

# Pacific people's participation in the New Zealand economy

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## Prospects for earnings and wealth

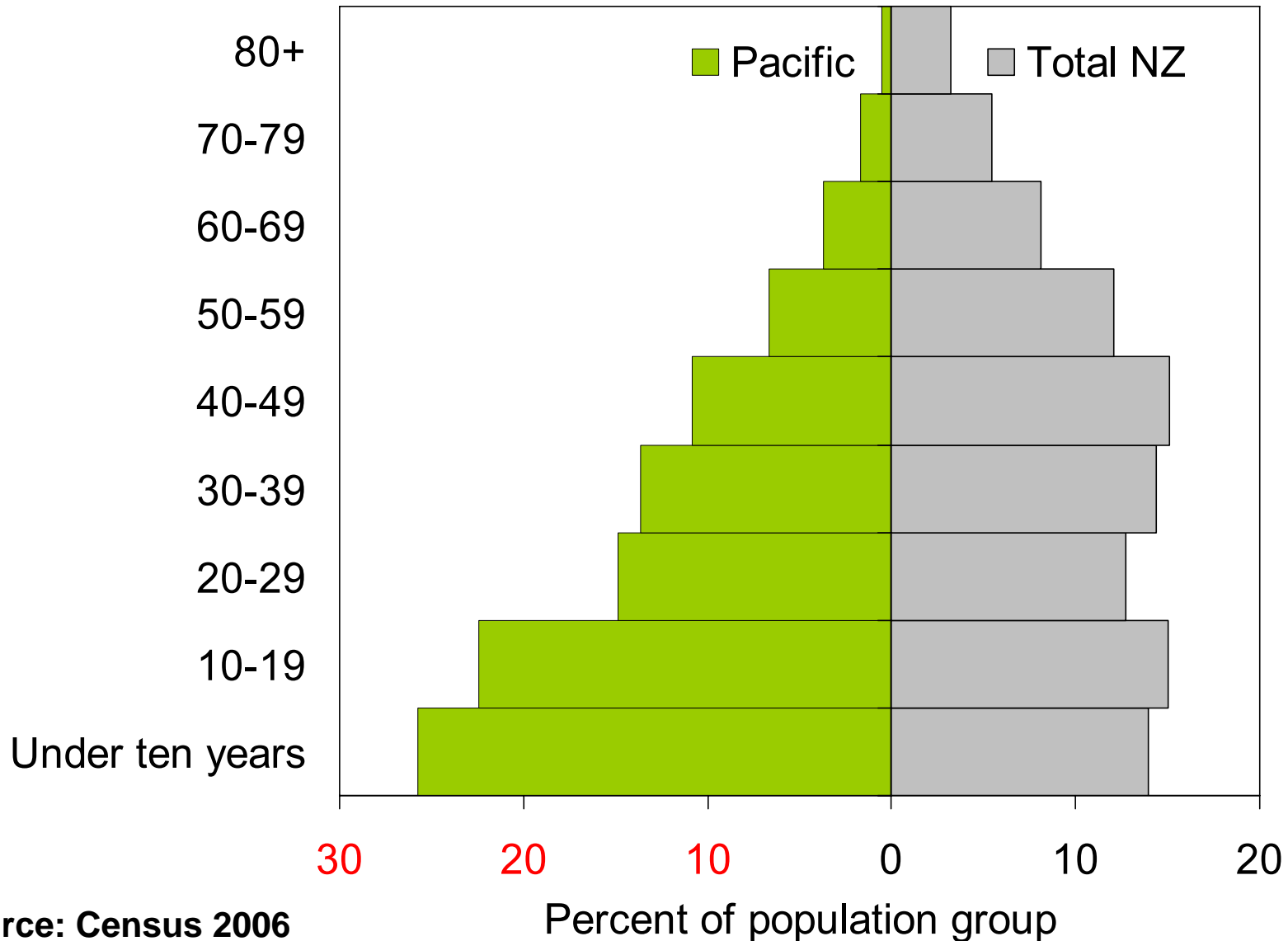
30 August 2007



# Big gaps in income and wealth

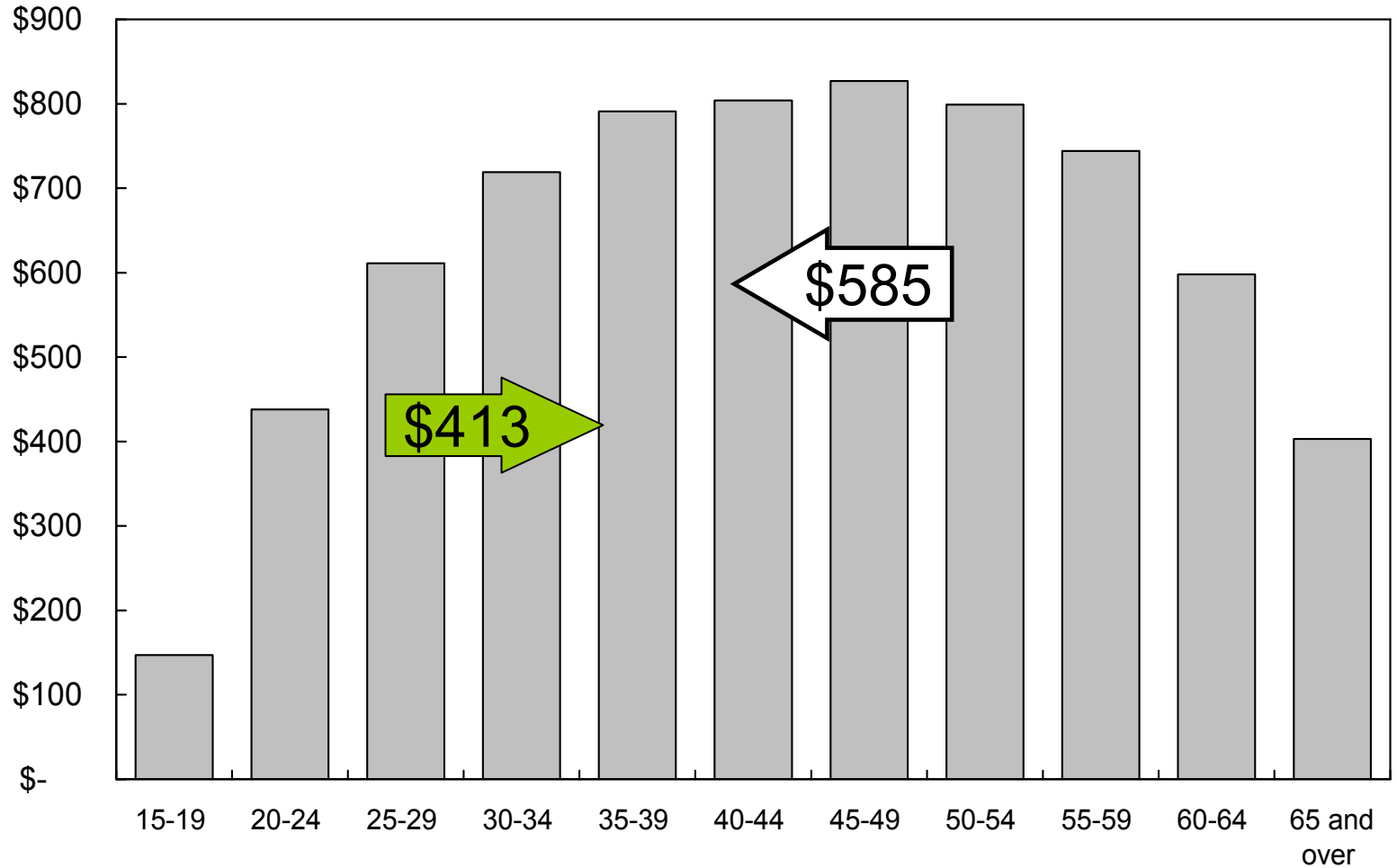
	<b>Pasifika</b>	<b>All New Zealanders</b>
Average weekly income	<b>\$413</b>	<b>\$585</b>
Average net worth individuals	<b>\$46,400</b>	<b>\$97,900</b>
