

NEW ZEALAND

**Living Standards**  
— 2000 —

*Ngā Āhuatanga Noho o Aotearoa*

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Ministry of Social Development

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This document is also available on the Ministry's website:  
[www.msd.govt.nz](http://www.msd.govt.nz)

ISBN:0-478-25128-9

Graphic design and print management by Graphetti Design Studio Ltd, Wellington

#### **Acknowledgements**

The authors would like to thank the many national and international reviewers who gave generously of their time to provide valuable criticism of earlier drafts and constructive suggestions for improvement. Thanks are also due to the many people within the Ministry of Social Development who made contributions by way of review, discussion, practical assistance or moral support. Particular thanks are due to Sathi Sathiyandra for his expert assistance with statistical analyses and data extraction.

#### **Disclaimer**

Any opinions expressed in this report are those of the authors and do not necessarily represent the views of the Ministry of Social Development.

# Foreword

Discussions about living standards are generally hampered by a lack of comparable and comprehensive data about different groups in society.

This report heralds an ongoing research programme focused on developing a comprehensive description of the living standards of New Zealanders. Besides being important in its own right, such a description will enable governments and communities to develop evidence-based policies to address disparities between different groups of New Zealanders.

In 1999, the Super 2000 Taskforce commissioned a comprehensive survey of the living standards of older people. Three separate surveys were conducted in order to meet the objectives of the research. Two were surveys of older New Zealanders; the first was a general survey, while the second was a survey of older Māori. The third survey was a sample of working-age people. Although the Super 2000 Taskforce was disbanded in March 2000, the survey and the related streams of research were continued by the then Ministry of Social Policy (now the Ministry of Social Development).

The first reports, *Living Standards of Older New Zealanders* and the companion technical report, were published in 2001. The latter documented the development of a measurement tool, the Material Well-being Scale, based on consumption of commonly desired goods/amenities. *Living Standards of Older New Zealanders* is a description of older New Zealanders based on data collected using the Material Well-being Scale.

*Living Standards of Older Māori* was published this year, documenting the use of the Material Well-being Scale to describe the living standards of older Māori.

The researchers recognised that the Material Well-being Scale needed modification if it was to be valid across the whole population. The survey of working-age people contained living standard measurement items but (unlike the survey of older people) included few potentially explanatory variables. Using the measurement items, the researchers have developed a second living standards measure, (broadly similar to the one for older people) that is applicable to the population as a whole. This new generic measure is called the Economic Living Standard Index (ELSI).

Using ELSI, the researchers have been able to describe the living standards of New Zealanders in a new and revealing way.

Future work scheduled by the Ministry will expand on this description and seek explanations for the differences observed between sub groups. Ongoing surveys will enable the development of a detailed analysis of changes over time.

This research programme will provide researchers and policy makers across sectors with a rich database to underpin future policy initiatives.

I commend the Centre for Social Research and Evaluation of the Ministry of Social Development for the valuable contribution this research is making toward building a better understanding of our society.



**Peter Hughes**

Chief Executive, Ministry of Social Development

# Contents

<b>Chapter 1: Introduction and background</b>	<b>6</b>
Introduction	6
The origins of the research	6
Public and Government concern about deprivation and inequality	7
The need for a good measure of living standards	8
The ELSI Scale	8
The aims of the present report	9
<b>Chapter 2: The Economic Living Standard Index</b>	<b>11</b>
Introduction	11
The surveys	12
The ELSI measure	13
<b>Chapter 3: An overview of the living standards of the total population</b>	<b>39</b>
Introduction	39
Part 1: Overall distribution of living standards	39
Part 2: Variations in living standards across demographic and social groups	41
Part 3: Living standards by financial characteristics of the population	63
Summary	70
<b>Chapter 4: The living standards of the Māori population</b>	<b>73</b>
Introduction	73
Overall distribution	74
Variations in Māori living standards across demographic and social groups	75
Living standards of Māori by financial characteristics	89
Summary	93
<b>Chapter 5: The living standards of the New Zealand Pacific population</b>	<b>95</b>
Introduction	95
Overall distribution	96
Variation in the living standards of Pacific people across demographic and social groups	97
Living standards of Pacific population by financial characteristics	104
Summary	107

<b>Chapter 6: Families with dependent children</b>	<b>109</b>
Introduction	109
Overall distribution	109
Variations in living standards across demographic and social groups	110
Living standards of families with dependent children by financial characteristics	117
Restrictions in consumption experienced by children	118
Summary	121
<b>Chapter 7: Living standards of the low-income population</b>	<b>123</b>
Introduction	123
Overall distribution	125
Income source	126
Relationship between living standards and financial circumstances in the low-income group	127
Summary of relationship between living standards and the factors examined	134
Summary	136
<b>Chapter 8: Concluding comments</b>	<b>139</b>
References	145
<b>Appendix A: Characteristics of population by living standards categories</b>	<b>148</b>
<b>Appendix B: Summary of effective sample sizes and confidence intervals</b>	<b>152</b>
<b>Appendix C: ELSI Items and Score Calculation</b>	<b>171</b>

# Introduction and background

## ■ Introduction

This report provides a broad description of the living standards of New Zealanders. It examines the distribution for the population as a whole and for groups that have been a focus for social policy analysis and interventions. Thus it has separate sections on people with low incomes, Māori, Pacific people in New Zealand and families with dependent children.

A new social measurement tool, the Economic Living Standard Index (ELSI) underpins the analysis presented in this report. The ELSI scale consolidates a large amount of information about different aspects of individual economic well-being into a single score. The score has been shown to be a valid and reliable measure of the individual's standard of living, and is readily interpretable within the context of familiar ideas about living standards and the language commonly used to express those ideas.

## ■ The origins of the research

In 2001, the Ministry of Social Policy (now the Ministry of Social Development) published the results of a large scale research study on the living standards of older people (defined as people aged 65 years and older) (Fergusson et al, 2001). The study was initiated by a group called the Super 2000 Taskforce, established by the 1996-1999 National-led coalition government to advise it on the New Zealand state pension system. The Ministry assumed responsibility for this study when the Taskforce was disestablished in March 2000. The living standards research programme has been established by the Ministry to develop and carry forward the research begun by the Taskforce. More details on the background to this research are given in the next chapter.

The living standards of older New Zealanders was an issue on which there were contested views. On the one hand, there had been intermittent claims - based primarily on anecdotal information - of extensive poverty amongst older people<sup>1</sup>. On the other hand, there were other sources of indicative information (for example, the comparatively infrequent use of food banks by older people) that failed to support such a conclusion<sup>2</sup>. Although a complete resolution of these opposing views cannot be expected, the research went a long way towards clarifying the issue. It concluded that the majority of older people 'were doing quite well and had relatively few material restrictions and difficulties [but that] a minority (around 5 percent of the sample) had quite marked material hardship and a further 5-10 percent had some difficulties'.

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1 See New Zealand Press Association 10/11/1999, 'BOP Elderly Living on Bread and Jam'.  
*The Evening Standard* 17/05/2002, 'Rent Increase Opposed'.  
*New Zealand Herald* 02/04/2002, 'Surge in Food-Parcel Demand Reflects Poverty of City's Elderly'.  
*New Zealand Herald* 06/04/2002, 'A Haven for the Lucky Few'.

2 See Social Policy Agency, 1994.

The work reported here moves forward to the task of describing the living standards of New Zealanders generally. How well it has succeeded is a matter for the judgement of those for whom it has been written, which includes all those with a concern about social well-being as well as more specific target audiences of policy makers and social scientists. This has been an ambitious project. It seeks to achieve an important goal by systematically combining a wide range of new information, collected specifically for the purpose. By doing this, the report is able to describe the living standards of New Zealanders in a new and revealing way. While some of the findings reinforce familiar ideas, others are new and surprising, pointing towards potentially fruitful new directions for future research. The analysis of living standards, taken as a whole, offers a panoramic picture that has a scope and level of detail not previously available.

