



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

What happened to people who left the benefit system

IN THE YEAR ENDED JUNE 2021



Disclaimer

These results are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI), which is carefully managed by Stats NZ. For more information about the IDI please visit: www.stats.govt.nz/integrated-data/

The results are based in part on tax data supplied by Inland Revenue to Stats NZ under the Tax Administration Act 1994 for statistical purposes. Any discussion of data limitations or weaknesses is in the context of using the IDI for statistical purposes and is not related to the data's ability to support Inland Revenue's core operational requirements.

Reliances and limitations

In undertaking this analysis, we have relied upon the accuracy of information contained in the IDI and described in the [technical guide](#). We have used the information without independent verification. It has been reviewed where possible for reasonableness and consistency including with prior reports.

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An overview of this analysis

Overview

This report continues a series which examines what happened to people who exited the benefit system. It considers why they exited off a main benefit including where they went, such as into work, enrolled into a tertiary course or began an apprenticeship or some other industry training; their earnings; and how sustainable their exits were.

It presents an in-depth descriptive analysis to support the insights report¹, and delves deeper into the outcomes of different groups of the population. A separate technical guide, on our website, provides information about how the analysis was done and can be found on our website².

Purpose of this analysis

The purpose of this report is to look back and follow what happened to people when they left the benefit system. It provides a descriptive analysis of who was supported by a main benefit; who left the benefit system; and where they went such as beginning work, enrolling in a tertiary course or a type of industry training once they exited off a main benefit. To understand what has happened to people leaving the benefit system across time, we analysed peoples exits in different years (ie from different cohorts).

To further understand how sustainable people's exits are, we follow their outcomes for at least 12-months after their exit. For people who left in earlier cohorts we follow their outcomes for longer.

Understanding these trends helps the Ministry of Social Development - Te Manatū Whakahiato ora (MSD) better understand whether and how outcomes have changed over time, for those leaving the system. This is important as MSD aims to support people into long-term sustainable outcomes for themselves and their whānau.

Scope of this report

This report focuses on what happened to the 146,330 people who left the benefit system in the year ended June 2021, when the MSD had a record number of work

¹ The main insights report for 'What happened to people who left the benefit system in the year ended June 2021' can be found here: <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/benefit-system/insights-report-what-happened-to-people-who-left-the-benefit-system-during-the-year-ended-june-2021.pdf>

² The technical guide for 'What happened to people who left the benefit system in the year ended June 2021' can be found here: <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/benefit-system/technical-guide-what-happened-to-people-who-left-the-benefit-system-during-year-the-ended-june-2021.pdf>



exits (around 113,000)³. The analysis focuses on the 87,000 people who we identified through the Integrated Data Infrastructure (IDI)⁴ that left the benefit system into employment.

We then followed them for 12-months after they exited a main benefit up to June 2022. To understand how things have changed over time and to follow people's outcomes over a longer time period, we also looked at previous cohorts.

Cohorts are defined by the period in which they exited the benefit system:

- 2017/2018: Exited the benefit system between 1 July 2017 and 30 June 2018
- 2018/2019: Exited the benefit system between 1 July 2018 and 30 June 2019
- 2019/2020: Exited the benefit system between 1 July 2019 and 30 June 2020
- 2020/2021: Exited the benefit system between 1 July 2020 and 30 June 2021

Changes over time could be due to characteristic differences between cohorts as well as external factors such as the labour market and economic environment, policy changes or changes to the operational environment. As this is a descriptive analysis of trends and patterns further work would be needed to understand why outcomes differ across groups and how MSD could respond to those.

More information is available in the technical guide and data tables

This analysis was completed using the Integrated Data Infrastructure (IDI) which gives us access to information on peoples' lives once they have left the benefit system. The research numbers in this report rely on a range of administrative data from a variety of agencies and only include people who have left the benefit system for at least a full-calendar month. Therefore, these research figures will be lower than official MSD benefit statistics. More information on the datasets used and our approach can be found in the technical guide⁵.

³ As reported in MSD's Benefit Fact Sheets: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html>

⁴ The IDI contains data from government agencies, Stats NZ surveys, and non-government agencies (NGOs) about people, households, and firms. This allows researchers to better understand how people interact with a variety of government agencies over the long-term.

⁵ The technical guide for 'What happened to people who left the benefit system in the year ended June 2021' can be found here: <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/benefit-system/technical-guide-what-happened-to-people-who-left-the-benefit-system-during-year-the-ended-june-2021.pdf>



For further results the full set of data tables called “What happened to people who left the benefit system - June 2021 – Data tables.xlsx”⁶ are published along with this report.

⁶ The data tables for ‘What happened to people who left the benefit system in the year ended June 2021’ can be found here: <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/benefit-system/data-tables-what-happened-to-people-who-left-the-benefit-system-during-the-year-ended-june-2021.xlsx>



Key facts

Throughout the report we compare results between different groups. The differences between groups will be, at least partly, due to differences in the underlying characteristics of those groups. These characteristics might include location, demographics, skills and experience and the labour market.

Exits to employment

Employment (counting anyone who exited and began earning \$1,696 or more the month they exited) made up 59 percent of all exits from the benefit system in the year to June 2021 up from 52 percent in the previous year.

A higher proportion of people also sustained their employment with 50 percent sustaining their employment compared to 43 percent in the previous year.

The top 3 industries that people exited into were Administrative and Support Services; Manufacturing; and Construction, which made up 36 percent of exits altogether.

Exits to tertiary education

In the year to June 2021:

- Overall, exits into tertiary education (including full-time and part-time) were higher than the previous year. Nearly nine percent of all exits were into tertiary education, up from eight percent in the previous year.
- Approximately one in two people who enrolled in a tertiary education course had remained off benefit after a year. This may be because many tertiary courses are longer than a year, so people are likely to remain off benefit for longer.
- The most common types of course people enrolled in were: Society and Culture; Management and Commerce; and Mixed Field Programmes.

To allow people time to complete their course we look at people who exited off a main benefit into tertiary education in the year ended June 2018:

- While a small number of people had enrolled in a 'Natural and Physical Sciences' course, 40% of those people had remained off benefit four years after their exit.
- Society and Culture courses had the highest number of enrollments in the year to June 2018 and 26% had remained off benefit after a year. People who had enrolled in a Health course and remained off benefit for the following 4 years had the highest monthly incomes (earning on average around \$4,000). People who had enrolled into an Information Technology course on average also had a relatively high income (\$3,800).



Exits to targeted/industry training

Construction and Manufacturing were the two most common training course types making up 22 percent and 21 percent of all exits into targeted/industry training respectively in the year to June 2021. Construction had a large increase, up from seven percent of all exits into targeted/industry training from last year.

However, while construction has the second highest proportion of people who remain off benefit for at least a year after their exit (81 percent) manufacturing has the lowest rate (54 percent).

This could be due to the range of roles within the Manufacturing industry such as packaging, seafood processing and fruit processing which belong to seasonal sub-industries. Generally, people who enter a seasonal sub-industry are less likely to sustain their exits compared to their non-seasonal counterparts.

On average people who entered a Public Administration and Safety course earned more than people who entered other targeted/industry training courses.

Gender

In the year ended June 2021 women were less likely to exit off a main benefit (28 percent for women vs 36 percent for men) and exit into employment. However, women were more likely to remain off benefit and sustain their employment after exit. The differences in these results between men and women were similar to the previous year.

For people who were able to sustain their employment for a year, men tended to earn more than women over the first 12 months.

Some of the difference between men and women in these results may be linked to type of benefit they are supported by and the types of employment they tend to enter.

Age

Young people (16–24-year-olds) had the highest likelihood of leaving the benefit system and the highest likelihood of exiting to employment. This likelihood decreases for older age groups. The likelihood of exiting benefit and exiting to employment has increased more for young people than other age groups since the previous year.

While young people were the most likely to leave to work, they had the lowest employment sustainability rates (45 percent) of to all age groups.

Of those that sustained their employment for at least a year, young people tended to have earned less than their older counterparts. Young people tend to have lower skill levels, more casual employment arrangements, and less previous work experience which can all influence the pay they receive.



Ethnicity

The likelihood of leaving the benefit system and leaving to work improved for all ethnicities compared to last year. Pacific People and NZ Europeans had a similar likelihood of exiting a main benefit. They also had similar likelihoods of exiting to employment. Māori had lower likelihoods of both exiting a benefit and exiting to employment compared to all other ethnicities.

There were similar sized increases in employment sustainability rates for all ethnicity groups but employment sustainability remains lower for Māori compared to other ethnicity groups.

Education

Overall people with higher levels of education were more likely to remain off benefit and sustain their employment a year after their exits.

While the likelihood of exiting increased across all levels of education, the increase was smallest for those with no qualification. However, the proportion of people who then remained off benefit improved regardless of education levels.

Benefit category

Most people who exit the main benefit exit from JS – WR/YP. This is likely because JS – WR/YP is the largest benefit category and because JS – WR clients are required to be available for and take reasonable steps to get find suitable full-time work.

In 2020/21 the likelihood of clients on JS – WR/YP and JS – HCD exiting increased significantly while the likelihood of clients on other main benefit types fell. This likely reflects the large increase in people receiving JS – WR in 2020 following early COVID-19 restrictions who then left the benefit system as the economy recovered. For all people who left the benefit system, a higher proportion remained off benefit across all benefit types.

Benefit history

Generally, the likelihood of exiting a main benefit tends to decrease the more time someone spends on main benefit. The likelihood of exiting main benefits improved in 2020/21 for those who had spent three months to two years on main benefits.

Overall, people who have spent less time on a benefit before their exit are more likely to remain off benefit after a year. There was noticeable improvement for people who had spent less than a year on a main benefit before their exit compared to people with a longer benefit history.

Regional view

Most regions had a sizable increase in the likelihood of exiting into employment compared to last year. The West Coast was an exception, where the likelihood of exiting into employment only increased from 14 percent to 16 percent in the past



year. The likelihood of exiting to employment was the highest it had been in the last 4 years, for each region apart from West Coast and Southland.

Since 2017 Gisborne, Hawke's Bay and Southland have had the lowest rates of both remaining off-benefit and sustaining employment.

Regions with large cities such as Auckland, Wellington and Canterbury tend to have the highest rates of both remaining off benefit and sustaining employment. These same regions also have the highest average monthly incomes for people who leave to remain employed for the 12 months after they exit at \$5,000 to \$5,400. Part of this is likely due to the wide range of industries and roles available in these regions.

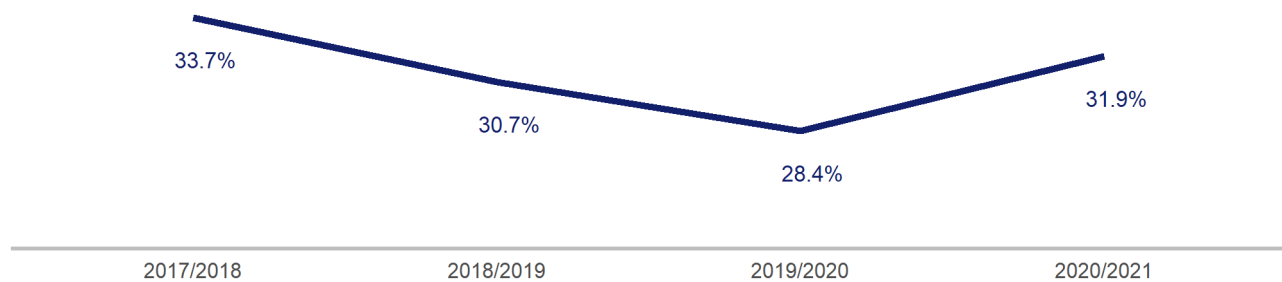


Overall findings

The likelihood of exiting the benefit system increased compared to the previous year

Between the year ended June 2020 and June 2021, the number of people supported by a main benefit increased by 52,390 people (15.7 percent) to 386,760 people.

Figure 1: Average likelihood of exiting a main benefit



In the year ended June 2020 the likelihood⁷ of exiting a main benefit was 28.4 percent which increased to 31.9 percent in the year ended June 2021. This ends a long-term downward trend. The full list of reasons for leaving the benefit system included in this analysis can be found in the technical guide⁸.

As with previous years, exiting into employment⁹ was the most common reason a person left a main benefit compared to all other exit reason categories.

⁷ The likelihood of exiting a main benefit over a 12-month period is defined below, where:
a: The average number of people exiting off a main benefit each month over that 12-month period
b: The average number of people receiving a main benefit each month over that 12-month period

$$1 - \left(1 - \left(\frac{a}{b}\right)\right)^{12}$$

⁸ The technical guide for 'What happened to people who left the benefit system in the year ended June 2021' can be found here: <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/benefit-system/technical-guide-what-happened-to-people-who-left-the-benefit-system-during-year-the-ended-june-2021.pdf>

⁹ As exiting to employment is the most common exit reason, we also report on the likelihood of exiting to employment. The likelihood of exiting to employment is scaled against the overall likelihood of exiting where:

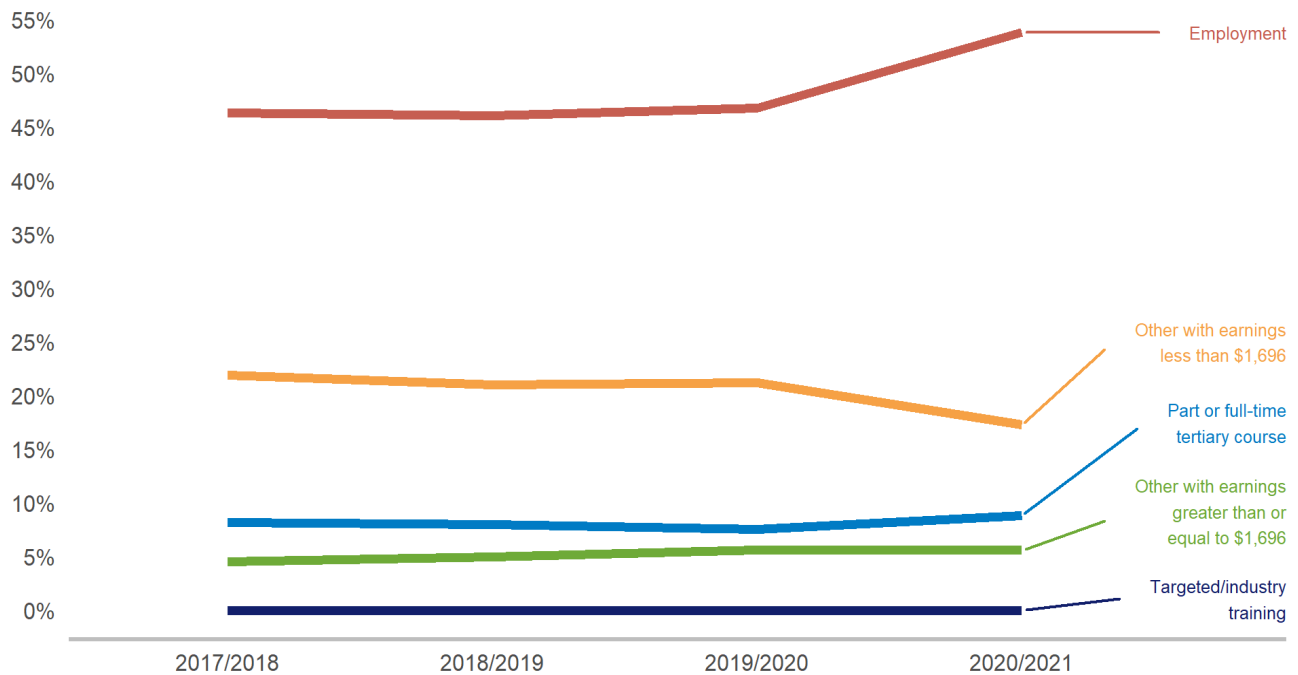
- x: The overall likelihood of exiting a main benefit over 12-months
- y: Number of people who exited into employment over that 12-month period
- z: Total number of people who exited off a main benefit over that 12-month period

$$x \left(\frac{y}{z}\right)$$



Employment is the most common reason a person leaves a main benefit, this has been consistent over time

Figure 2: People leaving the benefit system each year, by exit reason



Defining employment and sustained employment

Employment

Throughout this report, we measure exits to employment by including all exits from a main benefit where a person has earnings of at least \$1,696 per month. That is, the exit reason 'Employment' and 'Other with income equal to or greater than \$1,696'.

Sustained employment

People within the above group who maintained employment earnings of at least \$1,696 each month for the first year after they exited into employment are referred to as having sustained employment (or maintained employment, or sustained employment earnings). If a person changes jobs but still maintained income over \$1,696 each month then they were still counted as sustaining their employment.

Setting the income threshold when defining employment

An income threshold of \$1,696 is used as it represents the monthly income that a person who works 20 hours per week at minimum wage would earn; assuming they work an average of four weeks per month. All dollar amounts are indexed to September 2022.



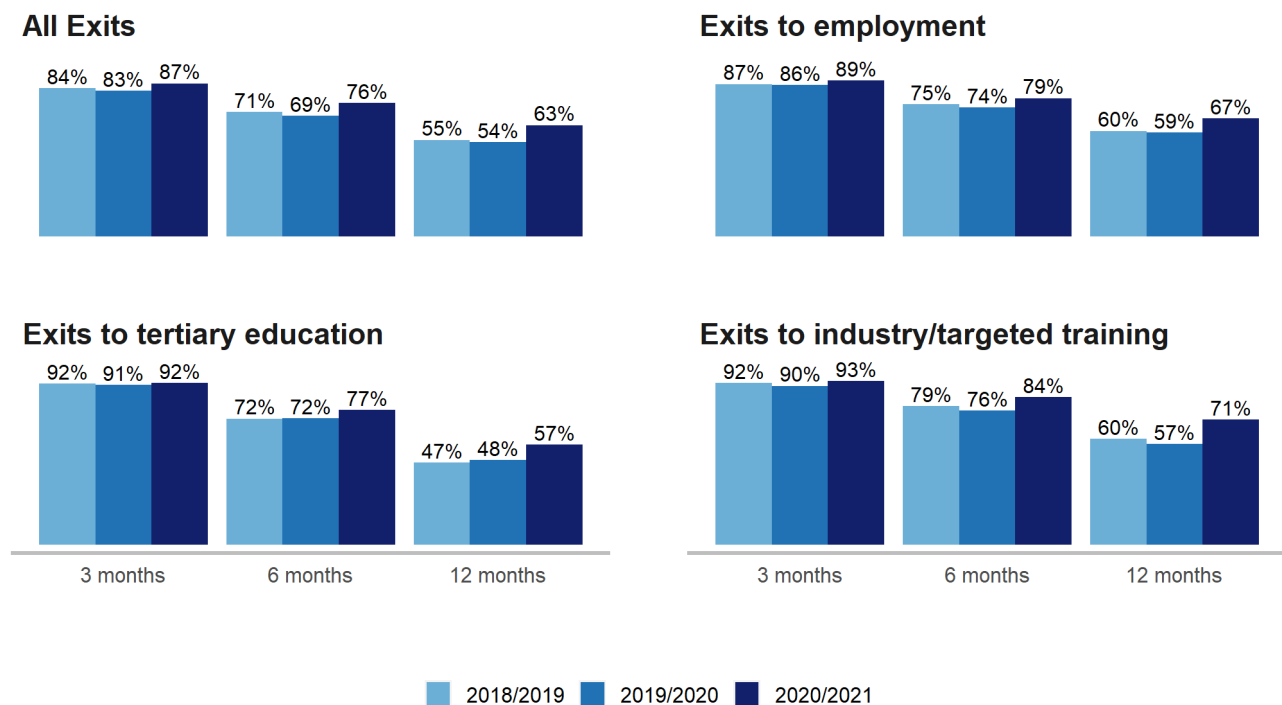
For more about the definition of the measures used in this report and MSD work exits please see the technical guide¹⁰.

Of those who left the benefit system, there was an increase in the proportion that remained off benefit compared to the previous year.

Overall 63.4 percent of people who left a main benefit in the year ended June 2021 remained off a main benefit for at least a year, which is an increase from the previous year where 53.7 percent remained off a main benefit after a year. More people remained off benefit after a year across all exit reasons.

