



Monthly Benefits Update - Commentary

January 2024

Purpose

- 1 The purpose of this commentary is to highlight key points and insights from the *Monthly Benefits Update* for January 2024. It was published as part of our monthly reporting on the website of the Ministry of Social Development (MSD) on Friday, 16 February 2024.¹

Key points

- 2 January 2024 saw around 377,100 people receiving a main benefit, a decrease of about 1,600 people (down 0.4 percent) from the previous month.
- 3 Month-end benefit recipients for January were taken as at the week prior to Waitangi Day. This means that the number of benefit recipients may be lower than it would be otherwise. For more information, please see paragraph eight.
- 4 The largest decrease was in Jobseeker Support – Health Condition or Disability, which fell by almost 2,000 people (down 2.5 percent) from the previous month. This mostly reflected earlier than usual processing because Waitangi Day fell in the week following the end of the month.
- 5 Emergency Benefit and Jobseeker Support Student Hardship decreased by around 500 (20.3 percent) and almost 300 (3.9 percent) people respectively from the previous month. These changes were in line with what we see around this time of the year.
- 6 Overall decreases were partly offset by Jobseeker Support – Work Ready, which increased by around 1,500 people (up 1.4 percent). This likely reflects current economic conditions, as well as the slowing down in hiring after the holiday period.

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



Main benefits

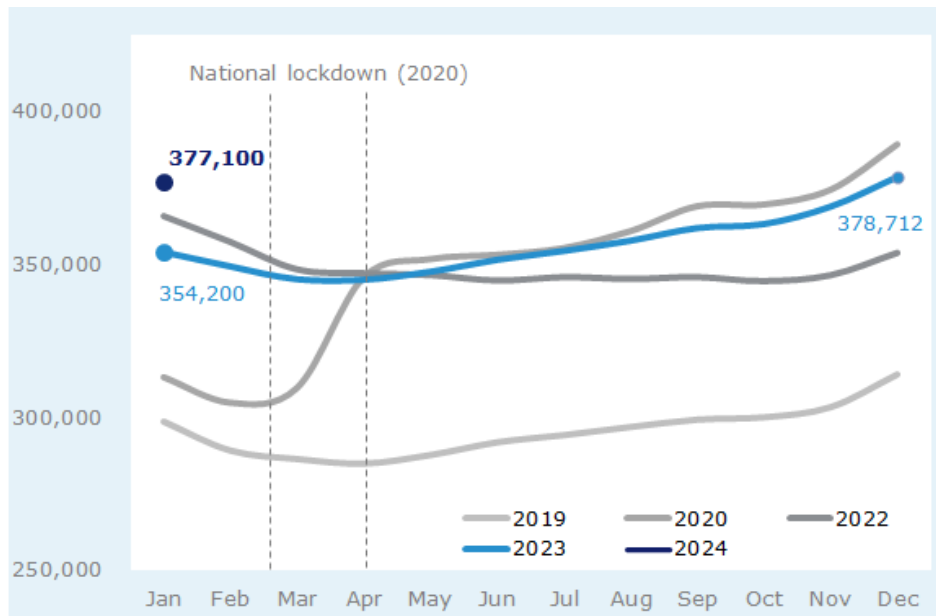
The number of people receiving a main benefit decreased in January

- 7 In January 2024, there were around 377,100 people receiving a main benefit, a decrease of around 1,600 people or 0.4 percent from the previous month.
- 8 This was the first decrease since April 2023 and partly reflected having the Waitangi Day holiday immediately after the end of the month. Public holidays tend to affect benefit trends due to administrative reasons:
 - Payments are processed earlier in weeks preceding a public holiday, to ensure that clients are paid their benefits on time the following week. Month-end benefit recipients for January 2024 were taken as at the week before Waitangi Day.
 - This means that the number of benefit recipients may be lower than it would be otherwise, as any applications processed after the earlier cut-off date would be excluded from the monthly benefit counts for January.
 - We have seen the number of main benefit recipients bounce back the week after the Waitangi Day holiday in previous years, as has happened this year.²
- 9 The number of people receiving a benefit in January was in line with the Half Year Economic and Fiscal Update 2023 (HYEFU 23) benefit forecast, which forecasts that the number of people on a main benefit will continue rising until January 2025.³

² For more information on weekly benefit numbers, please see: www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/weekly-reporting/.

³ Please note that working-age benefit forecasts differ from MSD's official reporting definition of main benefits. For example, forecasts exclude Jobseeker Support Student Hardship recipients. For more information on the Half Year Economic and Fiscal Update 2023 (HYEFU 23), please see <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/hyefu/december-2023.html>.

