



# Monthly Benefits Update - Commentary

## February 2024

### Purpose

- 1 The purpose of this commentary is to highlight key points and insights from the *Monthly Benefits Update* for February 2024. It was published as part of our monthly reporting on the Ministry of Social Development's (MSD) website on Friday, 15 March 2024.<sup>1</sup>

### Key points

- 2 Around 370,800 people were receiving a main benefit in February 2024, a decrease of about 6,300 (1.7 percent) from the previous month. This monthly decrease was in line with what we usually see, but not as strong as in previous years.
- 3 This was likely related to slowing economic conditions, and for some main benefits, the effect of early processing related to a public holiday (see paragraph 9-10 for more information).
- 4 The decrease in the number of people receiving a main benefit was primarily driven by a reduction in Jobseeker Support Student Hardship (JSSH), which fell by around 6,200 people (96.1 percent). Similar decreases happen around this time every year as tertiary students return to their studies.
- 5 Jobseeker Support – Work Ready (JS – WR) decreased by around 1,400 (1.2 percent), which likely reflects hiring beginning to pick up following the end of the holiday period. However, this decrease was not as strong as seen in previous years.
- 6 Overall decreases in main benefit numbers were partly offset by Jobseeker Support – Health Condition or Disability (JS – HCD), which increased by around 700 people (0.9 percent), and Supported Living Payment which increased by around 600 people (0.6 percent).
- 7 Sole Parent Support (SPS) increased by around 100 people (0.2 percent), which is contrary to the decrease in SPS typically seen in February. This increase may also reflect slowing economic conditions and the weakening

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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/>



labour market, as sole parents could be finding it more difficult to join or re-enter the workforce once their child(ren) begin/return to school following the summer holiday period.