### ■ Public and government concern about deprivation and inequality

Standard of living is a topic of great and enduring interest to social scientists, academics, social policy makers. This applies as much in New Zealand as it does in most parts of the world.

Over the past twenty years there has been continuing social and political debate in New Zealand about the economic position of the country and the development path it should take. Sharply dissenting positions have been taken by political parties and social commentators about the effectiveness and fairness of the economic and welfare reforms that have occurred. Most of this debate (directly or by implication) has touched upon or made claims about past and present living standards, and the ways in which they have been affected by the policies that governments have pursued.

Several themes can be distinguished in the public debates. One theme concerns poverty - its causes, effects, prevalence and the extent to which it has been worsened or ameliorated by changing economic conditions and government policies. This theme is reflected in accounts of some people having to rely on food banks and charitable assistance to meet basic needs, and sometimes falling into ill-health because they've been unable to do so<sup>3</sup>. Such accounts raise fundamental issues of social justice (are the human rights of disadvantaged people being safeguarded by the state?) and fiscal efficiency (will the deteriorating living conditions of some people create future social costs in the form of crime and ill-health?).

A related theme concerns inequality: is there a widening disparity between rich and poor, between disadvantaged groups and the rest of New Zealand society? These questions raise issues of social equity and the degree of egalitarianism that New Zealand society desires and is achieving. A third theme concerns where New Zealand stands in relation to the other countries with which it has traditionally compared itself. Are the living standards of New Zealanders better or worse than those of people in other developed nations? Has New Zealand been slipping down a ladder of relative living standards?

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3 Social Policy Agency, 1994;  
The Benefit Advocacy/Departmental Joint Working Group, 2001.  
See also *The Southland Times* 10/6/2002 'Foodbank Users Face Price Rise'.  
*The Evening Post* 11/7/2002 'Families Forced to Forgo Essentials'.  
*The Evening Standard* 6/6/2002 'Poverty Bites Hard on Users of Foodbanks'.

## ■ The need for a good measure of living standards

To answer these questions confidently requires data and tools of social measurement that go beyond those historically available. Measures of GDP and GDP per capita, household income etc. do not provide a good picture of the achieved standard of living that New Zealand families enjoy. This has made it difficult for living standard differences between groups to be assessed, and for changes over time to be monitored with any precision.

The ELSI scale, which is used for the first time in this analysis, is designed to help fill a gap in tools for living standard measurement. This report addresses only some of the questions raised above, but the measurement tool that it describes and uses will be of interest and assistance to all with an interest in them.

## ■ The ELSI scale

Most research relating to the economic well-being of New Zealanders has focused on assessing poverty. The measurement of poverty involves the use of thresholds to split groups into two categories: those who are and are not in poverty, for different households or family types. This involves using a measure of living standards that places people above or below the threshold that is chosen (see Easton, 1995; Stephens et al, 2000; Krishnan, 1995). These approaches have primarily involved using indirect approaches to measuring living standards or poverty i.e. income and expenditure proxies. Indirect measures (or proxy measures) generally focus on the resources and entitlements that would enable particular goods and services to be obtained, or on current purchasing behaviour (Ringén, 1988). Direct (or outcome) measures are based on asking people how they are actually living in terms of their possessions, activities and how well they get by financially.

The ELSI measure is of the second type. This marks it out from most other research in the area. It is also distinctive in another important respect: it is designed to cover the full range of living standards, from high to low, rather than to distinguish just between those who are above or below a poverty threshold. The ELSI scale itself does not imply where a poverty threshold should be placed.

The development of the ELSI measure is described briefly in the next chapter. However, because the measure is based on a relatively uncommon approach to measuring living standards, a few introductory comments about the approach are relevant at this point. Social scientists and economists most commonly approach the task of measuring individual or family economic well-being through the lens of income or expenditure. When income is used, it is usually adjusted for family or household size. Income-based measures have the advantage of being able to be applied in any research or monitoring context where income data are collected, but they cannot take account of some other factors known to be relevant to an achieved standard of living. These include such things as cost of accommodation, debt repayments, ability to draw on assets when needs cannot be met from current income and assistance from family members and others. Living standards research has shown that differences with respect to these factors can produce large differences in the actual living standards of people with the same income<sup>4</sup>. Some of the results presented in this report reinforce that conclusion.

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<sup>4</sup> This may be in part because income measures of living standards ignore the extent to which people use their income in ways that do not contribute to their own living standard. Examples of such uses of income are donations to charity, assistance to extended family members (for example, remittance of funds by Pacific people in New Zealand to family members who have not emigrated), and personal saving (for example, people who live 'below their income' to save intensively for the purchase of a home). Such uses of income do not contribute to the persons current living standard (to the extent that living standard - as distinct from utility - is regarded as being reflected primarily in current consumption).



Income-based measures can be complemented by making use of expenditure information to cover some of the gaps described above, but expenditure information is difficult to collect in a comprehensive way, and brings conceptual problems of its own. The living standards of some people may be affected by factors other than their expenditures; for example, by the home production of food, perks from employment and receipt of assistance from family members.

A living standards measure such as the ELSI scale provides a valuable means of complementing analyses based on income and expenditure data. The ELSI scale measures the extent to which people are doing the sorts of things, consuming the sorts of products and enjoying the sorts of amenities that are commonly understood as being aspects of living standard. The next chapter lists types of activities, consumption items and amenities that are included in the scale.

### ■ The aims of the present report

This report is intended to provide a snapshot of the living standards of New Zealanders. It provides an examination of the range of living standards in the population as a whole, and then provides more detailed inspection of four particular groups (which are not mutually exclusive). These groups (Māori, Pacific, families with dependent children and the low-income population) have been selected because they have featured strongly in public debate on issues of social well-being, and have been a focus of social reporting in New Zealand.

This report is descriptive. It seeks to present a picture of current living standards but not to explain that picture in terms of the forces and mechanisms that have given rise to it. Although the earlier work on living standards of older New Zealanders was able to investigate factors underlying differences in living standard for older people, data collected so far for people of working age does not include the same range of potential explanatory factors. This is an area for future research.

The next chapter (Chapter 2), describes the ELSI scale. Chapter 3 provides an overview of the living standards of the total population across a number of social, demographic and financial characteristics. Chapters 4 and 5 summarise the living standards of the Māori and Pacific populations, respectively. Chapter 6 describes the living standards of families with dependent children while Chapter 7 examines the living standards of the population with low incomes. Chapter 8 concludes this report by highlighting pertinent issues requiring a policy focus, which have been drawn out of the results of this research.

The present report is only an initial broad overview of the living standards of New Zealanders. The surveys on which it is based provide a very rich set of data that permit detailed analysis of many important issues that have been touched upon only lightly in this report. There will be continuing analysis of this data, both within the Ministry of Social Development and outside of it, to address these more specific issues. The data set is available to other government agencies and bona fide researchers to conduct their own analyses, whether these are extensions of the ones reported here or are directed towards new questions.



# The Economic Living Standard Index

## ■ Introduction

The analysis and results presented in this report are based on data collected in the course of the research project on the living standards of older New Zealanders. As noted in the introduction to this report, that project was initiated by the Super 2000 Taskforce, which commissioned three separate sample surveys. Two were surveys of older New Zealanders: a general sample and a supplementary older Māori sample. In each case, the field data collection was carried out by Statistics New Zealand (SNZ). The third survey was a sample of working-age people with the data being collected by a private survey and research firm, AC Neilson NZ Ltd. For the purposes of the research, older New Zealanders were specified as those aged 65 years and older and working-age people as those aged 18-64 years.

