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Perceptions of income adequacy by low income families

JANUARY 2015

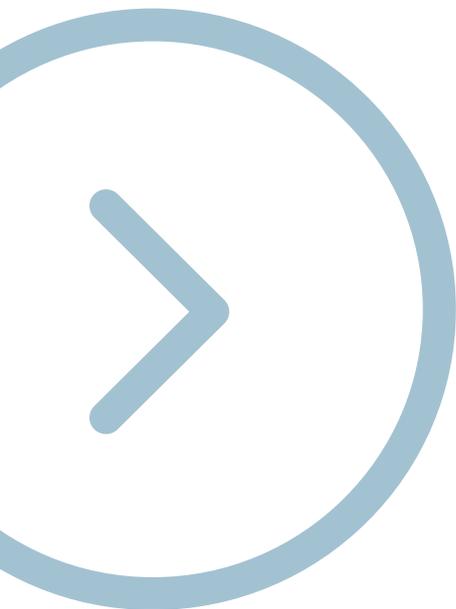


Acknowledgements

Firstly, thank you to the families who participated so generously and provided a clear voice on what can be a highly personal issue.

The authors would also like to thank our community facilitators and their schools and networks for providing access to communities, from which the qualitative research sample was drawn. We have not named these individuals or schools to protect the confidentiality of our participants.

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Executive Summary

Many New Zealand families are on a low income; some of these families manage to meet their everyday needs while others do not. For example, less than a half of those in the bottom income decile, and a third in the second lowest decile, report that their income is inadequate to meet their everyday needs.



The purpose of this research was to better understand why some low income families report their income to be adequate while others on similar incomes report their income to be inadequate.

The research questions were:

1. Why do some low income families perceive their income to be adequate while others on similar incomes perceive their income to be inadequate?
2. What personal, financial, household, family and wider community factors are associated with judgements of income adequacy?
3. What might be a conceptual framework (or build on an existing framework) for understanding household economic resilience?

The research used a two-stage approach. Firstly a literature scan was undertaken, which drew on both published and unpublished research from New Zealand and overseas. The literature scan summarised existing evidence, and from that an initial framework/hypothesis was developed about factors which may influence reported income adequacy. The second stage was qualitative research (six focus groups and 20 individual interviews) to gain the perspectives of 72 parents/caregivers on low incomes who had at least one primary school-aged child in their care. The literature review and qualitative research findings were used to identify characteristics of resilient low income families and to develop a conceptual model of factors associated with reported income adequacy.



A key finding was that income was not the only predictor of whether a family reported their income was enough to meet their everyday needs. Several other factors were associated with reported income adequacy, including:

- Paid employment (positive association. That is, more often mentioned in the group who said their income was adequate)
- Being solely reliant on a benefit (negative association)
- Having well developed financial planning skills and strategies (positive association)
- Setting aside money for future bills (positive association)
- Ownership of assets (positive association)
- Sense of being better off than others (positive association)
- Self-efficacy – belief in one’s own ability to manage (positive association)
- Obligation to give (negative association for Pacific families)
- Getting or losing a job, and changes in relationship status (either positive or negative association)
- Time – moving in/out of having enough over the course of a year or more (either positive or negative association).

It is important to note that these associations do not necessarily imply causal relationships. It should also be noted that there was income variation within the low income families who participated in the study, and the associations mentioned here are likely to reflect income as well as non-income factors.

Factors that were common across both the ‘not enough’ and ‘enough’ groups that were related to household perceptions of income adequacy were:

- the importance of social support
- avoiding debt, but also having access to fair debt

- unexpected expenses challenging the ability to manage finances
- the use of economising behaviours as a way of coping
- common everyday core needs and expenses
- situation-specific needs and expenses, not common across all families
- the stress of managing on a low income
- core interconnected values:
 - wanting the best for their children
 - putting family before income
 - the belief that there are more important things in life than money.

Families across both groups talked about moving in and out (over time) of having enough income to meet their everyday needs. Relationship breakdown and loss of a job were factors that negatively affected whether a family reported having enough income.

Families reported that meeting everyday needs did not necessarily equate to having a reasonable life. A reasonable life was generally defined by families as meeting everyday needs plus having:

- a content and happy family
- social contact
- low stress
- good health
- a warm, healthy home
- enough money so children don’t miss out on things such as school trips, birthday parties, sports.

This research analysed the factors broader than income that impact on reported income adequacy in New Zealand. Given the exploratory nature of the work, the implications for policy are tentative. However this research, together with previous research, provides useful information to inform Government decisions intended to enhance the economic resilience and wellbeing of families.



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01

Introduction





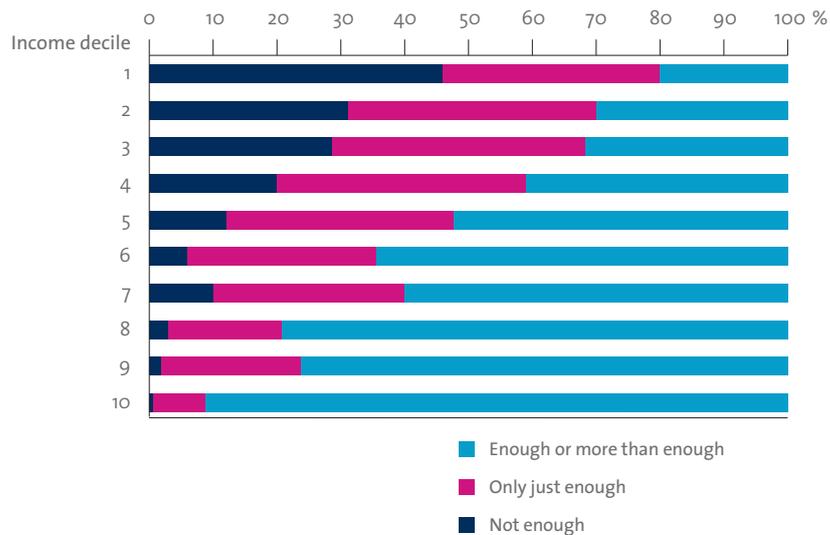
For many low income New Zealand families, meeting everyday material needs is an on-going challenge. Yet Household Economic Survey data suggests that many low income families rate their income as adequate to meet their everyday needs.

As can be seen by Figure 1, more than a half of those in the lowest income decile (1), and two-thirds in the second lowest decile (2), report that their income is adequate to meet their needs.

45%

of households in income decile 1 perceive their household income is “not enough”

Figure 1_ Perceived income adequacy by household income decile (HES 2013)



The purpose of this research was to better understand why some low income families report their income to be adequate while others on similar incomes report their income to be inadequate.

It is the first time, to our knowledge, that such comparative research looking at factors broader than just income has been undertaken in New Zealand. This research together with previous research (such as Te Pūmautanga o te Whānau, and Whānau Taketake Māori) can inform government decisions that are intended to enhance the economic resilience and wellbeing of families.



1.1 Research questions

The research questions were:

1. Why do some low income families perceive their income to be adequate while others on similar incomes perceive their income to be inadequate?
2. What personal, financial, household, family and wider community factors are associated with judgements of income adequacy?
3. What might be a conceptual framework (or build on an existing framework) for understanding household economic resilience?

1.2 Methods

The project methods are briefly described below, with a detailed methods section provided in Appendix A.

The research used a two-stage approach. Firstly a literature scan was conducted, which drew on both published and unpublished research from New Zealand and overseas.¹ The literature scan summarised existing evidence, and from that an initial framework/hypothesis about factors which may influence income adequacy was developed. In turn this informed the qualitative design – particularly the questions used in the interviews and focus groups, and the subsequent coding framework.

Secondly, qualitative research was undertaken to explore the differences in families where income was perceived to be adequate and families where it was seen to be inadequate (research question 1). The literature review and study findings were used to identify characteristics of economically resilient low income families (research question 2) and to develop a conceptual model (research question 3).

1.3 Participants

The qualitative research comprised six focus groups and 20 individual interviews with a total of 72 parents/caregivers. Participants were the parent or caregiver for at least one child aged 5-13 years, and lived in a household with a total income (participant and their partner) between \$22,000 and \$55,000 per year (before tax). This income bracket corresponds to deciles 2 to 4 in the Household Economic Survey. The focus groups and interviews were carried out in Northland, Auckland and Porirua, as set out in the table below.

**TABLE
01**
Focus group
and interview
breakdown

| Research approach | Number of participants | | | |
|-------------------|------------------------|-----------|-----------|-----------|
| | Northland | Auckland | Porirua | Total: |
| Focus group 1 | 8 | 9 | 8 | 25 |
| Focus group 2 | 8 | 9 | 10 | 27 |
| Interviews | 6 | 7 | 7 | 20 |
| Total: | 22 | 25 | 25 | 72 |

¹ These are included in the bibliography.

TABLE
02
Demographic characteristics of participants

The following characteristics are based on the participants' responses to a short questionnaire that was completed as part of the interview or focus group. Note, some participants did not answer all the questions so the totals do not always add up to 72.

| Demographic characteristic | Number of participants |
|--|------------------------|
| Ethnicity | |
| Māori | 31 |
| Pacific | 16 |
| European | 18 |
| Other | 5 |
| Total | 70 |
| Relationship status | |
| Sole parent family | 35 |
| Two parent family | 36 |
| Total | 71 |
| Work status | |
| No working adults | 13 |
| One working adult | 36 |
| Two working adults | 10 |
| Total | 59 |
| Total household income | |
| Less than \$20,000 | 8 |
| Between \$20,000-30,000 | 11 |
| Between \$31,000-40,000 | 16 |
| Between \$41,000-50,000 | 15 |
| Between \$50,000-60,000 | 12 |
| Total | 62 |
| Income status | |
| 'Enough' or 'only just enough' | 35 |
| 'Not enough' | 37 |
| Total | 72 |
| Number of children living at home | |
| One child | 11 |
| Two children | 19 |
| Three children | 18 |
| Four-six children | 19 |
| More than six children | 5 |
| Total | 72 |
| Age range of participants | 26-59 years |



1.4 Limitations

All of the families who participated in this study were 'low income' families, but there was considerable variation in participants' incomes and household circumstances within that group. In the current qualitative study it was not possible to determine the degree to which observed differences between those reporting 'enough' or 'only just enough' and those reporting 'not enough' reflected differences in income as opposed to non-income factors. For example, those in the 'enough' or 'only just enough' group were more likely to describe themselves as better off than others. This may reflect relatively higher incomes in this group or an attitude or mind-set linked to both self-reporting an adequate income and seeing oneself as better off than others. However the difference in average incomes between the two groups was not large ('not enough' \$38,300 and 'enough' \$41,500) and is not likely to explain the differences found in this study.

A related point to note is that this research has identified factors associated with reported income adequacy, but these are not necessarily causal factors that lead to better (or worse) economic resilience. For example, having well-developed financial planning skills may lead to better financial management and therefore greater likelihood of reporting adequate income. Equally, it is possible that those with relatively higher incomes and less material deprivation have more opportunity to put aside money for future bills and display other hallmarks of good financial management that are simply not possible for families on lower incomes.

This was an exploratory study. Further research is required to tease apart the relative contribution of income and non-income factors to reported income adequacy, and the causal relationships between these factors.

1.5 Structure of the report

To enhance readability, this report presents a discussion of the research findings and policy implications first. This is followed by the more detailed research-grounded sections of participant voices (findings) and analysis.



02

What did the research tell us?





This section discusses the factors associated with reported income adequacy in the New Zealand context. It discusses and compares themes reported by those families who reported having ‘enough’ or ‘only just enough’ against those families who reported having ‘not enough’ income to meet their everyday needs (hereafter known as ‘the two groups’).

2.1_ Factors which contributed to reported income adequacy in low income families

As noted in the introduction, a two stage approach was used to identify key factors associated with reported income adequacy. Firstly, a hypothetical model was developed from the literature scan. The hypothetical model depicted the factors noted in the literature that influenced household economic resilience, specifically in low income families, and the relationships and interactions between factors (see diagram in Appendix B). The qualitative research explored which of these factors was associated with reported income adequacy in the New Zealand context. Some factors were supported by the qualitative findings and remained in the final model while others were excluded. The final model is presented in Figure 2 on the next page. The following is a discussion of the main factors identified by this research as being associated with judgements of income adequacy.

