

Worsening unemployment, hunger and homelessness in New Zealand

Tom Peters**20 February 2025**

The “State of the Nation” report released last week by the Salvation Army charity in New Zealand revealed an appalling social crisis, driven by rising unemployment, low wages and high living costs.

Using brutal austerity measures, including mass redundancies and wage freezes across the public sector, the far-right National Party-led government is imposing the burden of the economic recession on working people. At the same time, it is cutting taxes for the rich and preparing to divert billions of dollars to the military, to fully integrate the country into US war plans against China.

Unemployment increased by 33,000 people last year to reach 156,000, or 5.1 percent—the highest level since September 2020. It is forecast to reach 5.5 percent by the middle of the year. As well as cuts to healthcare and other public services, factories including paper mills and meatworks have closed down, devastating entire towns.

Real unemployment is far higher than the official figure, which only accounts for people actively looking for work. By the end of 2024 more than 409,000 people were receiving some form of welfare payment, 12 percent of the working age population.

There is growing poverty among working families. New Zealand’s gross domestic product per capita declined by 2.7 percent in the year to September 2024, and the Salvation Army notes that 37 percent of the workforce received no pay increase.

The government is driving down wages for the lowest-paid workers. It recently announced that the minimum wage will go up by just 35 cents per hour or 1.5 percent in 2025, half the annual increase in household living costs.

The Salvation Army reports that “there has been a sharp rise in food insecurity over the past two years,

and it reached the highest level for more than a decade in the year to June 2024.” The demand for food parcels is 40 percent higher than before the COVID-19 pandemic.

More than one in four children live in households that run out of food sometimes or often. In Pacific island families, the most impoverished section of the working class, 55 percent of children are going without food sometimes or often.

The government has made cruel cuts to emergency hardship payments for food and other necessities. According to the “State of the Nation” report, “The total value of government hardship support payments declined by around \$180 million during 2024.... The number of grants was down by around 11 percent, and the dollar value reduced by 18 percent.”

Food banks are also getting less government funding. In 2023, during the previous Labour Party-led government, a record 600,000 people a month were relying on foodbanks—11 percent of the population. The New Zealand Food Network reported that last year charities experienced a 30 percent decline in the number of people they are able to assist.

Funding for school lunches has also been reduced, from \$8 to \$3 per meal, resulting in less nutritious and often revolting meals being delivered to hundreds of thousands of children in low-income areas.

Growing numbers of welfare recipients are having their payments reduced under a harsher sanctions regime, which penalizes people for failing to attend appointments and fill out forms on time. The Salvation Army notes there were “45,825 benefit sanctions imposed on people receiving welfare support during 2024, which was close to double the 25,329 sanctions in the year to December 2023.”

Homelessness is deeply entrenched and getting

worse. Last month the government boasted that the number of households living in motels used for emergency housing has fallen from 3,141 to 591 in the past year. Associate housing minister Tama Potaka said this meant more people were “now living in better homes.”

In reality, the drop follows stricter criteria for accessing emergency housing, which the Salvation Army says has likely contributed “to rising street homelessness and housing insecurity.” Auckland Council, for example, reports that while the number of people in the city’s emergency housing has plummeted, the number sleeping in cars and on the street soared by 53 percent in just four months, from 426 in September 2024 to 653 in January 2025.

The opposition Labour Party has feigned outrage over the government’s cuts and the worsening social crisis. Its finance spokesperson Barbara Edmonds said the National Party had “promised a better economy, but all we’ve seen is an economic downturn, rising unemployment, and the sharpest recession, excluding COVID-19, in 30 years—all of which happened under National’s watch.”

This is sheer hypocrisy. The 2017–2023 Labour government—supported by the Greens—used the pandemic to transfer tens of billions of dollars in public funds to the rich and corporations. Then, in 2022, the Reserve Bank began raising interest rates with the explicitly stated aim of triggering a recession and driving up unemployment, to increase the exploitation of the working class. This agenda was enforced by the union bureaucracy, which suppressed and betrayed struggles by teachers, healthcare workers and others.

Labour lost the October 2023 election in a landslide, after it campaigned for cuts to public spending, removed all restrictions on the spread of COVID-19 and supported Israel’s genocidal onslaught against Gaza.

As unemployment escalated in 2022–2023, the number of children living in households below the poverty line increased from 166,200 to 202,100. The number of people classed as “severely housing deprived” also increased under Labour from 99,462 in 2018 to 112,496 (2.3 percent of the population) in 2023.

Thousands of teenagers dropped out of study and took on jobs to support their families. According to the

Salvation Army report, the rate of people leaving high school without any qualification rose from 10.6 percent in 2020 to 16.2 percent in 2023.

Only 37.8 percent achieved a university entrance-level qualification in 2023, the lowest figure in a decade. In poorer areas, just 13.7 percent of students achieved university entrance or higher.

At the same time, mental health problems have surged among young people. A Ministry of Health survey shows that the proportion of people aged 15 to 24 experiencing “high or very high levels of psychological distress” nearly doubled from 13.3 percent in 2017 to 22.9 percent in 2024.

Every party in parliament is responsible for the social disaster that is unfolding. What is urgently required is the building of a socialist party, to provide leadership and perspective for workers as they enter into struggles against austerity and war, and to unify the working class on a world scale against the root cause of inequality and poverty: the capitalist system itself. That is the perspective of the Socialist Equality Group.



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