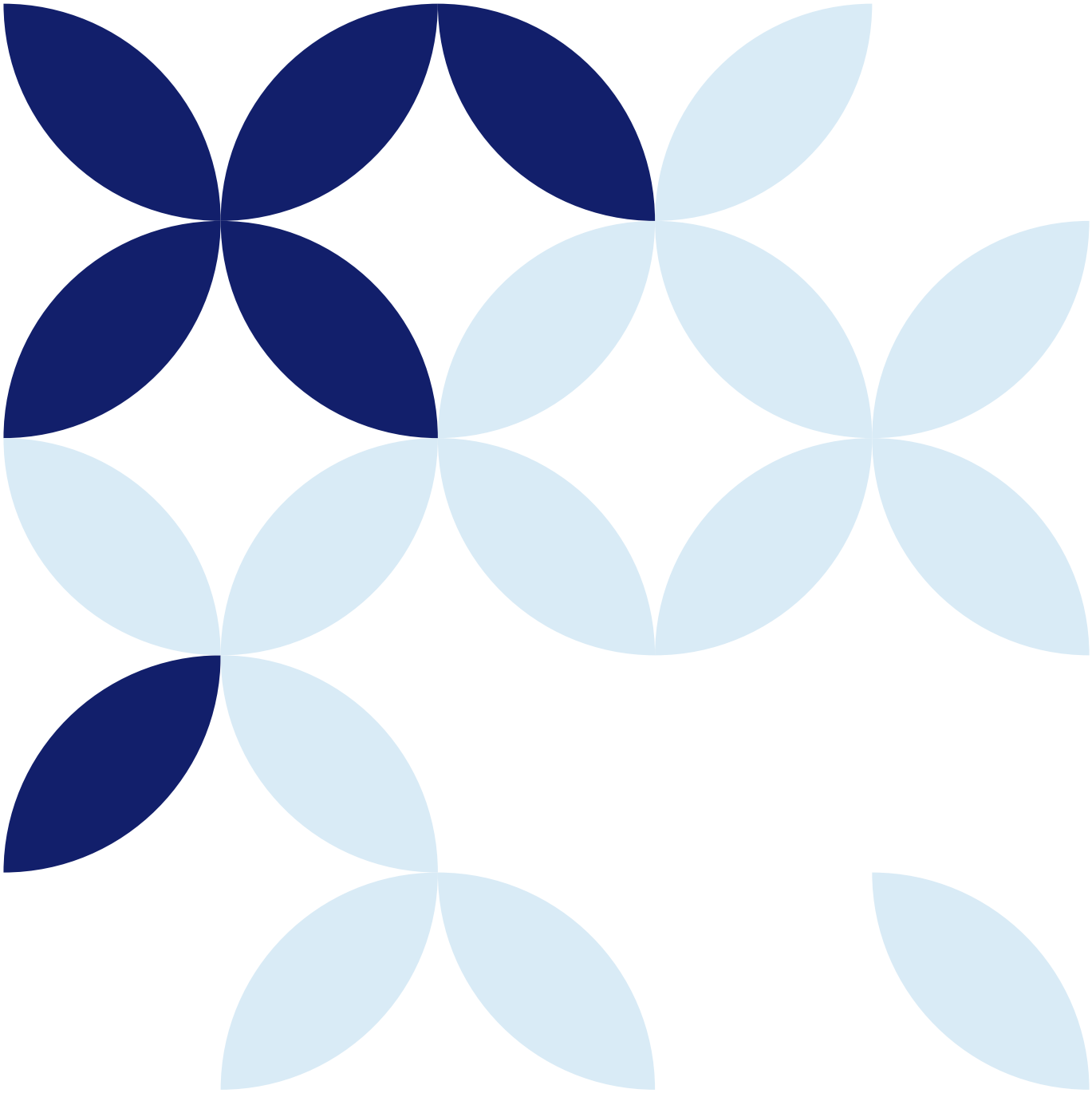
Benefit System Report

MINISTRY OF SOCIAL DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA



2025

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For additional information please refer to the Ministry of Social Development Statistics web page www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/index.html

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Access to the data used in this study was provided by Stats NZ under conditions designed to give effect to the security and confidentiality provisions of the Data and Statistics Act 2022. The results presented in this study are the work of the author, not Stats NZ or individual data suppliers.

These results are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI) which is carefully managed by Stats NZ. For more information about the IDI please visit https://www.stats.govt.nz/integrated-data/.

The results are based in part on tax data supplied by Inland Revenue to Stats NZ under the Tax Administration Act 1994 for statistical purposes. Any discussion of data limitations or weaknesses is in the context of using the IDI for statistical purposes, and is not related to the data's ability to support Inland Revenue's core operational requirements.

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Executive summary

Report Purpose

This report provides commentary on the current state of the benefit system within the context of longer term (10 year) trend information, as well as shifts in the economy, labour market and New Zealand population.

Key areas of focus include:

- Income support through main benefits
- Longer-term projections for main benefit recipients provided by the Social Outcomes Model 2024
- Supporting people to find and retain employment
- Receipt of supplementary and hardship assistance.

Indicators and underlying data are drawn from regularly reported sources using data up to June 2025, where possible. Key indicators are presented on pages 5–6.

This report does not include discussion of potential policy or operational responses. The Ministry of Social Development (MSD) will continue to use information in this report to support delivery of its core functions and Government priorities.

A glossary of key terms, which provides more information on different benefit types, is available on page 7.

Key Insights

In the year to June 2025, the number of people receiving a main benefit continued increasing due to weak economic conditions.

- After the rapid recovery in main benefit numbers following the COVID-19 pandemic, main benefit numbers began to increase from early 2023 in line with weakening economic conditions.
- Annual Gross Domestic Product (GDP) to March 2025 fell 1.1 percent. However, the December 2024 and March 2025 quarters showed small positive GDP growth. The unemployment rate in June 2025 was 5.2 percent, a 2 percentage point rise from December 2021. For comparison, the June 2015 unemployment rate was 5.5 percent.
- The increase in main benefit numbers has been driven by an increasing number of people entering the benefit system on Jobseeker Support (JS), as a result of weakening economic conditions. Between June 2024 and June 2025, the number of people receiving JS increased by around 19,600 people (up 10.0 percent) to 216,000 recipients.

Numbers on Jobseeker Support have grown, driven by increases in Jobseeker – Health Condition or Disability.

- While overall JS recipient numbers continue to grow in the year to June 2025, the rate of annual growth slowed between June 2024 and June 2025 to 10.0 percent (down from 13.5 percent between June 2023 – June 2024). This reflected lower annual growth in Jobseeker Support – Work Ready (JS – WR).

- When the economy initially started weakening, there were larger monthly increases in the number of JS – WR than Jobseeker Support – Health Condition or Disability (JS – HCD) recipients, reflecting their greater sensitivity to economic conditions. In the year to June 2024, 62.9 percent of the total increase in JS was from JS – WR. In contrast, JS – HCD made up 64.7 percent of the total increase in JS in the year to June 2025.
- People tend to flow from more work ready benefits to less work ready benefits over time. With the higher number of people on JS – WR there are also more people flowing from this benefit to JS – HCD. This has been the main driver of the larger increases in JS – HCD numbers in the year to June 2025.
- This trend also reflected a higher rate of transfer from JS – WR to JS – HCD between July and December 2024. After this, although the average flow rate remained slightly elevated, by June 2025 it had nearly returned to pre-COVID-19 levels.

MSD has continued to support people off benefit and into work in a weak labour market.

- There were around 70,300 exits from JS into work the year to June 2025, an increase of about 10,600 on the previous year. The exit rate to work for JS in June 2025 was 2.5 percent, an increase from June 2024 of 0.2 percent.
- Each year, MSD evaluates the effectiveness and cost effectiveness of employment assistance programmes in the Integrated Data Infrastructure (IDI), where possible given data availability. In 2024/2025, the proportion of employment assistance expenditure[1] that has been evaluated and rated as effective or promising was 94.9 percent (up 1.3 percentage points from 2023/2024). This proportion has remained above the target level of 90 percent since 2019/20.

Estimated average future years on a main benefit increased between 2023/24 and 2024/25.

- Estimated average future years on main benefit for main benefit recipients has increased from 13.4 years in the 2023/24 Social Outcomes Model (SOM) to 14.3 (up 0.9) in the 2024/25 model. This increase reflected higher re-entry rates back on to main benefits, less favourable economic forecasts, and lower exit rates from JS – HCD.
- The estimated average present value of future benefit payments continued to fall between the 2023/24 and 2024/25 for main benefit clients, but remains higher than 2014/15 levels. Estimated average present value is the projected cost of future benefit payments, expressed in today's dollars. It is calculated by estimating how people will use benefits over their remaining lifetimes and what those payments will be.
- The 2024/25 SOM has been finalised using information to 30 September 2024, therefore SOM estimates may not reflect most recent trends discussed elsewhere in this report (October 2024 to June 2025).

MSD has continued to support people through supplementary benefit payments and hardship assistance payments.

- MSD has continued to support a large number of people through supplementary benefit and hardship payments.
- Around 717,900 clients received supplementary benefits at the end of June 2025, an increase of around 26,000 compared to the end of June 2024. Around 538,200 hardship payments were made during the June 2025 quarter, a decrease of around 2,400 compared to the June 2024 quarter.

[1] Funded through the Improved Employment and Social Outcomes Support Multi-Category Appropriation (MCA). Some interventions with employment objectives) are not funded by this MCA and so are not included in this analysis.

Benefit System Indicators — June 2025

Supporting people on main benefits — as at June 2025

All Main Benefits — Count

406,100

↑ **Up 25,200** since June 2024

All Main Benefits — Proportion of working-age population

12.5%

↑ **Up 0.6%** since June 2024

Jobseeker Support — Count

216,000

↑ **Up 19,600** since June 2024

Jobseeker Support — Proportion of working-age population

6.6%

↑ **Up 0.5%** since June 2024

Benefit Type	Count	Change since previous year	Proportion of working-age population	Change since previous year
JS – WR	120,800	6,900	3.7%	0.2%
JS – HCD	95,200	12,700	2.9%	0.3%
SLP	105,600	2,500	3.2%	0.0%
SPS	80,000	3,000	2.5%	0.1%

Estimated Average Future Years on Main Benefit — 2024/25

14.3 years

↑ **Up 0.9 years** from 2023/24

Supporting employment

All Main Benefits — Work Exits — year to June 2025

80,800

↑ **Up 9,100** from year to June 2024

All Main Benefits — Work Exit Rate — month of June 2025

1.5%

↑ **Up 0.1%** from month of June 2024

Jobseeker Support — Work Exits — year to June 2025

70,300

↑ **Up 10,600** from year to June 2024

Jobseeker Support — Work Exit Rate — month of June 2025

2.5%

↑ **Up 0.2%** from month of June 2024

Proportion of employment assistance programmes rated effective or promising — 2024/25

94.9%

↑ **Up 1.3%** from 2023/24

Proportion remaining off benefit and sustained employment for at least 12 months after exiting in 2022/2023

45.3%

↓ **Down 1.8%** from 2021/22

Glossary

- **Jobseeker Support** (JS). A weekly payment that helps people while they are looking for work (Jobseeker Support – Work Ready), or reduced ability to work right now due to health or disability condition (Jobseeker Support – Health and Disability Condition). People can also receive JS if they are working but earn under set income thresholds.
- **Supported Living Payment** (SLP). A weekly payment for people unable to work due to permanent and severe restriction in their capacity for work because of health condition, injury, or disability or totally blind. Also available for those caring for a person who required full-time care and attention at home.
- **Sole Parent Support** (SPS). A weekly payment that to support sole parents with one or more dependent children under 14 years.
- **Disability Allowance** (DA). A weekly payment for people who have regular ongoing costs because of disability. Income and proof of cost tests apply.
- **Accommodation Supplement** (AS). A weekly payment which helps people with their rent, board or cost of owning a home. Income and asset tests apply.
- **Unsupported Child's Benefit** (UCB) and **Orphan's Benefit** (OB). Weekly payments which help carers supporting a child or young person whose parents can't care for them.
- **Temporary Additional Support** (TAS). A weekly payment that helps you when you don't have enough money to cover essential living costs. Income and asset tests apply. Special Benefit (SB) is a historical payment type that some people may still receive for similar purposes as TAS.
- **Special Needs Grants** (SNG). A one-off payment to help pay an essential or emergency cost that can't be paid another way. Income and Asset tests apply.
- **Advance Payment of Benefit** (Advances). A one-off payment to help pay an essential or emergency cost that cannot be paid another way. Limited to main benefit recipients and needs to be paid back. Asset tests apply.
- **Recoverable Assistance Payment** (RAP). A one-off payment available to those not receiving main benefit to help pay for essential cost that cannot be paid another way. Needs to be paid back. Income and asset tests apply.
- **Average future years on a main benefit**. This is an estimate of how many future years people will spend on a main benefit over their remaining working lives. This estimate accounts for forecast changes to the labour market and demographic changes.
- **Average present value of future of future benefit payments.** This is an estimate of the projected cost of future benefit payments, expressed in today's dollars. It's calculated by estimating how people will use benefits over their remaining lifetimes and what those payments will be.