The purpose of the older people's survey was to gather data for analysing the living standards of older New Zealanders. To boost the number of older Māori in the research, a supplementary older Māori survey was undertaken which enabled a detailed examination of the living standards of older Māori. The working-age survey was to enable the living standards of older people to be examined in the wider context of overall New Zealand living standards. Three reports have been published documenting the first analyses<sup>5</sup>.

At an early stage of the project on older people, the Ministry decided that the data provided by the surveys should be used as the foundation for a continuing programme of research on living standards. This present report is the first publication to result from that programme. Its work has involved extensive analysis of the survey data to develop a general living standard measure suitable for examining living standards within the population as a whole and sub-groups of the population, and the use of that measure to produce the variety of results that are presented in the report.

5 'Living Standards of Older New Zealanders: A Technical Account 2001', Ministry of Social Policy. 'Living Standards of Older New Zealanders: A Summary 2001', Ministry of Social Policy. 'Ngā Āhukatanga Noho o te Hunga Pakeke Māori: Living Standards of Older Māori 2002', Ministry of Social Development.

## ■ The surveys

The following gives a summary of the main features of the three surveys.

The older New Zealanders survey (Statistics New Zealand):

- was administered through the Household Labour Force Survey (HLFS) using the HLFS sampling frame;
- included all households containing a person aged 65 years and over who had recently participated in the HLFS in September 1999, or were participating in the HLFS in March 2000 and were eligible for selection;
- selected one eligible person per household;
- was concerned with 'the civilian, usually resident, non-institutionalised population aged 65 years and over living in permanent private dwellings';
- was conducted between 7 February 2000 and 7 April 2000;
- involved face-to-face interviews about 90 minutes long;
- obtained a sample of 3,060 people aged 65 years and over; and
- achieved a response rate of 68 percent.

The survey of older Māori (Statistics New Zealand)<sup>6</sup>:

- used the superannuation database administered by the Department of Work and Income to obtain a sample;
- used a simple random sample of Māori aged 65-69 years;
- selected one eligible person per household and respondents confirmed that they identified themselves as having Māori ethnicity;
- comprised the usually resident, non-institutionalised New Zealand Māori population aged 65-69 years, living in permanent private dwellings and in receipt of NZS;
- was conducted between 10 April 2000 and 12 June 2000;
- involved face-to-face interviews about 90 minutes long;
- obtained a sample of 542 Māori aged 65-69 years; and
- achieved a response rate of 63 percent.

<sup>6</sup> 70 was chosen as the upper age limit for sampling from the superannuation database for this population, because data for Māori aged 70 years and over was incomplete in the administrative records.

The survey of the working-age population (AC Neilson):

- involved house-to-house sampling where only one person per household was interviewed;
- included people aged 18-64 years living in permanent private dwellings;
- was conducted between 11 March 2000 and 18 June 2000;
- involved face-to-face interviews about 40 minutes long;
- obtained a sample of 3,682 people aged 18-64 years; and
- achieved a response rate of 60 percent.

To produce the results given in this report, it was necessary for the survey data on older New Zealanders and the working-age people to be aggregated. Weightings<sup>7</sup> were developed that enabled data from the different surveys to be combined together to give unbiased estimates for the population and to permit results to be estimated for the dependent child population<sup>8</sup>.

The primary sampling unit for the surveys was the household. From each household, one adult was selected as a survey respondent. The respondent was asked questions both about him/herself and their economic family unit.<sup>9</sup> The implications of this dual focus in the data collection are discussed in the later section on the unit of analysis<sup>10</sup>.

### ■ The ELSI measure

This report is made possible by the development of a living standards measure, applicable to the general population. The Economic Living Standard Index, or ELSI, is based on what people are consuming, their various forms of recreation and social participation, their household facilities and so on, rather than being calculated from the resources (income, financial and assets) that enable them to do those things (Mack and Lansley, 1985; Nolan and Whelan, 1996; Townsend, 1979).

The development of this scale involved identifying a set of items that individually have a strong relationship to living standards and determining the best way of combining them to produce a scale that is valid for its intended purpose and offers the maximum amount of accuracy.

7 The population is weighted to the usually resident population living in permanent private dwellings as counted in the 2001 Population Census. The weightings procedure is described in the companion report 'Direct Measurement of Living Standards: The New Zealand ELSI Scale'.

8 A child is defined as a person aged less than 18 years who is dependent and who does not have a partner or child of their own. By contrast, a person aged less than 18 who is self-supporting or has a partner or a child is counted as a separate economic family unit (or part of a separate unit). It is acknowledged that different people define child dependency in different ways. The impact of adopting a variety of definitions of child dependency on living standards outcomes can be explored in future research.

9 The economic family unit (EFU) refers to a person who is financially independent or a group of people who usually reside together and are financially interdependent according to current social norms. An economic family unit in practice is either a 'single adult', 'sole-parent family with dependent children', 'two-parent family with dependent children', or a 'couple only family unit'.

10 There are many questions for future research raised by this methodology. Amongst these are the examination of the extent to which the respondent's ELSI score reflects the scores that would be applied to other members of the family, if they had also been interviewed. Another issue is the extent to which the living standards of a multi-family household differs from a single family household. The exploration of these issues is possible within the living standards framework used here, but require the collection of data specifically designed to enable this examination. While not possible with the current data, this is something that could be explored by future research both within and outside the Ministry of Social Development.

The ELSI scale is based on a large number of indicative items about a family's household amenities, personal possessions, social and recreational activities, ability to have preferred foods, access to important services (e.g. medical treatment), and such like. It also includes three general self-ratings, which enable the person to give their own assessment of their standard of living, their satisfaction with their standard of living and the adequacy of their income to meet their everyday needs. Thus, although the majority of the scale items relate to specific activities, possessions, amenities, etc., the resulting scale also reflects people's self-perceptions. The contribution of the self-ratings to the ELSI score is proportionately greater at the higher end of the scale than at the lower end. There is a considerable degree of concordance between the different types of information, this being one of the statistical conditions that was necessary for the scale to be specified<sup>11</sup>.

Although the theoretical basis of the ELSI scale is complicated, as is the statistical analysis used to produce it and establish its credentials, the measure itself is simple. It uses information from 40 items, specified in a standard way, that is combined by means of a straightforward procedure to give a numerical score for each person. The full account of the methodology of this measure is provided in the companion report, *Direct Measurement of Living Standards: The New Zealand ELSI Scale* (Jensen, et al, 2002).

The items in the ELSI measure are summarised in Table 2.1 below. Appendix C provides more detailed information on the items in the ELSI scale and the specification of the scale formula.

11 Amongst the areas for future research and development would be the identification of more direct living standards items which give greater discrimination at the upper end of the scale.

