

Who received the COVID-19 Income Relief Payment

8 June 2020 to 4 February 2021

Background

Disclaimer

These results are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI) which are carefully managed by Stats NZ. For more information about the IDI please visit 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.

¹ Access to the IDI was managed by Statistics New Zealand under strict micro-data access protocols and in accordance with the security and confidentiality provisions of the Statistic Act 1975. These findings are not Official Statistics.

The COVID-19 Income Relief Payment (CIRP) was a time-limited payment introduced to provide temporary income relief for people who lost their job or small business because of the impacts of COVID-19. The payment was one of a range of protection measures established by the Government including support for businesses, credit and mortgage holidays and a wage subsidy scheme.

The CIRP was available between 8 June 2020 and 4 February 2021. Applications for the payment closed on 13 November 2020.

This report provides a description of the payment and those who accessed it. It describes key characteristics of recipients, including their connection to the labour market and benefit system. The differences between CIRP and Jobseeker Support – Work Ready (JS–WR) recipients are also considered.

Tables in the report provide a comparison between CIRP from its introduction on 8 June 2020 and JS–WR receipt in 2019 and 2020 as appropriate. To ensure consistency the data covers those who entered JS–WR during the period from 8 June to 14 November in both 2019 and 2020. This is the period that application was open for CIRP.

Analysis is descriptive only and this report is not an evaluation of the payment. Information presented in the report draws on Integrated Data Infrastructure (IDI)¹ data to 31 December 2020 (except for income data which is up to 31 May 2021). The figures in this report therefore differ to official MSD reporting. IDI data has been used because it provides more comprehensive analysis and includes data on previous employment, earnings, industry worked, and previous wage subsidy receipt.

This report contributes to the knowledge base regarding take-up of supports to reduce the effects of interruptions to employment because of COVID-19 for families and individuals.

CIRP was intended to provide temporary support for people who lost their jobs because of COVID-19.

The CIRP was established recognising that many people faced large and sudden drops in income after losing their jobs because of impacts of COVID-19. Many of these people would not usually need or qualify for government income support because of income thresholds attached to eligibility, for example to receive a main benefit. Under usual circumstances higher income families would have time to adjust to new circumstances or find alternative employment or retraining.

The 12-week temporary income relief payment was intended to provide short-term time-limited support to help soften the shock of unemployment and minimise disruption for people as they sought new employment or moved into training.

CIRP was also intended to help reduce wage scarring that may occur if people need to take the first role available. Taking a lower paid role that may not match qualifications to return to work could potentially lead to a long-term reduction in wages.

For the economy more broadly, the expectation was that if incomes of people who have lost their jobs could be smoothed, there would be less impact on consumption of goods and services.

CIRP eligibility included a group of people who would generally not be eligible for, or have access to, a main benefit.

CIRP was available between 8 June 2020 and 4 February 2021. The payment was for people who had lost their jobs between 1 March and 30 October 2020 because of the impacts of COVID-19. To be eligible for the payment the person must have been in continuous employment for at least 12 weeks, for at least 15 hours per week, before losing their job for reasons outside of their control because of the impacts of COVID-19.

As an alternative to a main benefit, the full-time rate of CIRP was paid at a higher rate than main benefits to help lessen the shock of sudden income loss and smooth income. People who were already on a main benefit and had lost their job during the CIRP eligibility period could transfer from the benefit to CIRP.

CIRP was paid at a rate of:

- \$490 a week for people who were working 30 hours a week or more before losing their employment
- \$250 a week for people who were working more than 15 but less than 30 hours a week before losing their employment.

Unlike the main benefit, CIRP was paid on an individual basis and was not taxable. People were generally entitled to the full amount of payment regardless of their partners employment status. However, if a person's partner or spouse was earning \$2000 or more a week from salary or wages before tax, they were not eligible for CIRP. In addition, if the person or their partner was receiving New Zealand Superannuation or a Veteran's Pension that was income tested, they were not eligible for CIRP.

CIRP recipients could not earn any income from working while receiving the payment. Clients who were getting Income Relief could interrupt their payments to work temporarily and get the Income Relief payments again after their work had ended. This differed to benefit receipt in that a person on a main benefit can earn income up to a certain threshold at which point the benefit begins to abate according to each additional dollar earned.

