

The Welfare System in Aotearoa New Zealand

Issue Snapshot | 2026



New Zealand Council Of Christian Social Services

Problem identification

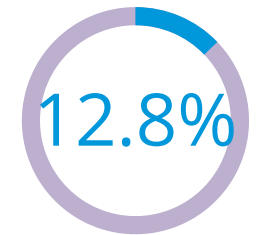
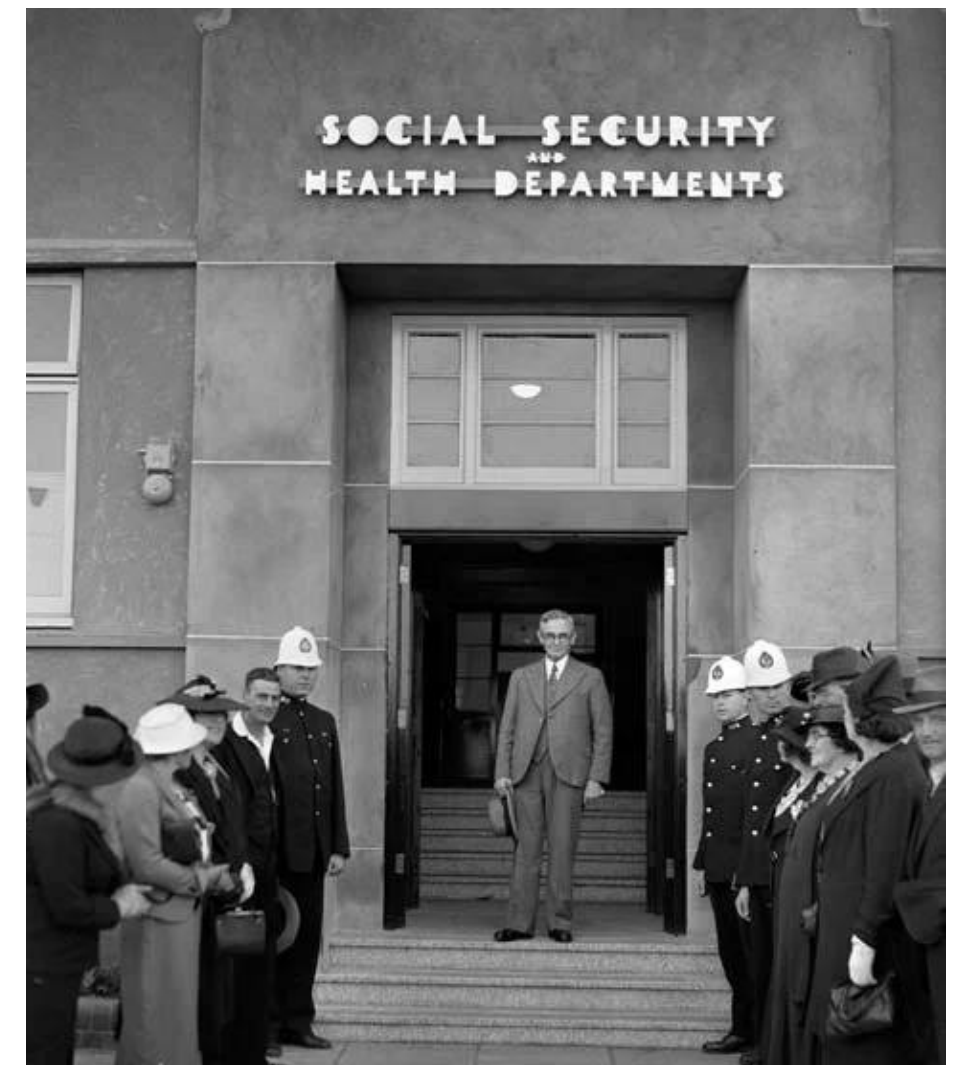
In Aotearoa the welfare system is underpinned by the Social Security Act which was introduced in 1938 with an aim to ensure that every person in New Zealand had access to a reasonable standard of living.

