori,¹¹ 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.¹² 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, by 2018 a house cost, on average, three times what it did in 2000.¹³ Now, in 2022, 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%.¹⁴

⁹ <https://www.newsroom.co.nz/2017/04/19/19623/housing-1989-generation-rent>

¹⁰ http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10617051

¹¹ <https://www.oag.govt.nz/2011/housing-on-maori-land/part2.htm>

¹² <https://www.stuff.co.nz/business/88455171/the-truth-about-inequality-in-new-zealand>

¹³ OECD Economic Surveys: New Zealand 2019.

¹⁴ 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

2 THE SITUATION AS IT STANDS

- 2.1 There are many factors that will influence home ownership rates. However, by far 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 2022. Our incomes are, internationally, quite average,¹⁵ and our cost of living is high.¹⁶ Getting enough money for a house deposit remains stubbornly out of reach for 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.¹⁷
- 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.¹⁸ 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.¹⁹ This is despite a building boom - 17,000 new homes were built in Auckland throughout 2021,²⁰ and consents for new homes were 24% higher in 2021 than 2020.²¹
- 2.4 Even though we're building more and more homes, demand continues to outpace supply and prices continue to grow: in May 2021, it was reported that the average value of a house in New Zealand was \$913,209, a rise of 8.9% in three months.²² 2021 ended with the national average value of a house exceeding \$1,000,000 - meaning house prices increased a record-breaking 27.4% over the year.²³ No urban centre was spared, with house prices rising in our major cities and in our provincial towns.

¹⁵ Indeed, the average annual income in New Zealand is literally the OECD median. In 2020, the last year for which comparable statistics are available, the average annual income in New Zealand was NZ\$65,011.94, which placed us 18th out of the 36 countries in the group. For comparison, the average annual income in the United Kingdom is NZ\$74,586.55 and in Australia NZ\$87,335.89. The OECD country with the highest average annual income is the United States with NZ\$109,778.14. The lowest is Mexico, with NZ\$25,675. The OECD mean annual income is NZ\$69,502.09.

<https://data.oecd.org/earnwage/average-wages.htm>

¹⁶ New Zealand has a current cost of living index of 74.52, which makes us the 18th most expensive country to live in anywhere in the world. By comparison, Australia has an index of 77.75 (14th most expensive), the United States 70.13 (26th most expensive), the United Kingdom 69.65 (27th most expensive), and South Africa 42.09 (78th most expensive). The least expensive place to live is Pakistan, with an index of 19.92. The most expensive is Bermuda, with an index of 146.04. https://www.numbeo.com/cost-of-living/rankings_by_country.jsp

¹⁷ This assumes 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.

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

¹⁹ <https://thediplomat.com/2021/03/can-new-zealand-fix-its-housing-crisis/>

²⁰ <https://www.nzherald.co.nz/nz/housing-crisis-exclusive-data-shows-the-suburbs-aucklands-new-houses-are-being-built-in/LAD07RRZEHWXNXTLYZNDTC54HQ/>

²¹ <https://www.stats.govt.nz/information-releases/building-consents-issued-december-2021#:~:text=In%20the%20year%20ended%20December,from%20the%20December%202020%20year.>

²² <https://www.newshub.co.nz/home/money/2021/05/house-prices-increase-21-percent-as-govt-reserve-bank-changes-fail-to-hit-market.html>

²³ <https://www.rnz.co.nz/news/national/459095/million-dollar-homes-average-new-zealand-house-price-exceeds-1-million-for-first-time>

