



Monthly Benefits Update - Commentary

October 2023

Purpose

- 1 The purpose of this commentary is to highlight key points and insights from the Monthly Benefits Update for October 2023. It was published as part of our monthly reporting on the website of the Ministry of Social Development (MSD) on Friday, 10 November 2023.¹

Key points

- 2 The number of people receiving a main benefit rose by nearly 1,300 (up 0.4 percent) to around 363,400 in October 2023, in line with Pre-election Economic and Fiscal Update 2023 (PREFU 23) forecasts². Since May 2023, the number of people who receive a main benefit has grown steadily.
- 3 The rise in main benefit recipients was driven by Jobseeker Support – Health Condition or Disability (JS – HCD) and Jobseeker Support Student Hardship (JSSH), which went up by about 850 people each. For more information, see paragraphs 9 to 12.
- 4 The work exit rate from main benefits was 1.7 percent, which was low for October.³ For context, the average work exit rate for October over the last eight years is 2.3 percent. Work exit rates have been low since June 2023: compared to previous years, a smaller proportion of people receiving main benefits have been leaving the benefit system because they obtained work.
- 5 The number of Special Needs Grants (SNGs) rose by about 4,200 (up 2.9 percent) from September to October 2023, as is typical for this time of year. When the Winter Energy Payment stops each spring, demand for SNGs usually rises briefly as people adapt back to their regular weekly benefit income levels.

¹ For the full set of data and supporting information, please see: [Monthly Reporting - Ministry of Social Development \(msd.govt.nz\)](#).

² We forecast benefit numbers for five years at the Pre-election Economic and Fiscal Update (PREFU) on 12 September 2023. For more information, please see: [Benefit Forecasts for the Pre-election Economic and Fiscal Update 2023 - Ministry of Social Development \(msd.govt.nz\)](#).

³ We calculate the work exit rate by dividing the number of people who left main benefits and entered work in October by the number of people who were recorded as receiving main benefits as at the end of September.