Exits from a main benefit

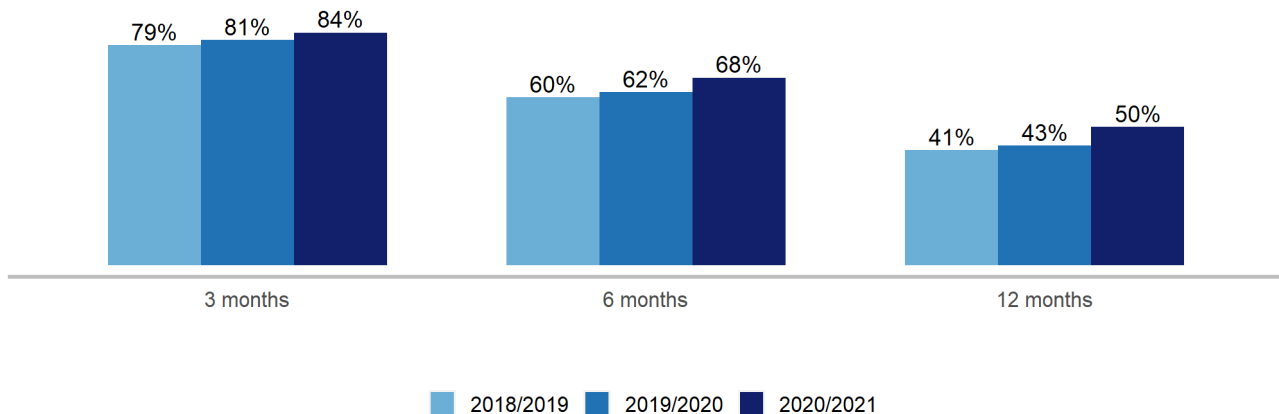
Figure 3: The proportion of people who remained off benefit three, six and 12-months after exiting, by year



¹⁰ The technical guide for 'What happened to people who left the benefit system in the year ended June 2021' can be found here: <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/benefit-system/technical-guide-what-happened-to-people-who-left-the-benefit-system-during-year-the-ended-june-2021.pdf>

There was an increase in the proportion of people who sustained their employment compared to the previous year.

Figure 4: The proportion of people who maintained earnings over \$1,696 (sustained their employment) three, six and 12-months after exiting into employment, by year



In the year ended June 2021:

- approximately 86,950 people (59.4 percent of all exits) exited a main benefit into employment compared to approximately 57,710 people (52.4 percent of exits) for June 2020.
- 67.2 percent of those of exited to employment remained off benefit for a year. In the year ended June 2020 the figure was 59.1 (Figure 3).
- 49.7 percent of people who exited to employment were able to sustain their employment (i.e., remained off benefit and maintained earnings over \$1,696 per month) for a year. For the year ended June 2020 the figure was 43.1 percent.

This is part of a long-term trend with more people sustaining their employment after leaving the benefit system.

People with higher incomes when they began employment were more likely to sustain their employment

Generally, people earning higher starting incomes tended to sustain their employment more than those with lower starting incomes. However, this effect reduces after reaching the equivalent of working full-time at minimum wage (\$3,392 per month).

For those who sustained their employment, their incomes grew regardless of what their starting income was

On average, people who entered into employment with a relatively low starting income had the greatest growth in their income. This could be due to many factors including people working more hours or changing roles over that first year after their exit.

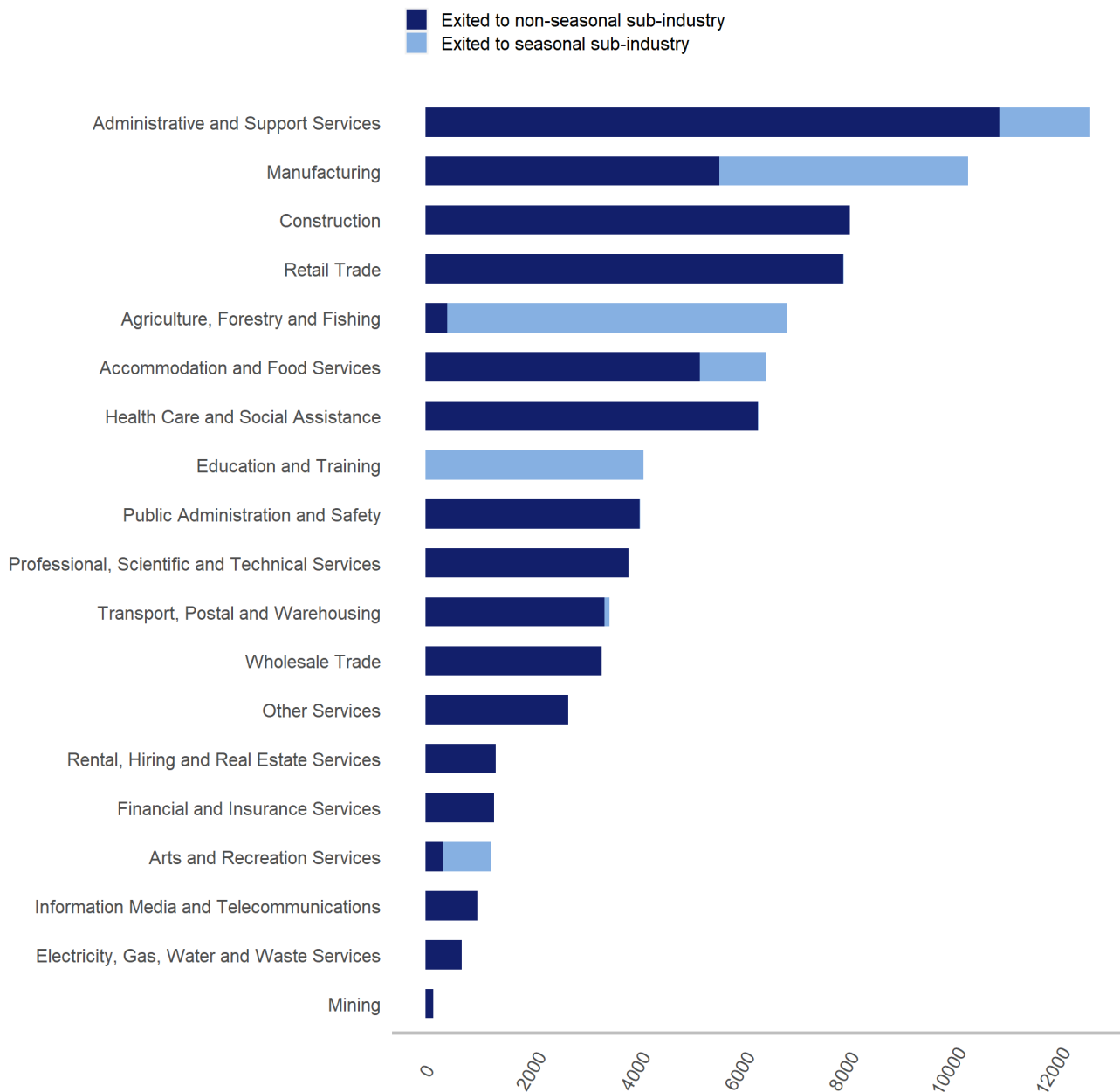


Outcomes for different exit destinations

Note that this analysis can only determine the industry someone was employed in and not the nature, skill level or job security of their work.

Exits into employment

Figure 5: Number of people who exited into employment, by industry they entered into, and whether it was a seasonal or non-seasonal sub-industry, in the year ended June 2021



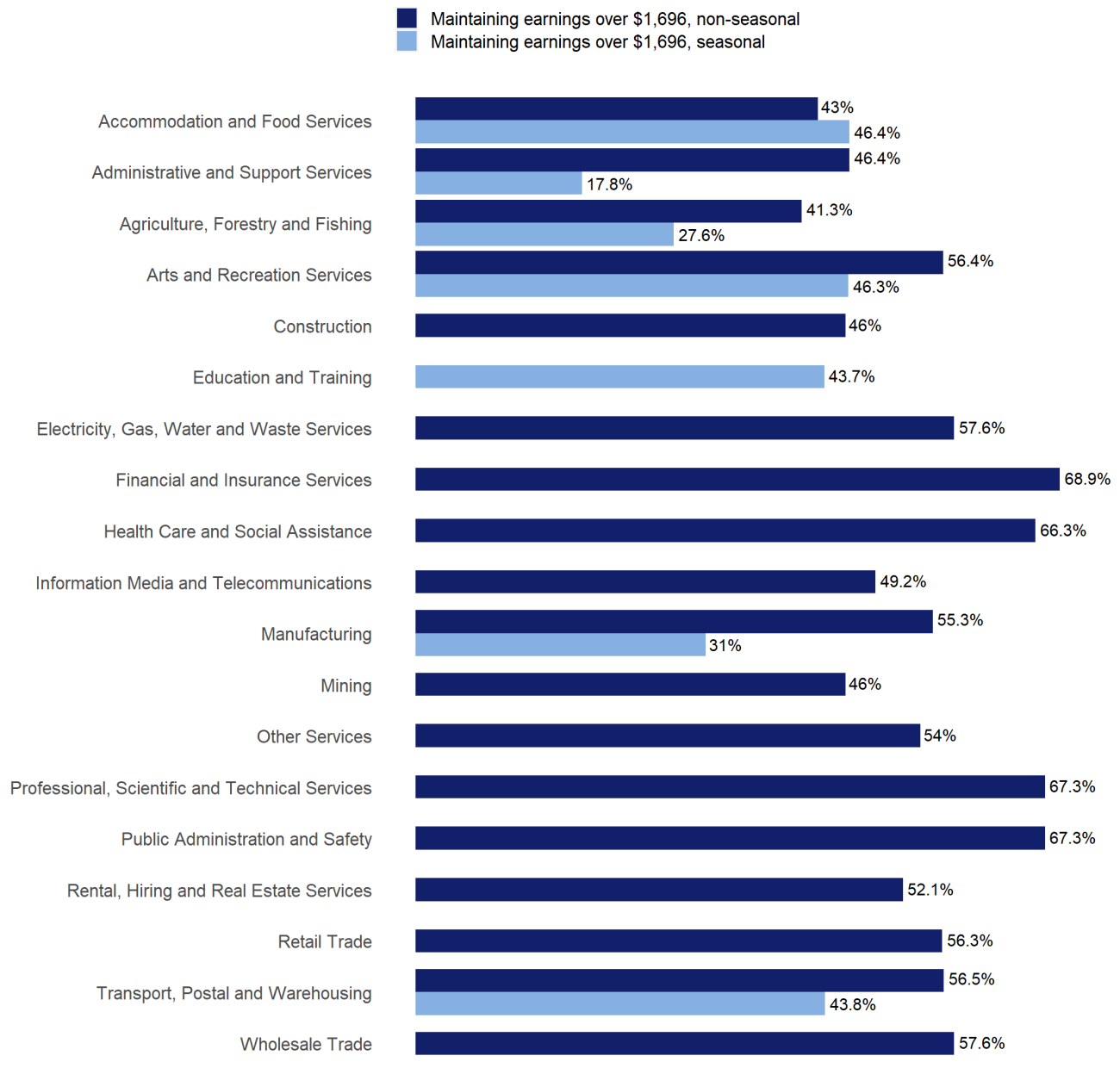


The three most common industries people were employed into from the benefit system were:

- Administrative and Support Services (12,750 or 14.7 percent of exits into employment). This has increased from the year ended June 2020 (when there were 8,600 or 14.9 percent of exits into employment).
- Manufacturing (10,410 or 12 percent of exits into employment). This has increased from the year ended June 2020 (7,350 or 12.7 percent of exits into employment).
- Construction (8,140 or 9.4 percent of exits into employment). This has increased from the year ended June 2020 (5,250 or 9.1 percent of exits into employment).



Figure 6: Proportion of people who maintained earnings over \$1,696 each month for at least a year after they exited into employment, by industry they entered, and whether it was a seasonal or non-seasonal sub-industry, in the year ended June 2021



Please note that this figure only includes industries that at least 50 people exited into.

Despite the Administrative and Support Services, Manufacturing, and Construction industries being the most common industries people were employed into once leaving the benefit system they did not have the highest employment sustainability rates in the year to June 2021. The employment sustainability rates of these industries were 42.5 percent, 44.2 percent and 46 percent respectively, while the overall employment sustainability rate was (49.7 percent).



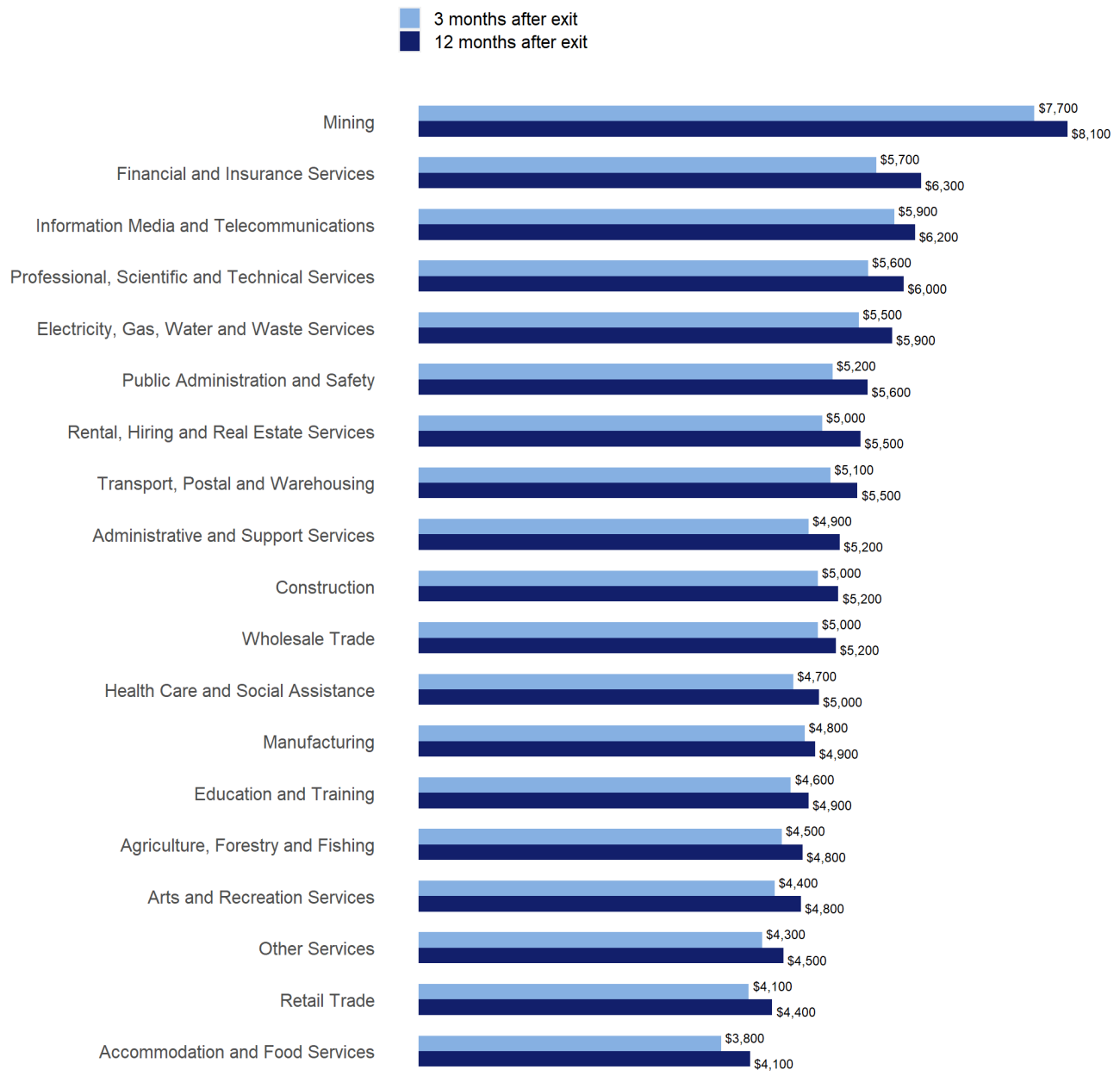
The industries with the highest employment sustainability rates were 'Financial and Insurance Services' (68.9 percent), 'Public Administration and Safety' (67.3 percent) and 'Professional, Scientific and Technical Services' (67.2 percent). These three industries made up 10.7 percent of all exits into employment.

Some of the differences between industries with a high employment sustainability and a low sustainability were likely due to the number of people who exit into seasonal sub-industries within different industries. Generally, a smaller proportion of people who exited into a seasonal sub-industry¹¹ sustained their employment after a year compared to their non-seasonal counterparts.

¹¹ For a list of industries that were defined as having a seasonal sub-industry and more information on how seasonal sub-industries were defined please see the technical guide:
<https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/benefit-system/technical-guide-what-happened-to-people-who-left-the-benefit-system-during-year-the-ended-june-2021.pdf>



Figure 7: Average monthly employment income (NZD) at 3-months and 12-months for people who sustained their employment for at least a year



Please note that this figure only includes industries that at least 50 people exited into.

People with the highest incomes a year after exiting into employment had entered the following industries in the year ended June 2021:

- Mining (0.2 percent of exits to employment), with a monthly income of \$8,100 at 12-months after exiting.
- Financial and Insurance Services (1.5 percent of exits to employment), with a monthly income of \$6,300 at 12-months after exiting.



- Information Media and Telecommunications (1.1 percent of exits to employment), with a monthly income of \$6,200 at 12-months after exiting.

While the above industries have high incomes, they only made-up 2.8 percent of exits into employment.

Generally, the industries people more commonly exit into tend to have lower monthly incomes.

For example, the average monthly income (at 12-months) for the top three industries people exited into, for the year ended June 2021 were:

- Administrative and Support Services had an average monthly income of \$5,200.
- Manufacturing had an average monthly income of \$4,900.
- Construction had an average monthly income of \$5,200.

Exits into tertiary education¹²

In the year to June 2021:

- Overall, exits into tertiary education (including full-time and part-time) were 8.8 percent, compared to 7.6 percent in the previous year.
- Just over one in two people (56.8 percent) who enrolled in a tertiary education course had remained off benefit after a year. This may be because many tertiary courses are longer than a year, so people are likely to remain off benefit for longer.

To take into consideration that many tertiary courses are longer than a year, we can look back three years, as that is the typical length of a Bachelor's Degree.

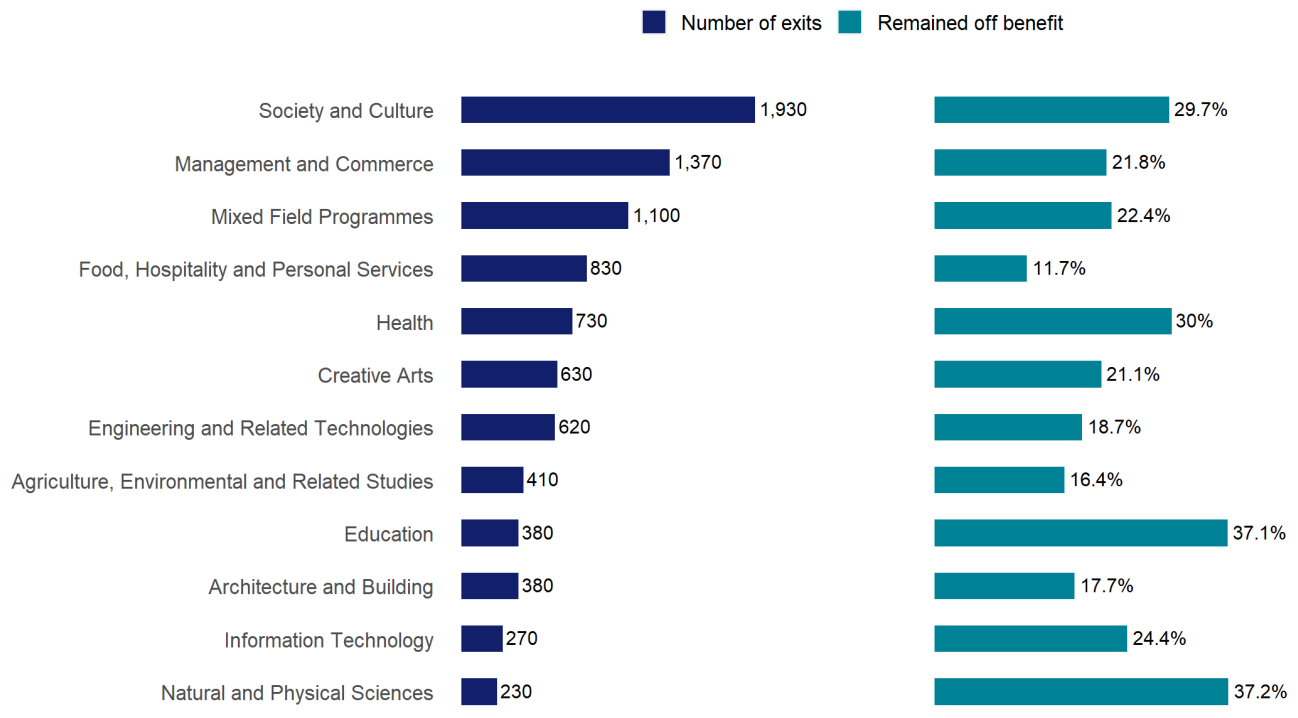
¹² Tertiary education courses range from transition (school to work) programmes through to postgraduate study and research. For more information in how tertiary fields of study are classified please see the New Zealand Standard Classification of Education (NZSCED) at www.educationcounts.govt.nz/data-services/code-sets-and-classifications/new_zealand_standard_classification_of_education_nzsced



Figure 8: Exits into tertiary education in the year ended June, 2019, by course type

Left graph: The number of people who exited into tertiary education.