**Table 2.1 Items on the ELSI Scale (2000)**

<b>Economising items</b>	<b>Ownership restrictions (did not own because of cost)</b>	<b>Social participation restrictions (did not do because of cost)</b>	<b>Self-assessments of standard of living</b>
Less/cheaper meat	Telephone	Give presents to family/ friends on special occasions	Standard of living self-rating
Less fresh fruit/vegetables	Secure locks	Visit hairdresser once every 3 months	Adequacy of income self-rating
Bought second hand clothes	Washing machine	Holiday away from home every year	Satisfaction with standard of living self-rating
Worn old clothes	Heating in main rooms	Overseas holidays once every 3 years	
Put off buying new clothes	Good bed	Night out once a fortnight	
Relied on gifts of clothes	Warm bedding	Have family or friends over for a meal at least once a month	
Worn-out shoes	Winter coat	Space for family to stay the night	
Put up with cold	Good shoes		
Stayed in bed for warmth	Best clothes		
Postponed doctor's visits	Pay TV		
Gone without glasses	Personal computer		
Not picked up prescription	Internet		
Cut back on visits to family/friends	Contents insurance		
Cut back on shopping	Electricity		
Less time on hobbies			
Not gone to funeral			

### ELSI intervals

The procedure for combining the information on the items produces a score that can range from 0 to 60. The size of the score indicates how well the person is faring, with a low score indicating a low living standard (implying that the person is not able to have or do things they want to, economises a lot and perceives themselves as doing poorly). A high score indicates a high living standard (implying that the person is able to have or do things they want to, does not economise a lot and perceives themselves as doing well)<sup>12</sup>. The companion technical report gives more details on the scale scores and the specification of the living standards intervals.

To permit the easy presentation of the way in which the scores of groups are distributed across the scale, the range has been divided into seven intervals. These are designated numerically from level 1 (containing those with the lowest living standards) to level 7 (containing those with the highest living standards)<sup>13</sup>. Table 2.3 later in this chapter, gives a summary of the scale scores and intervals.

### Labelling the living standards levels

The labels were assigned on the basis of the calibration results (presented later in this chapter). The label chosen for a particular living standard level was intended to provide a simple summary of the living standard picture given by the calibration results for that level.

In presenting results for the ELSI scale, it is convenient to be able to refer to the levels by means of verbal labels. The labels that have been used are the ones suggested in the companion technical report about the scale.

<sup>12</sup> The ELSI scale contains relatively more items that are sensitive to discriminating between people in the lower part of the living standards continuum than items that are sensitive to discriminating in the upper part of the continuum. This is partly because the questionnaire was constructed with a priority being placed on maximising lower-end discrimination to ensure the scale's value in studying poverty, and partly because the statistical criteria for determining the suitability of potential ELSI items eliminated a number of those that were more sensitive at the upper end. As a consequence, the scale has some degree of compression in the upper part of the score range. If this were not present, the distribution of scores would have less upwards skew than is observed. It is intended that future work will examine this issue further and explore possibilities for enhancing the item set to reduce upper-end compression. The statistical properties of the scale can be examined further in the companion technical report.

<sup>13</sup> While the primary mode of analysis used in this report is based on the 7 aggregated intervals (Levels 1 to 7), the score range can also be more finely divided into 14 intervals (1Lower, 1Upper, 2Lower, 2Upper etc., up to 7Lower, 7Upper). This report does not make use of the 14 intervals.



There is an unavoidable element of arbitrariness in the assignment of such labels, and people will have different opinions about the words that sensibly might be used to characterise the living standards found at the different levels. With these caveats, the labels are as follows:

- 'very restricted' living standard for level 1;
- 'restricted' living standard for level 2;
- 'somewhat restricted' living standard for level 3;
- 'fairly comfortable' living standard for level 4;
- 'comfortable' living standard for level 5;
- 'good' living standard for level 6; and
- 'very good' living standard for level 7.

In some analysis given later in this report, it has been convenient to further aggregate the scale into just four intervals. These are:

- Levels 1 and 2 combined, described as a 'restricted' standard of living;
- Level 3, described as a 'somewhat restricted' standard of living;
- Levels 4 and 5 combined, described as a 'comfortable' standard of living;
- Levels 6 and 7 combined, described as a 'good' standard of living.

This level of aggregation has primarily been used in Chapters 4 and 5 which examine the living standards of the Māori and Pacific populations respectively. The greater aggregation has been necessary due to restrictions in sample size.

### **Unit of analysis**

The ELSI scale was derived from an analysis in which the individual was the unit of analysis. As previously indicated, the data were collected through interviews in which each respondent gave information on his or her circumstances in the context of the economic family unit of which he or she was a member. (In the case of a single person who is not caring for dependent children, the person's economic family unit is simply the person.) Some of the questions that were asked of the respondent (such as those about personal clothing - e.g. possession of a warm winter coat) were particular to the respondent, while others (such as those relating to non-personal household amenities, such as

a washing machine) related to the respondent's economic family unit. In the analysis carried out to develop the ELSI scale, questions of both types were regarded as providing information about the respondent. Thus, for example, the above illustrative items might have led to the respondent being characterised as a person who had a warm winter coat and the advantages of being in a household with a washing machine.

For the purposes of the analysis, the assumption has been made that it is sensible to speak of the living standard of the economic family unit as a whole, and that its living standard is indicated by the ELSI score of the respondent. In other words, the members of the economic family unit are considered to have a broadly common standard of living, which is estimated with reasonable accuracy by the respondent's score.

The assumption of a broadly common standard of living within the economic family units will not always be precisely true. Some economic family units may arrange their affairs so that some members have a lower living standard than the respondent, and others so that some other members have a higher living standard. This will not distort the types of results given in the present report if the departures from the assumption occur in both directions. In that case, through a process of 'swings and roundabouts', the effects will tend to average out. As referred to previously, it could be possible to examine how well this condition holds in future research.

For an economic family unit with dependent children, each child is regarded as having the economic family unit's ELSI score. However, describing a child as having an ELSI score of 37 (say) does not involve making any particular claim about the implications for the child; clarifying the implications will require a different type of research that examines the connection between living standard scores and children's development. In the present context, describing the child as having an ELSI score of 37 is just a shorthand way of saying that the child is in an economic family unit with an ELSI score of 37.

Some of the results (e.g. those in the chapter on families with dependent children) are at the economic family unit level rather than the individual level.

In terms of thinking about the living standards of children, it is possible that some families organise their affairs so that children are at least partly shielded from the restrictions and disadvantage experienced by the adults, as reflected by the ELSI score. It is therefore possible that the picture given by the calibration data of the severity of restrictions experienced amongst those with low ELSI scores, gives an exaggerated account of the likely deleterious effect on children's development and opportunities. There is research to suggest that some parents may tend to make sacrifices to shield their children from the impact of the family's low overall living standards (Middleton et al, 1997; Gordon et al, 2000). This points to the need for caution in inferring a judgement of the implications of low ELSI scores for child well-being.

### **Calibration of the ELSI scale**

The calibration allows interpretation of the score range. It permits a judgement to be made about how the living standard of people at a particular level can reasonably be described.

In order to find a simple way to describe what it means to be at various points on the living standards scale, an analysis was undertaken that identified a set of basic items referred to as 'basics' and another set of items referred to as 'comforts/luxuries'. Examples of the 19 'basic' items include telephone, washing machine, heating for all main rooms, warm bedding, fresh fruits and vegetables, doctor's visits etc. Examples of the 13 'comforts/luxury' items include overseas holidays, holiday away from home, never cutting back on items such as meat or shopping for clothes because of cost.

Basic items related to things whose absence would be widely regarded as implying deprivation. The surveys provided data that permitted the use of several criteria for identifying basic items. Briefly, an item was considered to be a basic if it was wanted by most people in the survey, was considered important by most people in the survey, had high discriminating power in the lower part of the scale (with people in the upper part of the scale being unlikely to lack the item) and was something that is commonly regarded as important to an acceptable standard of living. Application of these criteria produced a set of 19 basic items.

