



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Total Incomes Annual Report - 2024



Summary

This report provides information on the overall level of payments and financial support received by main benefit clients - known as their 'total income'. People supported by the Ministry of Social Development (MSD) can access a range of financial support, including main benefit payments, supplementary or temporary assistance, and tax credits paid by MSD or Inland Revenue. The type of support MSD clients receive depends on their circumstances, for example their housing costs, whether they are single or have a partner, the number of children they are supporting, and why they are without full-time paid work. Clients may also earn income from part-time work while on a benefit.

Total incomes are likely to be larger for larger families, but a family of three is not expected to need the same amount of income as three single clients to have the same standard of living. Equivalisation means total incomes are adjusted by family size and composition to allow total incomes to be compared across families¹.

This report is the latest in MSD's annual reporting on client total incomes, which began in 2022. This report provides a detailed outline of key outcomes such as the nature and composition of assistance provided to MSD clients, and the impact housing costs and inflation have on total incomes.

In the last total incomes report, it was noted that total incomes had increased due to the impact of severe weather-related hardship assistance, most particularly in the form of Civil Defence payments. To account for this temporary increase, the data used in this report has excluded Civil Defence payments from calculations of total incomes. This was done in order to make any conclusions drawn in this report more comparable between years.

Key findings

Over the past year, on average, total incomes have remained broadly unchanged – particularly after housing costs and inflation are accounted for. Between April 2023 and April 2024²:

- **Average total incomes, before housing costs and inflation, have increased for all family types.** Over the past year, average client total incomes, before housing costs and inflation, have increased by \$18 (3.8 percent) per week.
- **After accounting for inflation, average total incomes, before housing costs, have remained largely unchanged.** Over the past year, average

¹ Families are defined in this document as: couples with two or more children, sole parents with two or more children, couples with one child, sole parents with one child, couples (no children), and single clients (no children).

² Amounts noted in the key findings are all equivalised.



client total incomes, before housing costs but after adjusting for inflation, have increased by \$2 (0.5 percent) per week.

- **Average total incomes, after housing costs and inflation, have also remained largely unchanged in real terms.** As at the end of April 2024, after accounting for inflation, total incomes after housing costs are, on average, \$0.74 (0.3 percent) per week lower than at the end of April 2023. The change in total incomes over the last year varied by family type.

The above trends have been influenced by the following key factors:

- **Inflation and rising housing costs** – Housing costs for MSD clients rose by \$12 (5.5 percent), on average, over the past year. The Consumer Price Index (CPI) excluding housing increased by 3.7 percent for the year ending March 2024.
- **Indexation settings** – In line with legislated settings, main benefits, the Family Tax Credit, and the Best Start payment were all increased in line with CPI.
- **The implementation of Child Support Pass-on** – From 1 July 2023, child support was ‘passed on’ to clients receiving a sole parent rate of a main benefit, rather than retained by the Government. This is the primary factor driving the increase in external client earnings for sole parents with one child (an increase of \$15 per week, on average), and sole parents with two or more children (an increase of \$32 per week, on average).

This report also compares total incomes for different MSD clients and family types. As at April 2024:

- **Total incomes vary across family types, with single clients generally having the lowest total incomes on average.** After housing costs, single clients have, on average, \$220³ per week.
- **Benefit types that support families with children have the highest total incomes, on average, after housing costs.** On average, clients receiving SPS have total weekly incomes of \$350, after housing costs.
- **Single clients pay the highest percentage of their total income on housing costs on average (49 percent).** Housing costs take up 47 percent of clients’ total incomes on average. Couples with two or more children pay the lowest percentage of their total income on housing costs on average (32 percent).
- **Over the longer term, total incomes, after housing costs, have increased at a faster rate than inflation.** Since the end of 2018, total, equivalised after housing costs incomes are 33 percent higher on average, once inflation is taken into account.

³ Total incomes are not adjusted for inflation unless otherwise stated.



Background

This report is the latest in MSD's regular reporting on client total incomes, which began in 2022. This annual report provides a detailed outline of key outcomes such as the nature and composition of assistance provided to MSD clients, and the impact housing costs and inflation have on total incomes.

To support this annual reporting, MSD analyses the full range of financial support main benefit clients receive, including their base benefit payment, supplementary assistance and other ad hoc grants, financial support from Inland Revenue, and any earnings. The dataset also accounts for housing costs and other deductions, like debt repayments to MSD. This dataset provides information on the overall level of payments and financial support received by main benefit clients - known as their 'total income'.

People supported by MSD can access a range of financial support, including main benefit payments⁴, supplementary or temporary assistance, and tax credits paid by MSD or Inland Revenue. The type of support MSD clients receive depends on their circumstances, for example their housing costs, whether they are single or have a partner, the number of children they are supporting, and why they are without full-time paid work. Clients may also earn income from part-time work while on a benefit.

It is important to note that this report does not include an assessment of income adequacy for benefit clients or explore what level of total incomes is considered sufficient for people to fully participate in their communities. Nor does it consider full and correct entitlements. Rather, the focus is on describing the current total incomes of families and how these have changed over time.

For the purposes of this report total incomes include main benefits, client earnings, tax credits, Accommodation Supplement (AS), Temporary Additional Support (TAS), Special Needs Grants (SNGs), and other assistance. In this report, hardship grants include recoverable and non-recoverable grants – SNGs, Recoverable Assistance Payments and Advances, Work Assistance and Housing Support Products. Payments for hardship grants are smoothed over a 12-week period at the end of April. Total incomes account for deductions, but do not include Disability Allowance or Childcare Assistance (please refer to the [technical document](#) for more detail).