Right graph: The proportion of people who remained off benefit for at least **three years** after their exit.



For those that exited a main benefit and enrolled into a tertiary education course in the year ended June 2019:

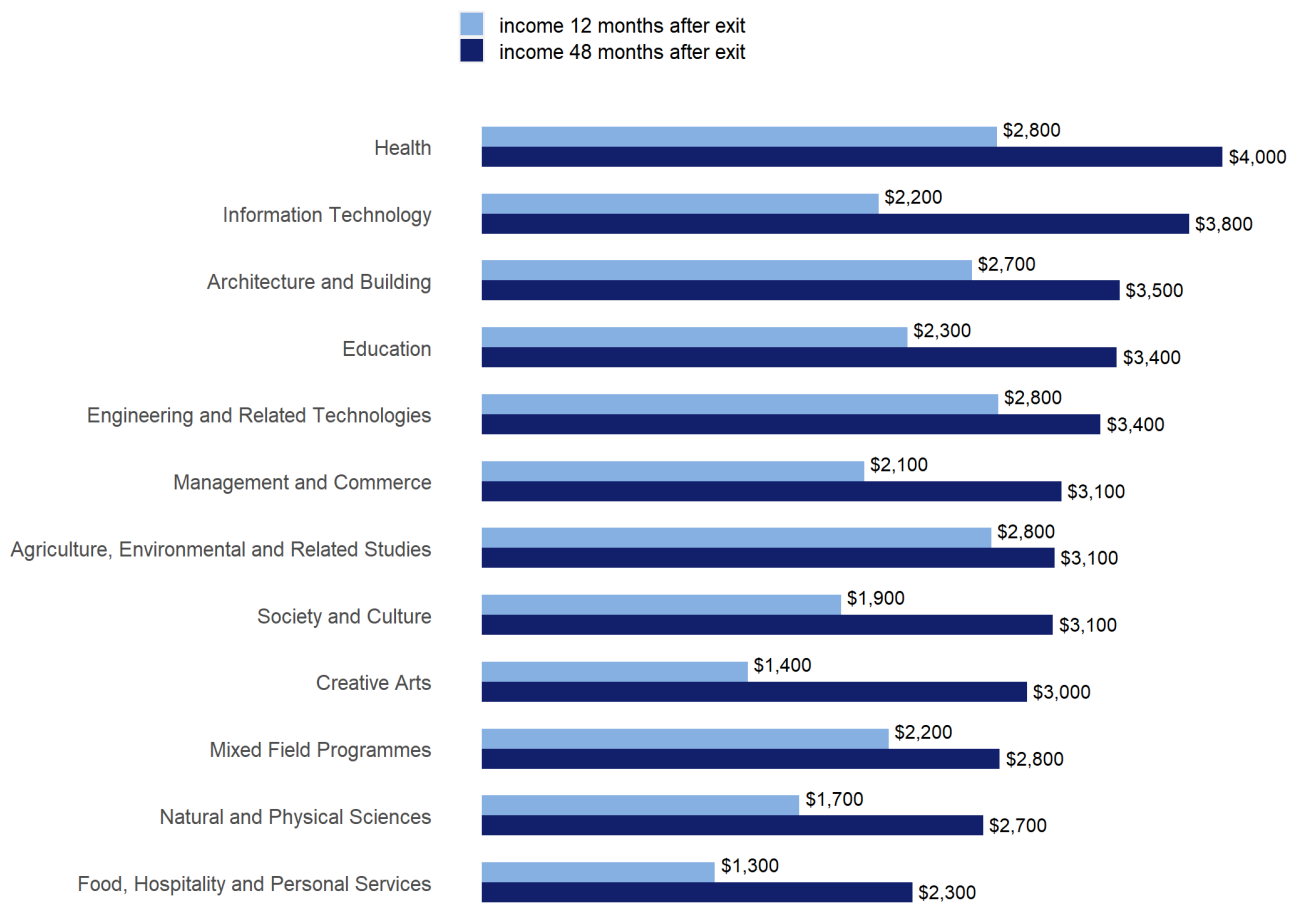
- 'Society and Culture', 'Management and Commerce' and 'Mixed Field Programmes' had the highest number of enrolments with each making up 21.8 percent, 15.4 percent and 12.4 percent of enrolments.
- However, a higher proportion of people remained off benefit after three years if they enrolled in the course types 'Natural and Physical Sciences' (37.2 percent), 'Education' (37.1 percent) and 'Health' (30 percent). These course types had the highest proportion of people remain off benefit after three years, but few people had enrolled in these courses. People who enrolled in these course types made up 2.6 percent, 4.2 percent and 8.2 percent of all exits into tertiary education respectively.
- Overall, 23.7 percent of people who had enrolled in a tertiary course in June 2019 had remained off benefit after three years.

We can look even further back to gain a long-term view and to understand what happened to people after they have had time to complete their tertiary course. For those that exited a main benefit and enrolled into a tertiary education course in the year ended June 2018:



- ‘Society and Culture’, ‘Management and Commerce’ and ‘Mixed Field Programmes’ had the highest number of enrolments with each making up 21.2 percent, 15.2 percent and 11.3 percent of enrolments.
- ‘Natural and Physical Sciences’, ‘Health’ and ‘Education’ had the highest proportion of people who remained off a main benefit for four years after their exit (40.7 percent, 27.4 percent and 27 percent, respectively).
- Of those who were employed after they had enrolled in a tertiary qualification, those who enrolled in ‘Health’, ‘Information Technology’ and ‘Architecture and Building’ had the highest monthly incomes and on average were earning \$4,000, \$3,800 and \$3,500 respectively, four years (i.e., in their 48th month) after their exit.

Figure 9: Average monthly employment income for those who exited into tertiary education in the year ended June 2018 and remained off benefit for four years, by course type



Please note that this figure only includes the course-types where at least 50 people have remained off benefit for the last four years.



Exits into targeted/industry training

Targeted/industry training courses are generally linked to a job (e.g., apprenticeships).

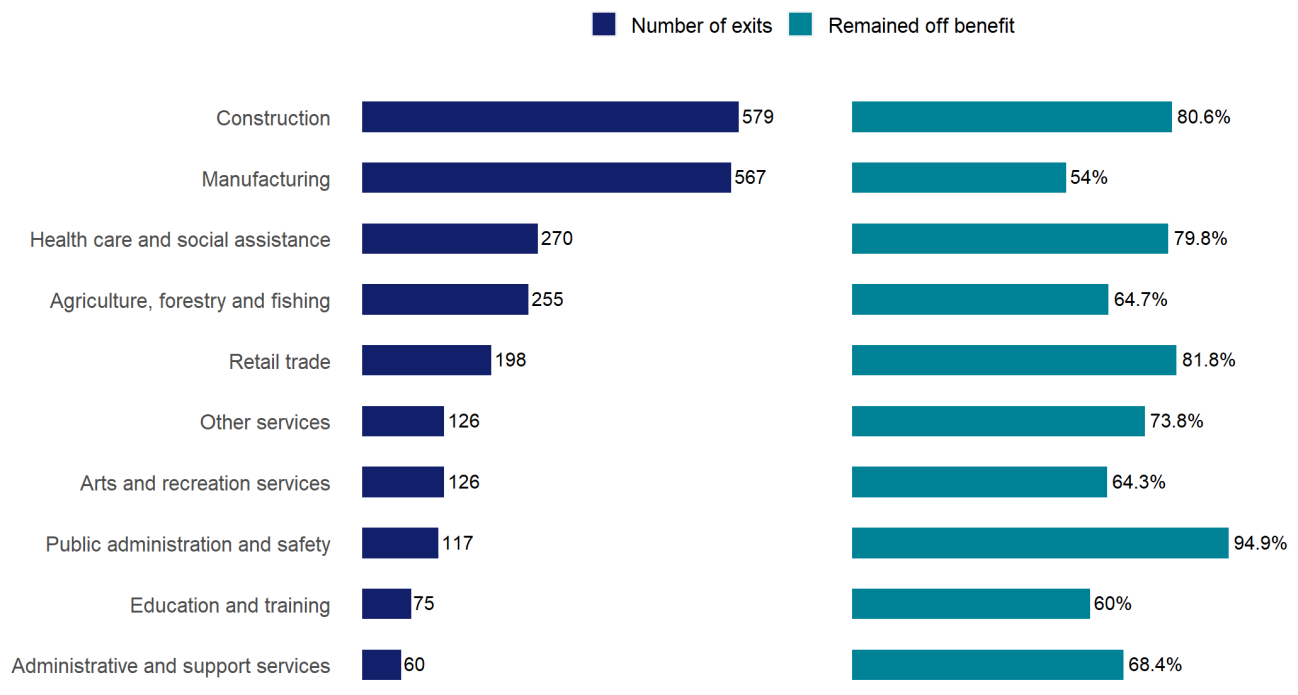
Exits to targeted/industry training courses made up only 2,680 exits in the year to June 2021. This is a small fraction of total exits (1.8 percent). Given these numbers are relatively small, care should be used when interpreting these results.

Please note that the graphs in this section only includes course types that at least 50 people exited into.

Figure 10: Exits into an industry/training course in the year ended June 2021, by course type

Left graph: The number of people who exited into an industry/training course.

Right graph: The proportion of people who remained off benefit for at least a year after their exit.



Please note that this figure only includes course types that at least 50 people exited into.

In the year ended June 2021:

- ‘Construction’ made up 23.8 percent of exits into targeted/industry training with 80.6 percent remaining off benefit after a year.
- ‘Manufacturing’ made up 23.3 percent of exits into targeted/industry training with 54 percent remaining off benefit after a year.

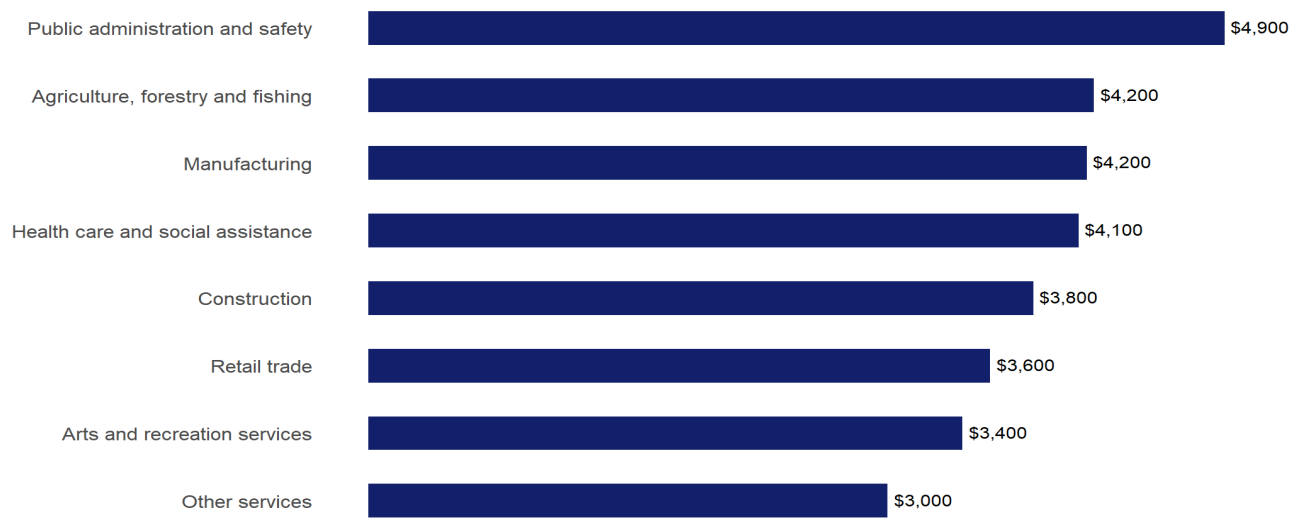


- ‘Health Care And Social Assistance’ made up 11.1 percent of exits into targeted/industry training with 79.8 percent remaining off benefit after a year.

Some of the industries that people commonly begin an industry/training course in tend to have a smaller proportion of people remain off benefit. This could be due to the range of roles within each industry. For example, the Manufacturing industry includes roles such as packaging, seafood processing and fruit processing which belong to seasonal sub-industries. Generally, people who enter into a seasonal sub-industry are less likely to sustain their exits compared to their non-seasonal counterparts.

The increase in the number of people entering a targeted industry/training course likely reflects the extra demand for workers. For example, there was a significant increase in people beginning a ‘Construction’ course which made up 23.8 percent of all targeted industry/training exits in the year ended June 2021 compared to 6.8 percent of exits the previous year.

Figure 11: Average monthly income one year after exit for people who entered into an industry/targeted training course in the year ended June 2021, and sustained employment for at least a year, by industry/targeted training type



Please note that this figure only includes course types that at least 50 people exited into.

For people who exited into a targeted/industry training course type in the year ended June 2021 and sustained their employment for one year:

- Those who had begun a ‘Public Administration And Safety’ course type had a monthly average income at 12-months of \$4,900.
- Those who had begun a ‘Agriculture, Forestry And Fishing’ course type had a monthly average income at 12-months of \$4,200.

While these two course types had the highest incomes after 12-months they only made up 13.9 percent of exits into an industry/targeted training course type.



Differences across demographic groups

Gender¹³

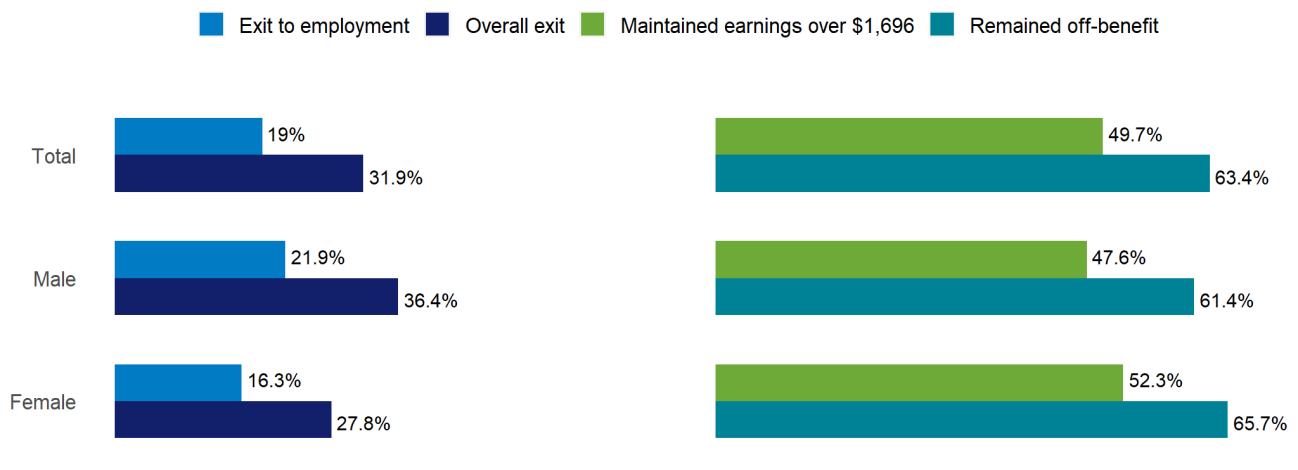
Figure 12: Exits off a main benefit in the year ended June 2021, by gender

Left graph: The likelihood of exiting into employment.

The likelihood of exiting a main benefit overall.

Right graph: The proportion who sustained employment earnings of at least \$1,696 each month for at least a year after they exited into employment.

The proportion of people who remained off a main benefit for at least a year after exiting.



In the year ended June 2021:

- Men were more likely to exit off a main benefit (27.8 percent for women vs 36.4 percent for men).
- Men were more likely to exit into employment (16.3 percent for women vs 21.9 percent for men).
- Women were more likely to sustain their employment (52.3 percent for women vs 47.6 percent for men) a year after exiting into employment.

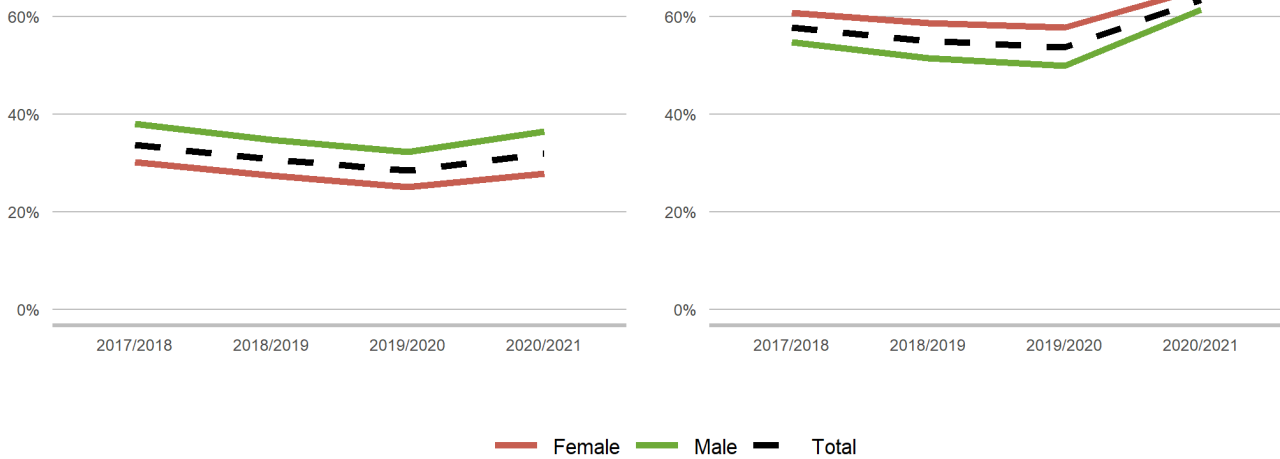
¹³ The IDI currently uses sex and gender interchangeably to derive this variable. Until recently most IDI datasets have not contained gender diverse data. As more datasets include expressions of gender diversity, they will be able to be included within this analysis.



Figure 13: Exits off a main benefit, by gender

Left graph: The likelihood of exiting off a main benefit.

Right graph: The proportion of people who remained off benefit for at least a year.



Employment sustainability for both men and women has improved in 2020/21 compared to previous years. The improvement was larger for men than it was for women.

Figure 14: Exits off a main benefit into employment, by gender

Left graph: The likelihood of exiting into employment.

Right graph: The proportion who sustained employment earnings of at least \$1,696 each month for at least a year after they exited into employment.

