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Child Poverty Action Group

Commentary on 2022/23 Child Poverty Statistics Released in February 2024

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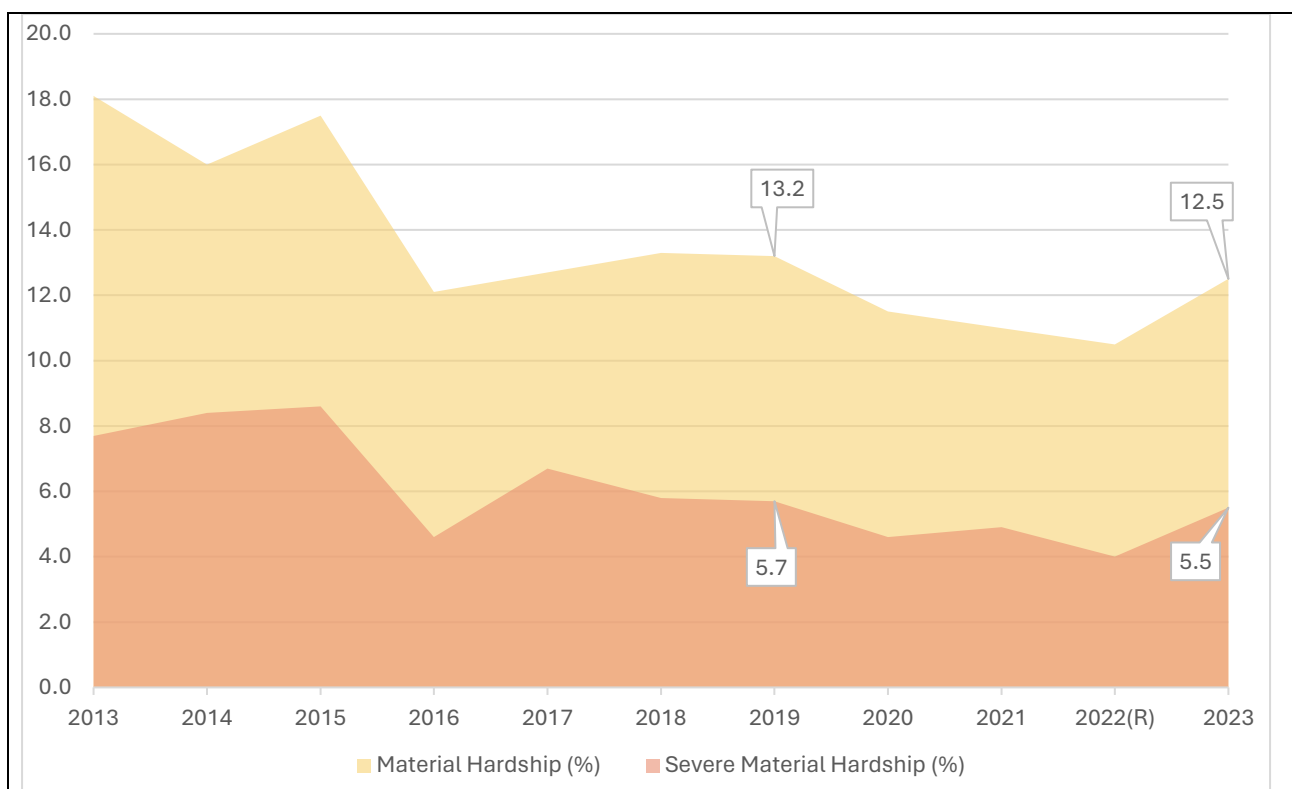
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I'd like to acknowledge the valuable inputs from Susan St John and Mike O'Brien to earlier iterations of this piece of commentary. Their comments were invaluable in ensuring the quality and accuracy of the content. Thank you!

Material hardships (Primary Measure #3 & Supplement Measure #8)

Material hardship is measured through a questionnaire component within Statistics New Zealand's Household Economic Survey. This questionnaire is called Deprivation-17 (DEP-17). It involves 17 questions about a household's lack of essentials, economising behaviours, as well as restriction, stress, and vulnerability related to financial reasons. These questions range from something concrete, such as "Do you have a meal with meat, fish or chicken (or vegetarian equivalent) at least each second day?" to conditional, such as "In the last 12 months, have you had to postpone or put off visits to the doctor to keep costs down?", and to hypothetical question, such as "If you (or your partner) had an unexpected and unavoidable expense of \$500 in the next week, could you pay in a month without borrowing?".

Households who score between 6 to 8 are considered to be in material hardship. Those who score over 9 are considered to be in severe material hardship. For more details, please refer to StatsNZ's article [here](#).



Percentage of children under material hardship (sand yellow) and severe material hardship (salmon pink) in the financial year 2012/12 to 2022/23. Note that this is a stacked graph, meaning that 12.5% of children under material hardship in 2023 include the 5.5% of children under material hardship. (Author's own. Data source: StatsNZ February 2024).

Approximately **143,700 children** experienced material hardship in the 2022/23 financial year. That is about **1 in every 8 children**, or **12.5%** of the total number of children in New Zealand (1,115,800). Since the 2021/22 survey, this was an increase of **23,400 more children** or a **2-percentage point** increase. **This annual increase is statistically significant.**

Here is the rate of material hardship by each ethnic group, ranked from the most to the least intense:

1. Pasifika –to **1 in every 3.5 children**
2. Māori – **1 in every 4.5 children**
3. MELAA¹ – **1 in every 7 children**
4. Other² – **1 in every 8 children**
5. European –**1 in every 10 children**
6. Asian – 1 in every 27 children

Ethnic group	Rate (%)	Change from 2021/22 (percentage points)	Number (000s)	Annual change in 000s	Total number of children (000s)
Pasifika	28.9	3.0	44.6	3.7	154.2
Māori	21.5	2.7	61.9	4.0	287.4
MELAA	14.1	2.4	4.2	1.4	29.7
Other ethnic group	12.4	Suppressed	1.6	Suppressed	13.1
European	9.4	1.7	69.7	11.8	744.0
Asian	3.7	0.0	8.1	0.5	219.8

Severe Material Hardship (Supplement Measure #8/I)

Approximately **63,600 children** experienced severe material hardship in the 2022/23 financial year. That is **1 in every 18 children**, or **5.5%** of New Zealand children. Severe material hardship is scoring nine or more on the DEP-17 questionnaire. Compared to the previous year, there was an increase of **1.5 percentage points** or about **17,600 more children** in severe material hardship.

¹ MELAA stands for the ethnic collective of Middle Eastern/Latin American/African.

² Other ethnicity includes Indigenous American, Mauritan, Seychellois, Other South African, New Zealander, and other ethnic identities such as African Coloured, Coloured, others (StatsNZ, 2024).