Total incomes⁵ are likely to be larger for larger families, but a family of three is not expected to need the same amount of income as three single clients to have the same standard of living. Equivalisation means total incomes are adjusted by family size and composition to allow total incomes to be compared across families. Different scales were used for total incomes before and after housing costs.

⁴ NZ Superannuation clients are not included (except in cases where a partner of a main benefit recipient is on NZ Superannuation, when their income will be factored into the family total).

⁵ Total incomes are not adjusted for inflation unless otherwise stated.



Total incomes 2024

Summary of annual change in total incomes

Table 1 provides an overview of the annual changes, on average, for client equivalised total income between the end of April 2023 and the end of April 2024. Each of these is then described in further detail within the report.

Table 1. Average annual change in equivalised client total income – different income definitions

Income definitions	28-Apr-23	26-Apr-24	% change
Before housing costs, not adjusted for inflation	\$466	\$484	3.8%
Before housing costs, adjusted for inflation	\$479	\$482	0.5%
After housing costs, not adjusted for inflation	\$252	\$258	2.5%
After housing costs, adjusted for inflation	\$258	\$257	-0.3%

Key influences on total incomes over the past year

The above trends have been influenced by the following key factors:

- Annual General Adjustment and indexation settings
- the implementation of Child Support Pass-on
- inflation and rising housing costs.

These factors are described in more detail below.

The most substantial increase to client incomes is due to the Annual General Adjustment

The most substantial increase to client incomes over the year was due to increases in main benefits as a result of the Annual General Adjustment. In December 2023, the Government decided to index main benefits to inflation from 1 April 2024, defined as the upwards movement in the Consumer Price Index (CPI) over the immediately preceding year to 31 December. Under current legislated settings, certain Working for Families payments (Family Tax Credit, Best Start Tax Credit) automatically increase when cumulative inflation exceeds 5 percent. This occurred on 1 April 2024.



Families with children have also seen increases in Working for Families tax credits⁶ (5.1 percent on average) compared to last year.

External client income has increased for most family types. Particularly for sole parent families, due to Child Support Pass-on

In addition to income support payments, clients can receive external income of different kinds (e.g., employment earnings, child support, accident compensation). On average, external client income increased for most family types over the last year. Related to the 1 July 2023 introduction of Child Support Pass-on⁷, which allowed child support to be passed on to people receiving a sole parent rate of a main benefit, external client income has especially increased for sole parents. On average, sole parents with one child, and sole parents with two or more children saw an increase of \$15, and \$32 per week respectively over the past year.

Housing costs and the wider cost of living rose over the last year

For the year to April 2024, living costs, including the cost of housing, increased:

- For the 12 months to the March 2024 quarter, the CPI inflation rate was 4.0 percent. After housing costs incomes are adjusted for CPI (excluding the housing rate) to create after-housing-cost income.
- Average housing costs for MSD clients rose from \$214 to \$226, an increase of \$12 or 5.5 percent.

⁶ Tax credits include the Family Tax Credit (FTC) and Best Start Tax Credit (BSTC).

⁷ For more information on Child Support Pass-on please see: www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/information-releases/cabinet-papers/2023/child-support-pass-on-acts-amendment-bill-bill-commentary.pdf



Annual change in total incomes – by family type

Tables 2 through 4 provide a breakdown of total incomes by family type for the different versions of income used throughout this report, as well as how these have changed over the past year.

Table 2: Nominal average income before housing costs 2023 and 2024, by family type

	28-Apr-23	26-Apr-24	% change	\$ change
Couple	\$708	\$736	3.9%	\$28
Couple, 1 child	\$927	\$963	3.8%	\$35
Couple, 2 or more children	\$1199	\$1244	3.8%	\$45
Single	\$417	\$432	3.4%	\$14
Sole-parent, 1 child	\$787	\$829	5.3%	\$41
Sole-parent, 2 or more children	\$1042	\$1107	6.2%	\$64
All (equivalised)	\$466	\$484	3.8%	\$18

Table 3. Nominal average income after housing costs 2023 and 2024, by family type

	28-Apr-23	26-Apr-24	% change	\$ change
Couple	\$436	\$448	2.7%	\$12
Couple, 1 child	\$580	\$592	2.0%	\$12
Couple, 2 or more children	\$822	\$846	2.8%	\$23
Single	\$217	\$220	1.2%	\$3
Sole-parent, 1 child	\$462	\$487	5.3%	\$24
Sole-parent, 2 or more children	\$668	\$709	6.1%	\$41
All (equivalised)	\$252	\$258	2.4%	\$6

Table 4. Average income after housing costs in 2023 and 2024, by family type, adjusted for CPI

	28-Apr-23	26-Apr-24	% change	% change
Couple	\$448	\$448	0.0%	\$0
Couple, 1 child	\$595	\$591	-0.7%	-\$4
Couple, 2 or more children	\$844	\$845	0.1%	\$1
Single	\$223	\$219	-1.4%	-\$3
Sole-parent, 1 child	\$474	\$486	2.5%	\$12
Sole-parent, 2 or more children	\$686	\$708	3.3%	\$23
All (equivalised)	\$258	\$257	-0.3%	-\$0.74



Figure One: Average total incomes by family type (before housing costs, and inflation) at the end of April 2024, compared to the end of April 2023⁸