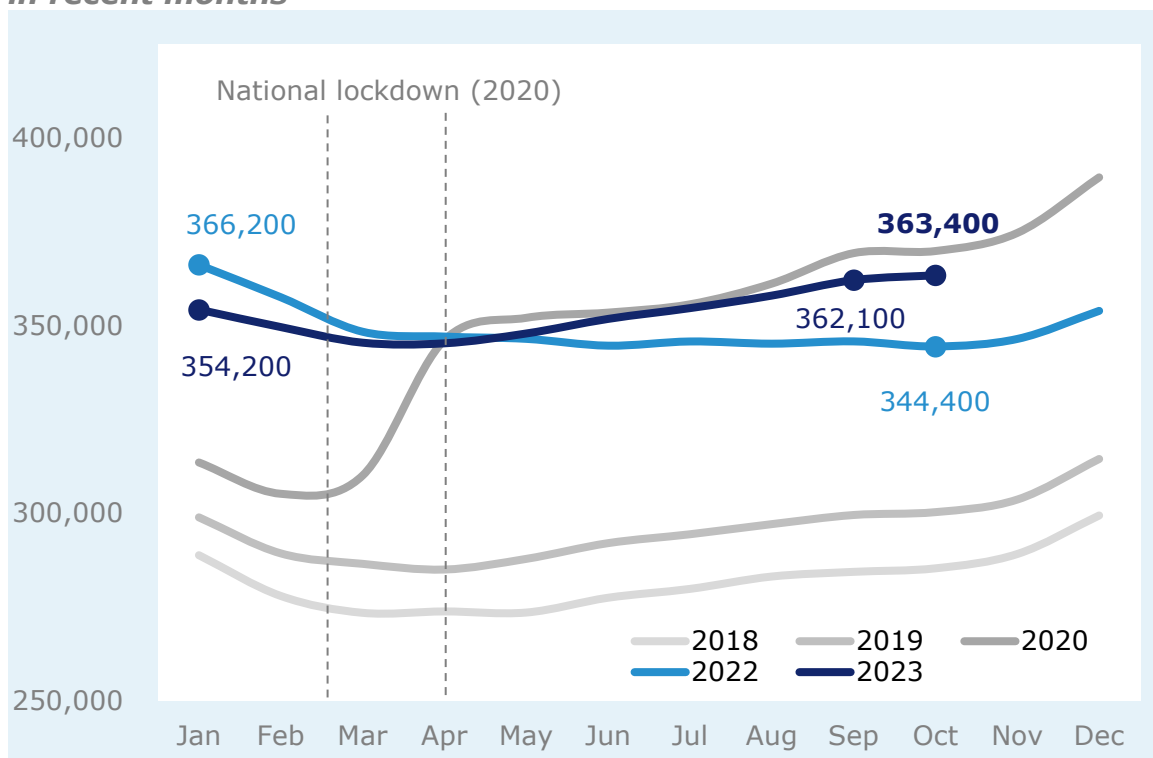


Main benefits

The number of people receiving a main benefit rose by about 1,300 (0.4 percent) to around 363,400 in October 2023

- 6 As Figure 1 shows, the monthly rise in people on a main benefit continues the trend of steady growth in main benefit recipients since May 2023. This is in line with our Pre-election Economic and Fiscal Update 2023 (PREFU 23) forecast which predicted that benefit numbers would rise in 2023 and throughout 2024.⁴
- 7 Looking forward, we expect rises in the number of people receiving a main benefit over November and December. Each year, more students receive Jobseeker Support Student Hardship (JSSH) over the summer months (see paragraph 9 for more information).

Figure 1: The number of people on a main benefit has gone up steadily in recent months



⁴ We forecast benefit numbers for five years at the Pre-election Economic and Fiscal Update (PREFU) on 12 September 2023. For more information, please see: [Benefit Forecasts for the Pre-election Economic and Fiscal Update 2023 - Ministry of Social Development \(msd.govt.nz\)](#).



- 8 In October 2023, the growth in main benefit numbers largely came from:
 - Jobseeker Support – Health Condition or Disability (JS – HCD), which rose by around 850 (up 1.1 percent)
 - Jobseeker Support Student Hardship (JSSH), which also rose by around 850 (a fivefold increase).
- 9 From mid-October each year, academic years for training and tertiary institutions come to an end, and the number of students who receive JSSH tends to rise sharply. Generally, students require financial support as training and tertiary education institutions head into the summer break and they temporarily stop receiving Student Allowance.
- 10 JSSH numbers usually peak at 8,000–10,000 in January each year. When students resume their studies in February or March the following year, the number of JSSH recipients drops back down to about 100 until the following summer break.
- 11 The rise in JS – HCD numbers was made up of a nearly even split between people who came from outside the benefit system, and people moving from Jobseeker Support – Work Ready (JS – WR) onto JS – HCD to better reflect their circumstances.
- 12 There are two broad reasons why the number of JS – HCD recipients has been rising since April 2023:
 - More people have been moving from JS – WR onto JS – HCD. While the proportion of people moving from JS – WR to JS – HCD is similar to pre-COVID levels, more people are now receiving JS – WR.
 - The exit rate off JS – HCD has been lower, partly because of the changes in the Work Capacity Medical Certificates (WCMC) process⁵ that MSD introduced in January 2022. Under the new process, the frequency with which people on JS – HCD need to return their medical certificates differs on a case-by-case basis.