Welfare supports can be broken down into three tiers:

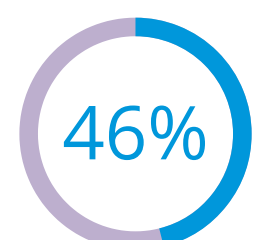
- First tier assistance includes the NZ Superannuation and 'main benefits' including Jobseeker Support, Supported Living Payment and Sole Parent Support. These are designed to cover everyday living costs with second and third tier assistance accessible for additional costs.
- Second tier assistance include the Accommodation Supplement, Disability Allowance, Childcare Assistance, Temporary Additional Support and Working for Families tax credits - cover specific needs
- Third tier assistance are designed to cover immediate financial hardship and include Special Needs Grants and Recoverable Assistance Payments.

All welfare support is means tested, with the exception of the NZ Superannuation. Some tiers of welfare support have additional asset thresholds which can be a barrier to access.

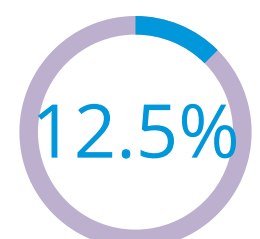
The 2025 Ka Mākona report highlights the inadequacy of first tier welfare supports, with these often households main source of income, to meet basic living costs. Households receiving Jobseeker support were modelled to be in deficit after basic costs were deducted (housing, fixed living costs and food). The inadequacy of these supports has resulted in a welfare system where recipients are often reliant on third tier assistance, including repayable support grants, risking further deepening the level of financial insecurity faced by these households.



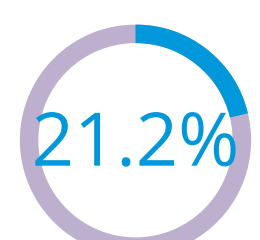
working age population receive a main benefit (414,975 as of November 2025)



benefit sanctions in the quarter to June 2025 were experienced by 18-24 year olds despite them representing only 16.9% total mains benefit recipients

