CHiLD POVERTY ACTION GROUP

New Zealand Council Of Christian Social Services

Pre-election Child Poverty Update 2026

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Executive summary

Child poverty remains a serious problem in Aotearoa New Zealand. While income poverty measures have improved since 2017/18, progress has stalled, and material hardship has increased. Many children continue to live in households where income is insufficient to cover basic needs, housing costs consume too much of the family budget, and opportunities to participate in everyday life are limited.

The latest official child poverty statistics for the year ended June 2025 show that 14.3% of children experienced material hardship, 17.8% lived in households with incomes below the AHC50-fixed poverty line, and 12.6% lived below the BHC50 poverty line. These measures capture different aspects of poverty. Material hardship measures whether families can afford essential goods and services, while BHC50 measures low household income before housing costs and AHC50-fixed measures low income after housing costs, against a fixed historical median-income threshold.

Material hardship has risen from a low of 10.6% in 2021/22 to 14.3% in 2024/25, exceeding its 2017/18 baseline of 13.3%. By comparison, AHC50-fixed has improved from 22.8% to 17.8%, although progress has stalled in recent years. BHC50 has fallen from 16.5% to 12.6%. These figures show why income poverty measures alone cannot tell us whether families have enough money to meet their needs. The latest results also require care when comparing material hardship over time, following changes to the measure used in 2024/25.

The effects of poverty extend beyond household budgets. The 2024/25 Annual Report on the Child and Youth Wellbeing Strategy and Child Poverty Related Indicators (2026)

document the broader ways financial hardship affects children's wellbeing.

CPAG's research provides further evidence of the pressures facing low-income families. Below the Income Floor, which models the budgets of 39 typical low-income households from 2018 to 2026, examines whether families have enough income to cover essential living costs. In 2025, nine of the 32 modelled households with children (28%) could not afford the basics, while 15 (47%) fell below the income floor. Projections for 2026 suggest that household incomes will be under greater pressure than at any point since 2022. This research illustrates the gap between having an income and having enough income to live with dignity.

Housing costs are a major part of this pressure. CPAG's research into affordable rental housing found that, between 2018 and 2023, the share of affordable rental homes for low-income working families declined significantly in 12 of New Zealand's 16 regions. National growth in the formal rental market also failed to keep pace with growth in demand from renting households. A lack of affordable homes leaves families with less money for food, power, transport and other essentials, even when they are working.

Poverty affects children at every stage of life from pregnancy and infancy through to early adulthood. These effects include poorer maternal wellbeing, barriers to early childhood education, food insecurity, unmet learning and mental health needs, and reduced opportunities to participate in sport and other activities. One in five children aged 0–14 years (21.4%) live in households where food runs out sometimes or often, rising to 36.9% in neighbourhoods experiencing the greatest hardship. Among children experiencing material hardship, 21%

have had to limit participation in sport and 23% have gone without special interests.

As children grow older, the consequences can compound. Young people facing financial hardship experience barriers to education, training, employment, secure housing and independent living. In 2024, only 28.3% of school leavers from schools with the highest levels of hardship went on to tertiary study, compared with 74.9% from schools with the lowest levels of hardship. In the year to June 2026, youth unemployment reached 25.3% among 15–19-year-olds, while 13.8% of young people were not in employment, education or training.

These findings show that child poverty is not simply a question of household income. It affects whether families can afford the essentials, whether children can participate in their communities, and whether they have the conditions they need to grow, learn and thrive.

As New Zealand approaches the 2026 general election, the evidence points to the need for sustained action on income adequacy, affordable housing and access to essential services. Meeting child poverty reduction targets requires policies that increase the resources available to low-income families, ensure housing costs do not push households into hardship, and address the wider barriers children face throughout their lives. Progress should be assessed through both the official child poverty measures and the lived realities these measures seek to capture.

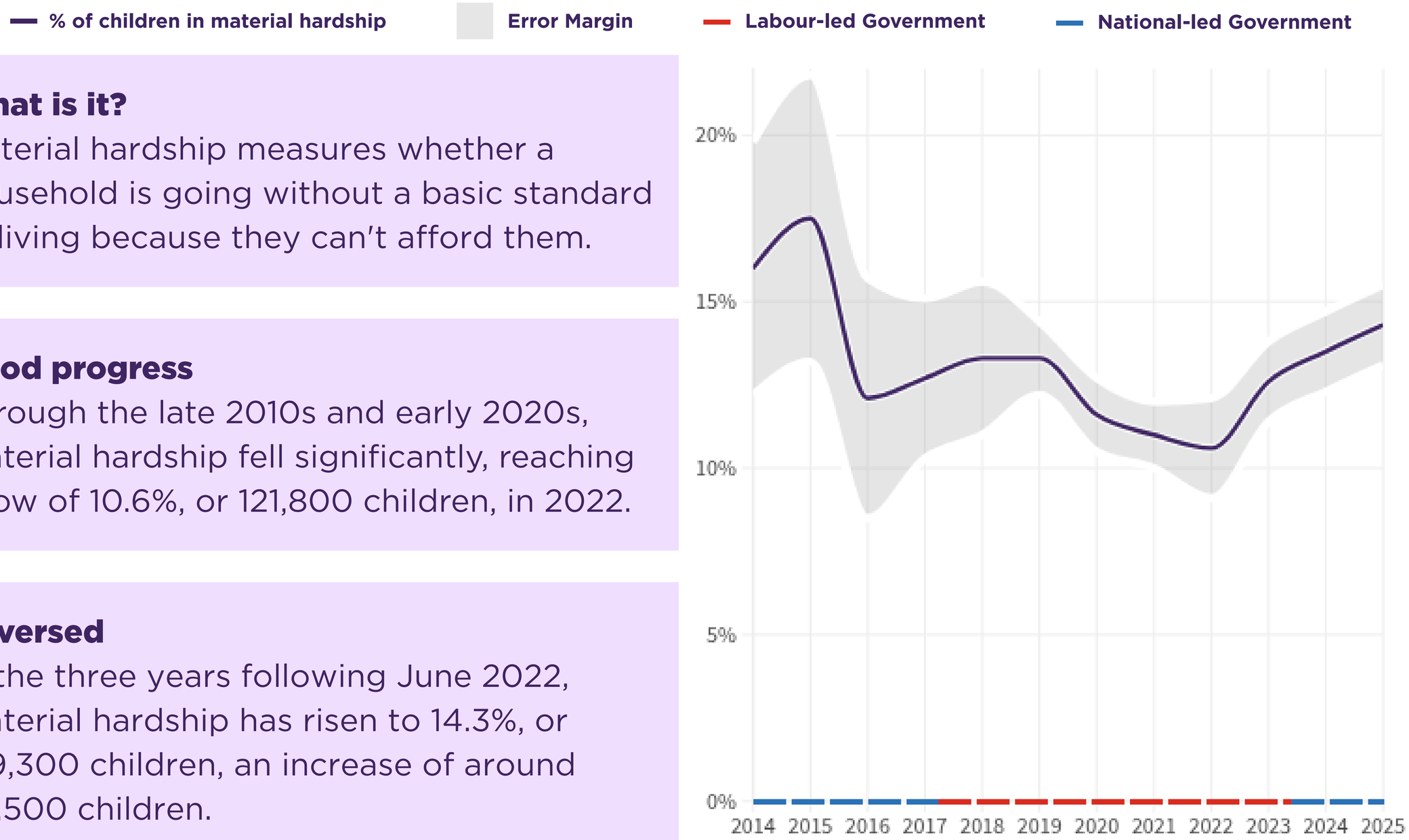
How child poverty is measured

The **Child Poverty Reduction Act 2018** uses three measures because child poverty has different dimensions: household income, the cost of housing, and whether families can afford the essentials of everyday life.

AHC50-fixed	BHC50	Material Hardship
Measures low household income **after housing costs are deducted.** It shows how much income households have left to live on once they have paid for housing.	Measures low household income **before rent, mortgage payments and other housing costs are deducted**. It helps show whether families have enough income coming in.	Measures whether children are **going without essential items or experiences because their households cannot afford them**. It captures the effects of financial hardship on daily life, rather than income alone.

Together, they provide a broader picture of poverty than any one measure could. The Child Poverty Reduction Act 2018 makes these primary measures so governments must set targets and report on progress against them. That creates a way to track whether child poverty is changing over time, rather than relying on general claims about living standards.

Material hardship among children



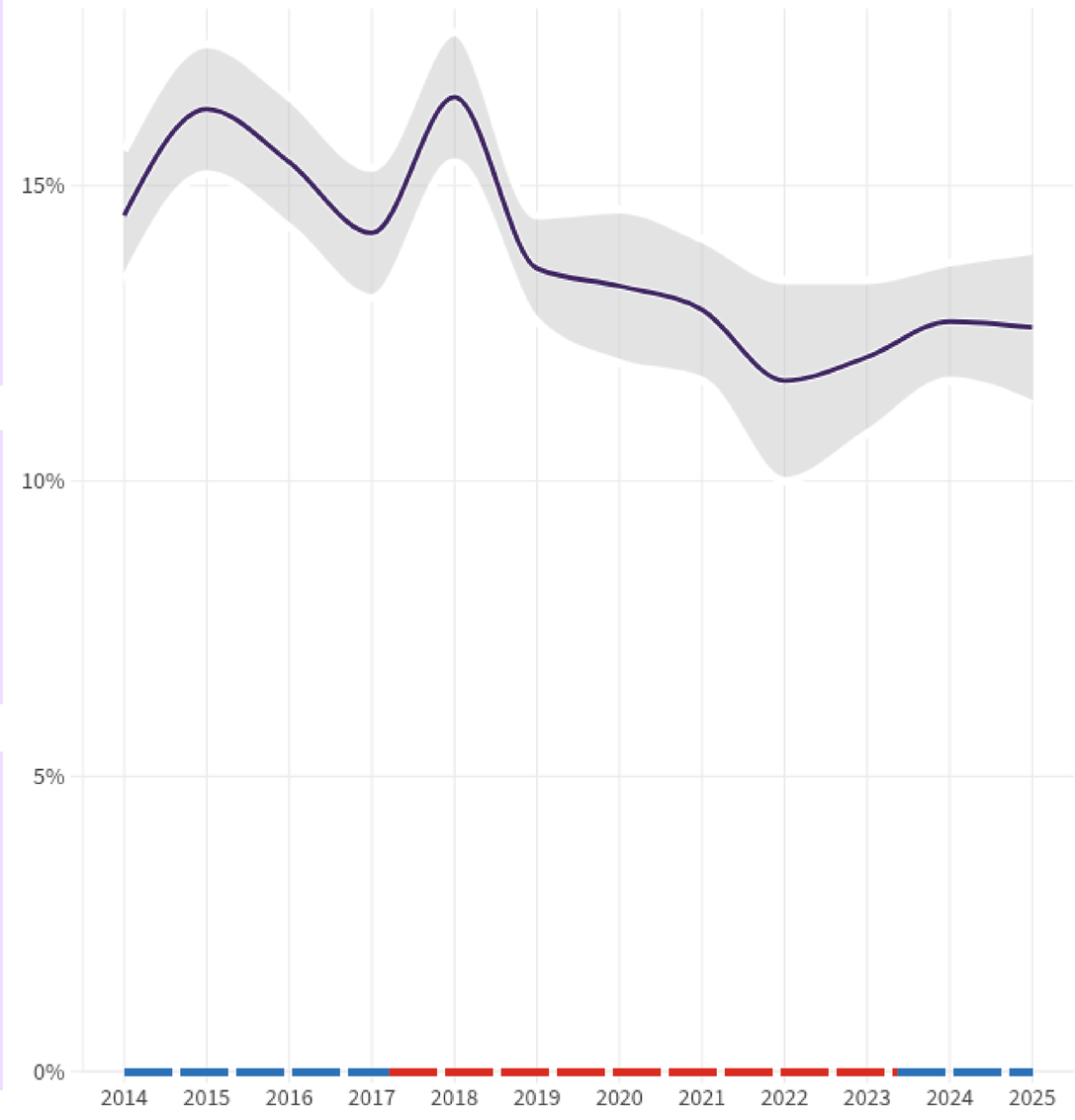
What is it?
Material hardship measures whether a household is going without a basic standard of living because they can't afford them.

Good progress
Through the late 2010s and early 2020s, material hardship fell significantly, reaching a low of 10.6%, or 121,800 children, in 2022.

Reversed
In the three years following June 2022, material hardship has risen to 14.3%, or 169,300 children, an increase of around 47,500 children.

Source: Stats NZ (2026a) Child poverty statistics: Year ended June 2025

Low income before housing costs (BHC50)



What is it?

BHC50 measures the percentage of children living in households with less than half the median income, before housing costs are deducted.