Average net worth couples	<b>\$58,500</b>	<b>\$172,900</b>

# A young Pacific population



# Income rises with age

Income per week



Source: NZ Income Survey 2006

# Highest educational qualifications, 2005

Proportion of population aged 15 and over

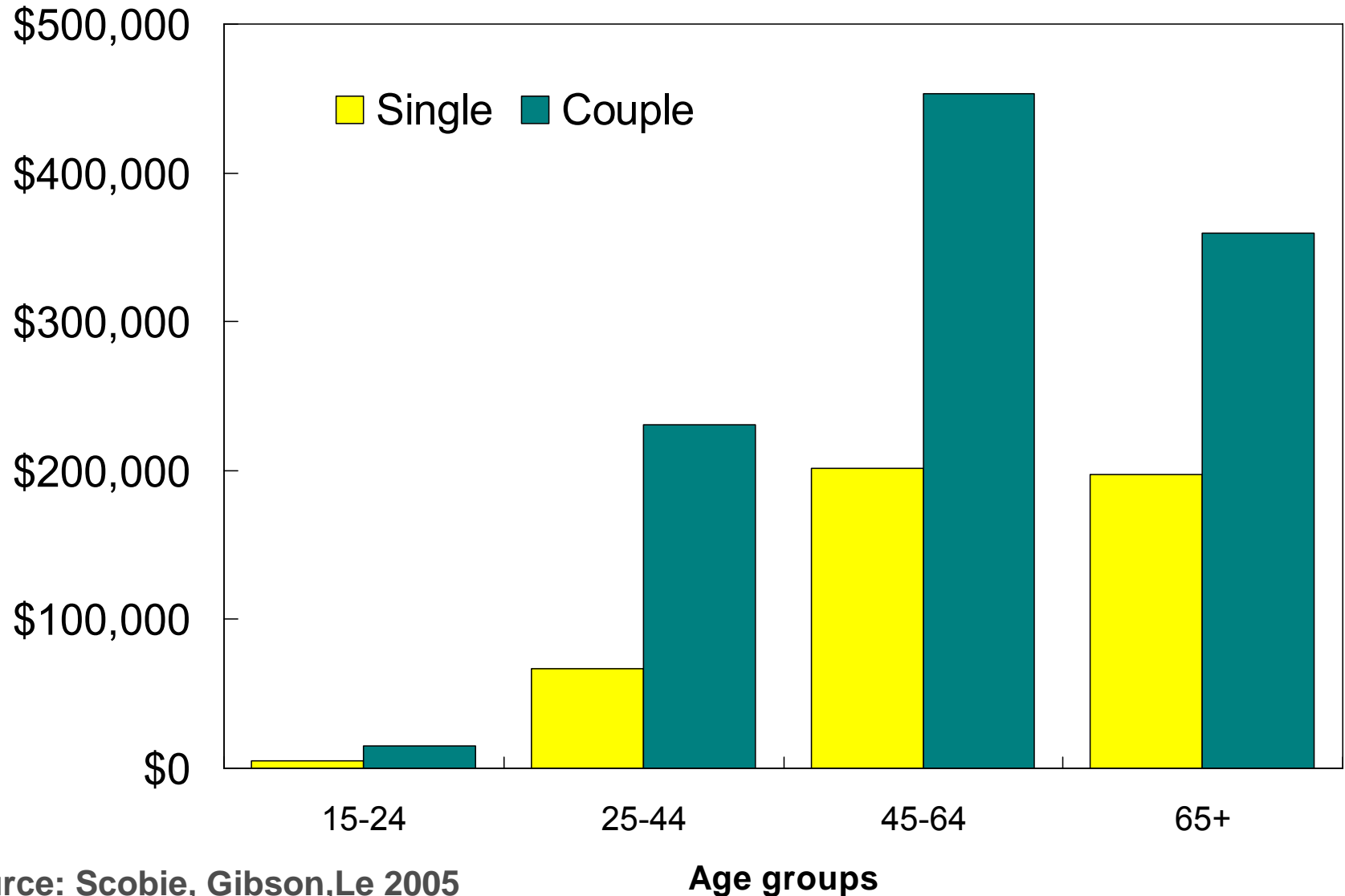
	<b>Pasifika</b>	<b>All New Zealanders</b>
No qualifications	<b>42%</b>	<b>25%</b>
Other qualifications	53%	60%
Bachelors +	<b>5%</b>	<b>15%</b>

