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Family Incomes Policies under the Sixth Labour Government: 2017–2023

Gerard Cotterell and Susan St John*

Abstract
This article examines family incomes policies under the Sixth Labour Government of New Zealand, in office from 2017 to 2023. The analysis focuses on the policies for low-income families and assesses whether these policies represented a significant shift from the previous National-led Governments' approach or merely a continuation of the same. The article uses various output indicators, including material hardship, low income before and after housing costs, and benefit replacement rates, along with changes in the conditions attached to benefit receipt, to evaluate the significance of these changes. The findings suggest that while there were improvements in the lives of low-income families, the changes were not sufficiently transformative, nor embedded deeply enough to prevent their full or partial reversal by the subsequent National-led Government. The 2023 election signalled the return to the paradigmatic shift in the welfare narrative and policies begun in the 1990s, that of self-responsibility and a less generous, more tightly targeted model of provision.

Keywords: family income policy; National-led Government; Labour-led Government; welfare state change

Introduction

We argued in an earlier article that National-led Governments (2008–2017) implemented policies that served to further entrench the paradigm shift in welfare state policies they began when in power from 1990 to 1999 (St John & Cotterell, 2019). This radical shift embedded a more-targeted, less-generous model of support based on the ideology of self-responsibility and welfare only for 'those in genuine need'. The result was significantly increased poverty, hardship and homelessness, creating myriad social problems.

In this article we analyse policies introduced by the Sixth Labour Government during its two terms in office, 2017–2023, that impacted low-income families. We do this to assess the extent to which these policies constituted a significant shift in direction away from the model embraced by National, were a mere tinkering without substantive change, or, at worst, were a continuation of the direction taken by previous National Governments.

To allow us to determine the extent, or not, of change in policy direction over the period 2017–2023, the article is structured as follows. First, we set the broader context of welfare policy in the years prior to the election of the Sixth Labour Government in 2017, to identify the preceding shifts in policy direction. We then outline the measures that the Sixth Labour Government enacted that impacted on low-income families from its election late in 2017 until its defeat in the general election in October 2023.

To assess the significance of the changes made by the Sixth Labour-led governments during their two terms in office we use measures based on the output indicators identified below, the first three of which

* **Gerard Cotterell** is an honorary research associate at the Public Policy Institute at Waipapa Taumata Rau | University of Auckland.
Corresponding author**:** gerrycot@xtra.co.nz
Susan St John is Honorary Associate Professor and academic lead in the Pensions and Intergenerational Equity (PIE) hub of the Economics Policy Centre at Waipapa Taumata Rau | University of Auckland.

are the primary measures identified in the Child Poverty Reduction Act 2018. These measures are material hardship, low income before housing costs, low income after housing costs, benefit replacement rates and benefit conditionality.

The indicators are used to assess whether Labour made a material and sustainable improvement to the lives of low-income families. If the difference was significant, it would serve to indicate a change in direction, resulting in decreasing levels of poverty and hardship.

The discussion examines the challenges the Sixth Labour Government faced that impacted on its ability to enact its policies and the responses of the following National-led Coalition Government. Finally, the conclusion assesses why the Sixth Labour Government was unsuccessful in reversing the welfare paradigm shift begun in the 1990s.

Background

A National Government came to power late in 1990, and despite campaigning on a platform that suggested a moderation of the radical changes introduced by the previous Labour Government, almost immediately announced its own set of radical reforms (James, 2026; O'Brien, 1999). The key elements of the early reforms included significant cuts to welfare benefits (up to 25 per cent in some cases), more targeted family assistance, labour market deregulation, the increased use of user pays, and the introduction of state housing rents based on market rates (Bolger et al., 1990). The result of these reforms was increased child poverty and hardship especially for those receiving benefits (Boston, 1993; O'Brien, 1999). Later reforms in the mid-1990s included utilising a discourse of welfare bludgers and welfare dependency to undermine support for state welfare provision (O'Brien, 1999, 2019). By the end of its nine years in office, welfare had shifted to a residual model of welfare provision, after undergoing what Starke argued was "the most comprehensive retrenchment programme an OECD country has ever seen" (Starke, 2007, p. 187).

After National's defeat in the 1999 general election, the Labour-led coalition signalled its welfare priorities in *Pathways to opportunity: From social welfare to social development*, (Ministry of Social Development, 2001). The paper proposed a more active approach to welfare provision, emphasising positive incentives to help people into work rather than the punitive measures used by the previous National Government. To underpin this approach, Labour introduced the Working for Families (WFF) package which was made up of increased family tax credits and childcare support, an In-Work Tax Credit (IWTC) available only to working families, and raised income thresholds for assistance and expanded housing support. The measures strongly prioritised paid work, requiring minimum working hours to qualify for certain child-related tax credits. The package did reduce poverty among working families but discriminated against the poorest children in beneficiary households by denying them access to the IWTC. In 2007, Labour introduced a new statement of purpose and principles into the Social Security Act 1964, which not only emphasised paid work as the main route to social inclusion, but also further entrenched the expectation that individuals should first use the resources available to them before seeking state support. Ironically, this approach aligned with the ideology and policy direction of the previous National Government.

In late 2008, the National party defeated the Fifth Labour-led Government. In its pre-election statements, National's leader John Key stated that National would focus on getting people into paid employment as this was the most appropriate way to achieve well-being and the best way to reduce child poverty (Key, 2008).

Once in office, National introduced the first wave of work-focused initiatives in March 2010 intended to "reform benefits by rebalancing obligations and support—to bring an unrelenting focus on work" (Bennett, 2010). During its nine-year term, National progressively tightened the conditions attached to benefit receipt; for example, by requiring beneficiaries to reapply for a benefit annually and to fulfil additional work-testing and reporting obligations. These and other measures served to further embed the

stigmatising, tightly targeted, residual model of provision that had underpinned the National Government's approach to social/family policy in the 1990s (St John & Cotterell, 2019).

