



# Monthly Benefits Update - Commentary

## November 2023

### Purpose

- 1 The purpose of this commentary is to highlight key points and insights from the *Monthly Benefits Update* for November 2023. It was published as part of our monthly reporting on the Ministry of Social Development's (MSD) website on Friday, 15 December 2023.<sup>1</sup>

### Key points

- 2 In November, the number of people receiving a main benefit increased by almost 5,700 people or 1.6 percent. This increase was in line with the Pre-election Economic and Fiscal Update 2023 (PREFU 23) forecasts.<sup>2</sup>
- 3 Jobseeker Support Student Hardship (JSSH) continued its usual upward trend, with a threefold increase compared to the previous month.
- 4 JS – HCD numbers continued to increase. This reflected rising overall main benefit numbers, combined with higher transfers from JS – WR and changes in client obligation policies.
- 5 Jobseeker Support – Work Ready (JS – WR) recipients saw an increase, instead of the decrease we would usually see at this time of the year. This likely reflects the current economic conditions causing more people to enter JS – WR and stay on for longer.
- 6 The work exit rate off main benefits was 1.7 percent, which is low for November. The average November work exit rate since 2014 is 2.5 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.

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

<sup>2</sup> 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 \(msd.govt.nz\)](#).



## Main benefits

### The number of main benefit recipients continued to increase

- 7 The number of main benefit recipients increased to around 369,000, an increase of almost 5,700 people (1.6 percent) compared to the previous month. This increase reflected:
  - more students receiving support, as they transfer from receiving Student Loan Living Costs or the Student Allowance to a main benefit during the summer months (see paragraph 15 for more information)
  - Subdued economic conditions making it harder for benefit recipients to find and retain work.
- 8 Through the summer months, we expect increases in the number of people receiving a main benefit, in line with what we see every year.
- 9 This year, the monthly rise in people on a main benefit continues the trend of steady growth in main benefit recipients since May 2023 (see Figure 1).
- 10 This is in line with the Pre-election Economic and Fiscal Update 2023 (PREFU 23) forecast, which predicted that benefit numbers would rise in 2023 and throughout 2024.<sup>3</sup>
- 11 This likely reflects that people are finding it harder to find and retain work and are remaining on benefit for longer. Reasons for this may include:
  - Slowing economic growth<sup>4</sup> and reduced spending<sup>5</sup> in the economy suggest that there might be reduced demand for labour
  - The Ministry of Business, Innovation and Employment's Jobs Online All Vacancies Index monthly data may suggest that there is reduced demand in the economy for workers, with online job advertisements falling by 25.2 percent in the year to October.<sup>6</sup>

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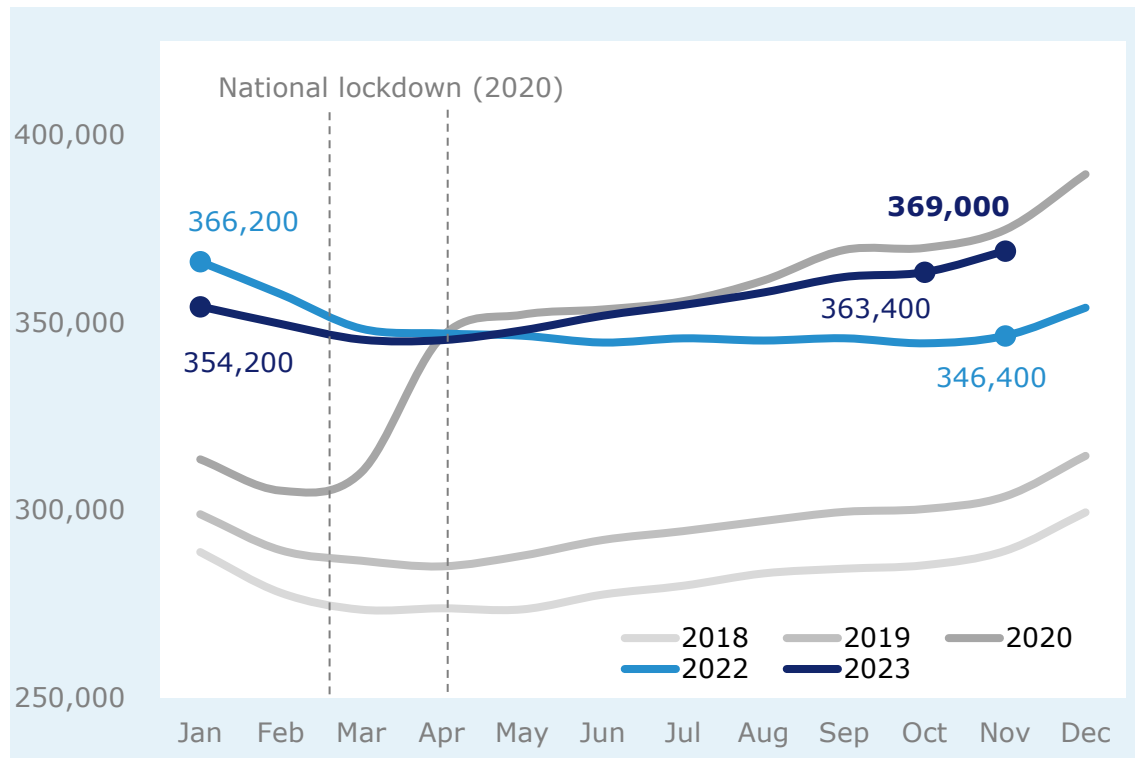
<sup>3</sup> We forecast benefit numbers for five years at the Pre-election Economic and Fiscal Update (PREFU) on 12 September 2023. For more information, please see: [Benefit Forecasts for the Pre-election Economic and Fiscal Update 2023 - Ministry of Social Development \(msd.govt.nz\)](https://www.msd.govt.nz/updates/prefu-2023/).