Here is the rate of material hardship across major ethnic groups, ranked from the most to the least intense:

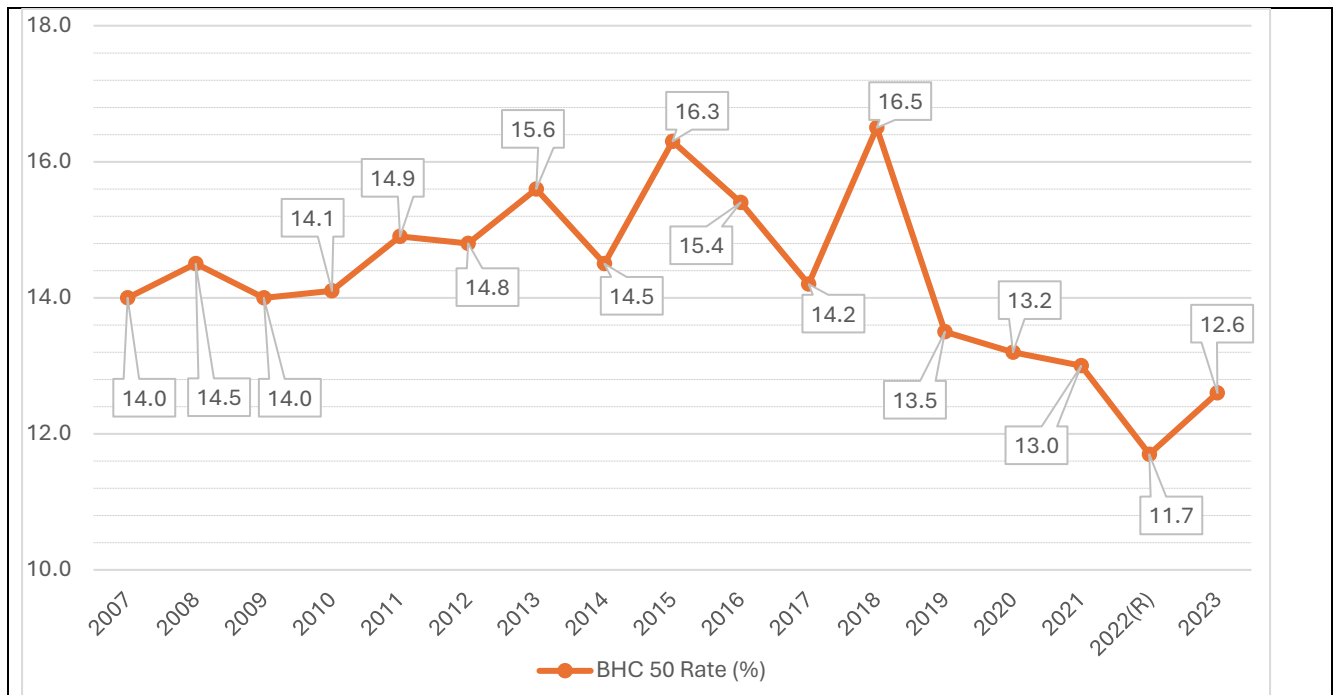
1. Pasifika – **1 in every 7 children**
2. Māori – **1 in every 10 children**
3. MELAA – **1 in every 12 children**
4. European – **1 in every 29 children**
5. Asian – 1 in over 100 children

Ethnic group	Rate (%)	Change from 2021/22 (percentage points)	Number (000s)	Annual change in 000s	Total number of children (000s)
Pasifika	14.7	4.2	22.7	6.2	154.2
Māori	10.4	2.5	29.9	5.7	287.4
MELAA	8.6	4.0	2.6	1.4	29.7
European	3.5	0.7	25.8	5.4	744.0
Asian	0.9	-0.2	1.9	-0.3	219.8
Other ethnic group	Suppressed	Suppressed	Suppressed	Suppressed	13.1

Primary Income Measures

Before Housing Costs 50 – BHC50 (Primary Measure #1)

Currently, approximately **146,000 children** live in low-income households demarcated by the BHC 50 moving line. That is about **1 in every 8 children** or **12.6%** of the total number of children in New Zealand (1,115,800). Since the 2021/22 survey, this was an increase of **11,700 more children** or a **1.9 percentage point** increase.



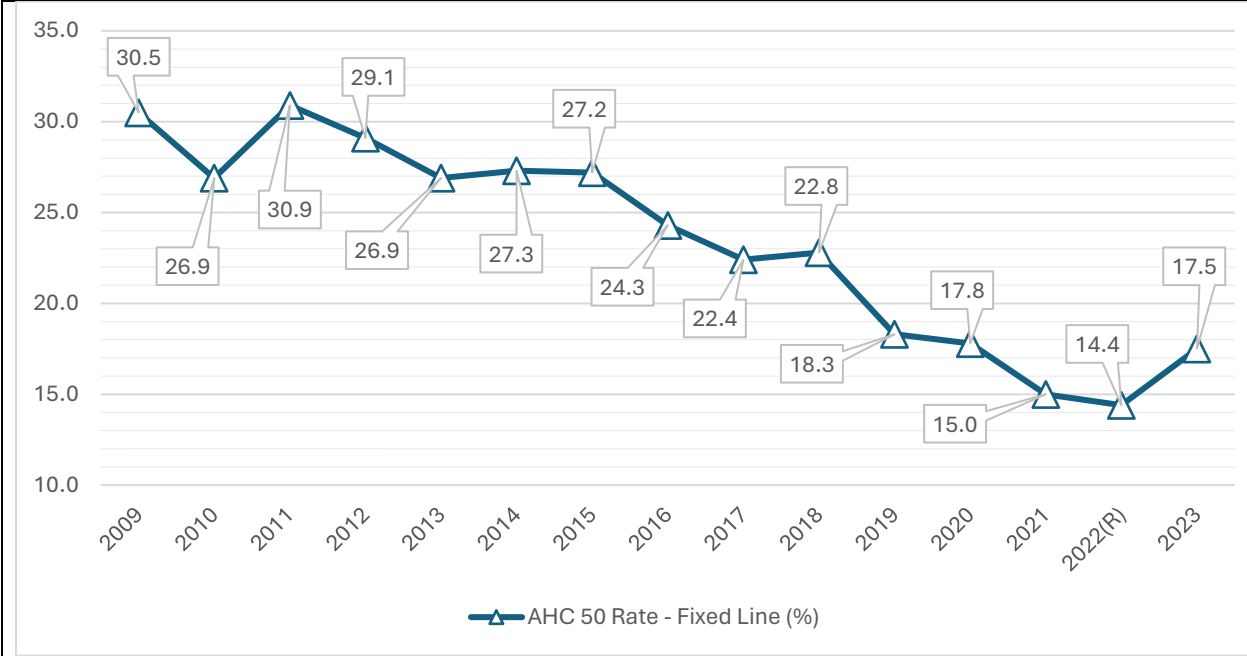
Percentage of children under child poverty primary measure 1 – BHC 50 - defined as less than 50% median equivalised disposable household income before housing costs for the financial year 2006/7 to 2022/23. (Author's own. Data source: StatsNZ February 2024).