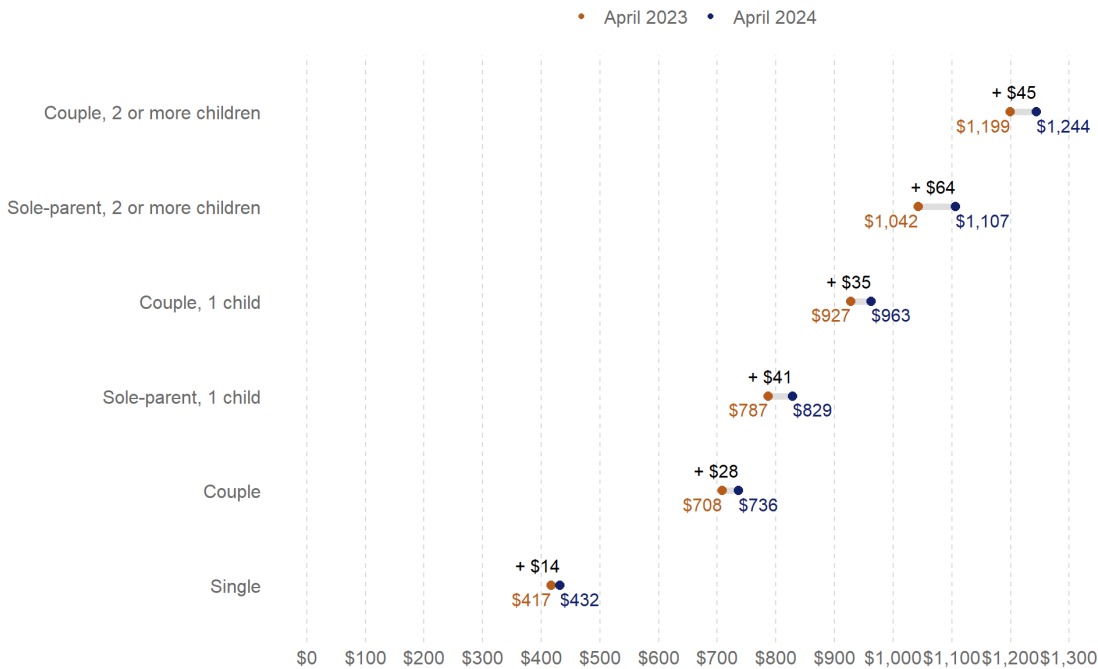
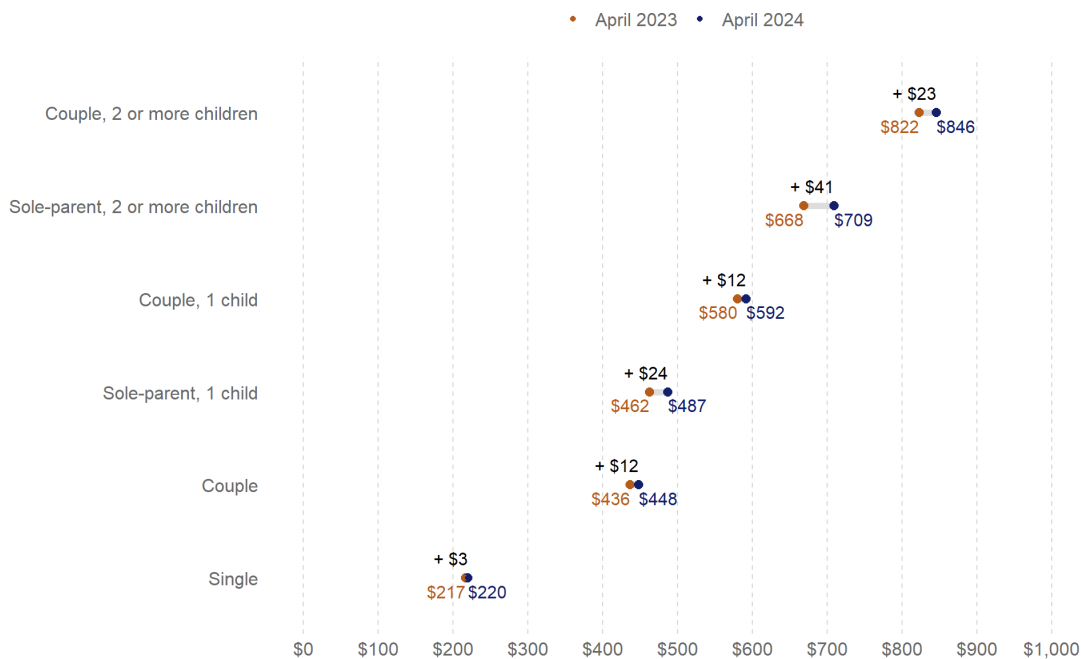


Figure Two: Average total incomes by family type (after housing costs, before inflation) at the end of April 2024, compared to the end of April 2023



⁸ Note that both Figures 1 and 2 do not show the same population at different points in time – i.e., some families or individuals who received a main benefit in 2023 may no longer be accessing support in 2024.