A respondent's score for lacking basics was the sum of the total number of basics that were lacked for reasons of cost, as a proportion of the total number of basics that are wanted from the calibration item set. The score was therefore a measure of the extent to which the respondent was unable to have the basics they wanted. A value of 0.25, for example, indicated that the respondent lacked a quarter of the basics that they wanted but could not have because of the cost.

Comforts and luxuries were conceived as sets of items that many people regard as desirable, but few regard as indispensable; they give the owner a higher standard of living than can be achieved through considering basics alone. As with basics, several criteria were used to identify a set of comfort/luxury items. An item was considered to be a comfort/luxury if it had discriminating power at the upper part of the scale and was something that is commonly regarded as being a comfort or luxury (rather than a basic).

While basics are wanted by almost everyone, preferences are more varied in relation to luxuries. Not everyone wants an overseas holiday, but virtually all want fresh fruit and vegetables. For this reason, the criteria for selecting comforts and luxuries do not include requirements for them to be important to most people or wanted by most people<sup>14</sup>.

Based on the above criteria, thirteen items were selected for measuring comforts and luxuries. The procedure used for calculating a respondent's score for attaining comforts followed similar procedures to that used for calculating respondents' basic items score (see Table 2.2).

14 The procedure for selecting items for the ELSI scale involved examining whether each potential item's response pattern across the score range was broadly the same for different subgroups (i.e. Māori and non-Māori, economic family unit's with and without children etc.). Only items with broadly the same response pattern across subgroups were included in the scale. As a consequence, the two sets of calibration items also have broadly the same pattern across sub-groups.

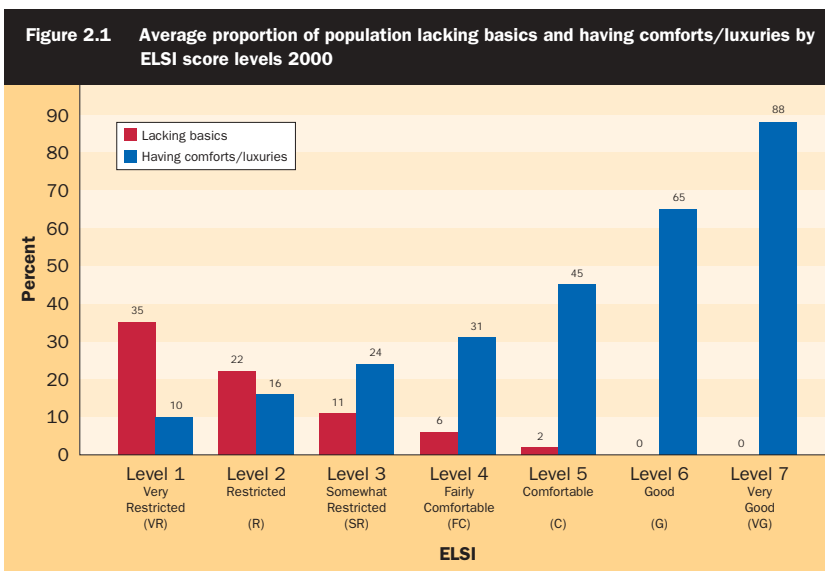
**Table 2.2 Items used in the calibration of the ELSI Scale (2000)**

<b>Basics lacked</b>	<b>Comfort/luxuries had</b>
Had less fresh fruit/vegetables because of cost	Never buy less/cheaper meat because of cost
Bought second hand clothes because of cost	Never put off buying new clothes because of cost
Had worn-out shoes because of cost	Never cut back on shopping because of cost
Put up with cold because of cost	Have best clothes for special occasions
Stayed in bed for warmth because of cost	Have pay TV
Postponed doctor's visits because of cost	Have personal computer
Gone without glasses because of cost	Have internet
Not picked up prescription because of cost	Never spend less time on hobbies because of cost
Did not have telephone because of cost	Have holiday away from home every year
Did not have secure locks because of cost	Have overseas holidays once every 3 years
Did not have washing machine because of cost	Standard of living self-rating 'very high'
Did not have heating in main rooms because of cost	Adequacy of income self-rating 'more than adequate'
Did not have good bed because of cost	Satisfaction with standard of living self-rating 'very satisfied'
Did not have warm bedding because of cost	
Did not have winter coat because of cost	
Did not have good shoes because of cost	
Did not have contents insurance because of cost	
Not giving presents to family/friends on special occasions because of cost	
Not gone to funeral because of cost	

The calibration involved, on the one hand, calculating the extent to which people at the various intervals lack the basics they say they want and, on the other hand, calculating the extent to which people at the intervals have the comforts/luxuries they say they want<sup>15</sup>. The rationale for this approach is that people with a very low standard of living can be expected to lack many basics and to be virtually without comforts and luxuries. By contrast, people with a very high standard of living can be expected to have no lack of basics and to have most (or all) of the comforts and luxuries that they want. A person with an ELSI score representing an intermediate living standard can be expected to fall between those extremes - that is, to lack some basics but also to have some comforts and luxuries.

The calibration results on comforts/luxuries and lack of basics are shown in Figure 2.1. People at level 1 lack on average 35 percent of the basics, people at level 2 lack on average 22 percent of the basics, and those at level 3 lack on average 11 percent of the basics. The percentages decline further as living standards rise, and people at level 6 and 7 effectively do not lack any basics. The reverse pattern is found in relation to the comforts/luxuries. People at level 1 have on average only 10 percent of the comforts/luxuries that they want but the percentage rises progressively across the living standard levels and people in level 7 have on average 88 percent of the comforts/luxuries that they want. Even at the lowest living standard level, people still usually have a small number of the comforts that they want. This finding is consistent with other research which suggests that people often make trade-offs in their consumption behaviour (Robins, 1996). Such trade-offs can be the result of people's different tastes, preferences, and priorities, as well as their consumption history (e.g. purchasing a durable comfort item when they had a higher income than they do now).

15 In interpreting the calibration results, it is necessary always to keep in mind that the figures for basics relate to the particular set of basics included amongst the ELSI items (and listed in Table 2.2). The figures don't relate to all of the things that might reasonably be regarded as basics, because the survey questionnaire did not attempt to be exhaustive in its coverage of basics. Similarly, the figures on comforts/luxuries relate to the particular comforts/luxuries included amongst the measured items, not to all of the things that might be regarded as comforts/luxuries. The calibration items should be seen as indicative sets of basics and comforts/luxuries, not comprehensive sets.



### *Concomitant information for calibration*

This section describes measures which provide concomitant information helpful to the interpretation of the ELSI scale scores. This concomitant information offers an additional perspective of the meaning of the scores because the items used are not part of the ELSI scale. The items are of three types: serious financial problems, accommodation problems, and the enforced lack of child basics (for economic family units with dependent children).

#### **Serious financial problems**

Incidence of serious financial problems was assessed using six items which examined the extent to which the respondent had experienced financial difficulty in the preceding 12 months. The items were:

- couldn't keep up with payments for electricity, gas or water;
- couldn't keep up with payments for mortgage or rent;
- couldn't keep up with payments for such things as hire purchase, credit cards, or store cards;
- borrowed money from family or friends to meet everyday living costs;
- received help in the form of food, clothes or money from a community organisation such as a church;
- pawned or sold something to meet everyday living costs.

### **Accommodation problems**

These items measured the extent to which the respondent had problems with their current accommodation. Analysis of the 15 accommodation items included in the survey suggested that three items (problems with pollution, noise, and other problems) did not fit well with the others, so they were not used. The 12 items that were retained concerned problems with:

- draughts;
- dampness;
- plumbing;
- wiring;
- interior paintwork;
- windows;
- doors;
- the roof;
- piles or foundations;
- exterior paintwork;
- fencing;
- paving.