<sup>4</sup> OECD forecasts subdued economic growth in advanced economies. Source: Treasury NZ [Fortnightly Economic Update - 1 December 2023 | The Treasury New Zealand](https://www.treasury.govt.nz/updates/1-december-2023/)

<sup>5</sup> Retail spending fell 0.7% in October, following a similar fall in September. This came despite continued increases in consumer price and population. Source: Stats NZ [Electronic card transactions: October 2023 | Stats NZ](https://www.stats.govt.nz/updates/electronic-card-transactions-october-2023/)

<sup>6</sup> For more information about the Jobs Online All Vacancies Index, please see: [Jobs Online | Ministry of Business, Innovation & Employment \(mbie.govt.nz\)](https://www.mbie.govt.nz/jobs-online/)

**Figure 1: Main benefit numbers are increasing, likely due to combined seasonal trends and economic factors**



- 12 Overall growth in main benefit numbers were driven by increases in Jobseeker Support Student Hardship (JSSH) and Jobseeker Support (JS).
- 13 Excluding JSSH, main benefit numbers increased by almost 2,300 people or 0.6 percent compared to the previous month.

### **The number of students receiving JSSH increased in November, continuing its usual upward trend**

- 14 In November, the number of people receiving JSSH rose by around 3,400 people, a threefold increase from the previous month. The increase is similar to what we normally see for this benefit at this time of the year.
- 15 From mid-October each year, as academic years for training and tertiary institutions come to an end, the number of students who receive JSSH tends to rise sharply. Generally, students require financial support as they head into the summer break and temporarily stop receiving Student Loan Living Costs or a Student Allowance.



- 16 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.

### **Jobseeker Support – Health Condition and Disability (JS – HCD) recipients have continued to increase**

- 17 In November, JS – HCD numbers increased by over 800 people or 1.1 percent. This reflected rising overall main benefit numbers, combined with higher transfers from Jobseeker Support – Work Ready (JS – WR) and changes in client obligation policies.
- 18 JS – HCD numbers have been rising since April 2023. There are two broad reasons why this may be:
- More people have been moving from JS – WR onto JS – HCD as it better reflects their circumstances. While the proportion of people moving 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) process that MSD introduced in January 2022.<sup>7</sup>
- 19 The higher-than-normal growth in JS – HCD numbers is in line with PREFU 23 forecasts and is expected to continue until around the end of the year.

### **JS – WR recipients increased in November, contrary to what we usually see at this time of year**

- 20 JS – WR increased by under 800 people or 0.8 percent in November 2023. There has been an increasing number of JS – WR recipients since May 2023. This is mostly due to more people entering the benefit system and existing clients staying on benefit for longer.
- 21 Seasonal work tends to become available during November, which usually means that the number of people on JS – WR would decrease during this

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<sup>7</sup> 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 intervals. For more information, please see: <https://www.workandincome.govt.nz/providers/health-and-disability-practitioners/guides/work-capacity-med-cert-health-practitioners.html>



time as fewer people would need support due to obtaining this form of employment.

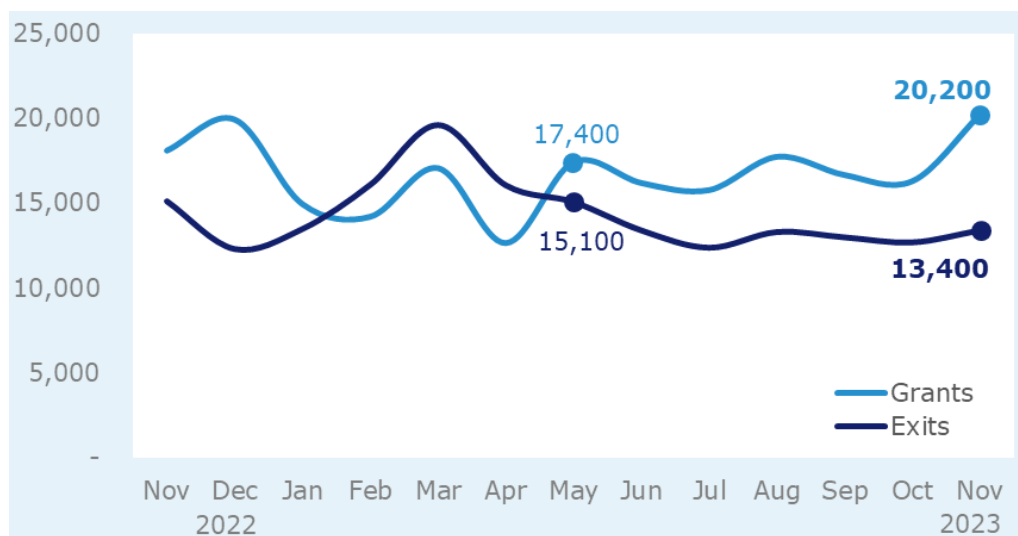
- 22 The atypical increase this year could reflect current economic conditions. With economic activity slowing and spending reduced, there might be less demand for labour, meaning it may be harder to find and retain work.