2.1.1_ The benefits of secure employment and a predictable income stream

The qualitative research identified the main sources of income across both groups for low income New Zealanders as:

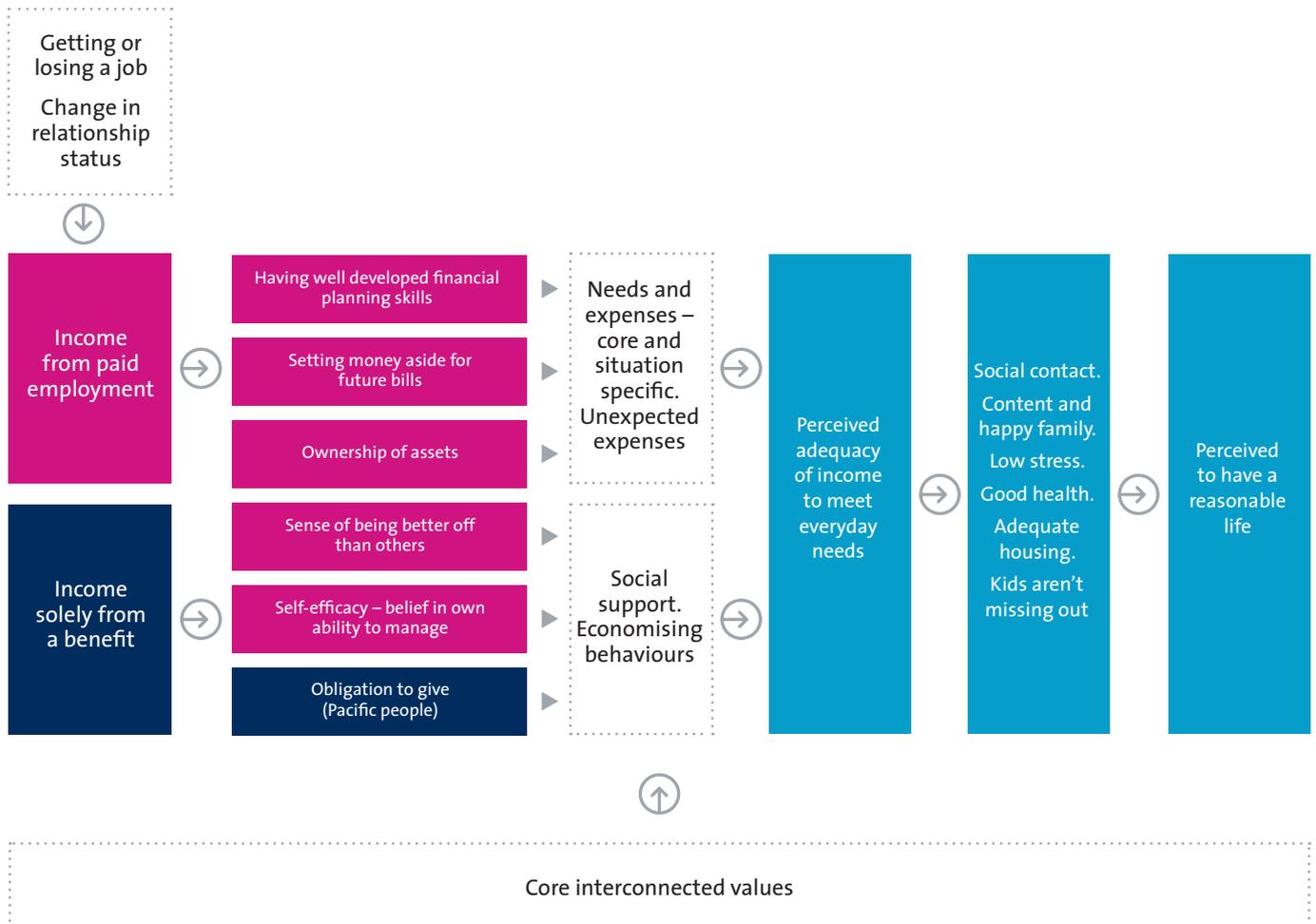
- a job
- a government payment (many types) or
- both.

Low income families who reported having ‘not enough’ had more difficulty ascertaining their total income than those who reported having ‘enough’ or ‘only just enough’. This was because income came from multiple income sources, at different times of the week, month or year. For example, Working for Families tax credits can be paid weekly, fortnightly or annually², though both groups described it solely as an annual payment. Similarly, for some families irregular contract/temporary work caused stress with uncertainty week to week, leading to times of not having enough and difficulty budgeting. Redirections of income at source (e.g. automatic payments, Work and Income deductions) may also be an issue. These findings also reflect the difficulties low income families, who reported having ‘not enough’, had with planning. This suggests some of the difficulties experienced by those with ‘not enough’ income stemmed from very practical issues, such as not actually being aware how much income the family has, or irregular payments/earnings.

² Annual payments are recommended by Work and Income NZ where a person's income is particularly uncertain.



Figure 2_ Final model: Factors associated with reported adequacy of income for meeting everyday needs and perception of a reasonable life in low income families



Key:





The literature scan identified paid employment as being critical to the achievement of higher income. Families Commission research (2009a) showed almost three-quarters of families reliant on income-tested benefits were in some form of hardship, compared with just under a quarter of families reliant on market income. The qualitative research findings supported this. Those who reported having 'enough' or 'only just enough' were more likely to have at least one person in paid employment in the household. Whereas of those who reported having 'not enough', many were receiving a benefit as their sole income source. These findings confirm that paid employment is important in affecting reported income adequacy, and reliance on government benefits is important in affecting reported inadequacy of income.

The literature scan showed the largest contributor to a family getting out of poverty was gaining employment (Ballantyne et al., 2003)³. This qualitative work supports this finding, as getting or losing a job was identified as a tipping point between having 'not enough' and 'only just enough' or vice versa.

The above discussion confirms the importance of the main source of income (paid employment or sole benefit) and the importance of getting or losing a job in the final model.

The term
'saving'
means different
things to
different people.

Saving was possible for some

The term 'saving' meant different things to different people. In our sample it did not typically mean saving in a bank account for purchase of some asset in the future. Instead it meant putting aside money for a known or unknown bill (for those who reported having 'enough' or 'only just enough'), often via an automatic payment. Though in the minority, two of those who reported having 'enough' or 'only just enough' were enrolled in KiwiSaver, and three talked of having bank accounts for their children. With the children's savings accounts, one was being used to save for upcoming bills related to the child (such as sports fees) and another parent said that although she could not afford to save for herself she sometimes put a small amount of money aside for her son.

In contrast, those who reported having 'not enough' rarely talked about putting aside money for future bills and there was no mention of savings accounts or KiwiSaver. This was not surprising given these participants reported they did not have enough income to meet their everyday expenses.

In fact across both groups, there was little (if any) truly discretionary money, and few were able to save. For these reasons, savings was removed from the final model as a determinant of perceived adequacy of income, and setting aside money for future large bills was added.

³ The recent Global financial crisis may have had an impact on this finding with recent UK research suggesting low paid employment may not lift families out of poverty (D'Arcy and Hurrell, 2014).

2.1.2 _ Owning a house helped buffer the effect of low income

The literature scan identified that asset ownership influences the material wellbeing of families indirectly through providing a source of income or a reduction in expenditure. New Zealand research showed families with higher levels of assets had a more favourable living standards than those with minimal assets (Families Commission, 2009a). The qualitative research findings supported this. Although the majority were renting, those who reported having 'enough' or 'only just enough' were more likely to be homeowners than those who reported having 'not enough'. In fact, no one who reported having 'not enough' talked about owning their own home.

For this reason ownership of assets remains in the final model, though its importance is reduced because housing costs are substantial for both home owners paying mortgages and renters.

2.1.3 _ Managing requires financial planning skills and a sense of control

Human capital is a term in the literature that refers to the skills and knowledge that people accumulate throughout their lives. In turn this assists them not only in the workplace, but also in their day to day lives, and ultimately in achieving material wellbeing (Henly, Danziger, & Offer, 2005). The current study found that those who reported having 'enough' or 'only just enough' were more likely to talk about using good financial planning techniques than those in the 'not enough' group. For example, the skill of paying bills first in an organised and planned manner was described in an active manner by many low income families who reported having 'enough' or 'only just enough'. They had control and agency over payments, and when they made it through the week without major financial issues they felt good about themselves and their situation. This bolstered their self-efficacy, their feeling that they could do it, and their belief they could manage by themselves. Whereas for those who reported having 'not enough', there was very little discussion about agency or control. Instead they were more likely to talk about 'juggling and prioritising' and 'going without' as financial coping techniques – which suggests having little control and dealing with things as they arise.

While the causal chain between financial education and improved financial literacy, and consequent improved material wellbeing has not been proved (Janine Couchman, Kahukore Baker, Te Upokorehe, Te Whakatohea, 2012), there is a small amount of research that shows families in problem debt who accessed financial education support have had their financial situation improve (Families Commission, 2009b; Dearden et al., 2010).

Although both groups used a range of strategies to manage their finances, financial management skills seemed to be stronger in the 'enough' or 'only just enough' group. Examples of financial strategies participants' described were having a budget and using it; looking for bargains (especially on the internet); saving for bigger items; getting help from others; and using a grocery list. The implication is that assisting low income families to identify and build on their existing financial strategies may be a helpful intervention for those families who perceive they have inadequate income.

The above discussion confirms the importance of having well developed financial planning skills, setting money aside for future large bills and self-efficacy in the final model.



2.14 _ Social and family support is vital to coping on a low income

Research from the United States describes how social networks can help low income families cope. Support includes money, in-kind assistance, emotional guidance and information. Social support reduces family hardship, buffers the stressors of everyday life, and prevents already poor families from further decline. The research suggests such social networks are generated from close ties with a long history of reciprocity (Henly et al., 2005). The same research said low income families had relatively high levels of perceived social support, yet few had actually received financial assistance from family and friends (Henly et al., 2005).



**Social
networks**
can help low income
families cope.

The current qualitative work extends and clarifies this understanding in the New Zealand context. Firstly, we found attitudes to support were different between the two groups. Those who reported having 'not enough' were more positive about asking for help, highly valued the reciprocity, sharing and community support based on giving and receiving. Many were generous with their time in supporting others and their community and were socially connected. They were less likely to have negative attitudes about asking for help or giving help. In contrast, those who reported having 'enough' or 'only just enough' generally did not like asking for help because it made them feel like they had failed. Again, this speaks to individual self-efficacy.

For both groups, regardless of their attitudes, help was primarily received from the wider family and whānau. This was followed by schools (especially for those who reported having 'not enough') and support agencies. Friends, neighbours and the church were important for the few who received support from them.

Money was provided by family, along with food and clothing (for both groups). Often these items were reciprocated, despite struggling to meet their own family's everyday needs. From friends, neighbours and community the type of help given was usually food.

We did not find an association between social support and reported income adequacy. Rather our findings show that social support was vital for enabling low income families in both groups to cope, and as such remains in the final model. The implication of this, if taking a strengths based approach, would be to identify how to use and strengthen these support networks in future interventions.



2.1.5 Families don't like getting into debt, but at times access to fair debt is needed

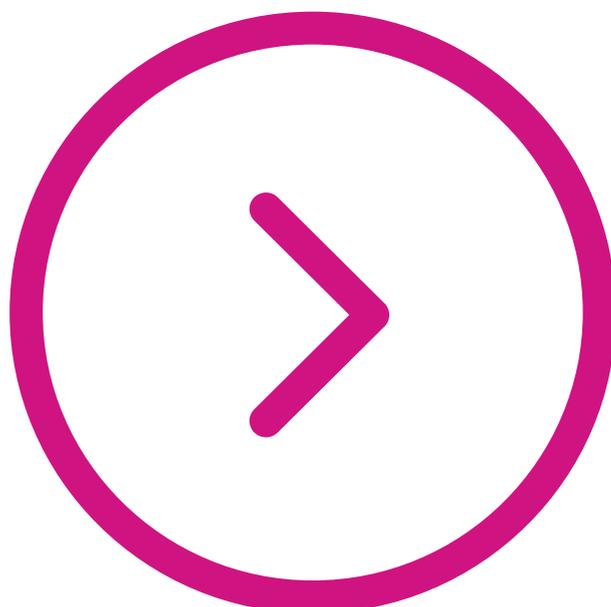
The literature scan showed access to lending from reputable financial institutions (for example banks) has become limited and some low income families resort to borrowing from money lenders with high interest rates. This was confirmed in the current research. However participants described credit cards and hire purchase agreements as their predominant form of debt, if they had debt. Research in the UK also found people using credit to make ends meet, rather than for discretionary spending (Dearden, Goode, Whitfield, & Cox, 2010). The qualitative research confirmed this to a point, with some from both groups using credit cards to make ends meet, while others used credit cards only as an emergency back stop.



Many New Zealand families are on a low income.

We did not find an association between debt or attitude to debt and reported income adequacy. The current research revealed a similar range of attitudes about getting into debt, and use of debt, in both groups. Each group had participants who had a comfortable attitude towards debt and participants who had strongly negative attitudes to debt. Certainly, debt was not ubiquitous. Those who were averse to debt generally did not have debt, supporting previous findings (Dearden et al., 2010). However some participants commented that debt was inevitable for those on low incomes, since they sometimes had no other way to meet unexpected expenses.

The above discussion suggests that neither 'attitude to debt' nor 'access to fair debt' affects reported adequacy of income, and has therefore been removed from the final model.



2.1.6 _ Core everyday needs and expenses are modest but where unexpected or excessive can tip families into hardship

The research showed that for both groups there were core everyday expenses. These were:

- accommodation (e.g. rental or mortgage payments)
- food
- power
- transport.

Clothing was also needed, but was not necessarily a big expense due to the use of economising behaviours. Debt servicing and unexpected bills were also said to be substantial expenses, particularly for those who reported having ‘enough’ or ‘only just enough’. For both groups, the above expenses can be considered core everyday expenses – the essentials needed to survive.

In addition, some participants had what could be described as situation-specific needs/ expenses. That is, they were considered necessary by some people in order for them to live their lives, but not required by other low income families. These were:

- education costs, such as school fees and activities
- tithing to the church
- phone, for rural areas
- chronic medical condition expenses
- personal care items, e.g. nappies and sanitary items
- cigarettes, for those addicted
- internet, for school use
- car insurance.

Those who reported having ‘enough’ or ‘only just enough’ income generally listed more expenses, talked about them in more detail, and were more likely to talk about unexpected or unknown bills than those who reported having ‘not enough’. Unexpected/ unknown bills varied from petrol (for an unexpected trip), to medical bills, to bigger ticket items like car repairs. The difficulty of budgeting and paying for unexpected costs was also identified in the literature (Dolphin, 2009).

Core expenses are experienced by all and can be a tipping point for all, whereas situation specific expenses may be a tipping point for only some low income families. All families described the increased cost of living as a substantial issue.





A substantial situation-specific expense described by Pacific participants was being obliged to give, and many who did give reported having 'not enough'. The participants said they could not afford to give but it was considered a cultural expectation and so they did give. Consequently the giving kept them poor. If they did not give, they risked being disowned by their family or church. Although they loved their culture and got a lot back from giving (the idea of 'what goes around comes around'), this was a heavy financial burden for them as they struggled to meet their own immediate family's everyday needs. They aspired to be able to get themselves and their immediate families 'together' first and then think about giving/tithing to extended family/church, however most had not achieved that. This finding is supported and discussed at length in the literature (Tavita et al., 2012; Couchman et al., 2012).