Economic and Population Context

Summary

- Economic conditions began to weaken in 2022.
- The economy is expected to start recovering in late 2025.
- The unemployment rate in June 2025 was 5.2 percent, a 2 percentage point rise from a low in December 2021.
- The working-age population has increased by 487,500 (17.6 percent) since 2015.

Overview

This section provides a range of economic and population trends that support an understanding of the context of the benefit system, with particular focus on the July 2024 to June 2025 period.

Economic conditions began to weaken in 2022.

Economic conditions began to weaken from the December 2022 quarter, with an economic contraction in mid-2024. Weak economic conditions have seen a lower demand for labour, making it harder for people to find and retain work, and driving increasing numbers of benefit recipients.[2]

The economy is expected to begin recovering in late 2025.

The Treasury is forecasting economic recovery beginning in late 2025. While GDP fell 1.1 percent over the year ended March 2025, there has been quarterly GDP growth of 0.5 percent in December 2024 and 0.8 percent in March 2025.[3]

Figure 1: Gross Domestic Product (GDP) quarterly and annual change, December 2018 to March 2025.

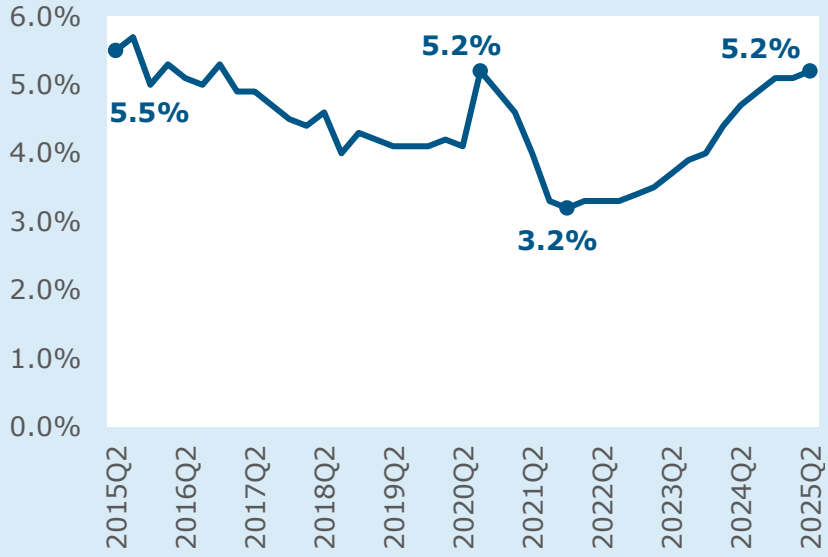
[2] See Budget and Economic Fiscal Update (BEFU) May 2025 for more detail: www.treasury.govt.nz/publications/efu/budget-economic-and-fiscal-update-2025

[3] Note this data is based on the March 2025 quarter release. This data is subject to revision so may differ slightly from later releases. Stats NZ. (2025, June 19). Gross Domestic Product: March 2025 quarter. www.stats.govt.nz/news/gdp-increases-0-8-percent-in-the-march-2025-quarter

The unemployment rate in June 2025 was 5.2 percent, a 2 percentage point rise from a low in December 2021.

The labour market typically lags broader economic conditions by six to nine months, with weak economic activity passed through to weaker labour market conditions over the past year. The June 2025 unemployment rate was 5.2 percent, increasing by 2 percentage points from a low of 3.2 percent in December 2021. For comparison, in the June 2015 quarter the unemployment rate was 5.5 percent. The Treasury May 2025 BEFU forecast had unemployment to peak in June 2025.

Figure 2: Seasonally adjusted unemployment rate June 2015 to June 2025.

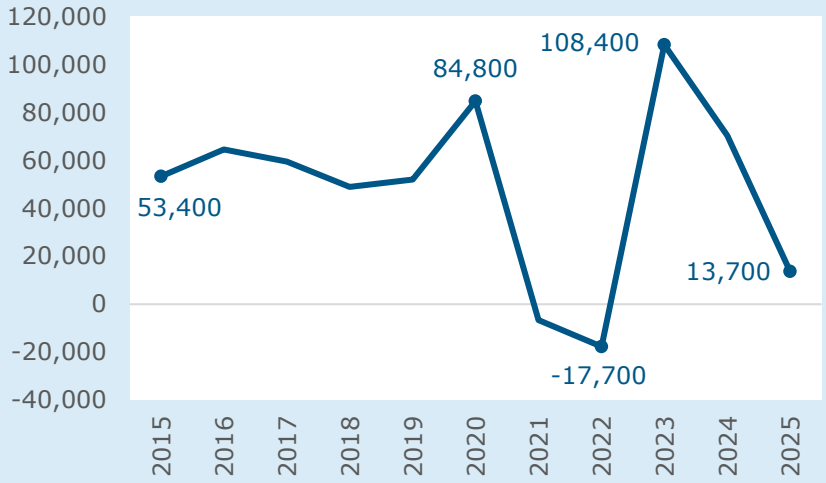


The working-age population has increased by 487,500 (17.6 percent) since 2015.

As the population increases, the number of people on benefits are likely to also increase, meaning comparisons over time should consider the proportion of the working-age population on main benefit. Between 2015 and 2025 the estimated working-age population increased by 487,500, up 17.6 percent.[4]

If the number of people receiving main benefits increased between June 2015 and June 2025 in line with the increase in the size of the working-age population, we would expect to see an increase of around 50,200 people on main benefits. This assumes that the proportion of the working-age population would remain at the June 2015 rate of 10.3 percent.[5]

Figure 3: Net estimate annual migration for year ended June 2015 to June 2025.



Net migration contributes to population change, and international migration is continuing to be the main contributor to New Zealand's population growth.[6] In the year to June 2025 net migration was 13,700, continuing to drop from the post-COVID-19 high seen in year to June 2023 (108,400), and below the 10-year average (48,300).

Elevated inward migration from 2023 may have increased competition for lower skilled jobs in some sectors and regions.

[4] Using Stats NZ population estimates released August 2024.

[5] Demographics within the increased working-age population have not been considered. Potential increase in main benefit recipients due to population increase is a broad estimate only.

[6] Stats NZ. (2025, 04 June). New Zealand's population likely to reach 6 million before 2040. www.stats.govt.nz/news/new-zealands-population-likely-to-reach-6-million-before-2040

Income support — main benefits

Summary

- The increase in main benefit numbers has been driven by an increasing number of people entering the benefit system on Jobseeker Support (JS), as a result of weakening economic conditions.
- In the year to June 2024, there were larger increases in the number of Jobseeker Support – Work Ready (JS – WR) than Jobseeker Support – Health Condition or Disability (JS – HCD) recipients, reflecting their greater sensitivity to economic conditions. However, the rate of annual growth in the number of JS – WR recipients has slowed for the year to June 2025.
- People tend to flow from more work ready benefits to less work ready benefits over time. With the higher number of people on JS – WR there are also more people flowing from this benefit to JS – HCD. This has been the main driver of the larger increases in JS – HCD numbers in the year to June 2025. This trend also reflects a higher than usual rate of transfer between these benefits, particularly between July and December 2024. By June 2025 the average flow rate had nearly returned to pre-COVID-19 levels.
- In the year to June 2025, there have been smaller increases in the number of Sole Parent Support (SPS) and Supported Living Payment (SLP) recipients, and the proportion of the working-age population receiving these benefits has been relatively stable.
- Over the last year, youth (aged 18–24), male, and Pacific main benefit recipients have experienced larger proportionate growth than other groups.

Overview

This section provides information on trends in working-age main benefits, focusing on changes in the last year (June 2024 to June 2025). It references economic and population changes impacting main benefit numbers and provides longer term trends for context. Official main benefit numbers are point-in-time, as at month end.

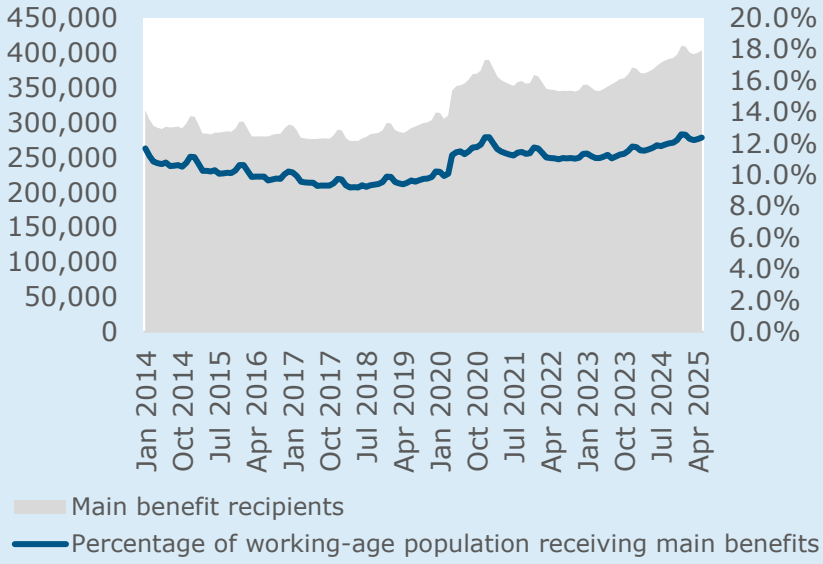
Key main benefits include Jobseeker Support (JS), Sole Parent Support (SPS), and Supported Living Payment (SLP). The total number of main benefit recipients also includes Emergency Benefit (EB), Emergency Maintenance Allowance (EMA), Jobseeker Support Student Hardship (JSSH), Youth Payment (YP), and Young Parent Payment (YPP).

Working-age main benefits

In the year to June 2025, main benefit numbers have continued increasing in line with weakening economic conditions.

After the rapid increases and decreases in main benefit numbers seen during the COVID-19 pandemic, main benefit numbers began to increase from early 2023, in line with weakening economic conditions (see Figure 4). There were around 406,100 people receiving a main benefit in in June 2025, up around 25,200 people (or 6.6 percent) from June 2024.

Figure 4: Number and proportion of the working-age population receiving main benefits- monthly times series.



The growth in main benefit numbers since 2023 has been lower and slower than during the COVID 19 pandemic period, or the Global Financial Crisis (GFC).[7] However, numbers have been increasing from a higher base.

[7] For a comparison between growth in benefit numbers during COVID-19 and the GFC, see: MSD. (2022). Benefit System Update: October 2021 to June 2022. www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/statistics/covid-19/benefit-system-update-2022-full-report.pdf

The proportion of the working-age population receiving a main benefit has continued to increase but is below historical highs.

Looking at the percentage of the working-age population receiving main benefits allows for comparison over time while accounting for changes in the size of the working-age population. The working-age population is estimated, and therefore the proportion of this population receiving main benefits is estimated as well.

As shown in Figure 4, at June 2025 working-age main benefit clients made up 12.5 percent of the working-age population. This figure was up 0.6 percentage points from June 2024 but lower than the more recent high of 12.6 percent in December 2024.[8] The proportion of the working-age population is still below historical highs (see Table 1).

Table 1: Key historical points in time where the proportion of the working-age population receiving main benefits has peaked.

Time point	% of the working-age population receiving main benefits
December 2024	12.6
COVID-19: January 2021	12.4
GFC: January 2010	13.0
Asian Financial Crisis: January 1999	17.3

[8] Main benefit numbers usually decrease through the new year as hiring picks up and more seasonal work becomes available. In addition, the number of people who receive JSSH usually peaks over December and January each year. Tertiary students who are enrolled to or intend to return to study the following year, and are unable to secure full time employment, can apply for this support over the summer break between their academic years. Numbers receiving this benefit decrease rapidly once students return to study.