To reduce "long-term benefit dependency" National adopted a *social investment model*. This approach "focuses on the use of government data to inform expenditure and programmes, with that expenditure and those programmes linked to measurable outcomes" (O'Brien, 2020). Targeted interventions are then employed for those people identified as at risk. National, through a series of harsh sanctions, public criticisms of beneficiaries and their lifestyles, and by giving extensive publicity to the topic of benefit fraud, revived the 'welfare bludgers' discourse their predecessor had used in the 1990s (Cotterell et al., 2017; O'Brien, 2019).

The consequences of these measures included rising levels of poverty and increasing reliance on food banks and other forms of charity to support those in need (Perry, 2022). By 2017, both parties entered the election with substantive packages designed to address the level of child and family poverty (St John & So, 2018).

The Sixth Labour Government (2017–2023)

Labour won a tightly contested election in October 2017, forming a coalition with the New Zealand First Party and signing a confidence and supply agreement with the Green Party. Prior to the election, Jacinda Ardern, leader of the Labour Party, had asserted in her campaign opening speech: "I want to build a country where every child grows up free from poverty" (Ardern, 2017b).[1] A change in focus for the provision of support for low-income families followed in the Prime Minister's Speech from the Throne at the opening of Parliament in November 2017. It stated that: "This will be a government of transformation. … This Government will address the social deficit in this country, and it will start with children", and furthermore, that:

> This Government will consider the long-term changes which need to occur to our systems of welfare and employment and education, to look at how we value people, how we define decent employment and how we ensure people have sustainable incomes. (Ardern, 2017a)

To further emphasise the seriousness of the new Government's intent to deal with the issue, the Prime Minister said she would take the newly created role of Minister for Child Poverty Reduction and noted that:[2]

> The Government will put child poverty at the heart of government policy development and decision-making. It will establish targets to reduce the impact of child poverty, and it will put these into law. A work programme will be put in place across all relevant areas of government to achieve these targets. Heads of government departments will be required to work together to deliver real reductions in child poverty. (Ardern, 2017a)

These were very significant commitments to change in the context of almost 30 years of welfare retrenchment. To support the commitment made by Prime Minister Ardern, the Government passed the Child Poverty Reduction Act in 2018 which required current and future governments to set three- and ten-year targets for reducing child poverty. The purpose of the Act was to ensure a significant and ongoing reduction in child poverty. This outcome was to be monitored by a set of child poverty indicators, together with a requirement for annual reporting on these measures by Stats NZ (Wensley, 2023).

[1] Delivered by the Governor General on behalf of the Prime Minister.
[2] Skilling (2025) notes the significance of Jacinda Ardern taking on the role of Minister for Child Poverty Reduction as continuing the "tradition of Prime Ministers in New Zealand assuming ministerial responsibilities that signal their political priorities".

Labour's Families Package, a key part of its campaign to address child poverty and income inequality, replaced National's promised 2017 Family Incomes Package. Introduced in 2018, it focused on targeted support over across-the-board tax reductions and comprised:

- **Best Start** payment for families with newborns ($60 per week for the first year of life)
- **increases to Working for Families** tax credits and abatement thresholds
- **reinstatement of the Independent Earner Tax Credit**
- **Winter Energy Payment** for beneficiaries and superannuitants. (Robertson & Sepuloni, 2020)

Hon Carmel Sepuloni, the Minister for Social Development, noted that: "The package was intended to provide higher incomes for families and better care for kids. We are focused on ensuring children get the best start in life, and that our welfare system doesn't leave families without support" (Sepuloni & Martin, 2017). Its key elements are discussed in the relevant sections below.

Alongside Prime Minister Ardern's early prioritisation of moves to put child poverty at the heart of Government policy and the announcement of the Families Package, there were other signals from Labour that suggested, at a broader level, a significant shift in the Government's approach to policy, particularly social policy, was underway. In 2017, as part of a confidence and supply agreement between the Labour Party and the Green Party, the Coalition Government had committed to overhauling the welfare system. To fulfil this commitment, the Government announced the establishment of the Welfare Expert Advisory Group (WEAG) in May 2018. The report of that group was released early in May 2019, with 42 recommendations and a call for a comprehensive overhaul of New Zealand's social security system (Welfare Expert Advisory Group, 2019).

The Coalition Government also adopted a new framework for its annual economic budgets—labelling these "wellbeing budgets", with Grant Robertson, the Finance Minister, stating, "This Budget signals a new approach to how government works, by placing the wellbeing of New Zealanders at the heart of what we do" (Treasury, 2019, p. 3). Furthermore, in March 2020, the Social Wellbeing Agency replaced the previous National Government's Social Investment Agency (Sepuloni, 2020). The change reflected a shift in focus away from viewing welfare provision as a form of social investment as conceived by the National Government, to one focused on improving social well-being with an emphasis on enabling people, whānau and communities to live the lives to which they aspired.

The combination of all these measures suggested a shift underway in the focus of social policy and the principles underpinning it, to that of a more generous and inclusive provision for low-income families.

Then, the first case of COVID-19 in New Zealand was confirmed in late February 2020. Cases began to rise, mostly from overseas arrivals; the borders were largely closed by late March; and strict lockdowns and managed isolation policies were introduced. By June, transmission appeared eliminated. The handing of the pandemic under the Ardern Government was largely applauded, both domestically and internationally, and contributed to Labour winning an outright majority in the election of 2020. With this endorsing mandate, it was widely expected that Labour would proceed with its intentions to achieve its goals in welfare in general and for child poverty particularly with vigour and confidence.