- 2.5 By the middle of February this year, house prices had risen again. On 1 January this year, the national average value of a house was \$1,006,632. By 1 February, this was \$1,063,765.²⁴ By the end of March, we had reached nearly \$1.2 million²⁵ - although by the end of April, houses had lost value and the average national price was a mere \$1,040,927.²⁶
- 2.6 At the time of writing this paper, the average value of a house remains slightly over \$1 million, a welcome decrease of 2.2% on the last quarter.²⁷ By the time this paper will be debated at Annual Conference, the average value of a home in this country will likely still be around \$1 million, give or take. Although the most recent quarters have seen declines in the median house price, there is a long-term trend in New Zealand for increases quarter-by-quarter. Indeed, if we take the last quarter of 1990 as an arbitrary starting point, we see that house prices since then have increased by an average of 6.3% every quarter.²⁸
- 2.7 It is worth noting here that this is not an issue unique to New Zealand. Australia had a 23.7% year-on-year increase in house prices in the last quarter of 2021, while in the same period the European Union had a 10% increase. In the first quarter of 2022, Japan had a year-on-year increase in house prices of 9%, Canada has 11%, Israel has 16.3%, and Russia 23%. Turkey has seen its house prices increase by 96.4% year-on-year. The United Kingdom and the United States, meanwhile, have seen drops: in the first quarter of 2022, year-on-year house prices fell by 12% in the UK, and in the last quarter of 2021 they fell by 17.1% in the US.²⁹
- 2.8 Of course, it's not just about buying houses. Rents, too, are getting out of hand. Market rents are on the rise everywhere. The national median weekly rent in New Zealand is currently around \$575, a 7% year-on-year increase on 2021.³⁰ Rents have been inexorably increasing year after year after year. This graph, using data from Tenancy Services, shows the steady climb in national median weekly rents from November 2011 (when the median was \$320/week) to November last year (when it reached \$525/week).

²⁴ <https://www.newshub.co.nz/home/money/2022/02/house-prices-up-6-1-pct-with-new-zealand-s-national-average-now-over-1-06-million.html>

²⁵ <https://www.statista.com/statistics/1028580/new-zealand-median-house-prices-by-region/>

²⁶ <https://www.qv.co.nz/news/qv-house-price-index-april-2022-rising-interest-rates-starting-bite-downturn-gathers-pace/>

²⁷ <https://www.qv.co.nz/price-index/>

²⁸ <https://www.ceicdata.com/en/indicator/new-zealand/house-prices-growth>

²⁹ <https://www.ceicdata.com/en/indicator/new-zealand/house-prices-growth>

³⁰ <https://www.stuff.co.nz/business/128452146/tough-time-for-renters-as-median-weekly-rent-increases-by-7-yearonyear> and <https://www.1news.co.nz/2022/04/25/kiwis-paying-more-for-rent-as-inflation-rise-bites/>.

Median weekly rent in New Zealand

All residential property types, Nov 2011–Nov 2021, NZD per week

Provider: Tenancy Services



- 2.9 In Auckland's Mt Albert (a reasonably middle-class sort of suburb), the median market rent is \$600/week. In Māngere, it's \$590/week. In the North Shore suburb of Glenfield, it's \$620/week, while out west in New Lynn, you're looking at about \$560. Down the line in Tauranga, you'll need \$550/week to get a place in Gate Pā. In Whangārei, you'll need \$480/week. In Kaitaia, you'll need \$420/week. In Gisborne, it's about \$423/week. It's about \$465/week in Taupō, \$430/week in Whanganui, \$450/week in New Plymouth, \$500/week in Napier, \$495/week in Palmerston North, and, depending on where you want to live in Wellington, anywhere between about \$550/week and nearly \$700/week.
- 2.10 The South Island is slightly cheaper. Blenheim averages \$485/week, while Nelson is slightly cheaper at \$483/week. Greymouth comes out well (\$375/week), as do Invercargill (\$303/week), Oamaru (\$365/week), Timaru (about \$360/week) and Alexandra (\$400/week). You're not going to be as lucky if you're in Dunedin though – rents there are about \$500/week, while in Queenstown it's about \$578/week. In Christchurch you'll need at least \$580.³¹
- 2.11 House prices and market rents are putting homes (especially conveniently located homes) out of reach of teachers. At the time of writing, the average price in Auckland is \$1,492,807 – up an overall 14.2% from this time last year³² (although down about 12% when compared with November 2021).³³ In Ōpōtiki, prices rose 12.4% in the first quarter of 2022 (the highest price rise anywhere in the country).³⁴

³¹ <https://www.tenancy.govt.nz/rent-bond-and-bills/market-rent/>

³² <https://www.qv.co.nz/price-index/>

³³ <https://www.stuff.co.nz/life-style/homed/real-estate/128637605/here-are-the-areas-with-the-biggest-house-price-falls-since-last-years-peak>