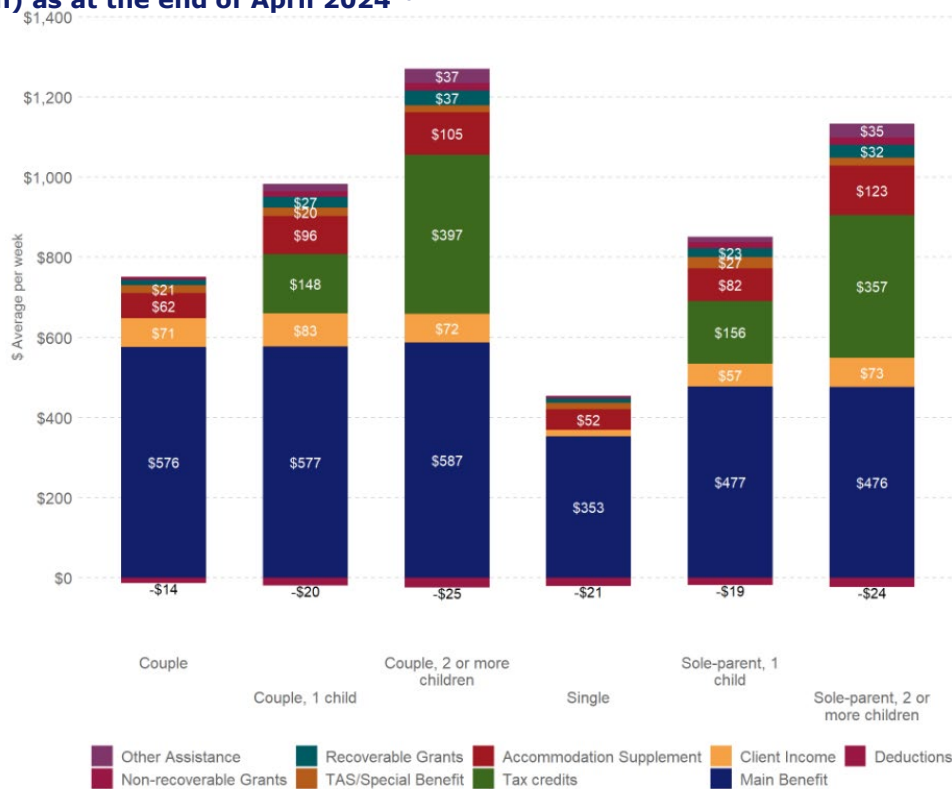
Composition of total income

There is considerable variation in the payments that clients are entitled to depending on their circumstances and family make-up

While main benefit payments are the largest component of financial support provided to MSD clients, client earnings and a range of other payments also contribute to families' total incomes. This is highlighted by Figure Three which shows the average composition of total income for different family types. The 'Other' category includes Clothing Allowance, Miscellaneous Subsidy (e.g., Social Rehabilitation Assistance), Training Incentive Allowance, Orphans and Unsupported Childs benefit, and Special Disability Allowance.

It is important to note that there is considerable variation in the payments that different clients are entitled to, depending on their circumstances. The average composition is also affected by some payments available to all benefit recipients (e.g., main benefits), others linked to actual costs (e.g., the Accommodation Supplement), and others available to specific family types (e.g., the Family Tax Credit)⁹.

Figure Three: Average composition of total income by family type (before housing costs and inflation) as at the end of April 2024¹⁰



⁹ Please note that the Winter Energy Payment is not included in this snapshot of client total incomes because it does not start until the beginning of May.

¹⁰ Average contributions from each income type over \$20 are shown, as well as the average amount in deductions.

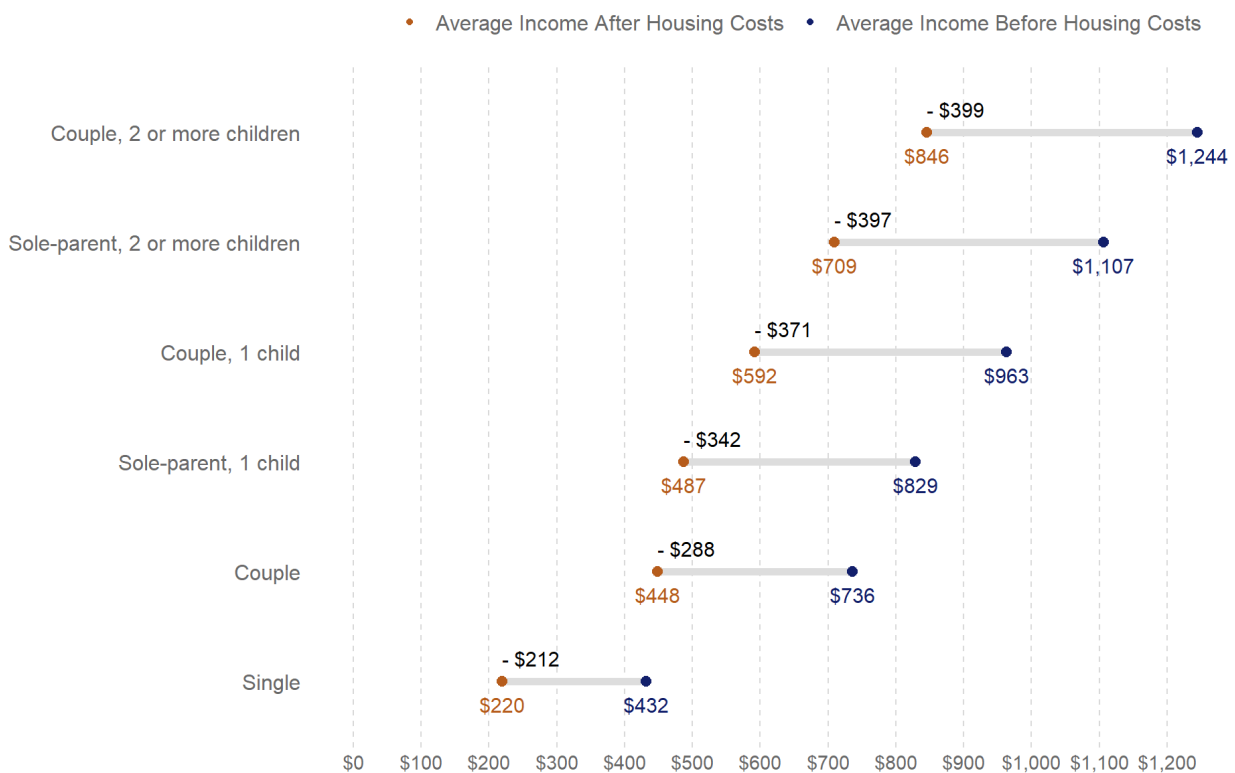


Housing costs

On average, housing costs reduced client total incomes by around 47 percent in 2024