Family incomes policy under the Sixth Labour Government

Increased benefit generosity

Making benefits more generous is an important signal of a shift away from a model of residual welfare support to one based more closely on adequacy. As discussed above, under the National Governments of the early 1990s, benefit levels had been substantially reduced with cuts of up to 25 per cent in some cases,

resulting in increased poverty among beneficiaries (St John & Rankin, 1998; Stephens, 2000). Despite indicating they would reverse these cuts prior to their election in 1999, the Fifth Labour Government failed to restore the previous relationship between benefits and average wages. Similarly, under the National Government of 2008 to 2017, apart from a $25 increase for those beneficiaries with dependent children in 2016, the real level of benefit rates in relation to average wages continued to trend downwards as benefit levels were adjusted annually only by changes in the rate of inflation (CPI).

The 2019 Budget signalled that after-tax rates of main social security benefits would in future be adjusted on 1 April each year by the growth in the after-tax average wage. This meant higher rates of annual benefit increases as wages typically increase by more than the rate of inflation. The first adjustment occurred on 1 April 2020 when after-tax rates of main social security benefits were increased by just over 3 per cent to reflect the increase in the after-tax average wage over the previous 12 months. In addition, as part of the COVID-19 response, all after-tax rates of main social security benefits were increased by $25 per week.

From 2021, there was to be a small unindexed increase in income thresholds after which benefit payments were reduced on account of other income, to ensure that beneficiaries kept more of the money they earned from part-time employment (Ministry of Social Development, 2025). Further increases occurred in subsequent years, and on 1 April 2021, main benefits increased by 3.1 per cent. In July 2021, after-tax rates of main social security benefits were increased by $20 per week per adult ($40 for a couple). A further increase of 4.7 per cent was applied to main benefits on 1 April 2022, alongside an additional increase of $15 per adult (a total of $30 for a couple) for beneficiaries with a dependent child or children.

Further evidence of a more generous approach to benefit levels occurred on 1 April 2023 when main benefits were increased by the change in the CPI of 7.2 per cent, rather than the now-legislated increase in the average wage that was for that time, unusually lower than inflation.

Over its six-year term, the Sixth Labour Government increased the rate of adult welfare benefits in a series of incremental changes. While by 2022 it had reached the level recommended by the WEAG (Welfare Expert Advisory Group, 2019), it was by that stage too late to be transformative and its value was eroded by rising rents and inflation.

Working For Families

In December 2017, the new Labour-led Government announced a suite of measures boosting the value of the WFF package. Designed to raise the incomes of low- to middle-income earners, the measures included:

- The Family Tax Credit (FTC), the per-week payment for each child regardless of the work status of their parents, was increased. The income abatement threshold was raised from $36,350 to $42,700, but the abatement rate increased from 22.5 per cent to 25 per cent, allowing the lowest-income recipients to retain more of their earnings but clawing it back more vigorously from higher-income families.
- The Minimum Family Tax Credit (MFTC) was increased from $23,816 to $26,156 ($458 to $503 per week) from 1 April 2018.[3]
- A new tax credit called Best Start, paying $3120 per annum ($60 per week) for all children under 3 years, replaced the Parental Tax Credit that had only been for 'working' families.

Various other changes in the second term of the Sixth Labour Government, however, reinforced some of the clear anomalies of WFF. By 2023, the rate of abatement had become an astonishingly high 27 per cent, while the threshold of taxable family income for abatement remained at a fixed $42,700. Labour went into

[3] The MFTC is a top up-payment that suffers from a 100 per cent abatement for any extra income earned. It affects very few families and the disincentive to earn more contradicts the intent of WFF to encourage work effort.

the 2023 election with a promise of raising the child-related In-Work Tax Credit (IWTC) by $25 a week, a policy virtually copied by National.

Changes in the conditions attached to benefit receipt

The conditions attached to a person's eligibility to receive a benefit are an important indicator of welfare generosity. During 2017 to 2023, the Labour Governments eased these conditions, starting in March 2019 when the previously mandatory budgeting activity regime for applicants for hardship grants from the Ministry of Social Development was removed. At the time of the release of the WEAG report in May 2019, the Government had announced the removal of the penalty for sole parents who would not or could not name the other parent. When implemented in 2020, an estimated 12,000 sole parent families became better off, by an average of $34 per week.

Other measures that simplified access to a benefit were announced as part of the response to the COVID-19 pandemic. First, beginning March 2020, new applicants for a main social security benefit were not subject to the initial benefit stand-down of one or two weeks (depending on the applicant's income and family circumstances) before receiving a benefit. The initial eight-month period of the suspension of the stand-down was later extended until 24 July 2021.

Alongside this suspension of the stand-down period, other temporary changes were made to the administration of social security benefits during the COVID-19 pandemic. These included:

- deferring the need to provide subsequent medical certificates for people receiving Jobseeker Support, Sole Parent Support, Supported Living Payment and the Child Disability Allowance
- deferring reviews of the Disability Allowance
- delaying annual reviews
- clearing any 52-week reapplications for people receiving Job Seeker Support or Sole Parent Support, and
- extending the period (previously 13 weeks) for which Temporary Additional Support could be granted (Ministry of Social Development, 2025).

Furthermore, in July 2020 as a part of the COVID-19 response measures, the IWTC employment hours test was removed. Working families no longer needed to be 'normally' working at least 20 hours a week (sole parents) or 30 hours a week (couples with children) to be eligible. This measure extended the eligibility for the IWTC to families who were not receiving a main social security benefit but had some level of employment income each week.

