MINISTRY OF SOCIAL DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Total Incomes Annual Report - 2025

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 whether 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 families[1].

Key findings

Between April 2024 and April 2025[2]:

- On average, before housing costs (BHC), incomes increased in nominal terms by 0.9 percent. The CPI inflation rate was 2.2 percent, which meant that in real terms BHC incomes fell by 1.2 percent. The reductions differed by family type and varied between 0.1 percent and 0.9 percent of families without children, and 0.7 percent and 1.8 percent for families with children.
- There are two likely reasons for this year-on-year reduction in total real terms BHC.
  - While main benefits are generally adjusted for inflation, some forms of supplementary assistance are not. Working for Families payments received by MSD clients (Family Tax Credit, Best Start) are only adjusted once cumulative CPI reaches 5 percent, and the payments did not reach the threshold during this period. In addition, while payments like the Accommodation Supplement (AS) and Disability Allowance (DA) have formulae that are tied to specific costs, the AS maxima are not adjusted with inflation.
  - Over the period covered, a larger proportion of clients were single people receiving Jobseeker Support. Although total incomes are equivalised (adjusted for family size), this compositional change nonetheless had an

[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.

impact as the rate for Single Jobseeker Support is lower than Supported Living Payment, reducing both the average for single people and for MSD clients overall.

- Client housing costs increasing by 4.3 percent. Once housing costs and other costs in the CPI are accounted for, average total incomes after housing costs fell by $11 (4.4 percent) per week. Lower total incomes after housing costs were seen across all family types, though the size of the decline varied. The reductions differed by family type and varied between 2.2 percent and 3.7 percent of families without children, and 4.3 percent and 5.1 percent for families with children.

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, Working for Families, 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 payments[3], 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 whether they are without full-time paid work. Clients may also earn income from part-time work while on a benefit.

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 what people could be receiving if they received their 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

[3] 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).

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[4] (please refer to the technical document for more detail).

Total incomes[5] 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.

Total incomes 2025

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 2024 and the end of April 2025. 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	26-Apr-24	25-Apr-25	% change
Before housing costs, not adjusted for inflation	$484	$488	0.9%
Before housing costs, adjusted for inflation	$492	$486	-1.2%
After housing costs, not adjusted for inflation	$258	$252	-2.0%
After housing costs, adjusted for inflation	$262	$251	-4.4%

[4] This is because these payments are provided for a specific purpose on an ongoing basis, but we do not account for associated costs in our definition of total incomes. Therefore, including them could artificially inflate total incomes for recipients.
[5] Total incomes are not adjusted for inflation unless otherwise stated.

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
- 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. This occurred in April 2025.

In line with current policy settings there was no adjustment in Working for Families

Families with children have seen decreases in Working for Families tax credits[6] (0.2 to 0.8 percent on average) after inflation, compared to last year. This was because there was no adjustment in Working for Families tax credits in April 2025, which affected families with children.

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

For the year to April 2025, living costs, including the cost of housing, increased:

- For the 12 months to the March 2025 quarter, the CPI inflation rate was 2.2 percent. After housing costs incomes are adjusted for CPI (excluding the housing rate) to create after-housing-cost income, the CPI inflation rate was 2 percent excluding housing costs.
- Average housing costs for MSD clients rose from $226 to $236, an increase of $10 or 4.3 percent.

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

Annual change in total incomes – by family type

Tables 2 through 5 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 2024 and 2025, by family type

	26-Apr-24	25-Apr-25	% change	$ change
Couple	$736	$753	2.3%	$17
Couple, 1 child	$963	$976	1.4%	$14
Couple, 2 or more children	$1244	$1255	0.9%	$11
Single	$432	$437	1.3%	$6
Sole-parent, 1 child	$829	$838	1.1%	$9
Sole-parent, 2 or more children	$1107	$1110	0.3%	$4
All (equivalised)	**$484**	**$488**	**0.9%**	**$4**

Table 3. Nominal average income after housing costs 2024 and 2025, by family type

	26-Apr-24	25-Apr-25	% change	$ change
Couple	$448	$449	0.2%	$1
Couple, 1 child	$592	$576	-2.7%	-$16
Couple, 2 or more children	$846	$829	-2.0%	-$17
Single	$220	$217	-1.3%	-$3
Sole-parent, 1 child	$487	$476	-2.2%	-$11
Sole-parent, 2 or more children	$709	$689	-2.8%	-$20
All (equivalised)	**$258**	**$252**	**-2.0%**	**-$5**