Figure Four shows average total incomes, before and after housing costs, for different family types, and the amount that housing costs reduce client incomes.

Figure Four: Average weekly total income by family type (before and after housing costs) at the end of April 2024



Larger families¹¹ generally have higher accommodation costs, although their income after housing costs remains higher, on average, than that of single clients or couples without children.

At the end of April 2024, single clients spent a higher proportion of their total income on housing costs on average (49 percent), while couples with two or more children spent the smallest proportion of their total income on housing costs on average (32 percent).

¹¹ Where larger families are families with two or more children.



Income for different family types

Total incomes after housing costs vary across family types

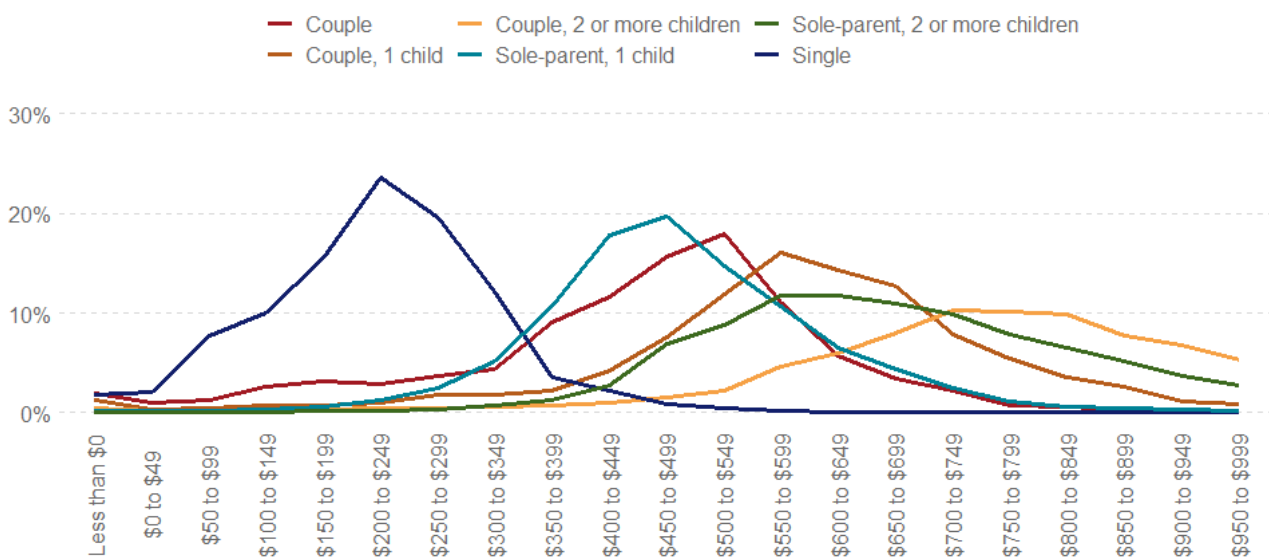
Total incomes after housing costs increased across all family types over the last year. Changes in total income were between \$3 to \$41 a week, on average, depending on family type. The average weekly income, after housing costs, at the end of April 2024 across all family types was \$258 (an increase of \$6, or 2.4 percent, from April 2023).

There is substantial variation in income distribution for different families

Variation in total incomes reflects the nature of people's circumstances and housing costs. Average total incomes, after housing costs were lowest for single clients, who had a total income of \$220. Additionally, 80 percent of single clients have a total income, after housing costs of \$298 or less per week. This is consistent with single clients generally having the lowest total incomes overall.

As shown in Figure Five, couples with two or more children, and sole parents with two or more children had the largest variation in total incomes. Differences in total incomes for families are often driven by the number of children¹². The amount of Family Tax Credit a family receives increases with the number of children, so families with more children generally have higher total incomes.

Figure Five: Total income (after housing costs) distribution across income bands, for different family types



¹² In some cases, families with children may still have relatively low total incomes after housing costs. This likely reflects high housing costs or low take-up of supplementary and/or hardship assistance.

