



Monthly Benefits Update - Commentary

April 2022

Purpose

- 1 The purpose of this commentary is to highlight key points from the *Monthly Benefits Update* for April 2022. It was published on the Ministry of Social Development's (MSD) website on Friday 13 May 2022.¹

Key points

- 2 The number of people receiving a main benefit continued to decrease in April 2022 (down 0.4 percent, to around 347,000). There has been a decreasing trend since January 2022, which aligns with what we normally see each year.
- 3 Most of the decrease in April 2022 was due to 2,200 fewer people receiving Jobseeker Support. This was driven by a decrease in Jobseeker Support – Health Condition or Disability (JS – HCD) recipients, as medical certificate reassessments resumed at the end of January 2022.
- 4 More people continued to exit than enter benefit in April, partly due to medical certificate reassessments. Following reassessments, we have seen people leave the benefit system or transfer to another depending on their circumstances.
- 5 After peaking in March, the number of Special Needs Grants (SNGs) for food decreased by 33.8 percent to around 91,300. This reflected fewer requests for support under the Care in the Community welfare response², and having fewer processing days in the month. All types of hardship assistance, included that provided to those not receiving a main benefit, saw a decline in April.

Main benefits

Main benefit trends have continued to return to those seen prior to the pandemic

- 6 There were around 1,300 fewer people receiving a main benefit at the end of April 2022 (347,100), compared with the previous month (down 0.4 percent). This decrease is in line with what we have seen each April, prior to beginning of the pandemic in 2020.
- 7 There were around 13,600 fewer people receiving a main benefit in April 2022 than in April 2021 (down 3.8 percent year-on-year, compared to 4.8 percent year-on-year decrease in March). Year-on-year reductions have been slowing

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

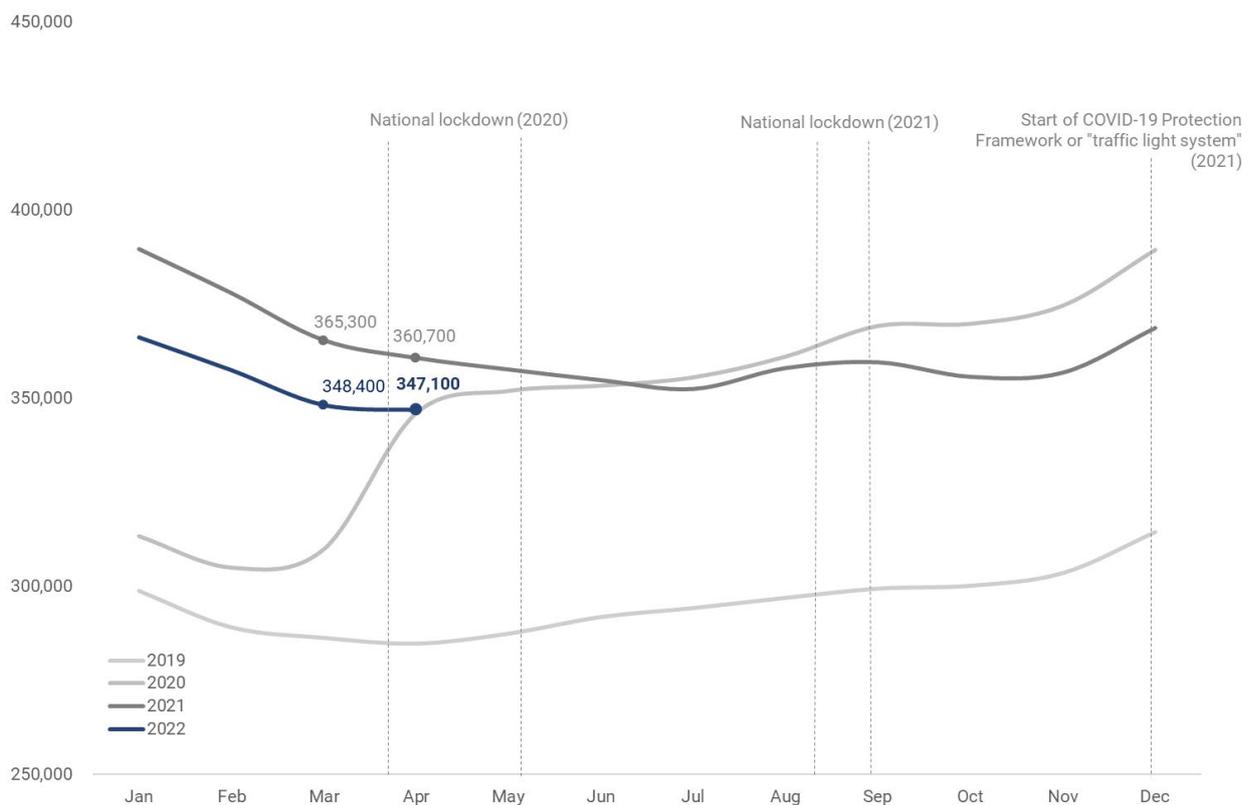
² For more information about the Care in the Community welfare response, see: <https://www.msd.govt.nz/about-msd-and-our-work/covid-19/care-in-the-community-welfare-response/index.html>



down since the beginning of the year (see Figure 1 below). While this may reflect the ongoing uncertainty associated with the Omicron outbreak, it also suggests a return to usual trends seen prior to 2020.