BHC50 poverty rates for each major ethnic group are as follows, ranked from highest to lowest:

1. MELAA – **1 in every 4.5 children**
2. Pasifika – **1 in every 6 children**
3. Asian, Māori and Other – **1 in every 7 children** for each ethnic group
4. European – close to **1 in every 11 children**

Ethnic group	Rate (%)	Change from 2021/22 (percentage points)	Number (000s)	Annual change in 000s	Total number of children (000s)
MELAA	22.0	7.3	6.8	3.2	31.0
Pasifika	17.0	-2.4	27.0	-4.4	159.2
Asian	15.1	5.8	33.4	14.3	220.8
Other ethnic group	14.5	5.8	1.9	0.5	13.3
Māori	14.4	0.7	42.1	0.1	291.9
European	9.4	0.2	69.6	0.5	739.1

After Housing Cost 50 Fixed-Line (Primary Measure #2)



Percentage of children under child poverty primary measure 2 – AHC 50 Fixed Line- from 2006/7 to 2022/23 financial year. AHC 50 Fixed Line is defined as less than 50% median equivalised disposable household income after deducting housing costs with the median household income threshold is fixed to the 2017/2018 base financial year. (Author’s own. Data source: StatsNZ February 2024).

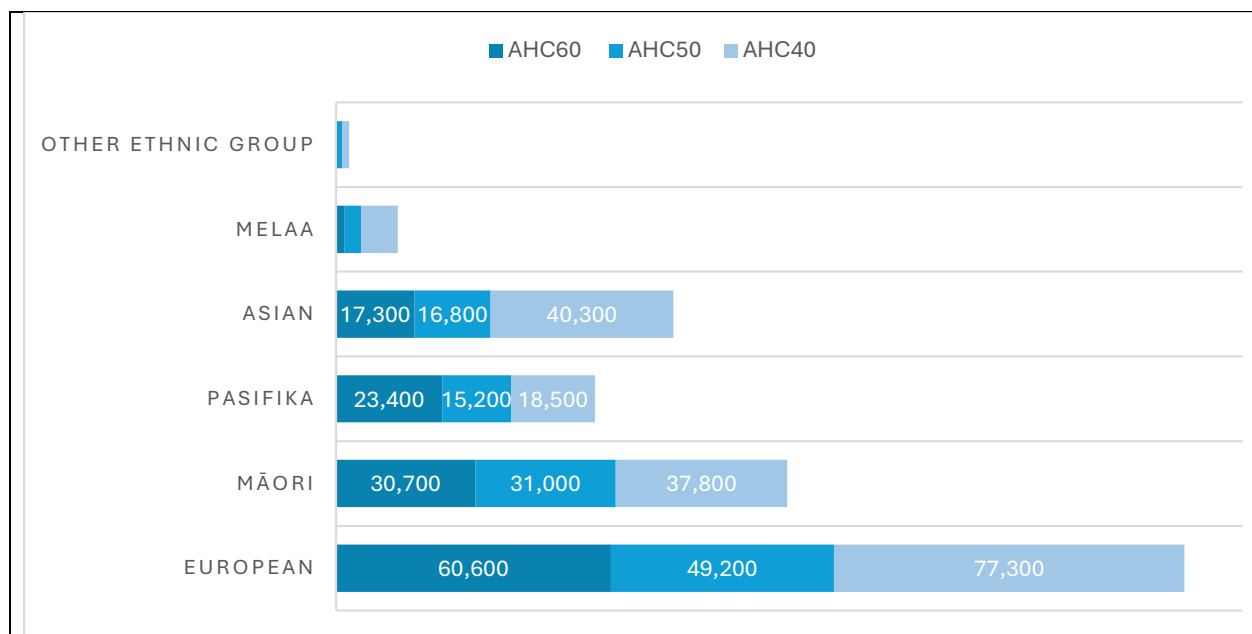
Approximately **202,100 children** lived in low-income households demarcated by the AHC 50 fixed poverty line. That is about **1 in every 6 children**, or **17.5%** of the total number of children in New Zealand (1,115,800). Since the 2021/22 survey, this was an increase of **35,900 more children** or a **3-percentage point** increase. **This annual increase is statistically significant.**

The child poverty rate by AHC 50 fixed line for each major ethnic group is as follows, ranked from highest to lowest:

1. MELAA – **1 in every 3 children**
2. Asian – **1 in every 4.5 children**
3. Māori – **1 in every 5 children**
4. Pasifika – **1 in every 6 children**
5. Other – **1 in every 6.5 children**
6. European – **1 in every 7 children**

Ethnic group	Rate (%)	Change from 2021/22 (percentage points)	Number (000s)	Annual change in 000s	Total number of children (000s)
MELAA	33.0	15.0	10.2	5.8	31.0
Asian	22.8	5.8	50.3	15.5	220.8
Māori	19.8	4.0	57.9	9.5	291.9
Pasifika	17.3	-2.2	27.5	-4.1	159.2
Other ethnic group	15.6	6.9	2.1	0.7	13.3
European	14.3	2.3	105.4	16.1	739.1

After Housing Costs – Moving Lines 60/50/40 (Supplement Measure #5 – 7)



A stocktake of children under three AHC is moving poverty lines by major ethnic groups. Note that the total displayed here is larger than the total number of children (340,000) under AHC