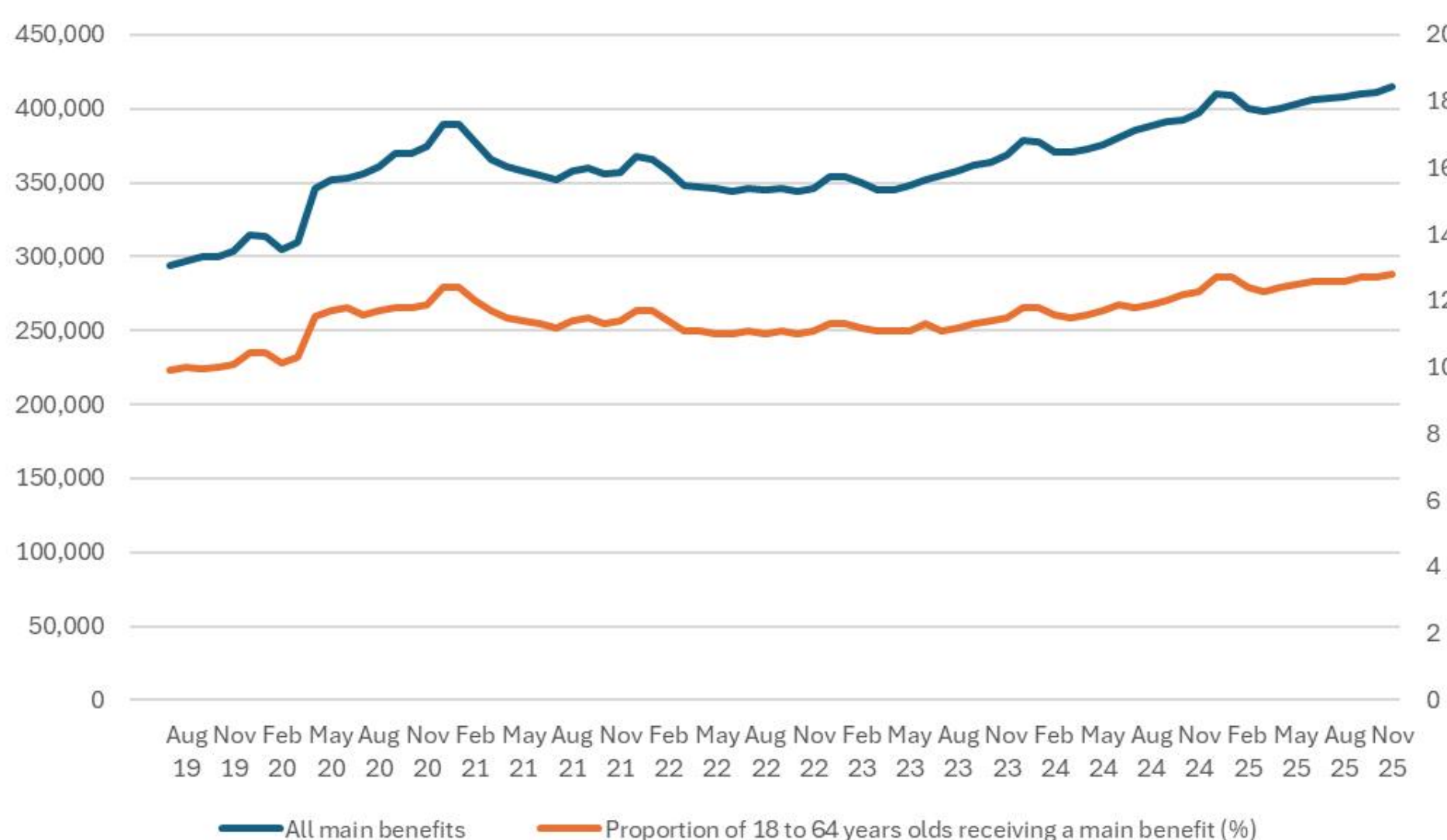


working age main benefit recipients had a debt to MSD in June 2021



clients received incorrect benefit entitlements in the 2024/2025 financial year

Number and proportion of working-age population receiving main benefits - monthly time series



Not including NZ Superannuation

The Welfare System of Aotearoa New Zealand

What does it mean for people's lives?

As the cost of living has continued to rise across Aotearoa, welfare support levels have not risen to match this, resulting in those relying on these supports struggling to cover basic costs. Additionally, a reliance on repayable support grants and advances effectively reduces the level of income received in future weeks, further worsening the level of income inadequacy and leading to debt cycles which are difficult to escape from. The rise in payment options such as Buy Now, Pay Later further worsen this problem.

Changes to benefit sanctions have led to a rise in people receiving financial sanctions (often seemingly unfairly) which impact their ability to cover basic living costs. While the government introduced non-financial sanctions in May 2025, these cannot be applied if a person's housing costs make up more than half of their income meaning that most people are not eligible and as such, when sanctioned face losing half of their benefit.

The sanction changes were introduced in an attempt to get people off the benefit and into the workforce, but this comes at a time where unemployment is at a 10 year high at 5.4% making it challenging for people to find employment. For those who can find employment, this is often precarious or unsustainable work resulting in them needing financial support again in the future. In the year to June 2023 while 61.9% of those exiting the benefit moved into employment, education or training, only 45.3% were still in employment 12 months later. NZCCSS member organisations are reporting increased demand for financial aid, including access to food assistance and housing support.

As a single parent, Reuben is finding that the benefit he is receiving is not sufficient to cover living costs. He has applied for a temporary additional benefit. After paying rent and utilities, Reuben is left with \$5 at the end of each week and so his debt is skyrocketing. He has prepared a CV which he has been busy distributing to find work.

Daniella has received notification from Work and Income that she has been overpaid by \$2500. Daniella wants to understand when and why this overpayment occurred. She asked for more information or a breakdown of the overpayment. However, Work and Income will only provide the total figure and no further information.

CAB, 2025

Mana Āki - Dignity for All

Recent research

Kore Hiakai Zero Hunger Collective (2025). [Ka Mākona: Income Adequacy in Aotearoa New Zealand](#)

- Modelling suggests the average person receiving Jobseeker support is \$21-111 short of cover basic weekly expenses
- Jobseeker support increased 1% for sole parents, 19% for single adult households and 23% for two parent households in the past 5 years, but in the same period rent costs increased up to 41% and food costs increased up to 34%.

