



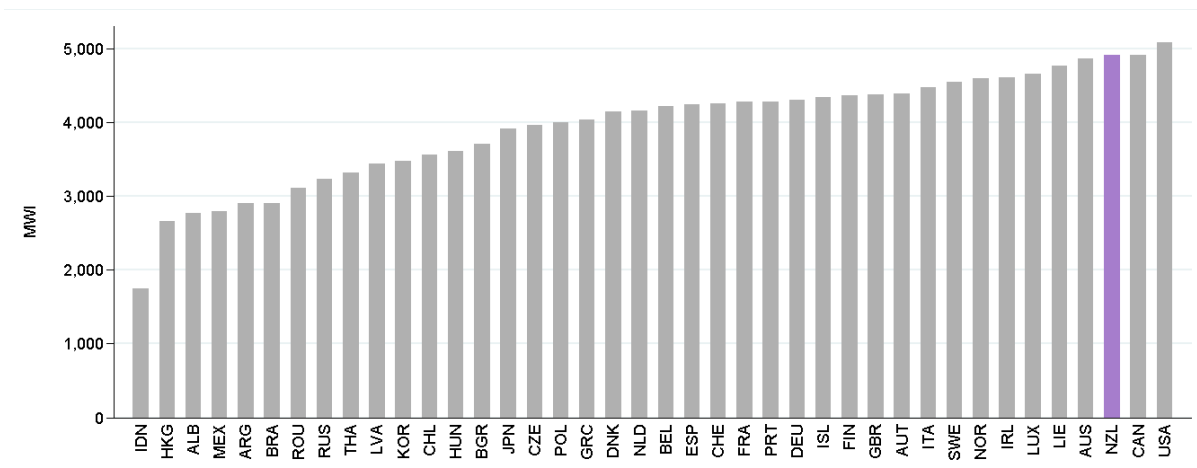
## Kiwis have some of the world's highest material living standards

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A new measure of material wellbeing shows that New Zealand households have the third highest material living standard in the world for households with a teenager.

Researchers at Motu Economic and Public Policy Research found that, using a new measure for wellbeing, New Zealand ranks just behind the United States and Canada, and ahead of Australia and all the Scandinavian countries. Motu is a not-for-profit, non-partisan research institute and received funding for this work from the Marsden Fund of the Royal Society of New Zealand.

### Cross Country Material Wellbeing, 2012



“Our new measure focuses on actual consumption of households, which is a better measure of living standards than income. What we found is that we have very high material wellbeing levels. I think this should call into question the widespread negative impression of living standards in New Zealand compared with other developed countries,” said Arthur Grimes, Senior Fellow at Motu.

The researchers used information from the OECD’s Programme for International Student Assessment to compile their results. These studies look at student performance, but also record their household’s consumer goods (such as books, internet connections, white-ware and cars) and housing configuration (number of bedrooms and bathrooms in a house). This gave Motu researchers Arthur Grimes and Sean Hyland a dataset of household possessions for almost 800,000 households over 40 countries, including all OECD countries.

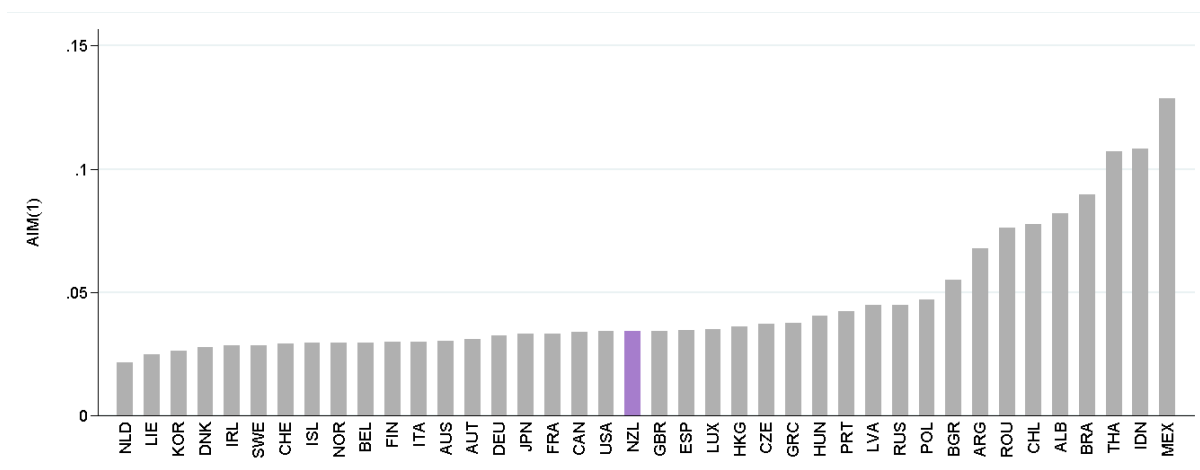
“Our results show New Zealand is still a great place to bring up children, at least in material terms. Not only do we have wonderful natural amenities, but contrary to what GDP statistics tell us, most kiwi families have a high standard of material wellbeing relative to our international peers,” said Dr Grimes.

“New Zealand’s high level of average material wellbeing – which was observed also in 2000 and 2009 – in part reflects our higher level of cars and bathrooms per household. The results do, however, show a lower level of bedrooms and study places per household in New Zealand. This might suggest that New Zealand’s material welfare is in jeopardy if further reductions in housing amenities per capita occur due to pressures in the Auckland housing market,” said Dr Grimes.

The study also looked at the degree of inequality in household material wellbeing, which fell in most countries, including New Zealand, over the period 2000-2012.

New Zealand enjoyed a substantial reduction in inequality between 2000 and 2009, but experienced a very slight rise following the global financial crisis. In 2012, New Zealand ranked twentieth of forty countries in terms of inequality, with levels similar to those in the USA, Canada and Great Britain.

## Cross Country Inequality Levels, 2012



“For various technical reasons, our measure is likely to understate the material wellbeing of particularly wealthy households. However, most public policy concern is with the living standards of ordinary people, especially those closer to the bottom of the wealth distribution curve, whose living standards are well captured in our data,” said Dr Grimes.

“If we look across the Tasman, Australia’s households are not quite as wealthy as their New Zealand counterparts but inequality in Australia is lower than that in New Zealand” said Dr Grimes.

“Overall, these figures suggest we may need to reassess how we look at this country’s economic performance,” said Dr Grimes.

The Motu Note: *The Material Wellbeing of New Zealand Households* contains the information discussed in this media release. This, and the related working paper *A New Cross-Country Measure of*

*Material Wellbeing and Inequality: Methodology, Construction and Results* by Motu researchers Arthur Grimes and Sean Hyland, were made possible by a grant from the Marsden Fund of the Royal Society of New Zealand.

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### **About Motu**

Motu Economic and Public Policy Research is an independent economic research institute which never advocates an expressed ideology or political position. A charitable trust, Motu is founded on the belief that sound public policy depends on sound research accompanied by rigorous public debate.

Motu is the top-ranked economics organisation in New Zealand. It is in the top ten global economic think tanks, according to the Research Papers in Economics ([RePEc](#)) website, which ranks all economists and economic research organisations in the world based on the quantity and quality of their research publications.

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If you would like to receive the numbers behind the graphs, please reply to this email or contact Ceridwyn Roberts on 021 243 6995.