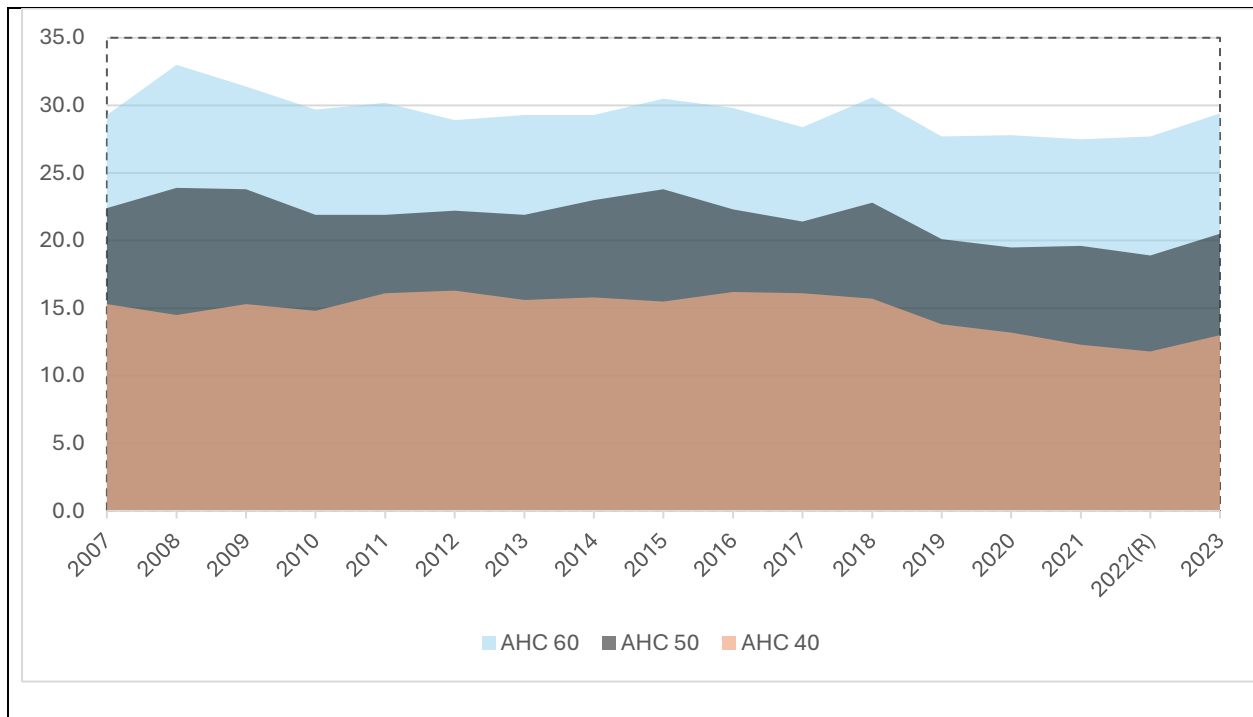
60 moving poverty line due to individuals identifying with more than one ethnicity and being counted more than once. (Author's own. Data source: StatsNZ February 2024).

The total count of ethnic children population under the AHC60 poverty line is 434,600 due to multiple counts of individuals identifying with more than one ethnicity. Of these 434,600 children, 187,100 are Europeans and account for 43% of this cohort, making Europeans the largest ethnic group under AHC60. About 42% of children live in severe income poverty, as defined by AHC40, amounting to 183,500 children. This makes AHC40 the largest cohort amongst the three brackets of the poverty measure, with 134,300 (31%) children in the AHC60 bracket and 116,800 (27%) children in the AHC50 moving line bracket.

The ethnic composition of the AHC40 cohort is as follows:

- 1) European 42.1%
- 2) Asian 22%
- 3) Māori 20.6%
- 4) Pasifika 10.1%
- 5) MELAA 4.4%
- 6) Other 0.8%

After Housing Cost 60 - Moving Line (Supplement Measure #5)



The percentage of children under income measures AHC 60/50/40 - defined as less than 60/50/40% of the median equivalised disposable household income after housing costs for the 2006/7 to 2022/23 financial year. These income poverty measures use a moving-line approach, meaning the collected household income is relative to the median income of all households in the financial year the data was collected. (Author's own. Data source: StatsNZ February 2024).

Approximately **340,000 children** lived in low-income households demarcated by the AHC 60 moving line. That is about **1 in every 3.5 children** or 29.4% of the total number of children in New Zealand (1,115,800). Since the 2021/22 survey, this was an increase of **20,800 more children** or a **1.7 percentage point** increase.

Here is the rate of child poverty by AHC60 across major ethnic groups, ranked from the highest to the lowest:

1. MELAA – **1 in every 2 children**
2. Asian, Pasifika, and Māori – **1 in every 3 children**
3. European – **1 in every 4 children**
4. Other – almost **1 in every 4.5 children**

Ethnic group	Rate (%)	Change from 2021/22 (percentage points)	Number (000s)	Annual change in 000s	Total number of children (000s)
MELAA	43.9	7.6	13.6	4.7	31.0
Pasifika	35.9	0.9	57.1	0.3	159.2
Māori	34.1	2.5	99.5	2.7	291.9
Asian	33.7	2.8	74.4	11.2	220.8
European	25.3	1.8	187.1	11.4	739.1
Other ethnic group	21.7	4.0	2.9	0.0	13.3

After Housing Cost 50 - Moving Line (Supplement Measure #6)

Of the 340,000 children, approximately **237,400 children** living in low-income households were demarcated by the AHC 50 moving line. That is about **1 in every 5** or **20.5%** of New Zealand children. Since the 2021/22 survey, this was an increase of **19,900 more children** or a **1.6 percentage point** increase.

Here is the rate of child poverty by AHC50 moving line across major ethnic groups, ranked from the highest to the lowest:

1. MELAA – **1 in every 2.5 children**
2. Asian – **1 in every 4 children**
3. Māori – **over 1 in every 4 children**
4. Pasifika & Other – **1 in every 5 children**
5. European – **about 1 in every 6 children**

Ethnic group	Rate (%)	Change from 2021/22 (percentage points)	Number (000s)	Annual change in 000s	Total number of children (000s)
MELAA	37.7	10.6	11.7	5.0	31.0
Asian	25.9	5.2	57.1	14.9	220.8
Māori	23.6	2.0	68.8	2.7	291.9
Pasifika	21.2	-0.6	33.7	-1.6	159.2
Other ethnic group	19.0	10.2	2.5	1.1	13.3
European	17.1	0.6	126.5	3.6	739.1

After Housing Cost 40 - Moving Line (Supplement Measure #7)