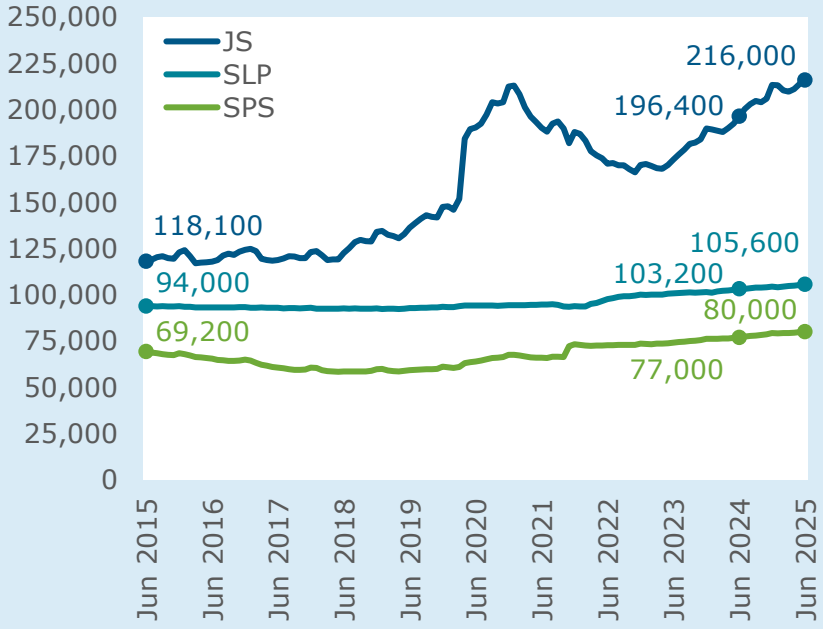
Jobseeker Support

Jobseeker Support numbers have been driving the recent increase in main benefit numbers.

The increase in main benefit numbers in the year to June 2025 has been driven by an increasing number of people entering the benefit system on Jobseeker Support (JS; see Figure 5).[9] This increase is in line with weakening economic conditions and a higher unemployment rate. Unemployment and JS usually move in similar directions over the long term as both respond to economic conditions.[10] Between June 2024 and June 2025, the number of people receiving JS increased by around 19,600 people (up 10.0 percent) to 216,000 recipients.

However, annual growth in the number of people on JS slowed between June 2024 and June 2025 to 10.0 percent (down from 13.5 percent between June 2023 – June 2024).

Figure 5: Number of main benefit recipients over time, for key main benefits (monthly time series, official main benefit numbers).



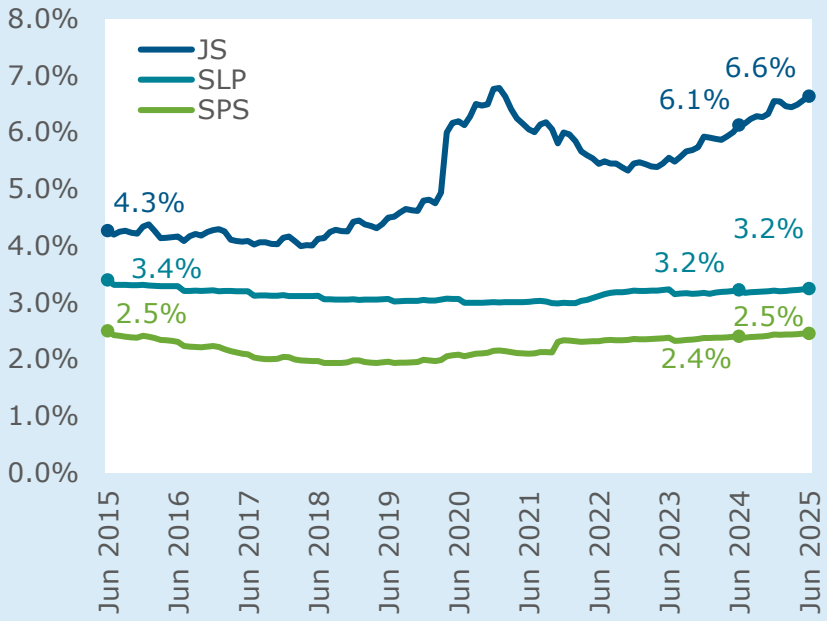
[9] On a seasonally adjusted basis JS numbers, which have been driving the increase in main benefit numbers started increasing in January 2023 and official main benefit numbers started going up in May 2023.

[10] There can also be shorter periods where the relationship between the JS and the unemployment rate have diverged because they are not the same people. Around one third of unemployed people are on JS – WR.

The proportion of the working-age population receiving JS has also increased over time.

Between June 2024 and June 2025, the proportion of working-age population receiving JS also increased by 0.5 percentage points to 6.6 percent. Longer term increases in the proportion of the working-age population receiving a main benefit have been largest for JS, in line with trends in main benefit numbers (see Figure 6). Between June 2015 and June 2025, the proportion of the working-age population receiving JS increased by 2.4 percentage points.

Figure 6: The proportion of the working-age population receiving a main benefit, by benefit type (monthly time series).



JS – WR tends to be more sensitive to economic conditions than JS – HCD.

JS is made up of JS – WR and JS – HCD. Historically, the number of people on JS – WR is more sensitive to changes in economic conditions. This was seen during the COVID-19 period. In contrast, JS – HCD numbers have continued increasing over time (see Figure 7).

On average people tend to stay on JS – HCD for longer and exit into work at lower rates than JS – WR recipients.[11] JS – HCD recipients have been identified by a health practitioner as having reduced work capacity due to a health condition or a disability and may require medical treatment or additional supports. As with JS – WR recipients, some JS – HCD clients also have skill gaps, transport barriers, or lack relevant labour market experience. Time out of work can lead to a deterioration in an individual's skills and confidence.

Figure 7: Number of JS, JS – WR, and JS - HCD recipients over time (monthly time series).

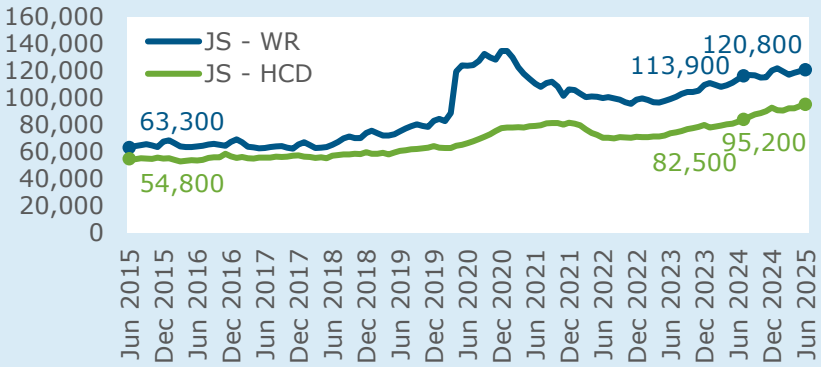
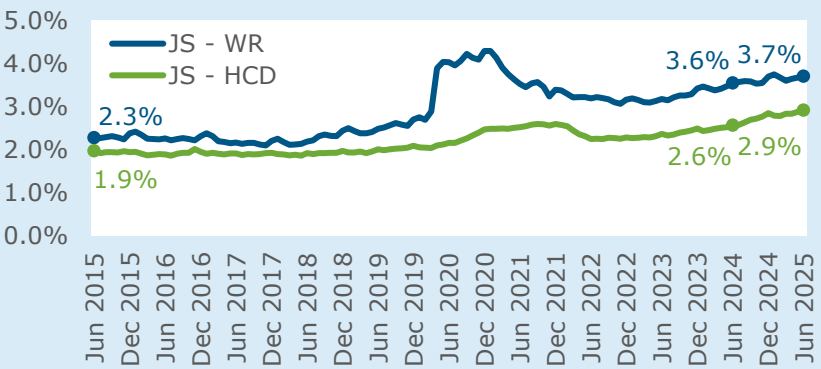


Figure 8: Proportion of the working-age population receiving JS, JS – WR, JS – HCD (monthly time series).



[11] JS – HCD recipients are a diverse group. Some people will be relatively close to the labour market and are more likely to be able to exit to employment quickly. This includes people whose health conditions or disabilities have less severe impacts on work capacity, or who have skills and qualifications.

Economic downturns also affect JS – HCD numbers. As JS – WR numbers increase more people flow from this benefit to JS – HCD, in addition to some people coming onto this benefit from outside the benefit system.

In the year to June 2025, there have been larger increases in JS – HCD than JS – WR.

When the economy initially started weakening, there were larger increases in the number of JS – WR than JS – HCD recipients (see Table 2). In the year to June 2024, 62.9 percent of the total increase in JS was from JS – WR. In contrast, in the year to June 2025 JS – HCD made up 64.7 percent of the total increase in JS.

Table 2: Growth in the number of JS, JS – WR, and JS – HCD recipients between Jun 2023–June 2024 and June 2024–June 2025.

Estimates from the 2023 SOM		JS – WR	JS – HCD	JS
Jun 23–Jun 24	Change in count	14,700	8,700	23,300
	% change	14.8%	11.7%	13.5%
	% of total change in JS	62.9%	37.1%	100.0%
Jun 24–Jun 25	Change in count	6,900	12,700	19,600
	% change	6.1%	15.4%	10.0%
	% of total change in JS	35.3%	64.7%	100.0%

As shown in Figure 7, longer term there have been larger increases in the number of people receiving JS – WR than JS – HCD. As shown in Figure 8, the longer-term trend in the proportion of the working-age population has followed a similar trend.

A higher number of people on JS – WR means more people transfer to JS – HCD.

People tend to flow from more work ready benefits to less work ready benefits over time. Some people also receive JS – WR before transferring to JS – HCD where this benefit better reflects their current circumstances. This means that when there is a higher number of people on JS – WR there are also more people flowing from this benefit to JS – HCD.

As described previously, in the year to June 2025 there were larger increases in the number of people receiving JS – HCD compared to JS – WR. This was mostly due to there being a higher number of people on JS – WR, meaning there were more people transferring to JS – HCD.

This trend also reflected a higher than usual flow rate from JS – WR to JS – HCD between July and December 2024. In the pre-COVID-19 period (2014-2019), the average flow rate from JS – WR to JS – HCD was 1.7 percent per month. From July to November 2024, this average flow rate rose to 2.1 percent per month. However, it then fell to 1.8 percent from December 2024 to June 2025.[12] Although the flow rate remained slightly elevated, by June 2025 it had nearly returned to pre-COVID-19 levels.

[12] Analysis on flows between benefits and annual growth was completed using internal MSD data for research purposes, and differs from official reporting.

Sole Parent Support

In the year to June 2025, there have been small increases in the number and proportion of the working-age population receiving Sole Parent Support.

There has been an increase in the number of SPS recipients over the last year, which was smaller than the increase for JS (as shown in Figure 5). Between June 2024 and June 2025, the number of people receiving SPS increased by around 3,000 (up 4.0 percent) to 80,000 recipients. The proportion of the working-age population receiving SPS has also been relatively stable over the same period, increasing by 0.1 percentage points to 2.5 percent in June 2025.

Increases in the number of SPS recipients during the pandemic period[13] and recent increases in SPS numbers during the current economic downturn reflect weaker labour market conditions contributing to fewer people exiting this benefit. Because sole parents have childcare responsibilities and other barriers to work, people on SPS generally have lower exit rates and are more likely to receive this benefit for longer than people on JS – WR.

Prior to COVID-19, the number of sole parents receiving a main benefit had been decreasing longer term.[14] The proportion of the working-age population receiving SPS also followed a similar trend to SPS numbers, falling from 2.5 percent in 2015, before rising back to 2.5 percent by June 2025 (see Figure 6).

[13] In November 2021, the number of people receiving SPS was also affected by the removal of the Subsequent Child Policy, which saw a one-off shift of around 5,700 people from JS to SPS.

[14] For more information on sole parents and longer-term trends see: MSD. (2021). What's happening to the number of sole parents on benefit? www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/statistics/covid-19/what-s-happening-to-the-number-of-sole-parents-on-benefit.pdf

Supported Living Payment

In the year to June 2025, the number of people receiving Supported Living Payment continued slowly increasing.