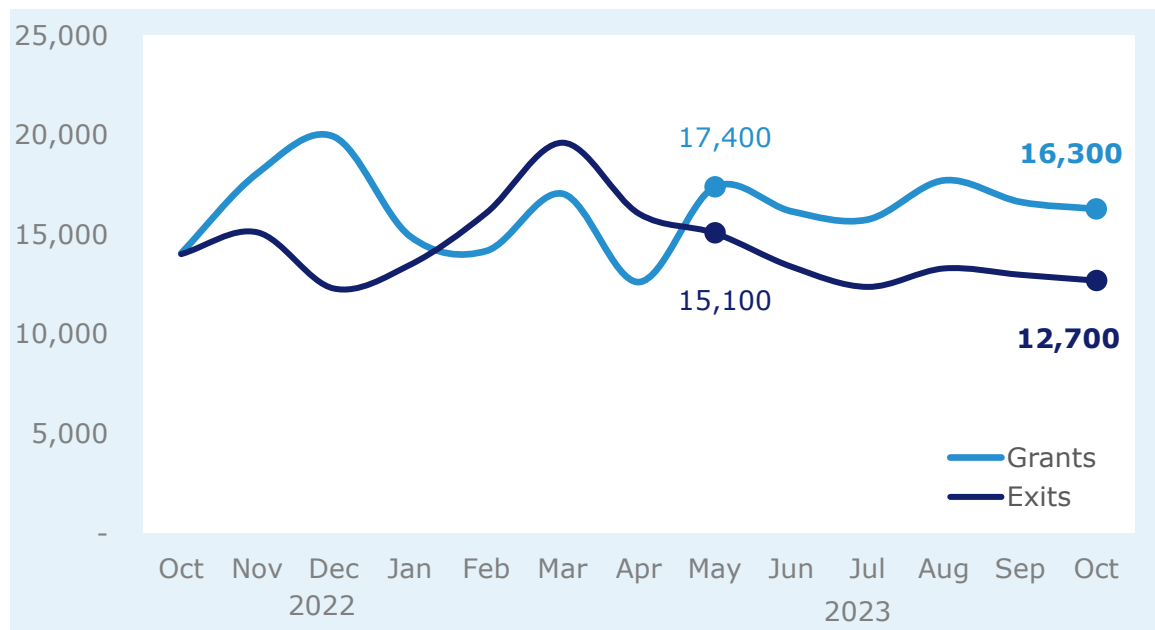
⁵ This process assesses whether people are eligible to take up and continue to receive JS – HCD. It is based on case-by-case recommendations by health professionals. The time between each person's medical reviews is now decided by their health practitioner; previously, all recipients had to return their medical certificates at the same period. For more information, please see: www.workandincome.govt.nz/providers/health-and-disability-practitioners/medical-certificates.html.



Since May 2023, more people have been entering than leaving main benefits

- 13 There were around 16,300 main benefit grants and 12,700 main benefit exits in October 2023. The number of grants was the second highest that it has been in October in the last eight years, while the number of exits was slightly lower than average.
- 14 Since May 2023, grants of main benefits have outnumbered exits. The gap between them grew steadily, peaked in August, and has narrowed slightly since then because the number of grants has fallen faster than the number of exits.

Figure 2: In October 2023, grants were higher and exits were lower than in October in the previous year