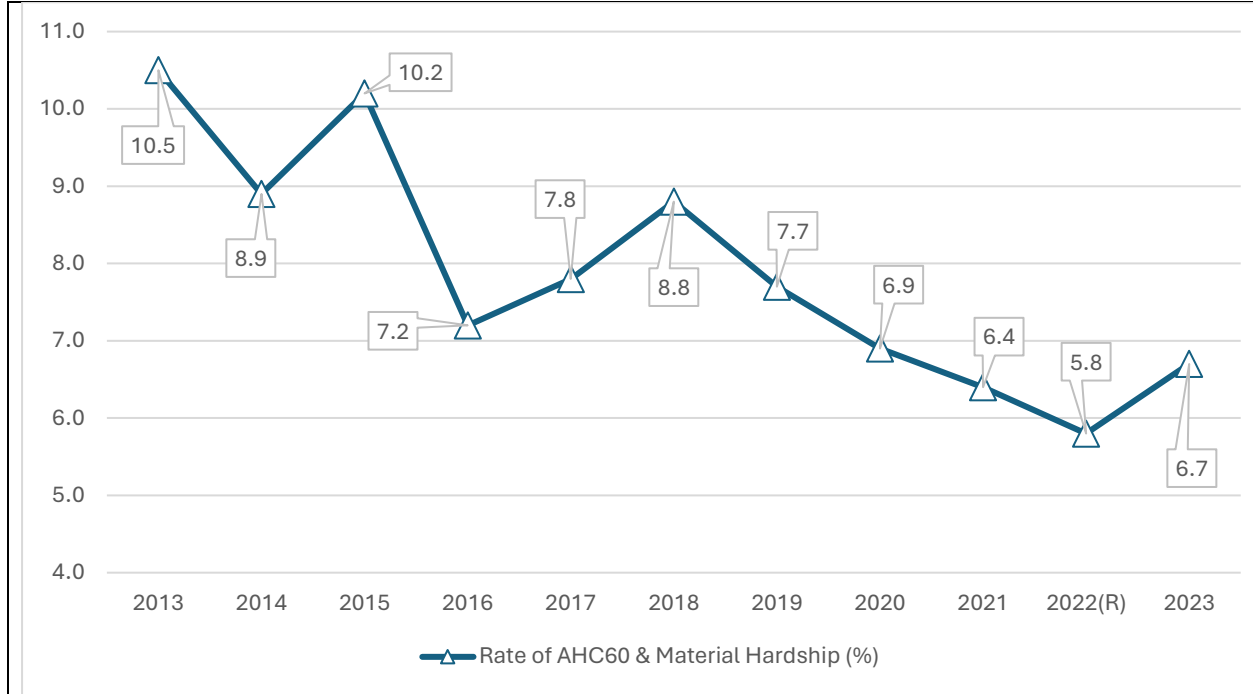
Approximately **150,400 children** out of the 340,000 lived in households with severe income poverty, as defined by the AHC 40 moving line measure. That is almost **1 in every 7.5** or **13%** of New Zealand children. Since the previous survey, this was an increase of **14,900 children** or a **1.2 percentage point** increase.

Here is the rate of child poverty by AHC40 of each major ethnic group, ranked from the highest to the lowest:

1. MELAA – **1 in every 4 children**
2. Asian – **1 in every 5.5 children**
3. Māori – **1 in every 8 children**
4. Pasifika & Other – **1 in every 9 children** for each ethnic group
5. European – **about 1 in every 9.5 children**

Ethnic group	Rate (%)	Change from 2021/22 (percentage points)	Number (000s)	Annual change in 000s	Total number of children (000s)
MELAA	26.1	12.6	8.1	4.8	31.0
Asian	18.3	3.4	40.3	10.0	220.8
Māori	12.9	0.8	37.8	0.5	291.9
Pasifika	11.6	-4.7	18.5	-8.0	159.2
Other ethnic group	11.2	2.5	1.5	0.1	13.3
European	10.5	0.8	77.3	5.3	739.1

Income Poverty by AHC60 and Material Hardship (Measure #9/J)



Percentage of children under income and material poverty measures of AHC60 and material hardship, 2012/13 to 2022/23. (Author's own. Data source: StatsNZ February 2024).

Approximately **77,200 children** lived in households classified as low-income under AHC60 and experiencing material hardship. That is about **1 in every 15 children**, or 6.7% of the total children in New Zealand (1,115,800). Since the 2021/22 survey, this was an increase of **10,300 more children** or a **0.9 percentage point** increase.

Here is the rate of children experiencing income and material hardship simultaneously by major ethnic groups, ranked from the highest to lowest percentage:

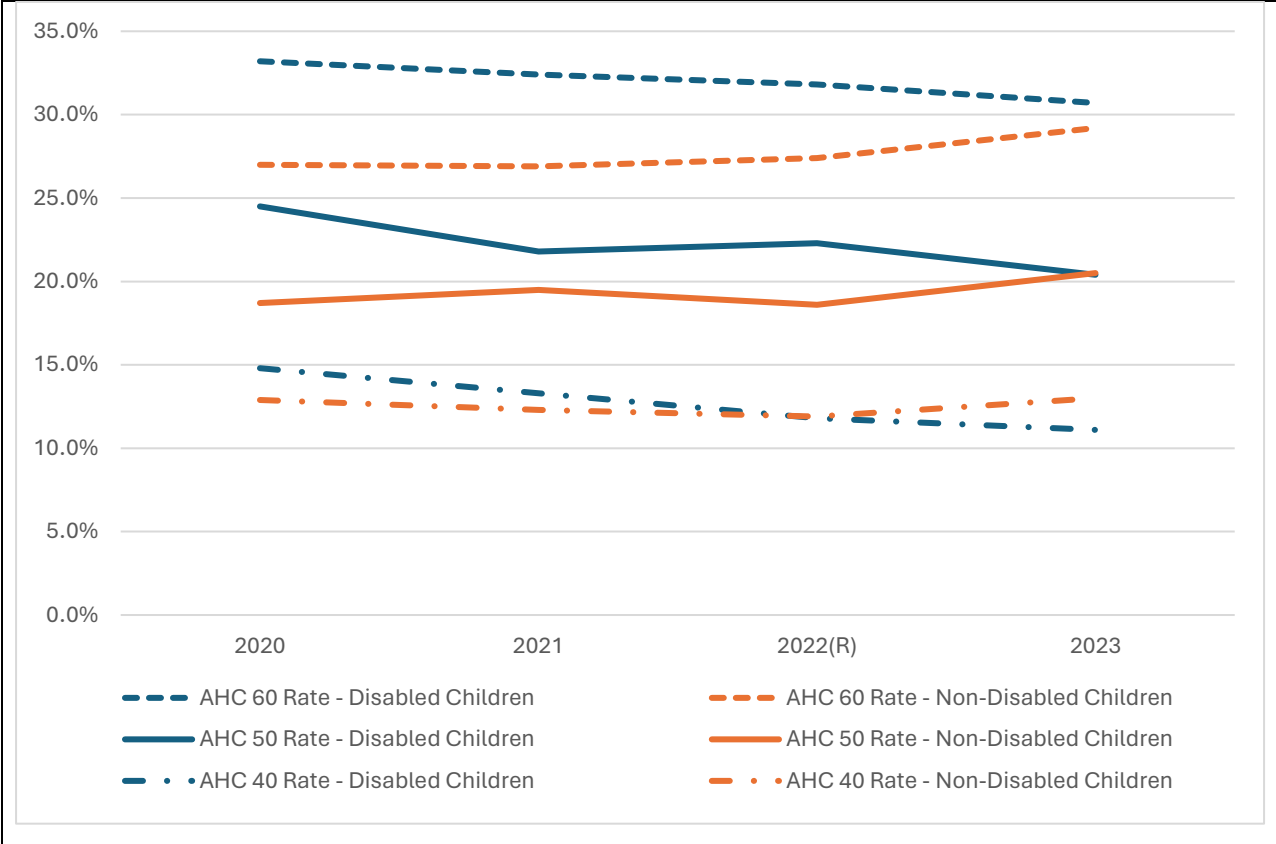
1. Pasifika – **1 in every 6.5 children**
2. Māori – **1 in every 8 children**
3. MELAA – **1 in every 10 children**
4. Other - **1 in every 15 children**
5. European – **1 in every 20 children**
6. Asian – 1 in every 59 children