Following disruptions to trends during the COVID-19 pandemic period, the number of people receiving SLP continued increasing through to June 2025 (as shown in Figure 5).[15] Between June 2024 and June 2025, the number of people receiving SLP increased by around 2,500 (up 2.4 percent) to 105,600 recipients. Longer term, SLP numbers had been falling slowly, but this trend reversed from early 2019.

The proportion of the working-age population receiving SLP followed similar trends, slowly falling from 3.4 percent in June 2015 before rising and remaining relatively unchanged at around 3.2 percent since the pandemic period (as shown in Figure 6).

SLP numbers tend to be driven by shifts in the wider NZ population, rather than the economy. SLP recipients tend to be further from the labour market and exit into work at substantially lower rates than other benefits. Part of the eligibility criteria for receiving SLP is that clients are either permanently and severely restricted in their ability to work because of a health condition, injury or disability; or are totally blind.[16]

[15] During the pandemic period, work capacity medical certificate processes were deferred, which affected flows between JS – WR and JS – HCD, and JS – HCD and SLP. For more information see: MSD. (2023). Benefit System Update – October 2021 to June 2022. www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/statistics/covid-19/benefit-system-update-2022-full-report.pdf

[16] For more information see: www.workandincome.govt.nz/products/a-z-benefits/supported-living-payment.html

Demographic lens on Main Benefit Recipients — Age

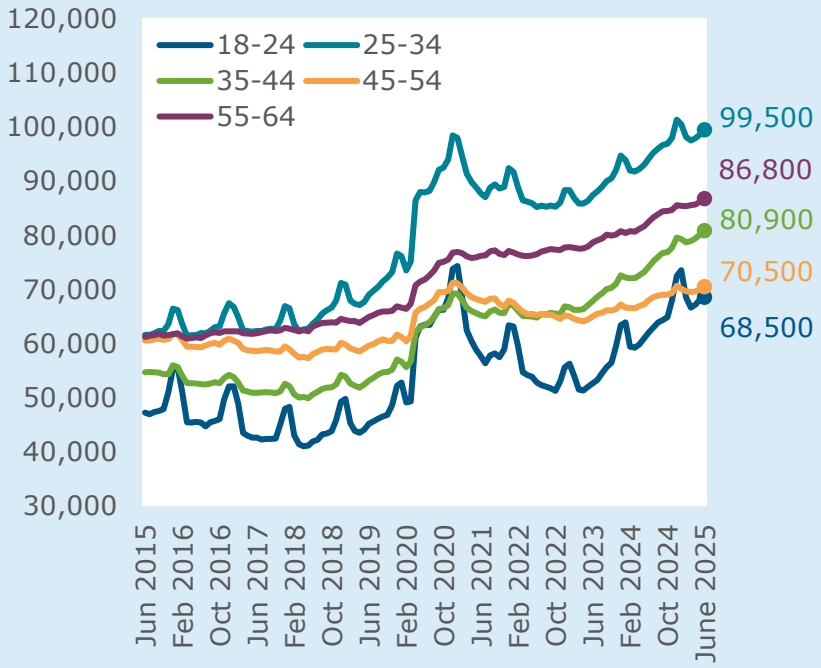
Youth employment tends to be more sensitive to shifts in the economy.

The decline in employment levels since 2023 has been largely driven by a reduction in the number of people employed who are aged under 30.[17] Youth employment tends to be more sensitive to shifts in the economy, which reflects young people's more vulnerable position in the labour market. However, the youth employment rate usually recovers more quickly compared to other age groups as the economy improves.

In the year to June 2025, the number of younger main benefit recipients has increased more than older recipients.

The number of working-age main benefit recipients has been increasing across age groups since early 2023 (see Figure 9). In line with the trends in employment statistics for younger people, these increases have been largest for those aged 18-44.

Figure 9: Main benefit recipients by age (monthly data series)



[17] Employment statistics for the June 2025 quarter, including breakdowns for different age groups, are available at www.stats.govt.nz/news/unemployment-rate-at-5-2-percent-in-the-june-2025-quarter/

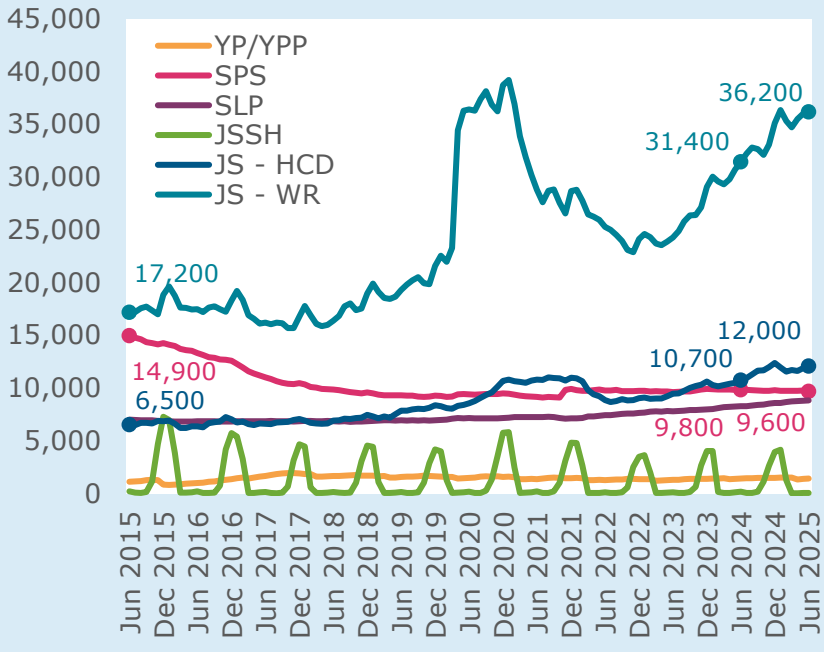
In the year to June 2025, the number of working-age youth (aged 18–24) receiving main benefits had the largest proportionate increase, up around 10.4 percent or 6,500 recipients to 68,500 people. However, over the last 10 years there have been larger increases for benefit recipients aged 25–34 and 35–45.

Trends in youth main benefit numbers are driven by Jobseeker Support – Work Ready.

The increase in the number of working-age youth (aged 18-24) on a benefit since early 2023 has largely been driven by an increase in youth on JS – WR (see Figure 10). JS – WR tends to make up a higher proportion of youth JS recipients (75.0 percent at June 2025) compared to JS recipients aged 25–65 (50.5 percent).

Larger seasonal variation in the number of main benefit recipients, particularly those aged 18-24, is partially driven by more young people taking up Jobseeker Support Student Hardship (JSSH; see Figure 10). The number of people who receive this benefit usually peaks over December and January each year, before decreasing rapidly once students return to study. Young people aged 16-17 and 16-19, respectively, are eligible for YP and YPP, and receipt of these benefits is also affected by seasonal trends.[18]

Figure 10: Main benefit recipients aged 18-24, for key main benefits (monthly data series)



[18] Note this report focuses on working-age main benefit recipients (aged 18-64).

The number of older people on benefit has been less impacted by weakening economic conditions than younger age groups.

As described previously, between June 2024 and June 2025 the proportionate increase in main benefit recipients was lower for those aged 45–64 compared to younger age groups. In line with this, employment statistics for older workers remained relatively stable, compared to younger workers.

Within older age groups, increases in the number of main benefit recipients in the year to June 2025 have been larger for 55–64-year-olds relative to 45–54-year-olds (see Table 3). As shown in Figure 9, the gap between these age groups has also widened over the last 10 years. Longer term, 45–54-year-olds remain more active in the labour force than 55–64-year-olds, who have greater proximity to retirement age and may also face challenges in finding and staying in employment.[19]

Table 3: Change in main benefit counts by age.

	Jun 24 –Jun 25	% change	Jun 15 –Jun 25	% change
18-24	6,500	10.4%	21,200	44.9%
25-34	5,300	5.6%	37,800	61.4%
35-44	6,700	9.0%	26,100	47.8%
45-54	2,500	3.7%	10,000	16.4%
55-64	4,300	5.2%	25,600	41.8%

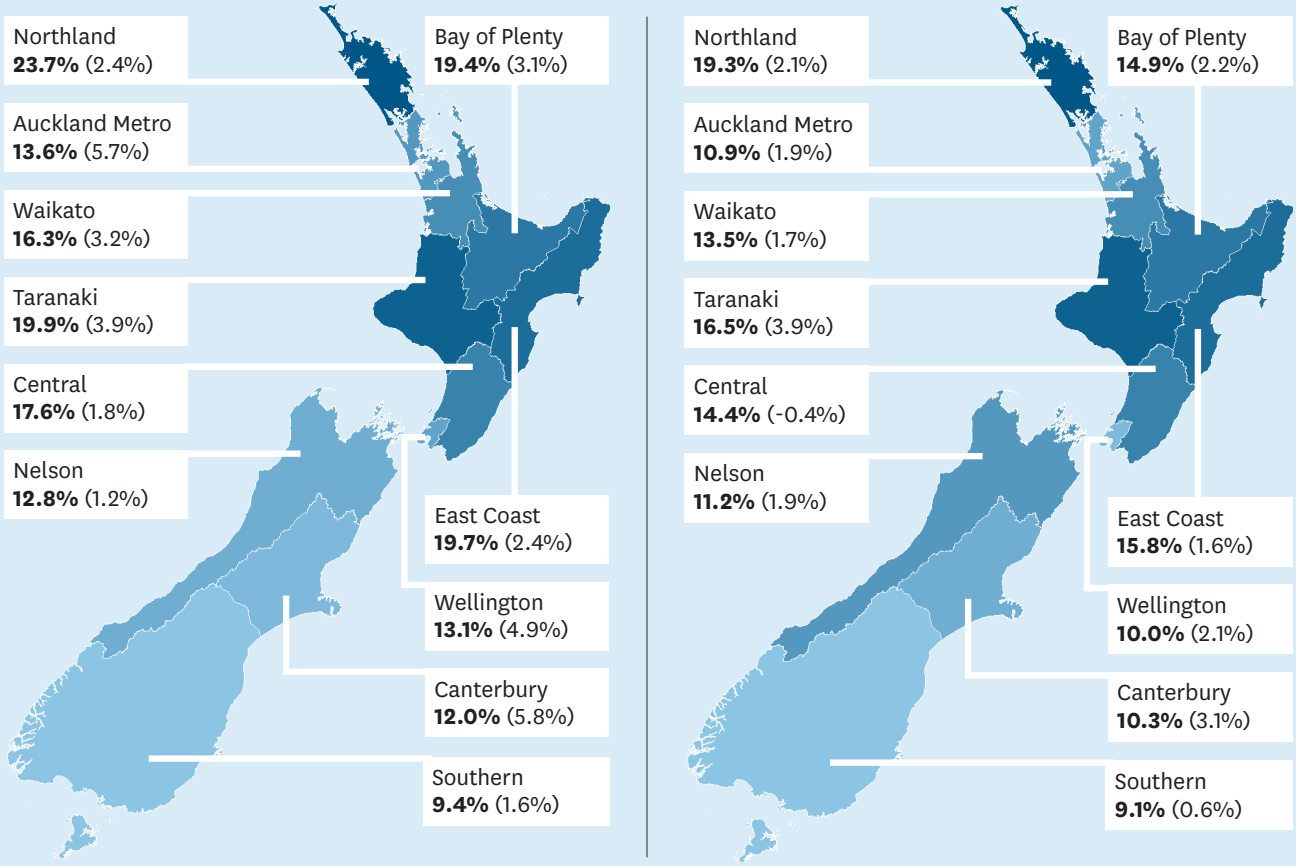
[19] For more information see: The Office for Seniors Te Tari Kaumātua. (2022). Older workers employment action plan. www.officeforseniors.govt.nz/assets/Uploads/Older-Workers-Action-Plan-FINAL.pdf Office for Senior Citizens. (2019). Better Later Life – He Oranga Kaumātua 2019 to 2034. Ministry of Social development. www.msd.govt.nz/about-msd-and-our-work/publications-resources/planning-strategy/positive-ageing/index.html

Demographic lens on Main Benefit Recipients — MSD Regions

All MSD regions have seen an increase in proportion of working- age population aged 18-24 years receiving main benefits between June 2015 and June 2025.