Progress

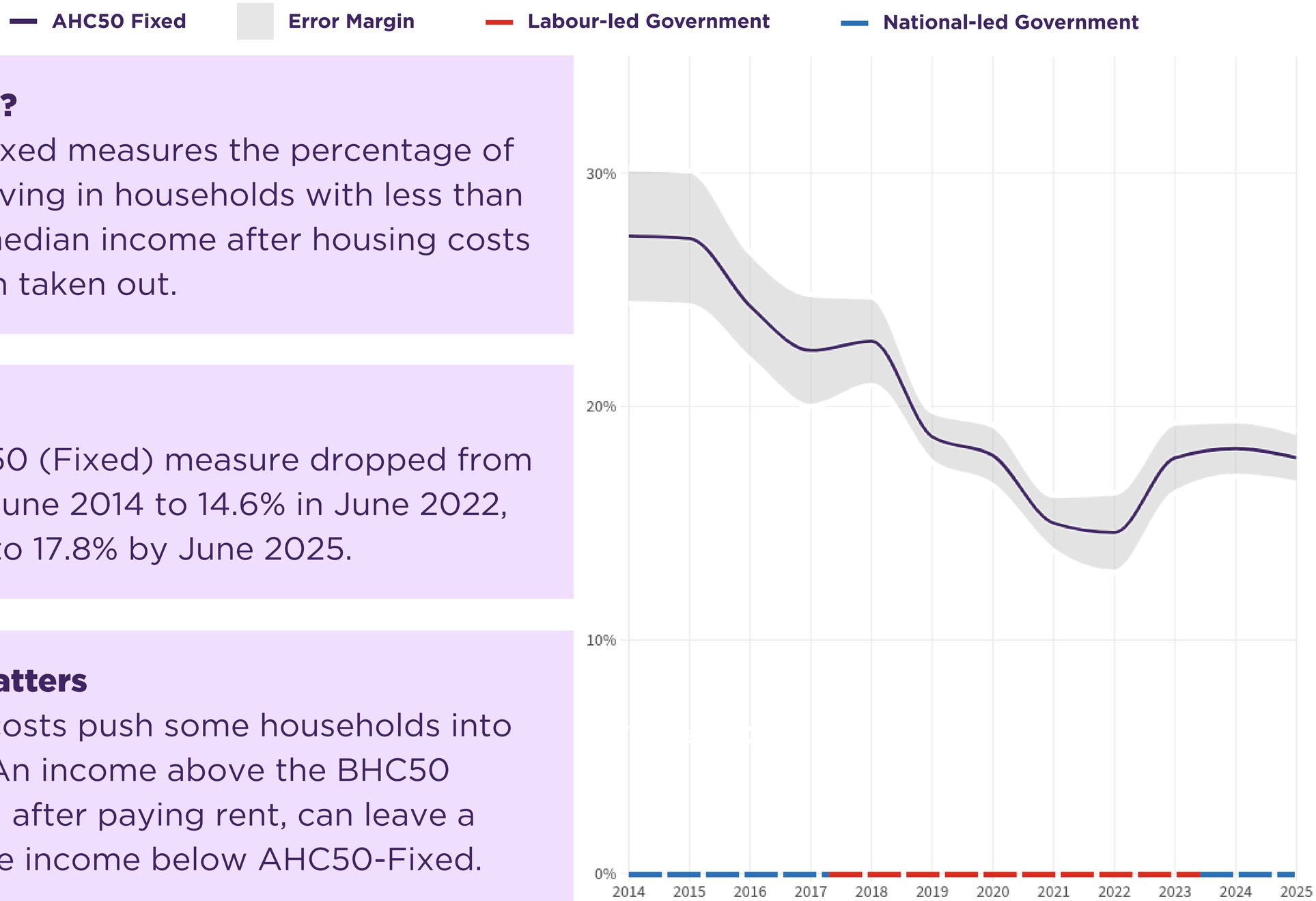
The BHC50 measure dropped from 16.5% in June 2018, to 11.7% by June 2022.

Reversed

In the three years following June 2022, progress in the BHC50 measure has largely stagnated.

Source: Stats NZ (2026a) Child poverty statistics: Year ended June 2025

Low income after housing costs (AHC50 Fixed)



What is it?

AHC50 Fixed measures the percentage of children living in households with less than half the median income after housing costs have been taken out.

Progress

The AHC50 (Fixed) measure dropped from 27.3% in June 2014 to 14.6% in June 2022, climbing to 17.8% by June 2025.

Why it matters

Housing costs push some households into poverty. An income above the BHC50 threshold, after paying rent, can leave a disposable income below AHC50-Fixed.

Source: Stats NZ (2026a) Child poverty statistics: Year ended June 2025

Forecasting AHC50 Fixed, BHC50 and Material Hardship measures

AHC-50-Fixed

AHC50-fixed stands at 17.8% in June 2025 and will stay exactly at 17.8% by 2030, according to forecasting by The Treasury.

AHC50-fixed shows little or no improvement and is projected to miss both the 2027 child poverty reduction targets and the 10-year target by 2028.

BHC50

The BHC50 stands at 12.6%. It is projected to meet the 2026/27 target, due to a temporary $50-per-week increase to the in-work tax credit for 142,000 households, but will miss the 10-year target by 2028.

Material Hardship

The Treasury's model cannot estimate material hardship. However, the Ministry of Social Development (MSD) produces indicative estimates of future levels of material hardship from projections of AHC50-fixed rates, based on the historic relationship between AHC50 and material hardship.

Three Material Hardship lead indicators dashboards, produced for Q3 and Q4 2025, and Q1 2026, all suggest levels of material hardship are unlikely to have changed.

Material hardship rates are currently more than double the 2028 target rate.

Sources:
The Treasury, Child Poverty Report 2026, 28 May 2026
Ministry of Social Development, Material Hardship Lead Indicators Dashboard, Q3 2025, Q4 2025 and Q1 2026

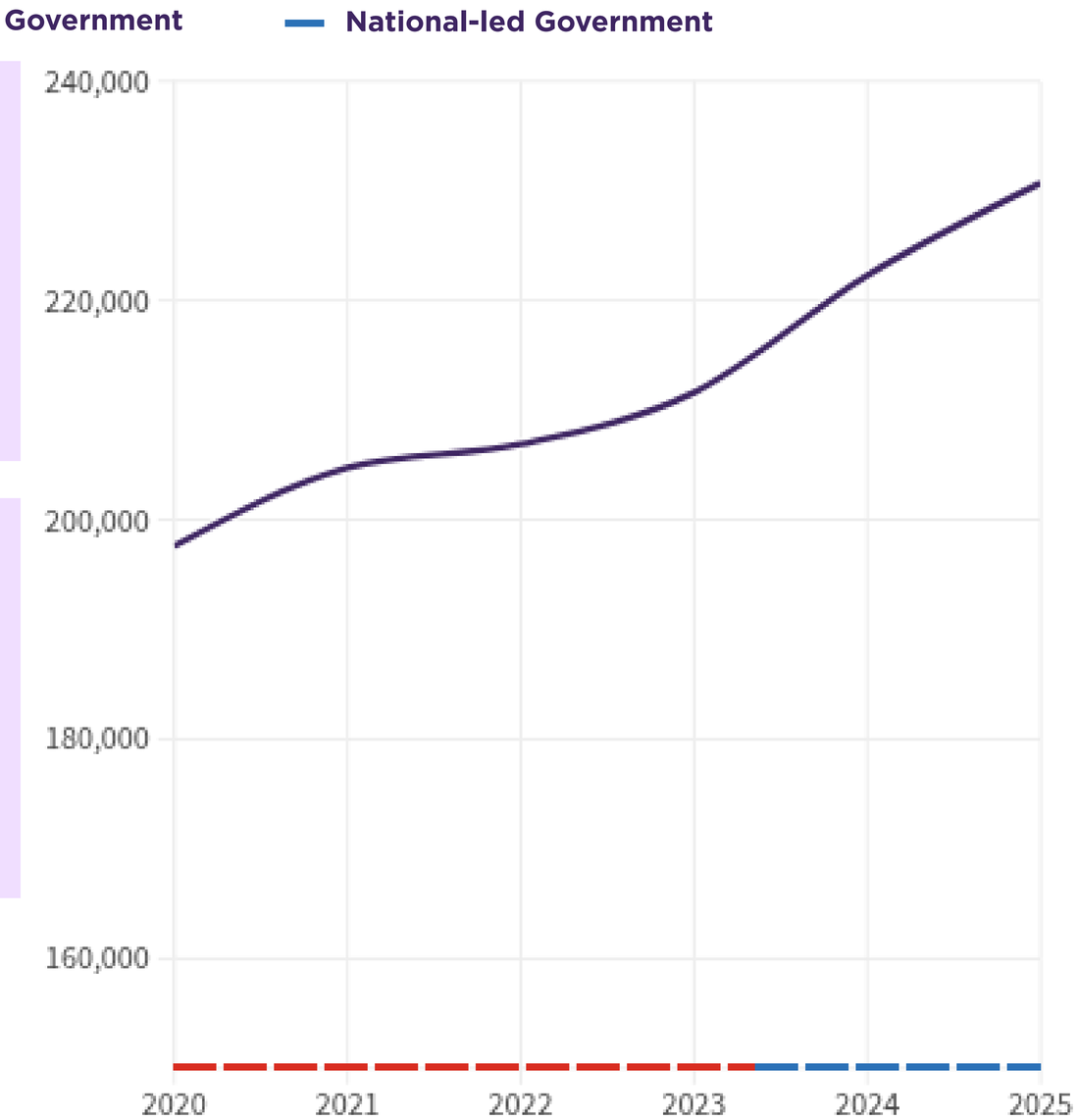
Other indicators

Along with the AHC50 (fixed), BHC50 and Material Hardship measures, the government also tracks **Child Poverty Related Indicators (CPRIs)** which demonstrate **the wider causes and consequences of child poverty**, including factors that affect children's health, education, housing and future opportunities.

Indicator	Why it matters
Children in benefit-dependent households	Tracks how many children live in families receiving a working-age main benefit, indicating reliance on income support.
Housing affordability	Shows how many children live in low-income households spending a high share of their income on housing.
School attendance	Tracks whether children are present at school regularly, an important condition for learning and participation.
Educational achievement	Measures whether school leavers attain at least NCEA Level 2, an outcome linked to future opportunities.
Potentially avoidable hospitalisations	Helps show whether children experience health conditions that may be preventable or treatable through timely healthcare and public health interventions.

More children live in families on a benefit

Number of children and young people aged 0-17
in households receiving main benefit



Progress

The number of children living in households receiving a main benefit rose from 197,600 in 2020 to 230,700 in 2025, an increase of 33,100 children (17%).

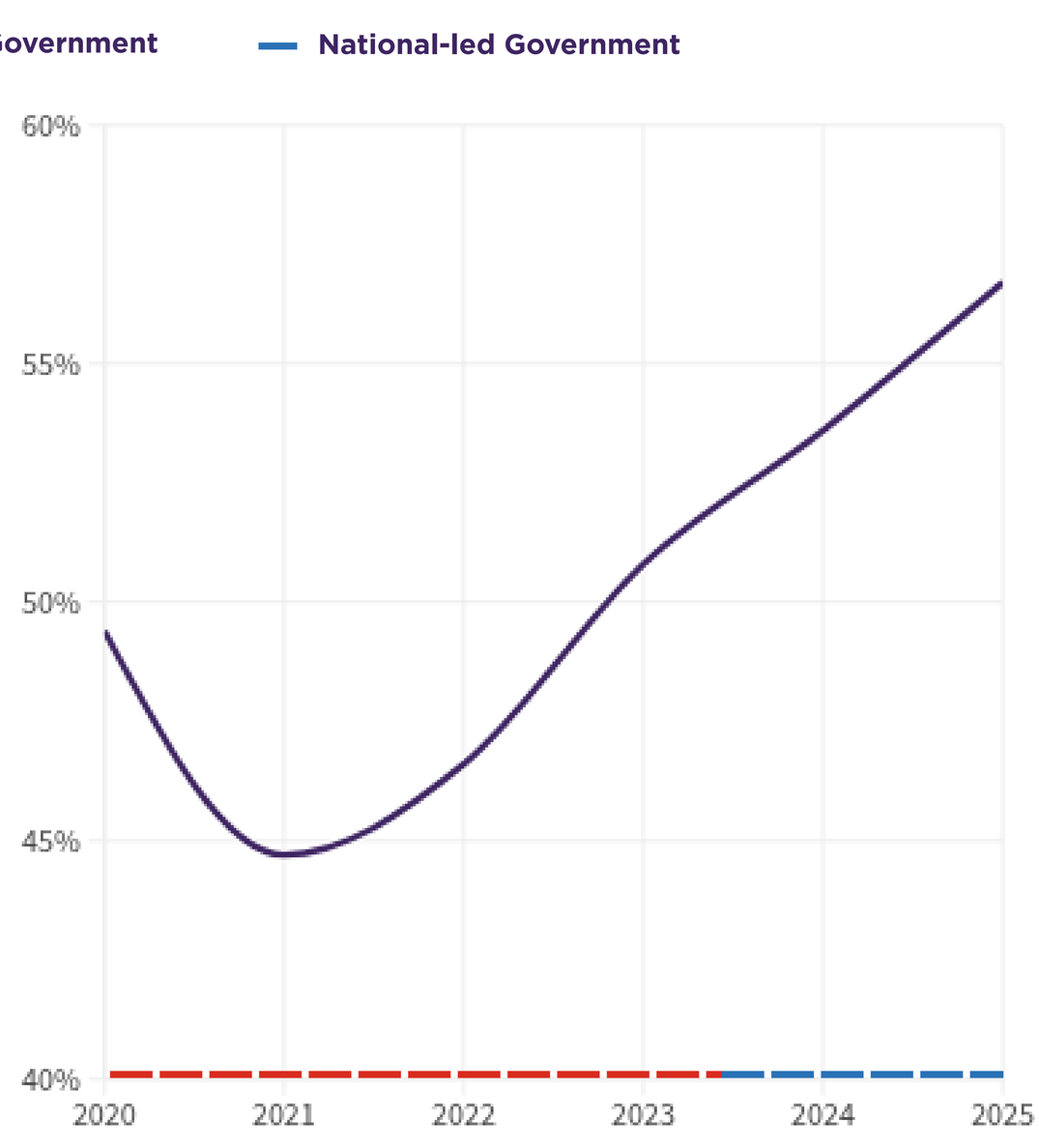
Why it matters

Children in benefit-receiving households are around six times more likely to be in material hardship (47% compared to 8%) than children in working households.