The final model therefore differentiates between core everyday needs and expenses experienced by both groups, and situation specific expenses experienced by some families across both groups, though both remain critical. Also the final model retains unexpected expenses as a key factor related to adequacy of income, and this factor was also found to be relevant for both groups. For Pacific people in particular, the obligation to give is added to the model as a differentiator of perceived adequacy of income, since such obligations were associated with having 'not enough'.

2.1.7 _ Practical economising behaviours are widely used

A previous study of 74 families identified economising behaviour as a strong theme for those living on very low incomes (Kempson et al. (1994), in Hamilton, 2011). The current research confirmed that practical economising behaviours were effective and important. Both groups were active users of similar practical strategies to:

- purchase and manage food (e.g. buy low priced products; cook or bake basic foods from scratch; gather and hunt for food; and be thrifty with food)
- buy second-hand clothes, and
- use power wisely/as little as possible.

Their widespread use confirms the likely effectiveness of such practical strategies.

An implication is that practical economising skills may not be the best focus for interventions as both groups practice these already. Instead financial skills and strategies should be the focus. Given the subtle differences between financial skills and strategies, versus practical economising, the messaging to potential service users must be precise to avoid putting people off if they feel they are already good at the practical strategies. When describing practical strategies, several participants said "*it's just budgeting isn't it*" - but actually, what was being described wasn't budgeting at all, but practical economising.

Economising behaviours has been retained in the final model, since it was a significant theme in families' discussions about coping on a low income, and impacted on perceived adequacy of income for both groups.



2.1.8 _ Going without and missed opportunities are often the result of inadequate income

The literature scan did not identify going without or missed opportunities as factors that contributed to economic resilience. However both of these factors were key themes within the qualitative work, for both groups. We coded 'going without' as material objects (e.g. food in general, meat, Christmas presents). We coded 'missing out' as experiences (e.g. developing the skills and interests of children, holidays, social occasions). Although these factors can be seen as a subset of 'practical economising behaviours' within the model, participants' stories highlight levels of material deprivation that some might consider unacceptable in the New Zealand context. Therefore these factors have been highlighted in our discussion.

Participants from both groups described going without food, going without heating, missing out on developing the skills and interests of their children, missing out on holidays, and missing out on social occasions. These were commonly reported across both groups.

Commonly, it was the adults who went without so that the children could gain or benefit. However, families also described many situations where both the children and adults missed out on experiences, such as birthday parties or adult social occasions. Parents clearly wanted the best for their children and were generally able to shield their children from some aspects of material deprivation. However, sometimes children actively shielded their parents from financial demands, by opting out of experiences and activities. For example, a parent reported her child had hidden a birthday invitation from her, as the child knew the family couldn't afford the birthday present. Several parents reflected that seeing their children miss out was one of the most difficult and 'heart-breaking' aspects of living on a low income.



2.1.9 _ Core values underpin financial decisions and influence judgements of need and income adequacy

Agreed and shared core values are known contributors to how well families work together and subsequent resilience (Orthner, Jones-Sanpei, & Williamson, 2004). Within the hypothetical model, family values were included as a potential determinant of perceived income adequacy.

In this qualitative research three core interconnected values emerged across both groups:

- wanting the best for their children
- putting family before income
- belief that there were more important things in life than money.

These values underpinned many other aspects of the discussions with low income families. In some cases this meant choosing not to work and instead choosing to be fully present in their children's lives. Parents said they would go without material things (and in some cases go without employment or full employment) in order to contribute to their children's growth and happiness, even when this meant financial hardship.

Other values were also described by both groups, but were not as widespread amongst participants, they were:

- faith and spirituality
- humbleness (i.e. being content, having modest expectations, making do with what you have).

However, for those individuals who held them, they were important and affected many aspects of their lives, in particular helping them cope with living on a low income and remaining positive.

Because of the relationship of values to other behaviours we have retained core interconnected values in the final model.

2.1.10 _ Sense of being better off than others who were struggling

The literature review did not identify 'comparison with others' as a feature that affected judgement of income adequacy. However the current research revealed a difference in how the two groups of low income families compared themselves with others.

Those who reported having 'enough' or 'only just enough' generally believed they were better off than others, whereas those who reported having 'not enough' were less likely to compare themselves with others in this way. These families compared themselves against those in extreme situations (e.g. compared with being in jail), with those families with more children, and those families with no money left over after paying bills. Sense of being better off than others was therefore added to the final model, since it is one factor that was reported differently between those families with reported income adequacy and those families who reported having 'not enough' income.



2.1.11 _ Living on a low income is stressful irrespective of income adequacy

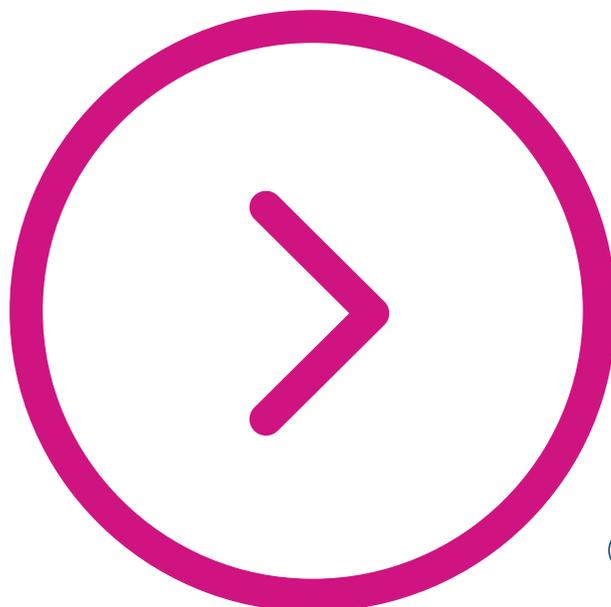
New Zealand research has shown that poorer people tend to report more stress relative to their wealthier counterparts, and the higher stress is due to concern over being unable to acquire adequate food, shelter and clothing. That is, the effect of income on stress was fully mediated by the ability to meet everyday needs (Sengupta et al., 2012).

Therefore we would have expected to see the research indicate less stress in the current study in those who reported having 'enough' or 'only just enough' when compared to those who reported having 'not enough'. This was not the case. A key theme from both groups was living on a low income was highly stressful. This finding does not necessarily undermine Sengupta et al (2012), since all of the families in the current study were low income families. Instead it suggests that both groups in our sample sometimes experienced having 'only just enough' and sometimes experienced having 'not enough', and that the movement in and out of having enough or not, was also stressful.

In support of Sengupta et al (2012), this research confirmed that the most common stressor across both groups was lack of money and difficulty meeting everyday needs. Living with stress caused similar issues for both groups. Parents reported that stress not only affected them, but also their children. Again we see families looking at an issue with their children at the forefront of their minds. This relates strongly back to the value of wanting the best for their children.

The finding that living on a low income was stressful was not universal however. A small number said it was not, reflecting the diversity of experiences of living with a low income. This research has few findings that are absolutely true for all, and living with stress is another example of this.

Because stress was equally experienced across both groups it was removed from the final model as a potential explanatory variable for whether low income families perceived they had enough income to meet their everyday needs or not.





2.1.12 _ Living a reasonable life is not solely the result of having an adequate income

In order to explore the relationship between judgements of income adequacy and family wellbeing, participants were asked what contributed to them living a 'reasonable life'. Past research suggested that participants would report that:

- meeting everyday needs is necessary for a reasonable life, but that
- meeting everyday needs does not guarantee a reasonable life.

The qualitative work largely confirmed the hypothetical model:

- for both groups, meeting everyday needs was not seen as the same as having a reasonable life
- if everyday needs were met, it was still hard to have a reasonable life (even for working parents).

Many participants commented that they were not really living, they were 'just existing'. However these views were not universal; a minority of low income families felt they had a reasonable life even though they did not have enough income to meet their everyday needs. This view was nearly always related to life values (previously discussed), for example:

- being there for their children
- wanting the best for their children
- being happy within oneself/content, being humble
- not seeing themselves as poor – having a positive mind-set
- faith in God.

When looking across the qualitative research and literature scan, key additional factors were needed on top of meeting everyday needs to lead to a reasonable life. They were, meeting everyday needs plus:

- content and happy family (reflecting the value of family coming before money, and wanting the best for their children)
- social contact (reflecting the value of there being more important things in life than money; and the importance of wider family, whānau and community regarding support offered/given)
- low stress (reflecting the ubiquitous experience of stress for those living on a low income).

Low income families who reported having 'enough' or 'only just enough' talked about many different ways in which they could do more than just exist, and how they could expand opportunities for their children if they had more income. They also described material factors that were part of their definition of a reasonable life, for example: *"A reasonable life would be having an insulated warm home. I shouldn't have to bring my kids up in a cold, damp house"*.



Other examples of material needs for a reasonable life included money for school trips, being able to occasionally buy new rather than op shop clothes for the children, taking kids to the movies, having takeaways, and visiting family. For this group a reasonable life meant the family (and the children in particular) did not miss out on ordinary pleasures, and were able to fully participate in school, wider whānau and community life.

In comparison, those who reported having 'not enough' typically did not describe what they would do if they had more income. This likely reflected the coping mechanism employed by those who reported having 'not enough' i.e. focusing on the reality of one day at a time.

The additional factors discussed above as necessary for a reasonable life are summarised in the final model as: social contact; content and happy family; low stress; adequate housing; kids aren't missing out.

2.1.13 _ It was common to move between having an adequate and inadequate income

The families in this study reported that it was relatively common for them to move between having an adequate income and not having an adequate income, and vice versa. For this reason, the final model highlights the fact that reported income adequacy may alter over time.



2.2 Conclusions

A key finding of this exploratory study was that income was only one of the factors taken into account by participants when deciding if income is enough to meet everyday needs. Several other factors were associated with reported income adequacy, including:

- paid employment (positive association⁴)
- being solely reliant on a benefit (negative association)
- having well developed financial planning skills and strategies (positive association)
- setting aside money for future bills (positive association)
- ownership of assets (positive association)
- sense of being better off than others (positive association)
- self-efficacy – belief in one’s own ability to manage (positive association)
- obligation to give (negative association for Pacific families)
- getting or losing a job, and changes in relationship status (either positive or negative association)
- time – moving in/out of having enough over the course of a year or more (either positive or negative association).

There were also themes that were common to the discussions in both groups (i.e. families reporting having ‘enough’ or ‘only just enough’ and families reporting having ‘not enough’):

- the importance of social support
- attitude to debt and access to fair debt
- unexpected expenses
- economising behaviours
- everyday core needs and expenses
- situation-specific needs and expenses, not common across all families
- the stress of managing on a low income
- core interconnected values:
 - wanting the best for their children
 - putting family before income
 - belief that there were more important things in life than money.

Families reported that meeting everyday needs did not necessarily ensure having a reasonable life. A reasonable life was defined by families as meeting everyday needs plus having:

- a content and happy family
- social contact
- low stress
- good health
- a warm, healthy home
- enough money so children don’t miss out on things such as school trips, birthday parties, sports.

This research provides an analysis of the factors broader than income that impact on reported income adequacy in New Zealand. Given the exploratory nature of the work the implications for policy are tentative. However this research, together with previous research, provides useful information to inform Government decisions intended to enhance the economic resilience and wellbeing of families.

⁴ That is, more often mentioned in the group who said their income was adequate.



03

Findings and analysis: Participants' voices



This section presents the qualitative findings in detail, highlighting participants' voices. Participants' views were coded and analysed separately in two groups: those who reported having 'enough' or 'only just enough' income, and those who reported having 'not enough' income. For each topic area participants' voices are presented first, then differences and similarities between the two groups are discussed.

3.1 Income and expenses

This section presents the participants' voices and an analysis about:

- sources of income
- how well their income met their families' everyday needs
- what families spent their money on - needs, wants and luxuries.

3.1.1 Participants' voices: Sources of income

Those who reported having 'enough' or 'only just enough' income

Most of these interviewees reported being a two-parent household and a few reported being a sole parent household. Most of these interviewees were in some form of paid employment. Just over half of the interviewees reported that one person worked in their household, several reported that two people worked and a couple reported that no-one worked. Paid employment included fulltime work, casual work to supplement benefit payments, contract work and permanent part-time work. A couple of participants who had irregular work, said budgeting was difficult. One interviewee, who had moved from being on a benefit into paid employment, noted they could buy more for their children now. Almost half of the interviewees and many of the focus group participants reported being on a benefit.

Most of the participants across the interviews and focus groups who talked about the components of their total income said their total income included all money that came into the household. This included: wages, benefits and any other financial assistance from WINZ, informal jobs such as selling poi, part-time jobs such as a paper run, child support payments, and family tax credits such as Working for Families.

'All sources of money that we get from wherever'. (focus group participant)

Some participants felt 'total income' only included taxable income.

'Anything that comes in that is like taxed, so your family tax credit, your accommodation supplement, any benefit from WINZ, and then my husband's income. I'd take that as total income'. (interviewee)



1/2

of the interviewees reported being sole parent households.

There was some discussion in a couple of the focus groups about whether to include Working for Families Tax Credits due to some participants receiving this money on an annual basis and not knowing how much, in advance, they would receive.

There was also discussion by two interviewees and in one focus group about whether to include money received from a boarder or a contributing family member. Some felt this was income while others thought it was not because it was not taxed and was going towards paying for the extra household expenses i.e. it was not a money-making venture.

One interviewee included money that was given by grandparents for the children to spend or for petrol and food but these financial gifts were not included by the majority of focus group participants who mentioned them.

Tangible things, like gifts of vegetables, were not included in total income but were mentioned by some participants in one focus group as contributing to the household.