Looking at longer-term trends across regions, Northland continues to have the highest proportion of the working-age population receiving main benefits for both youth (18-24) and older (25-64) main benefit recipients. At June 2025, 19.3 percent of the working-age population were receiving main benefits in Northland. For youth, this proportion was higher at 23.7 percent.

Figure 11: Proportion of the working-age population aged 18-24 (left) or 25-64 (right) receiving main benefits, by region as at June 2025, with % change since June 2015.



Darker colours in this figure represent higher proportions of the working-age population receiving main benefits.

Comparing June 2015 with June 2025, Auckland, Wellington, and Canterbury have also continued to have relatively low proportions of the working-age population on main benefits, for both youth and older main benefit recipients (as shown in Figure 11)

This trend is likely due to there being a greater range of jobs available in metropolitan areas. These regions also have larger numbers of main benefit recipients, because of their population size (see Appendix 1, Table 1). Southern and Nelson regions also tend to have both relatively low numbers of main benefit recipients and low proportions of the working-age population receiving main benefits

As shown in Figure 11, there has been growth in the proportion of the working-age population receiving main benefits for both those aged 18-24 and 25-64 across most regions over the last 10 years.

South Auckland has a higher number and proportion of the working-age population receiving main benefits.

Note that Figure 11 above shows trends for the wider Auckland region, however trends within different parts of Auckland can diverge. South Auckland tends to have a relatively high number and proportion of the working-age population receiving main benefits. For example, at June 2025, this proportion was 19.0 percent for South Auckland, compared to 9.5 percent for Auckland North and 7.7 percent for Auckland Central. In the year to June 2025, and longer term, there have also been larger increases in the number and proportion of the working-age population receiving main benefits in South Auckland. Trends for youth (18-24) and older (25-64) main benefit recipients follow a similar pattern.

There are region and sectoral differences in the labour market.

Over the last year, region and sectoral differences in the labour market have become more distinct. Much of New Zealand's current labour market difficulties are concentrated in Auckland, where the unemployment rate has lifted from 4.6 percent last June to 6.1 percent at June 2025. In contrast, the unemployment rate for the rest of the country (excluding Auckland) has remained steady over the year at 4.5 percent.

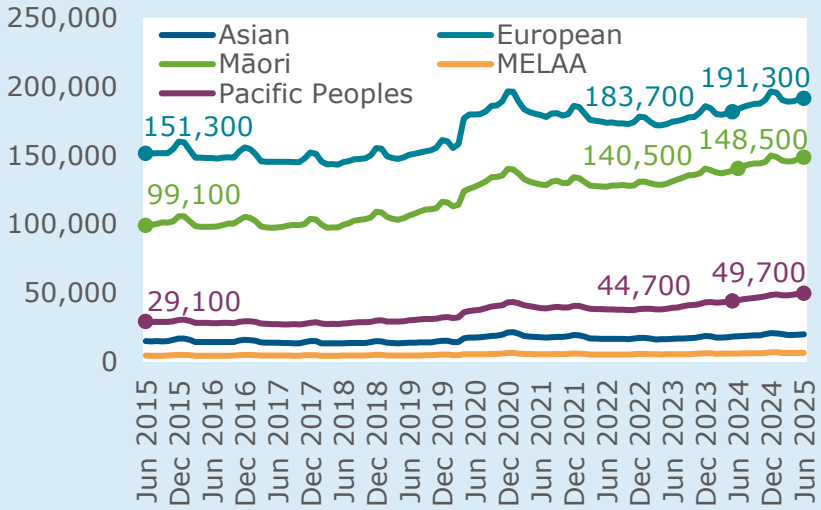
The South Island, especially Otago, has seen a much healthier labour market picture. Employment growth in the South Island over the year (up 12,900) has outpaced population growth (up 8,000). High export values have boosted rural incomes, supporting regional growth outside the main centres.

Demographic lens on Main Benefit Recipients — Ethnicity

In the year to June 2025, some ethnic groups have seen larger increases than others in the number of main benefit recipients.

During the current economic downturn, there were increases across ethnic groups in the number of main benefit recipients, although the size of these increases varied across groups (see Figure 12).

Figure 12: Main benefit recipients, by ethnicity[20] (monthly data series)



There was lower proportionate growth in the number of Māori and European main benefit recipients compared to the total number of main benefit recipients. Between June 2024 and June 2025, the number of European main benefit recipients increased by around 7,600 people or 4.2 percent, and Māori main benefit recipients increased by around 8,000 or 5.7 percent. By comparison, the total number of main benefit recipients increased by 25,200 or 6.6 percent. Proportionate growth was higher for Pacific main benefit recipients than headline numbers. The number of Pacific recipients increased by around 5,000 people or 11.2 percent.

Over the last 10 years there has been more growth in the number of Māori (up 49.9 percent) and Pacific (up 70.8 percent) main benefit recipients than headline numbers (up 42.3 percent). Both Māori and Pacific recipients remain over-represented in the benefit system.

[20] Ethnicity is reported here using the Total Response Ethnicity approach, where people can be reported in more than one ethnic category. This also means that numbers will sum up to a higher number than the total number of main benefit recipients. MELAA refers to Middle Eastern, Latin American, and African ethnicities.

Labour market weaknesses disproportionately affect some ethnic groups.

As with previous recessions, we have seen labour market weakness disproportionately impact Māori and Pacific Peoples. For the year ending June 2025, the annual average[21] unemployment rate for Māori rose from to 9.9 percent (up 1.1 percentage points), and for Pacific Peoples to 10.9 percent (up 2.9 percentage points). These increases were greater than that for the general population (up 0.8 percentage points).

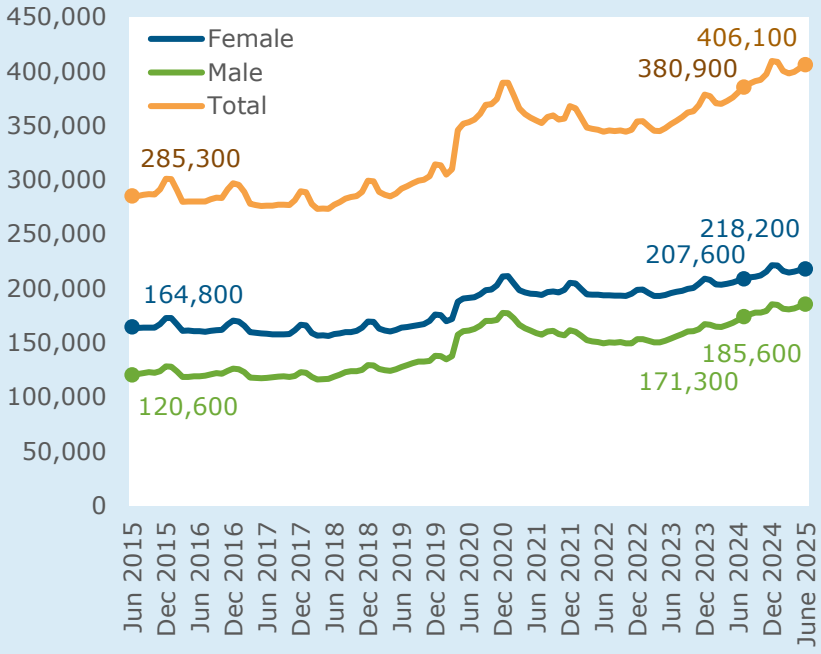
[21] Estimates from Stats NZ are not seasonally adjusted, and are presented as annual averages ending with the current quarter. Changes are from the previous years annual average.

Demographic lens on Main Benefit Recipients — Gender

There have been larger increases in the number of male main benefit recipients in the year to June 2025, driven by larger increases in JS.

Trends in the number of male and female main benefit recipients reflect gender-based differences in uptake of different benefits. As described previously, JS numbers have been driving the growth in main benefits. In the year to June 2025, we have also seen larger increases in the number of male JS recipients (see Appendix 1, Table 2). Women are also more likely than men to go onto SPS instead of JS, if they have children under the age of 14. Between June 2024 and June 2025, the number of male main benefit recipients increased by around 14,300 or 8.3 percent. In contrast, the number of female main benefit recipients increased by around 10,600 or 5.1 percent over the same period.

Figure 13: Main benefit recipients by gender[22] (monthly data series)



In the current economic downturn, industries that tend to be male dominated (eg. technicians and trades workers, and machinery operators and drivers) may have been more impacted.[23]

[22] Note this figure excludes gender diverse main benefit recipients, due to small numbers. Quarterly timeseries data by gender, including gender diverse recipients, is available in the Benefit Fact Sheets, available at: www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html

[23] Stats NZ. (2025). Unemployment rate at 5.1 percent in the December 2024 quarter. www.stats.govt.nz/news/unemployment-rate-at-5-1-percent-in-the-december-2024-quarter/

Estimated future years on main benefit

Summary

- Between 2023/24 and 2024/25, estimated average future years supported by main benefit has increased by 0.9 to 14.3 years.
- The increase in estimated average future years reflects higher re-entry rates back onto main benefits, less favourable economic forecasts, and lower exit rates from JS – HCD.
- The estimated average present value of future benefit payments continued to fall between the 2023/24 and 2024/25 for main benefit clients but remains higher than 2014/15 levels. This is an estimate of the projected cost of future benefit payments, expressed in today's dollars.

[24] For technical details of Social Outcomes Model please see www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/benefit-system/2023-social-outcomes-modelling-technical-report.pdf

[25] When calculating the present value of future payments, payments are discounted to allow for the time value of money. This reflects the idea that $1 in the future is worth less than $1 today, due to the potential to invest the $1 today.

Overview

This section describes some key outcomes from the Social Outcomes Model (SOM).[24] The SOM estimates how New Zealand adults (aged 16+) move into, through, and out of the benefit and social housing systems over their future lifetimes, up until they turn 65 years old. It uses data from many government agencies in the Integrated Data Infrastructure (IDI). It can also project a range of other social outcomes in domains such as employment, health, justice, and education.

The 2024/25 SOM has been finalised using information to 30 September 2024, therefore SOM estimates may not reflect most recent trends discussed elsewhere in this report (October 2024 to June 2025).

Key estimates include:

- **Average future years on a main benefit.** This is an estimate of how many future years people will spend on a main benefit over their remaining working lives. This estimate accounts for forecast changes to the labour market and demographic changes.
- **Average present value of future benefit payments.** This is an estimate of the projected cost of future benefit payments, expressed in today's dollars. It's calculated by estimating how people will use benefits over their remaining lifetimes and what those payments will be. This requires forecasting things like the unemployment rate, how people move through the benefit system under different conditions, future payment amounts, and discount rates.[25]

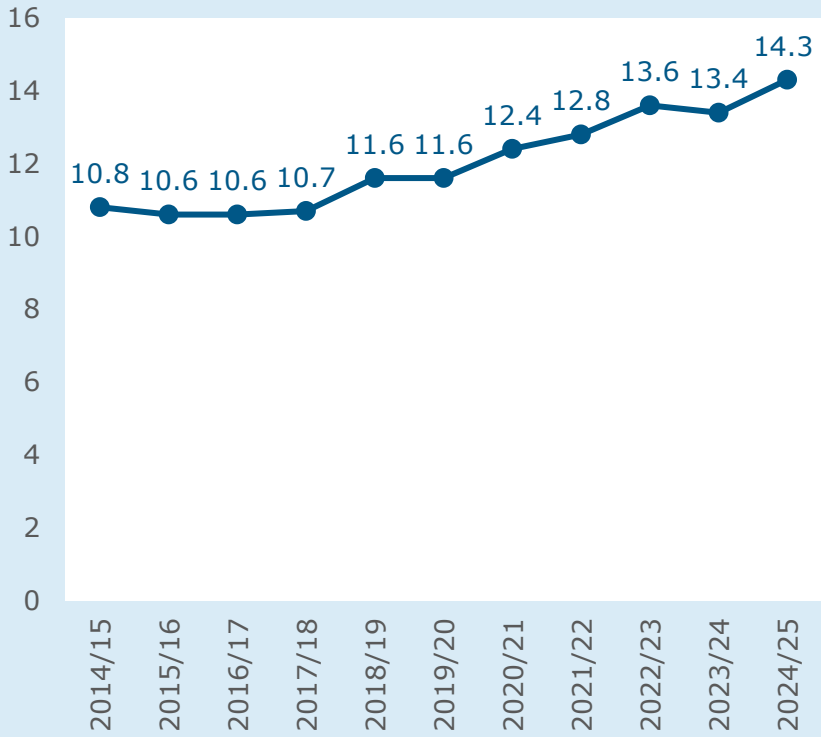
Key insights

Between 2023/24 and 2024/25, estimated average future years supported by main benefit has increased by 0.9 to 14.3 years.