However, Labour did tighten some measures; for example, in July 2021, the initial stand-down period for applicants for a main social security benefit, which had been removed as part of the COVID-19 support package, was reinstated.

Other policy measures impacting on low-income families

During the period under review, regular increases in the minimum wage were a feature of support for low-income families. Over the period between 2018 and 2023, the increase in the minimum wage was greater than the increase in inflation, with the hourly rate increasing from $15.75 to $22.70 per hour.

Labour also expanded paid parental leave (PPL) entitlements significantly over its six years in office. The first of these, in July 2018, increased entitlements from 18 weeks to 22 weeks, with a further increase in July 2020 to 26 weeks. The maximum level of payment was increased from a maximum of

$538.55 gross per week to $621.76 gross per week over the period from July 2018 to July 2021. Further increases occurred in July 2022 and July 2023 to take the figure to a maximum of $712.17 per week.

In its first term (2017–2020), the Sixth Labour Government also expanded some existing measures and introduced new forms of support for beneficiaries. For example, the government reinstated the Training Incentive Allowance for higher-level courses for the period 1 July 2021 to 1 January 2025 which included degree-level study at the undergraduate level.[4]

The Government introduced several further measures during the COVID-19 pandemic that benefited low-income families. These included a temporary increase to the income limits for hardship assistance for four months. The temporary increase applied to assistance under the Special Needs Grants Programme, the Advance Payment of Benefit Programme, and the Recoverable Assistance for Non-Beneficiaries Programme.

In addition, a Winter Energy Payment was part of the December 2017 Families Package and paid automatically to those in receipt of a social security benefit, New Zealand Superannuation or a Veteran's Pension. It was an untaxed $450 per year for single people and $700 for a couple or a sole parent (Woods & Sepuloni, 2017). It was not means-tested, or abated, but recipients could opt out. It was temporarily doubled in 2020 as part of the COVID-19 response package to $900 for a single person and $1400 for a sole parent or a couple.[5] In subsequent years, it returned to its original unindexed value.

Assessing the extent of change

The above section demonstrates that Labour-led Governments in office between 2017 and 2023 introduced a substantial number of policies for low-income families. Andersen (2007) notes, "What counts, in the final analysis, as the most important measure of change, is outcomes" (p. 1) Cotterell notes:

> Understanding welfare reform outcomes is central to an overall assessment of the extent of welfare state change because the level of welfare provision in the form of income transfers serves to determine whether or not the recipients can participate in society or merely survive. (Cotterell, 2009, p. 74)

This section attempts to ascertain how much the measures improved the outcomes for low-income families and to assess the change in outcomes we use a range of measures. The first three of these are specified in the Child Poverty Reduction Act 2018. These are levels of material hardship, and two income-based measures which are defined below. These measures are supplemented by benefit replacement rates and an assessment of changes in benefit eligibility conditions.

The 2018 Act specified four primary and a further six supplementary measures for use to track progress by government in reducing child poverty (Stats NZ, 2019). To follow up, early in 2019 the Government set ten-year (long-term) targets against four primary measures,[6] as well as three-year (intermediate) targets for tracking progress on poverty reduction (New Zealand Parliament, 2019). The three measures are defined below:

- *Material hardship* is the the proportion of children living in households lacking six or more items on the DEP-17 material hardship index.

[4] The Training Incentive Allowance (TIA) supported sole parents, carers and disabled people receiving an eligible social security benefit with the upfront and ongoing costs of study. Under the previous National Government, in 2009, the level of study supported by the TIA was restricted to qualifications at Level 3 on the New Zealand Qualifications Framework and below.
[5] Paid as $40.91 and $63.64, respectively, per week for 22 weeks.
[6] One of the primary measures, persistent poverty, is not scheduled to be reported upon until 2025/26 and so is excluded.

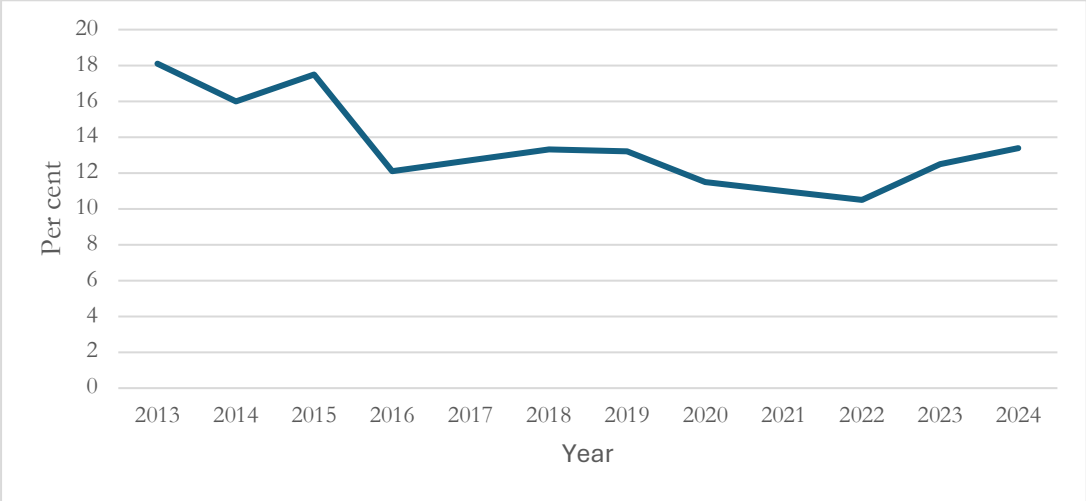
- *Low income before housing costs* is the proportion of children in households with disposable incomes less than 50 per cent of the median in a given year.
- *Low income after housing costs* is the proportion of children in households with incomes less than 50 per cent of the median income in base year 2018, after deducting housing costs and adjusting for inflation. (Ministry of Social Development, 2024)

Material hardship

The level of material hardship is measured from data gathered in Stats NZ's Household Economic Survey. Among other data, the survey asks whether a household has access to 17 items that are deemed essential.[7] If a household records a score of between 6 and 8, meaning it does not have these items, it is said to be in material hardship.