### **Child basics**

Respondents with children provided information on an additional set of items relating specifically to their children. These items were analysed to identify and exclude ones that had insufficient discriminating power or had different response patterns for different subgroups. Items that were strongly age related (such as ownership of a playstation) were also removed. From the items that remained, a selection was then made of a set of 12 basics specifically relating to children. The selection criteria were the same as the criteria used to select the general set of basics.

The child basics were:

- postponed child's visit to the doctor because of cost;
- postponed child's visit to the dentist because of cost;
- child wore poorly fitting clothes/shoes because of cost;



- did not have suitable wet weather clothing for each child because of cost;
- did not have a pair of shoes in good condition for each child because of cost;
- did not have a child's bike because of cost;
- had not bought children's books because of cost;
- child went without cultural lessons because of cost;
- had limited space for children to study or play because of cost;
- did not have children's friends over for a meal because of cost;
- did not have enough room for children's friends to stay the night because of cost;
- did not have children's friends over for a birthday party because of cost.

### **The distribution of concomitant information across the living standard scale**

The calibration results obtained from these types of concomitant information are shown in Figure 2.2

For financial problems, the pattern is similar to that found for the enforced lack of basics (Figure 2.1). People in level 1 have an average of 47 percent of the listed serious financial problems. The proportion declines progressively across the living standard levels, with people in levels 6 and 7 having an average of 2 percent of the problems<sup>16</sup>.

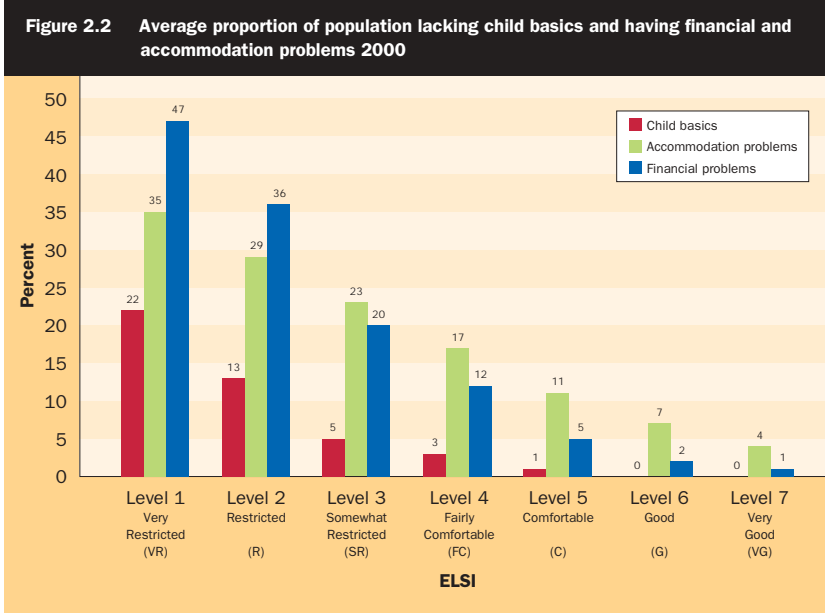
The results on accommodation problems have a similar pattern to those for serious financial problems and lack of basics. The incidence of accommodation problems decreases as living standards increases. At level 1, the average proportion of accommodation problems is 35 percent; by level 7, it has decreased to 4 percent<sup>17</sup>.

Analysis of the enforced lacks of the child-specific basics shows a similar pattern to that for the primary set of basics - that is to say, the incidence of enforced lacks of child basics decreases as living standards increases. Economic family units with dependent children in level 1 lack an average of 22 percent of the child-specific basics; economic family units in level 5 lack on average 1 percent; and economic family units in 6 and 7 do not effectively have any enforced lack of child basics<sup>18</sup>.

16 See Bray (2001) for a discussion of the relationship between financial stress and living standards in Australia.

17 The relatively high incidence of accommodation problems, even at the high end of the living standards range, probably indicates that some affirmative responses to the problem checklist reflect relatively minor problems and/or ones that the respondent did not give priority to having fixed.

18 It is noteworthy that the incidence of enforced lacks of child basics is less, at each living standard level, than the corresponding figure for the primary set of basics. Without further analysis (which has not been attempted) it is not possible to say why this occurs. It is possible that child basics, as a set, provide a more stringent test of hardship than the primary set of basics. It is also possible, as suggested earlier, that poor families tend to shield their children from the worst effects of hardship with the consequence that the children are less exposed to hardship than the adult family members.



*Combining basics, comforts/luxuries and concomitant information*

A clearer sense of the way in which living standards differ from one level to the next is conveyed by combining the results of Figure 2.1 and Figure 2.2 into a single table, given below.

**Table 2.3 Calibration summary (2000)**

ELSI Score Range	ELSI Level	Calibration Results	Label
0-15	Level 1	Lack 35% of basics Have 10% of comforts/luxuries Have 47% of the financial problems Have 35% of the accommodation problems Lack 22% of the child basics	'Very restricted' living standard
16-23	Level 2	Lack 22% of basics Have 16% of comforts/luxuries Have 36% of the financial problems Have 29% of the accommodation problems Lack 13% of the child basics	'Restricted' living standard
24-31	Level 3	Lack 11% of basics Have 24% of comforts/luxuries Have 20% of the financial problems Have 23% of the accommodation problems Lack 5% of the child basics	'Somewhat restricted' living standard
32-39	Level 4	Lack 6% of basics Have 31% of comforts/luxuries Have 12% of the financial problems Have 17% of the accommodation problems Lack 3% of the child basics	'Fairly comfortable' living standard
40-47	Level 5	Lack 2% of basics Have 45% of comforts/luxuries Have 5% of the financial problems Have 11% of the accommodation problems Lack 1% of the child basics	'Comfortable' living standard
48-55	Level 6	Lack 0.4% of basics Have 65% of comforts/luxuries Have 2% of the financial problems Have 7% of the accommodation problems Lack 0% of the child basics	'Good' living standard
56-60	Level 7	Lack 0% of basics Have 88% of comforts/luxuries Have 1% of the financial problems Have 4% of the accommodation problems Lack 0% of the child basics	'Very good' living standard

### *Living standard vignettes*

An additional way of using the ELSI calibration data is to present a series of brief illustrative case histories (referred to here as vignettes) that are characteristic of economic family units at different living standard levels. This is done below. The vignettes are based on the statistical information concerning access to comforts and restrictions of basics, and the concomitant information regarding serious financial problems, accommodation problems, and restrictions in child basics. Vignettes are presented for economic family units without dependent children, and economic family units with dependent children. The vignettes do not describe particular people or economic family units; rather, they are composite pictures constructed from the statistical results. There are a variety of ways to present an explanation of what it means to be at various intervals on the ELSI scale and the vignettes are but one example. Those not interested in the vignettes presentation should skip over to the next chapter.

#### **Economic family units in Level 1 (ELSI score range 0 to 15, which contains those with lowest living standards)**

**Statistical Description:** At this level people lack on average 35 percent of the basics they want, and have only about 10 percent of the comforts they want. Additionally, they have 47 percent of the serious financial problems, and 35 percent of the accommodation problems. Economic family units with children lack an average of 22 percent of the child basics.

