

## Do Justice!!

“Do Justice, Love Kindness and Walk Humbly With Your God” Micah 6:8

### A Newsletter on Social Justice Issues

Welcome to the June 2017 edition of Do Justice. This newsletter, prepared by Auckland Diocesan Social Justice Group, looks at various Social Justice Issues.

#### **Water, water everywhere and not a drop to drink or swim in.**

When the first Maori canoes arrived in Aotearoa some 900 years ago they found a pristine, forested land with few mammals and many unusual birds including many who had given up flying. Some 400 years later Abel Tasman arrived and found a pristine land with many rivers and forests and a people that appeared to be living in harmony with the land and did not want to be disturbed by outsiders. They were left alone until Captain Cook arrived in 1769 and mapped virtually all of the coastline. Aotearoa was still largely pristine but whalers and sealers and then traders could follow. Still Aotearoa remained pristine. Then more and more outsiders arrived and began to clear the forests for farming and plant towns and later cities. Even now some 38% of Aotearoa is covered in forests. But Aotearoa is no longer pristine.

Aotearoa is blessed with plentiful rain and much of this rain ends up in rivers that flow to the sea, Aotearoa is blessed with over 180,000 km of rivers. Rivers have many uses and, as a nation, we have not been slow to avail ourselves of these uses. We generate around 60% of the electricity we use from rivers.

Some 750,000 hectares of Aotearoa farm land is dependent on irrigation from our rivers. Aotearoa has some 27 million hectares of land of which some 15 million is farmed. Dairying has benefited most from the expansion of irrigation; the number of dairy cows being milked has increased from about 2 million in 1980 to just over 5 million in 2016 however the land use for dairy farming has actually decreased since 1980 from 2.2million hectares to 1.8 million hectares.<sup>1</sup> This illustrates the enormous intensification that has taken place in dairy farming in the last 35 years.

Cows produce effluent and that effluent has to go somewhere. Much of the effluent ends up in rivers and this is one of the reasons that the Government has produced a plan to “clean up” our rivers. Unfortunately, the plan does not appear to address the major source of contamination of

our rivers – the intensification of dairy farming. Whenever this issue is raised publicly dairy spokespeople always agree that dairy farms do contribute to the problem but the cities and towns around the country also contribute equally. This argument appears strange as:

- Most of our urban areas are on or near the coast and our largest urban area – Auckland – is not on a river.
- Most cities and towns in the country have drainage systems and sewage works that clean waste water before it enters rivers or the sea.
- Urban areas that are on rivers are generally down stream of farms.
- 4.7 million people produce significantly less effluent than 5 million cows.

The other argument trotted out by the industry, and also by government ministers, is that the Dairy industry is vital to the nations prosperity. Even that argument is no longer completely true as tourism is now the largest “export” industry and New Zealand’s pristine image is vital to attract tourists.

The dairy industry does have a way of maintaining, or even increasing its income at the same time reducing cow numbers to 1980 levels and that is to add much more value to the milk in New Zealand before exporting it. At the present too much milk is made into whole milk and skimmed milk powder. Fonfara over the last 20 years has too often taken the easy option and built another large dryer to hand the milk volume. This needs to change or we will end up with no clean water in any of our rivers.

#### **How to impeach a President?**

There has been much discussion in the media over the last few months about the possibility of President Trump being impeached. But what is impeachment and how is someone impeached?

In the United States the President, Vice President and all civil officers of the United States may be impeached; this includes Judges and members of Congress, Members of the Cabinet etc. Such persons may be impeached for treason, bribery and other high crimes and misdemeanours.<sup>2</sup>

<sup>1</sup>[http://www.stats.govt.nz/browse\\_for\\_stats/snapshots-of-nz/digital-yearbook-collection.aspx](http://www.stats.govt.nz/browse_for_stats/snapshots-of-nz/digital-yearbook-collection.aspx)

<sup>2</sup>[https://en.wikipedia.org/wiki/Impeachment\\_in\\_the\\_United\\_States](https://en.wikipedia.org/wiki/Impeachment_in_the_United_States)

The process is initiated in the House of Representatives with the presentation of a Bill of Impeachment which is then referred to a House Committee to hear evidence and either dismiss or report back to the full house. If the House of Representatives votes to accept the Bill of Impeachment by a simple majority. The Bill is then sent to the Senate for trial. The House of Representatives also appoints House Managers to present the Bill to the Senate and to effectively act as the prosecutors during the Senate Trial.