Following the election of a Labour-led Government in 2017, the rate of material hardship declined from 13.3 per cent in 2018 to a low of 10.5 per cent in 2022, before rising over the following two years to 13.4 per cent in 2024 (Figure 1). Overall, the number of children in households experiencing material hardship decreased from 147,600 in 2018 to 144,100 in 2023 before increasing to 156,600 in 2024.

Figure 1: Percentage of children living in households in material hardship for the financial year



Source: Stats NZ (2025).

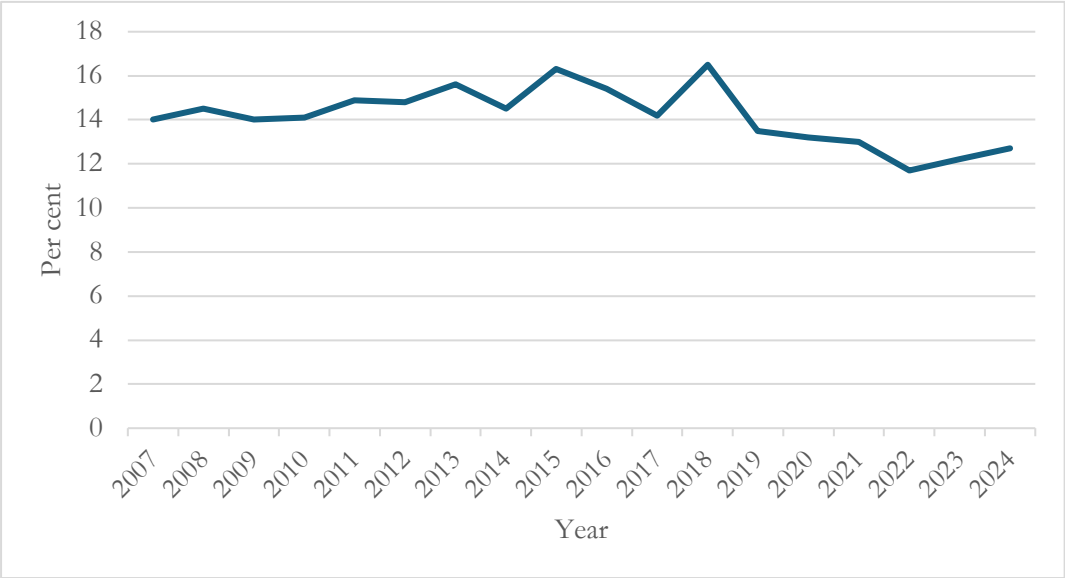
Low income before housing costs (BHC)

This measure examines the percentage of children living in households with low income which is defined as less than 50 per cent of the contemporary median equivalised disposable household income before housing costs (BHC) are removed.[8]

In 2018, 16.5 per cent of children were estimated to live in households with low income BHC were deducted. This figure fell steadily to 11.7 per cent in 2023 before rising to 12.7 per cent in 2024 (Figure 2). The number of children living in households with low income (BHC) fell from 183,400 in 2018 to 149,200 in 2024, a decrease of 34,200.

[7] For further information, see Stats NZ (2019, 2024, 2025).
[8] This is a relative income measure.

Figure 2: Percentage of children living in housholds with low income: less than 50 per cent median equivalised disposable income before deducting housing costs

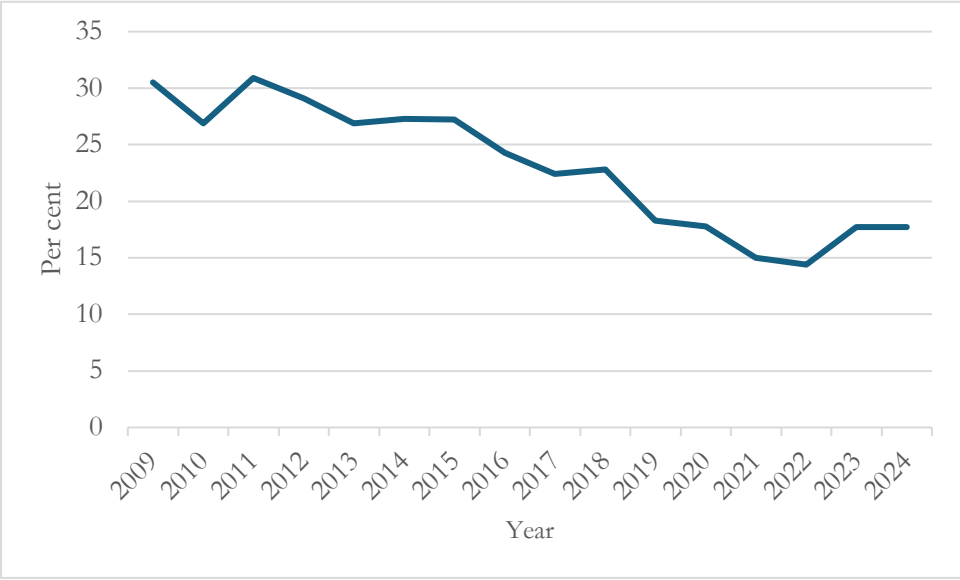


Source: Stats NZ (2025).