Source: Ministry of Social Development, 2024/25 Annual Report on the Child and Youth Strategy and Child Poverty Related Indicators (2026).

Fewer children live in affordable housing

Percentage of children and young people aged 0-17 living in low-income households spending more than 30% of the household's disposable income on housing



Progress

More than half of children living in households in the bottom 40% of the income distribution spent more than 30% of household disposable income on housing.

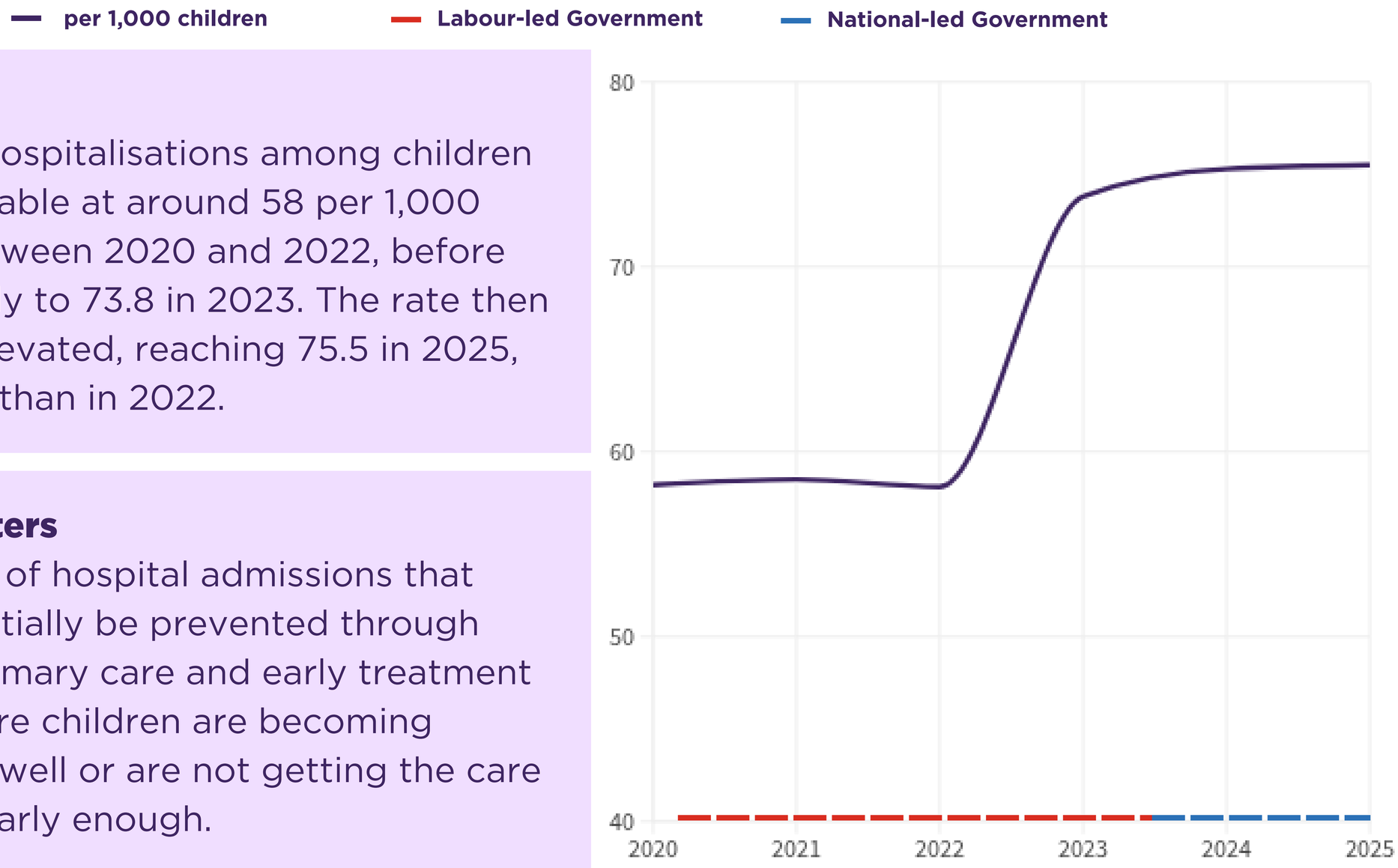
Why it matters

Housing costs are generally the largest costs families must manage within their budgets and include expenditure on rents and mortgages, property rates, and building-related insurance.

Source: Ministry of Social Development, 2024/25 Annual Report on the Child and Youth Strategy and Child Poverty Related Indicators (2026).

Avoidable hospitalisations increasing

Rate of potentially avoidable hospitalisations
per 1,000 children and young people aged 0-17



Progress

Avoidable hospitalisations among children remained stable at around 58 per 1,000 children between 2020 and 2022, before rising sharply to 73.8 in 2023. The rate then remained elevated, reaching 75.5 in 2025, 30% higher than in 2022.

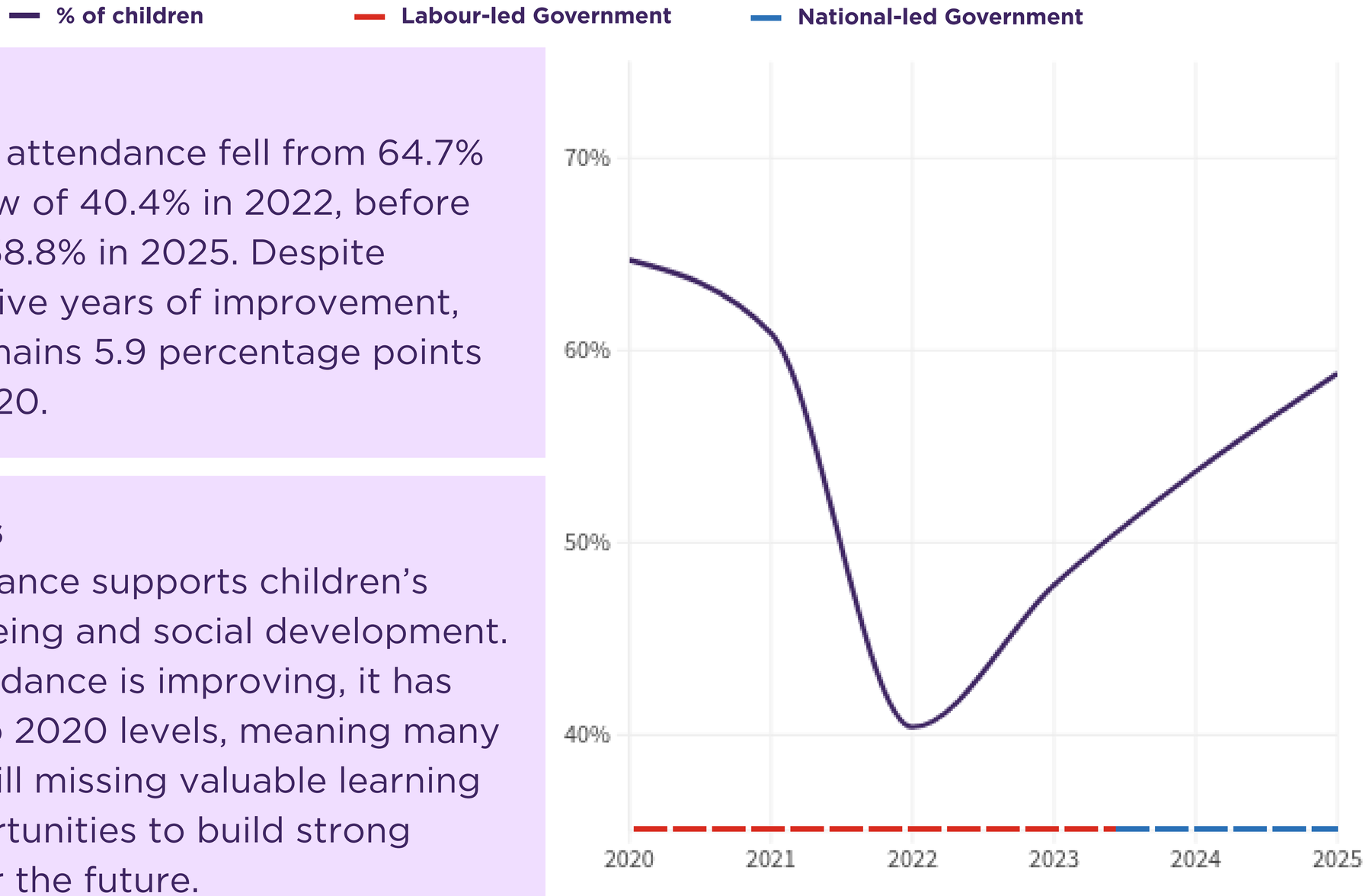
Why it matters

Rising rates of hospital admissions that could potentially be prevented through effective primary care and early treatment suggest more children are becoming seriously unwell or are not getting the care they need early enough.

Source: Ministry of Social Development, 2024/25 Annual Report on the Child and Youth Strategy and Child Poverty Related Indicators (2026).

School attendance increasing

Percentage of students aged 6-16 who are present more than 90% of the term



Progress

Regular school attendance fell from 64.7% in 2020 to a low of 40.4% in 2022, before recovering to 58.8% in 2025. Despite three consecutive years of improvement, attendance remains 5.9 percentage points below June 2020.

Why it matters

Regular attendance supports children's learning, wellbeing and social development. Although attendance is improving, it has not returned to 2020 levels, meaning many students are still missing valuable learning time and opportunities to build strong foundations for the future.

Source: Ministry of Social Development, 2024/25 Annual Report on the Child and Youth Strategy and Child Poverty Related Indicators (2026).

Educational achievement steady

Percentage of school leavers aged 16-20+ with at least NCEA Level 2 as their highest level of attainment



Progress

The proportion of school leavers with at least NCEA Level 2 fell from 83.2% in June 2020 to 78.8% in June 2023, then recovered slightly to 79.3% in June 2025.