³⁴ <https://www.qv.co.nz/price-index/>

- 2.12 All of this paints a grim picture. It is worth noting though that it's not quite all doom and gloom for homebuyers and renters – prices tumbled by 21.3% during the first quarter of 2022 in the Wairoa District, and the rolling national average market rent has only increased by about 3.6% since January 2021.³⁵ News media are increasingly reporting that the rising costs of mortgage and interest rates are likely to result in drops in average house prices: in May, ASB said we could expect a “modest” decline of about 9% in the national average house price by the end of 2022,³⁶ with some areas seeing declines of 12%. Quotable Value estimates house prices could fall by about 10% this year, while Westpac economists have said the drop could be as high as 15%.³⁷
- 2.13 The problem with these declines is that most houses in most places are still out of reach for most New Zealanders. After all, if the average house in Aotearoa will currently set you back \$1,040,927 then a fall of, say, 9% will only reduce the cost of that average house to \$947,243. Depending on your bank, you'll need a deposit of between 10 and 20% of that to get a mortgage – meaning that even if prices drop as expected, you'll still need at least \$100,000 saved to even get a look in.
- 2.14 The following tables show median house prices as at May 2022³⁸ (with percentage change on 2021), median weekly rental as at the end of the first quarter of 2022,³⁹ and median weekly incomes as measured in the most recent National Census in 2018.⁴⁰

AUCKLAND⁴¹	Median house price, Q2 2022	% change on 2021	Median rental/week, Q1 2022	Median weekly income, 2018
Auckland City	\$1,657,651	↑18.8%	\$580	\$661.54
Franklin	\$1,061,864	↑26.4%	\$600	\$734.62
Manukau	\$1,337,300	↑16.1%	\$600	\$498.08
North Shore	\$1,654,386	↑11.9%	\$620	\$767.31
Papakura	\$1,058,790	↑17.3%	\$590	\$630.77
Rodney	\$1,455,179	↑21.3%	\$600	\$701.92

WAITĀKERE	\$1,205,923	↑14.4%	\$575	\$569.23
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BAY OF PLENTY	Median house price, Q2 2022	% change on 2021	Median rental/week, Q1 2022	Median weekly income, 2018
Kawerau	\$423,658	↑9.2%	\$380	\$396.15
Ōpōtiki	\$596,424	↑15.5%	\$368	\$420.77
Rotorua	\$742,757	↑11.9%	\$435	\$538.46

³⁵ <https://www.stats.govt.nz/information-releases/rental-price-indexes-january-2022>

³⁶ <https://www.newshub.co.nz/home/new-zealand/2022/05/house-prices-larger-lifts-in-mortgage-rates-to-drive-further-decline-in-house-prices-possible-20pct-correction-asb.html>

³⁷ <https://www.rnz.co.nz/news/national/466772/house-prices-continue-to-tumble-overheated-regions-have-biggest-falls>

³⁸ <https://www.qv.co.nz/price-index/>

³⁹ <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/>

⁴⁰ Median weekly income is taken from business employment data compiled by StatsNZ. The last reliable data set for this is the 2018 Census. <https://www.stats.govt.nz/tools/2018-census-place-summaries/auckland-region>.

⁴¹ QV and other agencies record house prices against the old Auckland local authority boundaries. The median house price across the entire Auckland Region is currently \$1,492,807.

Tauranga City	\$1,193,589	↑20.3%	\$590	\$582.69
Western Bay of Plenty	\$1,082,536	↑25.7%	\$500	\$582.69
Whakatāne	\$798,371	↑16.9%	\$485	\$505.77

CANTERBURY	Median house price, Q2 2022	% change on 2021	Median rental/week, Q1 2022	Median weekly income, 2018
Ashburton	\$528,484	↑19.4%	\$370	\$690.38
Christchurch City	\$801,614	↑28.4%	\$460	\$632.69
Hurunui	\$626,289	↑28.1%	\$435	\$607.69
Kaikōura	\$679,216	↑17.9%	\$378	\$623.08
Mackenzie	\$675,599	↑6.9%	\$388	\$642.31
Selwyn	\$892,894	↑35.1%	\$550	\$821.15
Timaru	\$519,898	↑16.8%	\$360	\$582.69
Waimakariri	\$727,040	↑33.8%	\$480	\$646.15
Waimate	\$433,892	↑26.5%	\$330	\$517.31