#### ***Level 1 Economic family unit without dependent children:***

Stephen is a benefit recipient. He is single and lives in a flat with three others. Since leaving school he has been unable to find work. Stephen has very few basics that he wants - he does not own a comfortable bed or have sufficient blankets to keep him warm in winter; he does not own a winter coat, and does not have a good pair of shoes. Instead, he continues to wear an old worn-out pair of shoes. He has no insurance, and economises a lot on fruit and vegetables. He became quite sick during the winter, but was unable to afford a visit to the doctor. Stephen does have one comfort - he enjoys rugby, and plays for his local club. Stephen has a number

#### **Terminology:**

For descriptive purposes, Level 1 is characterised in this report as a 'very restricted' standard of living.

of financial problems - he is unable to make the minimum payments for his credit card, he sometimes borrows money from others, and relies on gifts of food and money from his family. Also, the flat that he is sharing is quite run down - as well as being draughty and damp, it has problems with the plumbing, and some of the doors don't close properly.

***Level 1 Economic family unit with dependent children:***

Catherine is a single mother who has an eight-year-old son; together they live in a house rented from a private landlord. Catherine's only source of income is the Domestic Purposes Benefit; last year she lost her part-time job when the local frozen food factory closed down. Catherine lacks many of the basics that she considers important - she often goes without fresh fruit and vegetables, relies on second-hand clothing, wears worn shoes, and cannot afford contents insurance for her home. She has poor eyesight, but has been putting off getting a new pair of glasses because of the cost. She does not have secure locks on her doors. Finally, she cannot afford to buy presents for her parents or for her sister at Christmas time. The one comfort for her is that she has recently been given a second-hand computer, which her son uses for his school assignments. Catherine has a number of financial problems - she is sometimes unable to pay her electricity bill on time, she is currently behind on her rent, and sometimes cannot make her hire-purchase repayments on time. In addition, she has problems with her accommodation - in particular, problems with the wiring, the outside paintwork, sunken piles, and a broken fence. Finally, she is feeling distressed that her limited finances restrict not only her own life, but also that of her son. Although she has been able to feed and clothe him adequately, he is a very sociable boy who would like to bring his friends home for a meal and to have them stay overnight. She has curtailed these activities because of the strain on her budget, and recently decided that she could not give him the birthday party that he had been hoping for, with invitations to all his friends.

### Economic family units in Level 2 (ELSI score range 16 to 23)

**Statistical Description:** At this level people lack on average 22 percent of the basics they want and have only about 16 percent of the comforts they want. Additionally, they have 36 percent of the financial problems, and 29 percent of the accommodation problems. Economic family units with children lack on average 13 percent of the child basics.

#### *Level 2 Economic family unit without dependent children:*

Paul and Rebecca have been living together for just over a year. Both are still studying at university, and Rebecca will complete her degree next year. As neither of them qualifies for the student allowance, they are both dependent on what they receive from the living costs entitlement of the student loans scheme. Both work part-time: Paul at the supermarket and Rebecca as a waitress in a café. They lack some of the basics that they want - they cannot afford to heat their flat adequately, and they have to put up with feeling cold. Their bed is too small for them, and cost recently prevented Paul from going to an old school friend's funeral in another city. They have some comforts and luxuries that they want - Rebecca has a personal computer, which Paul also uses, and they have access to the Internet from home. They have some financial problems - last month they had to borrow some money from Paul's father to pay their rent on time, and they rely on the occasional gift from their parents (for instance, Rebecca's mum took her shopping for some clothes last week). They have quite a few problems with their flat, including broken paving, a leak in the roof, an uneven floor, and windows that do not open.

#### *Level 2 Economic family unit with dependent children:*

Matiu and Paula are a married couple with two children who are under the age of five, a boy and a girl. Recently they purchased their first home; an old two bedroom house with a small study and a workshop. A large proportion of their income now goes towards their mortgage repayments. Matiu works as a Human Resource Officer for a small forestry company. Until their first child was born, Paula also worked for the same firm. She has been offered the opportunity to return to work, but has been discouraged from

#### **Terminology:**

For descriptive purposes, Level 2 can be characterised as a 'restricted' standard of living.

doing so by the high childcare costs and the resultant small financial advantage that working would bring. Matiu and Paula lack some of the basics that they want - they do not have appropriate locks for their house and neither have a winter coat to keep them warm. Matiu has sometimes postponed visits to the doctor, and at times, failed to pick up prescriptions from the pharmacy. However, they do have several comforts that they want - they have a subscription television service and both have nice clothes for Sunday church. Matiu and Paula have some financial problems - last month they couldn't pay their phone bill or their credit card bill on time. In addition to this, their house needs work to be done on it - they have noticed some dampness through the floor, the kitchen really needs a new coat of paint, and the fence is on a lean. Also, some of the electrical plugs don't always work. With regard to child basics, their son has grown out of his raincoat, and both children have clothes and shoes that are becoming tight because Matiu and Paula have been putting off buying replacements.

### Economic family units in Level 3 (ELSI score range 24-31)

**Statistical Description:** People in this level lack on average 11 percent of the basic items they want and have 24 percent of the comfort items they want. Additionally, they have 20 percent of the financial problems and 23 percent of the accommodation problems. Economic family units with children lack an average of 5 percent of the child basics.

#### *Level 3 Economic family unit without dependent children:*

Tony and Suzanne are both middle-aged and live in their own home. Tony has been out of work for about three years as a result of a serious workplace accident; he continues to receive regular treatment, but is unlikely to ever return to full-time work. Their main source of income is from Suzanne's job: she works as a receptionist for a real estate agent. Living on only one income has meant that their mortgage repayments now make a substantial drain on the amount of money they have to spend. They lack several basics that they

#### **Terminology:**

Level 3 can be characterised as a 'somewhat restricted' standard of living.

would like - they no longer have contents insurance for their home, and Suzanne has postponed getting new reading glasses. However, they have some of the comforts that they desire - each year they go camping with friends; Suzanne is able to buy some nice clothes, and Tony is able to spend time on his hobbies: wood-carving and glass-blowing. Recently they have had to replace the washing machine, a cost that ran down their finances, so last week they had a garage sale to sell off unwanted possessions to help them meet some of their day-to-day expenses. Their house needs some maintenance work that they have been putting off - they have problems with the plumbing, the interior paintwork, and some of their windows stick.

***Level 3 Economic family unit with dependent children:***

Frank and Kelesi were both born in Tonga but moved to New Zealand about three years ago, shortly after they were married. Two years ago they had their first child, a son. Frank works at the petrol station, mainly on night shift, and Kelesi works one day a week for a commercial cleaning company. They have had to economise on some basic items that they want - they are unable to heat all their main rooms during winter, so instead just heat the lounge. Also they have an old bed that has begun to sag. They have been intending to replace it, but are presently unable to do so because of the cost. Frank and Kelesi have some comforts and luxuries - they have some nice clothes for special occasions, they have Sky TV, and Kelesi has joined the social netball team associated with their local church. They have one financial problem - they have high repayments for a number of hire-purchases, and sometimes they cannot pay the bill on time. Also, they have several accommodation problems - their flat is draughty, one or two doors do not open properly, and their boundary fence is in need of repair. Finally, although they have been able to provide most of the basics needed by their son, and are building up a small collection of books for him, their flat is not particularly suitable for a family with a child, and provides very little space where he can safely play.



### Economic family units in Level 4 (ELSI score range 32 to 39)

**Statistical Description:** At this level people lack on average 6 percent of the basics they want but have 31 percent of the comforts they want. Additionally, they have 12 percent of the financial problems and 17 percent of the accommodation problems. People with children lack 3 percent of the child basics.