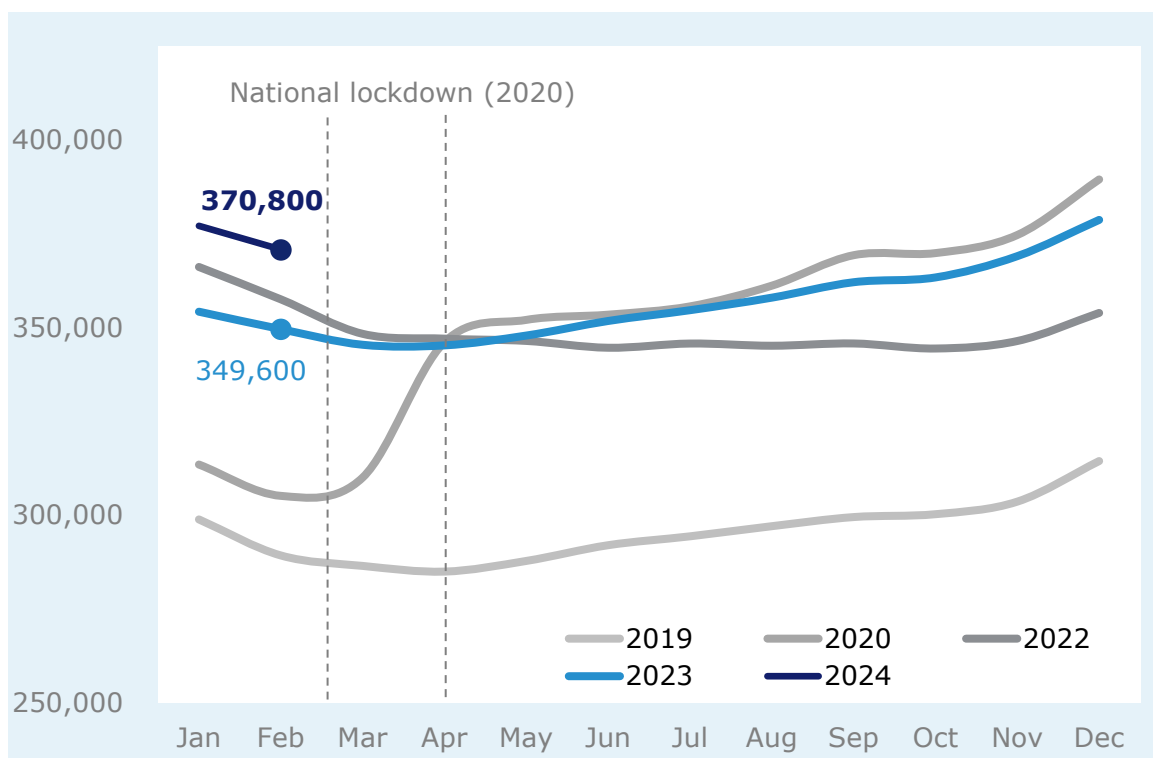
## Main benefits

### The number of people on a main benefit decreased but to a lesser extent than expected for this time of year

- 8 Overall, the number of main benefit recipients in February was around 370,800, a decrease of about 6,300 people (1.7 percent) from the previous month.
- 9 Comparisons between main benefit recipients from January to February have been impacted by when Waitangi Day was observed (Tuesday), which led to earlier processing unlike previous years.
- 10 Payments are processed earlier in weeks preceding a public holiday to ensure that clients are paid their benefits on time the following week. The impact of public holidays usually affects some main benefit types more than others, as occurred with January month-end numbers.
- 11 Decreases in main benefit numbers in February are usually expected and consistent with the seasonal trend of large decreases in JSSH which occur at this time each year, as tertiary students exit that benefit and return to their studies.
- 12 There was also a decrease in JS – WR, which likely reflects hiring beginning to pick up following the holiday season. However, this monthly decrease was not as strong as it has been in previous years, likely reflecting the slowing economic conditions and the weakening labour market. The monthly decrease in JS – WR from January to February was also slightly impacted by administrative processes related to the public holiday.
- 13 The number of people receiving SPS increased between January and February. This is not in line with what is generally seen at this time of year and could indicate that sole parents are finding it more difficult to obtain work once their children return to school following the summer holiday period.

- 14 The number of people receiving a benefit in February was in line with the Half Year Economic and Fiscal Update 2023 (HYEFU 23) benefit forecast, which expected that the number of people on a main benefit will continue rising until January 2025<sup>2</sup>.

**Figure 1: The number of people receiving a main benefit has been decreasing in 2024, though at a lower level than in previous years**



- 15 Compared to this time last year, the number of people receiving a main benefit is around 21,200 people higher (6.1 percent). This is consistent with the trend of increasing main benefit numbers which began in May 2023. This increase likely reflects current economic conditions and a weakening labour market making it more difficult for people to find and retain work.
- 16 The work exit rate for people on main benefits in February (1.9 percent) shows that, compared to previous years, a lower proportion of clients are leaving

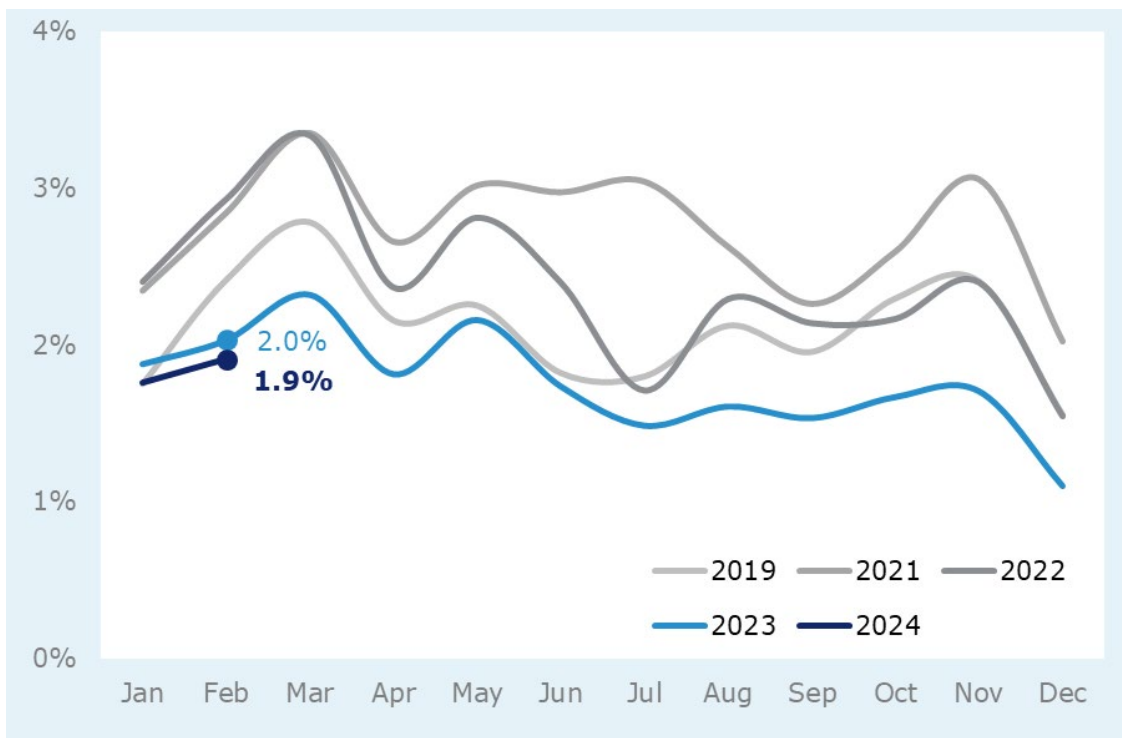
<sup>2</sup> Please note that working-age benefit forecasts differ from MSD's official reporting definition of main benefits. For example, forecasts exclude Jobseeker Support Student Hardship recipients. For more information on the Half Year Economic and Fiscal Update 2023 (HYEFU 23), please see <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/hyefu/december-2023.html>.



benefit to find work. This continues the trend of low work exit rates that began in July 2023 (see Figure 2).