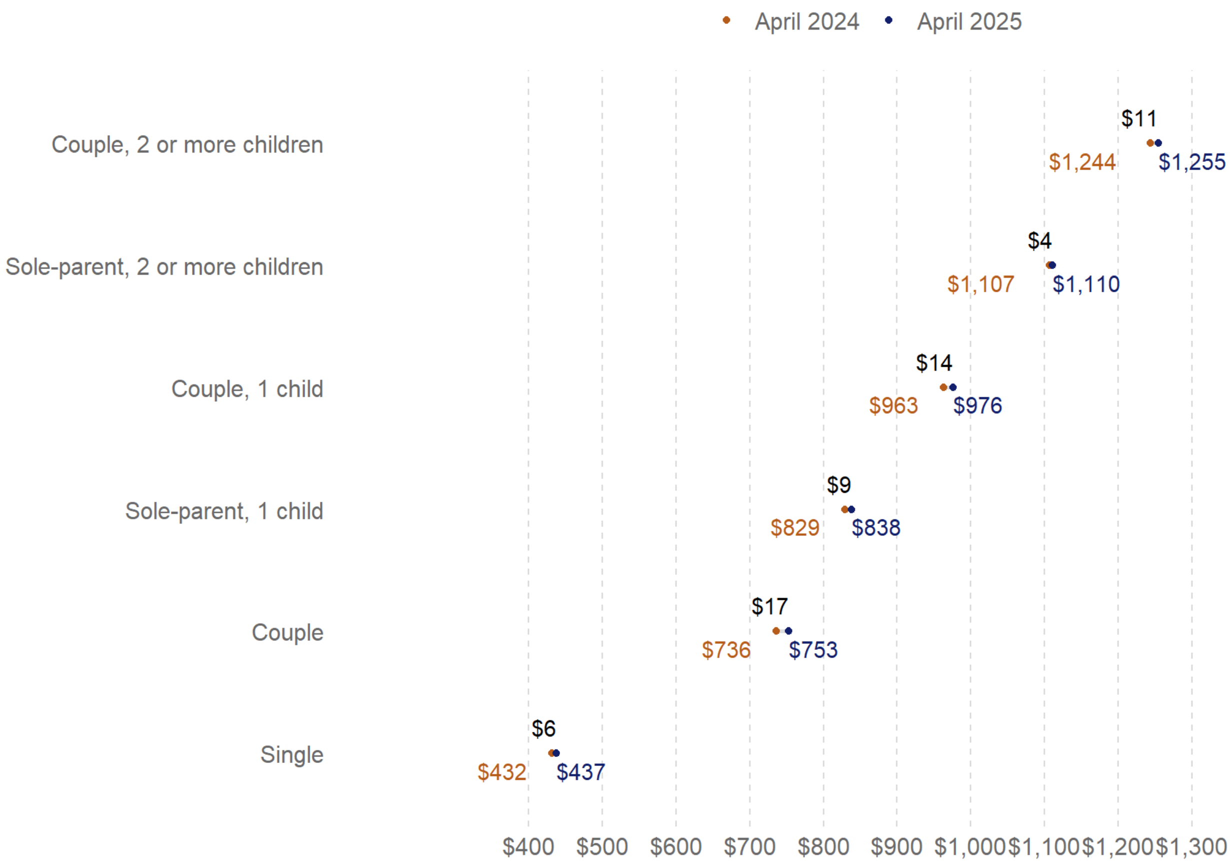
Table 4. Average income before housing costs in 2024 and 2025, by family type, adjusted for CPI

	26-Apr-24	25-Apr-25	% change	$ change
Couple	$749	$750	0.1%	$1
Couple, 1 child	$980	$972	-0.7%	-$7
Couple, 2 or more children	$1266	$1250	-1.3%	-$16
Single	$439	$435	-0.9%	-$4
Sole-parent, 1 child	$843	$835	-1.0%	-$9
Sole-parent, 2 or more children	$1126	$1106	-1.8%	-$20
All (equivalised)	**$492**	**$486**	**-1.2%**	**-$6**

Table 5. Average income after housing costs in 2024 and 2025, by family type, adjusted for CPI