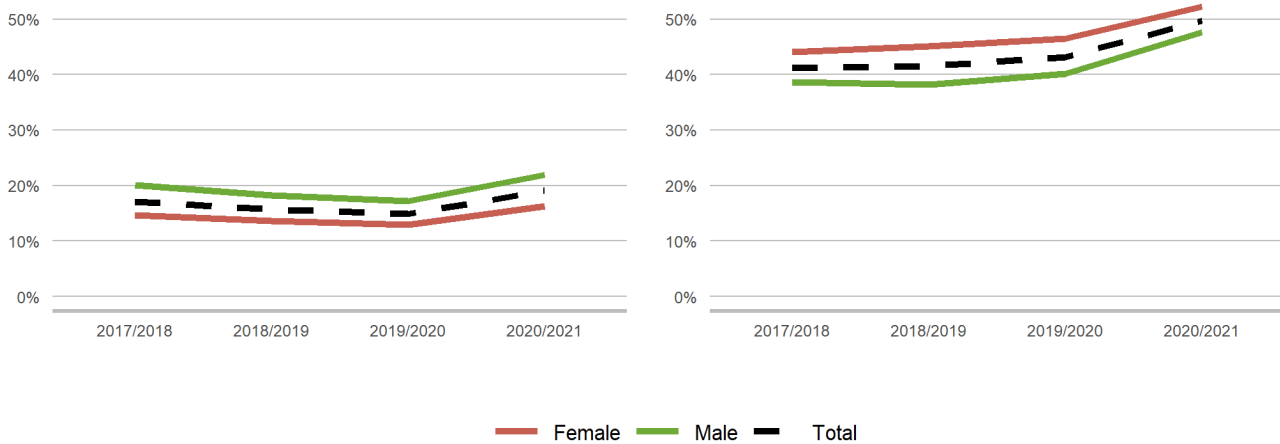




Figure 15: Average monthly income one year after exit for people who exited into employment in the year ended June 2021, and sustained employment for at least a year, by gender



For people who were able to sustain their employment for a year, men tended to earn more than women over the first 12 months and this gap is relatively consistent over the time after exit.

Some of the difference between men and women in these results may be linked to the type of benefit they were supported by before their exit, the types of industries they tend to enter, and the type of employment they gain. For example, women may be more likely to enter part-time roles if they have childcare responsibilities.

Age

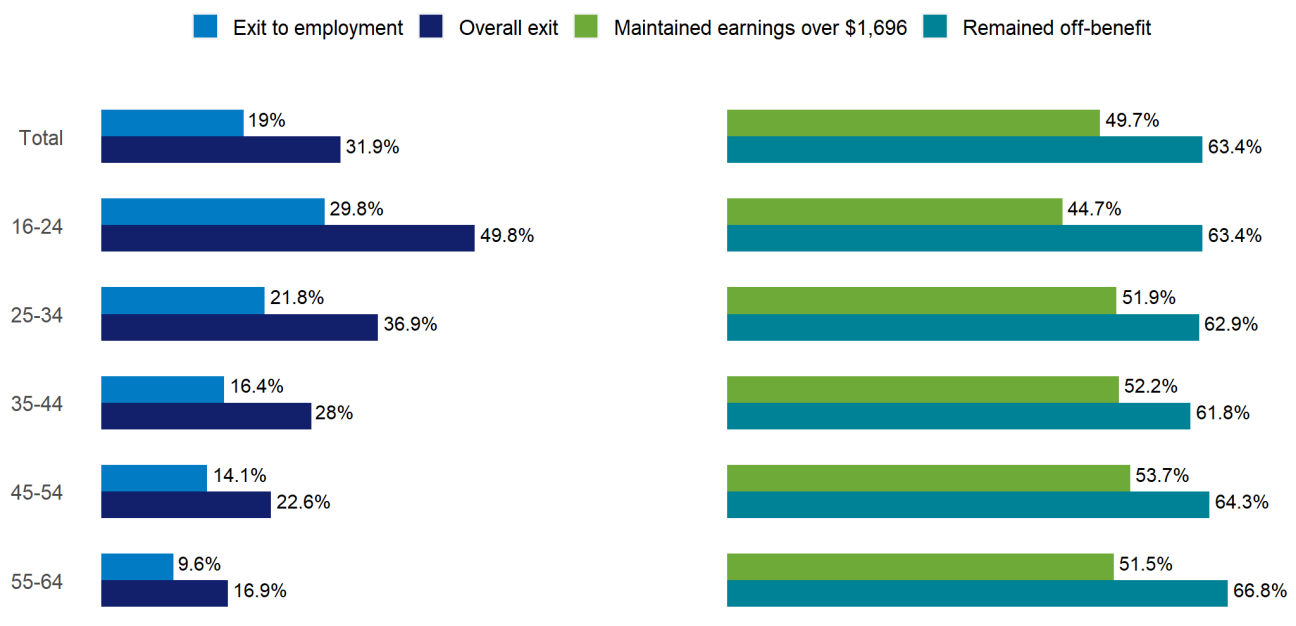
Figure 16: Exits off a main benefit in the year ended June 2021, by age at exit

Left graph: The likelihood of exiting into employment.

Right graph: The proportion who sustained employment earnings of at least \$1,696 each month for at least a year after they exited into employment.

The likelihood of exiting a main benefit overall.

The proportion of people who remained off a main benefit for at least a year after exiting.





In the year ended June 2021:

- People aged 16–24 years old had the highest likelihood of exiting into employment (29.8 percent).
- The likelihood of exiting into employment tends to decrease as people age. For example, 55–64 year-olds had a lower likelihood of exiting into employment (9.6 percent).
- However, people aged 16–24 years old had the lowest rates of employment sustainability (44.7 percent).

Generally, young people tend to be the ones who come onto a benefit when economic conditions weaken and then subsequently leave when conditions improve. Young people also tend to be in less secure employment compared to older people so are less likely to sustain their employment.

Figure 17: Exits off a main benefit, by age

Left graph: The likelihood of exiting off a main benefit.

Right graph: The proportion of people who remained off benefit for at least a year.

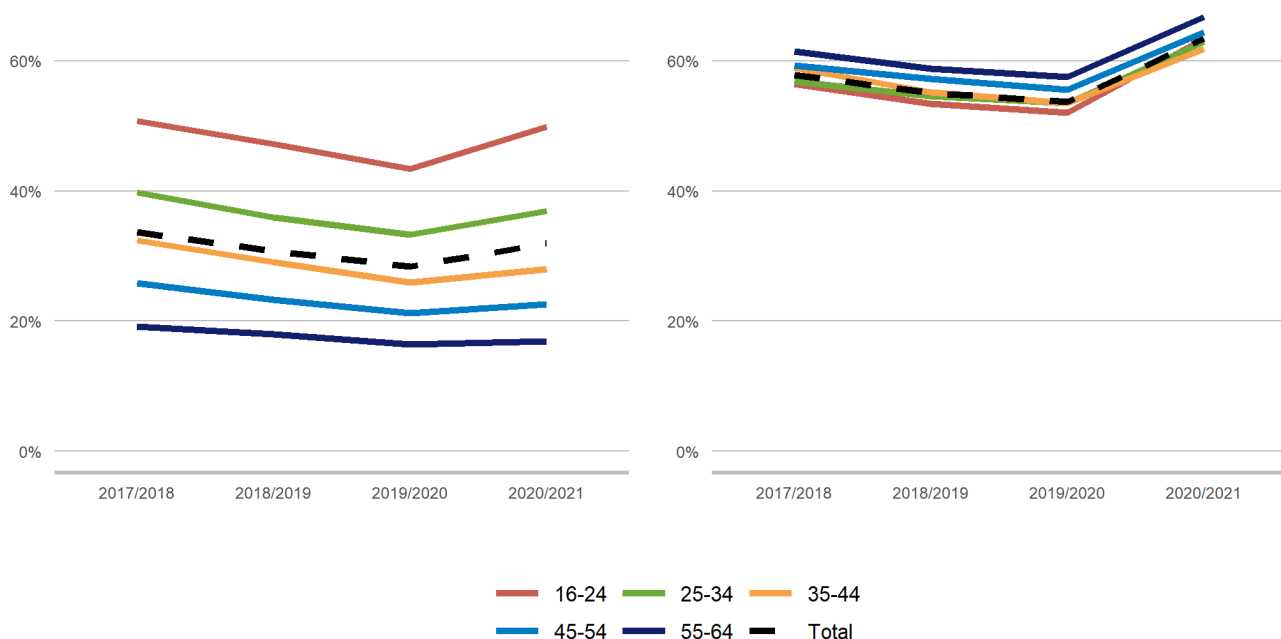
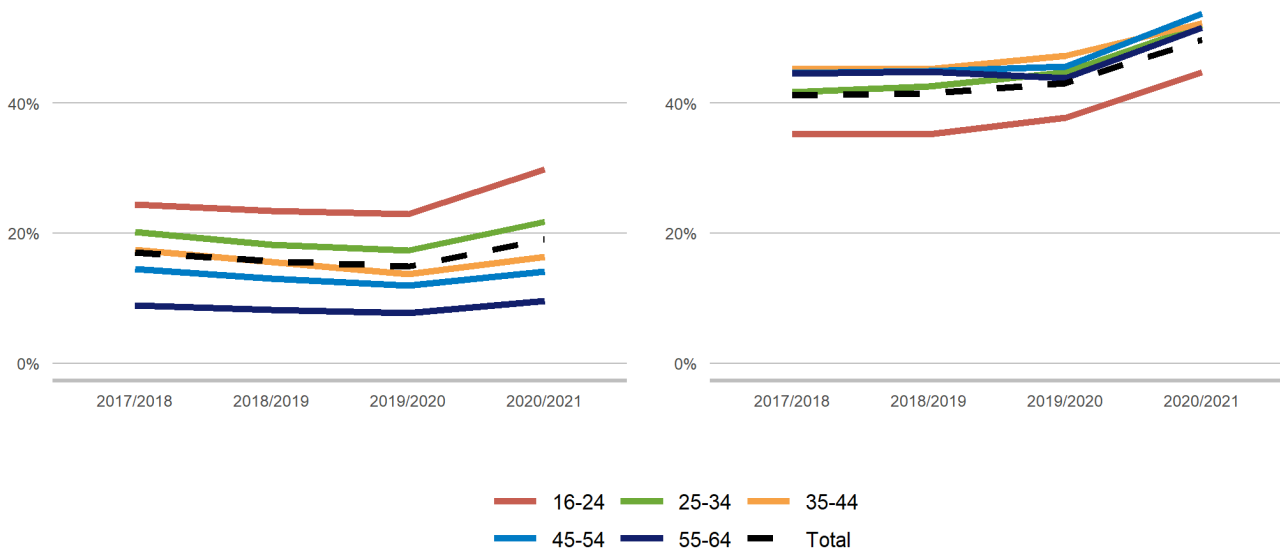




Figure 18: Exits off a main benefit into employment, by age

Left graph: The likelihood of exiting into employment.

Right graph: The proportion who sustained employment earnings of at least \$1,696 each month for at least a year after they exited into employment.



Generally, a higher proportion of people who exited into employment in the year ended June 2021 sustained their employment compared to those who exited in the previous year.

Figure 19: Average monthly income one year after exit for people who exited into employment in the year ended June 2021, and sustained employment for at least a year, by age



For young people who had maintained their employment for at least a year, they tended to have earned less than their older counterparts. Young people tend to have lower skill levels, more casual employment arrangements, and less previous work experience which can all influence the pay they receive.



Ethnicity¹⁴

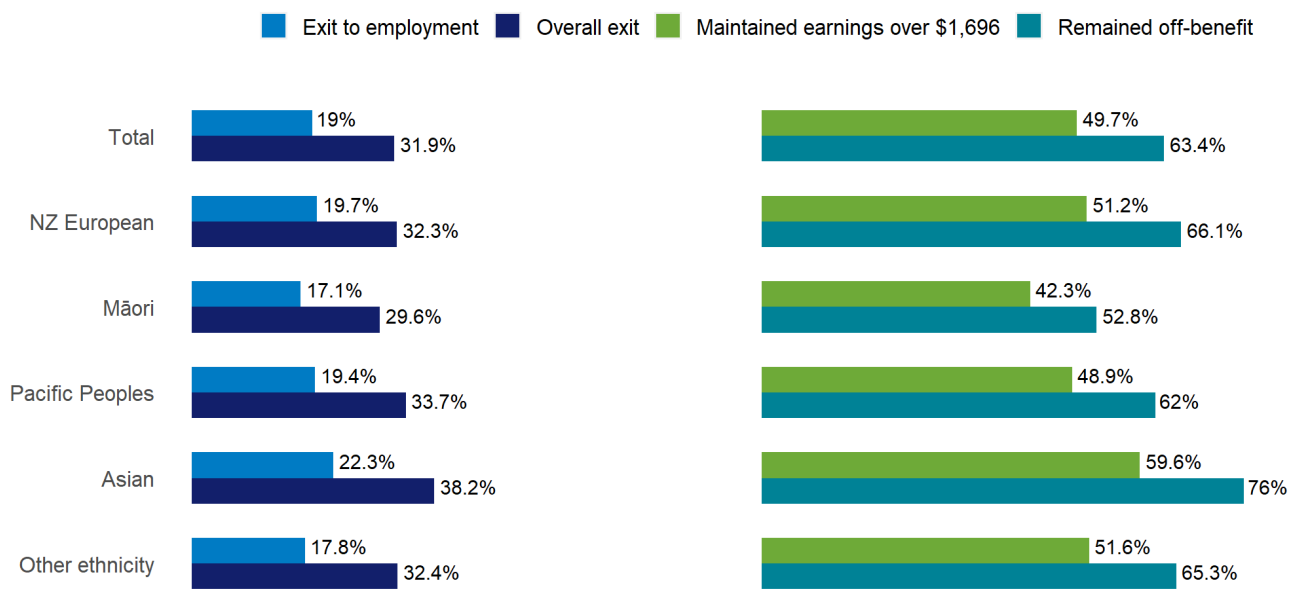
Figure 20: Exits off a main benefit in the year ended June 2021, by total ethnicity

Left graph: The likelihood of exiting into employment.

The likelihood of exiting a main benefit overall.

Right graph: The proportion who sustained employment earnings of at least \$1,696 each month for at least a year after they exited into employment.

The proportion of people who remained off a main benefit for at least a year after exiting.



In the year ended June 2021:

- Asian people had the highest likelihood of exiting the benefit system (38.2 percent).
- Pacific Peoples had the second highest likelihood of exiting the benefit system (33.7 percent).
- New Zealand European people had a 19.7 percent likelihood of exiting to employment; it was 17.1 percent for Māori.

Of those who exited to employment in the year to June 2021:

- Asian people had the highest proportion of people sustain their employment after a year (59.6 percent)

¹⁴ 'Total response' ethnicity is used throughout this report. This means that when a person has more than one ethnicity they are counted once within each ethnicity group (e.g. a person who identifies as both Māori and NZ European will be included in both ethnicities). Please see the technical document for more details: <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/benefit-system/technical-guide-what-happened-to-people-who-left-the-benefit-system-during-year-the-ended-june-2021.pdf>

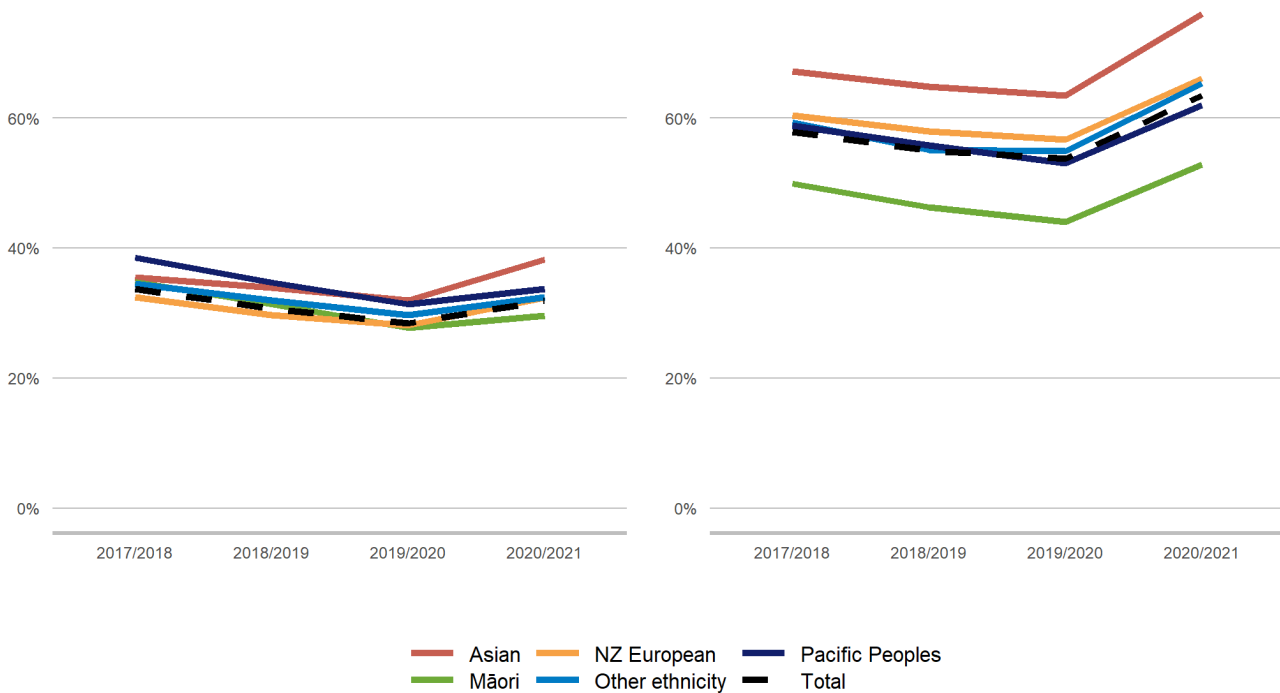


- NZ European had the second highest proportion of people sustain their employment after a year (51.2 percent)

Figure 21: Exits off a main benefit over time, by total ethnicity

Left graph: The likelihood of exiting off a main benefit.

Right graph: The proportion of people who remained off benefit for at least a year.



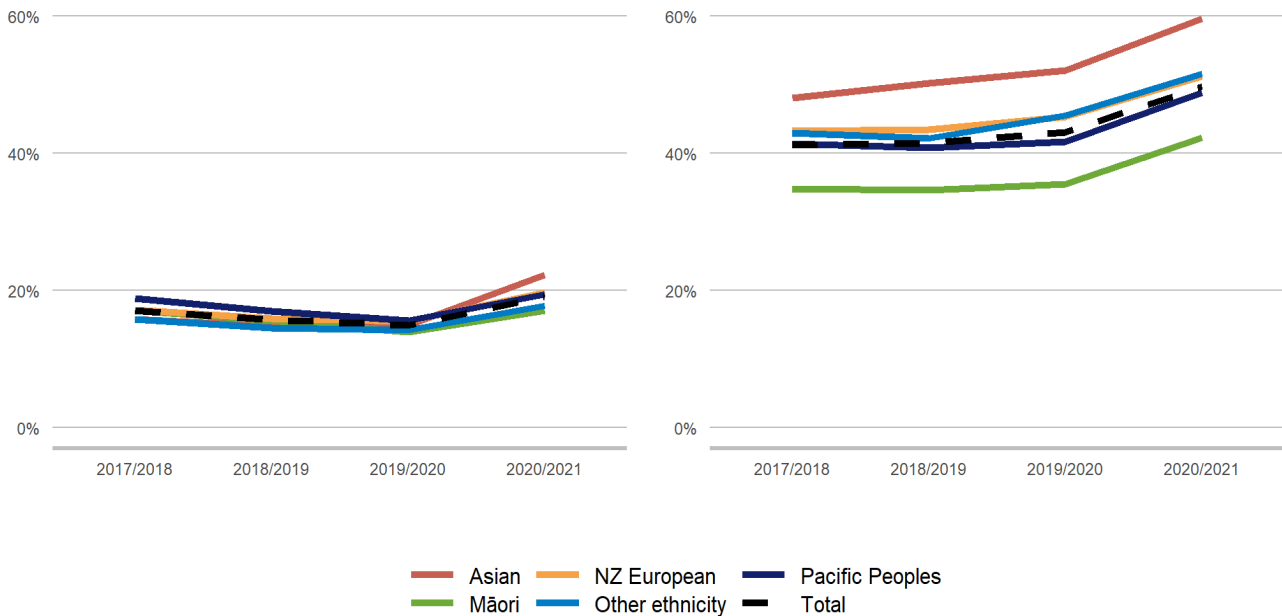
- The likelihood of leaving a main benefit increased from 28.1 percent in the year ended June 2020 to 32.3 percent in the year ended June 2021 for New Zealand European people.
- The likelihood of leaving a main benefit increased from 27.7 percent in the year ended June 2020 to 29.6 percent in the year ended June 2021 for Māori people.
- The likelihood of leaving a main benefit increased from 31.4 percent in the year ended June 2020 to 33.7 percent in the year ended June 2021 for Pacific Peoples.
- The likelihood of leaving a main benefit increased from 32 percent in the year ended June 2020 to 38.2 percent in the year ended June 2021 for Asian people.