Those who reported having 'not enough' income

Half of the interviewees reported being sole parent households. Two interviewees commented on the number of working parents in the house; one said they had one working parent while another said there were no working parents. A couple of the interviewees talked about not having enough income from their jobs – one job just did not pay enough and one had job variable hours which they said made budgeting difficult. Several interviewees and many of the focus group participants said they were on a benefit.

Most participants across the interviews and focus groups who talked about the components of their total income said their total income included all money that came into the household. This included: wages, benefit, tax credits and cash jobs and financial gifts. A couple of focus group participants included money from a contributing family member. In reference to a niece staying with the family, one said:

'It would be so hard without her [financial contribution]'. (focus group participant)

Many participants in one focus group said they found it difficult to work out the components of their income as they had several income streams and subsequently found it difficult to calculate their total income. One participant said that with redirections (e.g. WINZ deductions, automatic payments) it was hard to know the exact amount of their income.

Some participants in one focus group did not include Working for Families Tax Credits in their income because they saw it as an 'extra' or did not know how much they would get at the end of the financial year.

3.1.2 _ Participants' voices: How well their income met the families' everyday needs

Those who reported having 'enough' or 'only just enough' income

All of these interviewees said they had 'enough' or 'only just enough', income to meet their everyday needs with most reporting they had 'only just enough' to cover costs and pay the bills but that there was nothing left over. All interviewees were referring to their current situation, and not past or future situations, when answering this question. They all found this question easy to answer.

'It's not a lot, but it gets us by, from week to week, just enough for the kids and for their lunch and for whatever bills you have to pay. I would say that we're never behind on bills.' (interviewee)

Several said they struggled to 'get by' and 'just existed' or lived a very 'basic' life.

'It's enough because I just exist...[but] if I wanted to live it is definitely not enough.' (interviewee)

'[It's] only just enough money because I live within my means but I go without... everything gets covered but we don't do anything out of the ordinary, we just have a three-meal day, breakfast, lunch dinner. We use the car twice a week; the kids don't do anything after school. We just live a real basic lifestyle.' (interviewee)

One interviewee said they had enough 80% of the time but did not have enough 20% of the time. No one reported having 'more than enough money' to meet everyday needs.

A couple of focus group participants said the benefit alone was enough to meet their basic needs of food, power, rent, clothing but was not enough for big or unexpected costs.

Interviewees and focus group participants said a change in circumstances meant they could move from having 'enough' or 'only just enough' to 'not having enough' and back again.

'When we were only meeting basic needs it was not enough – now we feel like we're able to afford extra things and get on top of debt.' (interviewee)

Some interviewees said a change in job meant they had moved from not having enough money to having enough. For example, things changed when a person in the household got a better paying job or when a person in the household lost their job and/or moved into a lower paying job. They said this change in income affected their ability to pay the bills.





‘Christmas is the only time that leaves me broke, I’m dead broke, I wouldn’t have anything after Christmas, I’d probably have to wait for my next pay check, and that alone would probably go straight to the bills. And probably have nothing left over until January, yeah so I say Christmas would be the worst’. (interviewee)

Several interviewees and focus group participants said having no contingency money for large or unexpected costs and needing to find the money to pay for those expenses moved them into having ‘not enough money’. Those costs included: car repairs, school fees, children’s clothing, fines, having family to stay at Christmas or needing to give money to a family member because they were struggling financially or because they were sick.

‘Having family stay at Christmas time meant I had to get a loan to cover the costs – paying back the loan at \$230 a week was tough’. (interviewee)

Most of the interviewees and some focus group participants talked about having savings or assets. Some managed to put money into a savings account, either regularly or when they could afford to, as a general contingency for unexpected costs like medical bills. Interviewees said having this contingency money took some of the stress off them when unexpected costs arose. A couple of the interviewees contributed to KiwiSaver. A couple of these interviewees also managed to put money into savings accounts for their children. E.g.

‘Savings account for me (\$10/week) and for my kids (\$5/week) so we have money to draw on for petrol, to get to work, to sports’. (interviewee)

One interviewee said they did not have savings but could access an eftpos account on their mortgage to draw on more money if they needed to do so. An interviewee and one focus group participant mentioned they had no savings. The focus group participant said they could not save any money on a benefit.

Those who reported having ‘not enough’ income

All of these interviewees said they did ‘not have enough’ money to cover their everyday expenses.

Many interviewees found it easy to answer that they did not have enough income to meet their everyday needs as they could not cover their weekly expenses on their current level of income. Other participants found the question difficult to answer as it depended what they included as an ‘everyday expense’. For instance, one interviewee reported having enough money for some bills but not for others.

‘We have money for accommodation and food, but not for the other bills that come up in the week’. (interviewee)

One interviewee said they currently did not have enough money but sometimes they had ‘enough’ and sometimes ‘not enough’. For instance, they could not afford petrol to get to a WINZ meeting which was essential to maintain their income.



An interviewee and some focus group participants reported that a change in their circumstances impacted their ability to pay the bills. This included redundancy, relationship separation, having a child and leaving their job to care for them, and chronic ill health. An increase in the price of basic necessities including rent and food had negatively impacted on some focus group participants.

One interviewee and one focus group participant said they could not 'make ends meet' on a benefit.

'I would say that if someone is surviving they are probably cheating or...got income from other sources or whatever. Because we certainly [don't] splurge out at all.' (interviewee)

A couple of the interviewees mentioned savings. One said they did not have enough money to save and one put aside small amounts some weeks for other bills but said this money was 'sacrificed' from elsewhere e.g. they spent \$5 less per week on bread.

3.1.3 _ What's needed, wanted and a luxury

Those who reported having 'enough' or 'only just enough' income

Shelter/accommodation

All of the interviewees and focus group participants reported that shelter/accommodation is needed and is one of their biggest expenses. Most reported living in rental properties but some were homeowners. One interviewee said they owned their house via a Māori trust so they only paid rates.

The cost of rent was talked about a lot at one focus group in particular where a couple of participants said it was over half their income. One participant said they moved to a cheaper rental area and within one year the rent was back up to what they were paying at the more expensive property they had moved from. Some felt powerless about the cost of rent.

'We're not determining how big our rent is, our mortgage is, that's all determined by other factors and the government. It's bigger than us.' (focus group participant)

Some also mentioned the expense of water rates in relation to housing costs.

Food

All of the interviewees and focus group participants said food was needed and many said it was a big expense. One interviewee said that compared to the United States, they did not get much food for their money in New Zealand. Feeding large and/or growing families was mentioned as being expensive by several participants. The cost of healthy food compared to the cost of 'junk' food was discussed at one focus group where participants said they could not afford 'nice' cuts of meat that were healthier. One interviewee talked about the stress of grocery shopping on their children.

'My son looked at the [leftpos] screen at Countdown and announced in this huge voice "Mum it's been accepted" – [not knowing if the transaction would go through] had been a stress to him and I didn't realise that. He was 7.' (interviewee)



Power

Most of the interviewees and many focus group participants said power was needed and was a major expense.

Clothing

Most of the interviewees and focus group participants said clothing was needed, but some queried whether it was an 'everyday need' since new clothes were only needed occasionally. Some said it was not a big expense because of the use of 'hand-me-downs' and op shops and not buying 'high fashion' clothes.

Transport

Having transport or a vehicle and petrol was mentioned as being a need by many interviewees and focus group participants. It was necessary for them to get around e.g. WINZ appointment to maintain benefit, taking children to school and sports, and travel to work. Most said petrol was a big expense.

'Petrol is the worst, it's killing me, I think I'm paying \$120 a week for petrol.' (interviewee)

Having money for car-related costs in addition to petrol (e.g. servicing, warrant of fitness and registration) were mentioned by an interviewee and some focus group participants as being necessary and also a big expense. Some focus group participants disagreed that a warrant was necessary and a discussion ensued about whether it would then be necessary to pay the fine if they were caught without a warrant.

Phone

While the phone was mentioned by many interviewees and focus group participants as being necessary, there was disagreement over whether a phone was actually needed. Some interviewees and focus group participants said they needed a phone to stay in touch with others and to contact someone in an emergency that involved their children or because they lived in a rural area. Others said they did not think a phone was a necessity as there were other forms of communication and/or they could go without a phone.

'If I had to go without power and phone, I could live like that. Simple as.' (interviewee)





Unexpected or irregular costs

Unexpected costs were mentioned by most of the interviewees and some focus group participants. They said unexpected bills could include the car breaking down, feeding extra people in the house, a family member asking for money, needing to get to a funeral, medical costs and finding the petrol to go somewhere they had not planned for. Several of the interviewees said irregular costs such as high power bills in winter were hard to budget for. One interviewee said they had enough money to cover most unexpected costs due to savings they could draw on but many said they could not afford unexpected costs and these costs were the difference between them having 'only just enough' and 'not enough' income.

'One of my whānau dying would be it for me'. (interviewee)

Debt servicing

Most of the interviewees and some focus group participants reported debt servicing to be one of their expenses. For several interviewees this was a hire purchase (e.g. for a car), a couple of the interviewees were paying off their credit card and a couple reported paying off fines.

'Baycorp, \$5/week, it's their issue if they're going to worry about it, because I've got bigger things to worry about'. (interviewee)

Medical costs

Money for medical costs related to specific medical conditions (e.g. child with asthma) was mentioned by some interviewees and focus group participants. A couple of the interviewees and some focus group participants talked about medical costs being expensive. Two had medical conditions that required specific medical treatment. Some also said it was important to be able to set aside money for doctors' fees when it was needed. One interviewee and some focus group participants said their household was only as healthy as the adults in it and they could not look after their children if they were sick themselves.

Smoking, drinking, gambling

Many of the interviewees and focus group participants reported smoking to be an expense. Several interviewees and some focus group participants said they bought cigarettes. Some interviewees and focus group participants discussed whether cigarettes were needed. Some smokers said they needed them but in lesser quantities now as they had cut down and some had given up altogether.

'It's what keeps me sane. Four kids and my own weak mind. Smoking, fingernails and Christian Dior perfume are my vices'. (interviewee)

A few reported gambling to be an expense (in both situations it was a lotto ticket, or a 'scratch and win'). One interviewee said some of the household's money went toward the partner's gambling. No one reported spending money on drugs or alcohol.



Internet

An interviewee and some focus group participants said they needed the internet for work and their children's education so it was a necessity.

'It's all internet at school, everything's done online, I mean you've got to have internet as their homework is emailed'. (interviewee)

Education costs

Some interviewees and some focus group participants talked about necessary costs associated with their children's education. These costs included school fees or donations, school uniforms, school swimming lessons or school sports (e.g. kapa haka).

Insurances

Some interviewees reported having insurance. This included car insurance and funeral insurance to avoid leaving children with a funeral debt to pay.

Personal care items

Personal care items such as nappies for infants and toddlers and sanitary items for teenage girls and women were mentioned as being needs that added to their weekly expenses by some.

Obligation to give

Some interviewees mentioned tithing to the church as an expense. Other obligations included sending money to family in the Pacific Islands, which was said to be a 'huge expense', and donating money to a charity.

Other

Needs mentioned by a small number of interviewees or focus group participants included:

- childcare
- coffee
- clean clothes
- gluten free food for a person with celiac
- furniture and bedding
- Sky.

Some interviewees and focus group participants said there were extra things that were not considered 'necessities' but were nice to have. These included Sky, perfume, makeup, fingernails and haircuts.

'There are things that we pay for that if we could do without, if we had to, we could stop. Things like Sky TV; some of the kids' activities. Those would be the last things you'd want to go but they're not necessities to life'. (interviewee)



Similarly, some interviewees and focus group participants also talked about things they considered to be 'luxuries' rather than everyday needs. These included: doing things to relax (e.g. family holiday), buying a tablet or smart phone, and having broadband. An interviewee said the one luxury their family had was a holiday to Australia to see family.

'That's the one luxury that we've had in all the time that the work was good, and I don't regret it, even at those times when we've been in the 20 percent...the kids have got some wonderful memories, and we all came back really happy, and ready to work hard again'.

(interviewee)

Those who reported having 'not enough' income

Shelter/accommodation

Many interviewees and focus group participants reported that housing was a necessity and one of their biggest expenses. Many reported living in rental properties and one was a homeowner who had taken a 'mortgage holiday' and was just making interest repayments. One said the cost of renting even a cold damp place was very expensive.

Food

Many of the interviewees and focus group participants said food was a necessity and a big expense. The cost of healthy food was raised by an interviewee and some focus group participants.

'I struggle to give the kids a healthy meal'. (interviewee)

Clothing

Many interviewees and focus group participants reported clothing to be a necessity. However participants described ways to get clothing cheaply, via swapping and opportunity shops.

'I can't remember the last thing we bought new, off the shelf'. (interviewee)

Power

Many interviewees and focus group participants said power was an expense that was regularly increasing.

Medical costs

Many interviewees and focus group participants listed medical costs as a necessary expense. Money for specific health conditions was needed by a couple of participants. Several interviewees talked about medical costs being an expense which they could often not afford. One of the interviewees said they could not afford hearing aids for their daughter so were 'doing without'. Similarly, another interviewee did not go to the doctor because she could not afford it. A couple of other interviewees said they were not sure how they would cope financially when their children got older and they had to pay for them to see the doctor.



Transport

Having some form of transport and petrol for a vehicle was said to be a need and a big expense by some interviewees and focus group participants. This was especially so for those living in rural areas where it was too far for them to walk to appointments, school and sports games. Some commented on the high cost of petrol and some commented on the high cost of public transport.

Education

Some interviewees and focus group participants talked about costs associated with their children's education. These costs included school or kindergarten fees and donations, school trips, uniforms and school fundraising activities.

'Fundraising hit us bad this month. \$260 I had to pay'. (focus group participant)

While not a current expense, several focus group participants expressed concern about future education costs for their children and were worried their children would end up with substantial debt.

Unexpected or irregular costs

Some interviewees and focus group participants talked about unexpected or irregular expenses. These included orthodontic bills, extra bank costs incurred by changing an automatic payment to cover a higher power bill, school activity fees, high water rates due to a water leak, car repairs, high power bills in winter and the fluctuating cost of food. One of these interviewees said it is hard to plan for some expenses.