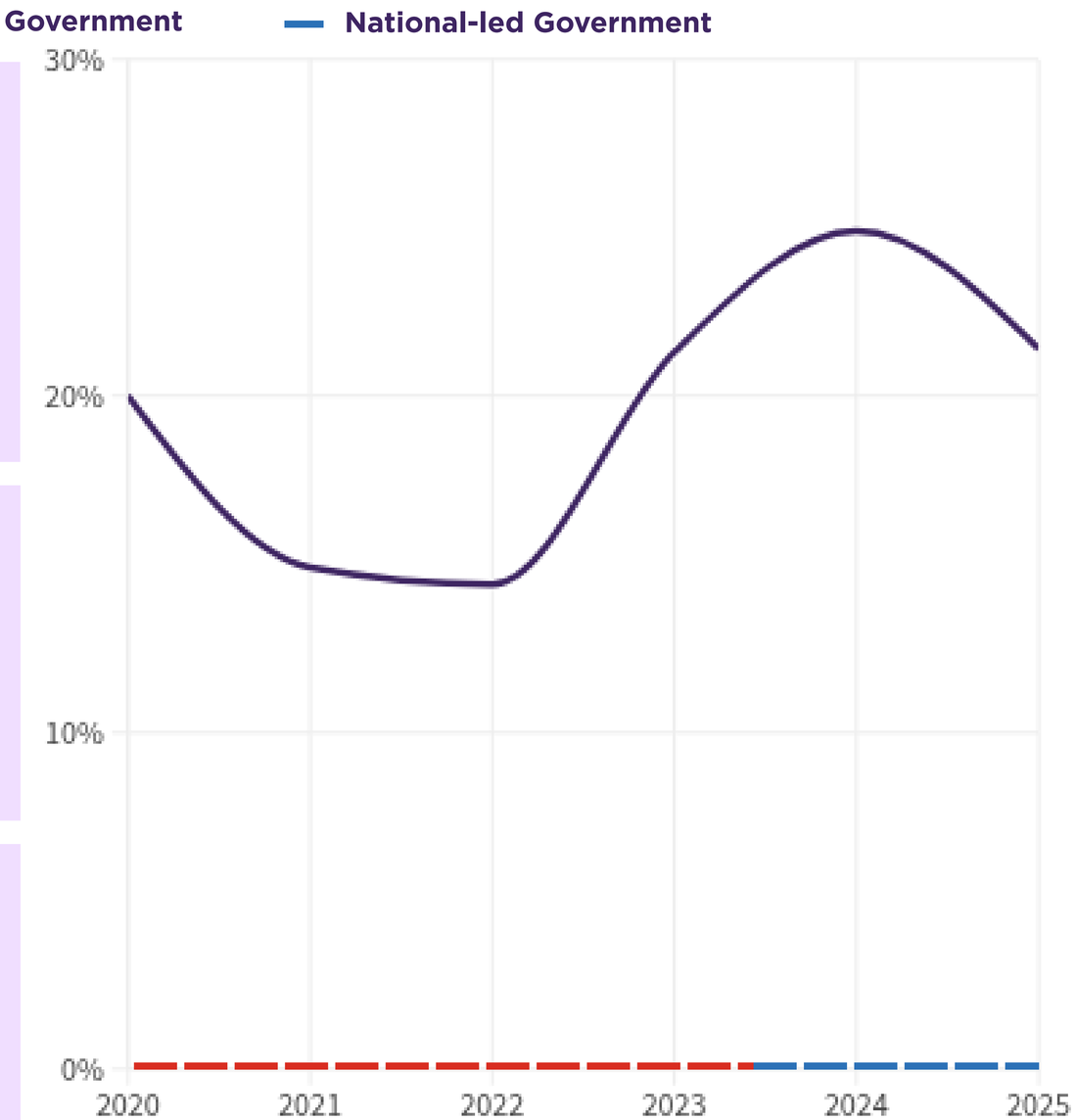
Why it matters

NCEA Level 2 is an important qualification for moving into further education, training and employment. Fewer young people leaving school with this qualification may face fewer opportunities and greater barriers to secure, well-paid work.

Source: Ministry of Social Development, 2024/25 Annual Report on the Child and Youth Strategy and Child Poverty Related Indicators (2026).

Food insecurity has increased

Percentage of children aged 0-14 living in households where food runs out sometimes or often



Progress

21.4% of children aged 0–14 lived in households where food ran out sometimes or often in June 2025, down from 24.9% the year before, but higher than in June 2022.

Why it matters

Lack of nutritionally adequate and safe food has immediate effects on a child's health, wellbeing and development.

A note

Food insecurity was removed as an official Child Poverty Related Indicator (CPRI) in 2024, but continues to be measured.

Source: Ministry of Social Development, 2024/25 Annual Report on the Child and Youth Strategy and Child Poverty Related Indicators (2026).

Who is most affected?

The burden of poverty does not fall evenly.

The burden of poverty does not fall equally. Material hardship rates are disproportionately high for **Pacific children (31%) and tamariki Māori (25.1%)**, compared to the national rate of 14.3%. Additionally, **26.9% of disabled children** are living in material hardship, reflecting the severe "dual burden" of increased out-of-pocket care costs and systemic barriers to parental employment.

MATERIAL HARDSHIP AMONG TAMARIKI MĀORI

76,900

▲ 13,700 since June 2023

MATERIAL HARDSHIP AMONG PASIFIKA CHILDREN

54,400

▲ 9,700 since June 2023

MATERIAL HARDSHIP AMONG DISABLED CHILDREN

31,900

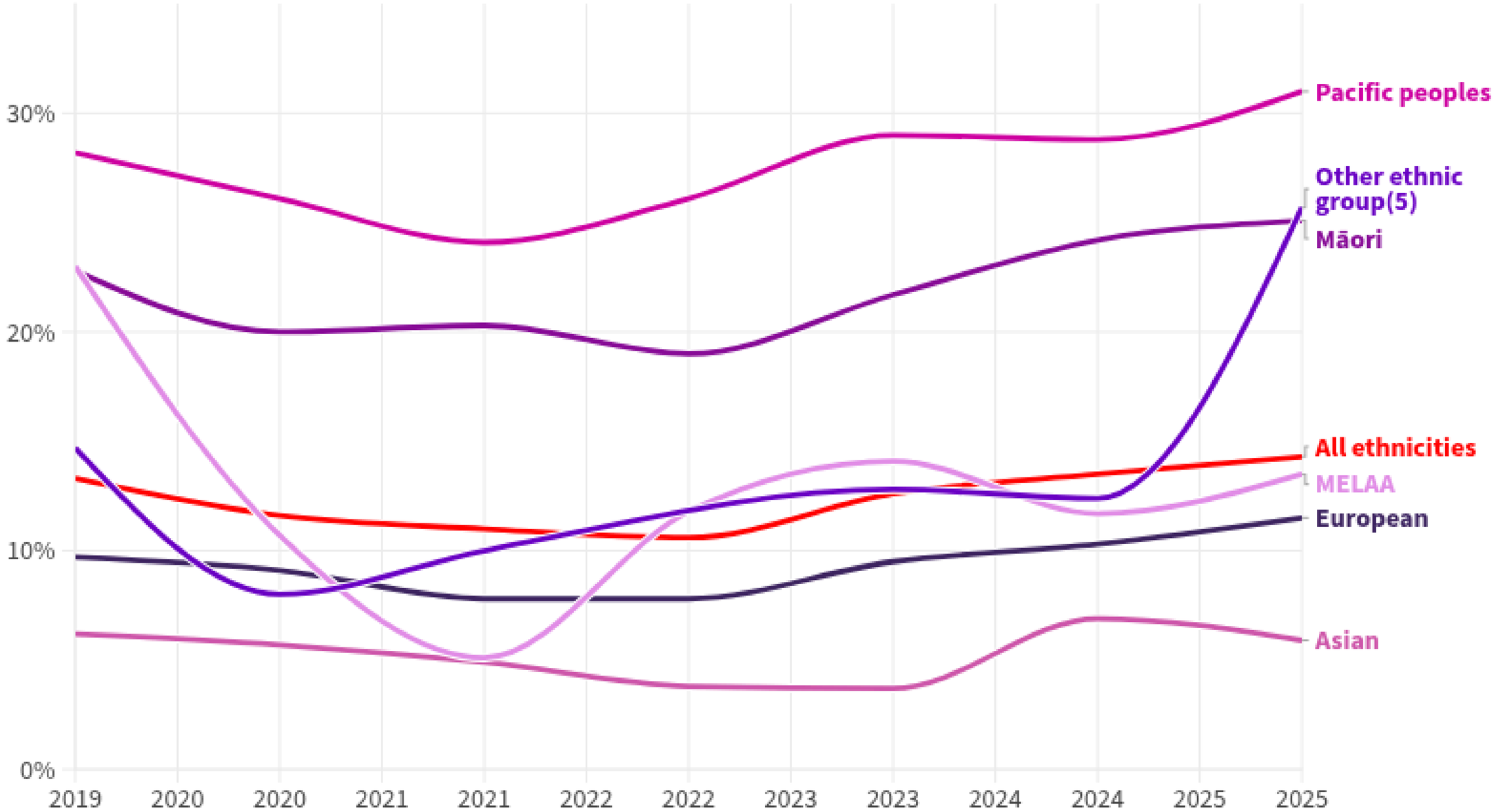
Not able to be compared*

Source:
Stats NZ (2026a) Child poverty statistics: Year ended June 2025

*Changes to the disability questions and the measurement of material hardship mean the 2025 rate cannot be compared with those that come before. A new time series begins from the year ended June 2025

Who is most affected?

Material hardship rate by ethnicity



Source:
Stats NZ. Child poverty statistics: Year ended June 2025 (2026a)

Child poverty over the decades

1991 WORSE

‘Mother of all Budgets’

Core benefits are cut significantly, and eligibility tightened.

1992 WORSE

State house rents move toward market rents

Housing Restructuring Act 1992 increases housing costs for many low-income families

1994 WORSE

Child poverty peaks

Housing-adjusted poverty among dependent children climbs to 37%, more than double the 16% rate in 1988.

1996 MIXED

Child Tax Credit introduced

A $15-per-child-per-week tax credit comes in for families meeting work/independence requirements. **Children in benefit-reliant households were excluded.**

1998 MIXED

Child poverty still elevated

Housing-adjusted child poverty falls from 1994 peak but remains at 28%, considerably higher than 1988's 16%

2000 BETTER

Income-related rents restored

State-house tenants again had rents capped around 25% of household income.

2002 BETTER

Agenda for Children

Government explicitly commits to eliminating child poverty as part of a broader children’s policy agenda. **Paid parental leave also introduced**.

2004 MIXED

Working For Families announced

Support for working families substantially increased, but benefit-reliant households are not included.

2008 MIXED

Working For Families fully implemented

Gap between working households and benefit-reliant households widens.

2009 WORSE

Global Financial Crisis

Recession and unemployment interrupt the improvement in household incomes.

2010 MIXED

Government changes tax system

GST rises from 12.5% to 15% while income-tax rates are reduced. Low-income households face a greater consumption-tax burden.

2013 MIXED

Major welfare reform

Income support system overhauled, with new obligations and sanctions introduced.

Child poverty over the decades

2021 BETTER

WEAG benefit increases implemented

Main benefits increase by a total of $32–$55 per adult per week, with government modelling estimating 19,000–33,000 children would be lifted out of poverty on the AHC measure.

2021 BETTER

Working for Families and Child Support Pass-on

Announced increases for Family Tax Credit and end to practice of taking child support from sole parents to offset benefits, implemented in 2022 and 2023, respectively.

2022 BETTER

Government meets two of three poverty reduction measures

The Government had met the first three-year targets for BHC poverty and material hardship, though not the AHC target

2022/23 WORSE

Poverty reduction stalls, reverses on some measures

The sharp gains of the COVID period begin to unwind as inflation and housing costs rise. Cost of living

2020 BETTER

COVID-19 income support response

Main benefits increase by $25/week amid expanded income support. Sanctions for for sole parents who don't name other parent removed.

2019 BETTER

Benefits indexed to wage growth

Main benefits are linked to net average wage growth rather than simply inflation, preventing benefit incomes from falling further behind wages.

2018 BETTER

Child Poverty Reduction Act

Governments become legally required to measure child poverty, set targets and report progress. Families Package in Budget 2018

2018 BETTER

Budget 2018 Families Package

Family Tax Credit increases, Best Start is introduced, Winter Energy Payment begins, paid parental leave is extended and Accommodation Supplement settings are improved.

2014 WORSE

Benefit sanctions

Sanctions reduce household income when obligations aren't met, pushing children further into hardship.

2015 BETTER

$790m Child Hardship Package

Budget 2015 announces increased benefits for families with children by $25/week, increases WFF payments for low-income working families.

2016 WORSE

Housing affordability deteriorates

Years of rapidly rising rents and house prices increase the gap between household income and the cost of raising children, particularly for renters.

2017 MIXED

Budget 2017 Family Incomes Package

Family Tax Credit rates and Accommodation Supplement settings are increased. Treasury estimates 49,000 children will be lifted above the low-income 50% poverty line, once implemented, but it is ultimately repealed.

Child poverty over the decades

2024 WORSE

Benefits switched from wages to inflation

Main benefits return to CPI indexation, slowing their growth relative to wages.

2024 WORSE

Child-poverty targets missed

The government misses all three 2023/24 intermediate targets.

2024 MIXED

Material hardship becomes priority

Government sets an 11% material-hardship target for 2026/27, up from its original target of 9%.
Food Insecurity

2024 WORSE

Welfare reform begins

Work obligations and employment-focused case management are strengthened. Target of 50,000 fewer Jobseeker clients set.

