



# Monthly Benefits Update - Commentary

April 2023

## Purpose

- 1 The purpose of this commentary is to highlight key points from the *Monthly Benefits Update* for April 2023. It was published as part of our monthly reporting on the Ministry of Social Development's (MSD) website on Friday, 12 May 2023.<sup>1</sup>

## Key points

- 2 The number of people receiving a main benefit in April 2023 remained relatively unchanged since March 2023, to around 345,200. While this was broadly in line with pre-COVID trends, year-on-year decreases in main benefit numbers have been slowing so far in 2023.
- 3 Jobseeker Support – Work Ready (JS – WR) decreased by 300 people or 0.3 percent. This drove the overall decrease in main benefit numbers.
- 4 The number of main benefits exits (around 16,100) was higher than the number of grants (around 12,600). There were decreases in grants and exits, including exits into work, between March and April 2023.
- 5 The number of Special Needs Grants (SNGs) decreased in April, due to there being fewer processing days in the month as there were multiple public holidays.

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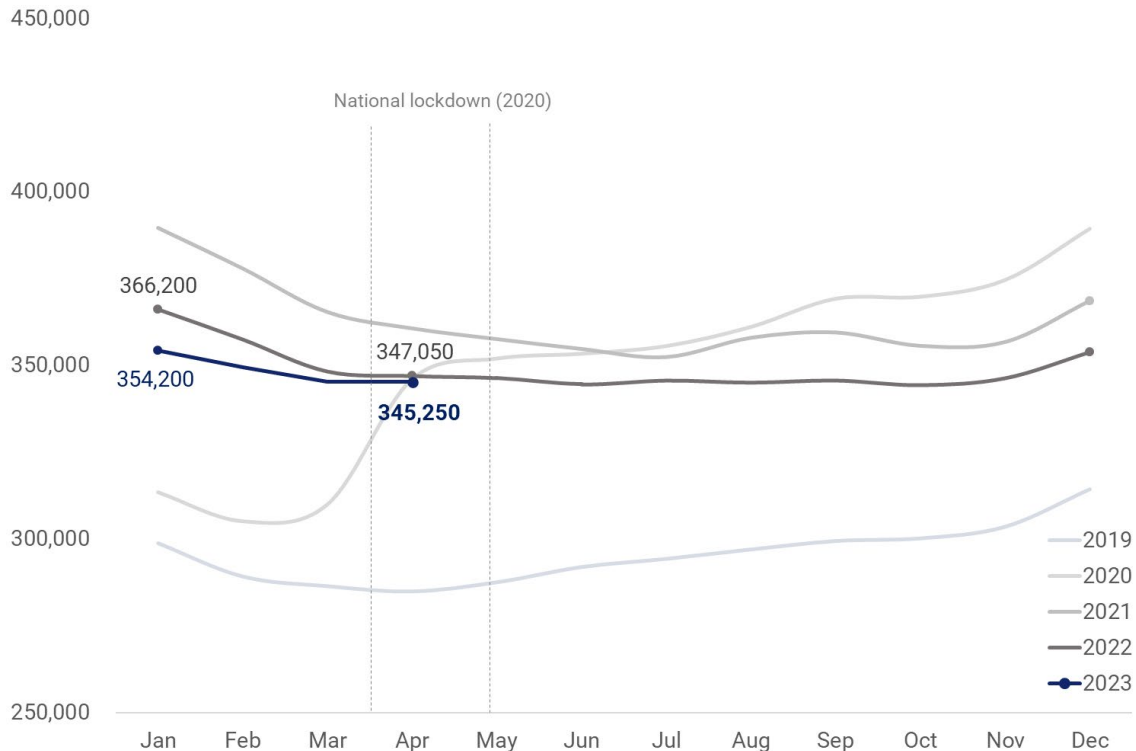
<sup>1</sup> For the full set of data and supporting information, please see: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/monthly-reporting/>

## Main benefits

### Main benefit numbers remained relatively unchanged, while yearly reductions continued to slow

- 6 The number of people receiving a main benefit decreased by around 200 (which is less than 0.1 percent) since March 2023 to around 345,200. This was largely driven by Jobseeker Support – Work Ready (JS – WR), which decreased by around 300 people (0.3 percent).
- 7 There were around 1,800 fewer people receiving a main benefit in April 2023, compared with April 2022. This was down 0.5 percent year-on-year, compared to 0.8 percent year-on-year fall in March 2023. Benefit numbers have been falling year-on-year since July 2021. In April 2023, we saw the smallest annual reduction since then (see Figure 1).
- 8 Slowing year-on-year decreases in main benefit recipients could partly reflect the remaining number of people that have stayed on benefit for longer. Longer-term duration clients often have more barriers to employment (such as health issues) and may require more support to exit a benefit into work. The slowing decreasing trend, particularly seen in JS – WR, may also reflect early signs of slowing economic activity.

**Figure 1: Main benefit numbers were lower than in April 2022<sup>2</sup>**



<sup>2</sup> Main benefit numbers increased in early 2020 when New Zealand entered its first national lockdown between 25 March and 13 May 2020. There was also an increase in main benefit numbers during a subsequent national lockdown between 17 August and 7 September 2021.