CHATHAM ISLANDS	Median house price, 2022	% change on 2018 ⁴²	Median rental/week, Q1 2022	Median weekly income, 2018
	\$322,000	↑33.6%	\$150	\$692.31

GISBORNE	Median house price, Q2 2022	% change on 2021	Median rental/week, Q1 2022	Median weekly income, 2018
	\$689,163	↑13.3%	\$473	\$498.08

HAWKE'S BAY	Median house price, Q2 2022	% change on 2021	Median rental/week, Q1 2022	Median weekly income, 2018
Central Hawke's Bay	\$714,792	↑23.4%	\$400	\$557.69
Hastings	\$897,507	↑12.6%	\$450	\$546.15
Napier City	\$898,933	↑12.6%	\$580	\$555.77
Wairoa	\$382,315	↓6.4%	\$350	\$434.62

MANAWATŪ-WHANGANUI	Median house price, Q2 2022	% change on 2021	Median rental/week, Q1 2022	Median weekly income, 2018
Horowhenua	\$660,210	↑13.7%	\$480	\$459.62
Manawatū District	\$678,673	↑10.7%	\$480	\$623.08
Palmerston North City	\$733,791	↑6.7%	\$500	\$576.92
Rangitīkei	\$509,563	↑18.6%	\$420	\$523.08
Ruapehu	\$427,667	↑13.6%	\$360	\$486.54
Tararua	\$478,751	↑16.7%	\$360	\$505.77
Whanganui	\$590,747	↑16.1%	\$400	\$469.23

⁴² The most recent data for house prices in the Chatham Islands is March 2022. The previous data point was in 2018. The Chatham Islands have seen a 33% increase in house prices between 2018 and 2022.

MARLBOROUGH, NELSON, TASMAN	Median house price, Q2 2022	% change on 2021	Median rental/week, Q1 2022	Median weekly income, 2018
Marlborough	\$769,829	↑12.4%	\$485	\$605.77
Nelson	\$869,465	↑13.6%	\$483	\$569.23
Tasman	\$889,427	↑15.3%	\$550	\$553.85

NORTHLAND	Median house price, Q2 2022	% change on 2021	Median rental/week, Q1 2022	Median weekly income, 2018
Far North	\$799,770	↑31.4%	\$420	\$434.62
Kaipara	\$948,723	↑27.9%	\$455	\$471.15
Whangārei	\$851,232	↑18.6%	\$493	\$528.85

OTAGO	Median house price, Q2 2022	% change on 2021	Median rental/week, Q1 2022	Median weekly income, 2018
Central Otago	\$791,227	↑16.4%	\$400	\$640.38
Clutha	\$443,734	↑21.3%	\$355	\$594.23
Dunedin City	\$698,673	↑5.9%	\$425	\$490.38
Queenstown Lakes	\$1,649,947	↑19.3%	\$550	\$780.77
Waitaki	\$513,457	↑17.4%	\$365	\$532.69

SOUTHLAND	Median house price, Q2 2022	% change on 2021	Median rental/week, Q1 2022	Median weekly income, 2018
Gore	\$420,446	↑12.9%	\$360	\$594.23
Invercargill City	\$495,514	↑13.5%	\$303	\$575
Southland District	\$545,061	↑18.7%	\$303	\$698.08

TARANAKI	Median house price, Q2 2022	% change on 2021	Median rental/week, Q1 2022	Median weekly income, 2018
New Plymouth	\$758,419	↑19.2%	\$450	\$584.62
South Taranaki	\$495,865	↑24.3%	\$440	\$553.85
Stratford	\$525,569	↑17.9%	\$420	\$551.92