2024-25 WORSE

Benefit sanctions increase

Sanctions become more frequent. In the June 2025 quarter, 13,200 sanctions were issued, 27.1% more than in the June 2024 quarter.

2025 BETTER

Working for Families expanded

Government raises the Working for Families income threshold from $42,700 to $44,900, giving assistance to more working families.

2025 WORSE

Best Start becomes income-tested from year one

To make the changes to Working for Families, the Government partly funds it by income testing the first year of Best Start.

2025 WORSE

Sanctions strengthened in law

New legislation expands sanction and benefit-cancellation powers.

2025 BETTER

Food support retained

The government continues funding Healthy School Lunches, Early Childhood Education Food programmes, food hubs and foodbanks.

2026 WORSE

Child poverty stalls

Latest figures show no statistically significant improvement in any primary measure. Material hardship is worse than when Child Poverty Reduction Act became law.

2026 BETTER

Accommodation Supplement increased

Maximum payments are set to rise by $10–$30 a week from April 2027.

2026 WORSE

Social housing and hardship assistance tightened

Minimum social-housing rent contribution rises from 25% to 30% of household income, while the maximum Temporary Additional Support rate falls from 30% to 25% of the relevant main benefit rate.

Below the Income Floor

Many whānau struggle to afford the things they need each week, from food and rent to power bills and taking part in their communities. Child Poverty Action Group (CPAG) modelled the weekly budgets of 39 typical low-income households between 2018 and 2026. These included single adults, couples, sole parents and families with up to three children.

We compared each household's income with the cost of meeting its basic needs, such as food, housing and power, as well as the additional costs of taking part in everyday life. These might include replacing worn-out clothes, getting around, maintaining relationships and allowing children to join in activities with their peers. Every household should be able to afford the basics, take part in society and have some money left to deal with unexpected costs. For too many low-income households in New Zealand, that remains out of reach.

Many families still cannot afford everything they need

In 2025, nine of the 32 model households with children (28%) could not afford even their basic living costs. Another six could cover the basics but could not afford a minimum level of social participation. That means 15 of the 32 households with children (47%) fell below what CPAG calls the income floor: the minimum income needed to cover basic needs and participate in society. Sole parents with more than two children face some of the biggest shortfalls. Single adults receiving a main benefit also struggle to make ends meet.

Source:
Child Poverty Action Group. *Below the Income Floor: Modelling Income Adequacy for Low-Income New Zealand Households, 2018 – 2026* (July 2025)

Below the Income Floor

Benefits are not keeping up with wages

Increases to main benefit rates helped some households for a time. But the way benefits are adjusted each year has changed. Benefits now rise with inflation, measured by the Consumer Price Index (CPI), rather than wage growth. This means benefit payments are growing more slowly than wages. Over the past two years, the gap has widened by about two percentage points, leaving people receiving benefits further behind.

Working full-time does not guarantee a decent standard of living

Moving from a benefit into 40 hours of paid work each week usually leaves a household with more money. But that does not mean every working family can afford everything it needs. Couples raising two children on the minimum wage still fall short of the amount needed to participate in society. They also have little money left to deal with unexpected costs, like rent increases, a car repair or time off work due to illness.

Source:
Child Poverty Action Group. *Below the Income Floor: Modelling Income Adequacy for Low-Income New Zealand Households, 2018 – 2026* (July 2025)

Below the Income Floor

Rent, food and power bills take up most of the money families have

These three costs place the greatest pressure on household budgets. For families receiving benefits, **rent, food and utilities consume between 62% and 98% of the money they have available to spend**. For households working full-time on the minimum wage, these costs also take up more than 60% of their available income. This leaves little money for other essentials. A family that can just manage to pay its bills in a cheaper rental can quickly fall into debt if it has to move into a home with an average market rent.

Progress has stalled, and some families are falling further behind

Between 2018 and 2024, policy changes gradually reduced the number of model households whose income fell short of their weekly costs - improvement did not continue. Between 2024 and 2025, the trend reversed, with more households falling into deficit.

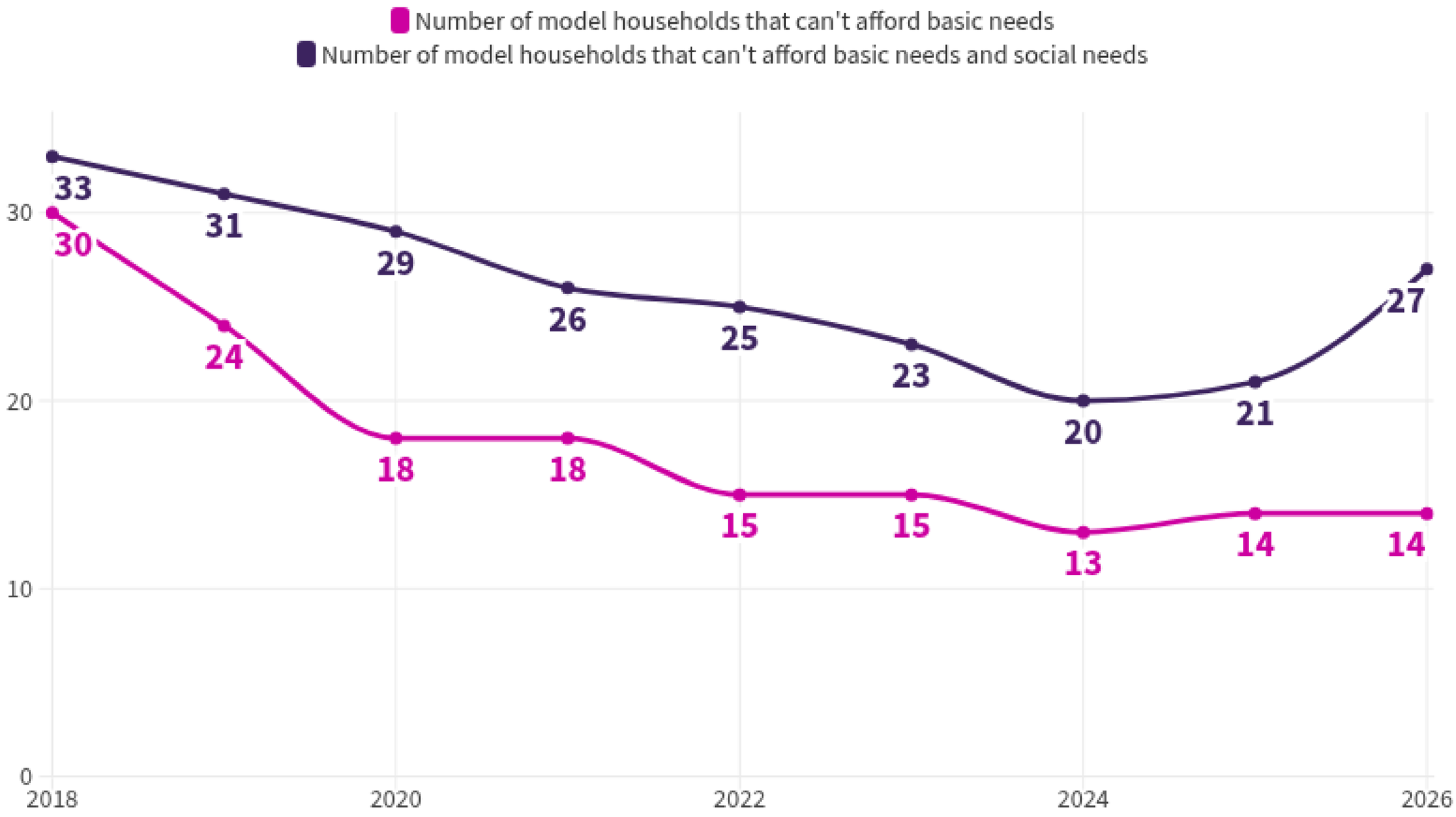
The outlook for low-income families is getting worse

The 2025 and 2026 projections show a further deterioration in household budgets. By 2026, more model households are expected to have a weekly shortfall than at any point since 2022. Without changes that address the gap between household incomes and the cost of living, many families will continue to struggle to afford the basics.

Source:
Child Poverty Action Group. *Below the Income Floor: Modelling Income Adequacy for Low-Income New Zealand Households, 2018 – 2026* (July 2025)

Below the Income Floor

Overall trends of 39 modelled households



Source:
Child Poverty Action Group. *Below the Income Floor: Modelling Income Adequacy for Low-Income New Zealand Households, 2018 – 2026* (July 2025)

Affordable rental supply

New Zealand's private rental market always ranks as one of the least affordable among OECD countries, with 24% of private renters paying more than 40% of their disposable income for rent in 2024.

Affordability for households is the combined result of many changes; wage rates, benefits and allowances, taxes, underutilisation and unemployment all affect incomes; and on the supply side changes in the quantity, quality and cost of private and social housing, as well as demand modifiers like regional and net migration, all impact affordability. Changes to income are relatively easy to track, but there is also a lot happening on the supply side which is just as important to understand. Older and cheaper homes are being demolished and redeveloped; new homes are built, some are smaller and more affordable but many aren't; shortages or excesses of supply and changing population demand, new regulations and interest rate changes; all these flow through to rents.

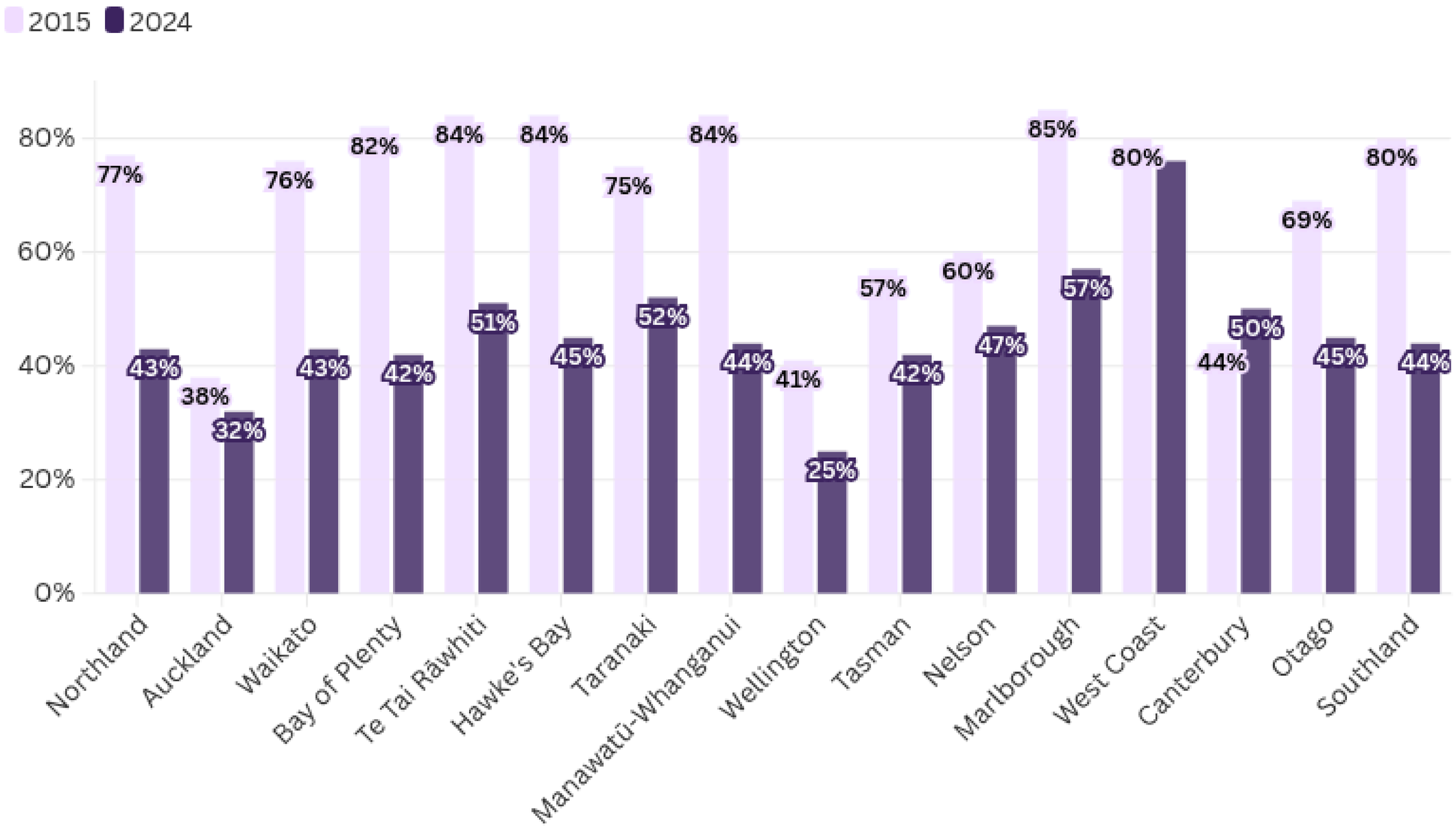
Trends in Affordable Rental Housing Supply compares changes between 2015 and 2024 across all New Zealand's regions for low-income working households. The chart focuses specifically on low-income working households

The sharpest drops in affordable rental supply were in rural regions; Bay of Plenty and Manawatū-Whanganui (-40%; from 84% to 44%), Hawke's Bay (-39%), Southland (-35%), Northland and Gisborne (-34%), Waikato (-33%). Declines in affordable rental were lower in most larger regions; Auckland (-6%), Wellington (-16%) and Nelson (-13%).

