



Monthly Benefits Update - Commentary

June 2023

Purpose

- 1 The purpose of this commentary is to highlight key points from the *Monthly Benefits Update* for June 2023. It was published as part of our monthly reporting on the Ministry of Social Development's (MSD) website on Friday, 14 July 2023¹.

Key points

- 2 The number of people receiving a main benefit in June 2023 increased by around 3,900 (1.1 percent) since May 2023 to around 351,800.
- 3 Jobseeker Support (JS), which rose by around 3,100 (1.8 percent), drove the overall increase in main benefit numbers. This increase in JS numbers may be due to the slowing economy beginning to impact the labour market.
 - Jobseeker Support – Work Ready (JS – WR) increased by nearly 1,500 people (1.5 percent). Most of this increase was due to new clients coming onto a benefit.
 - Jobseeker Support – Health Condition or Disability (JS – HCD) increased by nearly 1,600 (2.2 percent). Most of this increase was due to clients transferring from JS – WR to JS – HCD.
- 4 There were around 16,200 main benefit grants. This was higher than the number of exits which were around 13,400.
- 5 The number of Special Needs Grants (SNGs) decreased from May 2023, by around 9,800 (6.7 per cent), compared to May 2023. This was primarily due to there being two fewer processing days in May than in June.

¹ 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/>

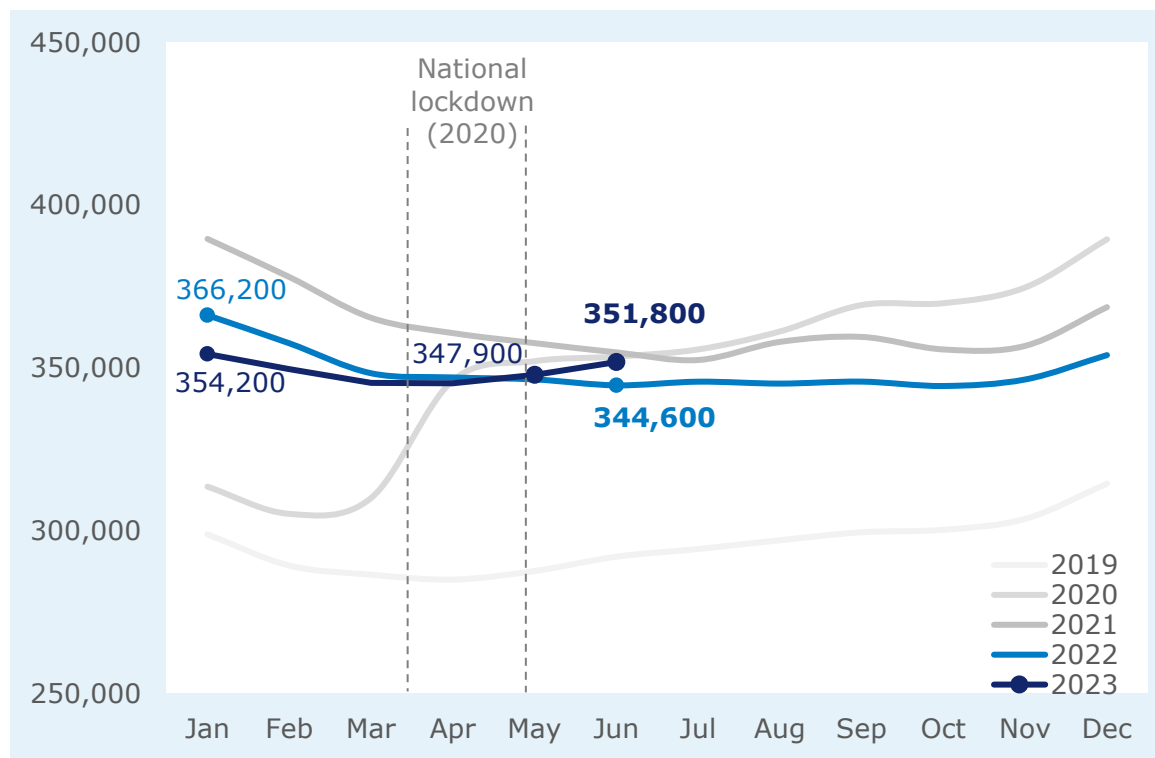


Main benefits

The increase in main benefits for June was driven by Jobseeker Support

- 6 The number of people receiving a main benefit increased by around 3,900 (1.1 percent) since May 2023 to around 351,800. The increase in benefit numbers from May 2023 was largely driven by Jobseeker Support (JS), which increased by around 3,100 people (1.8 percent).
- 7 The increase in JS was driven by around 1,500 (1.5 percent) more people on Jobseeker Support – Work Ready (JS – WR) and around 1,600 (2.2 per cent) more people on Jobseeker Support – Health Condition or Disability (JS – HCD).
- 8 The monthly increase in JS – WR may reflect reductions in economic activity flowing onto the labour market. The increase in JS – HCD is mainly due to clients transferring from JS – WR to JS – HCD.