# Recent immigrants earn less

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- ▶ 50% of working age Pacific people are born overseas
- ▶ Immigrant income penalty
- ▶ Income penalty wears off

# Net worth rises with age

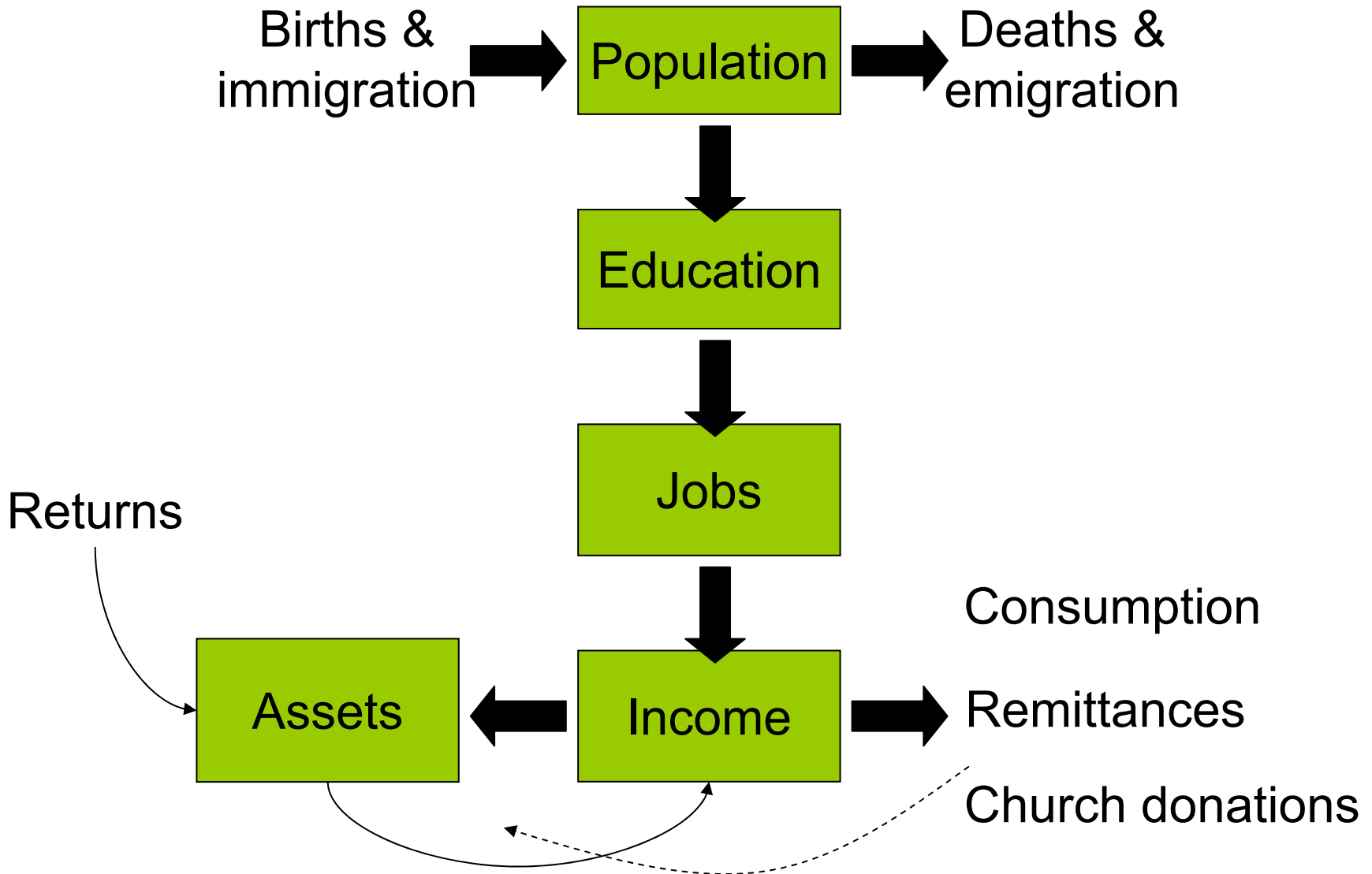