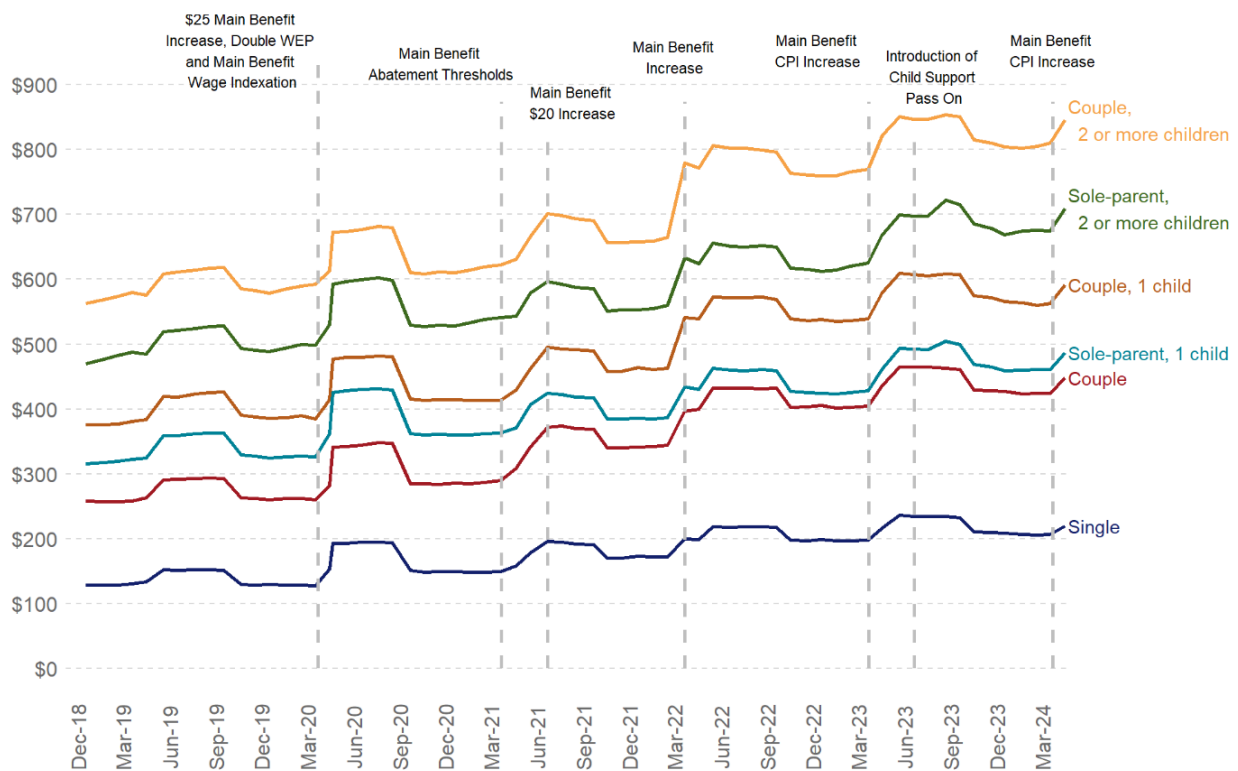


Long term trends in income

Since the end of 2018, the average total income has grown for all family types, reflecting policy changes, including increases to main benefits

Figure Six shows how total incomes for different family types have changed since the end of 2018. The variation in total income between May¹³ and August each year is associated with the Winter Energy Payment, which was introduced in 2018.

Figure Six: Trends in average weekly total income by family type (after housing costs) over time¹⁴



In 2018, the introduction of the Families Package led to increases in incomes for all family types, particularly those with children. Since then, several increases to main benefit payments and other policy changes have led to ongoing growth in total incomes, including over the past year. In July 2023 the Child Support Pass-on policy was implemented, which increased income for some sole parents. In April 2024, main benefits and some Working for Families Tax Credits were increased in the Annual General Adjustment.

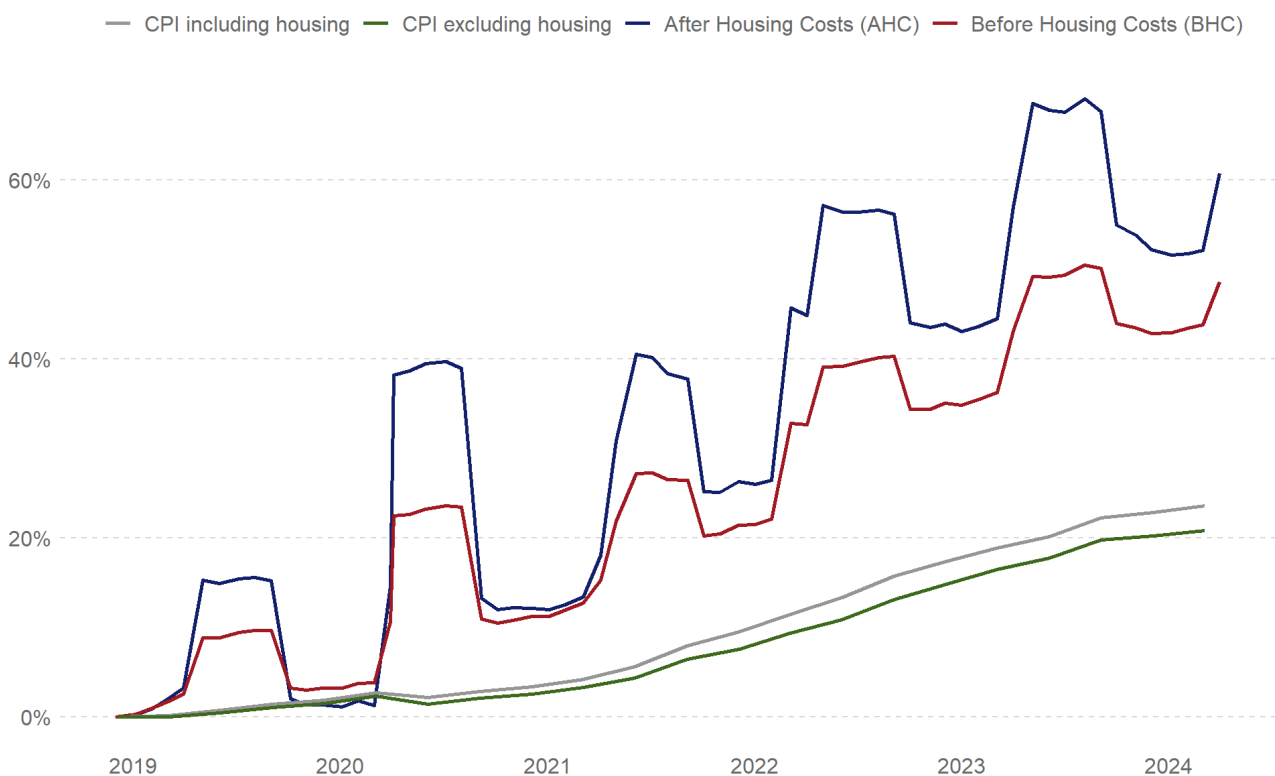
¹³ Except for 2018, when the Winter Energy Payment (WEP) first began in July of 2018.