Ethnic group	Rate (%)	Change from 2021/22 (percentage points)	Number (000s)	Annual change in 000s	Total number of children (000s)
Pacific peoples	15.6	0.8	24.0	0.8	154.2
Māori	12.6	2.3	36.2	4.5	287.4
MELAA	9.7	4.6	2.9	1.6	29.7
Other ethnic group	6.7	S	0.9	S	13.1
European	5.0	0.6	37.0	4.1	744.0
Asian	1.7	-0.2	3.8	-0.1	219.8

Disability

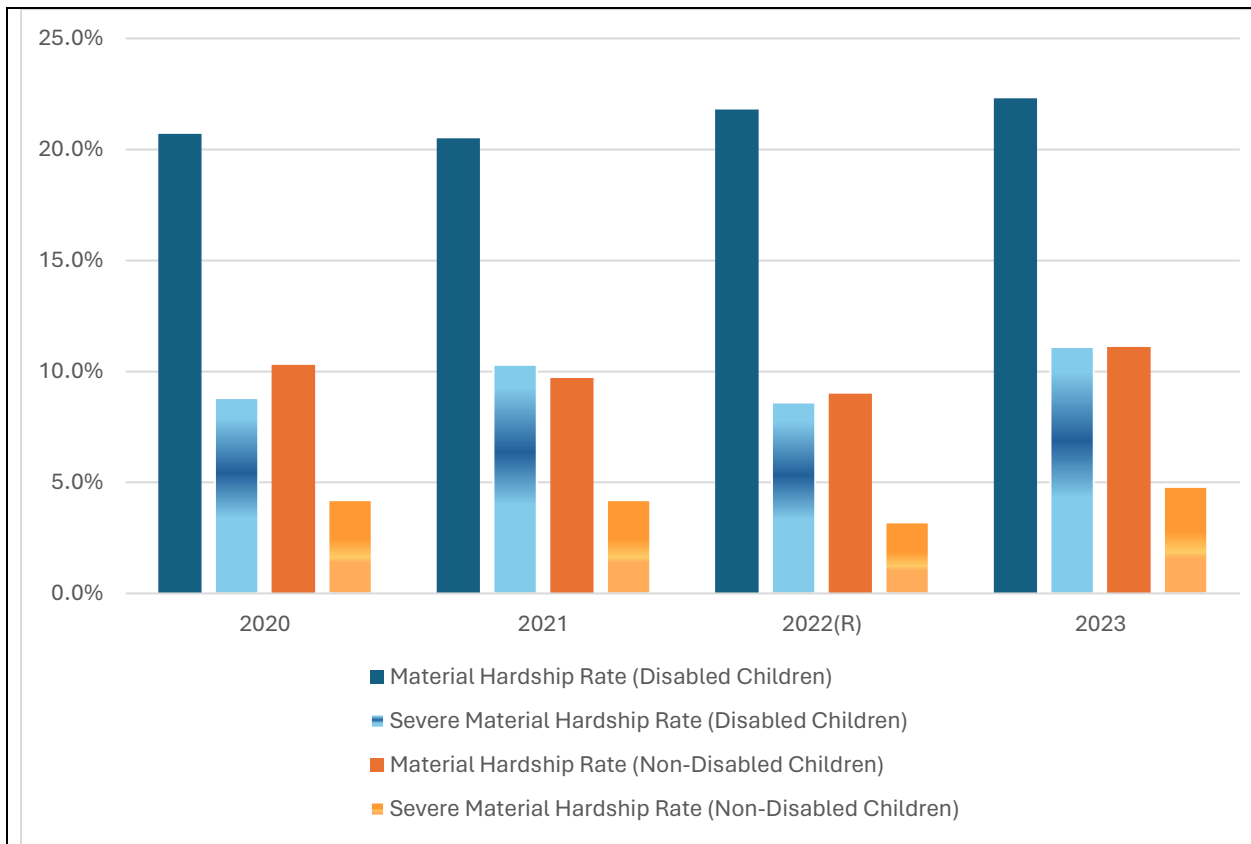
Two relevant trends are found within disabled children’s datasets.

- 1) Through the three moving AHC measures (5 – 7/F-H), we can see that the gaps in AHC60 are closing in on each other while the gaps have been closed in AHC50. In the most severe poverty measurement, AHC40, the once-closed gap in 2022 is now diverging from each other, but with the percentage of non-disabled children overtaking disabled children. These developments suggest that the percentage of non-disabled children has outgrown their disabled counterparts.



Percentage of children under after housing cost moving line 40/50/60 by disability status, 2019/20 – 2022/23. (Author's own. Data source: StatsNZ February 2024).

2) The two material hardship datasets portray an alternative story. The percentage of non-disabled children has reached a historical peak at **100,700 children**, about **1 in every 9 children** or **11.1%**. At the same time, the percentage of **disabled children in severe material hardship** bounced back to its historical peak after a dip in 2022 and is now **matching** the rate of **non-disabled children in material hardship** at 11.1% or 1 in every 9 children.



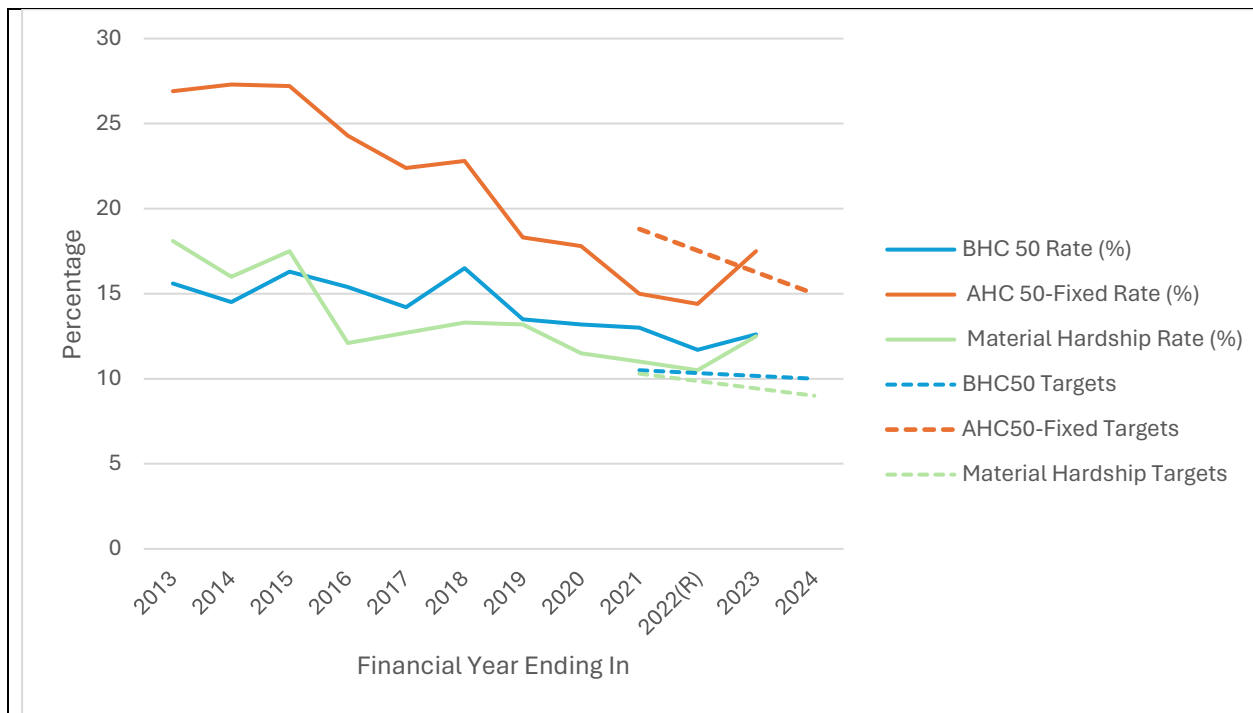
Percentage of children under material and severe material hardship by disability status, 2019/20 – 2022/23. (Author's own. Data source: StatsNZ February 2024).