Low income after housing costs (AHC)

This measure examines the percentage of children living in households with low income, defined as those households with less than 50 per cent median equivalised disposable household income of the base year (2017/2018) after inflation adjustment and after housing costs have been deducted.

Figure 3: Percentage of children living in households with low income: less than 50 per cent median equivalised disposable income after deducting housing costs



Source: Stats NZ (2025).

From 22.8 per cent in 2018, the percentage of children in poverty on the 50 per cent after housing costs measure decreased to 14.4 per cent in 2022, before increasing to 17.7 per cent in 2024 (Figure 3). The

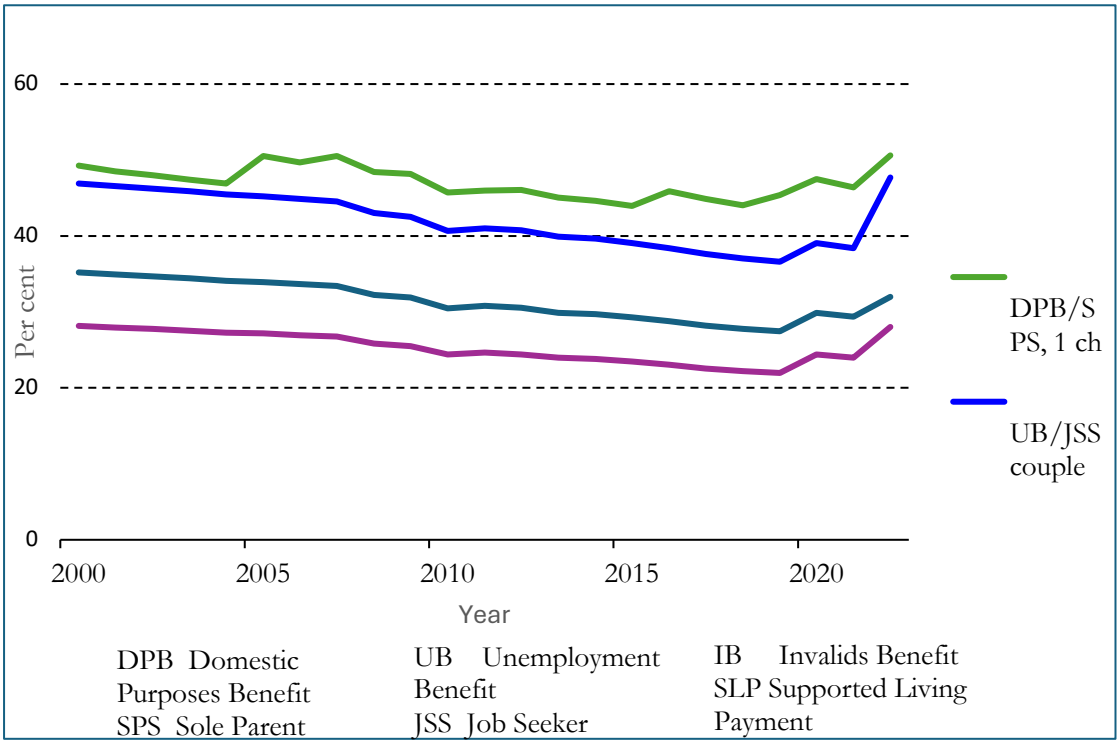
number of children dropped from 253,800 in 2018 to a low of 217,200 in 2022, before rising to 248,500 in 2024.[9]

In summary, there appears to be no evident child poverty transformation. After some initial improvement on these three primary poverty measures (Ministry of Social Development, 2023), by 2024, the material hardship measure was back to 2018 levels, and the relative BHC income measure had improved, but by 2024 was declining again. And on the absolute measure, AHC fixed base income, child poverty would be expected to decline over time but has risen since.

Benefit replacement rates

Benefit replacement rates demonstrate the relationship between benefit payments and average or representative wage levels. The higher the replacement rate, the closer the benefit payment is to the wage measure being used. Figure 4 below shows the relationship between core benefits as a percentage of the net average wage for a range of beneficiary households and household and family types between 2000 and 2022.

Figure 4: Comparison of core benefits as a percentage of net average wage, 2000–2022



Notes: 1. Includes Benefit + Family Benefit/Support/Tax credits for children.
2. Does not include Winter Energy Payment, Best Start or Accommodation Supplement payments

Source: Perry (2024).

Under the National Governments from 2008 to 2017, benefit levels had decreased in value in proportion to the increase in average wages. From this point on, as Labour's policy measures came into force, the value of benefit payments in relation to the net average wage rose for all benefit types. For example, the Unemployment/Job Seeker benefits for a single person declined from being around 26 per

[9] The threshold is set using median AHC incomes from the base year (in this case, the 2017/2018 year), adjusted for inflation using the household living-costs price index for the low-income quintile after housing costs. To determine how many children are in poverty each year, their AHC income in that year is compared with the (adjusted) threshold.

cent of the net average wage in 2008 to 23 per cent in April 2017, while under the Labour Government, it had risen to 28 per cent by April 2022. The figure demonstrates a slightly improved level of generosity during Labour's time in office as benefit increases narrowed the gap between benefit payment rates and the net average wage.

Changes in benefit conditionality

Conditionality relates to the necessary requirements if people wish to access a social security benefit of some kind. The attachment of conditions to benefit receipt has always been part of the provision of support and examining benefit conditionality helps "to capture changes in the relationship between rights and responsibilities and thus provides an empirical basis for gauging the reality of 'transformations' in social citizenship" (Clasen & Clegg, 2007, p. 172). Table 1 shows the major changes in rules impacting on benefit eligibility over the period 2008 to 2023, under first the National Governments of 2008 to 2017 and then under subsequent Labour Governments between 2017 and 2023. The table shows a clear tightening of criteria that needed to be met to claim a benefit under the National Government. Under the Sixth Labour Government, there is an overall pattern of loosening of the criteria attached to benefit receipt.