Figure 22: Exits into employment from a main benefit over time, by total ethnicity

Left graph: The likelihood of exiting into employment.

Right graph: The proportion who sustained employment earnings of at least \$1,696 each month for at least a year after they exited into employment.



- The likelihood of exiting into employment for NZ Europeans increased from 15.5 percent in the year June 2020 to 19.7 percent in the year ended June 2021
- The likelihood of exiting into employment for Māori increased from 13.9 percent in the year June 2020 to 17.1 percent in the year ended June 2021
- The likelihood of exiting into employment for Pacific Peoples increased from 15.6 percent in the year June 2020 to 19.4 percent in the year ended June 2021
- People who identified as Asian had the highest employment sustainability rates after a year with 59.6 percent sustaining their employment.
- People who identified as Māori had the lowest employment sustainability rates with 42.3 percent sustaining their employment for at least a year.



Figure 23: Average monthly income one year after exit for people who exited into employment in the year ended June 2021, and sustained employment for at least a year, by total ethnicity



For people who remain in work for at least a year after they exited into employment, people who identify as Asian have the highest monthly earnings (\$5,500) compared to all other ethnicities. Pacific Peoples and Māori earned less on average compared to other ethnicities at \$4,900 and \$4,800 respectively.



Education

Figure 24: Exits off a main benefit in the year ended June 2021, by highest qualification at exit

Left graph: The likelihood of exiting into employment.

Right graph: The proportion who sustained employment earnings of at least \$1,696 each month for at least a year after they exited into employment.

The likelihood of exiting a main benefit overall.

The proportion of people who remained off a main benefit for at least a year after exiting.



Overall, people with higher levels of education were more likely to remain off benefit and sustain their employment a year after their exits. People with higher New Zealand Qualification Framework (NZQF¹⁵) levels (ie NZQF 7+ which is the equivalent of at least a Bachelor's degree) tend to qualify for a wider range of jobs making it easier for them to find and sustain their employment.

In the year to June 2021:

- People with a highest qualification of NZQF 7+ had the highest likelihood of exiting a main benefit (53.4 percent).
- People with a highest qualification of NZQF 7+ had the highest proportion of people remain off benefit after a year (79.4 percent)

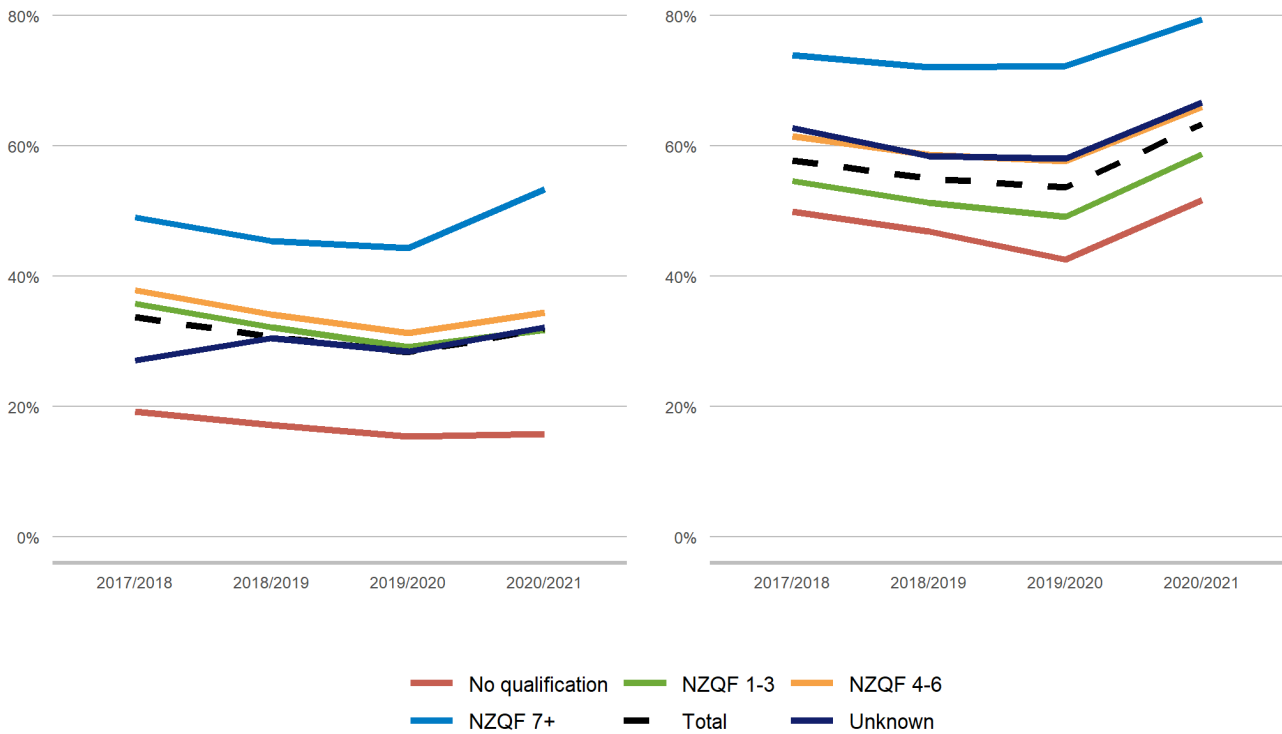
¹⁵ The NZQF is divided into 10 levels. Levels 1 to 3 align with NCEA certificates, levels 4 to 6 – certificates and diplomas, level 7 – Bachelor's Degrees, Graduate Diplomas and Certificates, level 8 – Postgraduate Diplomas and Certificates plus Bachelor Honours Degrees, level 9 – Masters Degrees, and level 10 – Doctoral Degrees. For more details on NZQF levels please see: www.nzqa.govt.nz/qualificationsstandards/understanding-nzqf/#heading2-2



Figure 25: Exits off a main benefit over time, by highest qualification at exit

Left graph: The likelihood of exiting off a main benefit.

Right graph: The proportion of people who remained off benefit for at least a year.



People with a highest qualification of NZQF 7+ had the greatest likelihood of leaving a main benefit. This increased from 44.4 percent in the year ended June 2020 to 53.4 percent in the year ended June 2021.

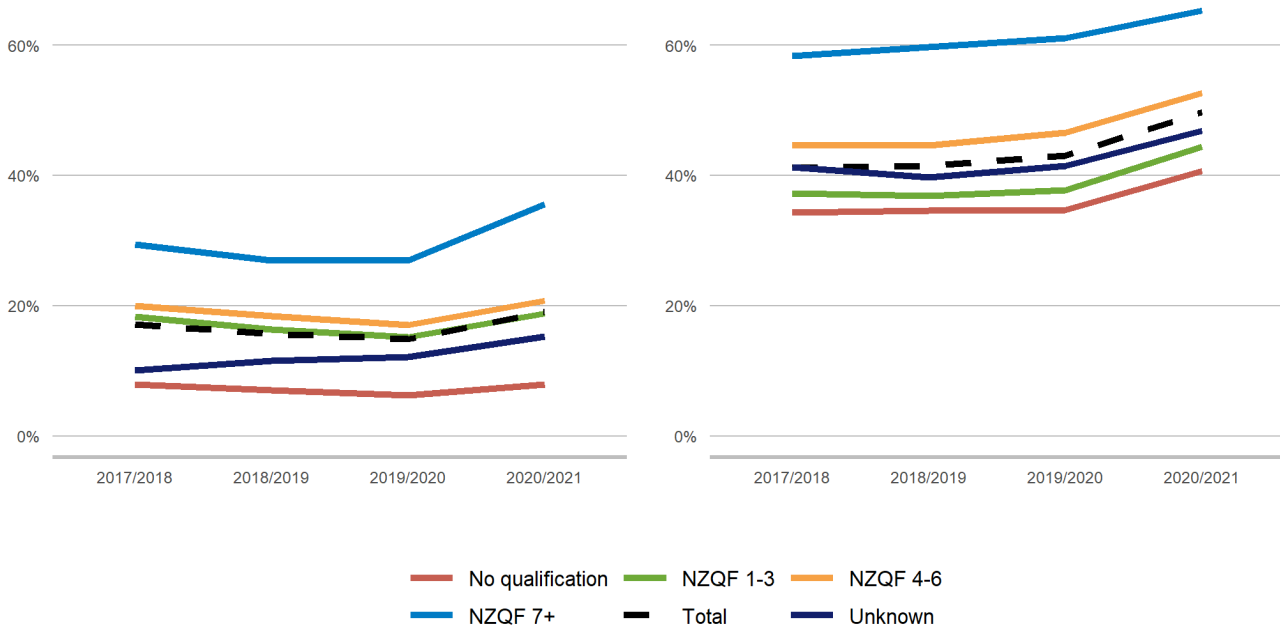
People with a highest qualification of NZQF 7+ had the highest proportion of people remain off benefit a year after they exited. This increased from 72.3 percent in the year ended June 2020 to 79.4 percent in the year ended June 2021.



Figure 26: Exits into employment from a main benefit over time, by highest qualification at exit

Left graph: The likelihood of exiting into employment.

Right graph: The proportion who sustained employment earnings of at least \$1,696 each month for at least a year after they exited into employment.



Generally, people with higher qualifications tended to be more likely to exit into employment and sustained their employment at higher rates.

People with a highest qualification of NZQF 7+ had the greatest likelihood of exiting to employment. This increased from 27 percent in the year ended June 2020 to 35.6 percent in the year ended June 2021.

People with a highest qualification of NZQF 7+ had the highest proportion of people sustain their employment after a year. This increased from 61.1 percent in the year ended June 2020 to 65.3 percent in the year ended June 2021.

Figure 27: Average monthly income one year after exit for people who exited into employment in the year ended June 2021, and sustained employment for at least a year, by highest qualification at exit

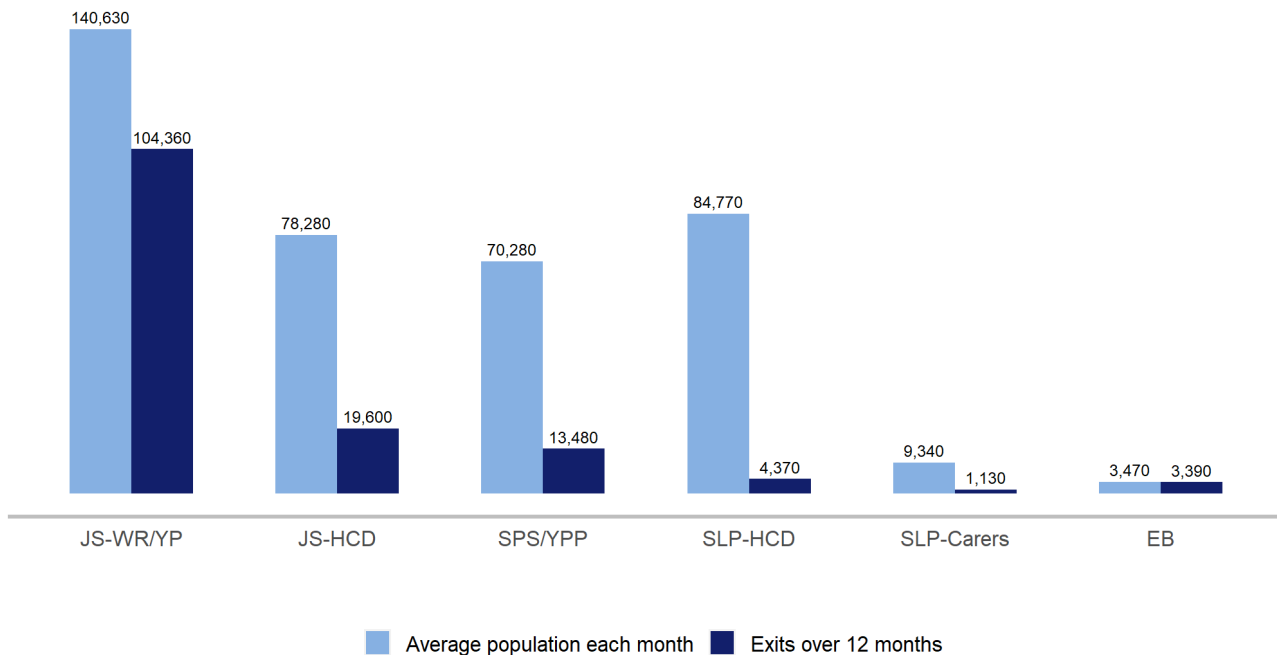




On average those that have achieved NZQF Level 7+ when they exited into employment tend to have the highest income 12-months after their exit.

Benefit type

Figure 28: Average number of people on a main benefit each month and number of people who exited a main benefit, year ended June 2021, by benefit type



There were more people supported by the JS – WR/YP benefit in the year ended June 2021 compared to all other main benefit¹⁶ types. JS – WR/YP also had the highest number of people exit off a main benefit. This is consistent with previous years.

JS – WR/YP clients are required to be available for and take reasonable steps to get a suitable full-time job. As such JS – WR clients have some of the highest likelihoods of exiting of a main benefit compared to other benefit types that have fewer work obligations. For example, Sole Parent Support (SPS) clients are required to look for suitable part-time work if their youngest dependent child is between three and 13 years old.

¹⁶ Main benefits defined within this report include: Jobseeker Support – Work Ready (JS – WR), Jobseeker Support – Health Condition and Disability (JS – HCD), Emergency Benefit (EB), Youth Payment (YP), Young Parent Payment (YPP) Supported Living Payment – Health Condition and Disabilities (SLP – HCD) and Supported living Payment – Carers (SLP – Carers). The number of people receiving YP and YPP were relatively small, and the number of people leaving these benefits were too small to meaningfully analyse. Therefore, we have combined people on YP with those who are on the JS-WR, and combined those on YPP with those who are on SPS. Further details on the different types of benefit can be found in the technical guide: <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/benefit-system/technical-guide-what-happened-to-people-who-left-the-benefit-system-during-year-the-ended-june-2021.pdf>



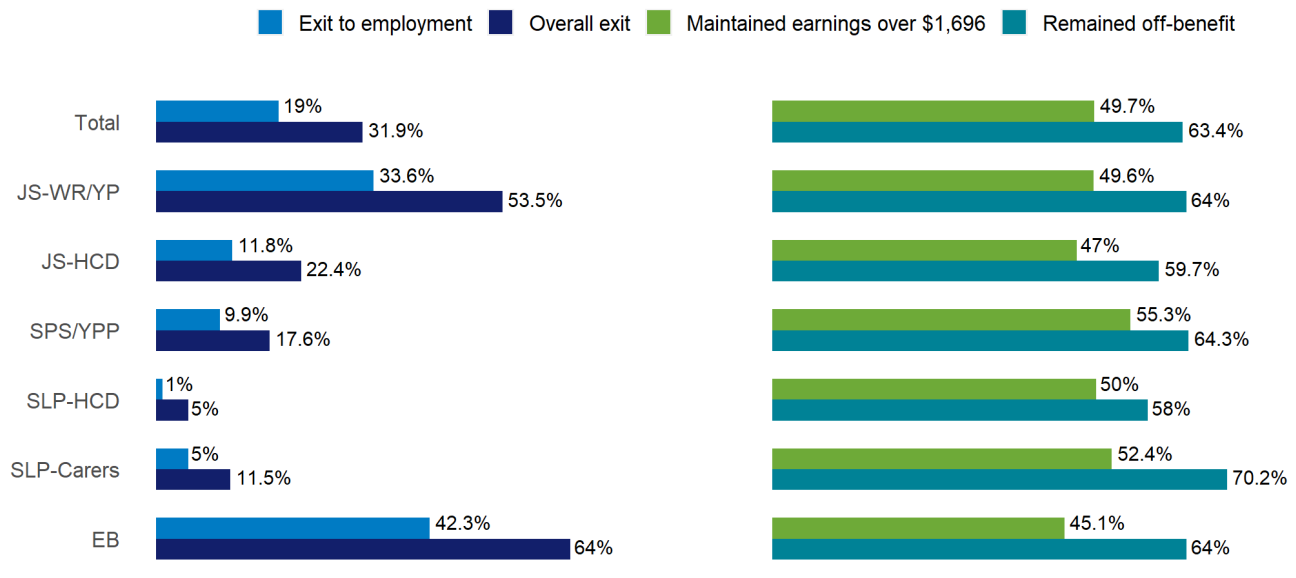
Figure 29: Exits off a main benefit in the year ended June 2021, by benefit type

Left graph: The likelihood of exiting into employment.

Right graph: The proportion who sustained employment earnings of at least \$1,696 each month for at least a year after they exited into employment.

The likelihood of exiting a main benefit overall.

The proportion of people who remained off a main benefit for at least a year after exiting.



Clients on an Emergency Benefit have a high likelihood of exiting off a benefit due to the nature of this benefit type. It is only granted to people who cannot earn enough to support themselves and do not qualify for any other benefit type. This is also why they make up a small proportion of the benefit population.

In the year ended June 2021:

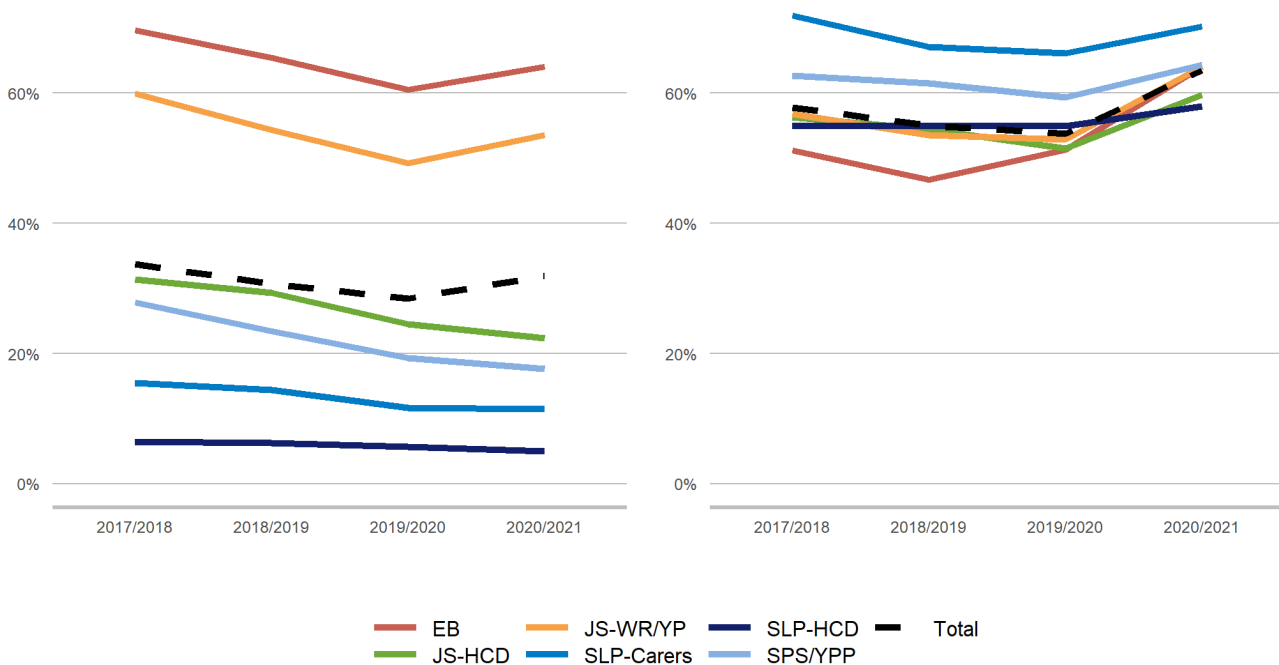
- JS – WR/YP clients had the highest likelihoods of exiting into employment (33.6 percent).
- While SPS and SLP – Carer clients had low likelihoods of exiting into employment (at 9.9 percent and 5 percent respectively) they had the highest rates of employment sustainability (at 55.3 percent and 52.4 percent respectively).