¹⁴ Not adjusted for inflation. All results show average (mean) weekly total income (after tax) for different groups and are not adjusted for inflation unless otherwise stated. Changes shown on the graph include those associated with Family Tax Credit (FTC), Best Start Tax Credit (BSTC), Accommodation Supplement (AS), and Winter Energy Payment (WEP).

Long term trends in income versus costs

Overall, total incomes after housing costs have increased at a faster rate than inflation since the end of 2018¹⁵

Figure Seven: Cumulative percentage change in equivalised overall average total incomes from the end of 2018 to 2024 compared to growth in the CPI



Inflation (excluding housing) increased by 21 percent from the end of 2018 to the end of March 2024. Before adjusting for inflation, equivalised total incomes across all family types increased by an average of 61 percent (after housing costs), up until the end of April 2024.

After adjusting for inflation, peoples' equivalised total incomes (after housing costs) increased 33 percent on average, since the end of 2018. On average, after adjusting for inflation, equivalised total incomes after housing costs:

- increased for families with children by 25 percent
- increased for families without children by 41 percent.

¹⁵ This figure compares growth in total incomes before and after housing costs to Stats NZ "All Groups" [CPI series](#) and "All Groups less Housing" series respectively. Inflation data is available up to March 2024. Comparisons relating to CPI will refer to the end of March, rather than the end of April available for total incomes. In the [previous report](#) total incomes are compared to inflation between 2006 and 2023.



Appendix

Differences in total incomes across demographic groups¹⁶

Regional View

Figure Eight: Average equivalised total income (after housing costs) is highest for West Coast, Gisborne, and Marlborough¹⁷



¹⁶ Differences across demographic groups are shown as at the end of April 2024.

¹⁷ Shown here by regional council.



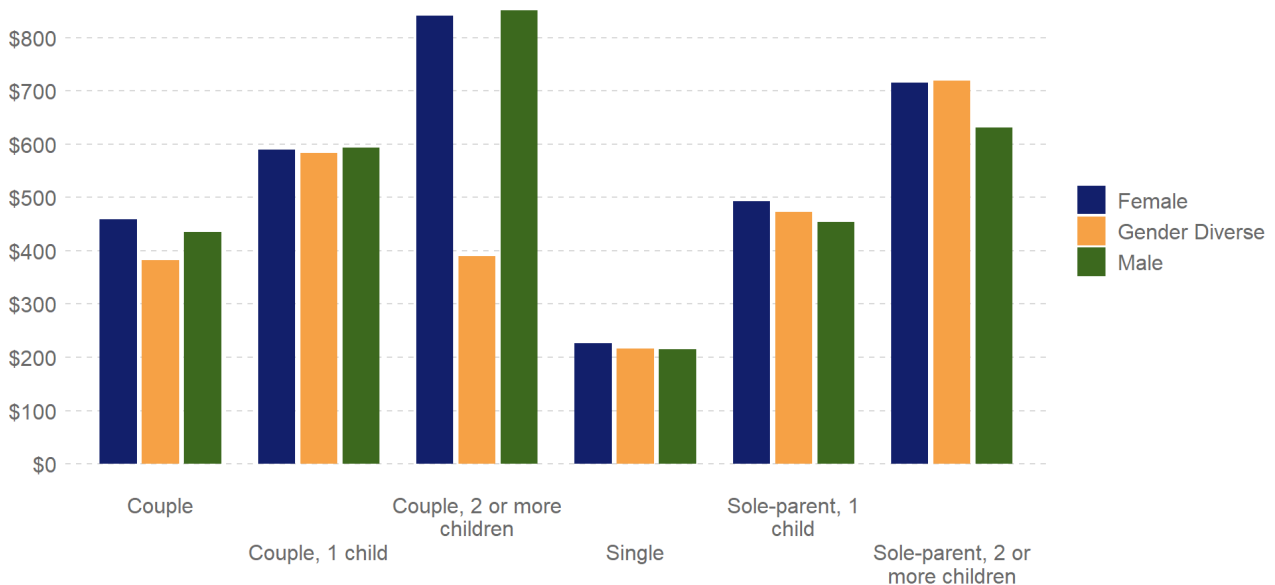
Age of youngest child

Figure Nine: Average equivalised total income (after housing costs) is higher for those with younger dependent children¹⁸



Gender

Figure Ten: Average total income varied by Gender (after housing costs)

