



21 November 2025

Tēnā koe

Official Information Act request

Thank you for your email of 30 October 2025, made to the Ministry of Social Development (the Ministry) requesting copies of the Material Hardship Lead Indicators dashboard from September 2024.

I have considered your request under the Official Information Act 1982 (the Act). Please find my decision on your request set out below.

The Material Hardship Lead Indicators dashboards are produced and proactively released quarterly. The dashboards for Quarter 3 2024, Quarter4 2024, Quarter 1 2025, and Quarter2 2025 have been proactively released, and I have provided you with the links to these dashboards and the dates of release in the attached **Appendix**. I note that the Quarter 3 2025 dashboard is currently being produced.

3 reports and 1 Aide-mémoire has been identified, which each accompanied the dashboards. I have enclosed these documents with this letter and their relevance to the dashboards have been noted in the same **Appendix**.

I note your request for distribution emails. I am refusing your request for this information under section 18(e), on the basis that it does not exist. The Ministry has not produced external distribution emails. If this was not the intention of your request, please contact the Ministry.

I have also provided you with some helpful context on the Material Hardship Lead Indicators dashboard, for your information below.

Reducing child material hardship is a Portfolio Target for the Child Poverty Reduction portfolio. Stats NZ publishes the official measured rates of child material hardship annually. As the data that informs these rates is collected via a survey, there is a lag in the data collection and the data being available.

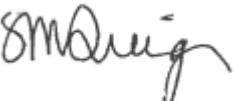
The Ministry provides the Minister for Child Poverty Reduction with a quarterly dashboard that provides more up-to-date information about a range of 'lead indicators' that are related to child material hardship. These lead indicators reflect both drivers of and proxies for child material hardship. The lead indicators help the Government and officials to understand how levels of material hardship may be changing.

I will be publishing this decision letter, with your personal details deleted, on the Ministry's website in due course.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with my decision on your request, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Ngā mihi nui

pp. 

Anna Graham
General Manager
Ministerial and Executive Services



Appendix

| Dashboard | Time period covered in dashboard | Date released | Link | Cover note |
|------------------|---|----------------------|---|---|
| Quarter 3 2024 | July-September 2024 | 19 February 2025 | https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/information-releases/2025/material-hardship-lead-indicators-dashboard-q3-2024.pdf | 1. REP/24/10/988- Aide Memoire- Material Hardship Lead Indicators Q3 dashboard |
| Quarter 4 2024 | October-December 2024 | 8 May 2025 | https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/information-releases/2025/lead-indicators-of-material-hardship-dashboard-quarter-4-2024.pdf | 2. REP/25/4/294- Report- Quarter 4 2024 Material hardship lead indicators dashboard |
| Quarter 1 2025 | January- March 2025 | 1 October 2025 | https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/information-releases/2025/material-hardship-lead-indicators-quarter-1-2025-dashboard.pdf | 3. REP/25/6/457- Report- Material Hardship Lead Indicators Quarter 1 2025 dashboard |
| Quarter 2 2025 | April- June 2025 | 30 October 2025 | https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/information-releases/2025/material-hardship-lead-indicators-quarter-2-2025-dashboard.pdf | 4. REP/25/8/619- Material Hardship Lead Indicators Quarter 2 2025 dashboard |

Aide-mémoire



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Date: 4 December 2024 **Security Level:** In Confidence

For: Hon Louise Upston, Minister for Child Poverty Reduction

File Reference: REP/24/10/988

Material Hardship Lead Indicators Q3 dashboard

Background This aide-mémoire provides you with the material hardship lead indicators quarter 3 dashboard.

You agreed to receive regular reporting on four lead indicators of material hardship This reporting supports your material hardship portfolio target and monitoring of material hardship as a Strategy priority by tracking four lead indicators:

- 1 material hardship
- 2 number of children in benefit-dependent families
- 3 Household Living Price Index – low-income families
- 4 individuals behind on credit payments.

Alongside these four indicators, we identified nine contextual indicators. We provided you with a prototype of the dashboard in September 2024, using quarter 2 data [REP/24/8/775 refers]. We have updated the lead indicators dashboard for quarter 3, attached in **Attachment A**.