# Remitting and gifting

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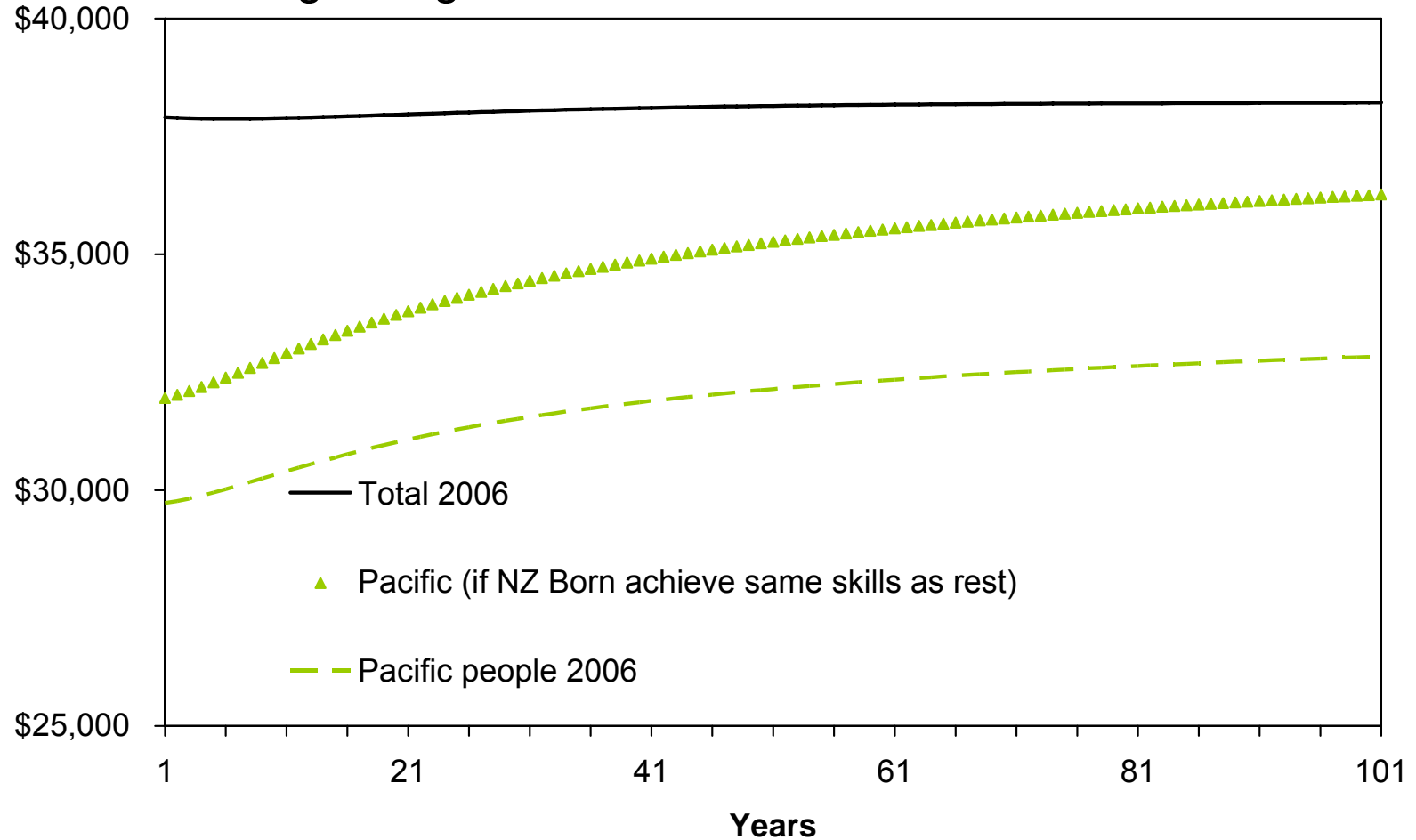
- ▶ Remittances around 10% of disposable income
- ▶ Church donations may be 10% of income
- ▶ Consumption or saving?
- ▶ Remittance decay?