Debt servicing

Some interviewees and focus group participants reported servicing debt to be a necessary expense. Several had a loan for a car, a couple had credit cards, and one was repaying a Farmers Card. All participants in one focus group agreed that getting into debt was sometimes unavoidable.

Smoking, drinking and gambling

One interviewee and some focus group participants talked about addictions being an expense. Some said cigarettes were an expense for them and one also reported 'infrequent' gambling.

'I smoke, it's the one thing I asked for when I became a stay at home parent'.

(focus group participant)

A couple of the focus groups discussed how addictions can break peoples budgets and make it very stressful when one person was trying to manage the budget and the other was 'blowing' it. A couple of the participants at one focus group said they could not afford to drink or smoke.

'My whole family don't drink or smoke. My husband will say "honey can I have a beer on Friday night" and I'll say "yeah right".' (focus group participant)

Phone

The phone, especially for those living in rural areas, was mentioned by some as being a necessary expense.



Obligations to
give e.g.
tithing
were expenses
they could not afford
but were obliged
to pay.

Internet

Focus group participants discussed whether the Internet was a need or something extra. Some felt it was needed to help children with their education while others felt it was not necessary for everyday life.

Pacific Island culture obligation to give

Obligations to give (i.e. tithing and contributing to funerals and weddings) were expenses some interviewees and many Pacific Island focus group participants said they could not afford but were obliged to pay.

A couple of these interviewees said tithing was a necessary expense, as did many participants in one focus group who discussed tithing at length. The tithing included giving to a church and/or to family in the Pacific Islands. These focus group participants said tithing was expected of them even when they could not afford it.

There was wide agreement that they needed to get themselves financially sorted before sending money back to family especially when life in New Zealand is cash-based whereas life in the Islands is more trade-based. Many said that having to tithe was making it difficult for them to 'get ahead' and was keeping them poor.

'Even the grandparents are asking for money from the sons. We have to sort ourselves out before we send money to them'. (focus group participant)

One participant talked about their sister who got herself set up first with a house and a job before tithing to other family members. This sister 'picks and chooses' what or who to contribute to. There was wide agreement amongst focus group participants that more should be like her.

Many Pacific participants from one focus group talked about the expense of weddings and funerals they were expected to contribute towards. One participant said \$60,000 was given as gifts to their family when her mother died but they had to feed hundreds of people out of that money and give each person who visited a gift of money.

'\$60,000 came in and we still have to pay'. (focus group participant)

Some participants said it was hard being a Pacific Islander and struggling to pay their own bills but being expected to keep other family members afloat too.

'You come to New Zealand, taught to look after yourself, getting a better life, get ahead, then they want you to do that, and it's really hard to marry the two sometimes'. (focus group participant)

'It's hard being a Pacific Islander in a situation like this. We're struggling pay cheque to pay cheque. And we love our culture, and one thing we wouldn't do is disrespect our culture. We honour our family. And if it puts us in strife for a week, well we do it. It's our family name'. (focus group participant)



One interviewee said that if they refused to contribute they could be disowned by their family.

There was wide agreement amongst these Pacific focus group participants that although they find these obligatory aspects of their culture demanding, they do love their culture and there are benefits to giving.

‘I know you’ve heard us moaning a lot about our culture, the initial output is hurtful, but the dribbling back effect is a goodwill that spreads’. (focus group participant)

Needs mentioned by one interviewee or one focus group participant included:

- water
- money for Laundromat as they had no washing machine at home
- money to pay someone to mow the lawns.

Luxuries were discussed at one focus group where participants reported that taking children on a holiday to visit family in Auckland would be a luxury as would getting takeaways, like taking the children to KFC. One participant said anything more than meeting their daily needs is a luxury.

3.14 _ Analysis of income and expenses

Components of total income were consistent across both groups. Almost all participants included all the income coming into the household as part of their ‘total income’. Most felt Working for Families Tax Credits should be considered as part of their total income but additional money, such as financial gifts from family was not generally considered to be income. Money from a boarder or extended family member was not included by those who reported having ‘enough’ or ‘only just enough’ income but was included by those who reported having ‘not enough’ income. Those who reported having ‘not enough’ income found it difficult to calculate their total income as their money came from several sources and was redirected to paying expenses before it actually reached them. Some knew how much money they had left over to pay for food but not necessarily how much they received before other expenses were paid.

Being in paid employment was an important income factor for managing financially. Most of those who reported having ‘enough’ income were in a two-parent household with at least one person in paid employment. A small number of participants receiving a benefit (sometimes with part-time paid employment) also talked positively about living on a benefit and ‘making it work’. In contrast, half of those who reported having ‘not enough’ income were sole parent households and they seldom discussed paid employment.

How well their income met their ‘everyday needs’

Most participants found it easy to answer whether they had enough money to cover their everyday needs and expenses. Across both groups, most either had ‘only just enough’ or ‘not enough’ and were struggling to stay on top of their expenses and/or to survive. Participants were doing the best they could with the money they had to ensure their children’s needs were met. They had food and shelter, and their bills were paid, ideally without incurring late payment penalties. No one had ‘more than enough’ money.



Those reporting they had ‘enough’ or ‘only just enough’ were better able to cover their expenses than those who reported having ‘not enough’. However, the former were still trying to stay afloat and often moved from having ‘only just enough’ to having ‘not enough’ depending on their circumstances. Changes in job situation and/or large or unexpected costs, which could be termed ‘tipping points’, often moved them between the categories as they walked ‘a fine line’ between having ‘only just enough’ or having ‘not enough’. Those that said they had ‘enough’ or ‘only just enough’ talked about tipping points more often than those who reported having ‘not enough’.

Despite many of those with ‘enough’ or ‘only just enough’ reporting just ‘getting by’, many managed to put some money aside which they could draw on for unexpected or large bills. Two managed to contribute to KiwiSaver. In contrast, putting money aside for larger bills or saving was only afforded by a couple of those with ‘not enough’.

What they spent their money on – needs, wants and luxuries

Many needs and expenses were mentioned with food, housing, power and transport consistently listed across both groups as being their biggest needs and expenses. Clothing was described as a need by both groups, but was an infrequent and not necessarily a big expense.

Those in both groups said that paying rent or servicing a mortgage was a big cost. There were far more renters in both groups than home owners. However those reporting having ‘enough’ or ‘only just enough’ were more likely to own their own home than those who reported having ‘not enough’. Only one participant who reported having ‘not enough’ income said they were a homeowner. Many, but especially those who reported having ‘not enough’ income, felt powerless to do anything about the increasing cost of rent, or do anything about substandard housing.

Food was a big cost across both groups with many saying it was difficult to eat healthily and feed large families with growing children when healthy food was so expensive.

Transport costs, including servicing a car and paying for public transport, were a big expense for both groups. Those who reported having ‘enough’ or ‘only just enough’ income were more likely to talk about the cost of petrol and car maintenance and did not mention public transport at all. Those who reported having ‘not enough’ income did mention petrol but also talked about public transport which they felt was too expensive.

Expenses associated with clothing, doctors’ visits, power, phone and Internet, and education (e.g. school fees) were consistently mentioned by many participants in both groups.



Debt servicing and unexpected bills were substantial expenses, especially for those who reported having 'enough' or 'only just enough'. Unexpected costs ranged from petrol to medical bills to bigger ticket items like car repairs and were sometimes enough to tip people over the edge into having 'not enough' income. While some who reported having 'not enough' were servicing debt, more of those who reported having 'enough' were repaying debts in some form. This suggests those who reported having 'enough' were more able to go into debt than those who reported having 'not enough'. Car loans were the most common debt followed by credit cards.

Cigarettes were the most common addiction mentioned across groups however relatively few participants smoked. Two participants who reported having 'not enough' income talked about not being able to afford to drink or smoke. No one who reported having 'not enough' income mentioned having any kind of insurance and few who reported having 'enough' or 'only just enough' appeared to have insurance either.

The huge expense of being obligated to give was predominantly mentioned by the Pacific Island participants, many of whom reported to have 'not enough' income. 'Wants' mentioned by participants with 'enough' income included extra things over and above the necessities (e.g. perfume). 'Wants' were not mentioned by participants with 'not enough' income.

While luxuries were not talked about much by either group, there were differences in the things considered to be luxuries. Those with 'enough' money talked about a luxury being something they did to relax, or a holiday to Australia. Whereas those with 'not enough' typically talked about a luxury being the petrol to drive a few hours to Auckland to visit family, or money to buy the family takeaways.



3.2 Low income families' skills, approaches and coping strategies

This section presents the participants' voices and analysis about:

- budgeting skills
- practical strategies to manage
- attitude to and use of debt
- asking for and/or receiving help (from neighbours, family, social services) (social support)
- expectations/ comparison with others
- living on a low income is stressful (long term).

3.2.1 Participants' voices: Budgeting skills

Those who reported having 'enough' or 'only just enough' income

Budgeting skills were talked about by most of the interviewees and some focus group participants who reported having 'enough' or 'only just enough' income to meet their everyday needs. Many of these interviewees said they paid their current bills first and set aside money for future bills, via automatic payments, and then spent the remaining money on food.

'Pay bills first, then any money left over is for food. APs go out first before I see the money. One for the car, another at the doctors, another at the garage for the car servicing, car and contents insurance – they're often in credit, just \$5-10/week each'. (interviewee)

'I have all the AP's set up as a set price for each fortnight, about ten of them, rent, phone, Baycorp, power, fines, chemist, Q card'. (interviewee)

A couple of the interviewees said getting through the week with their bills paid and setting aside a small amount for future bills made them feel good about their situation and about themselves.

'It does make you feel good', 'I can do it myself'. (interviewee)

Having a budget and sticking to it, by using a grocery list for example, was mentioned by most of the interviewees. A couple of interviewees had learned how to budget from a parent, one had learned to budget once they had children, and one said, 'budgeting's always been a part of who I am'. Another interviewee said learning to stick to a budget had helped them live within their means.

'We didn't have enough in the past but learning to stick to a budget has helped us have enough'. (interviewee)





Many looked for bargains in shops and online e.g. TradeMe and GrabOne.

One or two interviewees reported the following budgeting strategies:

- writing a list of what bills are due, by when and for how much. The list was in a prominent place and visible to help them remember
- getting help from others around money (e.g. whānau, the church)
- saving for bigger items.

Those who reported having ‘not enough’ income

Budgeting skills were talked about by some of the interviewees and many focus group participants who reported having ‘not enough’ income to meet their everyday needs.

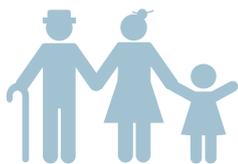
One interviewee and many focus group participants talked about ‘juggling’ and ‘prioritising’. Some said this sometimes meant going without one thing in order to pay for something else.

‘Sometimes [I] have enough if I juggle really well, but say if my son gets sick and I take him to A&E and it costs \$75 – there goes petrol for me and my husband for a week, so I need to juggle something else’. (focus group participant)

One or two interviewees reported the following budgeting strategies:

- having a budget and sticking to it
- paying the bills first via automatic payments
- using laybys and Chrisco to pay items off over time
- using the Internet to find ‘bargains’ before doing the shopping in town
- having just two ‘good meals a day’ – *‘I know she’s got kai, we’re not starving’.* (interviewee)





3.2.2_ Participants' voices: Practical strategies to manage

Those who reported having 'enough' or 'only just enough' income

Practical strategies to make sure they met their everyday needs were mentioned by most of the interviewees and some focus group participants who reported having 'just enough' or 'only just enough' income.

Many of these interviewees and some focus group participants said families on low incomes had to be resourceful.

Some interviewees and focus group participants described practical strategies related to food purchase and use. These included:

- buying basic foods and cheaper alternatives from the outset (e.g. milk powder instead of fresh milk, buying fruit and vegetables at the market, cheaper meat like mince)
- growing food in a vegetable garden or on fruit trees or gathering their own food via hunting and fishing
- cooking 'basic' meals at home, often with a lot of repetition
- being 'thrifty' with food.

'Everything has to stretch as much as possible'. (interviewee)

'Yeah, same old dinner every night, not much food, noodles, spaghetti on toast'.
(interviewee)

'I don't have the money to buy, but I can bake it'. (interviewee)

'Making things go further like using what you have'. (interviewee)

Some interviewees and focus group participants also described non-food strategies that included:

- buying second-hand, especially second hand clothes for kids
- using power wisely (e.g. using a heat pump, doing cold washes).

'My brother rings the power company and [gets] an actual reading each month – there's no more shocks (laughs)'. (interviewee)





Those who reported having 'not enough' income

Practical strategies to make sure they met their everyday needs were mentioned by many of the interviewees and some focus group participants who reported having 'not enough' income.

Many interviewees and focus group participants described practical strategies related to food purchase and use. These included:

- shopping where it was cheapest and buying low price products

'There's short dated stock but it's still edible'. (focus group participants)

- cooking foods from scratch (e.g. baking their own bread).

'I make Takakau (Māori fried bread), and we have it with peanut butter and jam and a cup of tea. Not going to have these meat and three vegies, cos we can't afford meat. But I always make sure she has a pie. If not we make do with what's in our cupboards'.

(interviewee)

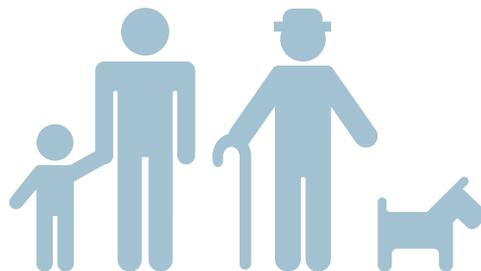
- gathering their own food through hunting and fishing
- being 'thrifty' with food and 'making do'.