Figure 30: Exits off a main benefit over time, by benefit type

Left graph: The likelihood of exiting off a main benefit.

Right graph: The proportion of people who remained off benefit for at least a year.



The benefit types with some of the highest likelihoods of exiting a main benefit in the year ended June 2021 were:

- JS – WR/YP clients who had a 53.5 percent likelihood of leaving a main benefit, which increased from 49.2 percent in the year ended June 2020.
- JS – HCD clients who had a 22.4 percent likelihood of leaving a main benefit, which decreased from 24.5 percent in the year ended June 2020.
- SPS/YPP clients who had a 17.6 percent likelihood of leaving a main benefit, which decreased from 19.3 percent in the year ended June 2020.

The benefit types that had the highest proportion of people remain off main benefit a year after they exited in the year ended June 2021 were:

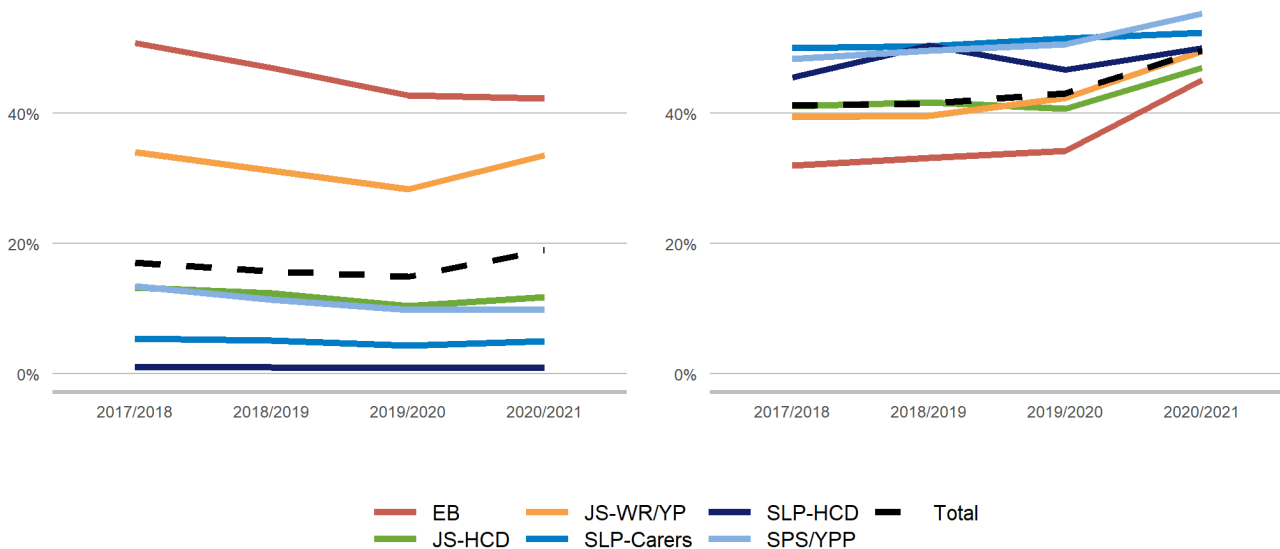
- SLP – Carers clients, of which 70.2 percent had sustained their exit for up to a year. This is an increase from the year to June 2020 when 66.1 percent of clients remained off benefit a year after exiting.
- SPS/YPP clients, of which 64.3 percent had sustained their exit for up to a year. This is an increase from the year to June 2020 when 59.3 percent of clients remained off benefit a year after exiting.
- JS – WR/YP clients, of which 64 percent had sustained their exit for up to a year. This is an increase from the year to June 2020 when 52.9 percent of clients remained off benefit a year after exiting.



Figure 31: Exits into employment from a main benefit over time, by benefit type

Left graph: The likelihood of exiting into employment.

Right graph: The proportion who sustained employment earnings of at least \$1,696 each month for at least a year after they exited into employment.



The benefit types with the highest likelihoods of exiting into employment in the year to June 2021 were:

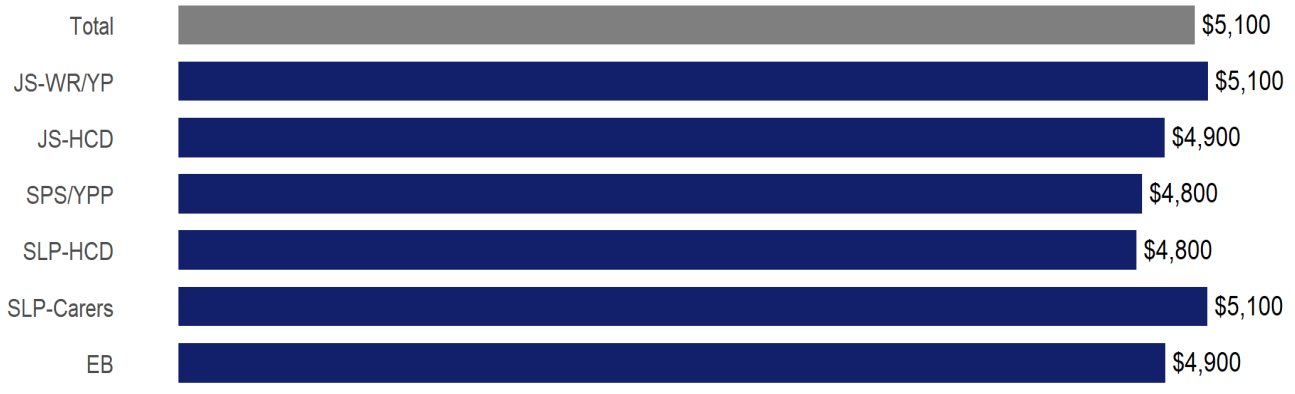
- JS – WR/YP clients who had a 33.6 percent likelihood of exiting into employment, which increased from 28.4 percent in the year ended June 2020.
- JS – HCD clients who had a 11.8 percent likelihood of exiting into employment, which increased from 10.4 percent in the year ended June 2020.
- SPS/YPP clients who had a 9.9 percent likelihood of exiting into employment, which increased from 9.8 percent in the year ended June 2020.

The benefit types with that had the highest proportion of people sustain their employment a year after exiting into work were:

- SPS/YPP clients who had a 55.3 percent likelihood of sustaining their employment a year after they exited into work, which increased from 50.6 percent in the year ended June 2020.
- SLP – Carers clients who had a 52.4 percent likelihood of sustaining their employment a year after they exited into work, which increased from 51.5 percent in the year ended June 2020.
- SLP – HCD clients who had a 50 percent likelihood of sustaining their employment a year after they exited into work, which increased from 46.7 percent in the year ended June 2020.



Figure 32: Average monthly income one year after exit for people who exited into employment in the year ended June 2021, and sustained employment for at least a year, by benefit type



JS – WR/YP clients who exited into employment in the year ended June 2021 tended to have the highest incomes at 12-months if they had sustained their employment.

Benefit history

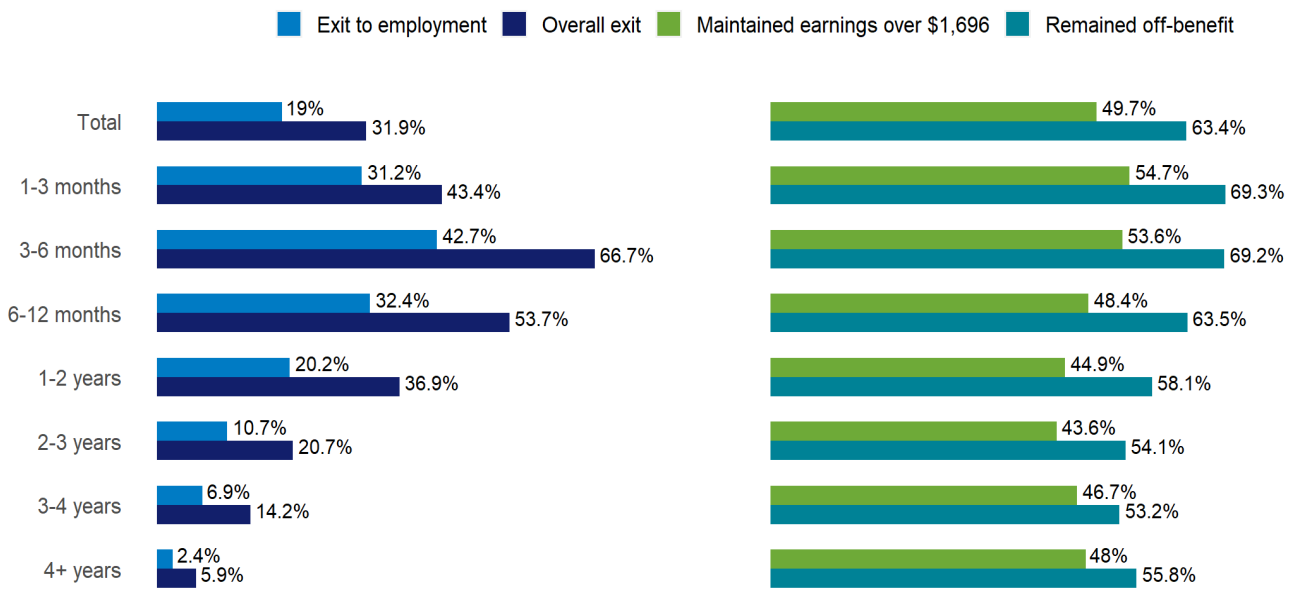
Figure 33: Exits off a main benefit in the year ended June 2021, by time spent on benefit prior to exit

Left graph: The likelihood of exiting into employment.

Right graph: The proportion who sustained employment earnings of at least \$1,696 each month for at least a year after they exited into employment.

The likelihood of exiting a main benefit overall.

The proportion of people who remained off a main benefit for at least a year after exiting.



Overall, the likelihood of leaving a main benefit has decreased more so for people who have spent longer supported by a main benefit. People who have spent more time on a main benefit before their exit tend to also have lower sustainability rates.



In the year to June 2021:

- People who had spent three to six months on a main benefit had the greatest likelihood of exiting a main benefit (66.7 percent).
- People who had spent three to six months on a main benefit had the greatest likelihood of exiting into employment (42.7 percent).

For those who had exited a main benefit:

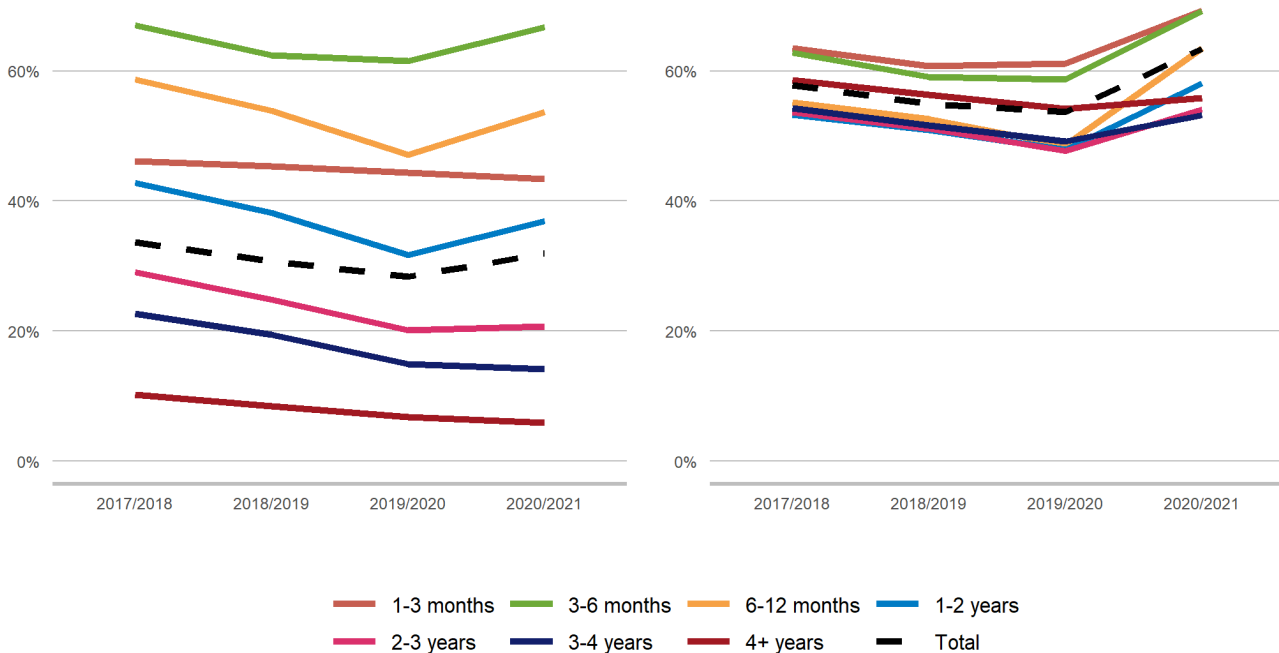
- The highest proportion of people who remained off benefit after a year, had spent one to three months on a main benefit before their exit with 69.3 percent remaining off benefit.
- People who were on a main benefit for one to three months before exiting to work had the highest employment sustainability rates after a year (54.7 percent).



Figure 34: Exits off a main benefit over time, by time spent on benefit prior to exit

Left graph: The likelihood of exiting off a main benefit.

Right graph: The proportion of people who remained off benefit for at least a year.



People with the highest likelihood of exiting a main benefit in the year ended June 2021 were those who had been supported for:

- three to six months with a 66.7 percent likelihood of exiting. This is an increase from 61.5 percent in the year ended June 2020.
- six to twelve months with a 53.7 percent likelihood of exiting. This is an increase from 47.1 percent in the year ended June 2020.
- one to three months with a 43.4 percent likelihood of exiting. This is a decrease from 44.4 percent in the year ended June 2020.

Generally, a higher proportion of people who have received a main benefit for a shorter length of time remain off benefit after they have exited.

- 69.3 percent of people who were on a main benefit for one to three months in the year to June 2021 before their exit, remained off benefit throughout 12 months. This is an increase from the year to June 2020 (61.1 percent).
- 69.2 percent of people who were on a main benefit for three to six months in the year to June 2021 before their exit, remained off benefit throughout 12 months. This is an increase from the year to June 2020 (58.7 percent).

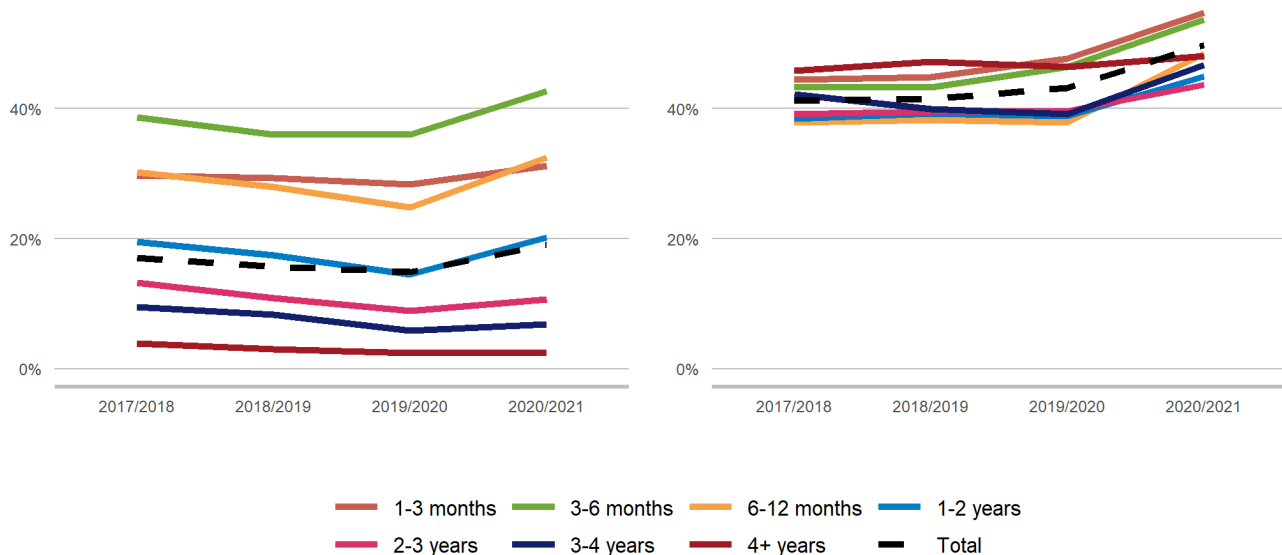
People who had been supported by a benefit for less than a year before leaving the benefit system were the most likely to remain off benefit after a year. They also showed the greatest improvement compared to people with a longer benefit history.



Figure 35: Exits into employment from a main benefit over time, by time spent on benefit prior to exit

Left graph: The likelihood of exiting into employment.

Right graph: The proportion who sustained employment earnings of at least \$1,696 each month for at least a year after they exited into employment.



People with the highest likelihood of exiting to employment the year ended June 2021 were those who had been supported for:

- three to six months with a 42.7 percent likelihood of exiting to employment. This is an increase from 36 percent in the year ended June 2020.
- six to twelve months with a 32.4 percent likelihood of exiting to employment. This is an increase from 24.8 percent in the year ended June 2020.
- one to three months with a 31.2 percent likelihood of exiting to employment. This is an increase from 28.3 percent in the year ended June 2020.

Generally, employment sustainability rates are higher for people who were on a benefit for a shorter time before exiting into work.

- People who were supported by a main benefit for one to three months in the year to June 2021 before leaving for work had the highest employment sustainability rates (54.7 percent). This is an increase from the year to June 2020 (47.7 percent).
- People who were supported by a main benefit for three to six months in the year to June 2021 before leaving for work had the highest employment sustainability rates (53.6 percent). This is an increase from the year to June 2020 (46.4 percent).



Figure 36: Average monthly income one year after exit for people who exited into employment in the year ended June 2021, and sustained employment for at least a year, by time spent on benefit prior to exit



On average people who were on a main benefit for three to six months before exiting into work and were able to sustain their employment for 12-months, had the highest incomes (\$5,300).