WAIKATO	Median house price, Q2 2022	% change on 2021	Median rental/week, Q1 2022	Median weekly income, 2018
Hamilton City	\$895,523	↑13.0%	\$410	\$580.77
Hauraki	\$706,662	↑17.7%	\$298	\$473.08
Matamata Piako	\$760,800	↑17.4%	\$450	\$623.08
Ōtorohanga	\$553,338	↑18.1%	\$390	\$580.77
South Waikato	\$492,623	↑16.6%	\$385	\$478.85
Taupō	\$925,663	↑22.7%	\$463	\$667.31
Thames Coromandel	\$1,322,368	↑29.1%	\$445	\$478.85
Waikato District	\$836,720	↑26.3%	\$490	\$667.31
Waipa	\$925,218	↑16.7%	\$510	\$682.69
Waitomo	\$404,741	↑15.5%	\$355	\$525.00

WELLINGTON	Median house price, Q2 2022	% change on 2021	Median rental/week, Q1 2022	Median weekly income, 2018
Carterton	\$775,517	↑14.4%	\$470	\$573.08
Hutt City	\$964,626	↑3.0%	\$570	\$667.31
Kapiti Coast	\$982,252	↑7.7%	\$350	\$571.15
Masterton	\$707,635	↑16.5%	\$443	\$534.62
Porirua City	\$992,991	↑7.6%	\$555	\$661.54
South Wairarapa	\$964,180	↑16.8%	\$550	\$632.69
Upper Hutt	\$900,734	↑6.0%	\$630	\$680.77
Wellington City	\$1,227,636	↑7.6%	\$668	\$803.85

WEST COAST	Median house price, Q2 2022	% change on 2021	Median rental/week, Q1 2022	Median weekly income, 2018
Buller	\$369,790	↑28.0%	\$325	\$440.38
Grey	\$375,045	↑25.2%	\$375	\$532.69
Westland	\$429,747	↑27.2%	\$335	\$569.23

- 2.15 Rises in house prices and rents has outpaced rises in wages and salaries. Despite the current government’s protestations to the contrary, it is apparent that New Zealand is in a cost-of-living crisis – and that this crisis is affecting people across income brackets. Having difficulty making ends meet is no longer the monopoly of those in traditionally low wage “unskilled” industries. The middle classes are now struggling to put food on their tables too.
- 2.16 In 2021, the last year for which data is available, the national median weekly income from wages and salaries, across New Zealand, was \$1093,⁴³ which is a 3.0% increase on the median from 2020.⁴⁴ Of course, the national median income is greater if you’re a man – your national median is \$1247. For women, it’s \$960. The national median hourly rate is currently \$27.76, which is increase of 76 cents from last year. As mentioned earlier, the national median weekly rental is \$575. This means that, if you’re renting, the average New Zealander is going to be spending about 53% of their income on rent. If they’re trying to save for a house, that means if the current median house price is \$1,040,927 and if they’re aiming for a 20% deposit (which is \$208,185), it’s going to take them some time.
- 2.17 The situation is worse if you’re living in places like Auckland’s North Shore, Manukau, the Horowhenua, or Napier or Tauranga cities. There, the median weekly rental exceeds the median weekly income.

⁴³ It’s worth noting here that \$1093 is the median from wages and salaries. If you include people whose sole or primary source of income is a benefit or allowance from the government, then the national median weekly income drops to \$770.

⁴⁴ [https://www.stats.govt.nz/information-releases/labour-market-statistics-income-june-2021-quarter#:~:text=In%20the%20year%20to%20the,%2432%20\(3.0%20percent\)%20to%20%241%2C093](https://www.stats.govt.nz/information-releases/labour-market-statistics-income-june-2021-quarter#:~:text=In%20the%20year%20to%20the,%2432%20(3.0%20percent)%20to%20%241%2C093)

Median weekly income across all wage and salary earners ⁴⁵		\$1093.00
Median weekly expenses ⁴⁶	Accommodation (rent)	\$575.00
	Clothing	\$96.83
	Communications (including internet)	\$33.83
	Food	\$280.00
	Insurance	\$32.40
	Medical expenses	\$58.83
	Property maintenance	\$70.50
	Transportation (including public transport and private vehicles)	\$52.98
	Utilities (electricity, gas, water)	\$42.83
All median expenses (rounded)		\$1243.00

2.18 This table shows that, if you're earning the median income, and you're spending the median amounts calculated by Inland Revenue, it is impossible to make any savings. In fact, you're going to be going further and further into debt. You definitely will be unable to save for a house deposit - and this doesn't consider things like student loan repayments either.