In the Senate, the Bill of Impeachment is usually referred to a special Impeachment Trial Committee which hears evidence for both the prosecution and the defence and then compiles an "evidentiary record" and present it to the full Senate who would then vote of the Bill of Impeachment. A two thirds majority of the Senate is required for conviction. The committee hearings are held in public, however, the discussion by the full Senate is held in private. If the President is the subject of the Bill of Impeachment the Chief Judge of the Supreme Court presides over the Senate rather than the Vice President.

Only two Presidents have been subject to Impeachment proceedings, President Jackson in 1868 and President Clinton in 1998. Both were acquitted. Impeachment of high officials, Presidents, Prime Ministers etc are rare although the President of South Korea was impeached for corruption this year and was found guilty and removed from office. New Zealand has no impeachment process.

The chances of President Trump being impeached do not appear to be high despite his firing of the FBI Director. However, if sufficient evidence is found that the Trump campaign did collude with the Russian Government to "fix" the Presidential election then it would be possible for both the President and Vice President to be impeached.

### **Housing and the General Election**

The housing situation in New Zealand will be a major issue during the General Election campaign. But it is not one issue but a whole series of issues including housing the homeless, providing affordable housing, building more houses, less home ownership/more rentals, Housing Corporation policies and population growth caused by immigration and more New Zealand citizens return home than departing overseas.

Each issue has to be addressed in a coherent way that does not negatively affect the other issues. The Government focus appears to have been to increase the supply of land for housing and encourage more house to be built, at the same time the Government appears to be reducing the number of Housing Corporation houses available for rental. In addition, immigration policy is resulting in significant net migration into New Zealand – over 70,000 in the last year – most of whom end up in Auckland adding to an already short supply of houses in the Auckland area.

The Labour opposition, generally with the support of the Greens, have indicated that they would build some 100,000 affordable houses in 10 years, somewhat in line with the housing programmes immediately after the Second World War. In addition, Andrew Little, the Labour Leader, announced at the Labour Party Conference that Labour would change the tax law on so called "negative gearing". This is when a house owner

rents out a house and the income from rental is less than the costs of owning the house including any interest on any mortgage and loans used to finance the investment in the house. This is an interesting move and according to Andrew Little designed to make investment in second and subsequent house ownership less attractive. There have been outcries from various property owning organizations that this will only lead to increases in rents and less investment in building of new houses.

This raises an interesting issue. If a person decides to buy shares and takes out a loan from a bank to help purchase the shares can the person claim the interest cost on the loan as a tax deduction? If the answer is no then Andrew Little is right in saying that Labour's proposal is shutting down a tax loop hole. A loop hole that has encouraged New Zealanders to invest in houses rather than other investments including company shares. We regularly hear from commentators that the capital gains from housing investment is a very attractive investment which is free from capital gains taxes (as long as you own the house for at least 2 years) and gives you a tax break on your other income at the same time.

But this alone will not address the housing issues that we face as a nation. If we wish to remain a home owning democracy then some fundamental changes will be needed. Young, and increasingly middle aged, couples will need to earn significantly more than at present – we are a low wage economy – thousands of affordable houses will need to be built and land made available, houses will need to be within reasonable travel distance of employment and transport links not clogged up every day. The Housing Corporation will need to focus on providing good housing at affordable rentals rather than competing with developers in the high end of the market and so on.

But before any of this this can happen the underlying issue of gross inequality in our society must be addressed. And there are some signs that this is happening; the settlement of the Care Workers claim for pay equality was a start but much more needs to be done. What about teacher aids, cleaners, kitchen staff and the hospitality industry in general where the default wage is the minimum wage? Then there are occupations that require tertiary qualifications and skills such as librarians many of whom are paid marginally more than the minimum wage and nowhere near the Living Wage.

And what about the other end of the inequality issue, the enormous incomes of senior managers, top professionals and rent collectors. One way of addressing this issue is to introduce a proper progressive income tax regime with, possibly, tax rates connected to the Living Wage. For example, if someone is earning more than 5 times the Living Wage (\$210,000) then they should pay say 50% tax on anything over \$210,000, progressively increasing to 60% on anything more than 6 times the Living Wage and so on up to a maximum tax rate of say a 75% rate for those receiving incomes of around \$1,000,000 and more.

Unfortunately, no New Zealand political party seems to be prepared or have the courage to, effectively address the inequality problem and hence we are unlikely to successfully address the housing issues we face.