

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

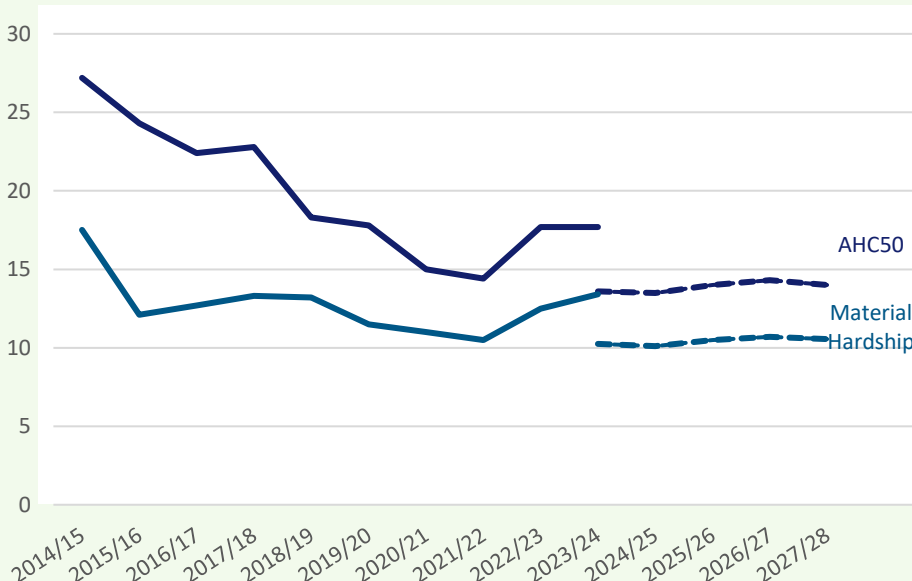
Household credit arrears fell slightly over the second half of 2024.

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.

1. Indicative estimate of material hardship

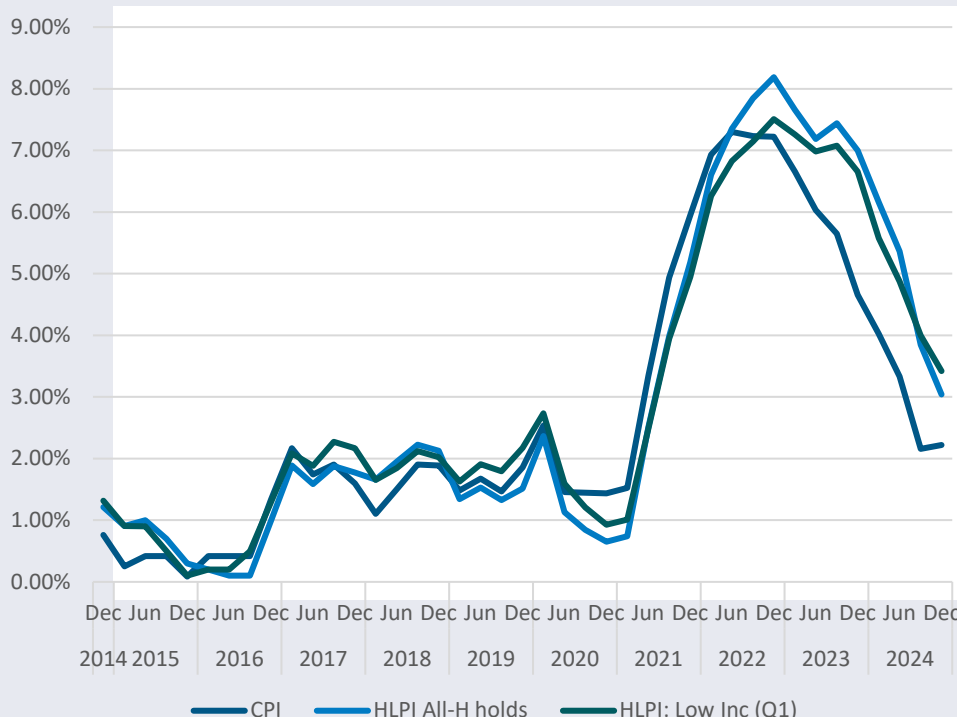
Lead Indicator: Rates and indicative estimates of material hardship