Estimated future years supported by main benefit has increased from 13.4 in the 2023/24 SOM to 14.3 in the 2024/25 SOM for main benefit clients. Estimates for key main benefit types and groups are shown in Table 4 (overleaf). Factors behind the increase reflect trends in the economy, population, and main benefits outlined in previous sections. Longer term, this estimate is 31.7 percent higher than in 2014/15, following a sustained period of increases.

Figure 14: Average future years on benefit for main benefit clients, over the last 10 years.

Desired trend: ↓



The increase in estimated average future years reflects higher re-entry rates, less favourable economic forecasts, and lower exit rates from JS – HCD.

Trends that contribute to higher estimated average future years on main benefit include:

- **Higher re-entry rates.** For people who have exited main benefits, the rate of re-entry to main benefits were higher than projected in last year's model. Higher estimated future re-entry rates increase how long people are estimated to be supported by main benefits in the future.
- **Less favourable economic forecasts (BEFU 25).**[26] These include higher forecast unemployment rates, which, all else being equal, result in clients being estimated to spend longer supported by main benefits.
- **Lower exit rates from JS – HCD.** Following the recovery from COVID-19, the exit rate from JS – HCD had returned to close to 2019 levels. However, the exit rate subsequently decreased from late 2022. Exit rates for other benefit types were in line with those projected in last year's model. As seen in Figure 7, there has been an increase in number of people receiving JS – HCD.

[26] See Budget and Economic Fiscal Update (BEFU) May 2025 for more detail: www.treasury.govt.nz/publications/efu/budget-economic-and-fiscal-update-2025

[27] Benefit recipient numbers from the SOM may not match official MSD statistics as they are based on analysis of past trends of administrative data in the IDI, as well as economic forecasts. The SOM also includes a wider age range (16–64 years old) compared to official main benefit numbers, which are working-age (18–64), and counts partners. All counts are rounded to the nearest hundred.

Table 4: Average Future Years estimate for Main Benefit recipients 2023/24 and 2024/25 Social Outcomes Model

	Count[27]		Average Future Years			
Benefit Type / Cohort	**2023**	**2024**	**2023**	**2024**	**Change**	**% change**
Main benefit clients	388,800	419,000	13.4	14.3	0.8	6.2%
JS Clients (total)	201,400	224,500	12.6	13.6	1.0	8.3%
JS – WR	117,700	129,000	12.7	13.8	1.1	8.5%
JS – HCD	83,700	95,500	12.3	13.3	1.0	8.0%
SLP Clients	108,500	112,000	12.5	13.0	0.5	4.4%
SPS Clients	77,000	79,400	16.9	17.5	0.7	3.9%
Māori main benefit clients	155,800	164,600	16.0	16.9	0.8	5.2%
Pacific main benefit clients	55,000	61,700	14.3	15.4	1.1	7.5%
Under 25-year-old main benefit clients	60,500	69,600	20.4	22.0	1.6	7.9%
Under 25-year-old JS clients	39,000	46,800	18.2	20.0	1.8	10.0%
Under 25-year-old JS – WR	28,400	34,500	17.3	18.8	1.5	8.9%
Under 25-year-old JS – HCD	10,500	12,300	20.6	23.3	2.7	13.1%
YP/YPP Clients	2,700	3,100	22.9	25.0	2.1	9.2%

Average future years on main benefit estimates for Māori and Pacific People are higher than total main benefit population.

The estimated average future years supported by main benefit is higher for Māori (16.9 years for 2024/25) than for the total main benefit population (14.3 years). The estimated future years supported by main benefit for Māori has increased by 0.8 years for 2024/25 from 16.0 in 2023/24.

For Pacific People, the estimated average future years supported by main benefit is higher (15.4 years for 2024/25) than for the total main benefit population (14.3 years). The estimated future years supported by main benefit for Pacific People has increased by 1.1 years for 2024/25 from 14.3 in 2024/25.

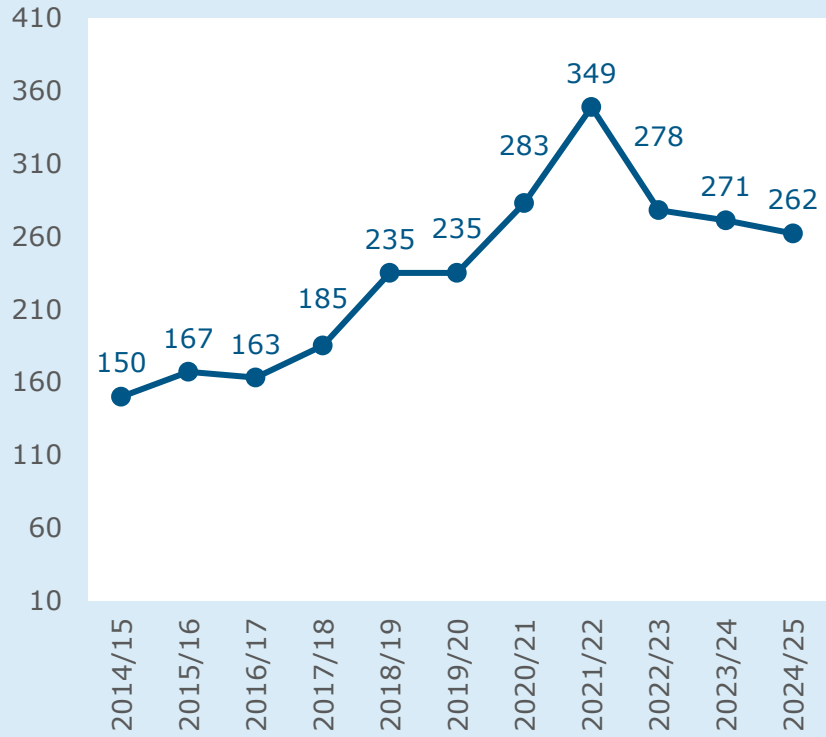
Average future years on main benefit estimates for young people (under 25 years) are higher than total main benefit population.

Young people (under 25 years) have seen a larger increase in average future years estimate than the total benefit population (7.9 percent increase compared to 6.2 percent). This is because youth have longer until age 65 years, which amplifies the impact of changes in the likelihood of being on a benefit.

The estimated average present value of future benefit payments continued to fall between 2023/24 and 2024/25 for main benefit clients.

Between 2023/24 and 2024/25 the estimated present value of future benefit payments continued to decrease, from $271,000 to $262,000 (down $9,000). This decrease reflects the government's decision to index main benefits to inflation from 1 April 2024 onward.

Figure 15: Average present value of future benefit payments for main benefit clients, over the last 10 years (rounded to the nearest $1,000).



The increase in average present value estimates since 2014/15 is partly due to being expressed in 2015 rather than 2024 dollars, as well as the increase in estimated average future years on benefit. Average present value increases were partly offset by changes in the discount rate used within the model, while the post-pandemic period (since 2021/22) has been influenced by higher inflation and changes in future benefit indexation.

Supporting people to find or retain employment

Summary

- The proportion of employment assistance expenditure rated as effective or promising has remained above the target level of 90 percent for 2024/2025, at 94.9 percent.
- MSD has continued to support people off benefit and into work despite the current weaker labour market. There were around 70,300 exits from JS into work the year to June 2025, an increase of about 10,600 on the previous year. The exit rate to work for JS in June 2025 was 2.5 percent, an increase from June 2024 of 0.2 percent.
- For people who exited main benefits into work in the year to June 2023, the proportion of people who sustained their employment for 12 months remained relatively high, compared to pre-COVID-19, despite weakening economic conditions.

Overview

Paid employment supports positive social and economic well-being. Supporting employment is a key focus for MSD through provision of multiple supports, including case management and specific employment assistance programmes.

This section provides information on:

- The proportion of employment assistance programmes that are rated as effective or promising
- The number and rate of people leaving main benefits into employment
- The sustainability of exits to employment from the main benefit system in the year to June 2023, and their outcomes up to June 2024.

Key insights

MSD has a comprehensive evidence base regarding which interventions are effective.

To help MSD ensure the right people are in the right programmes, the Ministry produces a range of research and evaluative work which explores how well programmes and services are working and how effective they are for different cohorts. This includes outcomes-based evaluations, evidence briefs, intervention logic models, qualitative research, operational reporting, and international evidence on potential impacts. Where feasible, MSD also estimate both the cost and effectiveness of programmes using the IDI.

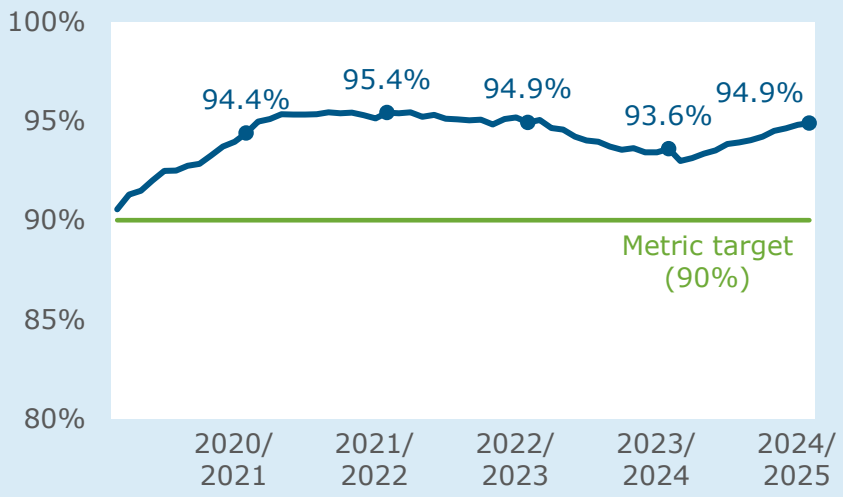
However, some programmes cannot be evaluated for effectiveness in the IDI because there is no suitable comparison group. Other programmes do not have suitable data to identify who participated in the intervention. Often these are run by third parties who recruit participants directly or where interventions work with groups of people who cannot be identified. Where MSD cannot undertake formal effectiveness evaluations the Ministry uses other forms of analysis to indicate whether a programme is likely to deliver its intended outcomes.

94.9 percent of the spend on employment assistance programmes was rated as effective or promising in the year ended June 2025.

MSD reports annually on the effectiveness and cost of employment assistance programmes funded from within the Improved Employment and Social Outcomes Support Multi-Category Appropriation (MCA).[28] This performance metric is based on a set of analysis used to estimate both the cost and effectiveness of EA interventions using the IDI.[29]

As shown in Figure 16, since 2019/20, the proportion of EA expenditure that has been evaluated and rated as effective or promising has remained above the target level of 90 percent. In 2024/2025, the proportion of employment assistance expenditure that has been evaluated and rated as effective or promising was 94.9 percent (up 1.3 percentage points from 2023/2024).

Figure 16: Proportion of evaluated EA expenditure rated as effective or promising.



Programmes are considered effective when they have a statistically significant positive impact on one or more primary outcomes (eg. income, employment, justice, qualifications, or benefit receipt) and no evidence of a negative impact on any primary outcome.

Programmes are considered promising when the trend in impacts indicates the intervention is expected to have a significant positive overall impact in the medium-to-long term. Also, MSD rates interventions as promising if the Ministry cannot evaluate the intervention directly, but where there is a similar intervention rated as effective.

[28] Some interventions with employment objectives (e.g. Driver Licence Support) are not funded by this MCA and so are not included in this analysis. However, MSD intends to evaluate the Drivers Licence Support Programme to ensure it is delivering impactful outcomes relative to the spend.

[29] For more information on ratings, and how effectiveness is calculated, see: www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/effectiveness-employment-assistance/2025-msd-employment-assistance-effectiveness-fy23.pdf

MSD has introduced several new interventions which have not yet been rated for effectiveness.

Table 5 shows the change in expenditure by effectiveness rating category between 2023/24 and 2024/25. The reduction in overall funding was primarily through the ending of time-limited funding in response to COVID-19.