'We use everything we have - vege peels make veg stock'. (focus group participant)

Some interviewees and focus group participants also described non-food strategies that included:

- buying second-hand clothes
- using as little power as possible.

'I try to keep heating at a minimum'. (interviewee)





3.2.3_ Participants' voices: Attitude to and use of debt

Those who reported having 'enough' or 'only just enough' income

All of the interviewees and some focus group participants who reported having 'just enough' or 'only just enough' income talked about debt.

Some said they got into debt to meet their everyday needs or when they needed something specific (e.g. swimming lessons for their child). Many were currently in debt through a credit card or hire purchase arrangements for a car. One interviewee with a credit card reported keeping the level as low as possible because they did not like being in debt.

Many interviewees had strong attitudes towards debt citing it as too stressful and saying the interest payments were 'dead money'. Some interviewees said they did not get into debt at all. A couple said they did not buy something if they could not pay for it and one preferred to set aside money each week to buy things outright.

'Don't want it, not if I can't pay for it.' (interviewee)

Focus group participants discussed whether getting into debt was avoidable. Participants said it depended on what the debt was for (e.g. a new TV was thought to be avoidable debt but funeral expenses were said to be unavoidable debt).

Two participants described how they managed their debt, each with very different approaches.

'If you get in trouble with debtors, talk to them quick, tell them how much you can pay, don't hide away.' (interviewee)

'Sometimes when you can't afford to pay things back you just wait to get taken to court and opt for community service.' (focus group participant)

Those who reported having 'not enough' income

Many interviewees and participants who reported having 'not enough' income talked about debt.

Some felt debt was necessary or unavoidable in order to buy some things (e.g. car, bed for child). Debt included hire purchase for a car. Those who had a credit card said it was only used for emergency situations.

'I have a low limit credit card for emergencies.' (focus group participant)

Some interviewees and participants held strong attitudes against being in debt. Two said they did not get into debt at all.

'I don't have debt and...that gives me freedom.' (interviewee)

One participant described how she was unable to get a credit card due to previous bad debt.



Focus group participants discussed whether being in debt was a personal choice and many agreed it was and felt people did not need to get into debt. One participant went on to say:

‘If you do end up in debt you’ve gotta have a plan on how to get out of it. It’s about control and prioritising needs, sometimes you need to go without’. (focus group participant)

3.2.4_ Participants’ voices: Social support: asking for and/or receiving help

Those who reported having ‘enough’ or ‘only just enough’ income

Most of the interviewees and many focus group participants who reported having ‘enough’ or ‘only just enough’ income to meet their everyday needs talked about asking for and/or receiving help from others.

Some interviewees said they could ask for help if they needed to but they strongly disliked doing so and related it to failure.

‘I hate asking people for help, I can, but I hate it. I just don’t want to feel that I need help’. (interviewee)

‘We were too proud to ask for help from wealthy family members when it was needed before the pay rise’. (interviewee)

Some interviewees said they were grateful they had someone else they could rely on.

‘I’m lucky my mum is in a position that she can help us’. (interviewee)

Many interviewees and focus group participants said they had received help from their wider family/whānau.

‘I can’t get by without help from family/friends’. (focus group participant)

The types of help received from wider family and whānau included (from most commonly cited to least commonly cited):

- financial assistance (sometimes available but not used)
- food
- time: such as babysitting, caring for children in the holidays, taking children to sport, and providing a ‘listening ear’ when things got stressful
- services such as fixing a car and installing a Freeview box.



Some interviewees had not asked for, or received, help from their family.

'[My] family could help financially if needed but we haven't asked them'. (interviewee)

'Sometimes family and friends are in the same position so it's tricky'.

(focus group participant)

Some interviewees and focus group participants said they had asked friends and colleagues for help or had received help from them without asking. The types of help received from friends and colleagues were:

- kaimoana
- general support
- borrowing money.

'They know that I struggle and my colleagues just offer [kaimoana]'. (interviewee)

Other sources of support included:

- church
- school/kura
- WINZ and other formal support from agencies.

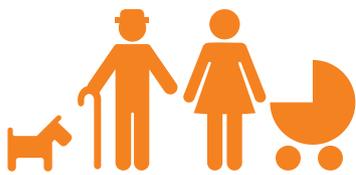
'The church will give food when we don't have any food. Also other church members fish and have big gardens and share on a Sunday – help yourself, it's a blessing'. (interviewee)

'Fruit in schools is awesome...milk and bread and breakfast and there's other things too'. (interviewee)

'We got an advance from WINZ to pay for repairs to our car and for a washing machine'. (interviewee)

Reciprocity was talked about by some interviewees i.e. giving back to other struggling whānau, giving back to the kura, and to the church.

'We give back to the church through service projects, helping others'. (interviewee)





Those who reported having ‘not enough’ income

Most of the interviewees and many focus group participants who reported having ‘not enough’ income to meet their everyday needs talked about asking for and/or receiving help from others.

Few held negative attitudes about asking for help. Many reported being grateful and many had a willingness to share, barter and reciprocate.

‘We have strong community support for one another – couldn’t get by without help from family and friends’. (focus group participant)

‘There’s strong community support for one another’. (focus group participant)

Many interviewees and participants said they received help from wider family/whānau.

‘We’re quite fortunate for the generosity of other people. I would say that my father and my sisters help us out a lot’. (interviewee)

‘The family takes the kids out for treats that otherwise wouldn’t be done’. (interviewee)

‘I couldn’t get by without help from family and friends’. (focus group participant)

The types of help received from wider family and whānau included (from most commonly cited to least commonly cited):

- financial assistance
- food
- non-food items (e.g. furniture, clothes)
- time e.g. babysitting the children.

Many participants described receiving help from school, and a smaller number reported receiving help from friends and neighbours.

‘Fruit in schools and the breakfast club is a huge support – my daughter wouldn’t have fruit otherwise’. (focus group participant)

‘We have breakfast always - thank you to the schools for breakfast’. (interviewee)

‘The neighbours help us with old clothes, firewood, and take the kids to sports’. (interviewee)

The types of help asked for/received from friends, neighbours and the school included (from most commonly cited to least commonly cited):

- food
- non-food items (e.g. clothes)
- time (e.g. taking kids to sport)
- fire wood.

One interviewee mentioned help from church members and several used food banks.



3.2.5 Participants' voices: Expectations/ comparison with others

Those who reported having 'enough' or 'only just enough' income

Many interviewees and participants who reported having 'enough' or 'only just enough' income to meet their everyday needs said they were better off than others. This was in comparison to:

- an extreme situation
- those with more children
- those with no money left over after paying bills.

'Life could be way worse – I could be in jail'. (interviewee)

'I try to teach my children the perspective that compared with international poverty, while we're low income, globally we are very, very blessed'. (focus group participant)

'Scary how some families get, families with lots of kids, We're better than that with just the one child'. (interviewee)

'They've so little money left over after bills'. (interviewee)

Pressures from children and expectations about wanting the latest gadget or branded product were discussed by some interviewees and participants.

'I-pads, I-phones – keeping up with the Jones'. (interviewee)

'Kids see their friends and want an I-pad, even though they've a computer in their room'. (focus group participant)

While pressure from children was mentioned, in each situation, the interviewee or participant described not giving in to that pressure.

'They...don't get it just cos they want it'. (focus group participant)

'If they want it, they have to buy it themselves'. (focus group participant)

Two interviewees talked about raising children in an environment where pressure for material goods was lessened.



‘My kids are in kura and there’s little peer pressure for material stuff’. (interviewee)

‘My kids don’t mix with high maintenance families so as not to raise their expectations and they don’t watch TV so they don’t see advertising as their desires will build up’.

(interviewee)

Two interviewees knew they were worse off than others but didn’t compare themselves.

‘We don’t compare ourselves to others against what we don’t have’. (interviewee)

‘I don’t compare myself to others as you can become miserable or feel like you’re missing out’. (interviewee)

Those who reported having ‘not enough’ income

Very few interviewees and participants who reported having ‘not enough’ income to meet everyday needs answered the question about comparisons with others and their expectations.

One participant in a focus group said he did not compare himself to others.

Another interviewee compared herself with an extreme situation:

‘There’s people with no roof over their heads that live on the streets, we’re doing OK. We can wash ourselves, have hot water. I have power and can cook me a feed so yes I am rich, compared to others. So I can’t say that I’m poor, I’m rich’ (Interviewee)

Two participants responded to the question in relation to their aspirations for their children. They expressed how they wanted their children to succeed in life, and how they wanted their children to have high expectations of themselves.

‘Education is very important to not being reliant on the benefit and lifting children’s expectations of themselves – education is the key to getting ahead in life’ (Interviewee)



3.2.6_ Participants' voices: Living on a low income is stressful (long term)

Those who reported having 'enough' or 'only just enough' income

Many interviewees and focus group participants who reported having 'enough' or 'only just enough' income to meet their everyday needs said living on a low income was stressful.

Many said they were stressed from a lack of money.

'I worry about living day to day, if I'm going to have enough money'. (interviewee)

'Budgeting and just making ends meet is stressful'. (interviewee)

One participant was stressed about not having enough food.

'I worry if...there's enough food in the cupboards today, if my tamariki are going to be full from what's in the cupboard'. (interviewee)

Some interviewees and focus group participants said living in stress contributed to issues for them that included:

- smoking
- emotional issues (e.g. being moody and grumpy)
- noticing that their children were also under the same stress.

'I smoke cigarettes as a stress relief'. (interviewee)

'And for kids too – stationery and the camp fee all came up at once and we couldn't afford it all'. (focus group participant)

Some interviewees described how they 'bury their stress' or got used to the stress.

'I try not to focus on the stress'. (interviewee)

'I just deal with it – I don't think I'm stressed but if the burden was lifted I might find that I am'. (interviewee)

'I try not to stress – but sometimes I'm aware there's not much money coming up, but not get focussed on it'. (interviewee)





Two interviewees said living on a low income was not too stressful.

'I take each day as it comes and don't get too stressed'. (interviewee)

'It's only stressful if you let it be stressful and worry about what you don't have – if you think you've got everything you need then it's not stressful. It's certainly not easy though. You just make it work, no point complaining'. (interviewee)

Those who reported having 'not enough' income

Many interviewees and participants who reported having 'not enough' income to meet their everyday needs said living on a low income was stressful.

One interviewee said she was stressed from shopping, fundraising expectations and her daughter asking her for money.

Some interviewees and participants said living in stress contributed to issues for them and their children.

'It's hard to hide my stress from the kids'. (interviewee)

'Stress is not good for anyone'. (interviewee)

Some focus group participants said they did not let stress get to them and focused on what they did have. All said they'd like a little bit more money though.

3.2.7 Analysis of low income families' skills, approaches and coping strategies

Low income families demonstrated substantial skills and strategies to do the best they could to manage financially. At first glance, some of these skills and strategies appeared similar across both groups but on further analysis there were nuanced and important differences. For example, interviewees and participants who reported having 'only just enough' income to meet their everyday needs were more likely to:

- pay the bills first in an organised and planned manner
- use budgeting and other financial strategies (e.g. having a budget and using it; looking for bargains; saving for bigger items; getting help from others; using a grocery list).

In contrast, of those who reported having 'not enough', very few paid their bills first or described other budgeting and financial strategies. Those who did had similar strategies to those reporting they had 'only just enough'. For example, having a budget and using it, and looking for bargains. Amongst those who reported having 'not enough', participants were more likely to use terms which implied a greater degree of disorganisation, such as 'juggling' and 'going without'. In contrast, 'managing' or 'budgeting' are conscious positive strategies.



Practical strategies to manage food were evident in both those who reported having 'only just enough' and in those who reported having 'not enough'. Similar strategies included buying low priced products; cooking or baking basic foods from scratch; gathering and hunting for food; and being thrifty with food. The differences were that those who reported having 'only just enough' described use of vegetable gardens, and repetitive meals; whereas those who reported having 'not enough' described shopping at outlets where food was the cheapest.

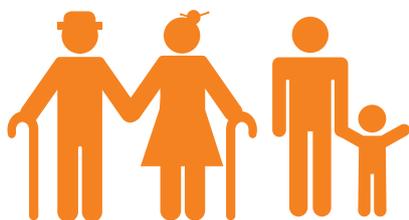
For non-food products such as clothes and power, identical strategies were used by both those who reported having 'only just enough' and those who reported having 'not enough'. These included buying second hand clothes, and using power wisely/as little as possible.

Finally, one last important factor was discussed by those who reported having 'only just enough'. They said that if they could get through the week with their bills paid and a small amount set aside for future bills, it made them feel good - about their situation and about themselves. This finding was not reflected by those who reported having 'not enough'.

Regarding attitudes to getting into debt, both those who reported having 'enough' or 'only just enough' and those reporting having 'not enough' had a similar range of attitudes and behaviours. Across groups, some participants had a comfortable attitude towards being in debt and were currently in debt, as well as participants who had strongly negative attitudes toward debt and consequently did not have any debt. Some had negative attitudes towards debt, but said they had been forced into debt due to lack of other options. Certainly, debt was not ubiquitous. Focus group participants had opposing views about whether debt was avoidable or inevitable for low income families. Some situations were clear cut while others were not; debt for a television was seen as avoidable while debt for arranging a funeral was seen as unavoidable, for example.

Attitudes to asking for help were different between those who reported having 'enough' or 'only just enough' income and those who reported having 'not enough' income. Those who reported having 'enough' or 'only just enough' said they could ask for help if they needed to, but some strongly disliked doing so and related it to failure. No one who reported having 'not enough' described such negative attitudes. For both those who reported having 'only just enough' and those who reported having 'not enough', positive attitudes such as being grateful and helping each other were described; but such positive attitudes were more consistently described amongst those who reported having 'not enough', particularly those related to helping each other out, bartering and community spirit.