- 17 New Zealand is currently experiencing slowing economic growth. The most recent Gross Domestic Product (GDP) figures for the September 2023 quarter showed it fell by 0.3 percent from the previous quarter<sup>3</sup>.
- 18 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 January 2023 fell by 23.4 percent<sup>4</sup>.

**Figure 2. The work exit rate from main benefits continues to be lower than seen in previous years**



<sup>3</sup> December 2023 quarter GDP is scheduled to be released on 21 March 2024. For more information about Gross Domestic Product (GDP), please see: [www.stats.govt.nz/indicators/gross-domestic-product-gdp/](http://www.stats.govt.nz/indicators/gross-domestic-product-gdp/).

<sup>4</sup> 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](http://www.mbie.govt.nz/business-and-employment/employment-and-skills/labour-market-reports-data-and-analysis/jobs-online/#jobs-online-monthly-data-release).



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

- 19 The decrease in JSSH of around 6,200 (96.1 percent) accounted for a large portion of the decrease in main benefit numbers in February, which is typical of what we usually see at this time of year when most students resume their studies in February.
- 20 In the past, JSSH numbers have generally peaked annually at 8,000–10,000 in January. However, for the past two years we have seen this peak drop to around 7,000. Over the longer term, the number of JSSH recipients has, in general, declined in line with trends in Student Allowance numbers.

## **Changes in JS – WR numbers likely reflect both seasonal trends and slowing economic conditions**

- 21 The number of JS – WR recipients decreased by around 1,400 (1.2 percent) compared to the previous month. We usually see a decrease in JS – WR in February as hiring begins to pick up following the holiday period.
- 22 Despite JS - WR decreasing in February, the overall decrease was lower than generally seen in previous years. However, JS – WR decreases were impacted slightly by administrative processes related to Waitangi Day. Decreases in JS – WR would have been slightly larger had these processes not occurred.
- 23 Over the last 12 months, the number of people receiving JS – WR has increased by around 11,300 people (11.4 percent). This increase most likely reflects slowing economic conditions and a weakening labour market which may be making it more difficult for people to find and retain work.

## **Increases in JS – HCD and SLP were likely due to how benefit numbers were processed in January due to Waitangi Day**

- 24 This means that the number of benefit recipients appeared lower than they were for January - as seen in the bounce back the week after – because any applications processed after the earlier cut-off date would have been excluded from the monthly counts for January.
- 25 This had a more noticeable impact on Jobseeker Support – Health Condition or Disability (JS – HCD), which increased by around 700 people (0.9 percent), and to a lesser extent Supported Living Payment (SLP), which increased by around 600 people (0.6 percent), compared to other main benefits.



## The number of SPS recipients increased in February, contrary to the decreases usually seen at this time of year

- 26 The number of SPS recipients increased by around 100 people (0.2 percent) compared to the previous month. This is contrary to the decreases typically observed for this type of benefit in February.
- 27 This increase in SPS may also reflect slowing economic conditions and the weakening labour market, as it could indicate that sole parents are finding it more difficult to obtain work once their children return to school following the summer holiday period.
- 28 The work exit rate for SPS recipients typically increases between January and February. While this also occurred this year, the increase was lower than generally seen in previous years. In February 2024, the SPS work exit rate (1.1 percent) was historically low.

## Hardship Assistance

### The number of SNGs decreased from the previous month

- 29 The number of Special Need Grants (SNGs) decreased by around 14,800 (10.0 percent) which is typical of this time of year. There were approximately 400 fewer SNGs granted per day in February 2024 compared to January 2024.
- 30 In February overall, there were fewer food SNGs paid per week in February than there were in January – particularly the first two weeks of January when there is still likely to be a higher-than-normal demand following the holiday period.
- 31 SNGs for food decreased by around 18,400 (15.1 percent) and made up 77.0 percent of all SNGs in February. In most months between 75 and 85 percent of SNGs are for food.

## Upcoming releases<sup>5</sup>

- 32 The February 2024 Monthly Housing Update will be published on 15 March 2024.

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<sup>5</sup> All releases are available at <http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/index.html>