Table 1: Changes in benefit conditionality 2008–2023

Date	Tightening / Loosening of conditionality	Measure
National 2008–2017		
Sept 2010	Tightening	Domestic Purposes Benefits recipients became subject to work obligations, pre-employment rules relating to drug testing, and restrictions on moving to an area with limited options. They were also subject to sanctions if they became voluntarily unemployed without a good reason and failed to meet work obligations. Unemployment Benefit recipients were required to reapply for their benefit after 52 weeks.
Oct 2012	Tightening	Increased work obligations were introduced for Domestic Purposes Benefit (Sole Parent and Woman Alone), Widows Benefit and partners of beneficiaries with children. Failure without good reason by recipients to meet their work obligations would result in sanctions.
20 Feb 2013	Tightening	National announced the Fraud Reform Programme. The measures included: • partners being held to account if it is found they were aware their partner was fraudulently claiming a benefit • extension of the Ministry of Social Development's ability to seize assets, and • the establishment of a Welfare Fraud Collaboration Action Programme which involved a number of government departments sharing information to detect offending.
15 July 2013	Tightening	Pre-employment drug testing was introduced whereby a person's benefit could be affected if they refused to apply for a suitable job because it required a drug test or they failed a pre-employment or training programme drug test.

15 July 2013	Tightening	Extension of pre-benefit activities to applicants for the Emergency Benefit and to partners of applicants for a main social security benefit. Work preparation obligations were also extended to beneficiaries receiving Jobseeker Support who were deferred from work obligations due to sickness, injury or disability and to beneficiaries receiving the Supported Living Payment who were considered to have capacity to plan for work.
7 July 2014	Tightening	The Social Security (Fraud Measures and Debt Recovery) Amendment Act 2014 came into force with new provisions that strengthened the approach to relationship fraud by making spouses and partners, as well as beneficiaries, accountable for fraud.
Apr 2016	Tightening	Those receiving Sole Parent Support were required to reapply for their benefit every 12 months.
Labour October 2017–Oct 2023		
Mar 2020	Loosening	In response to the COVID-19 pandemic, new applicants for a main social security benefit were not subject to the initial benefit stand-down. Changes were made to the administration of social security benefits to reduce contact with beneficiaries and unnecessary work for medical practitioners.
1 Apr 2020	Loosening	Removal of the penalty for not naming the other parent for sole parents on social security benefits.
Feb 2021	Tightening	52-week reapplications for Jobseeker Support and Sole Parent Support were restarted after being deferred due to COVID-19.
July 2021	Tightening	The initial benefit stand-down period for applicants for a main social security benefit was reinstated.
Nov 2021	Loosening	Removal of the subsequent child policy so that the Ministry of Social Development (MSD) would always consider the age of the youngest dependent child when determining eligibility for Sole Parent Support and setting work preparation obligations.

Source: MSD welfare timeline (Ministry of Social Development, 2025); authors' own interpretation.

Discussion

The broad range of measures for low-income families under the Sixth Labour Government (2017–2023) show that the conditions facing low-income families improved— except for their last year in office when rising inflation undid some of the gains made. Worryingly, however, over those six years, the number of children in material hardship did not decline, and only marginally fewer children were in low-income households both before and after housing costs were deducted. Foodbank use rose dramatically as did demands faced by charities for the basics of living.[10] But it must be acknowledged that adult benefit payments increased in relation to average wages, and the rules around benefit eligibility were loosened along with sanctions.

[10] For example, the number of food parcels delivered by the Salvation Army rose from 62,733 in 2017 to 90,019 in 2023 (Barber & Ika, 2025).

It is important to note the presence of several confounding factors. The first was a series of extraordinary events that occupied much of the Government's attention during their time in office. These were the Christchurch massacre in March 2019, the Whakaari Island eruption later in 2019, and the massively resource- and time-consuming response required to deal with the COVID-19 pandemic which arrived in 2020 and dominated the Government's attention for much of its remaining time in office.

The second was that in their first term in government (2017–2020), Labour was in a coalition with a conservative political party, New Zealand First. While in coalition with Labour and over the period 2020 to 2023, NZ First frequently proclaimed that they were proud to have acted as a handbrake on Labour's plans (Hickey, 2020). A prime example of this was the failure to implement a capital gains tax, something recommended by the Tax Working Group Labour had set up in 2017 but blocked by NZ First, the junior coalition partner in the first term. It is difficult to determine how the combination of these impacted on Labour's ability to implement significant policy change in other areas.

Bearing in mind the above, did Labour's changes make a real and important change in policy direction, more of the same—or something between? Since it was elected late in 2023, the National-led Coalition Government has overturned many of the policies Labour had introduced to improve the well-being of low-income families. In short order, the National-led Coalition reintroduced stronger benefit sanctions (Upston, 2024), changed the indexation of benefits from changes in average wages to CPI inflation (reducing the size of the annual benefit payment increase from 1 April 2024), and tightened eligibility for access to emergency housing in mid-2024.

For families with children, National has continued to favour the IWTC over the FTC, by raising the IWTC to $97.5 per week, and raising the threshold for WFF abatement only minimally from 2026 while increasing the rate of abatement to 27.5 per cent. Best Start, one of Labour's policies that did not discriminate against those on benefits and brought back an element of universality into family assistance for the first year of a child's life while giving extra targeted assistance for the second and third years, was changed to be fully income tested. By 2025, any vestiges of the review of WFF that Labour had instigated had gone (St John, 2025).