2.19 In 2005, a PPTA Te Wehengarua taskforce reported on the impact of student loans on teachers. It said that the prohibitive 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.⁴⁷ 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 18 years since, it is unlikely anything has changed.

⁴⁵ This value of \$1093 is the median income from wages and salaries only. This is different from the median income from all sources (including benefits and allowances). The median income from all sources in New Zealand is currently \$770.

⁴⁶ These example costs are drawn from the IRD Household Expenditure Guide, which was last updated in August 2020. <https://www.ird.govt.nz/-/media/project/ir/home/documents/forms-and-guides/ir100---ir199/ad164/2020.pdf?modified=20200907050256>

⁴⁷ The taskforce presented a paper to the Executive in 2005: Student Loans: The cost of living on borrowed time.

- 2.20 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 Te Wehengarua joined with other unions/groups calling for change in this area and were ultimately successful in getting interest removed from student loans. However, 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.
- 2.21 When it comes to teachers, the case could be made that we're in a relatively safe position: our salaries (generally speaking) increase year-on-year, and with a bit of careful planning and frugality, a teacher's income 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.
- 2.22 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 Te Wehengarua 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.⁴⁸

- 2.23 Such accommodation costs will disproportionately impact teachers living in areas within which the median cost of housing is excessive. Government agencies who have an interest in these things take "excessive" to mean "any situation in which a household is spending at least 40% of the household income on accommodation." If we take that as our benchmark, then about one-third of New Zealanders are in accommodation where the costs are excessive.⁴⁹

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 or so, we see that things are dire.
- 3.2 This graph shows the percentage increase of teacher salaries at the top of the base scale (TBS) year-on-year (excluding any units and allowances),⁵⁰ the annual change in the consumer price index (CPI),⁵¹ and the annual percentage increases in the median house price. The CPI is ordinarily reported quarterly, and increases in median house prices are

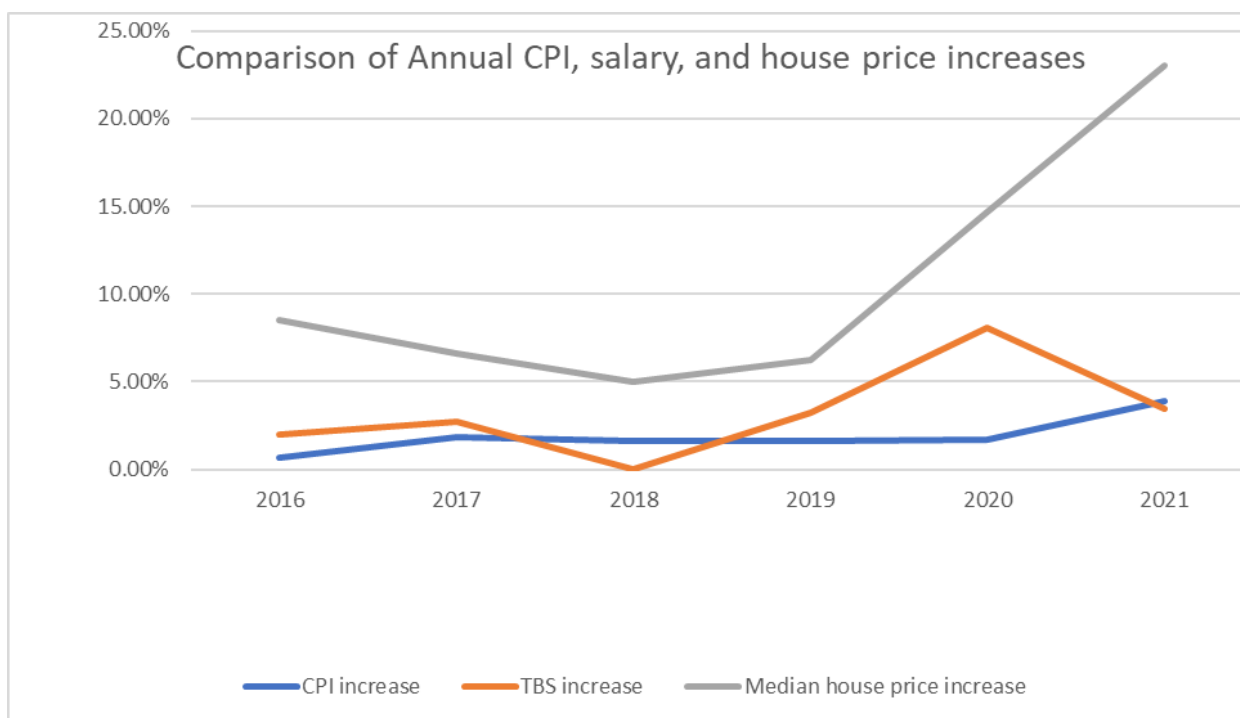
⁴⁸ AC2009 Paper: Housing Affordability.