Data from Q3 shows positive trends for cost of living and credit payments for some households, From the Q3 data we can see that:

- around 4,600 more children are in benefit-receiving families compared to Q2. This is particularly driven by an increase in children in households receiving Sole Parent Support
- increases in the cost of living are slowing but continue to affect low-income households to a greater extent than those with higher incomes

| | |
|---|---|
| <p>with low-income households still experiencing key drivers of hardship</p> | <ul style="list-style-type: none"> household credit arrears fell slightly between September and June 2024. <p>There has been no updated Treasury forecast of the After Housing Costs primary measure (AHC50 (fixed)), which MSD uses to estimate current and future material hardship rates.</p> |
| <p>To support analysis of the indicators, we have monitored two additional indicators for Q3</p> | <p>The dashboard includes nine contextual indicators that will be updated annually, when data is available. We have monitored two further indicators for quarter 3.</p> <p><i>Household perceptions of inflation</i></p> <p>Household perceptions of annual inflation tells us about how households are experiencing the cost of living. How households experience inflation and expect inflation to change over time affects household decisions around consumption, savings and employment. When households experience inflation as high, they are likely to reduce spending and may be more likely to report they are experiencing hardship indicators in the DEP-17 Index.</p> <p>Reserve Bank data shows that household perceptions of inflation for 2024 remain high.</p> <p>Mean household perception of inflation remains significantly higher than the median perception, which indicates that lower-income households are perceiving inflation to be higher than higher-income households.</p> <p>As reflected in the data, research suggests that individuals with lower incomes, fewer savings and lower levels of education tend to perceive inflation to be higher and more persistent than actual levels.¹</p> <p>It is not clear if higher inflation perceptions are likely to upwardly bias perceived material hardship, or if those who experience material hardship are likely to be more sensitive to inflation, for example spending a greater proportion of income on essentials, and respond accordingly.</p> |

¹ Francesco D'Acunto, Evangelos Charalambakis, Dimitris Georgarakos, Geoff Kenny, Justus Meyer, and Michael Weber. 2024. [Household Inflation Expectations: An overview of recent insights for monetary policy.](#)

Given that material hardship is a self-reported measure, it is possible that material hardship may persist for longer than might be expected, even after measured inflation has declined. In addition, other factors, such as deferred expenditure and taking on more debt during periods of high inflation, may also mean that material hardship persists, even after inflation drops back down.

Household food insecurity

As outlined in REP/24/11/1074, food insecurity can be understood as an immediate consequence or “symptom” of material hardship and can serve as a proxy for hardship and financial strain.

The New Zealand Health Survey (NZHS) shows that rates of household food insecurity increased in 2023/24 to 27% of all children.

The NZHS data also shows that most of the increase in food insecurity was driven by higher rates of children in households reporting that food runs out “sometimes” in 2024 (21.4%) compared to 2023 (16.9%). The number reporting that food runs out “often”, did not change significantly.

This result likely reflects the ongoing impacts of cost-of-living pressures, particularly for low-income working households with children.

Although food prices actually declined slightly (-0.3%) on average in the year to June 2024, overall inflation has increased. For example, Stats NZ’s Household Living Price Index for low-income households shows that the cost of living increased by 4.9 per cent in the year to June 2024 and 7.0 per cent in the year to June 2023.

This is consistent with evidence that in the initial phase of an economic downturn, or periods of high inflation, we typically see an increase in less severe hardship. Low-income working households may tip into hardship and food insecurity because their real income from employment decreases.

While food insecurity has increased, usage of food grants or food banks has not changed. 14.7% of children lived in households that used food banks sometimes or often in the

past year in 2023/24. This is no change from 2022/23. This is likely to be because food bank usage statistics reflect both supply and demand factors. As supply is constrained, there may be less change in usage observed and this may not serve as good proxy for changes in need.

Salvation Army data on food bank use for 2024 will be included in the dashboard when available in early 2025, and can support analysis of trends in food bank usage.