Regional view

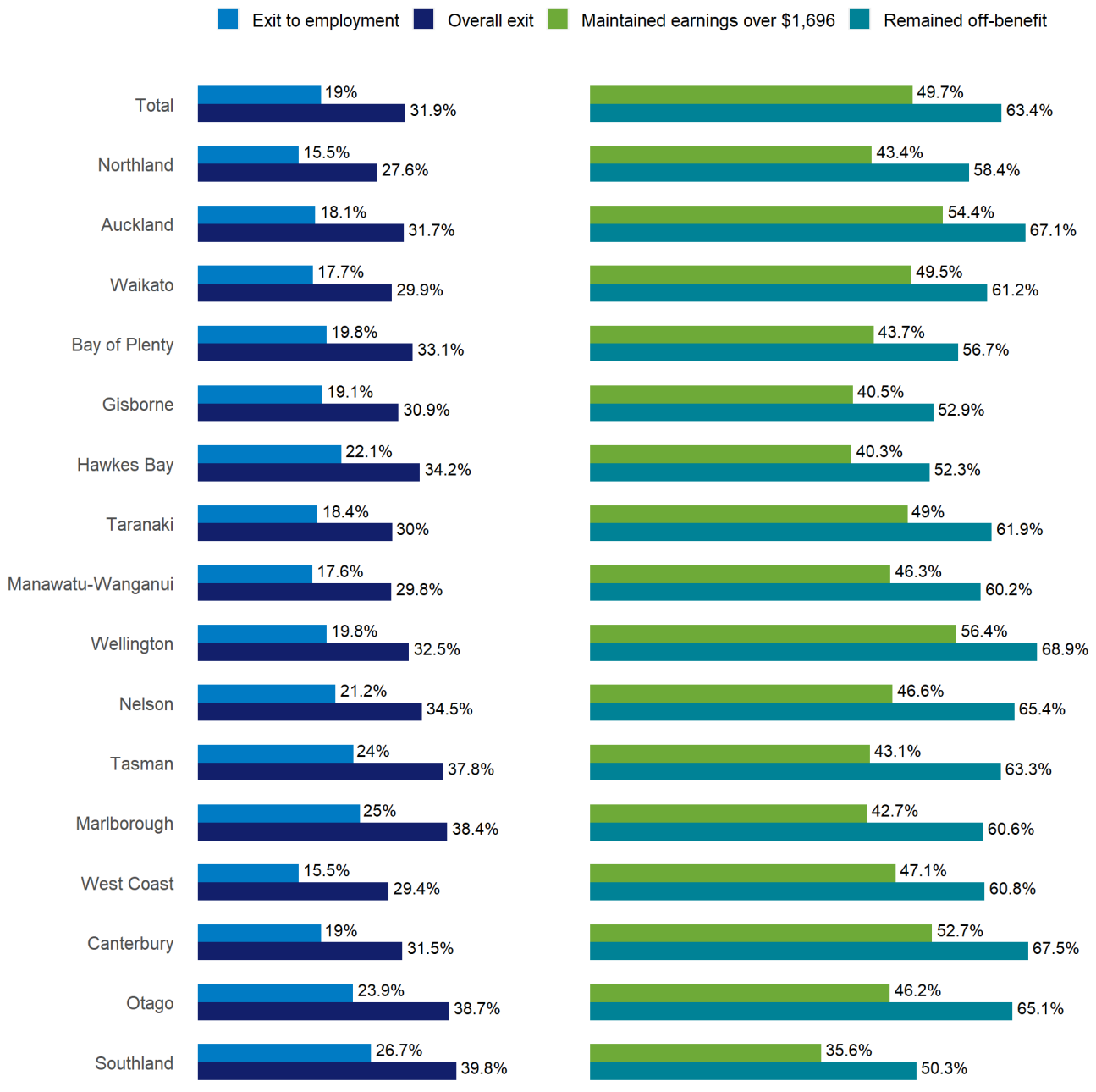
Figure 37: Exits off a main benefit in the year ended June 2021, by region at exit

Left graph: The likelihood of exiting into employment.

Right graph: The proportion who sustained employment earnings of at least \$1,696 each month for at least a year after they exited into employment.

The likelihood of exiting a main benefit overall.

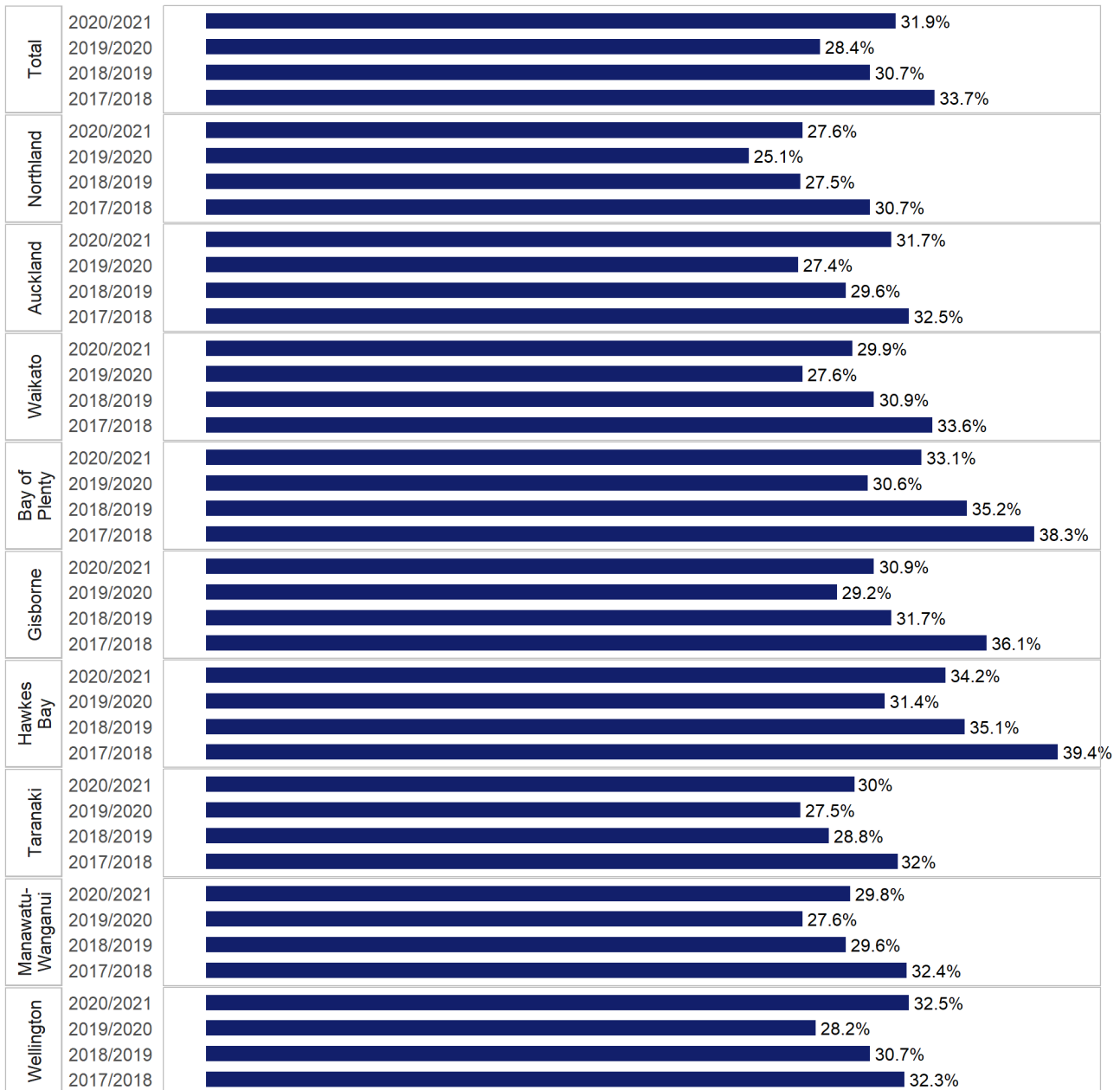
The proportion of people who remained off a main benefit for at least a year after exiting.





Regions¹⁷ differ in both their population make-up and the industries that form their local economies. This also affects the number of jobs that are available within each region which influences the likelihood of people leaving the benefit system and exiting into employment.

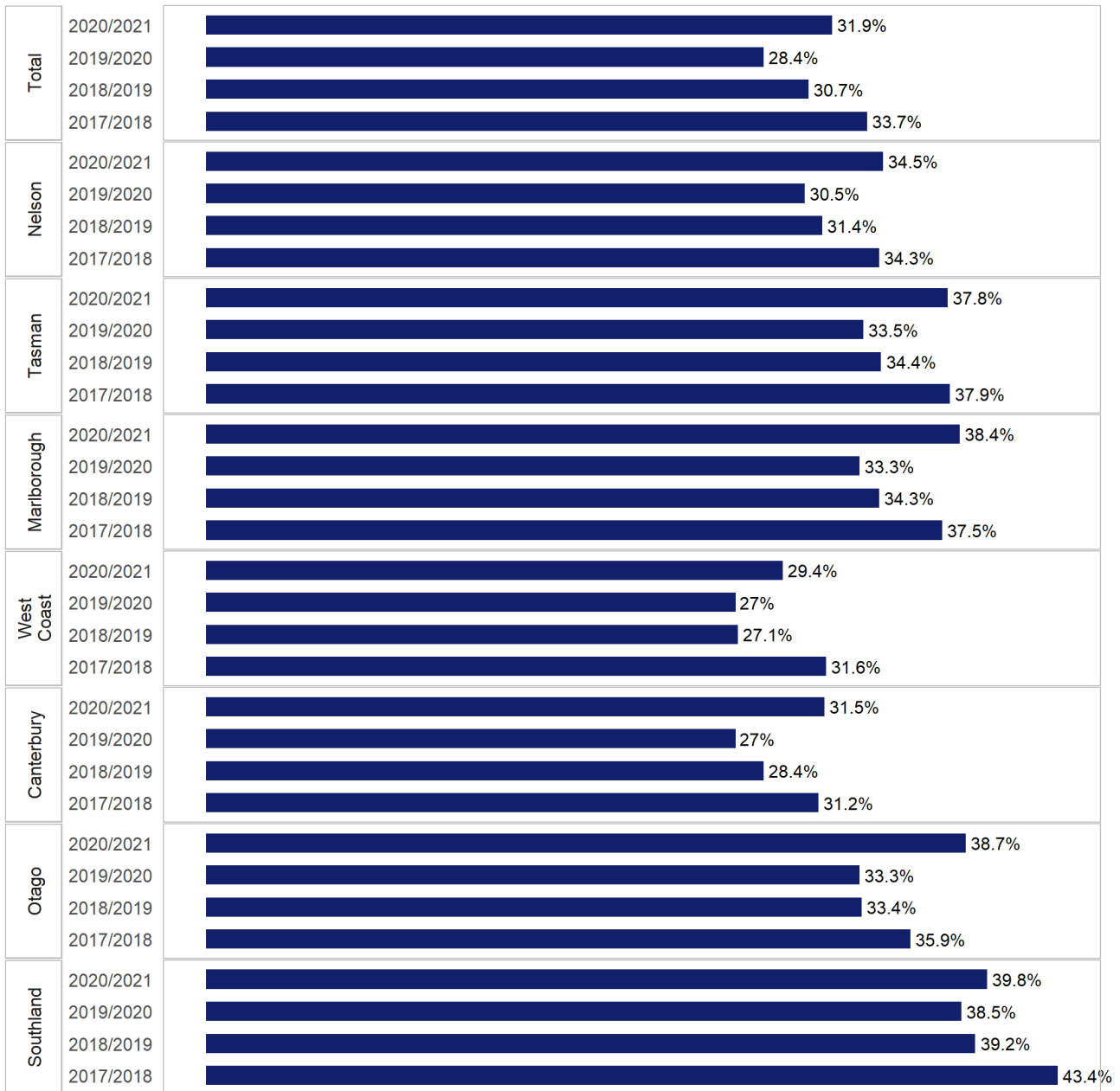
Figure 38: Likelihood of benefit exit over time, by North Island regions



¹⁷ Regions are based on the 16 regional and unitary councils. Manawātū-Wanganui is also referred to as the Horizons Regional Council. For more information on each region please see <https://www.lgnz.co.nz/regionals/>



Figure 39: Likelihood of benefit exit over time, by South Island regions



In the year ended June 2021, the three regions with the highest likelihoods of exiting were:

- Southland (39.8 percent), which increased from 38.5 percent in the year to June 2020.
- Otago (38.7 percent), which increased from 33.3 percent in the year to June 2020.
- Marlborough (38.4 percent), which increased from 33.3 percent in the year to June 2020.



Figure 40: The likelihood of exiting into employment, by North Island regions

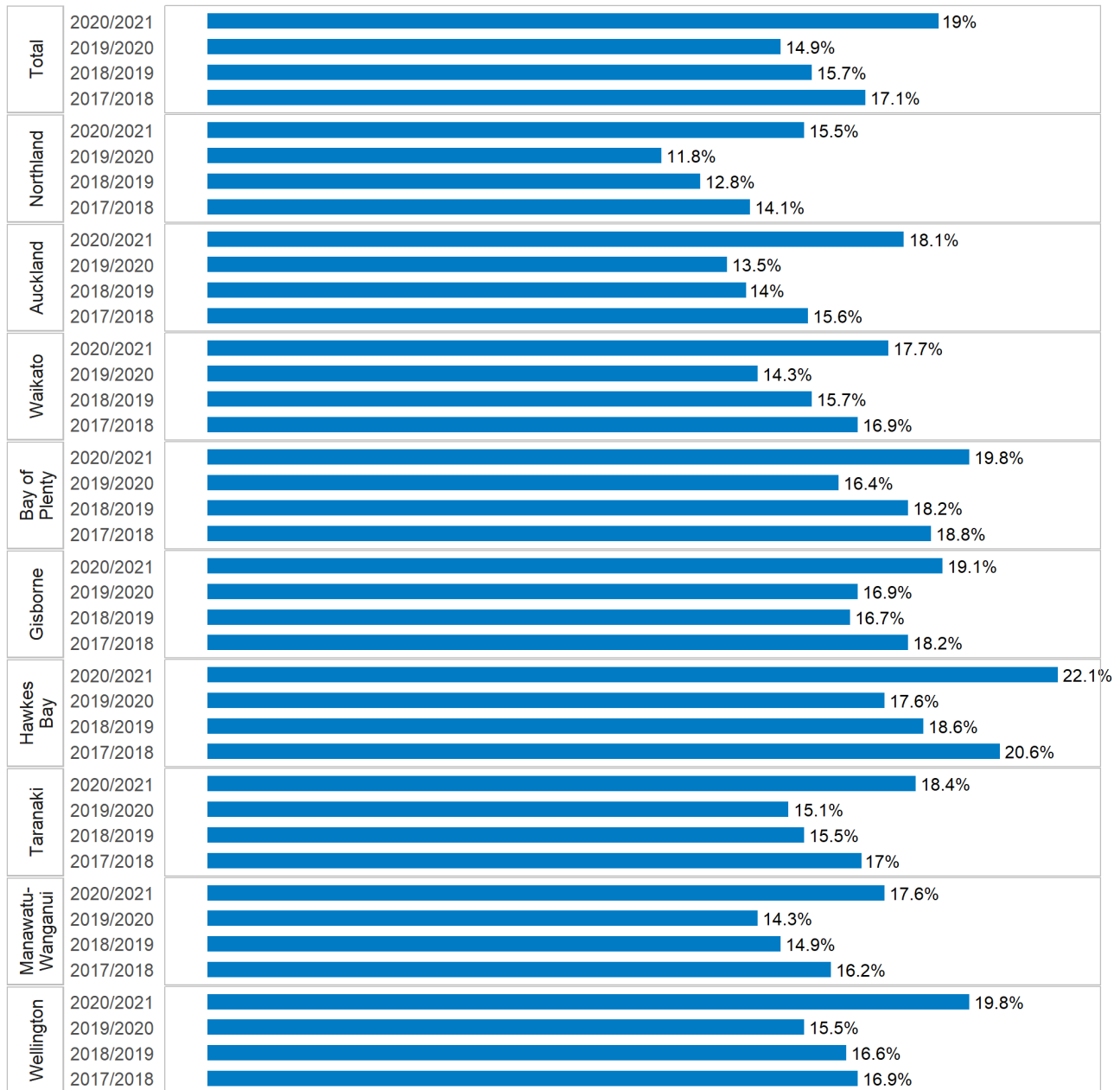
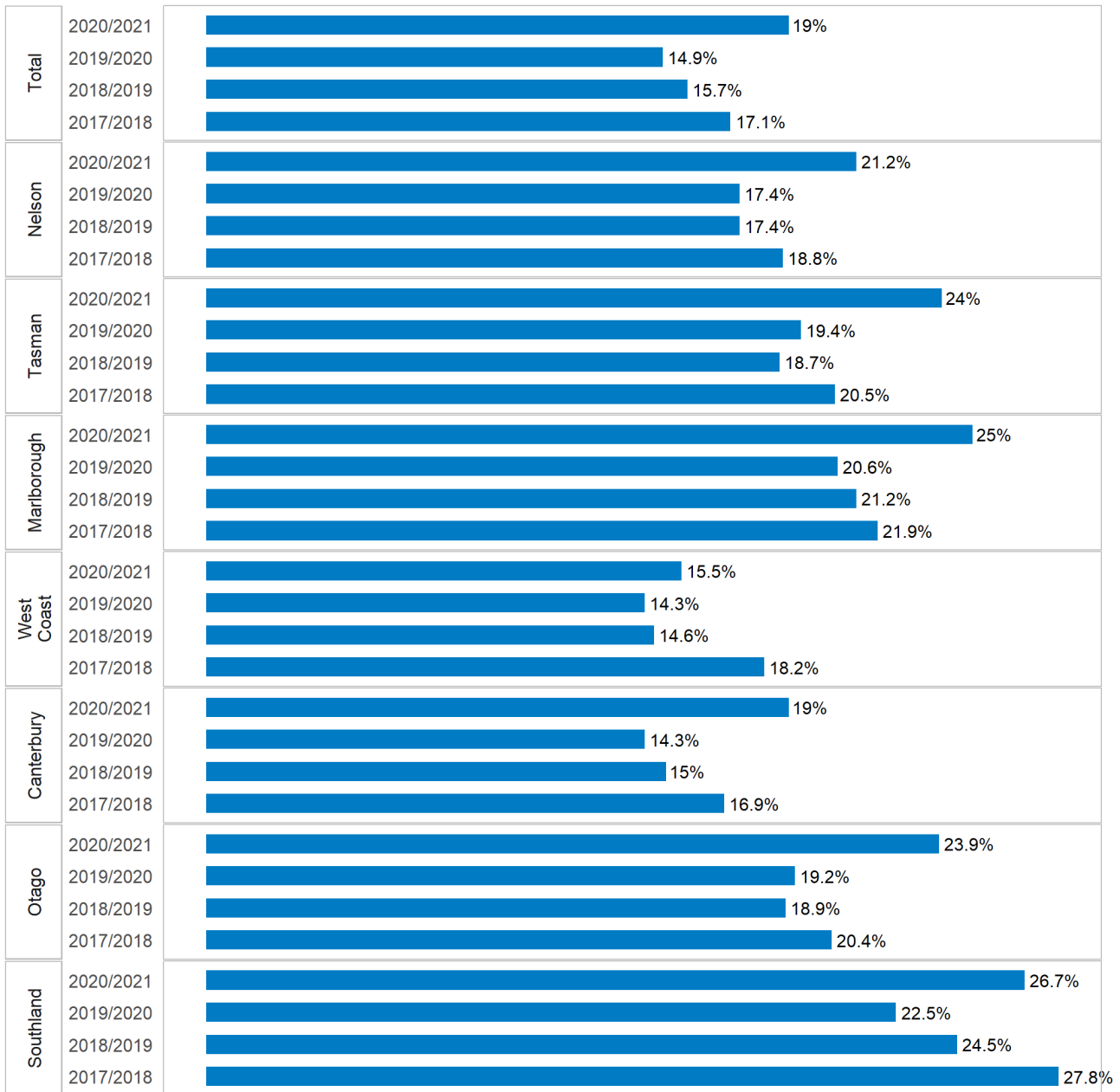




Figure 41: The likelihood of exiting into employment, by South Island regions



In the year ended June 2021, the three regions with the highest likelihoods of exiting into employment were:

- Southland (26.7 percent), which increased from 22.5 percent in the year to June 2020.
- Marlborough (25 percent), which increased from 20.6 percent in the year to June 2020.
- Tasman (24 percent), which increased from 19.4 percent in the year to June 2020.