Similar sources of help were described by both groups. For both groups, the most common source of help was wider family and whānau, followed by school and/or support services. Small differences in the source of help did exist however. Two interviewees who reported having 'only just enough' received help from colleagues, whereas no one who reported having 'not enough' discussed colleagues as a source of help. In contrast, many participants who reported having 'not enough' described the school as a source of support, whereas only one interviewee who reported having 'only just enough' said the school (kura) was a source of support. The types of help received were similar across those who reported 'only just enough' and 'not enough', with financial and food the most cited from wider family and whānau; and food from friends, neighbours and schools. Use of food banks was only described by those who reported having 'not enough'.

Regarding whether participants believed they were better off than others, many of those who reported having 'enough' or 'only just enough' income engaged with this question and believed they were better off than others, for a variety of reasons. In contrast, only two of those who reported having 'not enough' explored this question, with one not comparing himself with others, and the second comparing herself with an extreme situation. Also, those who reported having 'not enough' income were as likely to turn the discussion to the high expectations of their children, rather than about comparison of their own life or expectations for themselves.

Pressure from children wanting the latest gadget or branded product was experienced by some who reported having 'enough' or 'only just enough' income. However in all discussions the parent said they did not give in to the pressure. In contrast, pressure from children was not described by those who reported having 'not enough'.

Stress was a dominant theme experienced by both groups. There was generally strong agreement that living on a low income is stressful. The most common stressor across both groups was lack of money. For both groups, living with stress raised similar issues as it not only affected themselves but it also affected their children. It is important to note that this view was not held by all, as some said they did not focus on the stress or did not let the stress get to them.



3.3 Missed opportunities and going without

This section presents the participants' voices and analysis about missed opportunities and going without.

3.3.1 Participants' voices: Missed opportunities and going without

Those who reported having 'enough' or 'only just enough' income

Most of the interviewees and some focus group participants who reported having 'enough' or 'only just enough' income mentioned opportunities they had missed or things they had gone without because they did not have enough money.

Many said they could not afford to go on holiday. Wanting to go to Rainbow's End in the school holidays or going to Samoa for a family holiday but not being able to afford it was mentioned by two interviewees. Another interviewee said instead of going on a holiday they do things that do not cost money – just time and some preparation.

A couple of the interviewees and participants in one focus group said they missed opportunities to develop the skills, talents and interests of their children because of lack of money. Not being able to do activities in the holidays was mentioned by one interviewee, another talked about not being able to pay for her daughter to go on a Christian camp in the school holidays, and focus group participants talked about not being able to pay their children's sports fees. One interviewee said her children did not miss opportunities because she sometimes went into debt to ensure her children could do things like ballet.

A couple of the interviewees said they did not spend money on themselves so they could buy what they needed for their children.

'We don't spend much money on ourselves so we can give our kids things they need – having less for ourselves doesn't bother me.' (interviewee)

Many interviewees and some focus group participants said they went without food altogether at times or went without specific types of food such as meat.

'I go without so the kids and my husband can eat.' (interviewee)

'My teenage son had an accident and [we] had to pay for pain medication, so we went without food.' (interviewee)

'We have vegetarian meals when things are tight instead of meat.' (interviewee)



Two participants described missing out on social occasions.

'We just say no to our friends when we can't afford it.' (focus group participant)

One or two interviewees reported going without the following:

- not taking sick children to after hours because of the cost
- never taking children out for dinner
- cigarettes
- coffee
- Sky
- computer
- movies
- shopping
- Christmas presents.

'I don't get presents, Santa forgets about me: he has done for quite a few years – or ever since mum passed away I don't get many presents. The kids will get me something little but I've always said to them, "don't waste your money on me, I don't need anything".'

(interviewee)

A focus group participant who prioritised her children's needs, reflected that it would be nice for her to be able to afford to 'treat' herself every now and again.

Participants talked about 'making do' with what they had even if it meant going without.

'You either make do or you do without... there's more important things than material things, so I've just learnt to do without.' (interviewee)

Those who reported having 'not enough' income

Most of the interviewees and some focus group participants who reported having 'not enough' income said their family had missed opportunities or gone without some things because they did not have enough money.

A couple of the interviewees and several focus group participants said they could not afford for their children to play sport because the fees, the uniform and the shoes were too expensive.

An interviewee and a focus group participant said their child missed out on educational opportunities because they did not have enough money. One said their daughter would have to go to a university close to home otherwise travel and accommodation would be too expensive. Another said their son hid a notice about a school trip from them because they could not afford to pay for it.

'It's sad our kids see us trying to budget things and they think they can help us out with hiding little things.' (focus group participant)



'I suppose we could dream of the lifestyle of other families whose income we'd like to have but we don't...there are a lot of things that we would like them to do that they probably won't be able to achieve'. (interviewee)

A couple of the interviewees and several focus group participants reported that buying birthday presents was so expensive that their children missed out on going to friends parties.

'When your kids get invited to birthday parties and they can't go cos you can't afford the present...she doesn't even ask anymore, she'll go, oh mum I don't have to go. My heart bleeds cos I want her to be part of her friendship circle, but I've got to budget first and plan'. (focus group participant)

Some interviewees and focus group participants said they went without some things so they could afford to get other things. Going without often involved substituting one food for another or reducing the food they bought to pay for other things (e.g. bills).

'I don't always buy all the food I want'. (interviewee)

'We only have a solid meal, meat and three veg every second day because of the cost – other days we'll have cheese on toast'. (interviewee)

'If we have to do something out of the ordinary, we miss out on food'. (interviewee)

Sometimes parents reported going without so their children could have something. Even so, children's needs were not always met.

'Usually I can't afford to meet all the kid's needs, I have to do them one at a time, which means some end up missing out'. (interviewee)

Individual interviewees reported missing out or going without the following:

- buying the children the 'latest things' (e.g. Vans to wear at school) and their children feeling like they were not keeping up with their peers
- Christmas presents
- getting to a WINZ meeting because they could not afford the petrol
- takeaways
- going to the doctor
- cell phone credit to stay in touch with family
- specific medical devices (e.g. hearing aid).

'I don't go to the doctor because I can't afford to'. (interviewee)

'There's things there, like she's deaf, her hearing aids and that. If she loses them they're \$2000 a set. She lost one, now she only wears one, so for now we just make things work with what we've got'. (interviewee)



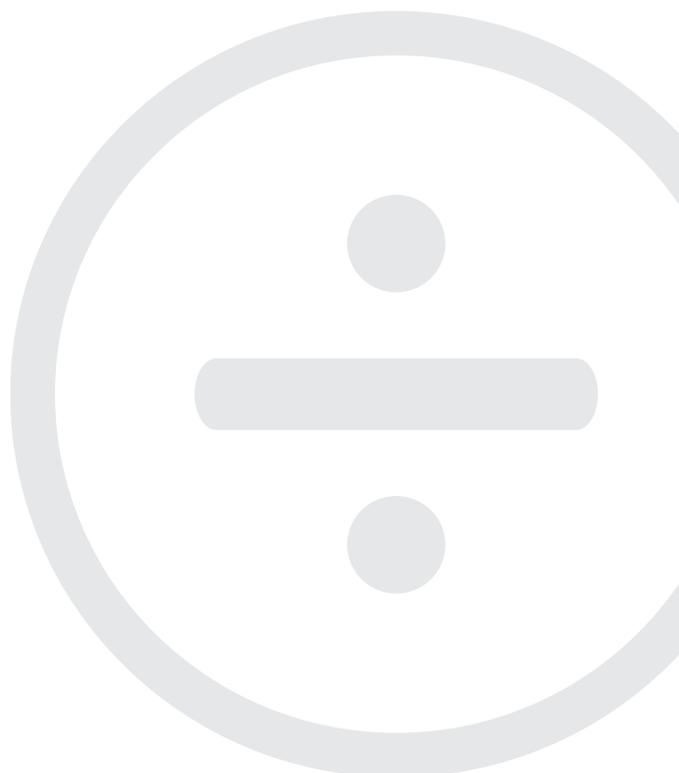
3.3.2_ Analysis of missed opportunities and going without

Participants from both groups described many missed opportunities for children due to not having enough money. Parents felt they were not able to fully foster their child's skills, talents and interests. Children missed out on activities like playing sports in both groups, but it was especially common for those who reported having 'not enough' income. It was clear that many parents in both groups put their children's needs ahead of their own and some went without so they could meet their child's needs.

In contrast to the themes mentioned across both groups, two child-related missed opportunities themes were only reported by those with 'not enough' money:

- children missing out on going to friends birthday parties due to the expense of buying presents
- missing out on some educational opportunities e.g. school trips.

Adults reported both missed opportunities and going without. Going without food altogether or going without specific types of food (e.g. meat) to buy more food or pay for other things (e.g. dentist bills) was consistently raised across both groups of participants. Several parents who reported having 'enough' or 'only just enough' income missed out on social situations such as going out with friends, buying and receiving Christmas presents and going out for dinner. A common theme described by families with 'enough' money was not being able to afford to go on holiday. Families with 'not enough' rarely mentioned holidays, in any context. Not being able to afford to eat out, and missed medical care or medical devices were raised by several across both groups, but were more often raised by those who reported having 'not enough'.





3.4 Underpinning values and reasonableness of life

This section presents the participants' voices and analysis about:

- values of low income families
- what constitutes having a reasonable life.

3.4.1 Participants' voices: Values of low income families

Those who reported having 'enough' or 'only just enough' income

Many low income interviewees and focus group participants who reported having 'enough' or 'only just enough' income to meet every day needs said they wanted the best for their children and their children were their priority.

'Once I had kids, I concentrated on them, to get a good education. It's time to look after them.' (interviewee)

'I do what I need to do for the kids.' (interviewee)

Many participants reported there were more important things in life than money.

'Money doesn't feed your soul, it depends what your priorities are.' (interviewee)

'As much as sometimes I just feel like it, 'Oh I wish I could just go and buy that dress.' You're like oh well, cool, my family's provided for and I guess, when you have children that's the sacrifice you make, and you know, seeing my children love me is more rewarding than a dress would ever be.' (interviewee)

'As long as my kids are happy I'm happy.' (focus group participant)

Participants talked about putting their own needs on hold, and their financial wellbeing on hold, to care for their children. For example, some parents did not work or only worked part time to spend more time with their children and others went into debt to enable their kids to further their talents (e.g. swimming lessons).

A further value that was reported by some interviewees was a sense of making-do with what they had, and remaining positive within that simple life. One participant described being content with what she had as a coping mechanism.

'I might not have much but I have more than some people – I'm grateful for what I've got.' (interviewee)

Some interviewees described how their values (e.g. managing with little, being humble, working hard, the value of saving, earning money rather than relying on hand-outs) were created as they were growing up themselves and they wanted to pass on those same values to their children.

'I've taught them to be humble, be brought up like how I was, just to make do with what you have.' (interviewee)



'Hard work pays off - working hard and budgeting and saving for things I've wanted – I've done that from a young age.' (interviewee)

'We've bought up our kids to realise they've got to earn things and not just get given them.' (interviewee)

Those who reported having 'not enough' income

Many low income interviewees and focus group participants who reported having 'not enough' income to meet every day needs also reported they wanted the best for their children.

'Kids are the most important – we always try and make sure they have what they need before anything I need.' (focus group participant)

'We heat the children's rooms to keep them warm at night time.' (interviewee)

Some interviewees and focus group participants said there were more important things than money. One interviewee described how they had made a choice to put family ahead of income.

'It's a lifestyle choice.' (interviewee)

'Money is not the be all and end all – it's important but it's not the only thing.' (interviewee)

'The quality of family time together is very important.' (interviewee)

Some interviewees and participants described the importance of faith in God to provide for them and how Christian values helped with coping.

'God will provide.' (interviewee)

Another value that was expressed by some interviewees and participants was giving and sharing.

'Community is very important – we look out for one another.' (interviewee)

Two participants described wanting to pass on their own values to their children. For example, in the discussion about needs and wants, one focus group participant expressed how she didn't want her children to focus on the 'wants' of life, and instead to focus on other non-material aspects of life. Another parent described teaching her children the value of saving for what they want.

'Mum can I have one of those, and I say, let's save up for it.' (interviewee)

Making do and humbleness was a value described by one participant and one interviewee.

'We don't want too much more than we've got, just want to be able to afford the basics. We're pretty modest and wouldn't ask for too much more.' (interviewee)



One focus group participant described how low income people had to make do with what they've got – they are resourceful, creative and adapt quickly. For example:

'My washing machine has broken down, so I wash my clothes by hand, but I still use the spin cycle.' (focus group participant)

3.4.2_ Participants' voices: What constitutes having a reasonable life

Those who reported having 'enough' or 'only just enough' income

Many interviewees and participants who reported having 'enough' or 'only just enough' said meeting everyday needs did not lead to what they thought of as a reasonable life.

'We are coping but we're not living. We're just existing.' (interviewee)

'Basic needs is just surviving whereas having a reasonable life is having enough money to do other things without it being stressful.' (interviewee)

Interviewees and participants described how their kids missed out. They said that when you're just getting by you can't afford to take your kids to the movies, participate in school trips, get takeaways or do extra fun things. One participant said it would be nice for her children to choose nice clothes occasionally 'rather than just op shop bundles'.

Several participants saw a reasonable standard of housing as an important element of a reasonable life.

'A reasonable life would be having an insulated warm home - shouldn't have to bring my kids up in cold damp house.' (focus group participant)

Another dominant theme reported by many interviewees and participants was that a reasonable life would mean occasional extras and treats. For example one interviewee described how they just managed to pay the bills but it would be nice to have a holiday every couple of years, and another wanted to be able to visit family.

'I'd love to be spontaneous and not have to save money for months in order to do something like visit my sister in Auckland.' (focus group participant)

Others said a reasonable life would mean being able to save a little, take a trip to the city, go to a gallery or take a ferry trip.