CIRP was not available to people who:

- voluntarily ended their employment, were dismissed or who voluntarily wound up a viable business
- agreed to go onto unpaid leave
- were receiving Paid Parental Leave from Inland Revenue
- received income protection insurance, earnings related compensation from the Accident Compensation Corporation (ACC) or large redundancy payments of \$30,000 or more before tax.
- had applied for or received a Small Business Cashflow loan from Inland Revenue
- received weekly compensation from Veteran's Affairs.

Students, including those receiving student loans, were eligible for CIRP where they met the criteria. Unlike main benefit settings, students receiving a Student Allowance could access the CIRP part-time assistance rate of \$250 per week.

Superannuitants or Veterans Pension recipients over 65 years who lost their jobs were also eligible for CIRP.²

CIRP recipients were expected to:

- be available for, and actively seeking, suitable work opportunities throughout the duration of the payment
- take appropriate steps towards gaining new employment; and
- engage with suitable active labour market policies and identify and take opportunities for employment, re-deployment or training.

It was anticipated that approximately 230,000 individuals would be eligible for CIRP at a total cost to government of \$570.288 million.

² Unless their partner was receiving the non-qualified partner rate.

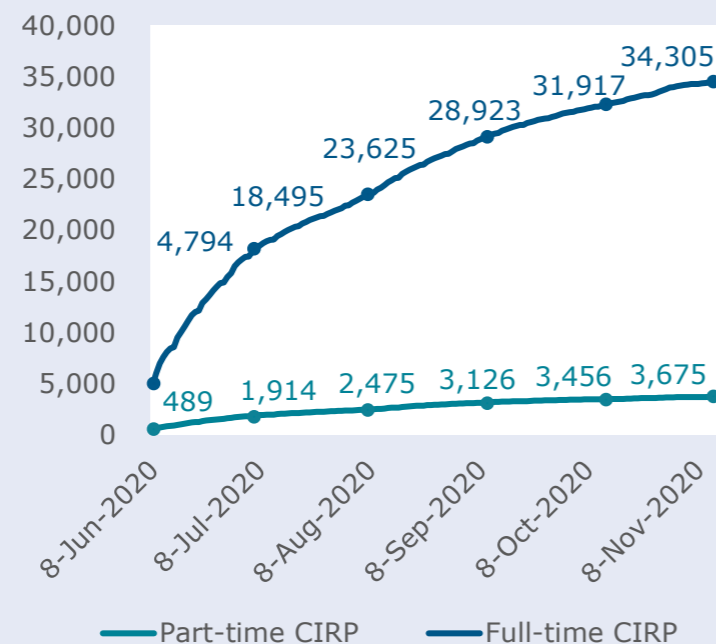
Uptake and characteristics of CIRP recipients.

Approximately 40,000 CIRP grants were made between 8 June and 4 February 2021 (the period of availability). The total expenditure for CIRP was \$190.595 million.

Only one in ten clients received the part-time rate of CIRP and they were more likely to be women.

Nearly all (90 percent) of CIRP recipients accessed the full-time rate of payment (for those who had been working 30 hours or more).

Figure 1: Uptake of CIRP over time³



Among those who accessed CIRP the gender distribution was relatively even. There was also little gender difference among those that accessed the full-time rate with 44 percent of recipients being women and 56 percent being men. Among the 10 percent who accessed the part-time rate of payment there appeared to be a gender difference with 65 percent of recipients being women. This may indicate a higher number of women combining childcare or care of other family members and work. A higher proportion of part-time recipients than full-time recipients were aged 25 or under (34 percent and 15 percent respectively).

Most people received CIRP for the full 12-week availability period.

Most CIRP recipients received the payment for more than nine weeks while they found employment or other means to support themselves. Eighty-one percent of clients received the payment for between nine and 12 weeks with 71 percent of clients receiving the payment for the full 12-week period.⁴

In contrast, 68 percent of those entering JS-WR during 2020 had a duration on benefit of more than 20 weeks.

Approximately 28 percent of those who were granted CIRP at any point transferred onto JS-WR. Some people who reached the end of their 12-week entitlement did not transfer from CIRP, for example because of their income (including their partner's income) level was outside of the qualifying threshold for JS-WR, or a preference to draw on their own resources.⁶

CIRP recipients were generally older and had higher levels of education than JS-WR recipients.