In addition, National renamed the Social Wellbeing Agency the Social Investment Agency (SIA) to reflect their approach to the provision of support. Furthermore, to monitor all beneficiaries who had work preparation and work obligations, National introduced a traffic light system in August 2024 with beneficiaries allocated Green if they were meeting their obligations, Orange if they were in the five-working-days dispute period, or Red if they had been sanctioned.

In short order, almost all the positive improvements introduced by Labour have been weakened or overturned (Gabel, 2024). Finally, the National-led Coalition has made only a small increase in the minimum wage, below the increase in CPI inflation, in contrast to the larger increases made under the previous Labour Government.

Given these significant reversals, what could Labour have done to ensure their polices remained in place or were more resistant to being undone or amended? In our view, primarily, had they fully implemented most, or all, of the 42 recommendations made by the WEAG established early in their first term in office, it is likely the reforms would have been harder to reverse.

Among the key recommendations from the WEAG was one to increase the incomes of beneficiaries by increasing main benefits by between 12 and 47 per cent, increasing the abatement thresholds for Jobseeker Support to $150 a week, and increasing Sole Parent Support and Supported Living Payment to $150 a week and $250 a week, respectively (Welfare Expert Advisory Group, 2019). Alongside these changes to core benefits, the WEAG proposed changes to the WFF package, which included increasing the FTC to $170 a week for the eldest child and to $120 a week for subsequent children, and effectively abandoning the IWTC (Welfare Expert Advisory Group, 2019). These changes to benefit levels and WFF payments would have made a substantial difference to the well-being of low-income families.

These changes, if implemented in full early in the Government's first term, and properly indexed, would not have been easy for next government to reverse.

Second, if Labour had conducted a campaign to prove to the public the value of welfare support by the state—with the aim of increasing public approval for such support, 'hearts and minds' may have been changed. Duncan (2005) notes, "Transformative social change takes time, so long-term ambitions need to be communicated and supported through medium-term achievements. The vision for a fairer and cohesive society must be backed by the hard and detailed work that builds political trust" (p. 18).

This would have required consciously changing the narrative, and in particular moving away from the ideology of 'paid work as the only solution to poverty'. Labour could have made two first vital steps towards this by: a) abandoning the discrimination in WFF, and b) revising principles of the Social Security Act which underpinned the welfare policy framework. This would require a shift from work as the primary means to escape poverty to an emphasis on increased well-being enabling people to participate meaningfully in society, as had been specified in the WEAG report (Welfare Expert Advisory Group, 2019).

A third factor was Labour's own risk-averse approach to making policy. The conservative approach to policy-making evident in the choices made by the Sixth Labour Government mirrored that of its predecessor, the Fifth Labour Government. During its time in office between 1999 and 2008, the Fifth Labour Government increased income support for families but continued the work-focused policies of its predecessor, National, including going so far as to write work-related values into the 2007 Social Security Act. In line with a work-incentive approach, Labour did not restore benefits levels to their 1990 parity relativity with wages. This conservative approach was reflected in the agreement the Sixth Labour Government signed in March 2017 with its Green Party collaborators, specifying a set of fiscal responsibilities, packaged as 'Budget responsibility rules', which stated that they would seek to deliver budget surpluses, reduce net public debt to 20 per cent of GDP, and ensure government spending was around 30 to 34 per cent of GDP (Small, 2017). This choice was clearly theirs, as the clear majority of 65 seats in the 2020 general election meant they did not need to consider the views of the more conservative NZ First Party which had limited them in the previous term in office. As Manwaring et al. (2024) note: "By international standards, this was a conservative fiscal programme that remained in place."

While happy to aggressively counter the severe downturn during the COVID-19 pandemic with temporary extra spending,[11] Labour did not fundamentally change its underlying paradigm of small government, low taxes and work first as was reflected in deliberate choices throughout its two terms in office. As Fletcher (2002) notes, "Prime Minister Jacinda Ardern and her senior ministers talk at times of radical change and being 'transformational' but in reality, most changes have been within quite narrow constraints of maintaining median voter support politically and managing relatively conservatively in fiscal terms."

Conclusion

The Labour Government elected to office late in 2017 signalled that they would fundamentally overhaul the welfare state and make child poverty a priority. During their two terms in office, they introduced many measures to benefit low-income families. In comparison to their predecessors, they did a lot—but not nearly as much or as quickly as critics and their own welfare advisory group, WEAG, had urged. These efforts, initially, led to reductions in measured poverty and hardship during their tenure. However, many gains were already eroding in 2023, and others have been reversed by the succeeding National, Act, New

[11] See COVID-19 Response and Recovery Funding - Allocation | The Treasury New Zealand. In the COVID-19 pandemic from early 2020, Labour allocated around $70 billion to response and recovery initiatives. Of this, $26 billion was to the Ministry for Social Development to fund extended support, as noted in this article.

Zealand First Coalition Government, highlighting the fragility of policy changes without broader political and public backing. The Labour Government's cautious fiscal approach coupled with the various internal and external crises it faced during its six years in office also constrained the depth of reform that was achievable.

In an earlier article (St John & Cotterell, 2019), we argued that the National-led Governments from 2008 to 2017 further entrenched the radical paradigm shift in the provision of support that had occurred when they were in power from 1990 to 1999. Following the Sixth Labour Government, the cycle is clearly repeating, with a shift to embed a more-targeted, less-generous model of support, increasing poverty and hardship for low-income families.

The tragedy of this failure to more fully implement changes is that, as Easton (2025) recently noted: "Labour promised policies which would have been transformational if they had been implemented. Consider the 2018 Child Poverty Reduction Act, which directs the government to halve child poverty over ten years."

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