## Grants and exits, including exits into work

### In November 2023, more people continued to enter than exit benefit

- 23 The increase in the number of main benefit grants was mostly driven by JS – WR. This increase in the number of JS – WR grants is in line with PREFU 23 forecasts, and likely reflects the slowing in economic activity and reduced demand for labour.
- 24 There were around 20,200 main benefit grants, an increase of over 3,900 (24.2 percent) compared to the previous month. Outside of the COVID-19 period, this was the highest number of grants seen in the month of November since 2014.
- 25 There were around 13,400 main benefit exits, an increase of around 700 (5.6 percent) compared to the previous month. Since around August this year, the level of exits has remained relatively steady, which could likely reflect reduced demand for labour.

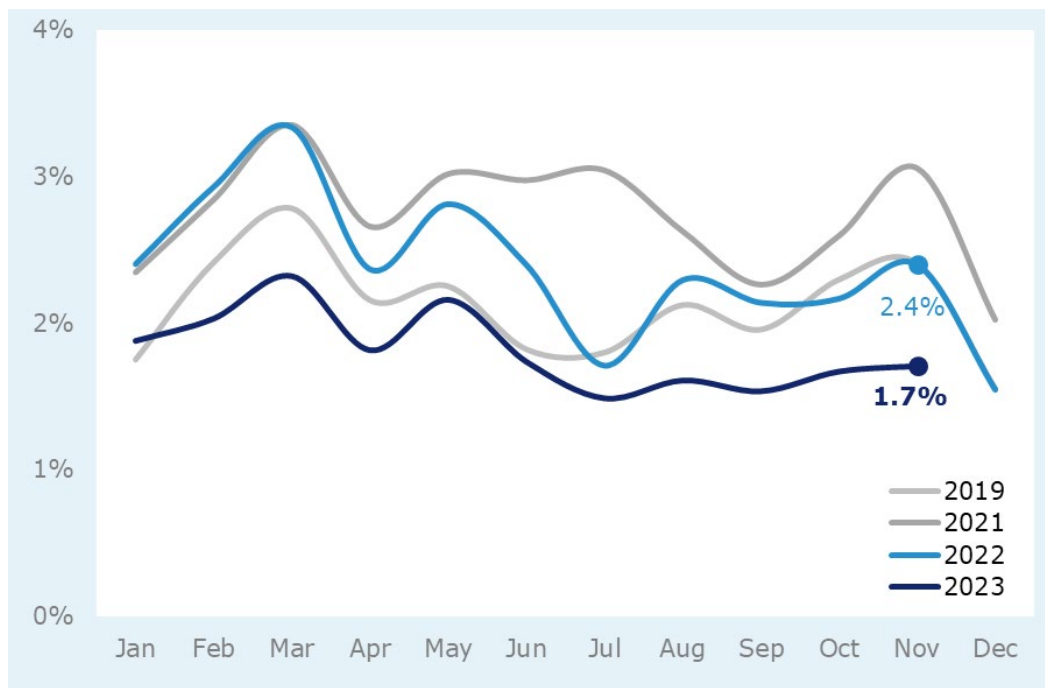
**Figure 2: In November, the number of grants was higher than the number of exits**





- 26 There were around 6,200 work exits from main benefits in November 2023, an increase of over 100 or 2.6 percent when compared to the previous month. During November, we usually see work exits peak before decreasing in December.
- 27 The work exit rate off main benefits in November 2023 was 1.7 percent, which is low compared to what we would normally see at this time of the year. For context, the average work exit rate off main benefits for the month of November since 2014 has been around 2.5 percent.

**Figure 3: The work exit rate off a main benefit has been low each month since June 2023**



## Hardship Assistance

### In the month of November, the number of Special Needs Grants (SNGs) decreased from the previous month

- 28 The total number of SNGs granted in November decreased by around 4,200 or 2.8 percent when compared to the previous month.
- 29 SNGs for food made up 77.0 percent of all SNGs granted in November 2023. This is a normal proportion; in most months, between 75 and 85



percent of SNGs are for food. Compared to October 2023, SNGs for food decreased by around 5,700 or 4.9 percent to around 110,700.

## Upcoming releases

- 30 The Half Year Economic and Fiscal Update 2023 (HYEFU 23) will be published on 20 December 2023.
- 31 The next Monthly Housing Reporting, for November 2023, will be published on 15 December 2023.
- 32 The Studylink Statistics for the September 2023 quarter will be published on 21 December 2023.