# Convergence?

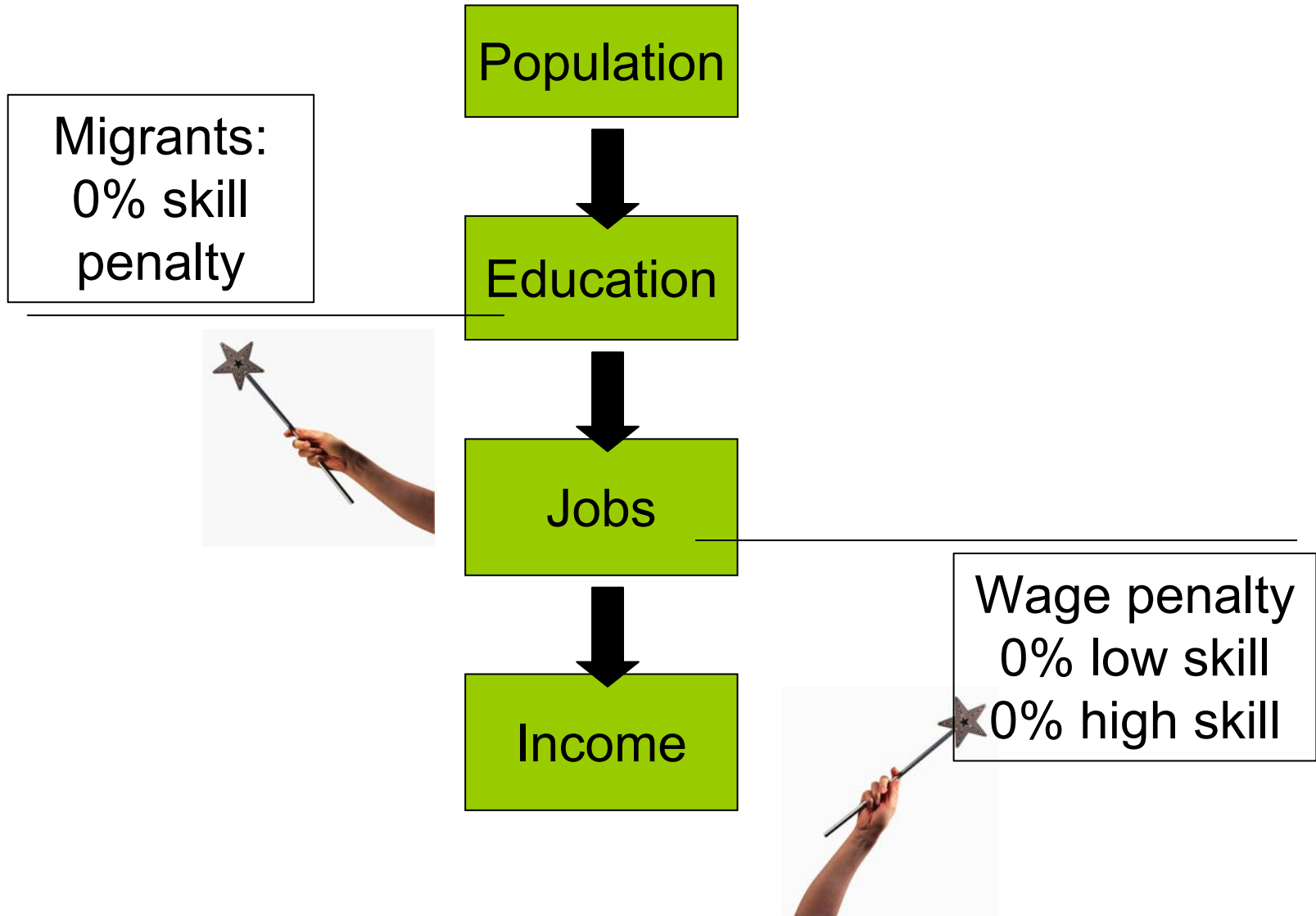


# Gap closes, but not fully

Annual Average Wage

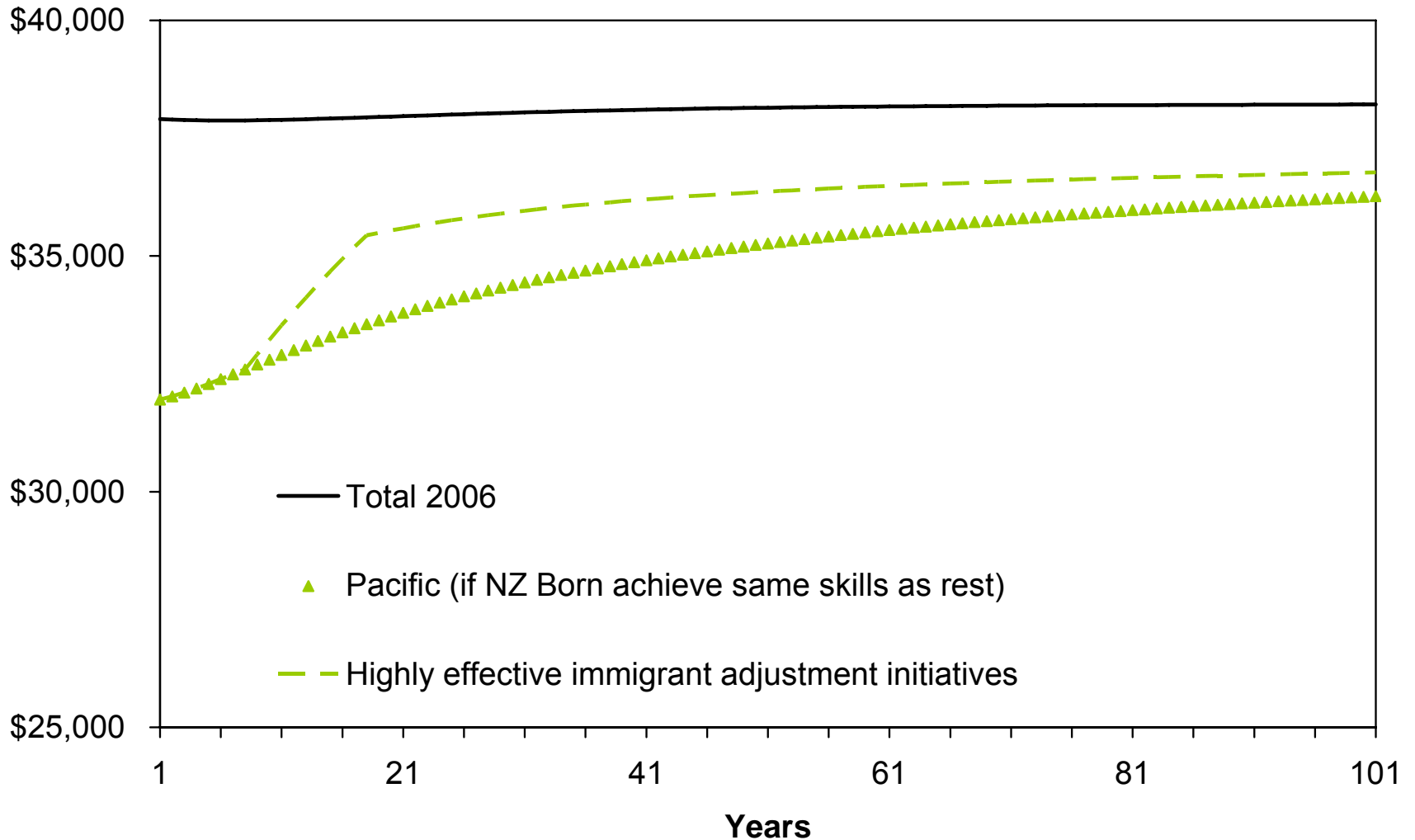


# Scenario 2: Immigrant penalty erodes



# Gap closes, but for