Budget 2025 fails to shift the dial on child poverty

New Zealand Council Of Christian Social Services

22 May 2025

“Budget 2025 reduces investment in our youngest New Zealanders and fails to address the urgent needs of children and families in Aotearoa New Zealand”, says Chief Executive of the New Zealand Council of Christian Social Services (NZCCSS), Alicia Sudden.

“Following the launch of the Social Investment Fund last week, NZCCSS wanted to see Government continue to deliver their social investment approach by increasing incomes for families, recognising frontline social service providers and investing in prevention and early intervention.”

“We have seen some positive progress in today’s Budget including Accommodation Supplement boundary updates, Working for Families abatement threshold increases, investment in transfers from hospital to community care for older people, and continued food bank provider and infrastructure funding. However, this comes at the expense of new parents and fails to make positive progress on child poverty.”

“The recently released UNICEF Innocenti Report Card 19 shows that New Zealand ranks 32 out of 36 wealthy nations for child wellbeing. On top of that food insecurity for children is worsening with 27% of children living in households where food runs out sometimes or often. It is more imperative than ever to ensure the needs of children are at the centre of government investment. Yet according to the Child Poverty Budget report we are way off track. Budget 2025 is anticipated to have very little impact on child poverty rates for the future and there is no major reduction in child poverty forecast in the coming years. This means this Budget will leave thousands of children in poverty.”

Positively, today’s Budget included an increase in the abatement threshold for Working for Families which will mean more families have access to these support payments. However, to fund this, the first year of the Best Start payment will now be income tested. The Best Start payment provides a critical payment to new parents to recognise the cost of raising a child and help equip them for the early years. Until now, this had been universal for the first year of a child’s life. A Ministry of Social Development rapid review of internal evidence on possible impacts of Best Start noted that one study found that “unconditional cash transfers significantly increased the percentage of children with good school attendance.”

“Best Start payment is a critical support that recognises the financial pressures of parenthood and invests early in our youngest New Zealanders. Today’s reduction will have a major impact on new parents and their newborns. We hear from frontline providers that more working families are needing support, with an increasing amount of traditionally middle-income families coming in for social service support as they have limited bandwidth to manage financial changes due to cost of living pressures.”

“As a result of the reduction to Best Start, there are estimated to be around 62,000 parents of newborns per tax year who will receive less support in their child’s first year and, of that, 55,000 parents won’t receive any Best Start payment in the first year at all. While we support more people accessing Working for Families, this should not be at the cost of other parents.”

Recent research by NZCCSS on middle childhood (5-12 year olds) noted that improving wellbeing outcomes for children and how they develop healthy relationships requires investment in preventative, not just bottom of the cliff, approaches across all stages of childhood.

“We want to see the Government deliver on its Child and Youth Strategy, the ambitious child poverty 2028 targets and their prevention focused social investment approach. Taking away funding from parents of our youngest New Zealanders goes against this.”

“On top of that, the changes to the employer contribution for Kiwisaver fails to take into account the impact on community social service providers. Our social service providers are delivering support for families facing disadvantages and challenges, for tamariki and rangatahi by providing opportunities and support, and for our older people who need care and assistance. These social service providers are critical to a thriving Aotearoa and supporting families through times of crisis and hardship.”

“This Budget puts extra pressure on our critical social service providers by requiring employers to increase their default Kiwisaver contributions without any further investment for contracted providers to deliver this change. This is even more disappointing in light of the recent pay equity changes which undermine the social sector by failing to recognise and value the work of kaimahi who care for New Zealanders.”

“As we start to see green shoots of economic growth, NZCCSS calls on the Government to ensure it doesn’t leave people behind. This Budget will take away much needed support for new parents, leave too many children in poverty and put further financial pressure on community social services. We want to see a Budget that delivers compassion and equity for New Zealanders.”

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Ko wai tātou | Who we are

NZCCSS has six foundation members; the Anglican Care Network, Baptist Churches of New Zealand, Catholic Social Services, Presbyterian Support and the Methodist and Salvation Army Churches.

Through this membership, NZCCSS represents over 100 organisations providing a range of social support services across Aotearoa. Our mission is to call forth a just and compassionate society for Aotearoa, through our commitment to our faith and Te Tiriti o Waitangi.

Further details on NZCCSS can be found on our website - www.nzccss.org.nz