Source: Child Poverty Action Group, *Trends in Affordable Rental Housing Supply* (2026).

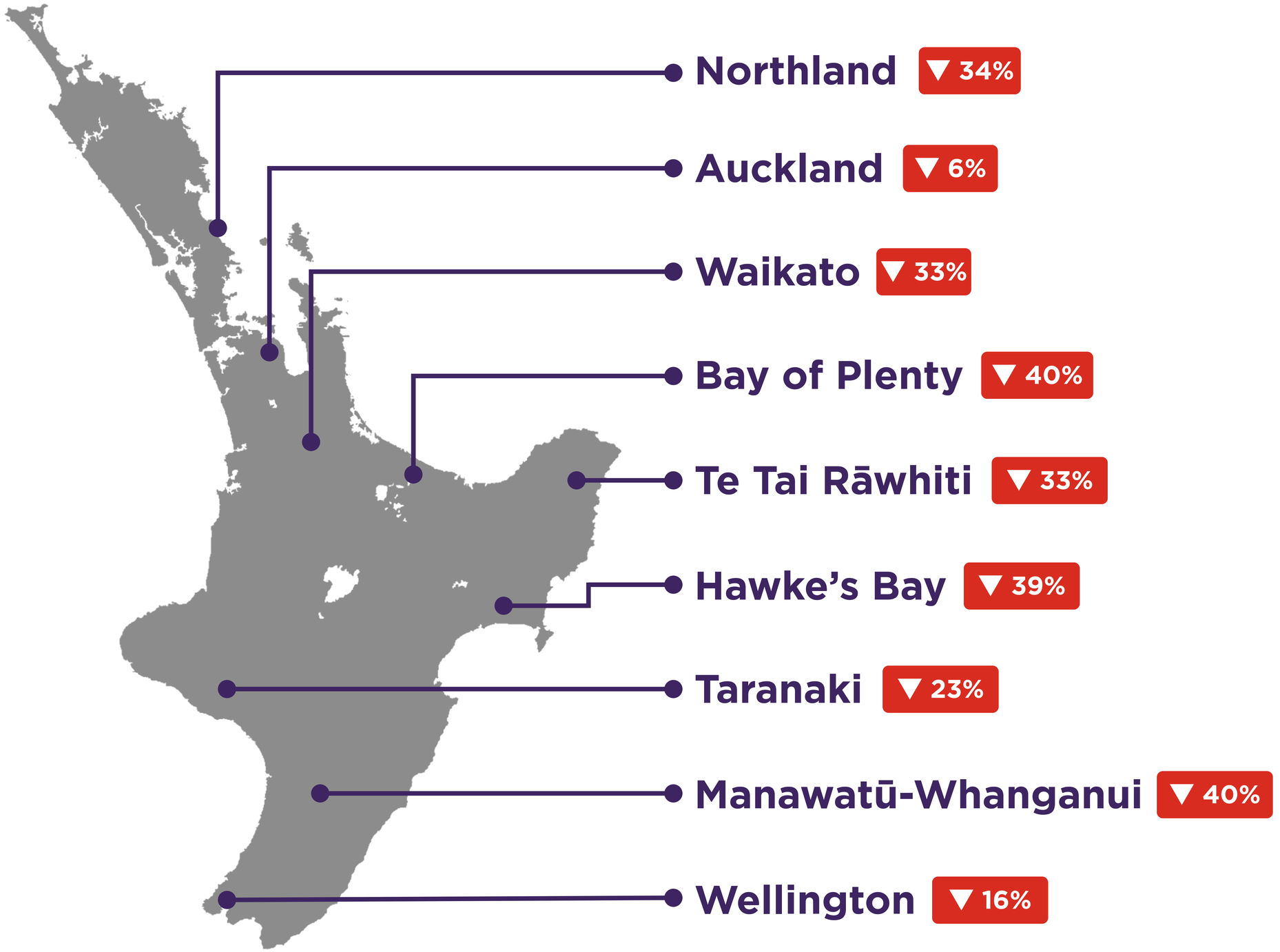
Change in affordable private rental supply

(% of total stock which is affordable) June 2015-2024 by Region,
low income benchmark affordable rents (Minimum to Living wage)



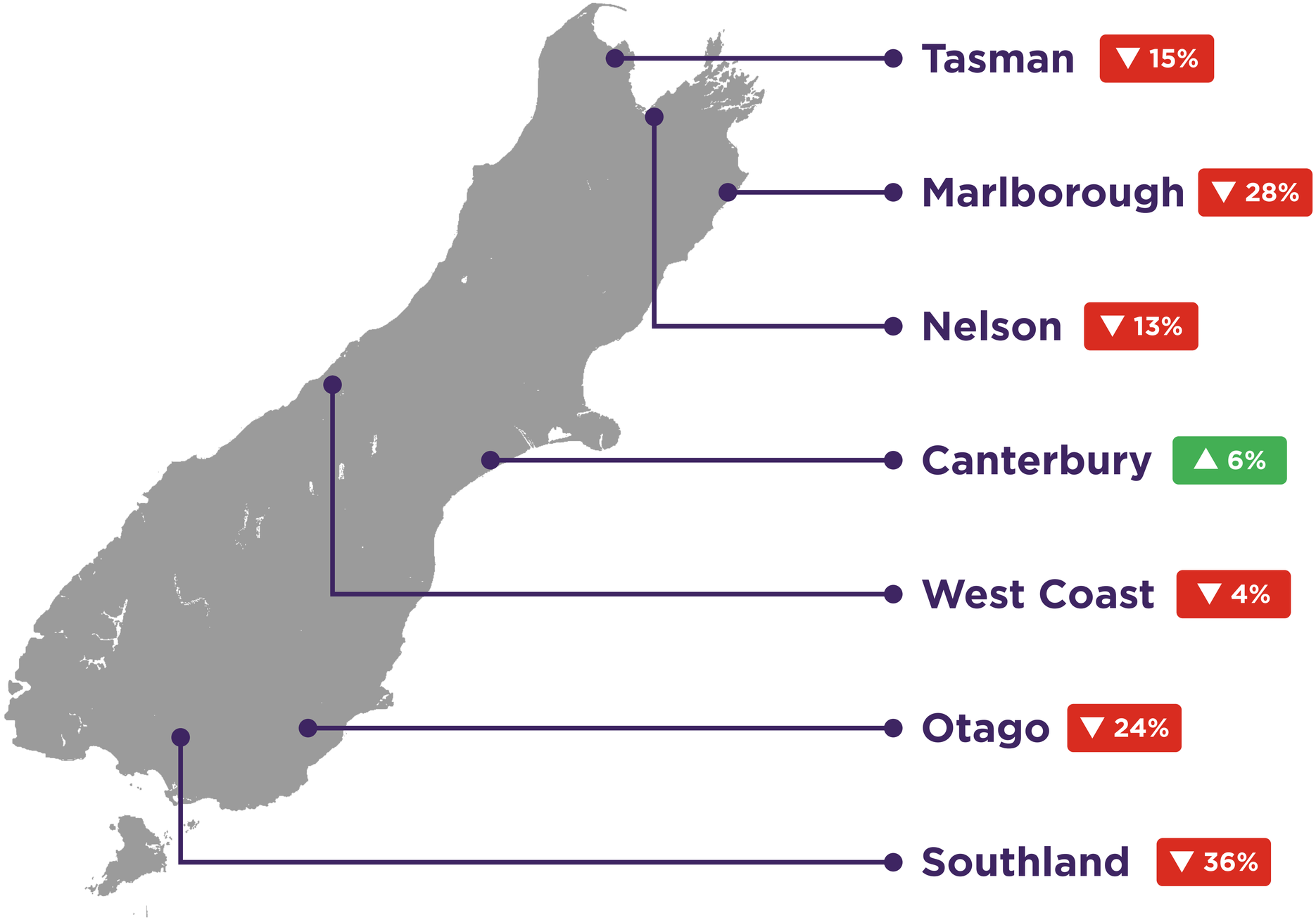
Source: Child Poverty Action Group, *Trends in Affordable Rental Housing Supply* (2026).

Change in affordable rental stock for low income households (2015 vs 2024)



Source: Child Poverty Action Group, *Trends in Affordable Rental Housing Supply* (2026).

Change in affordable rental stock for low income households (2015 vs 2024)



Source: Child Poverty Action Group, *Trends in Affordable Rental Housing Supply* (2026).

1

Impacts of poverty

Pregnancy and infancy (up to one year)

Pregnancy and a child's earliest months lay the foundation for future wellbeing and success. Financial hardship during this period affects maternal wellbeing and can contribute to children having poorer health outcomes (Dobinson et al., 2026; Gerritsen et al., 2020; Morton et al., 2012; Social Prism, 2026). Ensuring that income supports for families raising children are adequate and easy to access helps to set babies up well for life.

Financial problems have been identified by mothers and their partners as a main contributor to stress during the newborn period (Morton et al., 2012). Whānau experiencing financial hardship are at greater risk of experiencing poor mental health in the period around having a baby and facing barriers to timely support (Morton et al., 2012; Social Prism, 2026). Maternal stress and poor maternal mental health can influence a child's likelihood of experiencing long-term disadvantage (Low et al., 2021; O'Neill, 2026; Walker, 2022).

Evidence shows that income supports, such as tax credits that increase incomes among low-income families, are an effective way of reducing child material hardship (Grant & Prickett, 2023). New Zealand's Working for Families scheme, which includes the Best Start payment in the first three years of a

Impacts of poverty

Pregnancy and infancy (up to one year)

child's life, is an example of income support designed to help families with the costs of raising children. There are challenges for families in accessing Working for Families and without regular adjustment, the value of these supports can diminish over time in relation to family living costs (Child Poverty Action Group, 2021).



41% **Around 2 in every 5 families were underpaid Working for Families in the 2022 tax year.**

Source: Inland Revenue. (2025a). Empowering families: Increasing certainty and preventing debt in the Working for Families scheme.

Working for Families is means-tested and relies on estimated income. As a result, many families are either underpaid or overpaid. This means that families may either miss out on support when they need it or end up in debt. In the 2022 tax year, 35% of families were overpaid, and 41% were underpaid. Overpayments that are not repaid by a specified due date incur interest and penalties. In 2024, 56,800 families had a Working for Families debt, with an average debt per family of $4,815 (Inland Revenue, 2025a). Problem debt is associated with poorer outcomes for both children and their parents (Prickett & Atatoa Carr, 2024). Preventing debt to government is important for family wellbeing.

The Best Start payment, originally a universal payment during a child's first year of life, is

Impacts of poverty

Pregnancy and infancy (up to one year)

now means-tested for all three years it is available. This change has been estimated to make 53,000 families ineligible for the payment and reduce the amount that a further 9,000 families receive (Inland Revenue, 2025b). High uptake of the Best Start payment when introduced, at 96.9% of children in eligible families, was attributed to the universal nature of this payment and the ease of application when registering a child's birth (Ministry of Social Development, 2023). It has been suggested that means-testing of Best Start may impact take-up rates of Working for Families, as the universal Best Start application process was used to assess eligibility for other entitlements (Inland Revenue, 2025b).

Financial hardship increases household stress and can impact parents' capacity to provide for and nurture their children (O'Neill, 2026). Increasing family income, even by small amounts, has been found to reduce the likelihood of contact with child protection services (Oranga Tamariki Evidence Centre, 2018). In New Zealand, increases in household incomes during a child's early years, including through the introduction of the Best Start payment, were associated with reductions in referrals to child protection services for suspected abuse and neglect, as well as reductions in findings of neglect among single-mother families (Moullin & Milne, 2025).

2

Impacts of poverty

Early childhood (up to five years)

Early childhood is a critical period in children's development where language, cognitive and social development rapidly progress (MSD, 2019). Early childhood education (ECE) is a significant factor influencing child wellbeing and parental income during this period, when families are often supporting the developmental needs of young children alongside employment.