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|---|--|
| Implications for material hardship rates | <p>On balance, the trends in these lead indicators suggests that the rate of child material hardship for 2023/24 is likely to be somewhat higher and more persistent than we had previously estimated, based on the forecasts and data available at Budget 2024. Food insecurity is a credible proxy and consequence of material hardship, and the increase in food insecurity suggests the rate of material hardship for 2023/24 is likely to be higher than 2022/23.</p> <p>Our earlier estimates of future rates, based on the Budget 24 forecast, may no longer hold, as broader economic conditions have worsened since the most recent forecast.</p> |
|---|--|

| | |
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| Next steps | <p>We will update the dashboard for Q4 in early 2025 and expect to provide this to you in March 2025. You may wish to share this with Child and Youth Ministers at the next available meeting.</p> <p>You may wish to consider releasing the dashboard publicly on the MSD website, to share how you are monitoring progress on your portfolio target.</p> |
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Attachments

Attachment A: Q3 Dashboard

Author: Deborah Tucker, Principal Analyst, Child Wellbeing and Poverty Reduction Group

Responsible manager: Hannah Kerr, Director, Child Wellbeing and Poverty Reduction Group

Report



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Date: 15 April 2025 **Security Level:** In Confidence

For: Hon Louise Upston, Minister for Child Poverty Reduction

File Reference: REP/25/4/294

Material Hardship Lead Indicators Quarter 4 2024 dashboard

Purpose of the report

1 This report provides you with the material hardship lead indicators Quarter 4 2024 dashboard.

You agreed to receive regular reporting on four lead indicators of material hardship

2 This reporting supports your material hardship Portfolio Target and monitoring of material hardship as a Strategy priority by tracking four lead indicators:

1. material hardship rates and indicative estimates of future rates and levels
2. number of children in benefit-dependent families
3. Household Living Price Index – low-income families
4. individuals behind on credit payments.

3 Alongside these four indicators, we identified nine contextual indicators,¹ to be updated annually. We provided you with a prototype of the dashboard in September 2024, using Quarter 2 data [REP/24/8/775 refers], and a first dashboard for Quarter 3 [REP/24/10/988 refers].

¹ For children in benefit-dependent households, the contextual indicators are working age benefit forecast and actuals, parent employment rates and Sole Parent Support inflows and outflows. For cost of living, they are growth in lower quartile wages compared to living costs, growth in rents for AS recipients and real AHC50 incomes. For proxies for hardship, they are self-reported rate of incomes 'not enough', Salvation Army food bank usage and MSD hardship assistance receipt.

- 4 We have updated the four lead indicators dashboard for Quarter 4 2024, attached at **Attachment A**.
- 5 This includes the lead indicator on the **indicative estimates for future material hardship rates**, which has been updated to include the 2023/24 rate reported by Stats NZ in February. Note that because of the lag in reporting material hardship, this indicator covers a different time period to the other lead indicators, which relate specifically to Q4 2024.

Data from Q4 2024 suggests that pressures from the cost of living and credit arrears have reduced

- 6 From the Quarter 4 data we can see that:
 - 5.1 around 5,900 more children are in **benefit-receiving families** compared to Quarter 3 2024. This is an increase of around 10,300 children (around 5%) from Quarter 4 2023
 - 5.2 increases in the **cost of living** are slowing for all households, compared to Quarter 3 2024. However, the cost of living continues to affect low-income households to a greater extent than higher income households
 - 5.3 **household credit arrears** fell slightly from Quarter 3 to Quarter 4 2024, in line with seasonal expectations.
- 6 Overall, these indicators suggest that current levels of material hardship are likely to be similar to those in the last quarter. It is possible that the improvements in both cost of living and credit arrears may mean that levels have improved slightly.

Implications for future levels of child material hardship experienced

- 7 The Quarter 4 indicators are relevant for the 2024/25 material hardship rates, which reflect experiences from mid-2023 to mid-2025. In order to understand what the lead indicators could mean for the material hardship rates that will be reported in February 2026, we can look at the indicators over the reference period.
- 8 The indicators show that the cost of living is stabilising, which should be reducing pressure on households. However, over the reference period credit arrears continue to trend upwards, and the number of children in benefit-receiving families also increased.
- 9 Wider economic conditions have also been weak, with unemployment rising and employment falling over the time period, as noted in REP/25/2/110.

10 Overall, the mix of indicators suggests that the rate of material hardship for 2024/25 may remain the same or increase slightly, compared to 2023/24.

Next steps

11 The updated income poverty forecasts will be published in the Child Poverty Budget Report on Budget Day, Thursday 22 May.

12 We expect to provide you with the Q1 2025 dashboard in June, incorporating the findings from the Child Poverty Budget report. This dashboard will update the nine contextual indicators as well as the four lead indicators. You indicated that you wish to share the dashboard with Child and Youth Ministers at a future group meeting. We will work with your office to confirm which meeting the dashboard is shared at.