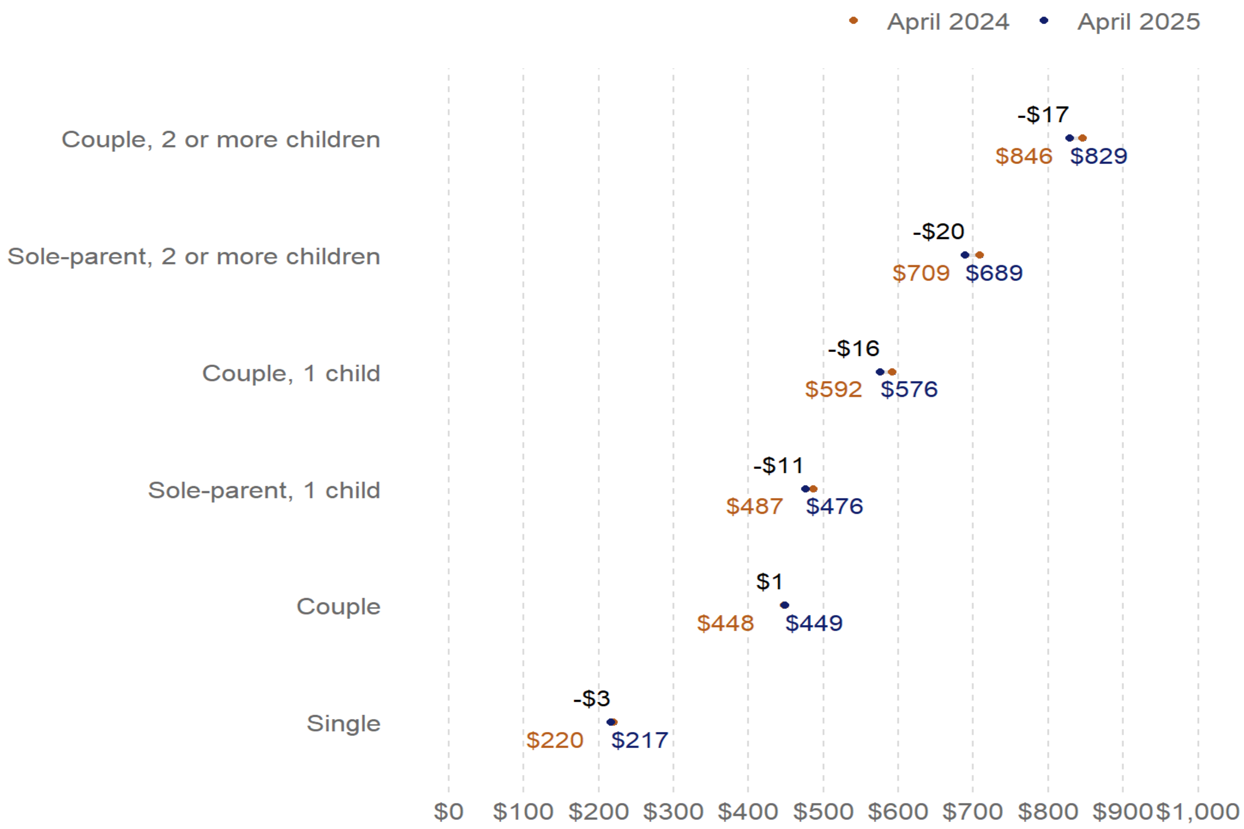
	26-Apr-24	25-Apr-25	% change	$ change
Couple	$457	$447	-2.2%	-$10
Couple, 1 child	$603	$573	-5.0%	-$30
Couple, 2 or more children	$862	$824	-4.3%	-$37
Single	$224	$216	-3.7%	-$8
Sole-parent, 1 child	$496	$473	-4.5%	-$23
Sole-parent, 2 or more children	$722	$685	-5.1%	-$37
All (equivalised)	**$262**	**$251**	**-4.4%**	**-$11**

Figure One: Average total incomes by family type (before housing costs, and inflation) at the end of April 2025, compared to the end of April 2024[7]



[7] 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 2024 may no longer be accessing support in 2025.

Figure Two: Average total incomes by family type (after housing costs, before inflation) at the end of April 2025, compared to the end of April 2024