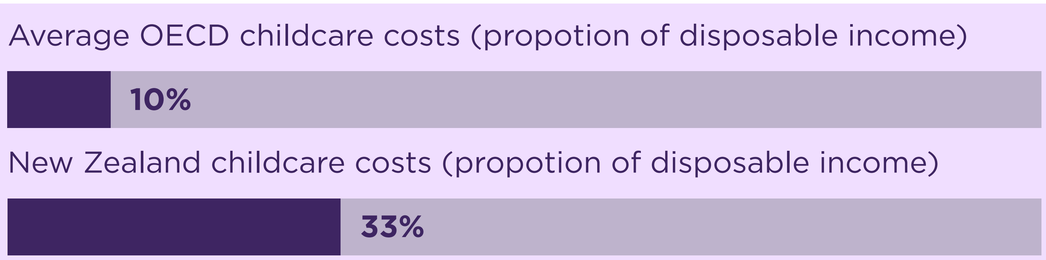
The development of social and emotional skills is an important focus in the early years and has a significant influence on lifelong outcomes (Poulton et al.,2025). Research using Growing Up in New Zealand data found that children in lower-income households had more behavioural problems, such as problems with conduct or peer relationships, than those in higher-income households during early childhood (Monk et al., 2024). Persistent exposure to significant adversity in the first 1,000 days of life among children in the Growing Up in New Zealand study was associated with poorer outcomes during early childhood, such as children being less able to regulate emotions, and less ready to begin school (Morton et al., 2022). Primary school principals have recently reported increases in children beginning school without foundational skills such as knowing the letters of their name and being able to use the toilet or dress themselves independently. Lack of

Impacts of poverty

Early childhood (up to five years)

participation in early childhood education, in part due to cost, is thought to contribute to this shift (New Zealand Herald, 2026).

As well as supporting children's social development and school readiness, early childhood education also enables parents to work (Education Counts, 2023; Ministry for Women, nd). However, difficulty accessing childcare is a key barrier to employment and financial stability for parents. Childcare costs in New Zealand are high compared to other OECD countries, at 33% of disposable household income for a couple with two children compared to the OECD average of 10% in 2022 (OECD, nd). New Zealand relies heavily on private early childhood education provision, contributing to affordability issues (OECD, 2025). While participation in ECE has been found to be especially beneficial for children from low-income households, lower socioeconomic communities are more likely to face an undersupply of services (Ministry of Education, 2025; Mitchell et al., 2025).



33% of disposable household income was spent on childcare for a couple with two children in New Zealand, compared with an OECD average of 10%.

Source: OECD (nd), *Net childcare costs*

While government policies such as 20 hours free early childcare for children 3 years and over, FamilyBoost and the Childcare Subsidy aim to reduce these costs, particularly for low-income families, access to and adequacy of

Impacts of poverty

Early childhood (up to five years)

these payments continue to be a challenge for parents (Ministry for Women, nd; McGregor, 2025).

Returning to work after having children creates stress for parents, who may be returning earlier than they would like due to financial constraints, or may have found their employment options reduced (MSD, nd). Mothers who are unable to access work in achild's first three years due to childcare constraints are estimated to collectively miss out on $116 million in wages each year (Benison & Sin, 2023). Among those who can work, lack of childcare can limit the type of work they can do or number of hours they can work (Benison & Sin, 2023).

A family story: The Sā family at Lifewise ECE

Every morning in West Auckland, Lani Sā gets three children ready in a small, cold unit before the day has properly begun. Mika, six, walks to the local primary school. Four-year-old Sina and two-year-old Talia come with Lani to the Lifewise ECE centre. Lani is Samoan, a sole parent, proud of her aiga and deeply committed to her children, but most weeks she is trying to stretch money further than it can go.

Rent comes first, then power, food, school lunches, bus money, nappies, and whatever is left for shoes or medicine. There is never enough for all of it. Poverty, for Lani, is standing in the supermarket choosing between bread, milk, and Panadol. It is keeping the heater off even when the children

Impacts of poverty

Early childhood (up to five years)

are coughing.

It is telling Mika there is no money for the school trip and washing his uniform at night, hoping it dries by morning. Sina feels the pressure, even if she cannot explain it. When breakfast has been small, she arrives at ECE quiet, hungry, and watchful. Some mornings she clings to Lani and finds it hard to settle. After kai, warmth, and time with familiar kaiako, she becomes herself again: singing, building towers, caring for dolls, and telling stories about her family. The centre helps poverty stop taking up so much space in her day.

For Talia, poverty shows up in her body. The house is damp, her cough lingers, and getting to the doctor can mean choosing between petrol, school pick-up, and other urgent costs. Her shoes are tight, but Lani is trying to make them last until the next payment. At ECE, Talia is warm, fed, held, and known by adults who notice when something is not right and who support Lani without judgement.

Mika is old enough to understand more than Lani wants him to. He knows not to ask for new rugby boots or birthday treats. Some mornings he carries adult worries into the classroom: whether the power has been paid, whether there will be enough food, whether his sisters are okay. Poverty does not just reduce what children have; it reduces what they can join in with, and can quietly affect confidence, friendships, learning, and belonging.

Impacts of poverty

Early childhood (up to five years)

The ECE centre cannot lower the rent or pay the power bill, but it changes the shape of the week. The fees are low enough for Sina and Talia to attend. There is kai, routine, warmth, language, play, and practical help with forms and support systems. Just as importantly, Lani is treated as a capable parent under pressure, not as a problem. That protects her dignity and reduces isolation.

When Sina and Talia are settled, fed, and learning, Lani has more room to attend appointments, look for work hours that fit around the children, and ask for help before a crisis builds. Mika benefits too, because his sisters are safe and his mother has one less impossible choice to make. The centre becomes part of the community's safety net: a place where poverty is noticed early, responded to practically, and softened by trusted relationships.

Lani still goes home to the same bills, but Sina leaves ECE with paint on her hands and new words in her mouth. Talia sleeps better after a warm, settled day. Mika sees his mother welcomed by people who know their family's names. These things matter. For children living with hardship, food, care, play, belonging, and trusted adults help hold their mana when poverty shrinks their world.

Family story from Lifewise (anonymised)

LIFEWISE
A member of the Methodist Alliance

3

Impacts of poverty

Middle childhood and early adolescence | 5 – 12 years

During middle childhood major developments occur in children's physical growth, cognitive abilities and social and emotional development. The range of influences in children's lives expands as children attend school, participate in extracurricular activities, and take on greater responsibilities in their homes and communities (Murdoch Children's Research Institute (MCRI), 2020; Wilson et al., 2024).

Educational achievement contributes to children's long-term outcomes and children in poverty face greater barriers to educational success. One initiative introduced to address this was the Healthy School Lunches programme. One in five (21.4%) children aged 0-14 years are living in households where food runs out sometimes or often, increasing to one in three children (36.9%) in neighbourhoods with the most hardship (Ministry of Health, 2026). The programme has had positive impacts, saving a family with two school-aged children an estimated $2,528 per year (Ministry of Education, 2024) and reducing the likelihood of children developing unhealthy eating habits (Railton et al., 2026). However, gaps remain that mean children are missing out. Half of children experiencing food insecurity and one third of those experiencing severe food insecurity at age twelve in the Growing Up in New Zealand

Impacts of poverty

Middle childhood and early adolescence | 5 – 12 years

study attended schools that did not receive school lunches (Gerritsen et al., 2023). The nutritional quality of lunches has also been questioned, after a recent report found that almost half of the meals provided did not meet nutritional standards (The Audit Office, 2026).

As children journey through the primary and intermediate school years, it is important that opportunities to provide additional support to meet children's developmental needs are acted upon. In a recent survey of primary and intermediate school principals, the most prominent issue facing schools, identified by 82% of principals, was support for students with complex learning, and social and emotional needs (Li et al., 2025). More than two thirds (69%) of principals reported needing but not being able to readily access support for staff to work with students who have complex needs or trauma-related responses, and almost half (45%) were unable to access support to differentiate teaching for students with learning support needs. Many families cannot access private learning assessments and support due to financial barriers, meaning that children miss out on the interventions they need to help them learn (Aiono, 2024; Hood & Hume, 2024). Children in the Growing Up in New Zealand study who had additional learning needs, such as autism, ADHD, a specific learning disability like dyslexia, or emotional or behavioural problems, had lower school engagement at age twelve (Tait et al., 2023). Without the ability to access timely support, there is a risk of children experiencing ongoing difficulties

Impacts of poverty

Middle childhood and early adolescence | 5 – 12 years

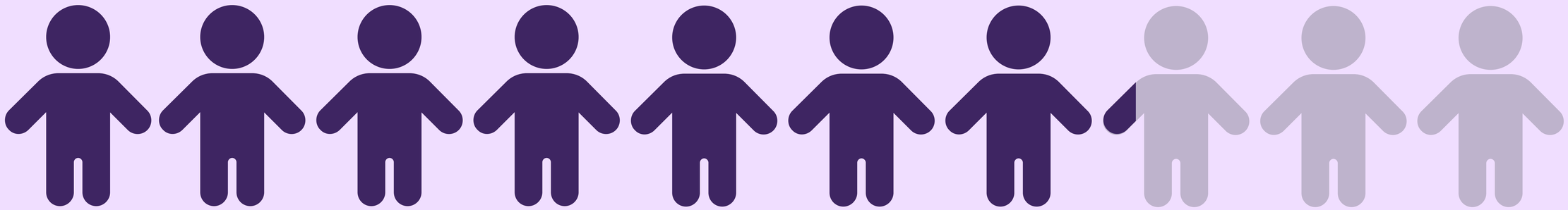
that can impact their engagement in education and future achievement.

> Access to learning assessments are simply out of reach for many families due to children not meeting the threshold for funded government support and private services being financially prohibitive. This means children continue to struggle and the challenges they experience compound. Being able to provide early intervention and support is crucial for setting children up for educational success and a brighter future.
>
> — CATHOLIC DIOCESE OF CHRISTCHURCH, CATHOLIC SOCIAL SERVICES

Almost three quarters (71%) of principals also report being unable to access much needed support for students with mental health needs (Li et al., 2025). Research suggests that between half to three quarters of mental health issues first become evident during middle childhood (Ontario Ministry of Children and Youth Services, 2022; MCRI, 2020). Among children in the Growing Up in New Zealand study, depressive symptoms were higher among children living in areas with greater hardship at both eight and twelve years (Morton et al., 2020; Fletcher et al., 2023). Extracurricular activities, such as sports and clubs, support children's mental and physical wellbeing, and help them to develop new skills and form friendships (Barbalich & Ball, 2022; Egan-Bitran, 2010). Children in households with less financial resources are more likely to miss out on these types of activities and may feel socially excluded as a result (Barbalich & Ball, 2022; Sport NZ, 2019; Egan-Bitran, 2010).

Impacts of poverty

Middle childhood and early adolescence | 5 – 12 years



73% **Among children in the Growing Up in New Zealand study at age eight, 73% of those living in neighbourhoods with greater hardship reported worrying to some extent about family finances.**

Source: (Morton et al., 2020)

4

Impacts of poverty

Adolescence and the teen years | 10 - 19 years

Adolescence is the period of transition between childhood and adulthood, bringing major physical change. Young people experience greater social awareness and emotional sensitivity during adolescence, as they shape their sense of identity, values and future aspirations (Nobilo & O'Neill, 2024). New Zealand performs poorly in international comparisons across several measures of youth wellbeing at this age stage. Poverty and hardship contribute to poor outcomes in each of these areas.

Food security continues to be an issue during the teen years. New Zealand was found to have the second highest rate of food insecurity among 25 OECD countries in 2022, with 14.1% of 15-year-olds missing meals at least once per week in the previous 30 days due to lack of money (McKelvie-Sibileau & Railton, 2024). The impact of food insecurity on academic achievement is considerable. Students in food poverty were found to be between two to four years behind those who do not experience food poverty (McKelvie-Sebileau & Railton, 2024).

Youth mental wellbeing is another significant concern among this age group. New Zealand ranks poorly by international comparisons in areas like bullying, youth mental wellbeing and rates of youth suicide (Ministry of Education, 2017; OECD, 2026; OECD, 2019;

Impacts of poverty

Adolescence and the teen years | 10 - 19 years

UNICEF, 2025). Young people aged 15-24 years old experience higher rates of mental distress and unmet mental health needs than other age groups in Aotearoa (Office of the Auditor General, 2024). Poverty contributes to poor mental health and young people in households with limited financial resources face additional barriers to accessing timely mental health support (CPAG, 2017; Payinda & Stubbing, 2024; Stubbing et al., 2023).