Proactive release

13 The Q3 2024 dashboard was proactively released on the MSD website on 18 February 2025. We recommend the Q4 2024 dashboard is proactively released.

Recommended actions

It is recommended that you:

a. **agree** to proactively release the Quarter 4 2024 dashboard

Agree / Disagree



15/04/25

Hannah Kerr

Date

Director, Child Wellbeing and Poverty Reduction Group, Policy



Hon Louise Upston,
Minister for Child Poverty Reduction

Date

20250419

Attachments

Attachment A: Quarter 4 2024 Dashboard

Author: Alex Cliffe, Senior Policy Analyst, Child Wellbeing and Poverty Reduction Group, Policy

Responsible manager: Hannah Kerr, Director, Child Wellbeing and Poverty Reduction Group, Policy

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Material Hardship lead indicators dashboard

Quarter 4 2024

We have provided indicators in four key areas:

1. Indicative estimates of material hardship

We can produce indicative estimates of future levels of material hardship from projections of AHC50 rates.

2. Key driver of material hardship- Benefit receipt and parental employment

There's been an increase of around 5,900 children in benefit-receiving households since Quarter 3 2024. This is an increase of around 10,300 children (around 5%) from Quarter 4 2023.

3. Key driver of material hardship- Cost of living

Increases in the cost of living have slowed over 2024, with inflation experienced by households slowing over Quarter 2 to Quarter 4 in 2024.

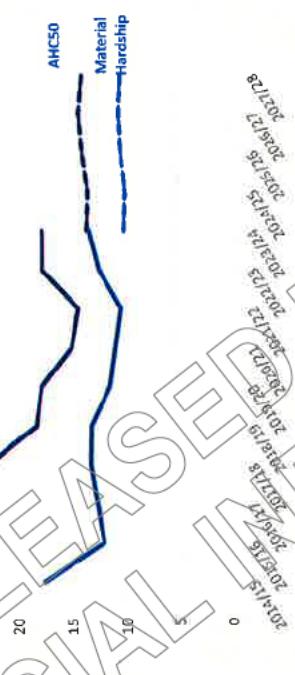
4. Proxy for hardship – Household Credit Arrears

Household credit arrears fell slightly over the second half of 2024.

1. Indicative estimate of material hardship

Lead Indicator: Rates and indicative estimates of material hardship

We can produce indicative estimates of future levels of material hardship from projections of AHC50 rates.



The indicator has been updated to include the 2023/24 rate of AHC50 and material hardship, as reported by Stats NZ.

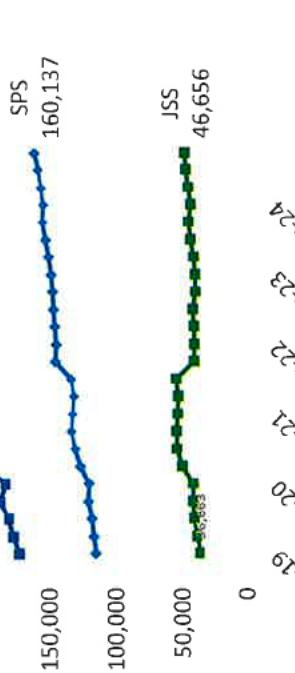
Lead Indicator: Household Living Price Index: Low income

Household credit arrears fell slightly over the second half of 2024.

2. Key driver- Benefit receipt and employment for parents

Lead Indicator: Children in Benefit-Dependent Families

We can produce indicative estimates of future levels of material hardship from projections of AHC50 rates.



The number of children in benefit-dependent families has continued to steadily increase since 2019. Increases have largely been driven by increases in people receiving SPS.

Lead Indicator: Household Credit Arrears (Centrix)

Proxy for hardship and financial strain



Implications for future levels of material hardship experienced

The mix of indicators suggests that the rate of material hardship for 2024/25 may remain the same or increase slightly, compared to 2023/24.



The number of people behind on their credit payments has been rising since 2021, likely due to cost-of-living pressures. Arrears fell slightly from Q2 to Q4, with an upturn in December 2024 in line with seasonal expectations.