age structure effect

Annual Average Wage

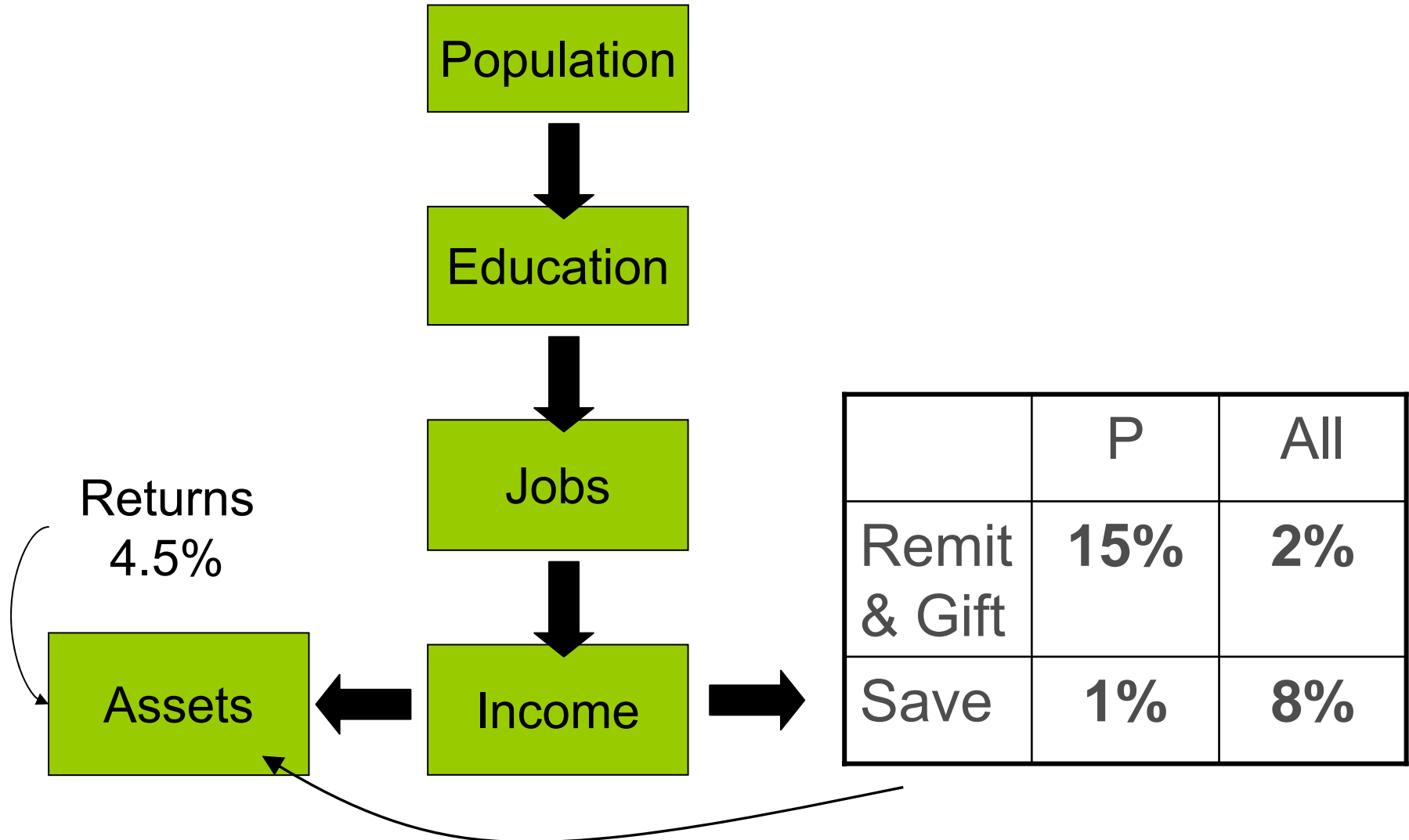


# What can be done?

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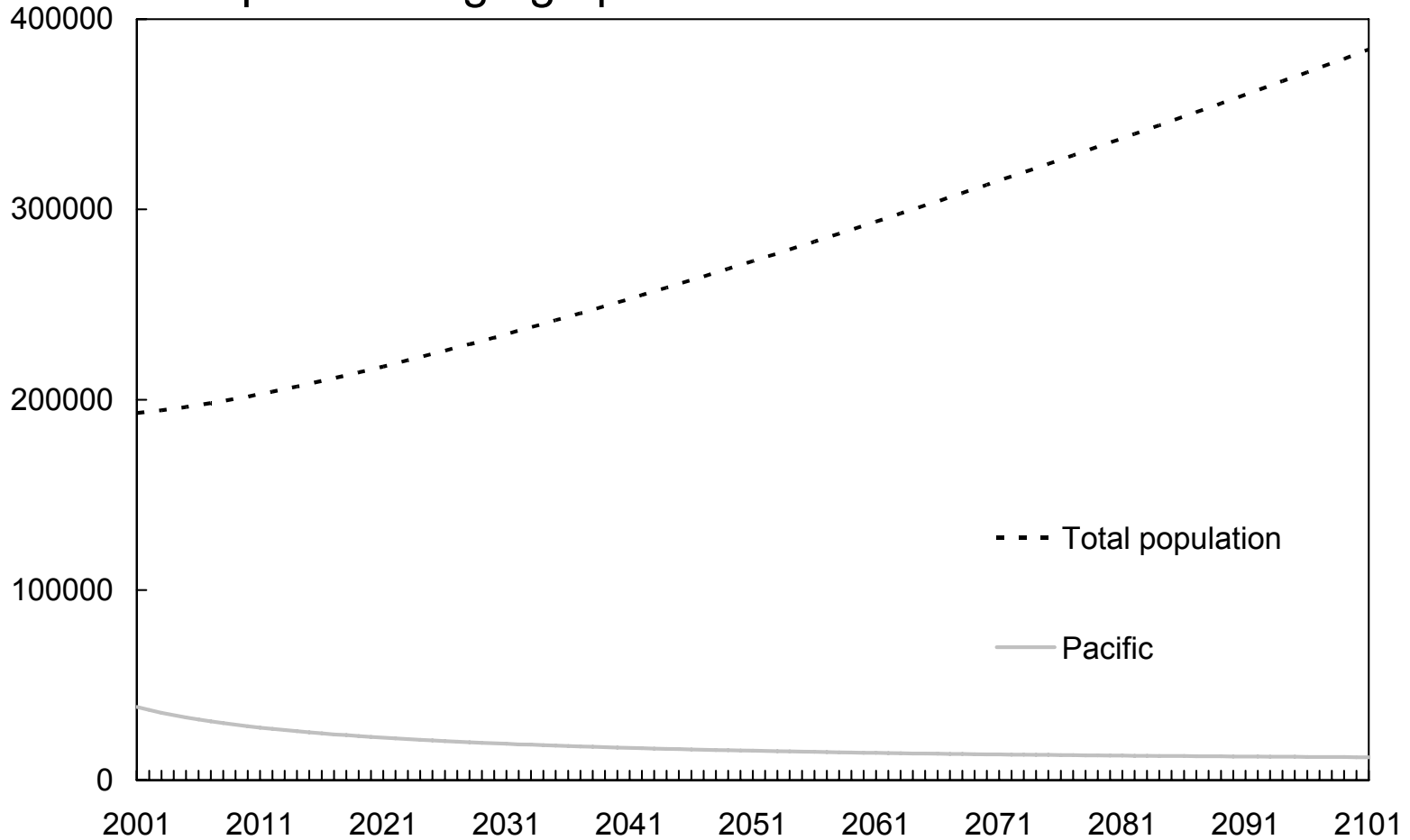
- ▶ The young, less experienced get paid less
- ▶ Migrants will continue to make up a large share
- ▶ Migrant adjustment (in Pacific or here)?
- ▶ Upskilling of current workforce?
- ▶ Tackling disadvantages and performance at schools?