Ministry of Social Development (2025). [Benefit System Report](#)

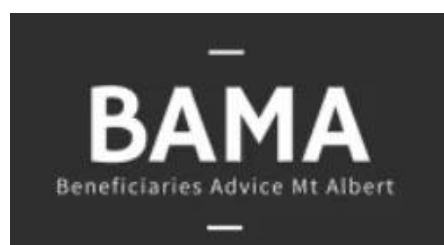
- Average future years on main benefit is estimated at 14.3 years using the 2024/2025 model.
- Approximately 717,900 people received supplementary benefits in the quarter to June 2025
- Main benefit recipients increased by 25,200 (6.6%) between June 2024 and June 2025

FinCap (2025). [Voices Report 2025](#)

- Of people who sought help from a financial mentor, 29% reported this was due to the increased cost of living
- Debt to government makes up 29.5% of total debts reported by clients, of which 18.1% is to MSD
- Currently creditors can apply to the courts to take up to 40% of a persons benefit income

The Welfare System of Aotearoa New Zealand

How are NZCCSS members responding to this issue?



Beneficiary Advice Mt Eden (BAMA)

BAMA was jointly established by Mt Albert Methodist Church and St Luke's Anglican Church Mt Albert. BAMA offers a free service for beneficiaries, suppennuitants and low income households, providing expert help and advocacy support. This includes assisting people with eligibility for through Work & Income NZ (WINZ) and attending WINZ appointment as an independent advocate.

Supported Employment Initiative

Equip's Supported Employment initiative uses the Individual Placement and Support (IPS) model to assist people with mental illness to find steady employment.



Community Ministries

Community Ministries centres around the country offer services such as food parcels, budgeting and financial advice and life skills programmes.

Benefit Impacts

Partnering with benefit advocates, this initiative provides support in calculating entitlements



MoneyMates

The MoneyMates programme run by Presbyterian Support Otago allows groups to learn from a financial mentor about debt, budgeting, loans and other financial skills while connecting with others in similar situations.

Kingdom Resources - helping people to a new beginning

Kingdom Resources began as an initiative of South West Baptist Church in 1988 in an effort to break the debt cycle.



Kingdom Resources offer a variety of financial tools, advocacy and debt management and resources to help people and families to take control of their finances. Additionally, Kingdom Resources offer interest free loans to eligible clients and community courses including:

- Confidence and pre-employment course: Taking the First Step: this course assists to build the skills and confidence to enter the job market including goal setting, career pathway support and interview preparation.
- Money and Education: this series includes two separate courses covering a range of topics including budgeting, meal planning, cooking tips, seasonal cooking, substitute ingredients and debt management

Kingdom Resources help roughly 2,000 people each year through their budgeting and employment supports.

The Welfare System of Aotearoa New Zealand

What is NZCCSS advocating for?

In the lead up to the 2026 election, NZCCSS calls for political leaders to commit to policies that will free New Zealanders from poverty. This includes a welfare system which supports those who need it and lifts them out of poverty, allowing them to live dignified lives.

Welfare System that frees from Poverty

The current benefit levels are not sufficient to cover basic living costs, leaving those who rely on these supports to fall deeper into poverty. NZCCSS advocates for:

- an increase in core benefit levels to the standard of liveable incomes and to ensure it is above the proposed official national poverty line
- the indexing of entitlements to align with wage growth or CPI depending on which is greater, in line with Superannuation
- increased asset thresholds for accessing Special Needs Grants and third tier assistance so people don't have to burn through savings to access them
- the removal of benefit sanctions.

NZCCSS submissions related to the Welfare System include:

Social Security (Accident Compensation and Calculation of Weekly Income) Amendment Bill (February 2026)

While NZCCSS recognises the intent of the Bill, in order to not further penalise those already facing hardship, we believe consideration needs to be given to writing off debt that may be identified through the retrospective reviews proposed in the Bill.

The full submission is available [here](#)

Social Security Amendment Bill (January 2025)

NZCCSS argued that the changes in this bill, which introduced new benefit sanctions would result in less people receiving the benefit while not actually address the cause of benefit dependency. Evidence suggests that benefit sanctions do not work and that non-financial sanctions will still have financial implications.

The full submission is available [here](#)

Get involved

- Share our [Free from Poverty](#) campaign highlighting policy changes aimed at reducing poverty in Aotearoa.
- NZCCSS is a member of the [Fairer Future](#) group, a network of more than 30 community organisations and non-government agencies (NGOs) focused on reducing poverty



Find out more

New Zealand Council Of
Christian Social Services

www.nzccss.org.nz