## Benefit numbers in April were higher than forecast at HYEFU 2022

- 9 Overall, month average benefit numbers<sup>3</sup> were higher than forecast, with around 345,900 people receiving a main benefit in April 2023.
- 10 This were around 4,900 (1.5 percent) more people than forecast at the Half Year Economic Fiscal Update (HYEFU) 2022. This is the second month in a row that the number of people receiving a main benefit has been higher than forecast.<sup>4</sup>
- 11 The forecast variance in April was mainly driven by Jobseeker Support numbers being higher than expected. The number of people receiving Jobseeker Support was around 3,900 people (2.4 percent) higher than forecast at HYEFU 2022.
- 12 The numbers of people receiving Sole Parent Support and the Supported Living Payment were around 300 people higher and 700 people higher than forecast at HYEFU 2022, respectively.

## Main benefit numbers are expected to begin increasing from around mid-2023

- 13 At the HYEFU 2022 we forecast that the number of people receiving a main benefit will increase from around mid-2023, reaching 387,200 people in January 2025 before starting to decrease. The number of people receiving Jobseeker Support (JS) is forecast to follow a similar trend, reaching 205,100 people by January 2025.
- 14 Historically, what has driven benefit numbers to rise after sustained decreases has often been an increase in the number of people coming onto benefit, rather than fewer people leaving benefit.
- 15 We are currently updating our forecasts for the Budget Economic and Fiscal Update 2023. These will be published on Thursday 18 May.

## Grants, exits, and exits into work

### The rate of people exiting benefit is continuing to slow, partially reflecting softening in the economy

- 16 Main benefit grants decreased by around 4,400 (26.0 percent) compared to March 2023. Compared to April 2022, grants decreased by around 1,200 or 8.4 percent.
- 17 There was a smaller decrease in main benefit exits by around 3,600 (18.1 percent) compared to March 2023. However, compared to April 2022 exits have decreased by around 4,000 or 19.8 percent.

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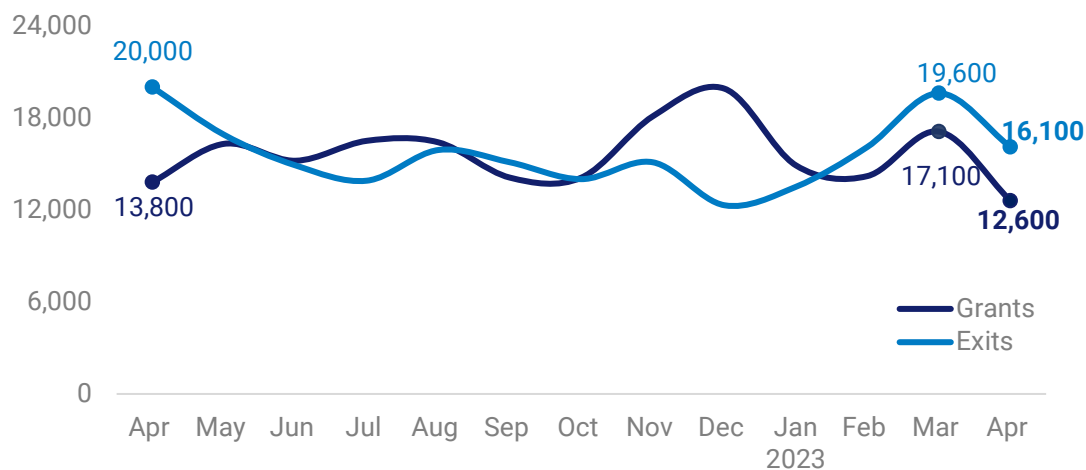
<sup>3</sup> Benefits included in the forecast are Jobseeker Support (Jobseeker Support – Work Ready and Jobseeker Support – Health Condition or Disability), Sole Parent Support, and Supported Living Payment, for all ages. Please note that this differs from MSD's official reporting definition of working-age main benefits (aged 18–64).

<sup>4</sup> For more information on the latest benefit forecast, see: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/hyefu/december-2022.html>



18 The number of main benefit exits (16,100) was higher than the number of grants (12,600), as shown on Figure 2. The difference between grants and exits was smaller than a year prior, driven by fewer exits.