Report



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Date: 2 July 2025 **Security Level:** In Confidence

For: Hon Louise Upston, Minister for Child Poverty Reduction

File Reference: REP/25/6/457

Material Hardship Lead Indicators Quarter 1 2025 dashboard

Purpose of the report

1 This report provides you with the material hardship lead indicators Quarter 1 2025 dashboard.

You agreed to receive regular reporting on four lead indicators of material hardship

2 This reporting supports your material hardship Portfolio Target and monitoring of material hardship as a Strategy priority by tracking four lead indicators:

1. material hardship rates and indicative estimates of future rates and levels
2. number of children in benefit-dependent families
3. Household Living Price Index – low-income families
4. individuals behind on credit payments.

3 Alongside these four indicators, we identified nine contextual indicators,¹ to be updated annually. We provided you with a prototype of the dashboard in September 2024, using Quarter 2 data [REP/24/8/775 refers], ahead of the Quarter 3 [REP/24/10/988 refers] and Quarter 4 [REP/25/4/294] dashboards.

¹ For children in benefit-dependent households, the contextual indicators are *working age benefit forecast*, *parent employment rates* and *Sole Parent Support inflows and outflows*. For cost of living, they are *growth in lower quartile wages compared to living costs*, *growth in rents for AS recipients* and *real AHC50 incomes*. For proxies for hardship, they are *self-reported rate of incomes 'not enough'*, *Salvation Army food bank usage* and *MSD hardship assistance receipt*.

4 We have updated three of the four lead indicators dashboard for Quarter 1 (January-March) 2025, attached at **Attachment A**, and the available supporting indicators.

Data from Q1 2025 suggests that no measurable changes in household pressures have been detected

5 From the Quarter 1 data we can see that:

- 5.1 Around 5,000 fewer children are in **benefit-receiving families** compared to Quarter 4 2024. However the number of children is an increase of around 9,000 children (around 4%) from Quarter 1 2024.
- 5.2 **Cost of living** pressures increased slightly after a period of more flat rates. Inflation increased slightly on the CPI measure from Quarter 4 2024 to Quarter 1 2025. The HLPI measure is not available for Quarter 1 2025.²
- 5.3 **Household credit arrears** rose slightly from Quarter 4 2024 to Quarter 1 2025, in line with seasonal patterns.

6 Overall, these indicators suggest that current levels of material hardship are likely to be similar to those in the last quarter. It is possible that the increase in both the cost of living and credit arrears may mean that levels have worsened slightly between Quarter 4 2024 and Quarter 1 2025.

7 The lead indicator on the **indicative estimates for future material hardship rates** has been updated to include the Budget 25 forecasts. Note that because of the lag in reporting material hardship, this indicator covers a different time period to the other lead indicators, which relate specifically to Q1 2025.

8 Based on the Budget 25 Treasury forecasts for AHC50(fixed line) and the historic relationship between AHC50 and material hardship, we would expect material hardship to remain steady before beginning to increase at the end of the forecast period. More information on the factors expected to contribute to an increase is available in REP/25/7/497.

9 AHC50 and material hardship rates have tended to move together, and the Budget 25 forecast for AHC50 has been used to estimate current material hardship levels. The period of economic shocks and wider challenges, including the COVID-19 pandemic, may have impacted this relationship, and

² The *Household living-costs price indexes: March 2025 quarter* has been cancelled and was not released in 2025.

is needed to observe how this relationship is affected. We will observe any change and impact over time, as future material hardship and AHC50 rates are published.

10 The supporting indicators show that:

- a. Employment rates for sole parents have remained flat, with exit rates for SPS clients remaining below the long-term average.
- b. Rental costs for AS recipients with children have increased above inflation and above rental costs for all tenancies, with AHC50 incomes for MSD clients broadly keeping in line with inflation.
- c. Proxies for hardship may be stabilising but this may reflect the availability and supply of supports, rather than decreasing demand for supports.

Implications for levels of child material hardship

11. The Quarter 1 2025 indicators are relevant for the 2024/25 material hardship rates, which reflect experiences from mid-2023 to mid-2025. In order to understand what the lead indicators could mean for the material hardship rates that will be reported in February 2026, we can look at the indicators over the rolling reference period.
12. The indicators show that the cost of living is stabilising, which should be reducing pressure on households, and that the number of children in benefit-receiving families is starting to decrease. However, over the reference period, credit arrears continue to trend upwards, and the overall number of children in benefit-receiving families has grown.
13. Wider economic conditions have also been weak, with unemployment rising and employment falling over the time period, as noted in REP/25/2/110. The supporting indicators on employment indicate these trends are impacting sole parent families more intensely.
14. Overall the mix of indicators suggests that material hardship levels are likely to remain much the same, as the rates reported this year.