Some focus group participants described how it is hard it is to get by, and being in paid employment was no guarantee of a reasonable life:

'Probably I'm a lot better off than a lot of people but I'm not really able to live how I want to live, and [how] I think I should be living for a working person.' (focus group participant)





'Why are we still struggling when we work hard?' (focus group participant)

'Everything is going up but wages are staying the same.' (focus group participant)

'However much I make it's not enough, things keep getting more expensive, the goal posts keep moving.' (focus group participant)

One person commented that prioritising a reasonable life could mean going into debt.

'Sometimes you have to live beyond your means in order to have a reasonable life.'
(focus group participant)

In contrast, some interviewees said there were more important things than money to make a reasonable life, such as being there for the kids, wanting the best for their children or being happy within oneself.

'Being with my children is the most important thing and that requires being at home – it depends on your mind-set – as long as the kids are happy and have everything they need then it's all good. Having extra cash would be nice though.' (interviewee)

'[A reasonable life is about] being happy with oneself, being contented, not financial or money.' (interviewee)

Those who reported having 'not enough' income

Few participants who reported having 'not enough' income to meet their everyday needs answered this question, hence the findings are based on a small number of comments from this group.

On one hand, one interviewee said *'There is a big difference between meeting everyday needs and having a reasonable life'*. The same interviewee said they *'didn't have enough money to meet every day needs but I still have a good life'*. The interviewee explained this contradiction saying *'I'm used to struggling, but it's a mind-set, I don't want to have a 'poor mind-set.'*

Another interviewee answered the question with reference to her faith, *'I don't have enough money but trust God will provide'*.

Several participants said a reasonable life is about meeting everyday needs and having contact with friends or having good health, or not having stress or a content and happy family. Some participants thought a simple life was *'all good'* and were content with what they had.

'A reasonable life is living without stress – not necessarily lots of money but enough to make it not stressful so the bills are paid.' (focus group participant)

'A reasonable life is having a content and happy family.' (focus group participant)

In contrast, some participants said they did not have a reasonable life at all:

'It's not a reasonable kind of life.' (interviewee)

'I never live a reasonable life. I don't have enough money to live a reasonable life. I've taught myself not to want things. I go by what we need'. (interviewee)

Only one participant in the 'not enough' group described what they would do if they had more money:

'It's not often we have money for extra things, like having extra petrol to go and visit someone'. (focus group participant)

3.4.3_ Analysis of underpinning values and reasonableness of life

Key findings for both groups were that low income families:

- wanted the best for their children
- believed there were more important things in life than money
- put family wellbeing before income.

Some participants put their children ahead of material wellbeing, and had forgone employment or full employment in order to be present for their children. Other values reported less frequently by both groups were: the underpinning value of faith; humbleness and making do with what they had; parents wanting to pass on values to their children.

One difference between groups was around giving and sharing. The value of community connectedness was described by some who reported having 'only just enough', whereas it was not described at all by those who reported having 'enough'.

Regarding definition of a 'reasonable life', across both groups many participants said meeting everyday needs did not necessarily lead to a reasonable life. They said more was required on top of meeting everyday needs. Those who reported having 'not enough' presented a cohesive description of what additional aspects were needed on top of meeting everyday needs to lead to a reasonable life. They were, meeting everyday needs plus:

- social contact
- content and happy family
- good health
- low stress
- warm, healthy housing
- enough money so that kids did not miss out on birthdays, school trips, sports etc.

Furthermore, those who reported having 'enough' or 'only just enough' described that being in paid employment did not necessarily translate into having a reasonable life. In comparison, few of those who reported having 'not enough' discussed this issue at all.

In both groups, there were some participants who said they did have a reasonable life, despite material deprivation. This view was linked to the values of being content with what one had, and valuing non-material aspects of life such as family relationships.

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Appendix A

Methods



Research process

The interviews and focus groups were held at a local school that participants knew, could easily access and felt comfortable visiting. All participants were offered a koha of \$50 to acknowledge the time they contributed to the research. Information, including a consent form, was circulated to each participant ahead of the group/interview, so they came ready for discussion. All participants gave informed consent and the research was approved by the Social Policy Evaluation and Research Unit Ethics Advisory Committee.

The interviews and focus groups were conducted face-to-face by an experienced researcher, were digitally recorded and were transcribed. Given the high numbers of Māori in Northland, a Māori researcher was used to facilitate those focus groups and interviews. All facilitators pre-discussed the research by phone or in-person with the lead researcher to ensure they understood the requirements of the work.

Research questions

The interview and focus group schedules were developed based on the relevant factors (behavioural, family and structural) from the hypothetical model based on the literature scan. Given the research is about why some low income families perceive they have adequate income to meet their means, and others do not, this concept formed the backbone of the questions developed. Interviews had slightly different questions depending on the participant's reported adequacy of income.

Coding, analysis and report writing

Transcriptions of the interviews (group and individual) were read by both researchers, and checked for completeness. Based on the literature review, coding themes were developed from the model. The analysis approach allowed new themes to be noted if/when they were identified by the researcher. The model was amended if/when required. Coding was undertaken by the two researchers with regular checks for consistency throughout the process. Findings were coded under key themes/headings by those who reported having 'enough' or 'only just enough' income and those who reported having 'not enough' income. Direct quotes have been included to add a richness to the data but they are not verbatim i.e. the 'ums' and 'ahs' have been removed.

The main aim of the analysis was to explore the similarities and differences between those who reported having 'enough' or 'only just enough' income and those who reported having 'not enough' income. Analysis of the coded data refined the central themes, and combined with the literature review, allowed construction of a new model describing how low income is experienced by families.

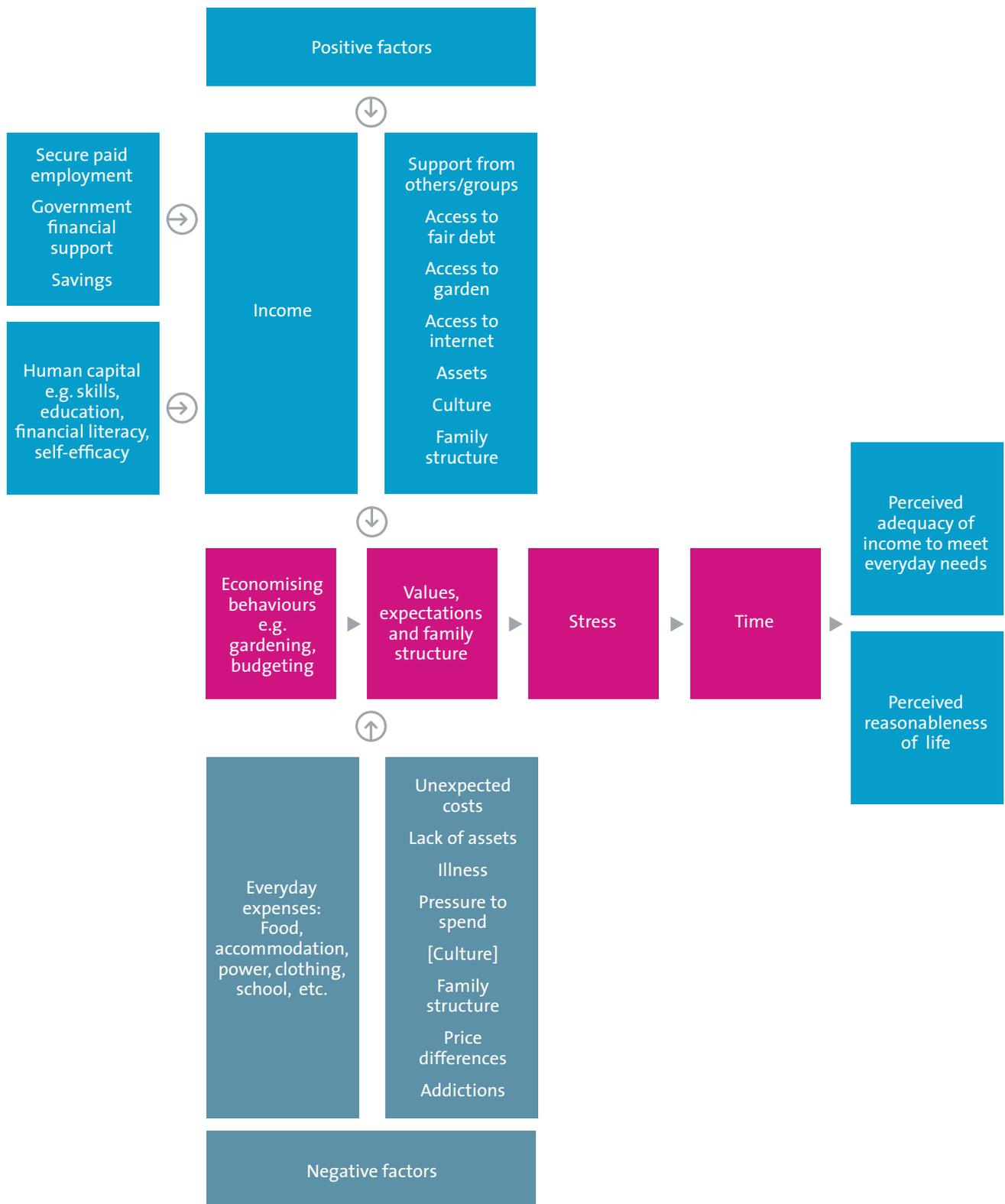
This report was co-written by two researchers who worked closely with the Social Policy Evaluation and Research Unit early in the project to discuss the report structure to ensure the data was presented in a way that was useful for informing policy. The draft report was peer reviewed internally at Quigley and Watts Ltd. and by the Social Policy Evaluation and Research Unit. All comments were considered before the report was finalised.



Appendix B

The hypothetical model of factors suggested by the literature that influence household economic resilience







Appendix C

What the research told us about participants' understanding of the Household Economic Survey question

A secondary aim of the research was to gauge the understanding of certain aspects of the Household Economic Survey question: How well does (you and your partner's combined) total income meet your everyday needs for such things as accommodation, food, clothing and other necessities? Would you say you have not enough money, only just enough money, enough money or more than enough money?

The question is good at categorising people, but only at a single point in time

It appears the question is adequate at categorising participants. Those who reported having 'enough' or 'just enough' were able to cover their costs and pay bills, many put aside money for future known/unknown expenses and a few had savings accounts and KiwiSaver. Whereas for those who reported having 'not enough', they could not cover their weekly expenses on their current incomes, few put aside money for future known/unknown expenses and none had savings accounts or KiwiSaver. Both groups generally found the question easy to answer.

Importantly, both groups said they were answering the question in the present (now). They did not consider their past (i.e. whether they had moved in or out of either group), nor were they considering the future when answering the question. However throughout the qualitative research, both groups talked about moving (over time) between categories. After discussion in the focus groups 17 participants changed their categorisation from 'enough' or 'only just enough' to 'not enough', and this was due to the realisation that over the preceding 12 months families had experienced having not enough. Those who reported having 'enough' or 'only just enough' were walking a fine line between having 'enough' or 'only just enough' and 'not enough'. These could be considered tipping points, and the participants named them as:

- getting or losing a job
- changes in relationship status, and
- large unexpected bills.

The concept that people move in and out of having enough/not enough is supported by the literature, where New Zealand research (across seven waves of the Survey of Family, Income and Employment) showed many families moved in and out of having a low income⁵ (Imlach Gunasekara & Carter, 2012). Other research analysed the movement into and out of poverty for children in New Zealand using the linked income supplement, confirming there is a considerable flow in and out of poverty (as well as a smaller static group remaining in poverty long term) (Ballantyne, Chapple, Maré, & Timmins, 2003).

The implication of the above discussion is that the question is useful at understanding the point prevalence (at a single point in time) of whether families have enough or not; but it is not good at understanding the period prevalence (e.g. across the past year). If a policy maker was interested in the proportion of people who had experienced 'not enough' income at some point in the past year, this question would require revision, or a different question be asked.

⁵ <60% of the median household income equivalised before tax.



'You and your combined income' is well understood

Regarding what was thought to be 'you and your combined income', both groups included any income coming into the household. The one exception was that money given by family was not generally considered to be income. This qualitative research also identified that money is one of the main types of support given by/to wider family/whānau. However, for many people working out their income was difficult, especially in their head (see section on income).

'Needs' and 'necessities' is confusing

Having both words: 'needs' and 'necessities', in the question caused confusion across both groups but particularly amongst those who reported having 'not enough'. Participants were unsure of the difference in meaning between the two words, with many (rightly⁶) saying there is no substantial difference between a need and a necessity; while some were adamant they were different. The implication is that if the question is ever revised, consideration should be given to using either need or necessity, but not both.

Participants' voices about the difference between needs and necessities

Those who reported having 'enough' or 'only just enough' income

There was a lot of discussion around the difference between 'need' and 'necessity'. Some interviewees and focus group participants reported 'need' and 'necessity' to be one and the same. Many reported their needs and necessities were about keeping their children warm, healthy, safe and happy.

'I think my necessities and needs are driven a lot by my desire to make my children happy and my whānau stable'. (focus group participant)

Another interviewee and some focus group participants thought there was a difference between the two terms. They reported that 'necessity' was something they could not live without in order to survive, whereas a need was not necessary for survival but made life easier.

'A necessity is what I need to survive but a need is what I need to get by in this world'. (interviewee)

⁶ The Shorter Oxford English Dictionary defines each word, in part, by using the other word.

‘Every day we need food and water, every day we need a warm house for our children, so I guess in that respect, the necessary for us on a daily basis would be food, firewood, providing our power and petrol so that my son can go to school every day. Other than that I think they’re more in the want category than they are in the need category’.

(interviewee)

Those who reported having ‘not enough’ income

Interviewees and focus group participants discussed the difference between a need and necessity and no clear consensus was reached. Some said a need is something a person has in order to survive, is short-term and is needed regularly. Some said a necessity helps them cope each day while others said a necessity was needed for everyday life but was ‘more of a want’ and they could go without it.

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