Composition of total income

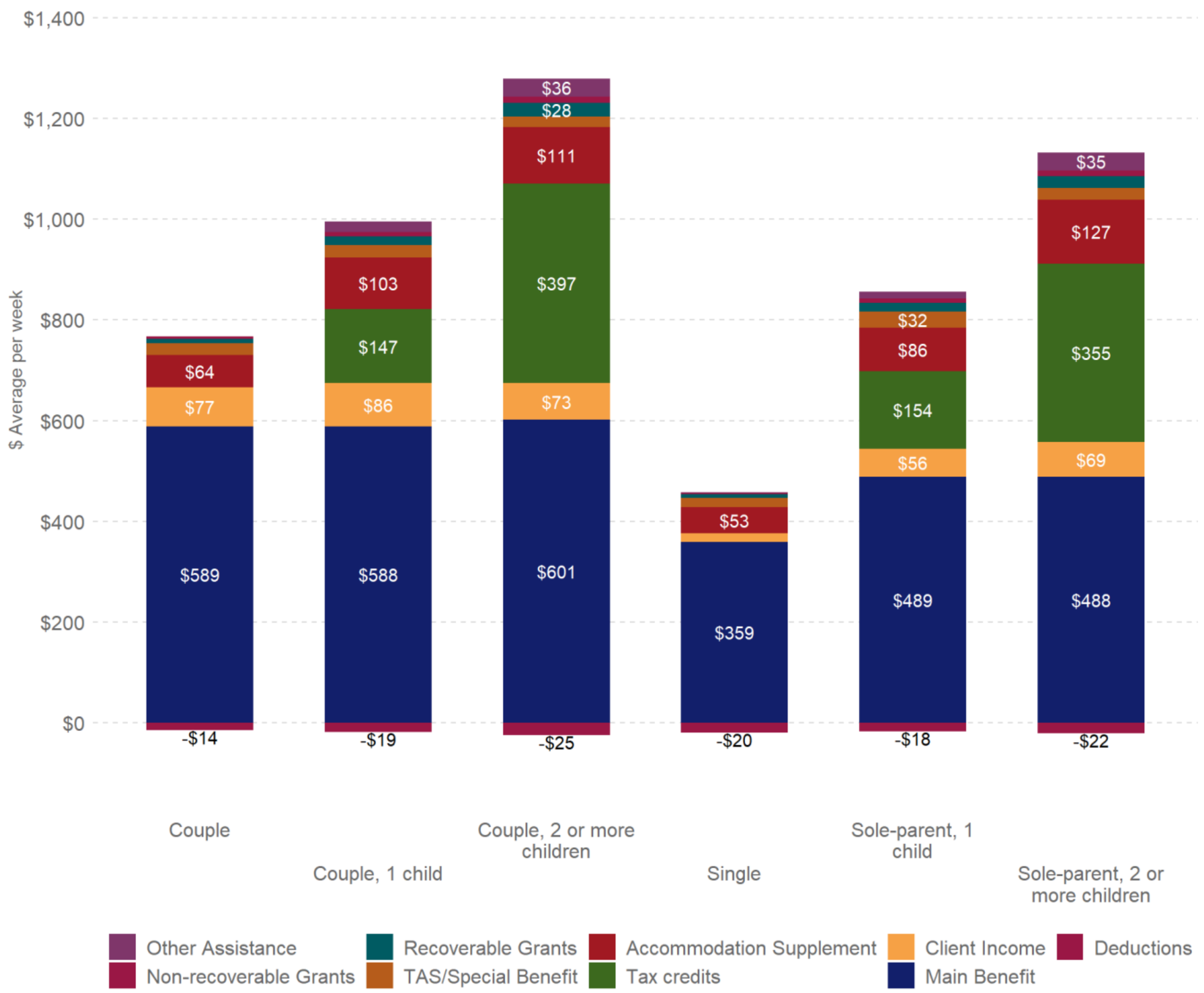
There is considerable variation in the payments that clients are entitled to depending on their circumstances and family make-up

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, Training Incentive Allowance, Orphans and Unsupported Childs benefit, and Special Disability Allowance.

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)[8].

[8] 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.

Figure Three: Average composition of total income by family type (before housing costs and inflation) as at the end of April 2025[9]



[9] Average contributions from each income type over $25 are shown, as well as the average amount in deductions.

Table 6. Average composition of total income by family type (before housing costs and inflation) as at the end of April 2025

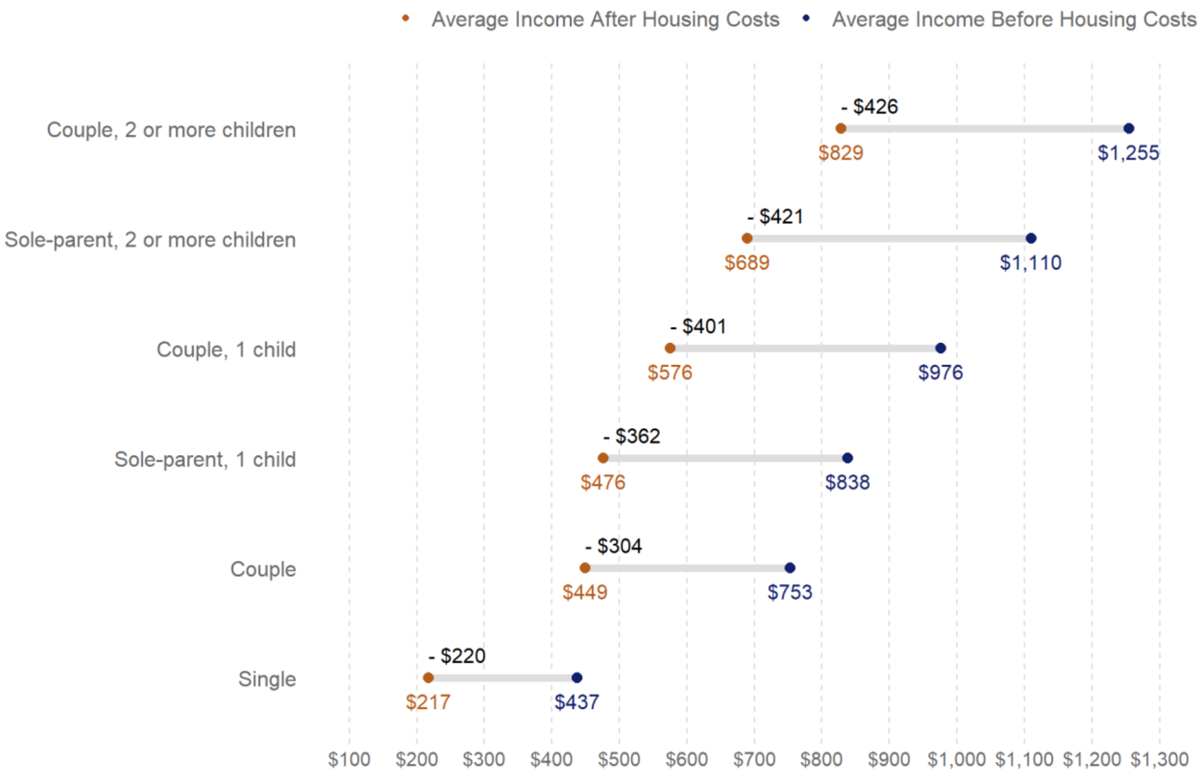
	Couple	Couple, 1 child	Couple, 2 or more children	Single	Sole-parent, 1 child	Sole-parent, 2 or more children
Accommodation Supplement	$64	$103	$111	$53	$86	$127
Client Income	$77	$86	$73	$16	$56	$69
Deductions	-$14	-$19	-$25	-$20	-$18	-$22
Housing costs	-$304	-$401	-$426	-$220	-$362	-$421
Main Benefit	$589	$588	$601	$359	$489	$488
Non-recoverable Grants	$4	$8	$13	$4	$8	$11
Other Assistance	$0	$21	$36	$0	$13	$35
Recoverable Grants	$10	$18	$28	$7	$17	$24
TAS/Special Benefit	$23	$24	$21	$18	$32	$23
Tax credits	0	$147	$397	$0	$154	$355