# Scenario 3: High remitting, low saving

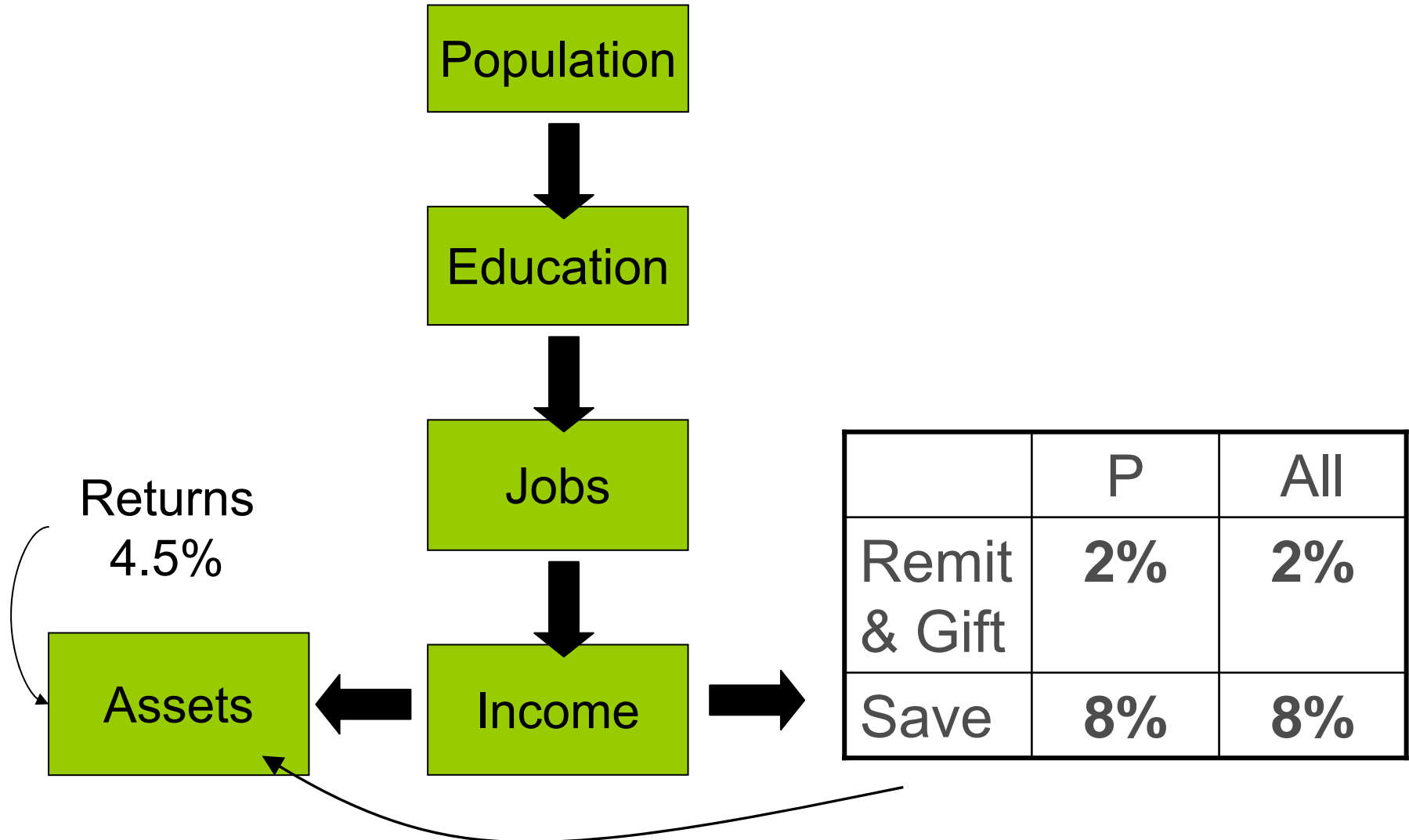


# Assets grow, but not per head

Net worth per working age person

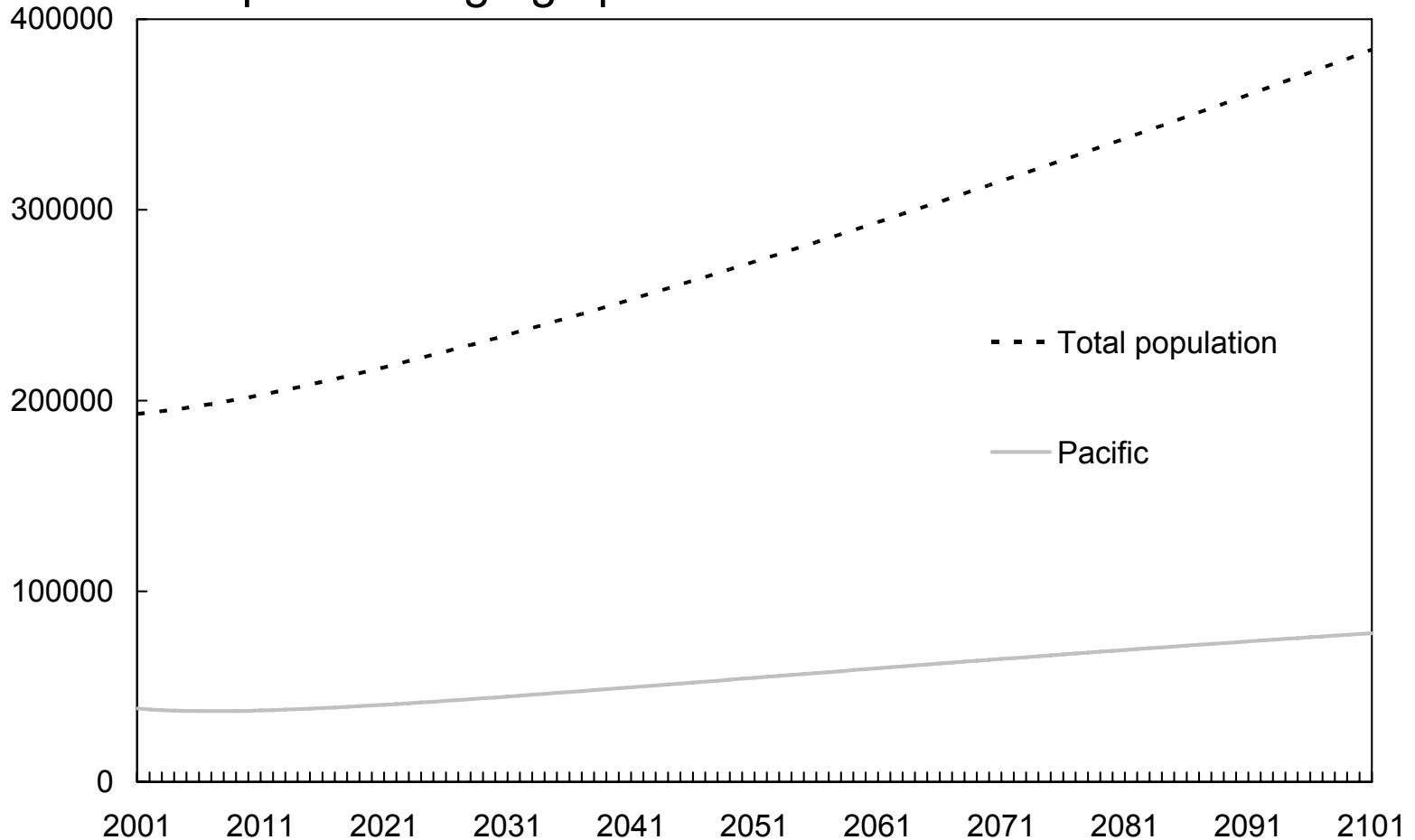


# Scenario 4: Remittance decay



# Gap remains, due to age, income, start level

Net worth per working age person



# How should we think about the wealth gap?

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- ▶ Role of age and income
- ▶ Different objectives?
- ▶ Just a *different* form of saving?
- ▶ Is this a barrier to a better use of Pacific people's wealth?
- ▶ Is the Pacific approach to wealth changing?