⁴⁹ <https://www.stats.govt.nz/information-releases/household-income-and-housing-cost-statistics-year-ended-june-2019>

⁵⁰ <https://www.education.govt.nz/school/people-and-employment/employment-agreements>

⁵¹ <https://www.rbnz.govt.nz/statistics/key-graphs/key-graph-inflation>

reported monthly. For this graph, we have calculated annual percentage changes for all three metrics:



3.3 Between the first quarter of 2016 and last quarter of 2021 the consumer price index has increased by an average compounded 2.4% pa. Median house prices have increased by 93% (from \$520,000 in December 2016 to \$1,006,632 in December 2021). The top of the base scale for trained teachers has increased five times over this period (in 2016, 2017, 2019, 2020, and 2021), by an average of 3.3% each time. While we have stayed ahead of general inflation it has become increasingly harder for those who do not already own their own houses to move onto the housing ladder.

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 do not get any allowances or units. Suppose too that they only spend the average weekly amount on their groceries, utilities, and other expenses. They are making the minimum contributions to Kiwisaver, but they do not have a student loan. They are renting, paying the average weekly rent of \$500. 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 \$839.52. We might hope they have a partner to help make up the difference.

⁵² <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.

- 3.5 Let's move that teacher out of Auckland, and to Dunedin - we won't make any other changes to their circumstances. They will 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.
- 3.6 Suppose we were to assume our imaginary teacher does have a partner, and let us suppose they are 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 have got \$559.68 left over if they are living in Auckland. In Dunedin, they would have \$504.08 left. They have \$581.48 in Whangārei, and about the same in Tauranga. We might say to our teachers that they have done well, and they can save their extra money for that long-awaited house deposit - but not so fast!
- 3.7 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 6.3% every quarter (for an average 25.2% 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.⁵³

Median house price	Minimum deposit (20%)	CPI (estimate)	Top of the base scale (estimate)	Approximate time taken to save 20% deposit
\$1,040,927	\$208,185	1.57%	\$91,500	About 11 years
\$1,303,241	\$260,648		\$93,000	About 14 years
\$1,631,658	\$320,105		\$94,500	About 17 years
\$2,042,836	\$408,567		\$96,000	About 21 years
\$2,557,631	\$511,526		\$97,500	About 26 years
\$3,202,154	\$640,430		\$99,000	About 32 years

Something needs to be done.

⁵³ We are aware, of course, that saving 20% of your salary each week can be an unattainable goal for many teacher families.