CIRP recipients were older than those receiving JS-WR with higher proportions being aged 35 years and older. More than half (56 percent) of CIRP recipients were aged 35 years and older with one in five recipients (20 percent) aged over 55. Only 18 percent of CIRP recipients were aged under 25 years.

In contrast, 36 percent of those who came onto JS-WR between June and November 2020 were aged under 25 years. Similar proportions of those aged 25 to 34 years accessed CIRP and JS-WR.

CIRP recipients generally had higher qualification levels than those receiving JS-WR. Nearly half (49 percent) of CIRP recipients held a qualification that was level four and above on the NZQF compared to 32 percent of JS-WR.⁷ Around 22 percent of CIRP recipients held a qualification at level 7 and above compared to 12 percent of JS-WR recipients in 2020.

Sixty-three percent of JS-WR recipients in 2020 held a qualification at level three or below.

Figure 2: People mainly accessed CIRP for 9-12 weeks but were more likely to receive JS-WR for more than 20 weeks⁵

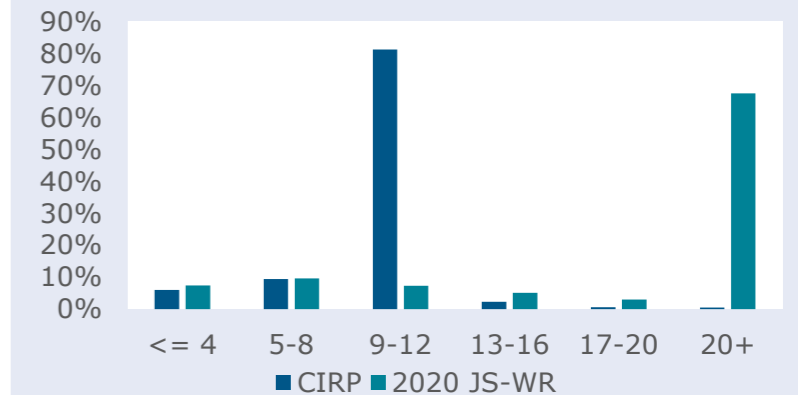


Figure 3: CIRP recipients were generally older than JS-WR recipients

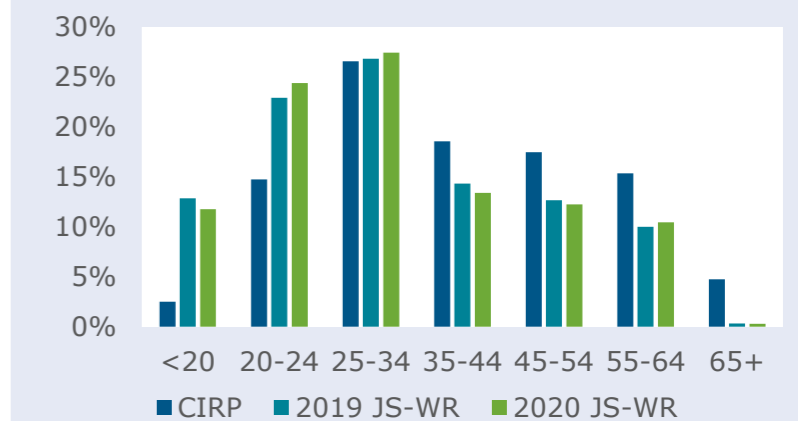
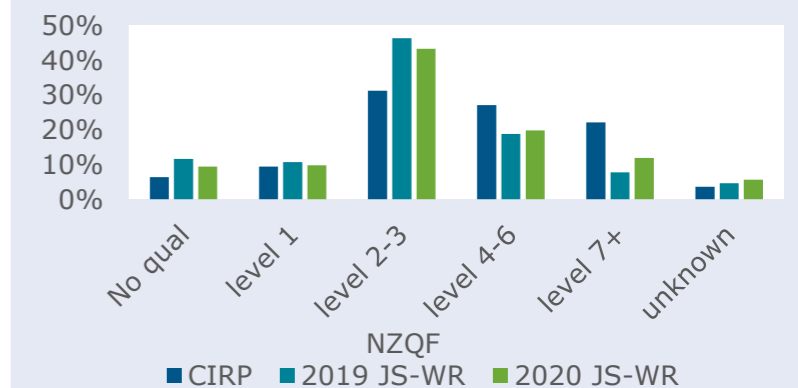


Figure 4: CIRP recipients generally had higher levels of qualifications compared to JS-WR recipients 2019-2020



³ Applications for CIRP closed at midnight on 12 November 2020.