Next steps

15. You indicated that you wish to share the dashboard with Child and Youth Ministers at a future group meeting. We recommend it is shared as part of the meeting pack for the 29 July meeting.
16. We expect to provide you with the Q2 2025 dashboard in September.

Proactive release

17. The Q4 2024 dashboard was proactively released on the MSD website on 8 May 2025. We recommend the Q1 2025 dashboard is proactively released

the week of 28 July. We will work with your office to confirm the specific date of release.

Recommended actions

It is recommended that you:

- a. **agree** to share the dashboard with Child and Youth Ministers as part of the 29 July meeting pack

Agree / Disagree

- b. **agree** to proactively release the Quarter 1 2025 dashboard in the week of 28 July 2025

Agree / Disagree



02/07/2025

Barbara Annesley

Date

Acting Director, Child Wellbeing and
Poverty Reduction Group, Policy

Hon Louise Upston,

 20250915

Date

Minister for Child Poverty Reduction

Attachments

Attachment A: Quarter 1 2025 Dashboard

Author: Alex Cliffe, Senior Policy Analyst, Child Wellbeing and Poverty Reduction Group, Policy

Responsible manager: Hannah Kerr, Director, Child Wellbeing and Poverty Reduction Group, Policy

CM

Report



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIA TO ORA

Date: 2 October 2025 **Security Level:** In Confidence

For: Hon Louise Upston, Minister for Child Poverty Reduction

File Reference: REP/25/8/619

Material Hardship Lead Indicators Quarter 2 2025 dashboard

Purpose of the report

1 This report provides you with the material hardship lead indicators Quarter 2 2025 dashboard.

You agreed to receive regular, quarterly reporting on four lead indicators of material hardship

2 This reporting supports your material hardship Portfolio Target and monitoring of material hardship as a Child and Youth Strategy (the Strategy) priority by tracking four lead indicators every quarter¹:

- 2.1 material hardship rates and indicative estimates of future rates and levels
- 2.2 number of children in benefit-dependent families
- 2.3 Household Living Price Index – low-income families
- 2.4 individuals behind on credit payments.

3 Alongside these four indicators, we identified nine contextual indicators,² to be updated annually. You received the dashboard with the updated available contextual indicators in July 2025 [REP/25/6/457 refers].

¹ Quarters are on calendar years.

² For children in benefit-dependent households, the contextual indicators are *Working age benefit forecast*, *Parent employment rates* and *Sole Parent Support inflows and outflows*. For cost of living, they are *Growth in lower quartile wages compared to living costs*, *Growth in rents for Accommodation Supplement recipients and*

4 We have updated three of the four lead indicators for Quarter 2 (April - June) 2025, attached at **Attachment A**. The dashboard also includes updates to one supporting indicator, *Growth in lower quartile wages compared to living costs*, and two additional contextual indicators on the cost of living.

Data from Q2 2025 suggests that there is further pressure on households

5 From the Quarter 2 data we can see that:

- 5.1 around 8,000 more children (4%) are in **benefit-receiving families** in Quarter 2 2025, compared to Quarter 2 2024. The number of children has increased by around 3,000 children (1%) since Quarter 1 2025.
- 5.2 Annual **inflation** increased on the CPI measure from the March 2025 quarter to the June 2025 quarter. This was the highest level of inflation since the June 2024 quarter. The HLPI measure is not available for Quarter 2 2025.³
- 5.3 **Household credit arrears** fell slightly from Quarter 1 2025 to Quarter 2 2025, in line with seasonal patterns.

6 Overall, these indicators suggest that there is further pressure on households and levels of material hardship are likely to have worsened slightly between Quarter 1 2025 and Quarter 2 2025.

7 The dashboard also includes an update to the lower quartile wages supporting indicator. In 2024/25, wages again grew faster at the median than at the lower quartile. Median and lower quartile wage growth was higher than growth in the cost of living, as measured by CPI.

We also looked at some additional indicators that tell us about the impact of changes in the cost of living

Perception of inflation

8 Household perceptions of annual inflation also tell us about how households are experiencing the cost of living. How households experience inflation and expect inflation to change over time affects household decisions around consumption, savings and employment. When households perceive inflation as high, they are likely to reduce spending.