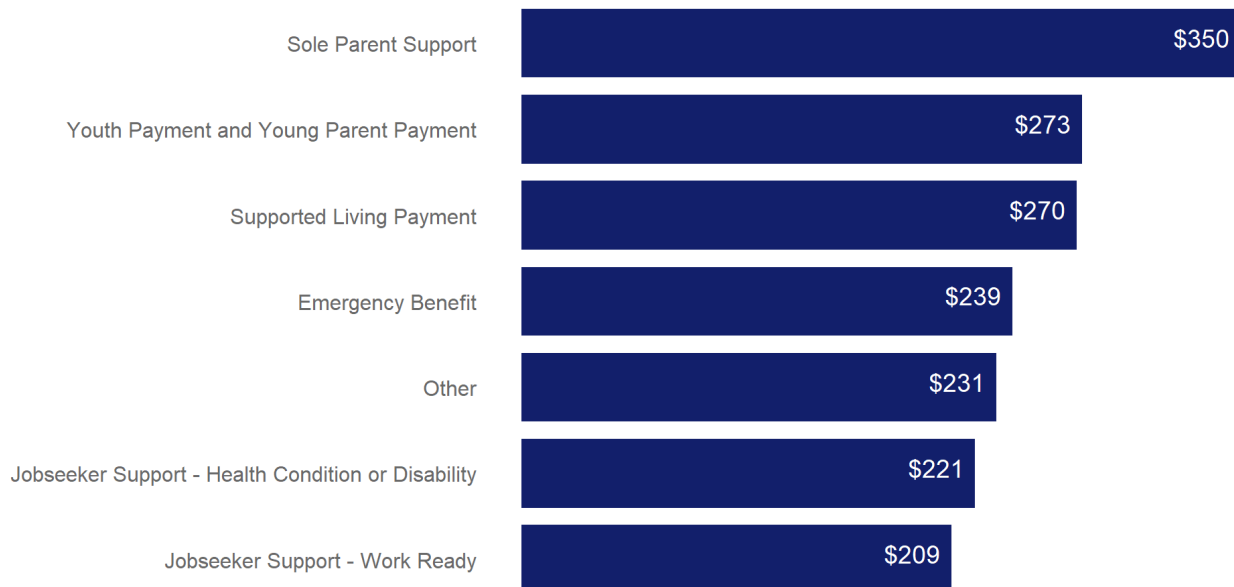


¹⁸ Where dependent children are from 0 to 17 years old.



Benefit type

Figure Eleven: Average equivalised total income (after housing costs) varies across client main benefit type¹⁹



Housing Type

Figure Twelve: Average equivalised total income (after housing costs) varies by housing support type²⁰



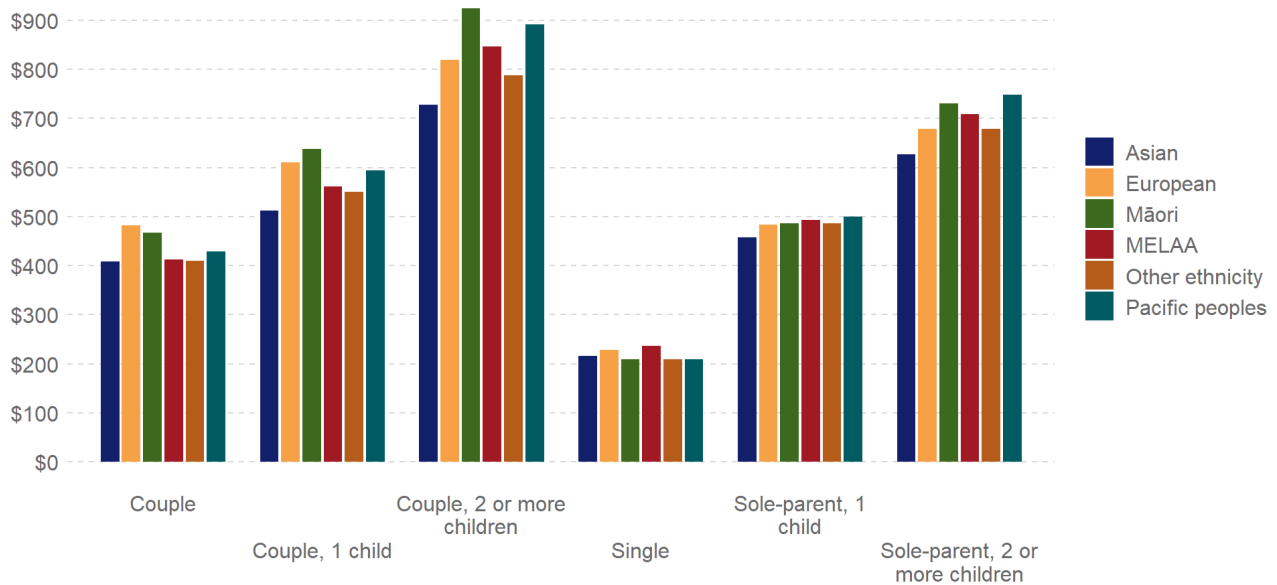
¹⁹ The 'Other' category here includes Supported Living Payment Overseas, Widows Benefit Overseas, Sole Parent Support Overseas, Emergency Maintenance Allowance, and Jobseeker Support Student Hardship.

²⁰ Families living in Public Housing are supported by the Income-Related Rent Subsidy (IRRS), which generally limits the amount of rent they pay to no more than 25 percent of their income. Similarly, families in Emergency/Transitional Housing contribute 25 percent of their income towards rent.



Ethnicity

Figure Thirteen: Average total income (after housing costs) varies by total ethnicity²¹ and family type



²¹ Based on a [total response approach](#) to reporting ethnicity. MELAA stands for Middle Eastern/Latin American/African.