⁴ The data indicates that a small proportion of CIRP recipients received CIRP for more than 12 weeks. This could be because the period from first receipt until their last payment is measured. If a person was granted CIRP more than once and there was a gap between grants this would show as more than 12 weeks. For example, a client may have had temporary work for one or two weeks.

⁵ Figures generally show JS-WR figures from 2019 and 2020 alongside CIRP. 2019 figures provide a view before COVID-19 arrived in New Zealand on 28 February 2020. The 2020 JS-WR provide a comparison point during the period CIRP was available.

⁶ Transfer from CIRP to a main benefit was not automatic. Clients had to apply for the benefit.

⁷ Level 1-3 is the equivalent of Secondary School NCEA, Levels 4-6 are certificates and diplomas, Level 7 is graduate diplomas and bachelor's degrees and Level 8 is equivalent to postgraduate diplomas and bachelor honours degrees.

CIRP recipients on average had higher income than JS-WR recipients.

CIRP recipients on average had a considerably higher income⁸ before entry compared to JS-WR. This is likely a reflection of their being generally older with higher qualifications. Over half (fifty-one percent) earned \$40,000⁹ in the 12 months before entry, with one in ten (9 percent) earning \$80,000 or more in the 12 months before entry. In 2019, 12 percent of JS-WR earned over \$40,000 in the 12 months before entry. This proportion increased to 18 percent in 2020.

The proportion of Māori accessing CIRP was lower than the proportion of Māori accessing JS-WR.

The proportions of European clients accessing JS-WR increased in 2020 as COVID-19 impacted on the labour market with a seven percent increase between 2019 and 2020. This shift was strongly reflected in numbers of people accessing CIRP. A lower proportion of Māori and considerably higher proportions of NZ European and Asian ethnicities received CIRP in comparison to those who received JS-WR.

More than half (59 percent) of CIRP recipients identified as NZ European, a quarter (16 percent) identified as Māori and as Asian (15 percent). Ten percent of CIRP recipients were Pacific peoples.

The proportion of Māori receiving JS-WR in 2020 (30 percent) was nearly double the proportion of Māori receiving CIRP (16 percent). In contrast seven percent of Asian people received JS-WR in 2020.

Proportions of Pacific peoples remained relatively consistent between CIRP and JS-WR at between 10 percent for CIRP and 13 percent for JS-WR.

Figure 5: CIRP recipients on average had higher incomes before receiving CIRP compared to prior incomes for JS-WR recipients (in 2019 and 2020)