Real AHC50 incomes. For proxies for hardship, they are *Self-reported rate of incomes 'not enough'*, *Salvation Army food bank usage* and *MSD hardship assistance receipt*.

³ The HLPI measure is not available for Quarter 1 and 2 2025. The complete HLPI series will be available again from Quarter 3 2025.

- 9 Reserve Bank data shows that household perceptions of inflation for 2025 have begun to slow, but still remain high, compared to previous years. Mean household perception of inflation remains significantly higher than the median perception, which may indicate that lower-income households are perceiving inflation to be higher than higher-income households.
- 10 As reflected in the data, research suggests that individuals with lower incomes, fewer savings and lower levels of education tend to perceive inflation to be higher and more persistent than actual levels.⁴
- 11 It is not clear if higher inflation perceptions are likely to upwardly bias perceived material hardship, or if those who experience material hardship are likely to be more sensitive to inflation (for example, because they spend a greater proportion of income on essentials and respond accordingly).

Specific household items in CPI

- 12 We looked at three specific groups of items within the CPI that cover essential costs for households that take up a large share of income: food, actual rentals for housing and household energy.⁵ Because a level of spending on these essentials is necessary for households with children, it's likely that low-income households spend a higher proportion of their income on these items, and that these households may be more affected by changes in price.
- 13 Looking at the changes in price and spending from June 2016 to June 2025, we can see that:
 - a. household energy costs have been increasing since 2022, with steep increases over mid-2023 and mid-2025. Increases over winter months are likely to reflect changes in demand and supply constraints
 - b. food costs have increased, with significant volatility over the period, particularly since 2021. Price increases peaked at over 12% in June 2023. Price has increased sharply again from December 2024.
 - c. actual rentals prices have increased relatively gradually. Price increases began to slow from June 2024, with the change from March to June 2025 the smallest annual increase in four years.

⁴ Francesco D'Acunto, Evangelos Charalambakis, Dimitris Georgarakos, Geoff Kenny, Justus Meyer, and Michael Weber. 2024. [Household Inflation Expectations: An overview of recent insights for monetary policy](#).

⁵ Food group, Actual rentals for housing subgroup in Housing and household utilities group, and Household energy subgroup in Housing and household utilities group.

14 These increases have generally been higher than overall CPI inflation. Overall, these changes are likely to be putting pressure on households.

Implications for levels of child material hardship

15 The Quarter 2 2025 indicators are relevant for the 2024/25 material hardship rates, which reflect experiences from mid-2023 to mid-2025. In order to understand what the lead indicators could mean for the material hardship rates that will be reported in February 2026, we can look at the indicators over the rolling reference period of June 2023 to June 2025.

16 The indicators show that, over the reference period, the cost of living has increased, credit arrears continue to trend upwards, and the overall number of children in benefit-receiving families has grown. While some economic conditions have improved over the time period, the period of inflation and the lag effect on households suggests households are still feeling additional pressure.

17 Overall, the mix of indicators over the rolling reference period suggests that material hardship levels are likely to have increased from the 2023/24 rates reported this year.

Next steps

18 We expect to provide you with the Q3 2025 dashboard in December 2025.

Proactive release

19 The Q1 2025 dashboard was proactively released on the MSD website on Wednesday 1 October 2025. We recommend the Q2 2025 dashboard is proactively released in the week of 27 October. We will work with your office to confirm the specific date of release.

Recommended actions

It is recommended that you:

- a. **agree** to proactively release the Quarter 2 2025 dashboard in the week of 27 October 2025

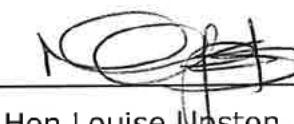
Agree / Disagree



Hannah Kerr

02/10/2925

Director, Child Wellbeing and Poverty Reduction Group, Policy



Hon Louise Upston,

20251012
Date

Minister for Child Poverty Reduction

Attachments

Attachment A: Quarter 2 2025 Dashboard

Author: Alex Cliffe, Senior Policy Analyst, Child Wellbeing and Poverty Reduction Group, Policy

Responsible manager: Hannah Kerr, Director, Child Wellbeing and Poverty Reduction Group, Policy