4. WHAT ABOUT AN ACCOMMODATION SUPPLEMENT FOR TEACHERS?

- 4.1 PPTA Te Wehengarua members in regions around the country where accommodation is expensive have often called for some sort of accommodation supplement for teachers. In the 2018-2019 industrial round, PPTA Te Wehengarua 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 Although accommodation supports like those asked for in the 2018-2019 round would not have been huge, they would have been a much-needed fillip to many teachers. 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.
- 4.4 During negotiations, the Ministry of Education rejected our proposals for accommodation support.
- 4.5 After the collective agreement came into force on 1 July 2019, some members called for accommodation supports to be campaigned for in the 2022 round. We have not included an accommodation supplement in our 2022 claim. Although there is, as this paper shows, a clear need for many of us to receive some sort of relief from the costs of accommodation, members wanted our 2022 claim to focus on more immediately winnable goals.
- 4.6 Suppose for a moment that the accommodation supplement proposed in the 2018-2019 industrial round *had* been adopted. In the first quarter of 2022, the national median weekly rental was \$575. 110% of that is \$632.50. It is difficult to determine how many teachers would be eligible for a supplement of \$100 a week without knowing the median rental of houses within a 2km radius of every post-primary school in the country. However, we do know which areas have a median weekly rental cost of at least \$632.50: at the moment, that dubious honour is exclusively held by Wellington City, with a median weekly rental of \$668. Upper Hutt is the next closest – they're just \$2.50/week away from reaching the national median.
- 4.7 When this paper was first written for the 2021 Conference, there were five rohe around the country that had local medians that were 110% of the national median – at the time, that was \$500/week. A year ago, teachers in the Auckland and Upper Hutt regions and Tauranga, Porirua, and Wellington cities would have been eligible for an accommodation supplement. Last year, there were about 8,800 secondary school teachers in Auckland.⁵⁴ We assumed that just half could be entitled to accommodation support and said that the total annual cost for Auckland would have been \$22,880,000. Chump change, when compared to the overall cost of the education budget. We added in the secondary teachers in the Hutt, Porirua,

⁵⁴ <https://www.educationcounts.govt.nz/statistics/teacher-numbers#3>

Tauranga, and Wellington, and assumed that only half of them would be eligible to support, we reached 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 reached an annual cost of \$55,107,000.

4.8 The total annual cost for the 2022 year would be less, of course. Take all the secondary teachers in Wellington and assume that just half would be eligible for a supplement. That's an annual cost for 2022 of \$2,138,500.

4.9 Of course, there are arguments that can be made against an accommodation supplement:

- 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, 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 Crown 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.

4.10 Nonetheless, this paper proposes that we should campaign for some sort of accommodation support. There may be unintended consequences, but every small boost 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 TE WEHENGARUA 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 particularly good chance that someone in your classroom is living in a precarious housing situation, where even a slight increase in rent may see them homeless.⁵⁵ 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.⁵⁶ Similarly, First Union is pushing for large-scale construction projects to help our housing problem, arguing that "affordable housing is fundamental to our quality of life. All New Zealanders should have secure, warm, dry, energy-efficient housing. No questions."⁵⁷ There is every reason to join with our comrades in this fight.
- 5.3 Notwithstanding the earlier discussion in this paper of the accommodation supplement model proposed in 2019, this paper is agnostic on what form any accommodation support should take. We do believe though that something must be done. Whether accommodation support is enshrined in some future collective agreement or whether it sits outside such agreements is a moot point. What matters is that household stresses are diminished as much as possible - a teacher who doesn't have to worry quite so much about how they're going to pay rent this week is a teacher that will be able to focus that much more on their mahi and their learners.
- 5.4 We cannot, of course, campaign for any accommodation supports to be included in the 2022 collective agreement round. At the time of writing, negotiations are underway. By the time Conference is convened, we will, hopefully, have a new collective agreement in place. Similarly, it isn't appropriate to be calling for things to be added to some future collective agreement - it's not in good faith to be talking about the content of the 2025 negotiation rounds when the 2022 rounds are still underway (or have only just recently been concluded).
- 5.5 This does not mean we cannot campaign about accommodation though. That is why this paper recommends that PPTA Te Wehengarua, 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.

⁵⁵ 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>

⁵⁶ <https://www.psa.org.nz/media/releases/government-should-spend-surplus-on-housing-health-and-social-services/>

⁵⁷ <https://www.firstunion.org.nz/whats-new/a-future-that-works>

- 5.6 In order to best know what such a campaign should focus on, we propose a taskforce be created to prepare a report for our Executive. 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.
- 5.7 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 2023 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 Te Wehengarua 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 author a report that very clearly enunciates the housing issues faced throughout the country.
- 5.8 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 2023/2024 fiscal year. The work of the taskforce would also be used to inform region-specific campaigns.
- 5.9 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.