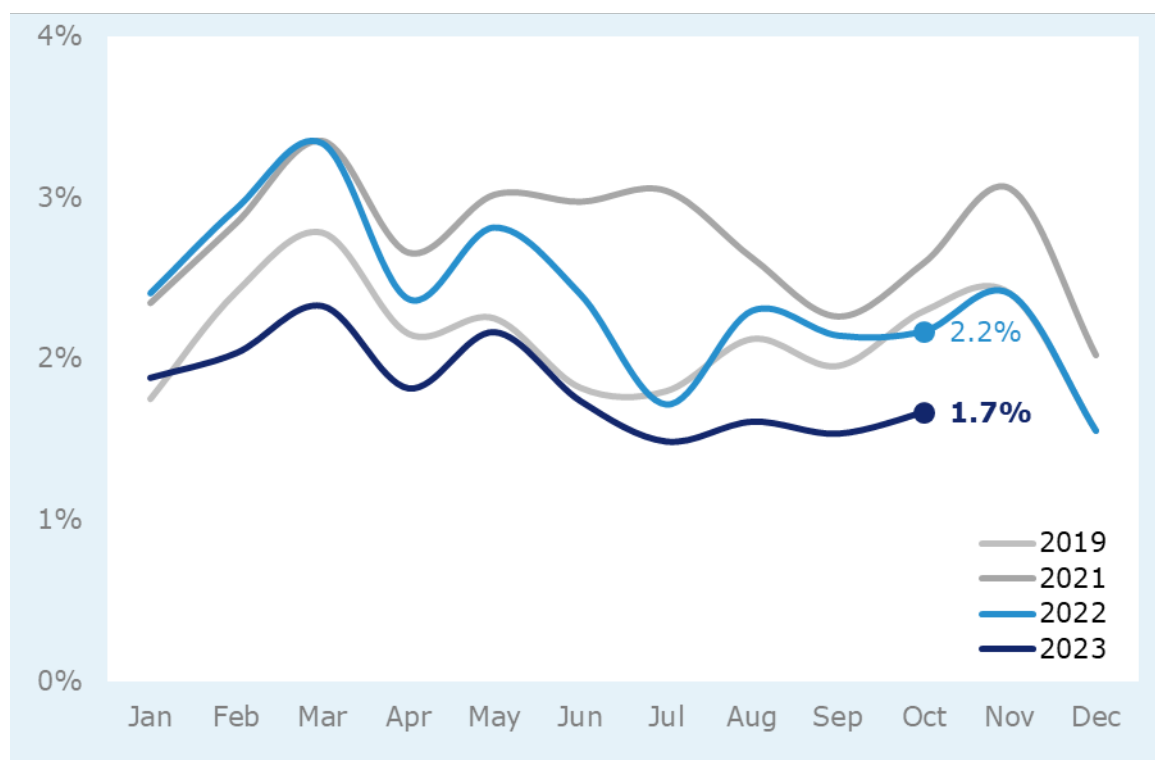




The work exit rate from main benefits was low for the month of October

- 15 At 1.7 percent, the work exit rate in October 2023 was the lowest recorded in the month of October.⁶ The work exit rate has been low each month since June 2023.
- 16 There were about 6,000 work exits from main benefits in October 2023, nearly 600 more than in September. This follows usual trends: work exits from main benefits have risen between September and October in almost every year on record.

Figure 3: From June 2023, the work exit rate from main benefits has been lower than in previous years



⁶ Records began in 1996.



Hardship Assistance

The number of Special Needs Grants (SNGs) went up in October 2023

- 17 There were around 148,000 SNGs in October 2023, which was a rise of about 4,200 (up 2.9 percent) from September 2023.
- 18 The Winter Energy Payment⁷ (WEP) ended on 1 October 2023. When the WEP stops each spring, demand for SNGs usually rises briefly as people adapt back to their regular weekly benefit income levels.
- 19 From September to October, SNGs for food rose by around 4,900 (up 4.4 percent) to about 116,400. SNGs for food made up 78.6 percent of all SNGs granted in October 2023. This is a normal proportion; in most months, between 75 and 85 percent of SNGs are for food.

Recent and upcoming releases⁸

- 20 The Social Housing Register for the September 2023 quarter was published on 3 November 2023.
- 21 The StudyLink Statistics for the September 2023 quarter will be published on 23 November 2023.
- 22 The next Monthly Benefits Update and Monthly Housing Reporting for November 2023 will both be published on 15 December 2023.

⁷ The Winter Energy Payment is a non-taxable benefit paid with the client's main benefit, New Zealand Superannuation, or Veteran's Pension to support eligible clients to meet their household heating costs during winter.

⁸ All releases are available at [Statistics - Ministry of Social Development \(msd.govt.nz\)](https://www.msd.govt.nz).