Figure 1: Main benefit numbers were higher than in June 2022²



² 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 June were close to the Budget Economic and Fiscal Update 2023 (BEFU) forecast³

- 9 There were around 350,200 people receiving a main benefit in June, which is around 1,000 (0.3 percent) more people than forecast at BEFU 2023⁴.
- 10 The forecast variance in June was mainly driven by Sole Parent Support (SPS) numbers being higher than expected. The number of people receiving SPS was around 1,200 (1.7 percent) higher than forecast at BEFU 2023.
- 11 Additionally, the number of people receiving the Supported Living Payment (SLP) was around 200 (0.2 percent) higher than forecast at BEFU 2023.
- 12 This was offset by around 400 fewer people receiving JS than forecast at BEFU 2023.
- 13 Specifically, there were around 2,700 (2.6 percent) fewer people receiving JS – WR than forecast, while there were around 2,300 (3.2 percent) more people receiving a JS – HCD than forecast. These offsetting variances are mainly driven by higher-than-expected flows from people moving from JS – WR and onto JS – HCD.

Benefit grants and exits

There were a higher number of people being granted a main benefit than there were people leaving

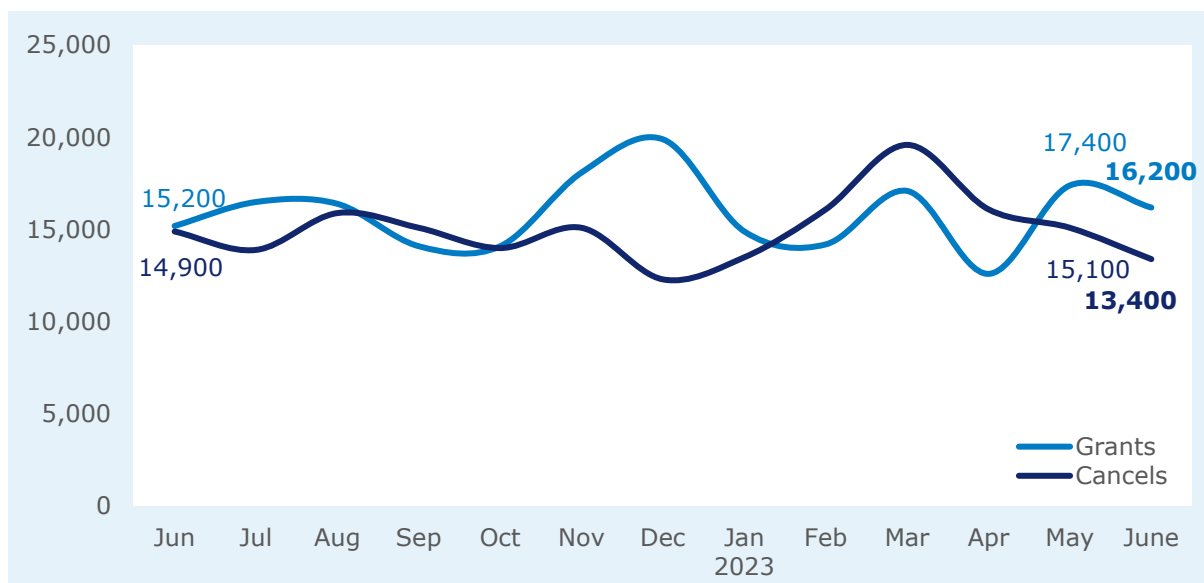
- 14 The number of main benefit grants (around 16,200) was higher than the number of exits (around 13,400). The number of main benefit grants decreased by around 1,200 (7.1 percent) compared to May 2023. Compared to June 2022, the number of grants increased by around 900 (6.1 percent).

³ For the Budget Economic and Fiscal Update 2023 see: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/befu/budget-economic-and-fiscal-update-2023.html>

⁴ 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).



