

CHiLD  
POVERTY  
ACTION  
GROUP



**Child Poverty  
in New Zealand**  
Educational resource

September 2019

# Who is the Child Poverty Action Group? And what do they do?

Child Poverty Action Group (CPAG) is an independent charity whose goal is to end child poverty in New Zealand. Poverty - a lack of income to live healthy lives - is a complex issue affecting many families and whānau, and inequities exist across our social sector that worsen the impacts. This is why CPAG is supported by the voluntary mahi (work) of experts from a wide range of disciplines including children's health, public health, economics, social work, law and education, and many others who believe that with the right changes, with compassion and children's needs underpinning policy across the spectrum, we can break down the barriers that hold children back from achieving their dreams. Our guiding principle is the right of every child to security, food, shelter, education and healthcare.

Together, our network of experts and allies research the causes and consequences of child poverty, and advocate for better policies that will improve children's lives. We aim to inform and educate the public, so that more people understand why policies have a huge impact on people's income and wellbeing, and can identify ways to support positive change. We share our recommendations with policy makers, the public, Members of Parliament and the Government.

## How is child poverty measured?

All children should have enough income in their families to live happy, healthy lives, and that goes beyond just having 'the basics'. It means being secure in their homes, being able to participate in activities outside of school with their friends, to play and be safe and have parents who can cope well - comforts that more well-off children may enjoy without ever enduring the stress and stigma of not having enough money.

## INCOME MEASURES

A 'low-income' in New Zealand is defined by households having less than 50% of the median household income after housing costs (AHC) and

---

adjusted for family size ('equivalised'). In 2018, the Government brought in the Child Poverty Reduction Act that requires all Governments to report yearly on children who live in households that have income below three poverty thresholds - 60%, 50% and a very low 40%. CPAG is very concerned about children who fall under this last level, and are most likely to be in households supported by a welfare benefit.

- 254,000\* children lived in households that have income under the 50% AHC income poverty line in New Zealand. That is 23% of all children.
- 174,000\* children live in households that have income under the very low 40% AHC income poverty line - 16% of all children.
- Child poverty has increased dramatically over the past 30 years. In 1982, 14% of children lived in households defined as having income poverty (below the 60% AHC line), while in 2018, 30% of children were in households that have less than 60% of the national equivalised AHC measure.

*\*Baseline data from prior to implementation of the Government's 2018 Families Package.*

## **MATERIAL HARDSHIP**

The material hardship measure takes into consideration the absolute essentials for a minimum acceptable standard of living. Children are considered to be living in material hardship if they live in households that regularly go without six or more of the essential things. They are considered to be living in severe material hardship if they regularly go without nine or more items. The list includes fresh fruit and vegetables, shoes, clothes, heating, doctor and dentist visits, money for bills and emergency expenses.

- 148,000 children are living in material hardship - more than 13% of all children
  - 65,000 children are living in severe material hardship - 6% of all children.
  - 98,000 children are living in material hardship and in households with income lower than 60% of the national median household income (after housing costs) - 9% of all children.
- 

## Poverty can affect children's lives

Regular good food, a safe, warm house with enough space to grow, good support, love, attention, and time to play with friends and learn are all essential ingredients for children to live happy healthy lives. But when parents are living under the heavy weight of poverty and the effort of trying to survive consumes all their time and energy, they may not be able to look after their children in the way they desperately want to. Stress from poverty is a weight that, with good policy, we believe can be lifted from families lives, so that they can enjoy them and be safe from harm.

### **FOOD INSECURITY**

Children's brains function better and they grow well when they have regular healthy and nutritious meals and snacks. According to statistics from the University of Otago, 174,000 children (16% of all children) live in houses that can't always afford to put enough healthy food on the table.

### **HEALTH**

Children (under 15) living in poverty are three times more likely to be hospitalised with respiratory illness than children living in high income households. Hospitalisations have increased between 2000-2017.

### **HOUSING COSTS**

Increasing costs of housing, combined with not enough affordable housing available, is contributing to increased numbers of children in poverty.

- More than 30% of the lowest income households with children spend more than half of their income on housing costs.

## Facts about households that experience poverty

A good life for a child means having all they need, regardless of the size of their family or whether there are two parents or one at home, or whether parents are in paid work or their income is from a welfare benefit. Two-parent families are often disadvantaged by low wages and benefit rules that increase stress and struggle. Relationship breakdowns can cause overwhelming financial stress.

---

- 40% of children living in poverty\* are in households which receive their income from at least one adult in full-time paid work.
- 48% of children living in poverty\* are in households which receive their income from a benefit.
- 50% of children living in poverty\* are in households with one or two children.
- 27% of households living in poverty are reliant upon charity provisions (for food) to get by.
- Two-thirds of children who are supported by a welfare benefit are in one-parent households.

Parents living in income poverty are more likely to spend extra money on their children. New Zealand expenditure data shows that low income and beneficiary households spend less proportionately on alcohol, drugs, tobacco and gambling and a greater percentage of their income on food than high income households. There is no evidence that living in poverty equates to reckless spending. The media portrays extreme cases.

*\*50% after housing costs measure (see inside for numbers)*

## Short-term consequences of child poverty

Living in poverty means children are more likely to get sick and have a preventable disease, more likely to live in poor housing conditions and have more barriers to achieving in education.

### HEALTH

There are around 40,000 poverty-related hospital admissions each year. Many families can't afford to take children to see doctors, or they have issues trying to access healthcare – this includes issues around transport or not being able to take time off work during GP hours. New Zealand has very high rates of preventable diseases attributed to poverty that are not usually found in developed countries such as rheumatic fever and skin diseases.

### HOUSING

New Zealand has very poor quality rental and state housing compared with the rest of the world, and there is a lack of affordable housing options. Problems include overcrowding, cold, damp, insecure

homes that can cause or make health problems worse. At worst, families may be forced to live in unsuitable places, such as their cars. 57% of all children living in poverty live in private rental homes.

## **EDUCATION**

A good education can open doors to future opportunities for children. But barriers as a result of poverty can make educational success much harder to achieve. The differences in achievement across schools in low and high income areas show the impact that poverty has on opportunities to succeed at school. Moving house regularly as a result of unstable high-cost housing can cause barriers to educational success.

### **Long term consequences of poverty**

All parents want their children to grow up to have good lives, to enjoy good health, and to have choices and opportunities. But tragically, today in Aotearoa, the stress and struggle of trying to survive during their formative years can lead to children having long-term problems that reduce their opportunities to thrive later in life. Impacts can include mental illness and poor physical health that continues into adulthood. This may compromise their ability to achieve in their education, to earn a decent living from paid work, or to be able to parent their own children well. This devastating cycle, caused by poverty, can be prevented if children have all they need throughout each stage of their lives, regardless of whether their parents are in paid work, or receiving income from welfare support.

#### **Statistics and information sourced from:**

- Child Poverty Monitor Technical Report, 2019 University of Otago, [www.childpoverty.org.nz](http://www.childpoverty.org.nz).
- Stats NZ - Child poverty statistics: Year ended June 2019. [www.stats.govt.nz](http://www.stats.govt.nz).
- [Ministry of Social Development 2019 Household incomes report](#)

For more information about how you can help CPAG work towards eliminating child poverty, visit our website:

**[www.cpag.org.nz](http://www.cpag.org.nz)**