***Level 4 Economic family unit without dependent children:***

Fiona is 27 years old. She works as a payroll officer in the head office of a bank. For the last year she has been living alone in a house rented from a private landlord. With one exception, Fiona has almost all the basics that she wants - she has been putting off a visit to her optician because of problems she is having with her contact lenses - which she is afraid she may need to replace and would be a major expense for her. She has some of the comforts that she wants - she enjoys cooking and likes being able to afford more expensive cuts of meat; last month she bought a new computer on hire-purchase, and with it she is now able to surf the internet from home. She has just returned from a ten day trip to Sydney where she caught up with some old friends who moved there a couple of years ago. Fiona has one financial problem. She has a large amount of debt on her credit card and she is having difficulty paying this back. Fiona also has some problems with her accommodation - the interior paintwork is shabby and some of the piles have sunk.

***Level 4 Economic family unit with dependent children:***

Jim is a sole parent with two teenage sons. He works as a car salesperson in the Manawatu, and owns his own home. Jim has most of the basic items that he wants although cost prevented him last month from attending the funeral of his uncle who lived in the South Island. He has some of the comforts that he considers important - he has regular holidays away from home with his children; he has pay TV, and he has a computer with internet access. Jim has one financial problem - electricity and gas bills can be expensive in winter, and he sometimes has difficulty making payments on time. In addition he has been putting off some needed home repairs - replacement of several cracked window panes and

**Terminology:**

This level can be described as a 'fairly comfortable' standard of living.

some leaky spouting. Jim is unable to afford one child basic - recently his elder son's bike was stolen, and at present Jim isn't able to replace it.

### Economic family units in Level 5 (ELSI score range 40 to 47)

**Statistical Description:** People in this level lack on average 2 percent of the basics they want, and have 45 percent of the comforts they want. Additionally, they have 5 percent of the financial problems and 11 percent of the accommodation problems. Economic family units with dependent children lack 1 percent of the child-specific basics.

#### *Level 5 Economic family unit without dependent children:*

Teddy, aged 32, and Leilani, aged 31, live together in a two bedroom flat. Teddy, who comes from England, works in a helpdesk call centre while Leilani does temping work as a PA. They met four years ago when Leilani was living in London on her OE. When Leilani returned to New Zealand last year, Teddy accompanied her. In a few months they intend to marry, something that they are now saving for. They would like to start a family in a couple of years time. They lack almost none of the basics that they want, and have many of the comforts that they desire - they have a computer with internet access; both wear nice clothes; and Teddy has just joined the local tramping club and begun to purchase outdoor gear. They regard their income as more than adequate to meet their everyday expenses. They have no financial problems, and a only a minor problem with their accommodation - a couple of windows rattle in the wind.

#### *Level 5 Economic family unit with dependent children:*

Tu and Mary have been married for 18 years. They have two children aged 11 and 14. Tu describes himself as Māori, and Mary describes herself as Pakeha. Twelve years ago they bought their first house. They lack almost none of the basics that they want, and have many of the comforts that they desire - they have regular holidays away, Sky TV, a computer with an internet connection,

#### **Terminology:**

Level 5 is described as a 'comfortable' standard of living.

and they are able to buy high quality steak for the barbecue in summer. They feel very satisfied with their standard of living. They have no financial problems. In recent months, Tu has been making use of the fine weather to do quite a lot of work on their house and the only task remaining on his list is the replacement of some rusty roofing iron. Both their children are doing well at school and are able to participate in the activities that they want to. For instance, Mary spends most Saturday mornings driving her elder child and others in his cricket team to the sports ground, as well as cutting the oranges, and washing the team's uniforms after the game. They do not lack any child-specific basics.

#### Economic family units in Level 6 (ELSI score range 48 to 55)

**Statistical Description:** At this level people lack a negligible proportion (0.4 percent) of the basics they want and they have 65 percent of the comforts they want. Additionally, they have two percent of the financial problems and 7 percent of the accommodation problems. Economic family units with children lack none of the child basics.

#### *Level 6 Economic family unit without dependent children:*

David and Elizabeth have been married for over 40 years. David is 72 and Elizabeth is 68. They have owned their own home freehold for nearly twenty years and are now receiving New Zealand Superannuation, which augments the modest income they receive from some investments. They lack none of the basics that they want, and have almost all of the comforts that they want. They have regular holidays staying with friends and family. David enjoys having time to spend in the garden, and has recently built a hot-house. Elizabeth was recently persuaded by a friend to join a sketching club, and joins in regular excursions to draw buildings of historic interest. They both feel able to purchase new clothes when they want to, including the new suit that David bought for his granddaughter's wedding. In addition to pay TV, they have a personal computer, and access to the internet. They had always

#### **Terminology:**

People in this category are described as having a 'good' standard of living.

hoped to go on a major overseas trip. Since childhood Elizabeth has dreamed of seeing the Pyramids; however, they have reluctantly decided that this would make too big a dent in their modest capital. Despite this, they feel their income is more than adequate to meet their needs. They have no financial problems, and their house is generally in good condition; although there are some minor items of section maintenance that need attention.

***Level 6 Economic family unit with dependent children:***

Glen and Helen have a daughter aged 14 and a son aged 12. Glen is self-employed: he runs a plumbing business; Helen works part-time as a bank teller. They lack none of the basics that they want, and have almost all the comforts that they want - Helen is able to spend time making pottery; she can buy new clothes when she wants to, and can go away on holiday reasonably often. Glen can watch live sport on TV, surf the internet, and go shopping when he feels he wants to buy something. They don't economise on buying the types of food that they like to eat. They regard their income as more than adequate to meet their day-to-day needs. They have no financial problems at all, and only a very minor accommodation problem - although their bathroom is functional, the décor is a little dated. They are rather indulgent towards their children. They have encouraged the musical interests of their daughter, who has regular clarinet lessons, but are concerned that they have been a little too generous in buying skating clothing for their son. Their children lack no child basic items.

**Economic family units in Level 7 (Score range 56 to 60, which has those with the highest living standards)**

**Statistical Description:** At Level 7 people lack none of the basics that they want, and have the majority (88 percent) of the comforts they want. Additionally, almost none have any of the listed financial problems, and they have on average only 4 percent of the accommodation problems. Economic family units with children lack none of the child basics.

**Terminology:**

For descriptive purposes, people in this level can be described as having a 'very good' standard of living.

***Level 7 Economic family unit without dependent children:***

John and Sue have been married for 31 years. They have two children aged 23 and 26. Their youngest recently left home when she purchased her first house, while their older daughter is 'in between flats' at the moment. John is a branch manager for a large building supplies company; Sue works in an administrative position for a government department. Despite them both having a good income, they had to be quite careful with their money while they supported their children through university. Now that their children have finished studying, and they have finished paying off the mortgage, they are enjoying having more freedom in how they spend their money. They have all the basics, and a lot of the comforts and luxuries that they want. The one exception to this is that they are unable to afford a new boat. They have been using their existing boat for a few years, but would like something bigger. They accept that it will take them a few years to save enough money to buy the type of boat that they want. Overall, they feel they have a high standard of living and their income is more than adequate to meet their needs. They have no financial problems, and their house is in excellent condition.

***Level 7 Economic family unit with dependent children:***

Toby and Nicola are both in their mid thirties. They have one child aged 2½, a boy. Both are working full-time in professional positions - Toby as a commercial lawyer and Nicola as a project manager. They bought their first home five years ago, and anticipate paying off their mortgage next year. They intend to move into a bigger house before they have their next child. To enable both of them to work full time, it is necessary that their son is in childcare; however, this does not put a dent in their budget. They lack none of the basics, and have nearly all of the comforts that they want - they buy what they want as the need arises. They are very satisfied with their standard of living, and feel they have a high standard of living. Their income is more than adequate to meet their needs. Their accommodation is in excellent condition and they like to keep it this way. For instance, they have just repainted and repapered the lounge after their son drew on the walls with his felt tip pen. They have no financial problems, and are lacking no child-specific basics.