Figure 1: Main benefit numbers had been increasing since May 2023



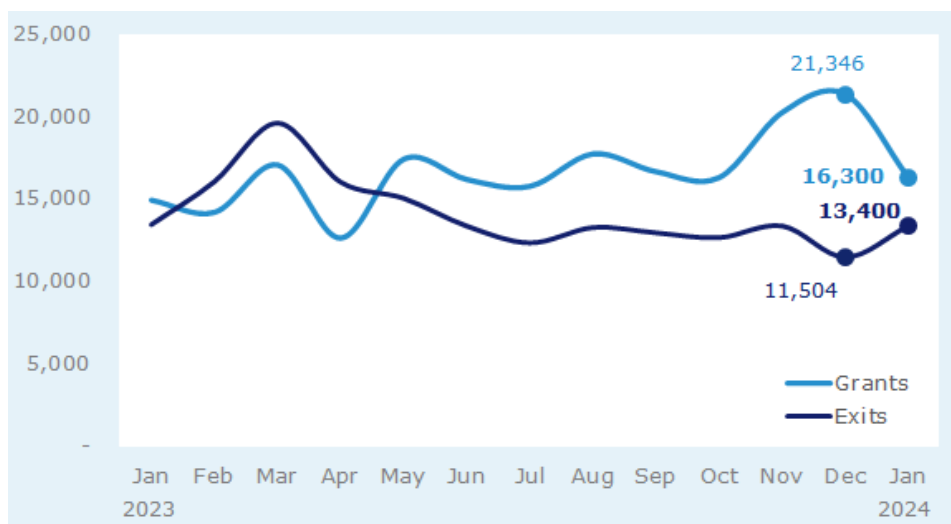
- 10 We generally see fewer people coming onto a benefit and more people leaving a benefit at the start of each year (see Figure 2). Of those that exited a main benefit in January 2024, about 5,900 people or 44.3 percent left due to finding work. This was lower than what we saw in 2023, with almost 6,700 people or 49.4 percent exiting a main benefit due to finding work.
- 11 Compared to this time last year, the number of people receiving a main benefit has increased by around 22,900 people or 6.5 percent. This increase may reflect current economic conditions and indicate that it is becoming more difficult for people to find and retain work:
 - Currently New Zealand is experiencing slow economic growth: as seen in the Gross Domestic Product (GDP) growth figures for the September 2023 quarter where it fell by 0.3 percent from the previous quarter.⁴

⁴ For more information about Gross Domestic Product (GDP), please see: www.stats.govt.nz/indicators/gross-domestic-product-gdp/.



- MBIE's Jobs Online All Vacancies Index also indicates that demand for labour has decreased, as the number of online job advertisements in the year to December 2023 fell by 28.6 percent.⁵
- The work exit rate shows that a lower proportion of clients are leaving the benefit system due to finding work, with the work exit rate for January falling by 0.3 percentage points from last year's.

Figure 2: In line with what typically happens each January, there were fewer grants and more exits than the previous month



The decrease in JS – HCD likely reflects the earlier than usual processing prior to Waitangi Day

- 12 Jobseeker Support – Health Condition or Disability (JS – HCD) decreased by almost 2,000 people or 2.5 percent from the previous month. This change mostly reflects the earlier processing date for January due to Waitangi Day (for more information, please see paragraph eight).
- 13 Compared to this time last year, the number of people receiving JS – HCD has increased by almost 7,100 people or 10.0 percent.

⁵ For more information about the Jobs Online All Vacancies Index, please see: www.mbie.govt.nz/business-and-employment/employment-and-skills/labour-market-reports-data-and-analysis/jobs-online/#jobs-online-monthly-data-release.



- 14 This annual increase mostly reflects the growth in main benefit numbers seen from mid-2023, as well as more people transferring from other benefits to JS – HCD as it better reflects their circumstances.

The increase in JS – WR likely reflects seasonal trends and current economic conditions

- 15 Jobseeker Support – Work Ready (JS – WR) increased by around 1,500 people or 1.4 percent from the previous month. This increase is usual for this time of the year and is partly due to the slowing down in hiring that follows the holiday period.
- 16 Over the last 12 months, the number of people on JS – WR has increased by around 11,500 people or 11.6 percent.
- 17 This increase likely reflects current economic conditions which may indicate that people are finding it harder to find and retain work so are coming onto JS – WR.

The number of people receiving EB decreased in line with seasonal trends

- 18 Emergency Benefit (EB) decreased by almost 500 people or 20.3 percent from the previous month.
- 19 This decrease is in line with what we see at this time of year, as people who initially entered EB because they were on fixed-term contracts or did not have enough paid leave to cover the holiday period begin to return to work.

JSSH decreased in line with what is typically seen at this time of the year

- 20 Jobseeker Support Student Hardship (JSSH) decreased by almost 300 people or 3.9 percent from the previous month. This decrease is in line with what we see around this time of the year.
- 21 The number of JSSH recipients peaks around late December to early January. As students resume their studies in February or March, the number of JSSH recipients will fall to around 200 people until the following summer break.



Hardship Assistance

January saw the number of SNGs increase from the previous month, mainly because January has more working days

- 22 The number of Special Needs Grants (SNGs) increased by around 10,800 or 7.9 percent from the previous month. This increase is normal for January and is mostly due to January having more working days than December.
- 23 The number of working days within a month can affect the number of SNGs granted. Due to the number of SNG applications that are processed within a day, months with more working days tend to see more SNGs granted.
- 24 SNGs for food made up 81.7 percent of all SNGs in January. This is a normal proportion; in most months, between 75 and 85 percent of SNGs are for food.
- 25 Compared to December, SNGs for food increased by around 12,100 or 11.1 percent to about 121,300 grants. This likely also reflects the greater number of working days in January compared to the previous month.

Upcoming releases⁶

- 26 The January 2024 Monthly Housing Update will be published on 19 February 2024.
- 27 The StudyLink Statistics for the December 2023 quarter will be released on 1 March 2024.

⁶ All releases are available at www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/index.html.