Figure 2: There were more grants than exits in June 2023

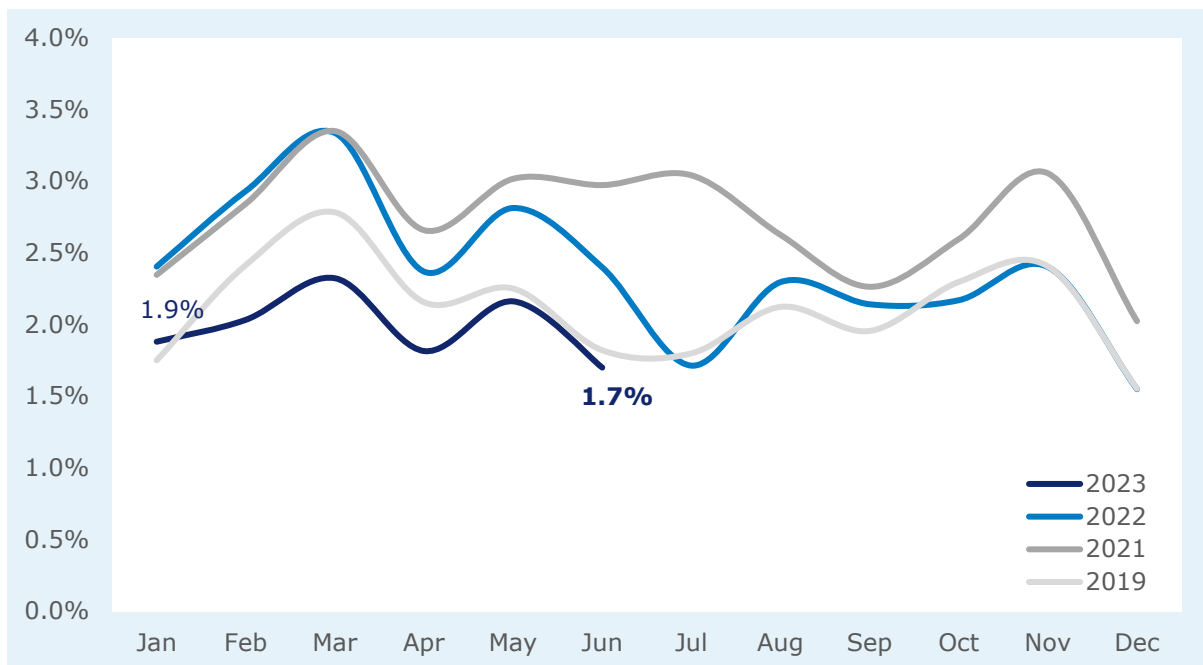


Exits into work

- 15 Across all main benefits, there were around 6,000 exits into work in June 2023. This was a decrease of about 1,400 compared to May 2023. This is in line with previous trends.
- 16 The work exit rate was 1.7 percent in June, which is a decrease from May 2023. While lower work exit rates in June are generally expected, this has been the only year where the June work exit rate has dropped below 2.0 percent since 2019. This may reflect the slowing economy beginning to impact the labour market.



Figure 3: The relatively lower work exit rate for main benefits partially reflects slowing economic conditions



Hardship Assistance

The number of Special Needs Grants (SNGs) decreased in June

- 17 The number of SNGs in June was around 137,100, which was about 9,800 (6.7 percent) lower than in May 2023. This decrease was largely a consequence of there being two fewer processing days in June, compared to May.
- 18 However, the number of SNGs was higher compared to June 2022, by around 30,000 (28.0 percent)⁵.
- 19 SNGs for food made up 75.3 percent of all SNGs granted in June. Food grants consistently make up the majority of SNGs. SNGs for food decreased by around 5,800 (5.3 percent) compared with May 2023, to nearly 103,300 grants in June 2023.

⁵ Note that starting March 2023 Housing Support Products (HSP) have been included in the total SNG count. This addition will impact comparisons made with months before March 2023, as well as year-on-year comparisons between months from March 2023 onwards. For more info on HSP changes, see: <https://www.workandincome.govt.nz/about-work-and-income/news/2023/housing-support-changes-march.html>



Upcoming benefit system impacts

- 20 MSD's Care in Communities Welfare programme ended on 30 June 2023.
- 21 The public transport discount, giving community services card holders 50 percent off single-trip adult fares, is now available. In the Wellington region, this starts in August, because half-price transport has been extended for everyone.

Upcoming releases

- 22 The next *Monthly Benefits Update - Commentary* for July 2023 will be published on 11 August 2023.
- 23 The latest *Benefit Fact Sheets* will be published on 20 July 2023.