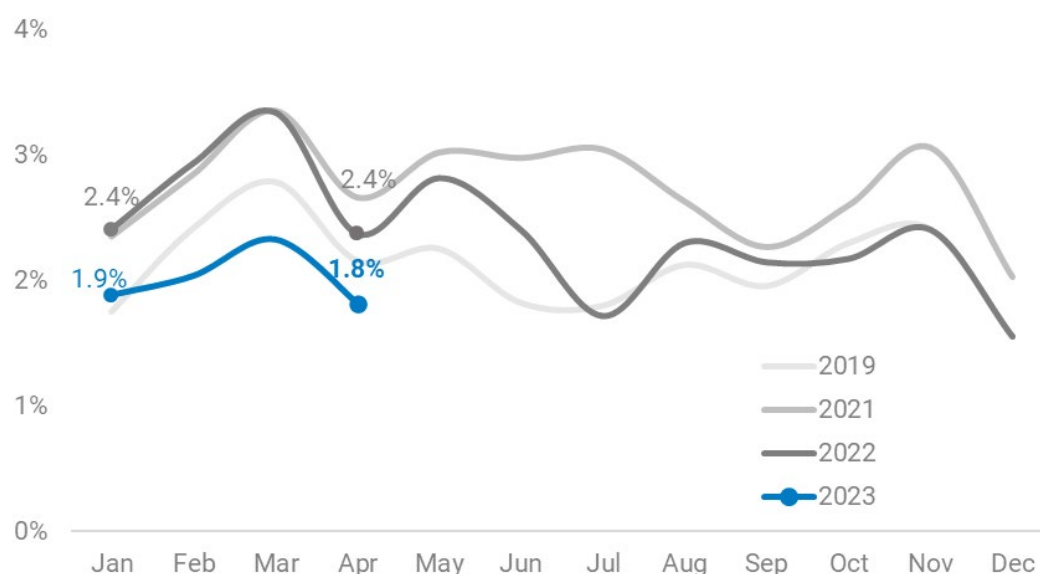
**Figure 2: There were more exits than grants in April**



19 There were around 6,300 exits into work in April 2023. This was a decrease of around 1,900 (down 22.8 percent) compared to March 2023, in line with seasonal trends.

20 As shown in Figure 3, the work exit rate (1.8 percent) decreased in April 2023 from March.

**Figure 3: The relatively lower work exit rate for main beneficiaries partially reflects softening in the economy**





- 21 The April 2023 work exit rate was close to pre-COVID (i.e. 2019) trends. This could be due to multiple factors:
- We are seeing signs of a softening economic conditions including decreasing online job ads.<sup>5</sup>
  - Operational changes, such as 52-week reapplications and Medical Certificate Reviews being paused during the COVID-19 pandemic, to ensure New Zealanders were still able to receive support. These processes have since resumed, and exits returned to pre-COVID trends.
  - During the COVID-19 pandemic, there were more people receiving a main benefit that were closer to the labour market, which made it easier for them to exit into work. The lower work exit rate in April 2023, compared to the previous two years, could partly reflect the remaining number of people that have stayed on benefit for longer. Longer-term duration clients often have more barriers to employment (such as health issues) and may require more support to exit a benefit into work.
- 22 While the work exit rate is closer to pre-COVID trends (i.e. 2019), when looking at how many exits were due to people finding work as a proportion of total exits, this was higher than pre-COVID levels.

## Hardship Assistance

### **The number of SNGs decreased in April, due to fewer days in the month, and was in line with seasonal trends**

- 23 The number of Special Needs Grants (SNGs) in April was around 127,800, which was around 23,800 lower than in March 2023 (down 15.7 percent).
- 24 However, the number of SNGs was higher compared to April 2022 by over 15,600 (13.9 percent).
- 25 SNGs for food made up 77.7 percent of all SNGs granted in April and tend to drive the overall trend in SNGs. SNGs for food decreased by over 19,300 grants (down 16.3 percent) compared with March 2023, to around 99,300 grants in April 2023.
- 26 The decrease in SNGs between March and April was largely due to there being fewer processing days in April compared to March due to public holidays.
- 27 SNGs granted in regions affected by the recent severe weather events increased in the last two weeks of April. This may in part reflect Civil Defence Payments finishing up on 15 April, and people being supported

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<sup>5</sup> For more information on Jobs Online, see: <https://www.mbie.govt.nz/business-and-employment/employment-and-skills/labour-market-reports-data-and-analysis/jobs-online/>



through other types of hardship assistance. Before that, SNGs had remained similar or slightly lower than in 2022.<sup>6</sup>

## Upcoming benefit system impacts

- 28 The Winter Energy Payment, an extra payment to help with the cost of heating over winter months, started on 1 May and will end on 1 October.<sup>7</sup>

## Upcoming releases

- 29 Trends in emergency housing will be reported in the *April Monthly Housing Update* which will be published on Friday 12 May.
- 30 The next *Monthly Benefits Update - Commentary* for May 2023 will be published on 16 June 2023.
- 31 The Budget Economic and Fiscal Update 2023 will be published on 18 May 2023.
- 32 The next *StudyLink Statistics* report will be published on 25 May 2023.
- 33 The *What Happened to People Who Left the Benefit System during the year ended 30 June 2021* report was published on 11 May 2023.<sup>8</sup>

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<sup>6</sup> Civil Defence Payments are not reported on in this commentary. For more information on Civil Defence Payments made in the March 2023 quarter, see: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html>

<sup>7</sup> For more information, see: <https://www.workandincome.govt.nz/products/a-z-benefits/winter-energy-payment.html>

<sup>8</sup> For more information, see: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/research/benefit-system/what-happened-to-people-who-left-the-benefit-system.html>