Housing costs

On average, clients spent around 48% of their income on housing costs in 2025

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 2025



Larger families 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 2025, single clients spent a higher proportion of their total income on housing costs on average (50 percent), while couples with two or more children spent the smallest proportion of their total income on housing costs on average (34 percent).

Income for different family types

Total incomes after housing costs vary across family types

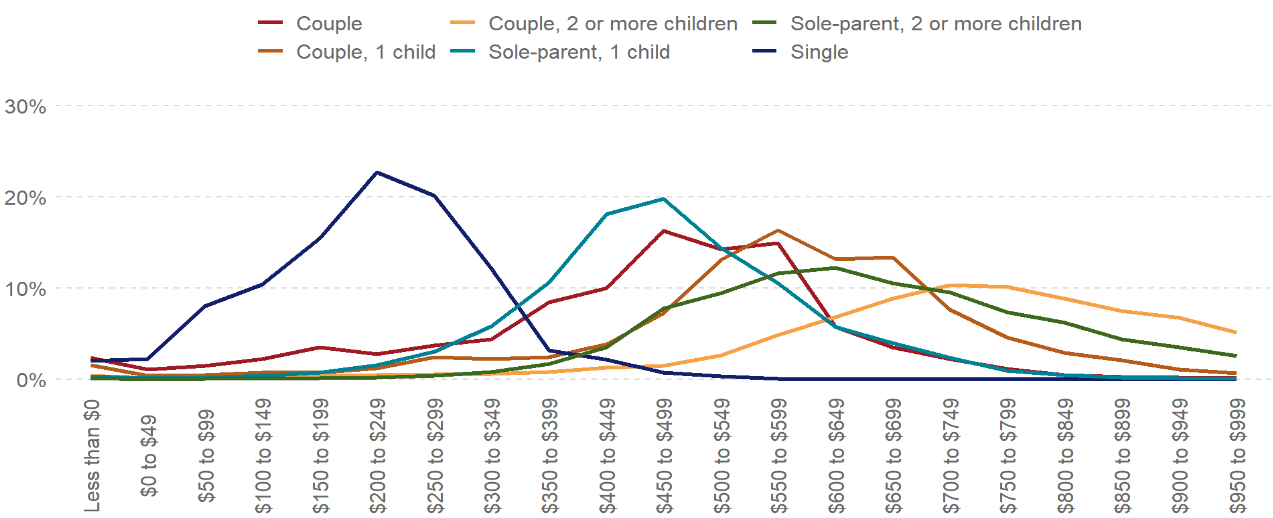
Total incomes after housing costs decreased across all family types except for couples without children over the last year. Changes in total income were between $-20 to $1 a week, on average, depending on family type. The average weekly income, after housing costs, at the end of April 2025 across all family types was $252 (a decrease of $5, or 2.0 percent, from April 2024).