There has been a 22.2 percent increase in expenditure on interventions not rated between 2023/24 and 2024/25. This was because of the introduction of new interventions such as Phone-Based Case Management, Kōrero Mahi seminars and Community Coaches.[30] There is a time lag between implementing a new intervention and having evaluation findings, to allow for enough participants to engage in each intervention and time to track outcomes after starting the intervention.

Table 5: Change in expenditure (in millions) by rating between 2023/2024 and 2024/2025 for employment assistance programmes, from the Improved Employment and Social Outcomes MCA.

Rating	2023/2024	2024/2025	Change	Percentage
Evaluated	$369.2	$360.4	$-8.8	-2.4%
> Effective	$345.2	$339.9	$-5.3	-1.5%
> Promising	$0.4	$2.2	$1.8	450.0%
Too soon to rate	$6.2	$6.1	$-0.1	-1.6%
Not rated	$63.6	$77.7	$14.1	22.2%
Not feasible	$126.7	$113.7	$-13.0	-10.3%
EA Expenditure	$565.7	$557.9	$-7.8	-1.4%

Dollars are in nominals and shown as millions.

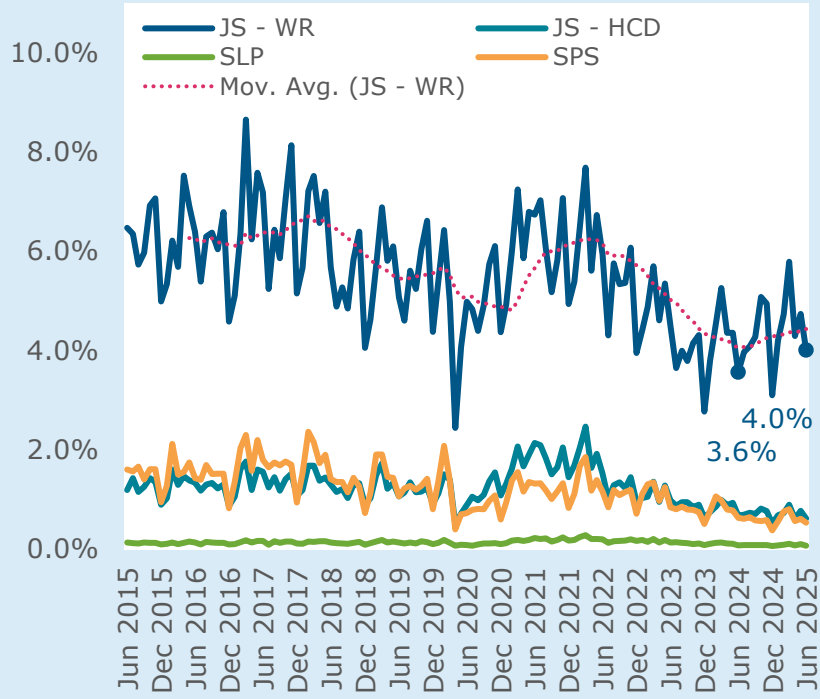
Expenditure includes the total cost of the intervention; this includes indirect costs such as property and Information and Communication Technology.

[30] For more information see: www.beehive.govt.nz/sites/default/files/2024-08/Welfare%20that%20Works%20Factsheet.pdf

Work exit rates from main benefit into employment have increased in 2025.

Exit from main benefit into work follows trends in economic conditions. The work exit rate for JS (both WR and HCD) in the month of June 2025 was 2.5 percent, an increase of 0.2 percentage points from June 2024. For JS – WR in the month of June 2025 this rate was 4.0 percent, an increase of 0.4 percentage points from June 2024 exit rate of 3.6 percent. JS – WR is most responsive to economic conditions. Rate of exits from JS – WR to work dropped over 2022 and into 2024, in line with worsening economic conditions.

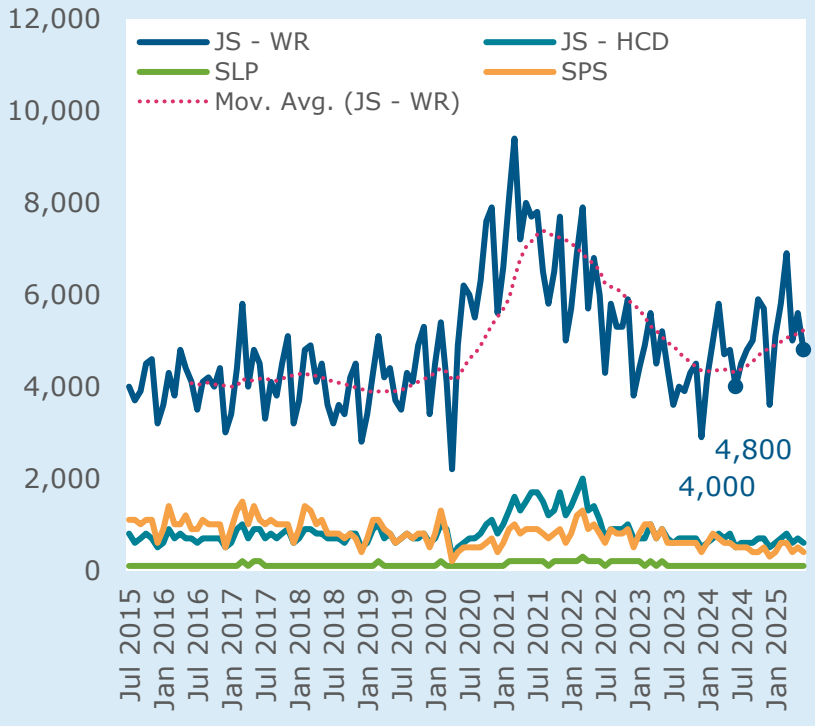
Figure 17: Work exit rates for main benefits June 2015 to June 2025 (monthly data series)



The number of clients exiting Jobseeker Support into employment per month has increased from June 2024 to June 2025.

There were around 70,300 exits from JS into work the year to June 2025, an increase of about 10,600 on previous year. Between July 2024 and June 2025, the total number of work exits for those on JS – WR was around 62,700, an increase of around 11,000 on the previous year (51,800 between July 2023 and June 2024). A small decline in work exit counts can be seen for JS – HCD and SPS, both reducing by around 300 between the years to June 2024 and 2025. However, this is difficult to identify when looking at work exit counts due to relatively small numbers.

Figure 18: Work exit counts for main benefits June 2015 to June 2025 (monthly data series).



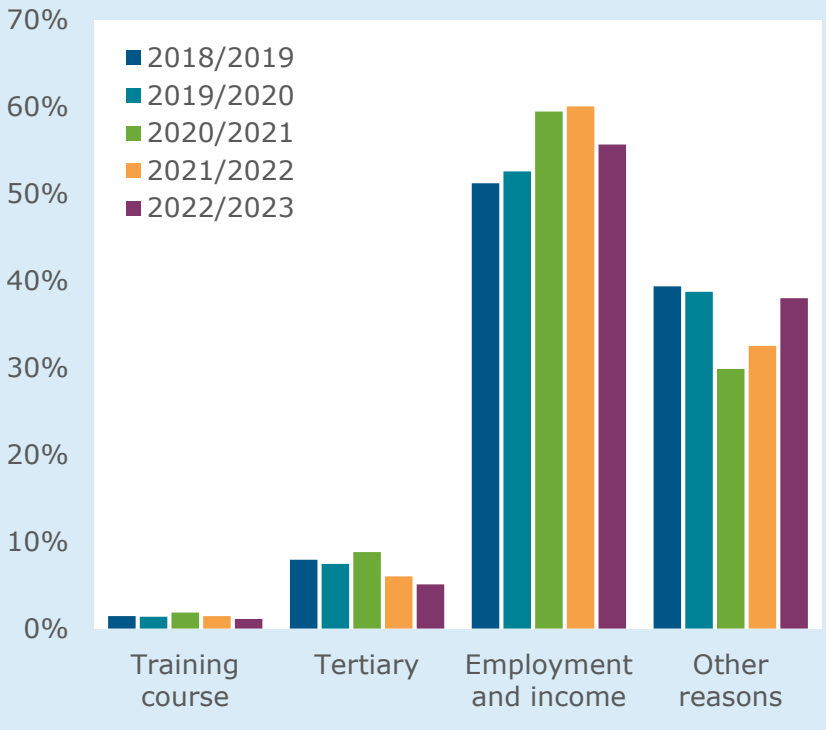
MSD reports annually on what happened to people who left the benefit system.

The most recent off-benefits report[31] looks at the 125,400 people who left the benefit system in the year to June 2023 and their outcomes for at least 12 months after their exit, up to June 2024. More recent trends to June 2025 are not reflected in this off-benefits analysis.

The proportion of exits to employment in the year to June 2023 remained high compared to historical averages.

Of the 125,400 people who left the benefit system in the year to June 2023, 61.9 percent (77,600) exited to employment, to a tertiary course, or began some form of industry training (Figure 19). While the proportion of exits to employment was lower than the previous year, it was still higher than pre-COVID-19. Figure 19 shows that 'other reasons' for exits from the benefit system increased in the year to June 2023 compared to 2021/22 and 2020/21. Exits to overseas has driven the increase in 'other reasons', which mirrors the high travel and migration numbers over this post-COVID-19 period.

Figure 19: Proportion of all exits for each exit reason by financial year.

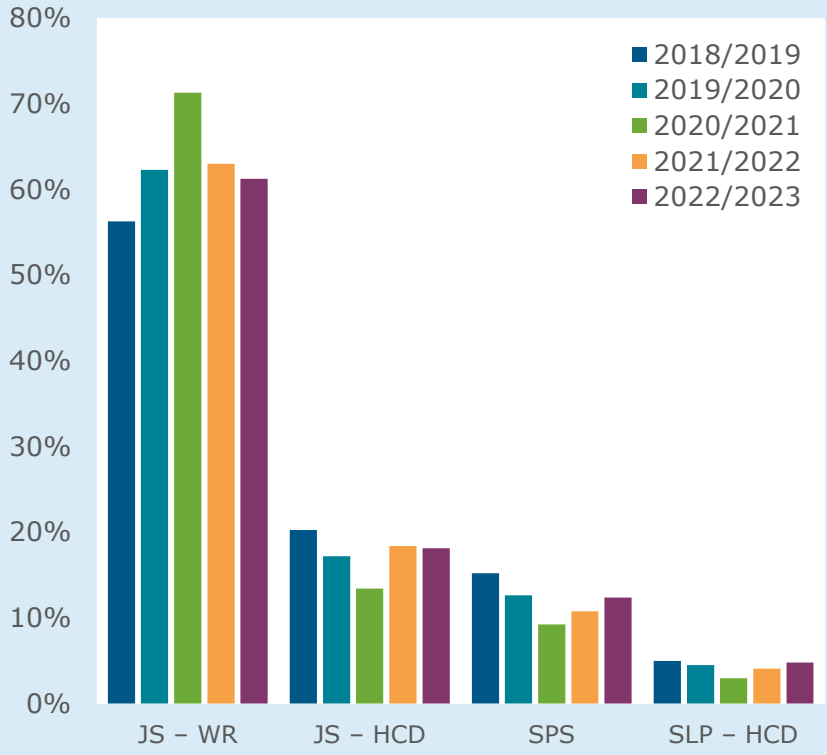


[31] See MSD. (2025). What happened in the 12 months after people left the benefit system, up to June 2024. www.msd.govt.nz/about-msd-and-our-work/publications-resources/research/benefit-system/what-happened-in-the-12-months-after-people-left-the-benefit-system-up-to-june-2024.html

JS – WR continue to make up a much higher proportion of exits than other key main benefits.

People on JS – WR are often closer to the labour market compared to those on JS – HCD, SLP, or SPS.

