

Worsening poverty and social misery in New Zealand

Tom Peters
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Last week New Zealand's Treasury released a Child Poverty Report, which forecast that the proportion of children living in poverty will increase from 17.7 percent in 2024 to 18.4 percent in 2029.

The report was released along with the National Party-led government's austerity budget, which starves public services, while cutting workers' wages, reducing government contributions to retirement savings and barring thousands of unemployed teenagers from welfare.

The government is seeking to solve the worsening economic crisis by ramping up the exploitation of the working class, while protecting the fortunes of the super-rich.

Asked by a TVNZ interviewer why the government had not done more in the budget to address child poverty, Finance Minister Nicola Willis declared: "there is not actually a magic money tree that allows me to show such generosity that I can solve every problem at once."

Year after year, successive Labour and National Party governments have trotted out this refrain, even as they have handed tens of billions of dollars to the corporate elite through tax cuts, subsidies and bailouts, and spent billions on the armed forces.

The National-led coalition government—with the support of the opposition Labour Party—will spend an extra \$13 billion over the next four years as part of its plan to double the size of the military and integrate New Zealand further into US-led imperialist wars.

Sarita Divis of the Child Poverty Action Group, a non-government organisation, pointed out in a *New Zealand Herald* column last month that the \$3 billion annual increase in defence spending is exactly what the Treasury itself estimated it would cost to halve the level of child poverty by 2028.

The government's Child Poverty Report actually understates the extent of child poverty. Its data is more than a year old, covering the period from July 2023 to June 2024. Over the past year, the number of people in full-time work has fallen by 45,000 as unemployment increased from 4 to 5.1 percent, and living costs have continued to rise while wages stagnated.

Moreover, the government defines poverty as less than 50 percent of the median household income after paying for housing costs—an extremely low bar.

While the percentage of children below this poverty line was unchanged in the year to June 2024, the number of children living in "material hardship"—the poorest of the poor—increased by almost a third between 2022 and mid-2024, from 10.5 percent to 13.4 percent. "Material hardship" is defined as lacking access to six or more "essentials," such as decent housing, heating, healthy food, warm clothes and shoes, etc.

Another survey, by the Ministry of Health, found that last year 27 percent of children "lived in households where food ran out often or sometimes," up from 21 percent the year before.

Numerous reports illustrate an increasingly severe social crisis. The *Christchurch Press* wrote on May 22: "Some families have moved into one heated room to keep warm, while others are taking out loans to pay their power bills as costs rise and temperatures drop."

It noted that last year, "Consumer NZ estimated 140,000 households had to take out a loan to pay their power bill, and a further 38,000 households had their power cut at least once as they couldn't pay their bill."

In Wellington, the *Post* reported on May 10 that "Food charities are facing an unprecedented surge in demand from struggling middle income earners." In February, one soup kitchen "served 7930 meals, 1200 more than across the same month in 2024."

Nationwide 500,000 people, one tenth of the population, rely on food banks on a regular basis.

Homelessness continues to become more visible in every major centre. The government has boasted about reducing the number of emergency housing places from 4,000 in September 2023 to around 500 in December 2024—despite the 2023 census finding that 112,496 people, or 2.3 percent of the population, are “severely housing deprived,” (up from 99,462 people in 2018).

According to government data cited by the *Press*, “the number of emergency housing special needs grants, which fund temporary accommodation for people in need, have dropped from 8873 in July 2023, to just 1338 in March 2025.”

Growing social misery and hopelessness are reflected in an unprecedented surge in the use of dangerous drugs. In Northland, the poorest region, as well as Southland and Otago, wastewater testing shows methamphetamine use has tripled in the past year. Nationwide, the amount of meth consumed between October and December 2024 was 78 percent higher than the average over the previous 12 months.

There is also a profound mental health crisis, particularly affecting young people. A May 14 report by UNICEF revealed that New Zealand had the worst youth suicide rate of the 36 countries in the OECD, with 17.1 suicides per 100,000 people aged 15 to 19 (based on data from 2018–20).

UNICEF appealed to the government to increase welfare payments for families with children and to address food insecurity by expanding the provision of free school lunches. The government has made cruel cuts in both areas.

The government has deflected blame for young people’s poor mental health onto social media. It is seeking to ban under-16-year-olds from social media platforms. This has nothing to do with protecting children but is aimed at strengthening state control over the internet and stopping teenagers from accessing political material, especially socialist articles explaining the real causes of inequality, poverty and war.

While the Labour Party has criticised the latest budget cuts, this is entirely hypocritical. Homelessness, child poverty and the cost of living all became worse during the 2017–2023 Labour government, which is why it lost the 2023 election in a landslide. Labour

transferred tens of billions of dollars to the super-rich through corporate bailouts, subsidies and quantitative easing measures during the first year of the COVID-19 pandemic.

Last year’s *National Business Review* Rich List, profiling more than 100 of the country’s richest individuals and families, showed that their collective wealth increased from \$72.59 billion to \$95.68 billion in just one year. More than half of this figure, over \$50 billion, was held by just 10 billionaires.

This enormous wealth, accumulated by exploiting the labour of working people, must be expropriated, along with the money being wasted on war, so that it can be used to eliminate poverty, expand schools and hospitals and meet all other social needs.

The task facing workers and young people is to reject all capitalist parties, including Labour and the Greens, and the union bureaucracy which has suppressed any resistance from workers to the government’s attacks, and to take up the fight for the socialist reorganisation of society.



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