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 $217. Additionally, 80 percent of single clients have a total income, after housing costs of $295 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 children[10]. 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



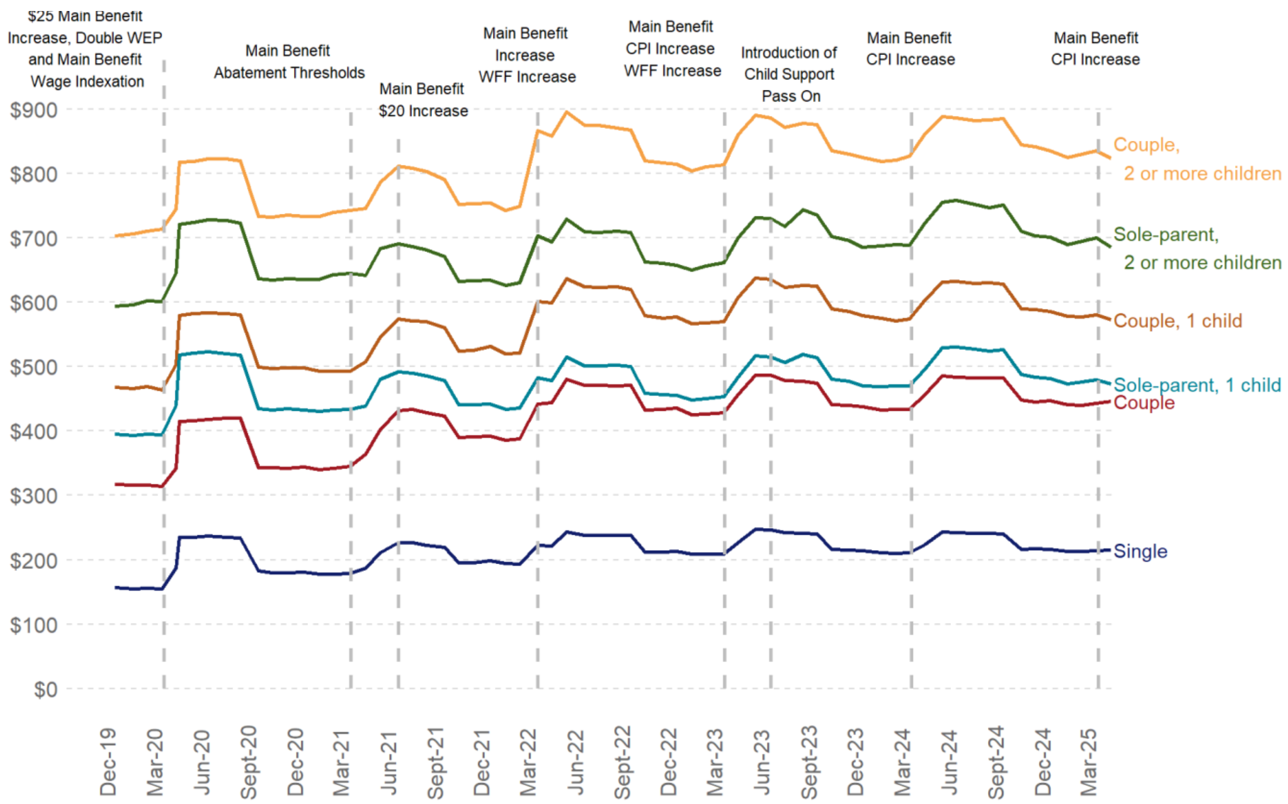
[10] In some cases, families with children may still have relatively low total incomes after housing costs. This likely reflects high housing costs or low take-up of supplementary and/or hardship assistance.

Long term trends in income

Since the end of 2019, the average total income has grown for all family types, reflecting policy changes, including increases to main benefits but has stayed relatively flat since 2022

Figure Six shows how total incomes for different family types have changed since the end of 2020. The variation in total income between May[11] 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) and adjusted for CPI over time[12]



In 2018, the introduction of the Families Package led to increases in incomes for all family types, particularly those with children. Since 2018, several increases to main benefit payments and other policy changes have led to growth in total incomes.

---

[11] Except for 2018, when the Winter Energy Payment (WEP) first began in July of 2018.
[12] 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 are higher in 2025 in real terms than they were at the end of 2019[13]

Inflation (excluding housing) increased by 21 percent from the end of 2019 to the end of March 2025. Before adjusting for inflation, equivalised total incomes across all family types are higher by an average of 56 percent (after housing costs), at the end of April 2025.

After adjusting for inflation, peoples' equivalised total incomes (after housing costs) increased 27 percent on average, since the end of 2019. On average, after adjusting for inflation, equivalised total incomes after housing costs:

- Increased for families with children by 17 percent, on average.
- Increased for families without children by 37 percent, on average.

Since April 2022 people's equivalised total incomes (after housing costs) have remained relatively flat, increasing 1.5 percent on average.

[13] 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 2025. Comparisons relating to CPI will refer to the end of March, rather than the end of April available for total incomes.