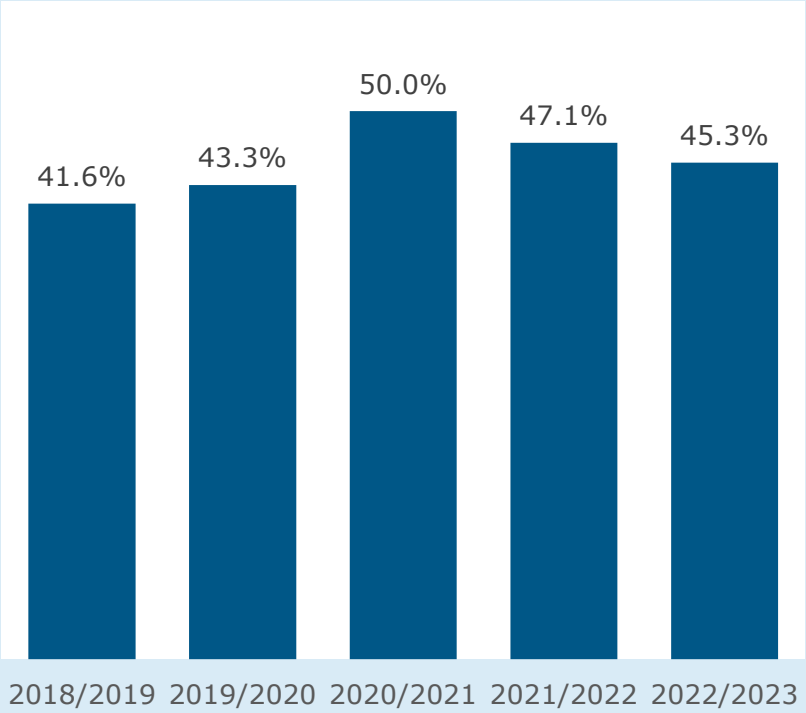
Figure 20: Proportion of exits by benefit type.



The proportion of people who remained off benefit or stayed in employment for 12 months remained relatively high despite weakening economic conditions.

There was a slight drop in the proportion of people who left a main benefit in the year to June 2023 and sustained employment earnings for 12 months (45.3 percent), compared to those who left in the year to June 2022 (47.1 percent). Economic conditions began to weaken in December 2022 quarter, with main benefit numbers beginning to increase from early 2023. However, the proportion who sustained employment for at least 12 months remained higher than for those who left benefits in the year to June 2019 or June 2020.

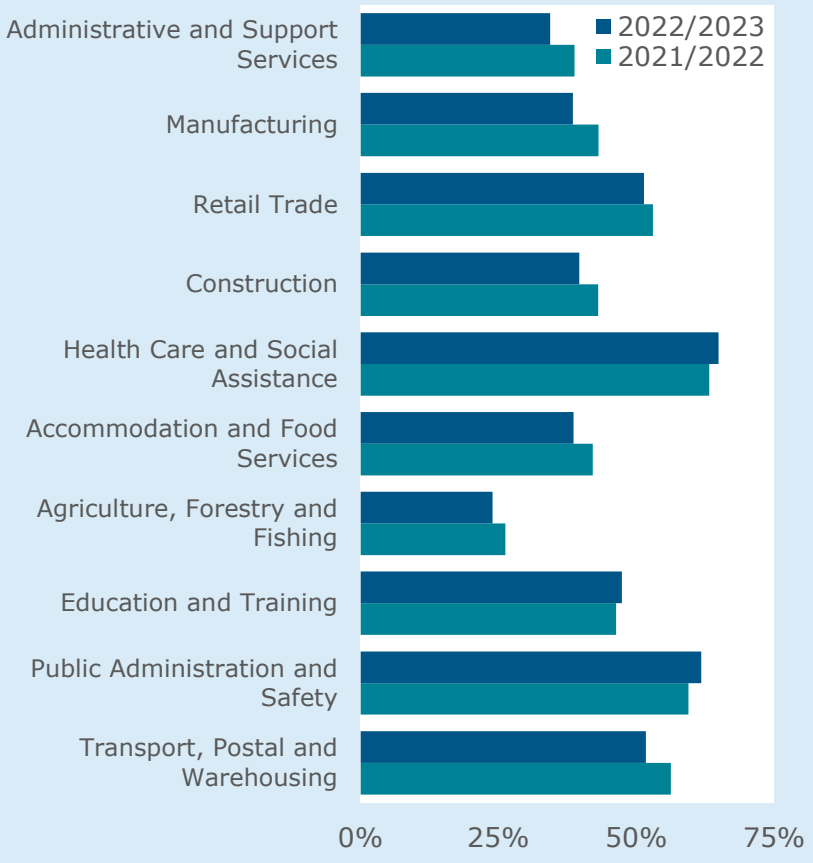
Figure 21: Proportion of people stayed in employment for at least 12 months after exiting a main benefit.



People who exited main benefits into the Health Care and Social Assistance industries had the highest rates of employment sustainability.

From the 10 most common industries that people exited into in the year to June 2023, the only ones that increased in employment sustainability were: Health Care and Social Assistance, Education and Training, and Public Administration and Safety (see Figure 22). Industries with some of the highest proportions of exits, for example Administrative and Support Services (14.3 percent of exits) and Manufacturing (11.3 percent of exits) continue to have some of the lowest rates of employment sustainability.

Figure 22: Proportion of exits who stayed in employment for at least 12 months from the 10 industries people are most likely to enter.



Receipt of supplementary and hardship assistance

Summary

- MSD supports a large number of people through supplementary and hardship payments. Around 717,900 clients received supplementary assistance at the end of June 2025, an increase of around 26,000 compared to the end of June 2024. Around 538,200 hardship payments were made during the June 2025 quarter, a decrease of around 2,400 compared to June 2024 quarter.
- Accommodation supplement is the most common form of supplementary assistance provided by MSD.
- Special Needs Grants for food are the most common form of hardship assistance payments.

Overview

In addition to providing support for those not in paid employment, a range of additional payments are available to people, particular to their circumstances. Each supplementary and hardship payment has different eligibility criteria. Tracking numbers accessing supplementary assistance over time provides an indication of take-up of these payments.

- **Supplementary Assistance** refers to payments that provide additional income in certain limited circumstances, such as costs associated with health or disability, accommodation costs, or payments to carers of orphans and unsupported children. Supplementary Assistance is not limited to recipients of main benefits.
- **Hardship assistance** refers to payments to help people meet essential costs such as food, housing, medical needs, or other essentials that cannot be met by any other means.

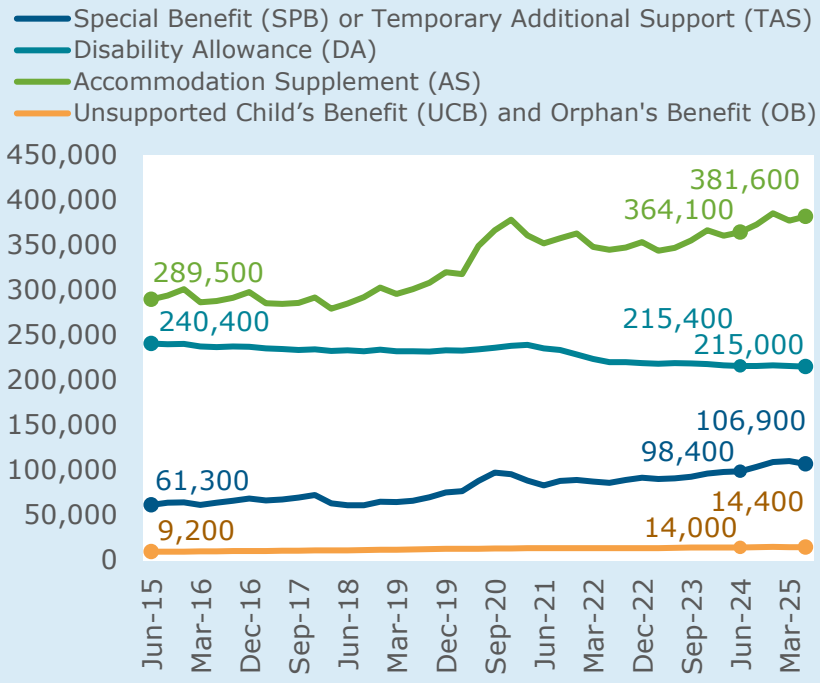
A description of the different types of supplementary assistance is provided in the glossary on page 7.

Key Trends

Accommodation Supplement numbers continued to increase between June 2024 – June 2025, following the longer-term trend.

Between June 2024 and June 2025, the number of people receiving Accommodation Supplement increased by around 17,500 (up 4.8) to around 381,600 recipients at June 2025. The number of Accommodation Supplement recipients has increased by almost 100,000 (up 31.8) since June 2015.

Figure 23: Number of people receiving supplementary assistance June 2015 to June 2025.



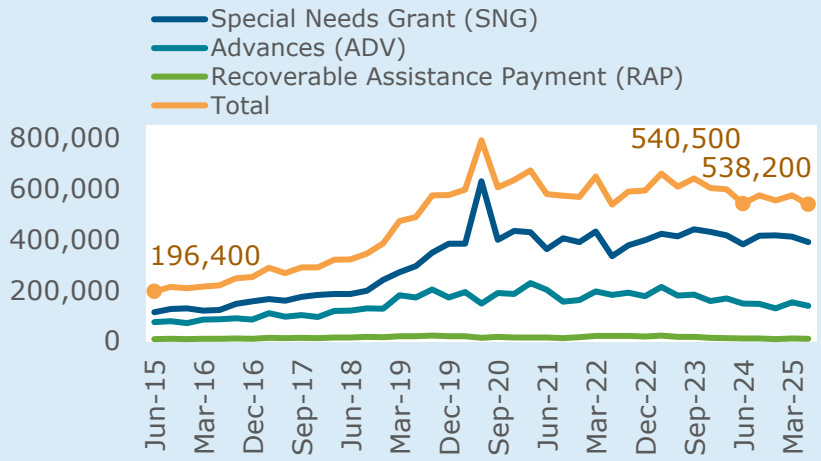
Disability Allowance recipient numbers have declined at a slower rate between July 2024 and June 2025, compared to the trend since March 2021.

Between June 2024 to June 2025, the number of Disability Allowance recipients stayed reasonably flat, reducing by around 400 to 215,000 in June 2025 quarter (-0.2 percentage change). In the longer term, Disability Allowance numbers have been decreasing since the March 2021 quarter, when 239,000 people received Disability Allowance (-10.0 percentage change between March 2021 and June 2025).

The number of hardship assistance payments have continued to trend down in the past year from a peak in 2020.

Total hardship assistance grants have decreased by around 2,300 between the June 2024 and June 2025 quarters (-0.4 percentage change), continuing a downward trend since the peak in the June 2020 quarter. Over the longer-term, a sharp increase in hardship assistance payments was seen between June 2015 and December 2019. During this period there was an increase in number of grants received per recipient, as well as an increase in the number of working-age benefit recipients receiving this assistance. Also, Emergency Housing Special Needs Grants (EH SNGs) began to contribute to total hardship assistance payment numbers in December 2016. Special Needs Grants (SNGs) are consistently the most common type of hardship payment, with SNGs for food the most common type.

Figure 24: Number of hardship assistance grants
June 2015 to June 2025



Appendix 1: Supplementary tables and figures

Table 1: The number of main benefit by region, split by youth (18-24) and non-youth (25-64), with the change from June 2015 to June 2025.

Region	Under 25 years at June 2025	Change Jun 2015 – Jun 2025	25–64 years at June 2025	Change Jun 2015 – Jun 2025
Northland	3,300	600	18,900	4,800
Auckland Metro	22,600	9,300	108,700	36,000
Waikato	6,000	1,500	28,900	8,800
Taranaki	3,200	600	18,100	5,500
Bay of Plenty	6,100	1,600	31,200	9,800
East Coast	3,500	600	18,700	4,300
Central	3,600	200	17,600	1,900
Wellington	6,200	2,100	26,700	8,200
Nelson	1,700	200	11,700	3,000
Canterbury	6,600	3,400	34,200	14,900
Southern	3,900	700	20,100	4,300

Table 2: The number of main benefit recipients at June 2024 and June 2025, for key main benefits, split by gender.[32]

		Female	Male	Total
At June 2024	JS	82,400	112,400	196,400
	SPS	70,000	7,000	77,000
	SLP	52,300	50,500	103,200
	All main benefits	207,600	171,300	380,900
At June 2025	JS	89,200	124,900	216,000
	SPS	72,400	7,500	80,000
	SLP	53,500	51,700	105,600
	All main benefits	218,200	185,600	406,100
Change in count between June 2024 and 2025	JS	6,800	12,600	19,600
	SPS	2,500	500	3,000
	SLP	1,300	1,100	2,500
	All main benefits	10,600	14,300	25,200

[32] Note this table does not show gender diverse main benefit recipients, and numbers have been rounded to the nearest 100.