Meeting 2023/24 targets and beyond

The Child Poverty Reduction Act 2018 mandated two sets of 3-year targets and a long-term 10-year target to be met by 2027/28. These targets comprise three primary measures: BHC50, AHC50 fixed line, and material hardship, outlined below.

Primary Measure	Current 2022/23	2023/2024 Target	2027/2028 Target
BHC50 moving line	12.6%	10%	5%
AHC50 fixed line	17.5%	15%	10%
Material hardship	12.5%	9%	6%

So, how is our progress towards these three targets of child poverty reduction in 2023/24?



Child poverty by three primary measures from 2013 to 2023 against legislated 3-year targets to be met in 2020/21 and 2023/24. (Author's own. Data source: StatsNZ February 2024).

Beyond the first year after the Child Poverty Reduction Act, the pace of child poverty reduction has been slow for all three primary measures, especially amidst the COVID-19 pandemic. For the first time since the 2018 Act, the 2022/23 data displayed growth of child poverty across all

three primary measures. This is concerning, given that substantial progress has been made towards legislated targets in previous years. We had met our AHC50-fixed line target in 2020/2021, narrowly missed the material hardship target in the same year and with some more effort needed on the BHC 50 target.

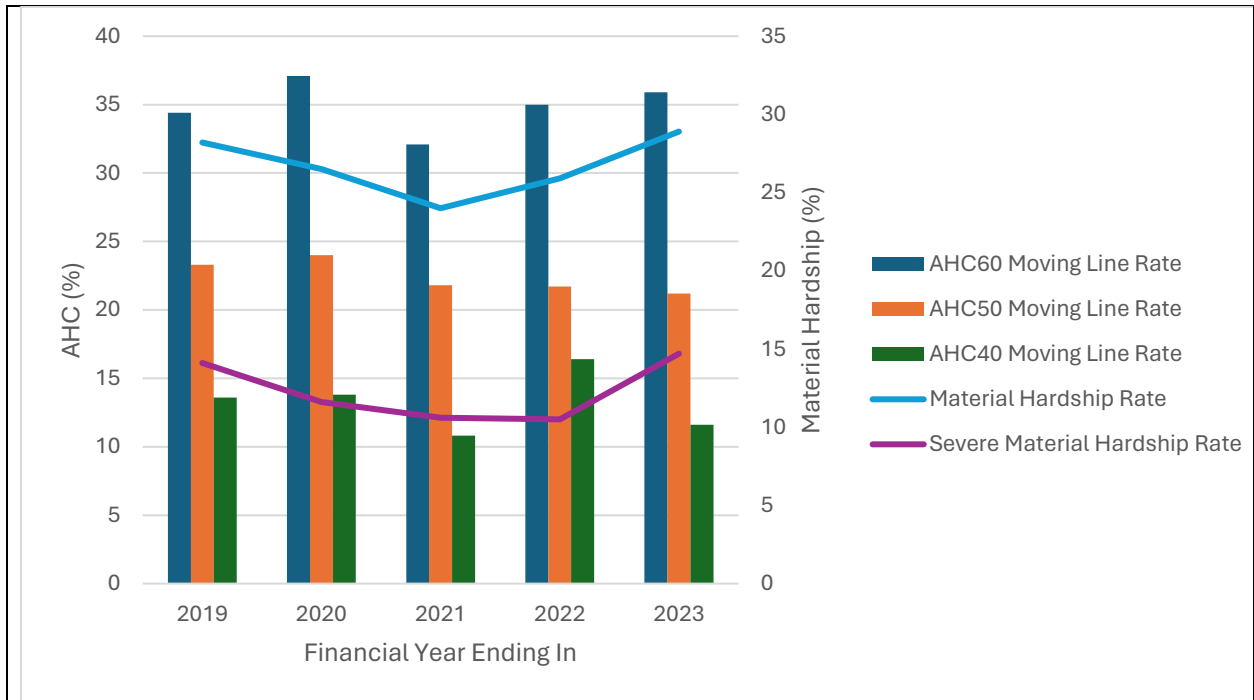
A bounce back of the poverty rate and tracking for growth in the previous year suggest that meeting our 2023/24 targets would be challenging, and substantial focus would be warranted if the Government were to change the trajectory of the child poverty rate towards reduction. As shown in the table below, the reduction in three measures averaged between 0.15% to 1% per year since the 2018 Child Poverty Reduction Act.