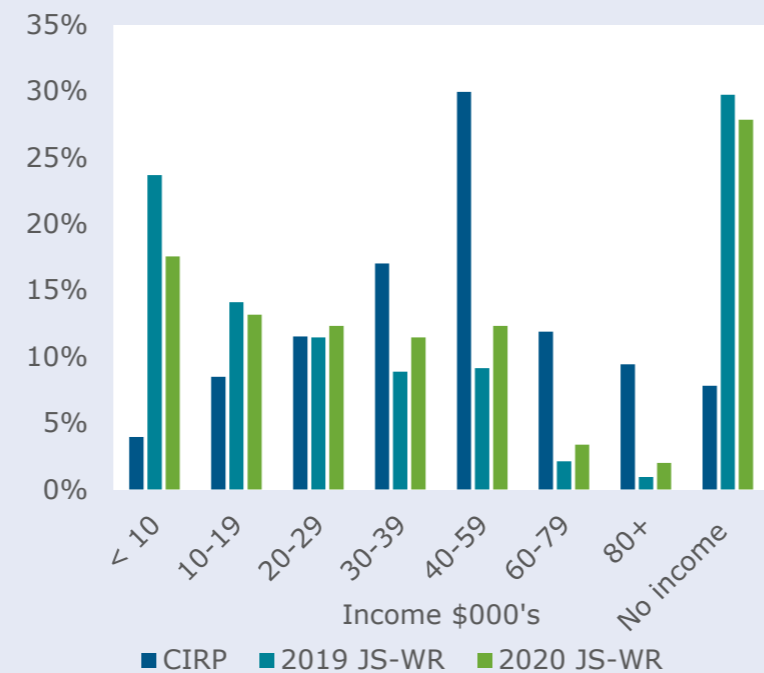
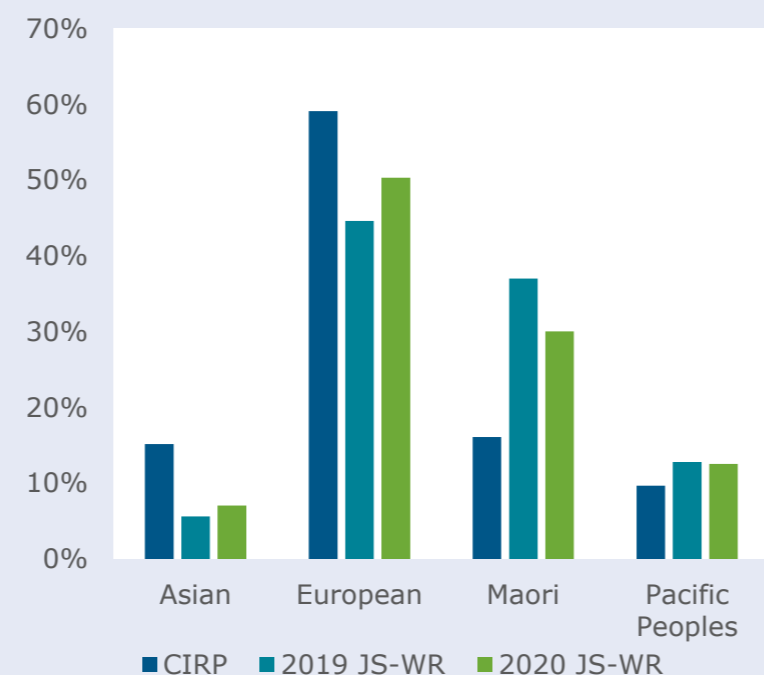


Figure 6: Higher proportions of NZ European and Asian recipients and lower proportions of Māori accessed CIRP compared to JS-WR 2019-2020¹⁰



The largest proportions of CIRP recipients were in the Auckland and Canterbury regions.

Overall, three quarters of CIRP recipients were in the North Island. With people living in the Auckland region comprising 40 percent of the working-age (18-64) population it is not unexpected that the largest proportion of CIRP clients, 44 percent, were from the Auckland region. Canterbury, with 10 percent of the working age population, had the second highest rate of CIRP take up with 14 percent of CIRP recipients.

Higher proportions of CIRP in Auckland and Canterbury is likely a reflection of their strong reliance on open borders for example through overseas students and tourism related industries.

Similarly, in 2020, 78 percent of JS-WR recipients were in the North Island with 32 percent of JS-WR in Auckland. JS-WR clients were more likely to come from Auckland Central, Auckland South, Bay of Plenty, and Canterbury regions.

Proportions of CIRP recipients in the central North Island were consistently lower than proportions of JS-WR recipients. The East Coast, Central, Northland, Taranaki and Nelson in the South Island all had less than three percent of CIRP recipients.

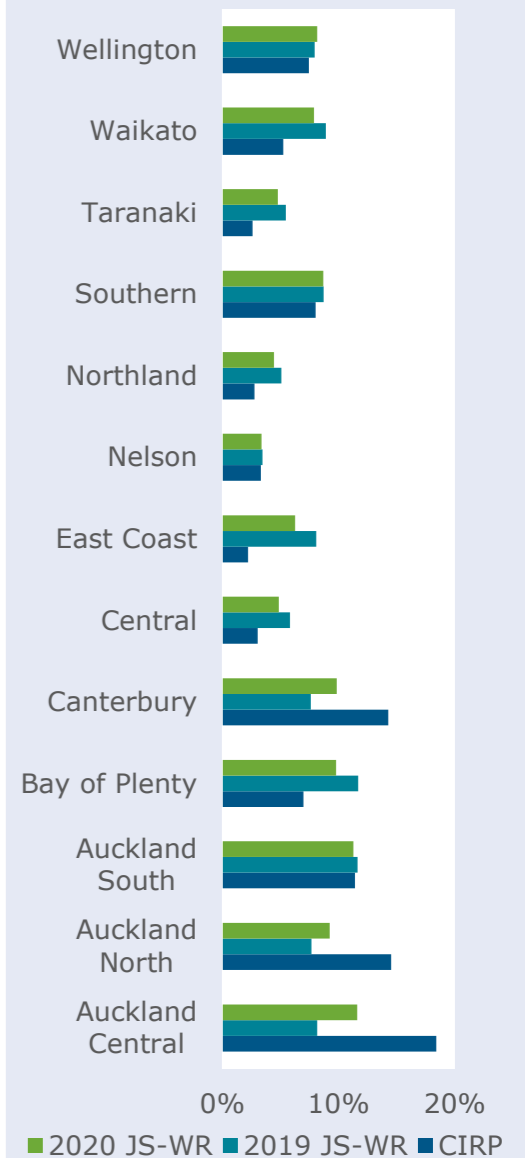
South Auckland and Wellington had similar proportions of CIRP and JS-WR recipients as did the Nelson and Southern regions in the South Island.