Appendix

Differences in total incomes across demographic groups[14]

Regional View

Figure Seven: Average equivalised total income (after housing costs) is highest for West Coast, Marlborough, and Gisborne [15]

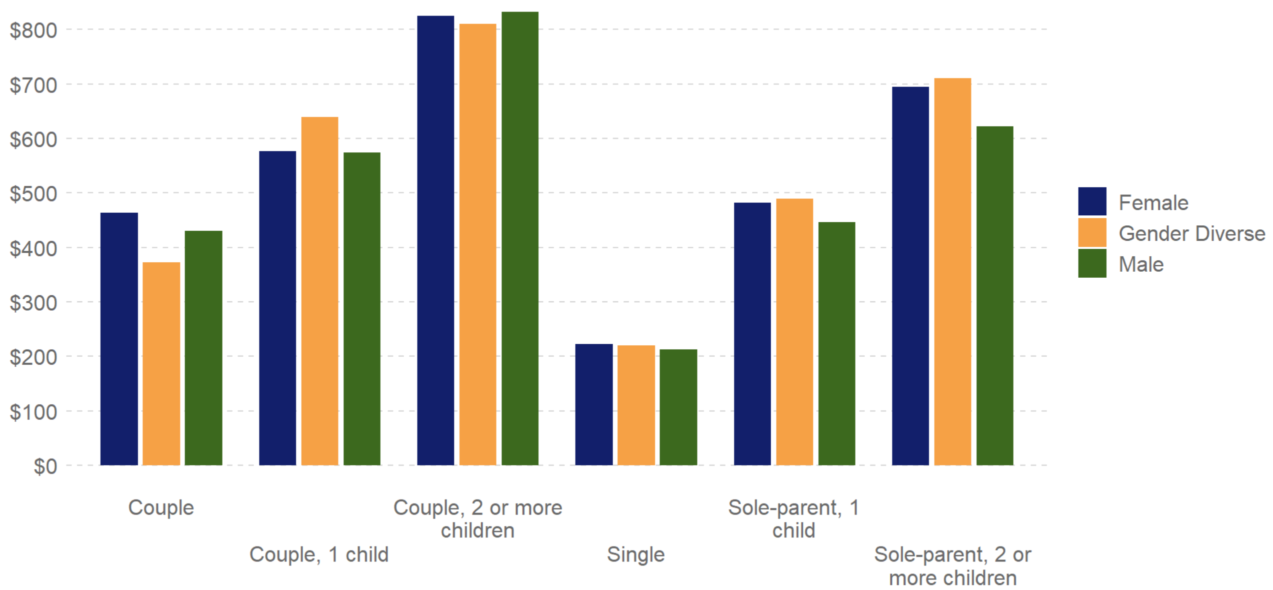
[14] Differences across demographic groups are shown as at the end of April 2025.
[15] Shown here by regional council.

Age of youngest child

Figure Eight: Average equivalised total income (after housing costs) is higher for those with younger dependent children[16]

Gender

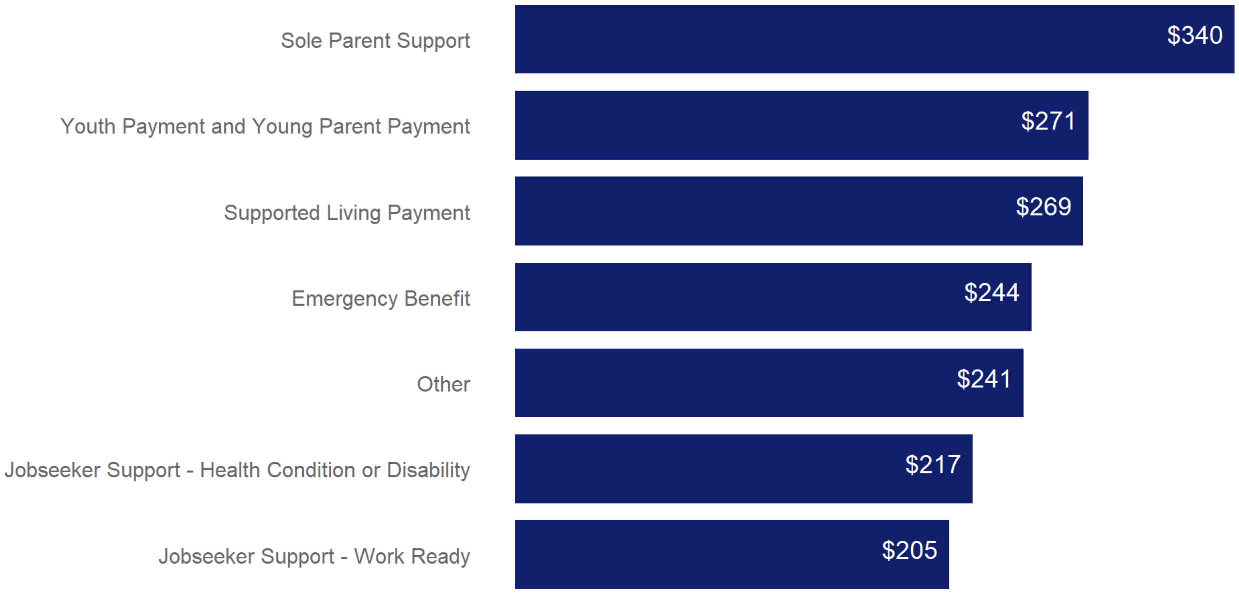
Figure Nine: Average total income varied by Gender (after housing costs)



[16] Where dependent children are from 0 to 17 years old.