Young people are more vulnerable to addiction during adolescence and those in poverty are more exposed to vaping (Jagroop-Dearing et al., 2025). Rates of vaping are higher among people living in neighbourhoods that have the greatest hardship, and there are more vape retailers and greater likelihood of vape retailers being near schools in these areas (Payinda et al., 2024; Waterman et al., 2024). While vaping was introduced in New Zealand to reduce smoking rates, there have been smaller reductions in youth smoking alongside high uptake of vaping, meaning that daily nicotine use among young people aged 15-24 years has increased over the period from 2017/18-2024/25 (Edwards et al., 2025).

Inequities within New Zealand's youth justice system, which disproportionately affects rangatahi Māori, is an international concern (United Nations Committee on the Rights of the Child, 2023). Young people involved in the youth justice system are more likely to be impacted by hardship in their environment, such as through poverty, being the victim of crime and witnessing family violence (Reil et

Impacts of poverty

Adolescence and the teen years | 10 - 19 years

al., 2022; Social Wellbeing Agency, 2023). Most youth offending (more than 75%) was found to be carried out by the 10% of young people who have had the greatest exposure to hardship but failed to receive adequate support from government agencies despite earlier calls for intervention (Social Wellbeing Agency, 2023). These young people are often well known to government agencies from an early age due to reports of concern being made about their wellbeing (Reil et al., 2022; Social Wellbeing Agency, 2023). Lack of resources and high thresholds for intervention mean that children's needs are not being responded to adequately when they become evident (Reil et al., 2022). Providing holistic support for young people at risk of entering or coming out of the youth justice system is crucial for turning around cycles of offending and ongoing hardship.

> "We are seeing rangatahi come to the attention of services and police at younger and younger ages, from homes where basic needs are simply not being met, even in families where parents are working hard. When life is that difficult, it is not surprising that young people seek escape or belonging outside of the usual pathways, and that is often where justice system contact begins. What our Social Impact data shows us, though, is that with the right support, these same young people can develop genuine self-belief, build the connections they need, and set a new direction for their lives. That possibility is what drives our work at Waipuna."
>
> Waipuna Youth Services

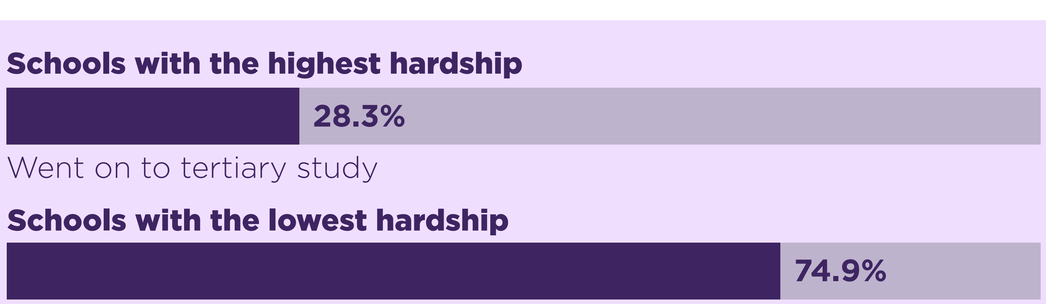
5

Impacts of poverty

Early adulthood | 18+

Poverty during childhood and adolescence has been found to impact long-term outcomes such as educational achievement and employment in early adulthood and beyond (MSD, 2018). As young people enter early adulthood it is important that the right support is in place to enable their wellbeing and future aspirations.

Growing up in poverty makes it harder to achieve at school and continue into education or training in early adulthood. Within schools with high levels of hardship, less than a third (28.3%) of school leavers in 2024 were going on to tertiary study, compared to three quarters (74.9%) of those in schools with the least hardship (Ministry of Education, 2026a). Rates of young people leaving school without qualifications at NCEA Level 1 or above are also highest within these schools, at a rate of one in four (27.5%) (Ministry of Education, 2026b).



Within schools with high levels of hardship, less than a third (28.3%) of school leavers in 2024 were going on to tertiary study, compared to three quarters (74.9%) of those in schools with the least hardship.

Source: Ministry of Education (2026a), *Education indicator: Tertiary destinations of school leavers.*

Impacts of poverty

Early adulthood | 18+

The rate of young people not in employment, education or training (NEET) reached 13.8% in the year to June 2026 (Ministry of Business, Innovation & Employment, 2026), with rates for specific age groups similar to those seen around the time of the Global Financial Crisis (Hogan & Hamill, 2026). Those leaving school to go into employment are facing a youth unemployment crisis (Hogan & Hamill, 2026).

Over 12,000 more young people were unemployed in the year to June 2026 than in the previous year, with the current rate of unemployment at 25.3% among 15–19-year-olds, and 12% among 20–24-year-olds (Stats NZ, 2026b, 2026c). Jobseekers face repeated rejections and it can be difficult for young people to access suitable training and support to gain employment (Institute for Democratic and Economic Analysis, 2025). Recent benefit changes have restricted access to income support among 18- and 19-year-olds whose parent/s earn over $67,225 per year (MSD, 2026c). This includes young people on the Jobseeker Support – Health Condition, Injury or Disability benefit who face higher living costs and higher rates of unemployment (MSD, 2026c). Another consequence of this change is that young people may also miss out on training or assistance in finding employment as most employment services provided by the Ministry of Social Development are dependent on people receiving a benefit (Hogan & Hamill, 2026).

This policy change undermines the purpose of the Social Security Act 2018 to help people in times when work is not appropriate due to

Impacts of poverty

Early adulthood | 18+

sickness, injury or disability (New Zealand Government, 2018).

Early adulthood is a time of increased independence when many of the supports that a young person may have experienced during their school years fall away. Research on social cohesion finds that among young people under 30, 62% report feeling isolated and only 46% report that life feels worthwhile all or most of the time. The same report finds that people who are struggling financially are more than twice as likely to report feeling isolated than those who doing well financially (The Helen Clark Foundation, 2026).

Young people transitioning out of the Oranga Tamariki system experience greater disadvantage and poorer outcomes. Government reporting shows that most of these young people (89%) are missing out on timely life skills assessments impacting their readiness to live independently in adulthood (Aroturuki Tamariki, 2026a). Among rangatahi Māori leaving the Oranga Tamariki system who were eligible for support in preparing for adulthood, only 22% had a driver licence, compared with 64% of young Māori with no involvement with the Oranga Tamariki system (Aroturuki Tamariki, 2026b). Research indicates that not having a driver licence by age 18 is strongly associated with limited employment between the ages of 18-24 (MOE, MBIE, MSD & Ministry for Women, 2023).

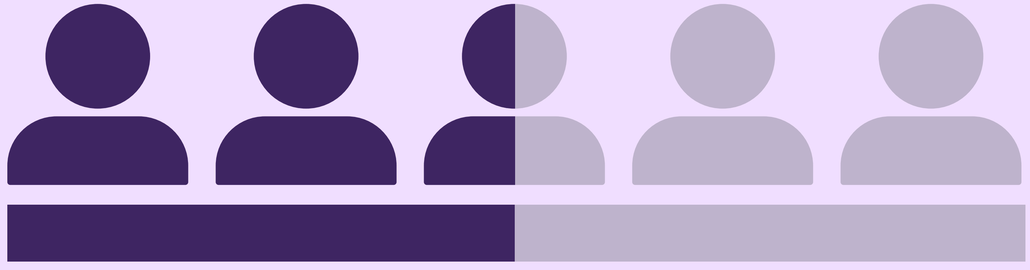
Accessing stable and safe housing is another challenge facing young people entering adulthood. People under 25 years make up

Impacts of poverty

Early adulthood | 18+

half of those experiencing severe housing deprivation (Salvation Army, 2025). Increases in youth homelessness are reported by those working in councils, the housing sector and alongside young people (Ministry of Housing and Urban Development, 2025). Because young people are couch-surfing or sleeping in cars, the extent of youth homelessness is not fully visible. Young people leaving the Oranga Tamariki system are more than 40 times more likely to access emergency housing than those who have no prior involvement with this system (Aroturuki Tamariki, 2026a). There is limited supported accommodation available to these young people meaning most must compete in the general housing market (Oranga Tamariki, 2022). Increased housing support for young people is urgently needed to prevent greater hardship.

> Homelessness and income hardship for young people are more than just a lack of money or a place to stay. They are barriers to hope, stability and opportunities. Every young person deserves a safe, healthy home and a fair chance to create a bright future, regardless of their financial circumstances.
>
> **Rangatahi and kaimahi voice**
>
> Visionwest
> Waka Whakakitenga



50% **of those experiencing severe housing deprivation are under the age of 25**

Source: Salvation Army (2025), *Homelessness Briefing December 2025 National Homelessness Data Project*

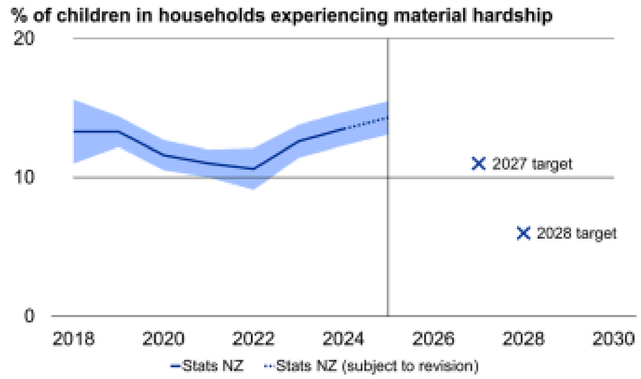
2028 Child Poverty Reduction Targets

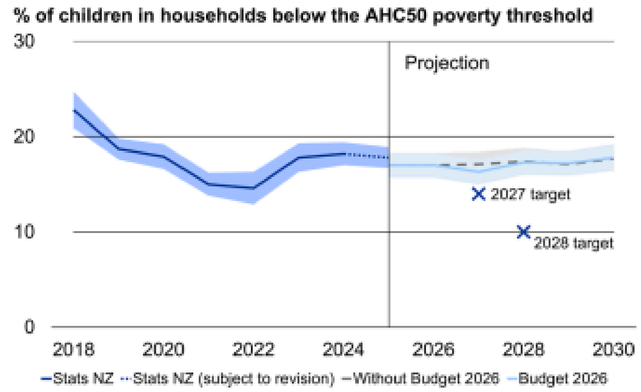
In 2018, the House voted 119-1 to pass the Child Poverty Reduction Act into law. The Act sets out targets to halve child poverty in the three primary measures: AHC50 (Fixed), BHC50, and Material Hardship.

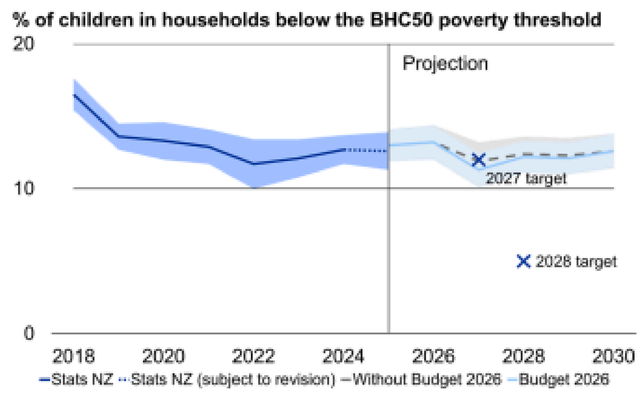
The targets for 2028 are

- **Material Hardship:**
  Reduce to **6%** (down from a 2017/18 baseline of 13.3%).
- **Low Income Before Housing Costs (BHC50):**
  Reduce to **5%** (down from 16.5%).
- **Low Income After Housing Costs (AHC50):**
  Reduce to **10%** (down from 22.8%)

The Treasury's Child Poverty Report in Budget 2026 shows no scenario where New Zealand reaches these targets with current policy settings.







Source: The Treasury, Budget 2026 Child Poverty Report, (2026)

Policy solutions

Both the Child Poverty Action Group (CPAG) and the New Zealand Council of Christian Social Services (NZCCSS) have made several policy recommendations.

NZCCSS has called for:

- A Poverty Reduction Act
- A welfare system that frees from poverty
- A welfare system that recognises disability
- A reduction of financial barriers to work
- Working For Families that works for families
- Improved housing access and affordability
- To address rising food costs now

You can read NZCCSS' *Free From Poverty* policy asks on their website.

In August, CPAG released *A Manifesto to Reduce Child Poverty*, making key policy recommendations across a number of areas.

CPAG has called for:

- minimum wage to be lifted to Living Wage
- construction of 3,500–4,000 social homes a year
- free GP and after-hours care for all children up to 18
- raise the Child Disability Allowance to $98 a week and remove the partner income test and abatements from the Supported Living Payment
- fees-free community-based early childhood education and Equity Index funding at 10% of school funding

You can read CPAG's *Manifesto to Reduce Child Poverty* on their website.

Source: New Zealand Council of Christian Social Services, *Free From Poverty,* (2025)
Child Poverty Action Group, *A Manifesto to Reduce Child Poverty*, (2026)

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