Year	BHC50 Annual Change (Percentage Point)	AHC50-Fixed Annual Change (Percentage Point)	Material Hardship Annual Change (Percentage Point)
2014	-1.1	0.4	-2.1
2015	1.8	-0.1	1.5
2016	-0.9	-2.9	-5.4
2017	-1.2	-1.9	0.6
2018	2.3	0.4	0.6
2019	-3	-4.5	-0.1
2020	-0.3	-0.5	-1.7
2021	-0.2	-2.8	-0.5
2022(R)	-1.3	-0.6	-0.5
2023	0.9	3.1	2
Average Annual Change since 2019 (Percentage Point)	-0.78	-1.06	-0.16

Author's Reflections

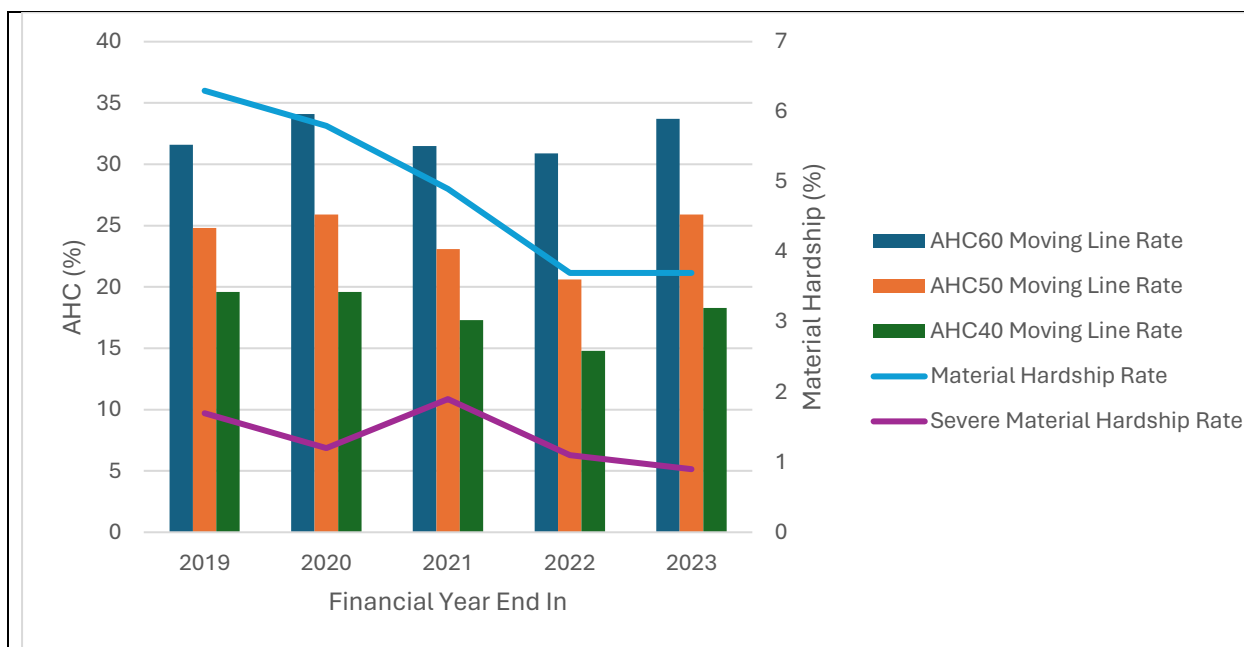
- 1) The relationship between after-housing cost moving lines and material hardship is a peculiar emerging trend. Data from Pasifika and Asian ethnic groups highlight this concern more vividly below. As these graphs and previous tables demonstrate, income poverty has been reduced substantially for Pasifika children between 2021/22 and 2022/23, particularly a significant reduction in the number of children under the AHC40 measure. There is also a slight reduction in Pasifika children falling under the AHC50 moving measure, while there is a slight increase in those falling under the AHC60 measure. This would suggest that, in general, the household income of Pasifika children has increased in the past year, and a substantial number of them have exited from the most severe poverty. However, the two measures of material hardship suggest otherwise. Both measures have grown substantially

in the past year for Pasifika children, with an increase of 3 percentage points for material hardship and 4.2 percentage points for severe material hardship.



Pasifika child poverty rate by three after housing cost moving line and two material hardship measures, 2019 - 2023. (Author's own. Data source: StatsNZ February 2024).

On the other hand, there is a reverse trend in the Asian child poverty data, as shown in the graph below. Income poverty by all three measures has grown in the past year with concerning growth in the number of Asian children falling under the AHC 50 and 40 poverty lines. Despite the data suggesting that more Asian children are living in households with income poverty, the rate of material hardship has stagnated. In contrast, severe material hardship has decreased in the past two years.



Asian child poverty rate by three after housing cost moving line and two material hardship measures, 2019 – 2023. (Author's own. Data source: StatsNZ February 2024).

These two trends, in tandem, invite questions about how a better understanding of the relationship between income and material deprivation can improve child poverty reduction measures. The Pasifika ethnic data, despite setbacks in data collection and sampling, unravel some of the complexity of poverty reduction – why are more Pasifika children experiencing material hardship while their disposable household income is trending upwards? The same question could be raised for the data on Asian ethnic groups as more Asian children are falling under the most severe poverty threshold; many saw a general improvement in their material well-being.

These questions also relate to StatsNZ's struggle with extremely low-income households experiencing great material well-being. As indicated in the technical appendix accompanying the release of 2022/23 child poverty statistics, StatsNZ has decided to exclude very low-income households, who sometimes reported negative income but simultaneously reported a higher-than-expected material standard of living.

2) Mirroring concerns previously raised by CPAG (St John, 2022), which of these poverty measures stands for a livelihood that is deemed unacceptable? In other words, what degree of financial hardship are people willing to disregard? Welfare Expert Advisory Group's (2018)

modelling suggests that beneficiaries in private housing need around 45% of AHC median income to meet core expenditure in 2018 and 50-55% of AHC median income to have some capacity to participate in our society. However, the above trends in the relationship between household income and material hardship may suggest that the issue is more complicated than a balance sheet.

This leads to questions for us and the current Government – how is poverty experienced, materialised, and sustained for people in need? This is a poignant question to be asked with the induction of the **4th primary measure – persistent poverty**. As the current Prime Minister Christopher Luxon declared that he aimed to deliver for all New Zealanders and meet their needs during his election night victory speech, the latest child poverty statistics should provide sharp points where New Zealanders' needs are. The looming 2023/24 child poverty reduction targets and future reporting of persistent poverty are important reminders to the children that are and will continue to be, affected by the “fragile” economy as declared by PM Luxon and highlight the urgency for the current Government to deliver to the dire needs of these children.

3) It is of grave concern that Statistics New Zealand has been asked to make a 7.5% cut to its budget, given the paramount duty of the department to monitor a panoply of ongoing issues in New Zealand (RNZ, 2024). More resources are needed for StatsNZ to adequately track our progress on child poverty reduction as mandated by the 2018 Act.

Update 28/04/2024

When I originally concluded this year's update to the child poverty statistics on March 19th, I hoped that data collection and research on social issues would remain protected. Quality data is the cornerstone of informed policymaking. However, only a little over a month later, we witnessed the scrapping and fund withdrawal from critical longitudinal studies, Living in Aotearoa (Walters, 2024) and Growing Up in New Zealand (Gerritsen, 2024), that would provide critical insights into child poverty. The (financial) dismantling of these vital studies debilitates the capacity to generate evidence-based and actionable policy recommendations and assist the Government in achieving its short- and long-term goals, such as school attendance, education outcomes, child poverty reduction, and improvement to people's overall well-being (Rashbrooke, 2024; RNZ, 2023; also see [GUiNZ's research outputs to see the amount of insights that are generated from this longitudinal study](#)).

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