

# Holiday season highlights deepening inequality in New Zealand

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With the annual holiday season falling in New Zealand during the country's second recession in less than 18 months, following a year of sweeping attacks on workers by the far-right National Party-NZ First-ACT coalition government, the social disaster is shaping up to be the worst in decades.

Christmas has been marked by deepening social inequality, personal insecurity and financial distress, with increasingly limited support available from foodbanks and other charities.

Tens of thousands of people are being thrown into unemployment, which is forecast to keep rising from 4.8 to 5.4 percent in 2025. Poverty continues to grow at one pole, while the wealthy reap the benefits of a sharp shift to the right by the entire ruling establishment.

The business elite, having received millions of dollars in handouts from the previous Labour government during the COVID lockdowns has not, as the saying goes, "let a good crisis go to waste." The NZX 50 index increased by 1500 points or 12.74 percent during 2024, its best performance since 2020. The Reserve Bank's official cash rate cut from 5.25 to 4.75 percent in October gave the share market, dominated by investments in utilities, infrastructure and real estate, a strong boost over the last quarter.

In 2022, the number of local billionaires rose to 14 individuals and families. The collective wealth of those with at least \$NZ50 million in net private wealth to make it onto the 2024 National Business Review Rich List hit \$95.68 billion—well up on 2023's \$72.59 billion. This is equivalent to nearly 38 percent of the country's total GDP for last year.

The top 10 billionaires own a collective net worth of more than \$50 billion. The owners of the international toy company Zuru, Mat and Nick Mowbray, are the wealthiest at \$20 billion, taking top spot from

packaging and investment magnate Graeme Hart, worth \$12.1 billion. The brothers have been outspoken about ambitions to be "the next Apple, Google, Tesla" with a target of \$10 billion revenue within five years.

The privileged and cossetted character of the business-political elite is exemplified by National Party Prime Minister Christopher Luxon. Before Christmas he posted on social media a snapshot of himself, wife Amanda and children Olivia, 23 and William, 25 in luxury matching pyjamas. The photo highlighted both the vanity and indifference of a PM who is leading the descent into an intractable social crisis.

Having worked as the CEO of Air New Zealand from 2012-2019, Luxon was touted as a National Party leader even before becoming an MP. He was parachuted into the safe Auckland seat of Botany in 2019, then quickly into the leadership in 2021. He left Air NZ with a performance package worth nearly \$NZ2 million, on top of shares valued at another \$12.14 million.

In a Newstalk ZB interview in October, responding to questions about his property portfolio, Luxon boasted that he was "wealthy and sorted." During 2024 Luxon sold three of his seven properties, making estimated total capital gains of \$769,500—all tax-free.

The controversy surrounding Luxon's wealth was bound up with measures introduced by the government which boosted the interests of investors. Shortly before Luxon began selling his properties, changes were made to the so-called "brightline test," which attracted tax on properties bought and sold within five years. From July 1 the tax window was reduced to just two years after purchase.

Luxon also personally benefits from changes made in the May budget enabling landlords to deduct tax on 80 percent of their loan interest, cutting their tax obligation

by a total of \$2.1 billion. From April 2025, the deduction will lift to 100 percent.

While landlords have used rising interest rates to escalate their rental income, New Zealand is ranked third behind Colombia and Chile on the OECD Affordable Housing Database for the highest percentage of low-income households spending more than 40 percent of disposable income on rent or mortgages.

Unsurprisingly, homelessness is on the rise. Youth worker Aaron Hendry told RadioNZ (RNZ) there was a looming crisis of young people on the streets over Christmas. He blamed tough new rules introduced by the Ministry of Social Development designed to reduce access to emergency housing, by tightening eligibility criteria and evicting those who failed to meet “obligations” as tenants.

The levels of social need over Christmas were “the worst it has been,” Auckland and Wellington city missionaries told RNZ. The Auckland City Mission fed 500 people on 25 December after supplying 7,000 food parcels and 30,000 children’s gifts over the previous two weeks. Missioner Helen Robinson said even with the help of thousands of volunteers, the charity was pushed to capacity, and “the need is just so much bigger than what we’re able to meet.”

Robinson said that families of one in four children did not have enough money for food. “I’m incredibly conscious of how many people are struggling this year. It becomes very poignant on Christmas Day and in the weeks leading up to it,” she said. With 222,285 children in families receiving a core welfare benefit—up 25 percent in five years—the mission is regularly providing meals for 400-500 people a day.

Wellington City Missioner Murray Edridge also said the cost-of-living crisis was the hardest he had ever seen. The mission had its 120th anniversary last year, prompting Edridge to observe: “...when you look back at that 120 years, there would only be three or four occasions—I suspect—when life was harder than it is at the moment.”

Auckland University poverty researcher Susan St John, writing on the *Daily Blog* in response to the closure of a South Auckland foodbank after it received only \$87,000 in funding when it needed a million, said: “To our shame foodbanks are huge growth industry in Aotearoa New Zealand.” Unable to

function on just charitable donations, they have become increasingly reliant on government funding.

For 30 years both Labour and National governments have failed to provide an adequate welfare safety net. Now that “poverty has been normalised and foodbanks entrenched,” and with a protracted recession “turning into something even more intractable,” the government had decided to cut funding to foodbanks. “This is a moral dilemma and a human catastrophe in the making,” St John declared.

The cost-of-living crisis is meanwhile impacting broader sections of the working class. Withdrawals from the KiwiSaver retirement savings scheme for hardship reasons were at record levels in late 2024. Some 4,000 people withdrew \$38.4 million from KiwiSaver in October, the most ever and due to be exceeded in November and December.

Data released by payments company Worldline showed Christmas Eve was the busiest shopping day of the year with 607,299 sales recorded between 12 p.m. and 1 p.m. However, the peak number of transactions was the lowest of the past six years and well below the record of 679,436 in 2019, pre-pandemic.

Retail NZ chief executive Carolyn Young told RNZ the country is “a long way” from the highs of 2019-2020. Retailers were 3 percent down on average compared to 2023 “which was also down on the year before, and down on the year before, so we have continued to see that slide,” she said. The decline was “a reflection of how households are struggling in the current economy,” she said.



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