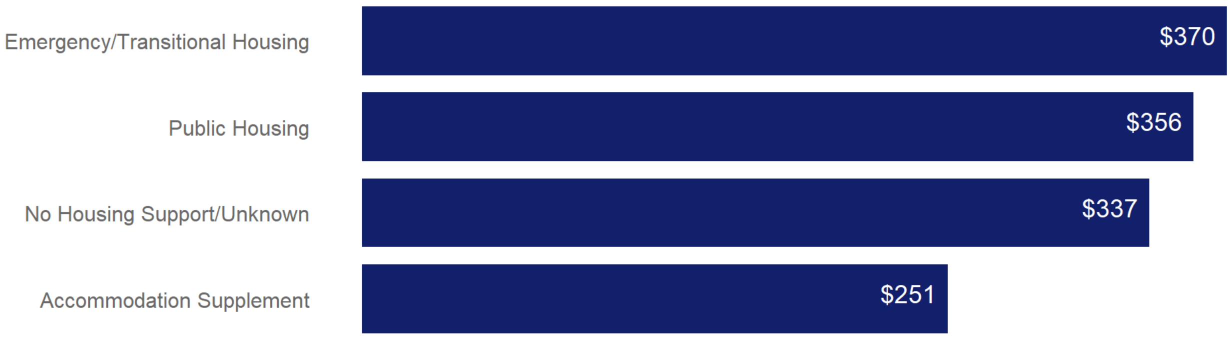
Benefit type

Figure Ten: Average equivalised total income (after housing costs) varies across client main benefit type[17]



Housing Type

Figure Eleven: Average equivalised total income (after housing costs) varies by housing support type[18]

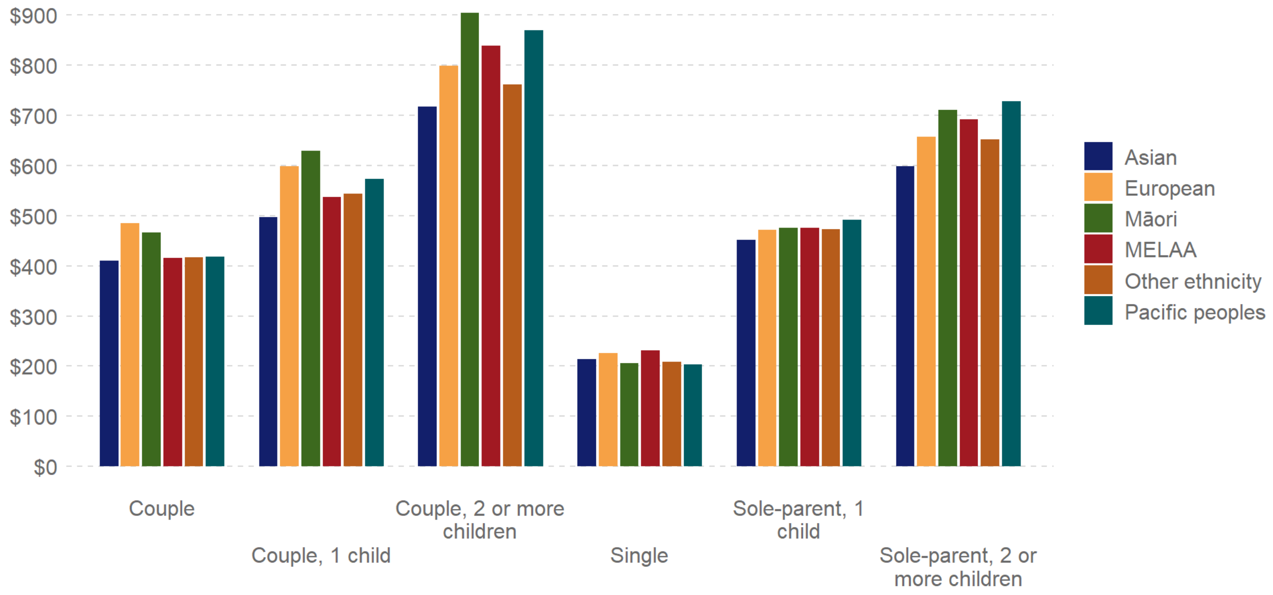


[17] The 'Other' category here includes Supported Living Payment Australia Social Security Agreement, Widows Benefit Overseas, Sole Parent Support Overseas, Emergency Maintenance Allowance, and Jobseeker Support Student Hardship.

[18] 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 that 25 percent of their income. Similarly, families in Emergency/Transitional Housing contribute 25 percent of their income towards rent.

Ethnicity

Figure Twelve: Average total income (after housing costs) varies by total ethnicity[19] and family type



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