Figure 42: The proportion of people who remained off a main benefit for at least a year after exiting, by North Island regions

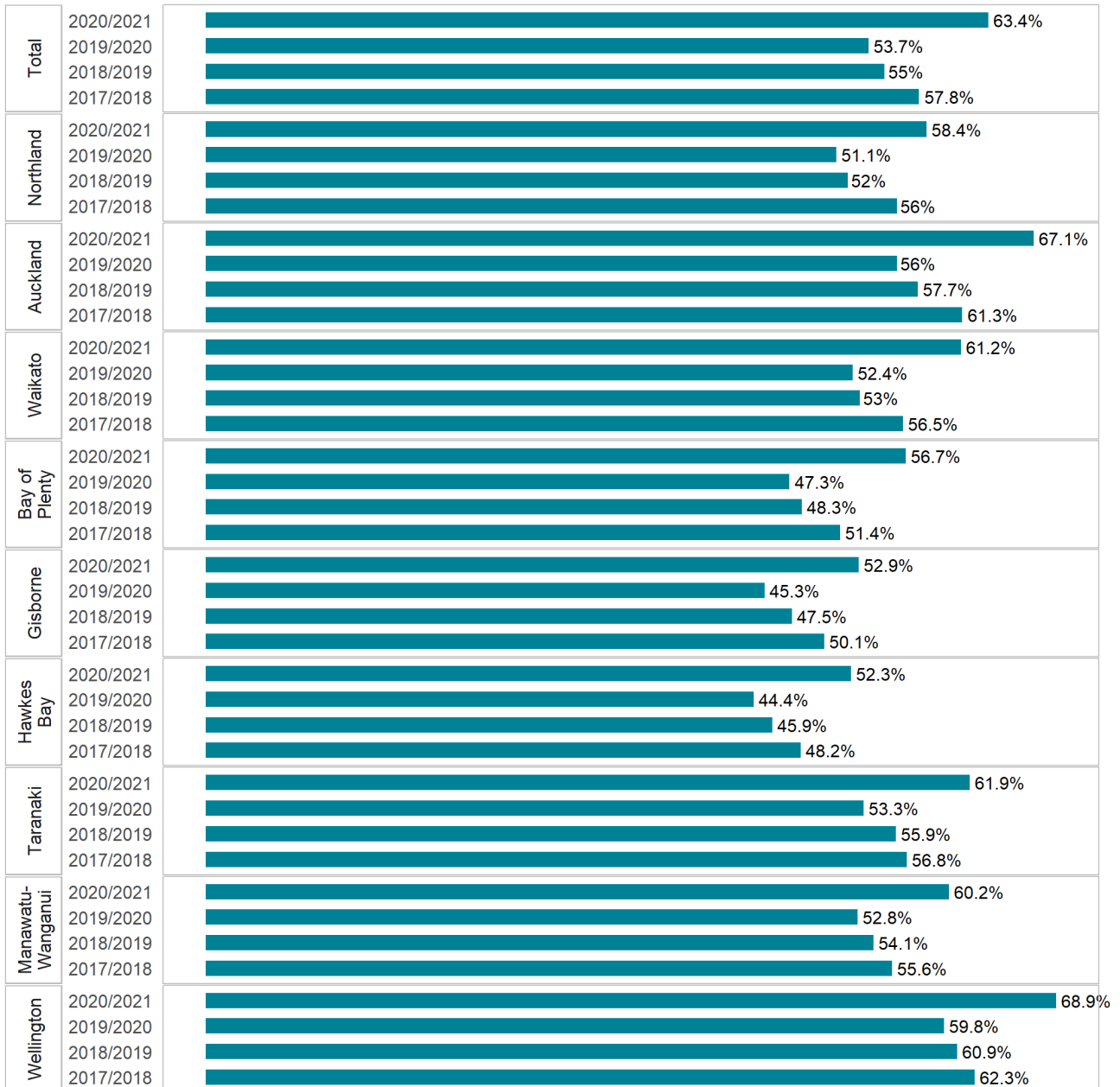
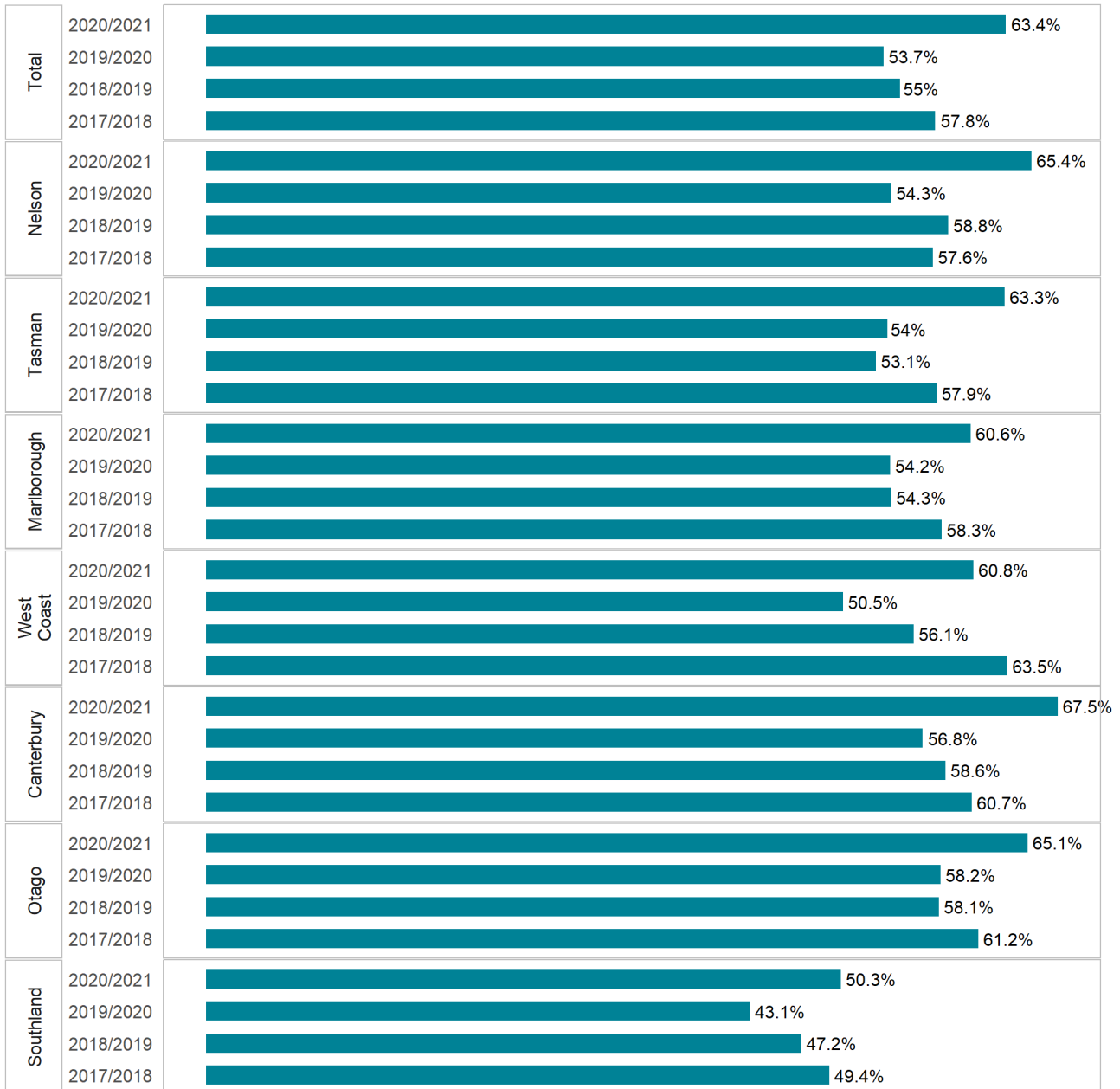




Figure 43: The proportion of people who remained off a main benefit for at least a year after exiting, by South Island regions



In the year ended June 2021, the three regions that had the highest proportion of people remain off benefit were:

- Wellington (68.9 percent), which increased from 59.8 percent in the year to June 2020.
- Canterbury (67.5 percent), which increased from 56.8 percent in the year to June 2020.
- Auckland (67.1 percent), which increased from 56 percent in the year to June 2020.



Because regions differ by the industries that form their local economies, there can be a wide variety in the number of seasonal and non-seasonal job opportunities. This can then affect employment sustainability rates. By their nature, seasonal work tends to be less stable than their non-seasonal equivalents.

The large urban centers of Auckland, Wellington and Christchurch have a wide range of industries that make up their local economies. The wider range of jobs available in urban centers gives people a greater opportunity to find non-seasonal work which may increase the likelihood of finding sustainable employment.

Figure 44: The proportion who sustained employment earnings of at least \$1,696 each month for at least a year after they exited into employment, by North Island regions

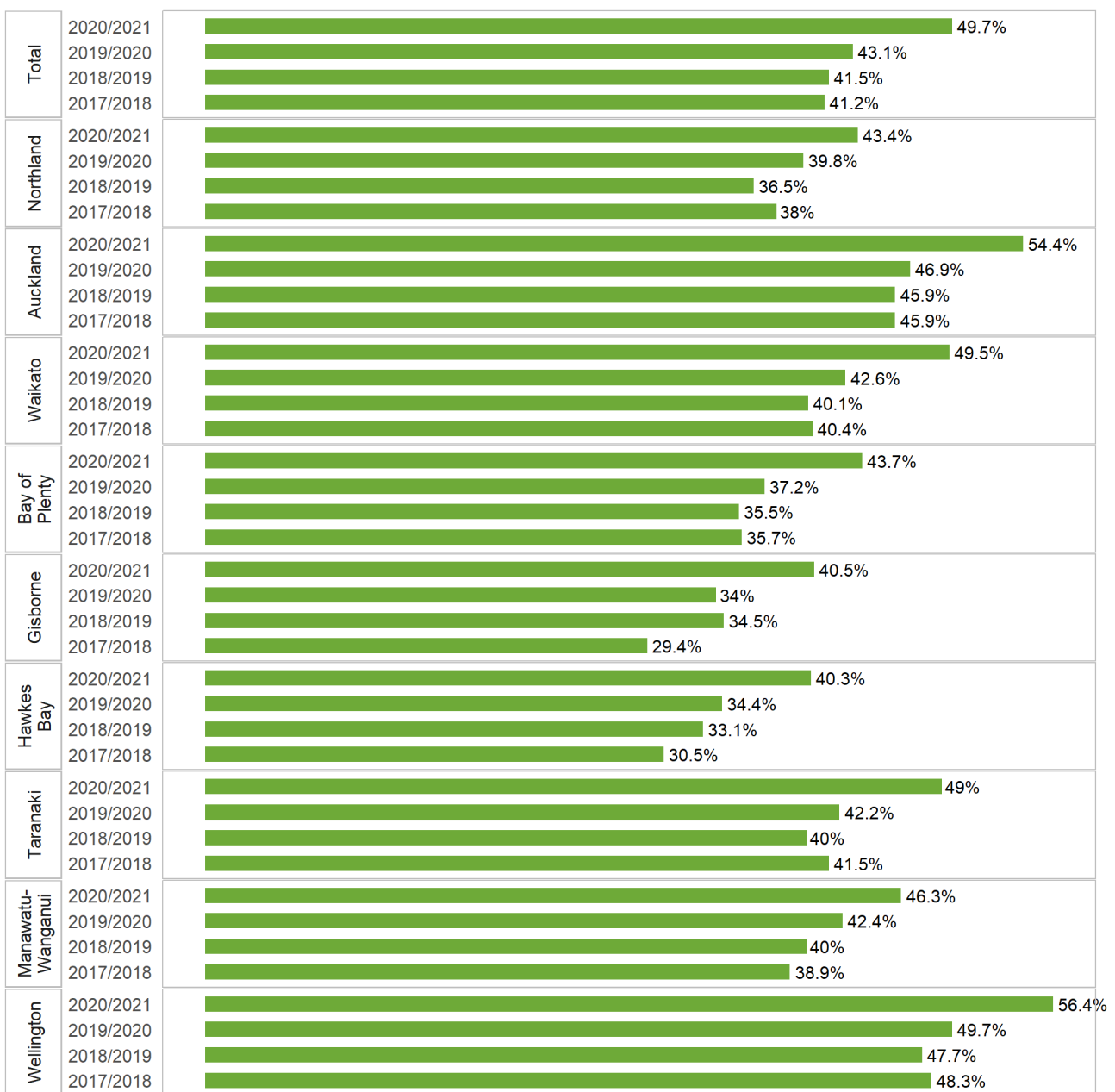
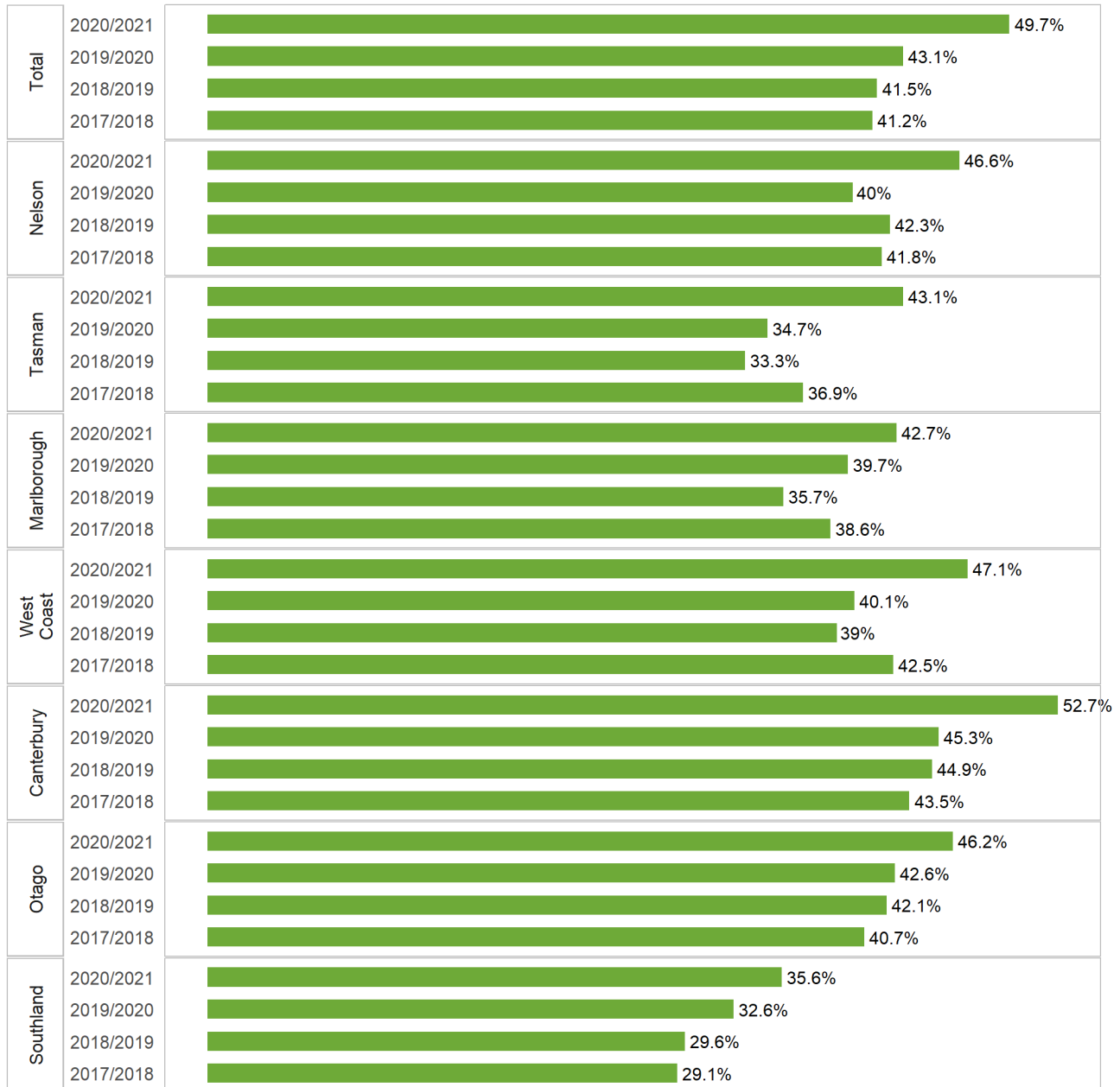




Figure 45: The proportion who sustained employment earnings of at least \$1,696 each month for at least a year after they exited into employment, by South Island regions

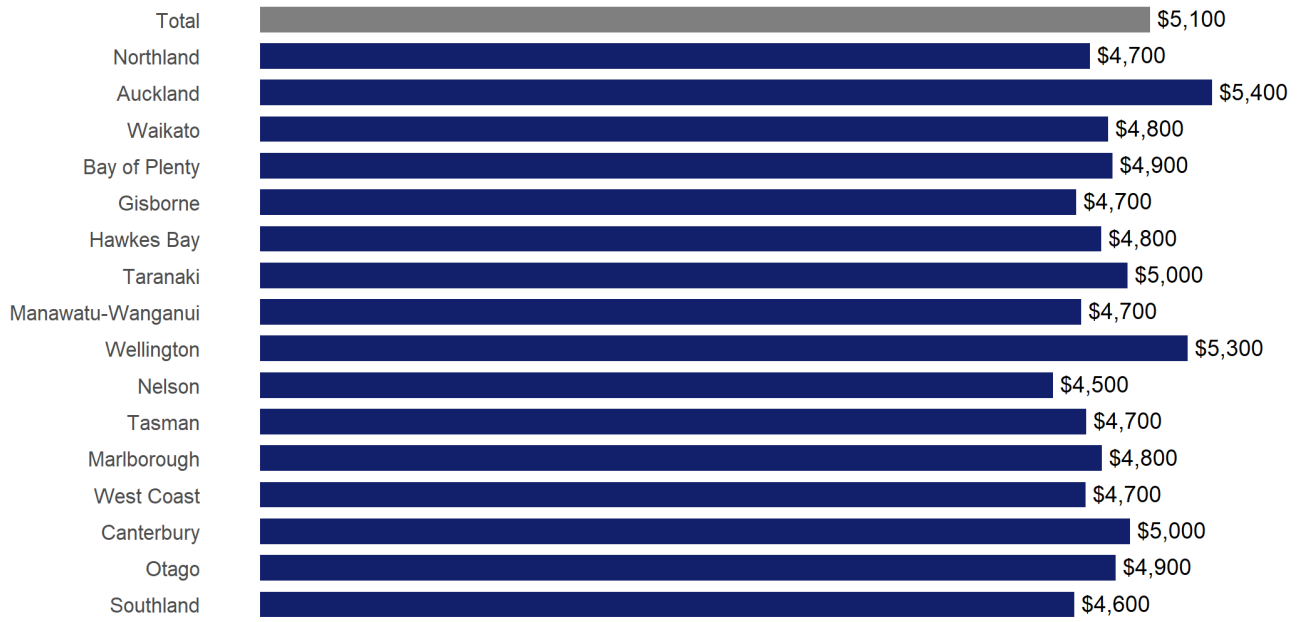


In the year ended June 2021, the three regions with the highest employment sustainability rates were:

- Wellington (56.4 percent), which increased from 49.7 percent in the year to June 2020.
- Auckland (54.4 percent), which increased from 46.9 percent in the year to June 2020.
- Canterbury (52.7 percent), which increased from 45.3 percent in the year to June 2020.



Figure 46: Average monthly income one year after exit for people who exited into employment in the year ended June 2021, and sustained employment for at least a year, by region



On average, people who exited into and sustained their employment for at least a year in Auckland, Wellington and Canterbury had the highest monthly incomes at 12-months (earning \$5,400, \$5,300 and \$5,000 respectively).



Appendix: Reliances, limitations and things to note

There are a number of key limitations to be aware of when using this report. For further information on these as well as more detailed methodology and definitions please see the accompanying [technical guide](#).

A person must have been off benefit for at least a full calendar month before being included in the subject population. Depending on when a person leaves a benefit this could exclude people who are off benefit for periods up to almost two months, while including others who have been off benefit for just one full month.

We use earnings exceeding \$1,696 a month (inflated to September 2022) as our threshold for sustained employment. We only have earnings data for calendar months and do not have work hours. Thus, a person who works one week a month earning an annual salary of \$60,000 would have the same monthly earnings as someone working a full four weeks on an annual salary of \$15,000.

Generally self-employed earnings are not accounted for. Most self-employed earnings declarations in the data relate to years ending 31 March, which we could not reliably allocate across months and which may not be available until a long period after the financial year end. This means that some of those deemed to not be earning or to be earning less than \$1,696 per month may, in fact, have earnings from self-employment exceeding \$1,696 per month. However, the proportion of the study population reporting self-employed earnings is small (less than three percent in previous reports), so this is unlikely to materially impact our broad findings.

There is a need to be cautious in drawing conclusions from the comparative analyses in this report. We have performed comparative analyses between various groups throughout this report. However, we have not controlled for any multivariate factors between any two groups.

Differences in exit likelihoods, and other measures, between the cohorts could partly be due to differences in the characteristics and histories of the cohorts. No attempt has been made to control for these differences and, for this reason, it is not possible to come to any firm conclusions about the causes of differences in exit likelihoods and other outcomes between the cohorts.

Due to the way we've defined and prioritised exit reasons, some people who are designated as having left benefit for reasons other than employment may also have earnings over \$1,696 per month. For example, someone may have left for tertiary education and also have income above \$1,696 per month – they would be classified as leaving for tertiary education rather than employment. It is also possible that some of the people assigned to other earning categories for less than \$1,696 per month may in fact have substantial earnings, for example they may have significant self-employed earnings, as described above.