A higher proportion of CIRP recipients had partners compared to JS-WR.

One of the differences between CIRP and JS-WR is that entitlement is based on individual circumstances and there is a high threshold for partners salary and wages for CIRP. In contrast, main benefit eligibility has a stricter income test for combined income. These settings reflect the differing purposes of CIRP and JS-WR.

A higher proportion of CIRP recipients had a partner, around a third (thirty-three percent) compared to approximately 13 percent of JS-WR recipients. Around three quarters of CIRP recipients' partners were working in the month before they received CIRP.

Figure 7: Regional Distribution of CIRP compared to JS-WR 2019-2020



⁸ Income is measured before tax and only includes wages and salaries. It is not inflation adjusted.

⁹ \$40,000 is roughly the minimum wage (\$18.90 per hour at 1 April 2020) equivalent for a 40-hour working week.

¹⁰A Total response ethnicity measure is used. Total response ethnicity means that if a person identifies with more than one ethnic group, they are counted in each applicable group. For more information see [Improving how we report ethnicity - Ministry of Social Development \(msd.govt.nz\)](https://www.msd.govt.nz/our-work/ethnicity-improving-how-we-report-ethnicity)

Most CIRP recipients returned to some employment in similar industries to those they previously worked in.

Most people who received support from CIRP maintained a connection to the labour market. It is not possible within this analysis to determine the extent to which CIRP or other factors, for example age, education, or recent labour force involvement, may have contributed to this outcome. Recipients appear to have largely moved back into employment within similar industries.

Figure 8: Industries that people were working in before entry to CIRP compared to those JS-WR worked in before coming onto a main benefit 2019 and 2020



¹¹Benefit receipt is measured as a person moving onto benefit between leaving CIRP and 31 December 2020

CIRP recipients generally came from production or service industries.

Higher proportions of CIRP recipients came from the Administration and Support (13 percent), Accommodation and Food (12 percent) Manufacturing (11 percent), Retail Trade (10 percent), and Construction (nine percent) industries.

Among JS-WR recipients in 2020 higher proportions of people came from largely similar industries except for Agriculture, Forestry and Fishing which did not feature among the top industries for CIRP recipients. Those industries with higher proportions included Administration and Support (17 percent), Manufacturing (13 percent), Accommodation and Food (11 percent), Agriculture, Forestry and Fishing (nine percent), Retail Trade (nine percent) and Construction (eight percent).

When compared to those receiving JS-WR, CIRP recipients were more likely to come from the Professional and Technical Services, Wholesale Trade, Retail Trade and Transport industries. They were less likely to come from the Agriculture, Manufacturing or Administration industries.

Those who worked in the Retail Trade industry were more likely not to go back into work and less likely to move back into that industry.

CIRP recipients returned to work in similar industries.

Among those who exited from CIRP back into employment, the distribution across main industries was similar to the distribution before they accessed CIRP. The industries that CIRP recipients moved into included the Administration and Support (17 percent), Accommodation and Food (11 percent),

Retail Trade (nine percent), Construction (nine percent) and Manufacturing (13 percent) industries.

CIRP recipients were more likely than those receiving JS-WR to work in Professional Scientific and Technical Services, Wholesale Trade, Retail Trade and Transport.