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

3. Key driver- Cost of living

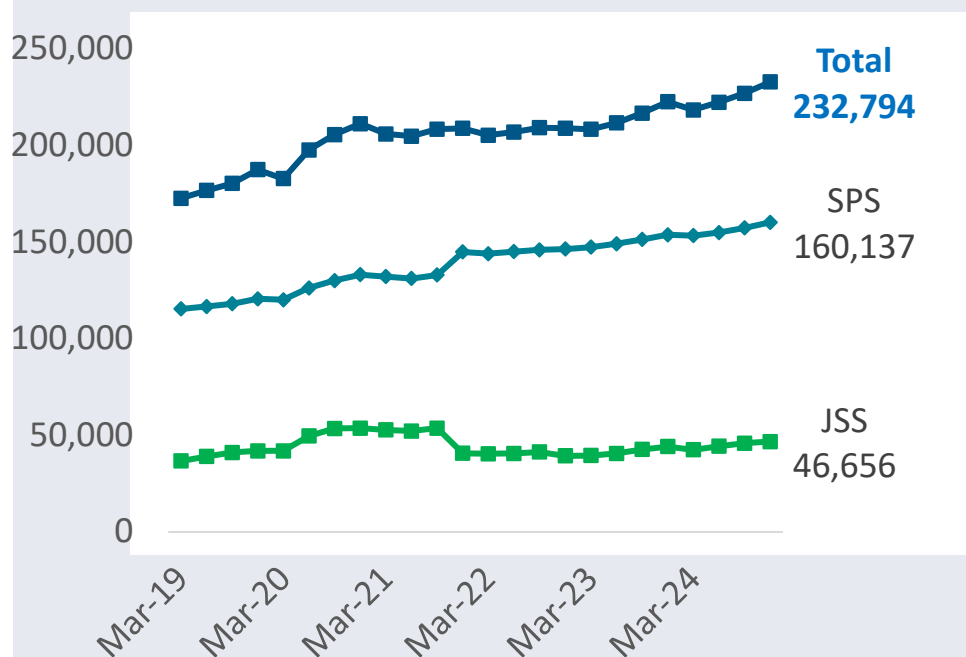
Lead Indicator: Household Living Price Index: Low income



After peaking at 8% in 2022, annual increases in the cost of living have slowed to around 2% (CPI) and 3% (HLPI) in Q4 2024. Low-income households continue to feel the impacts of earlier increases to a greater extent.

2. Key driver- Benefit receipt and employment for parents

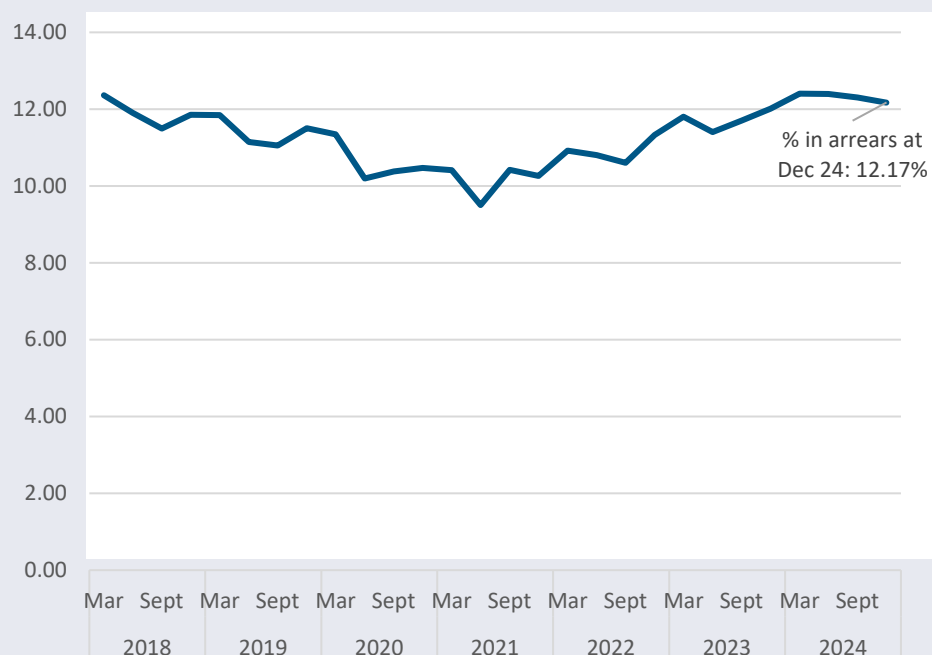
Lead Indicator: Children in Benefit-Dependent Families



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.

4. Proxy for hardship and financial strain

Lead Indicator: Household Credit Arrears (Centrix)



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.