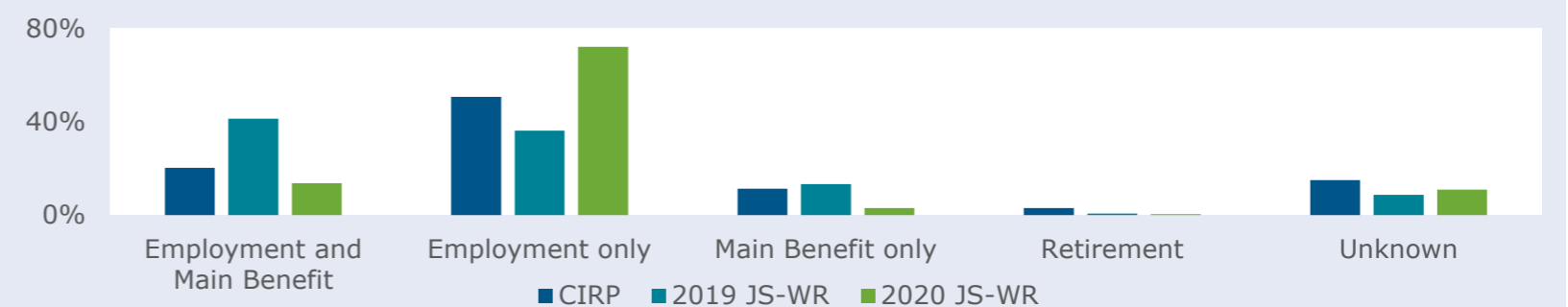
Three quarters of CIRP recipients returned to some employment.

Seventy-one percent of CIRP recipients returned to some employment between leaving CIRP and 31 May 2021. Twenty percent received some support from a main benefit and had some employment. Eleven percent of recipients moved onto a main benefit only¹¹. In comparison 86 percent of JS-WR leaving benefit moved into employment.

Older CIRP recipients were less likely to move into employment coming off CIRP. Also, for 15 percent of CIRP recipients the outcome is unknown. This can be for several reasons including that CIRP recipients, particularly older CIRP recipients, are more likely to be self-employed and therefore not captured in the data, they also may have a higher earning partner that precludes their qualification for a main benefit.

There was no significant gender difference among those who had employment after they exited CIRP. However, both CIRP and JS-WR with higher income were more likely to have employment by 31 May 2021.

Figure 9: Distribution of outcomes for CIRP recipients compared to JS-WR recipients 2019-2020





CIRP succeeded in softening the shock from a sudden loss of income to a distinct cohort of people who lost their jobs because of the impacts of COVID-19.

The data indicates that CIRP achieved the policy intent in providing temporary income support to soften the shock of sudden unemployment for people because of COVID-19 while they find a suitable job. Among those supported there was a cohort of people who may not have otherwise been able to access government income support because of income thresholds attached to eligibility, or having partners still working.

It is not possible within this analysis to determine the extent to which CIRP or other factors, for example age, education, or recent labour force involvement, may have impacted CIRP recipients labour market outcomes. However, most CIRP recipients returned to some work. Specifically:

- almost three quarters of CIRP recipients returned to some employment between leaving CIRP and 31 May 2021
- CIRP recipients generally returned to employment in the same industries noting that fewer returned to manufacturing industries (11 percent before CIRP and eight percent after CIRP)¹².

¹²It should be noted that it is not possible to measure from this analysis the extent to which people who accessed CIRP may have returned to work in similar industries without the temporary income support.

The individual based entitlement and higher thresholds for individual and partner income enabled people who would not usually qualify for or access a main benefit to get financial support. Specifically:

- a higher proportion of CIRP recipients had a partner (just over a third compared to approximately 13 percent of JS-WR) with around three quarters of the CIRP partners appearing to be working
- CIRP recipients had considerably higher incomes before entry with just over half earning over \$40,000 in the previous 12 months compared to 12 percent of JS-WR recipients and one in ten earning over \$80,000 in the previous 12 months.

There were key differences in age, ethnicity and education demographics of CIRP recipients and JS-WR. Specifically:

- More than half (56 percent) of CIRP recipients were aged over 35 compared to 36 percent of JS-WR recipients
- there was a lower proportion of Māori among CIRP recipients and considerably higher proportions of Asian and NZ European recipients
- CIRP recipients generally had higher levels of education.