- 8 In recent years, we have seen decreases in main benefit numbers slow down after each March quarter and follow an increasing trend from around May as we enter the winter months.

Figure 1: The decrease in the number of people receiving a main benefit in April was in line with pre-pandemic trends



The next benefit forecast update will be released on 19 May

- 9 In April 2022, month-average³ benefit numbers continued to be relatively close to forecast (see Figure 2 in the Monthly Benefits Update A3).
- 10 There were around 348,500 people receiving a benefit in April 2022, which is about 2,800 people (0.8 percent) above the number forecast in the Half Year Economic and Fiscal update (HYEFU)⁴ in December 2021.
- 11 The outlook in the next benefit forecast Budget Economic and Fiscal Update (BEFU 22) will likely change, as it will be taking into account factors that were not part of the previous forecast assumptions, such as the current outbreak of the

³ Benefits included in the forecast are: Jobseeker Support (Jobseeker Support – Work Ready and Jobseeker Support – Health Condition or Disability), Sole Parent Support, and Supported Living Payment, for all ages. Please note that this differs from MSD’s official reporting definition of working-age main benefits (aged 18–64).

⁴ For the Half Year Economic and Fiscal Update 2021 see: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/hyefu/december-2021.html>



COVID-19 Omicron variant, the impact of shifting to a different traffic light setting, and the effects of the conflict in Ukraine.

The decrease in the number of main benefit recipients was driven by changes in JS – HCD, following the resumption of medical certificate reassessments

- 12 We have continued to see a decrease in the number of people receiving a main benefit in April 2022, driven by decreases in Jobseeker Support (JS) recipients.
- 13 The number of people receiving JS decreased by around 2,200 people (down 1.3 percent), to 175,400. More specifically, the number of Jobseeker Support – Health Condition or Disability (JS – HCD) recipients decreased by around 2,600 (down 3.4 percent), to 74,200.
- 14 The decreasing number of JS – HCD recipients largely reflects people exiting the benefit system or transferring to another benefit. From the end of January 2022, MSD resumed the Work Capacity Medical Certificates process to assess JS – HCD recipients based on case-by-case recommendations by their health professional. We expect that the number of people on JS – HCD will continue to decrease for another 12 months.
- 15 In April, the decrease in main benefit recipients was partially offset by increases in Supported Living Payment (SLP) and Jobseeker Support – Work Ready. Around 500 more people received SLP, a larger increase than is usually seen around this time of the year. Around 60 percent of SLP grants were transfers from JS – HCD. There was also an increase of around 300 people on JS – WR, with less than 10 percent being transfers from JS – HCD.

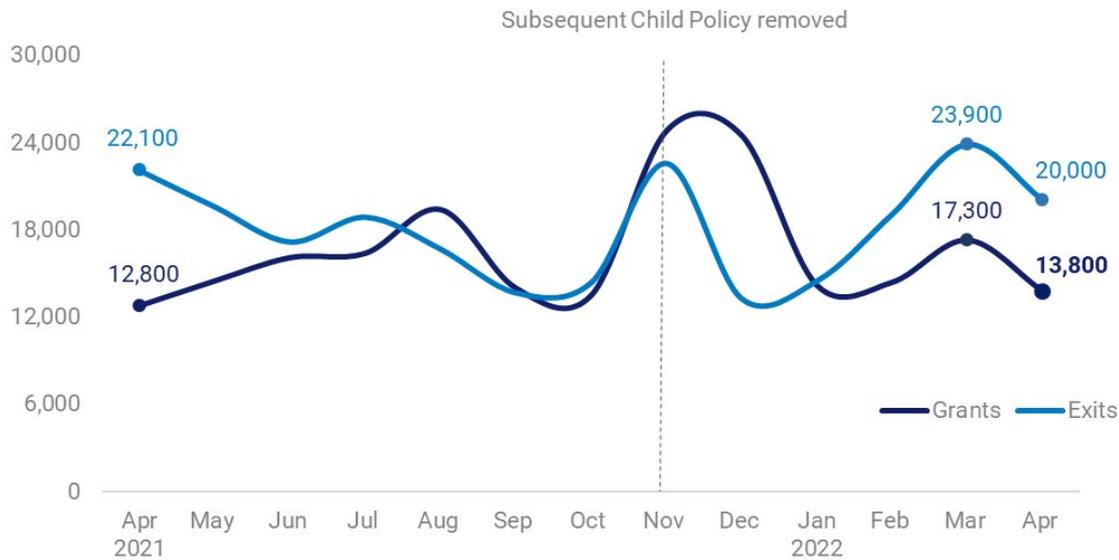
Grants, exits, and exits into work

There were more people exiting than entering benefit in April

- 16 As shown in Figure 2 (overleaf), there were around 3,500 fewer main benefit grants (down 20.2 percent), and around 3,900 fewer main benefit exits (down 16.3 percent), compared with March. These decreases are in line with trends seen in the three years prior to 2020.
- 17 Around 41.3 percent of exits in April were due to people obtaining work (50.0 percent in March), and around 11.4 percent were due to people transferring to another benefit (12.2 percent in March). We have seen a higher proportion of exits due to people transferring to another benefit since the resumption of medical certificate reassessments earlier this year.



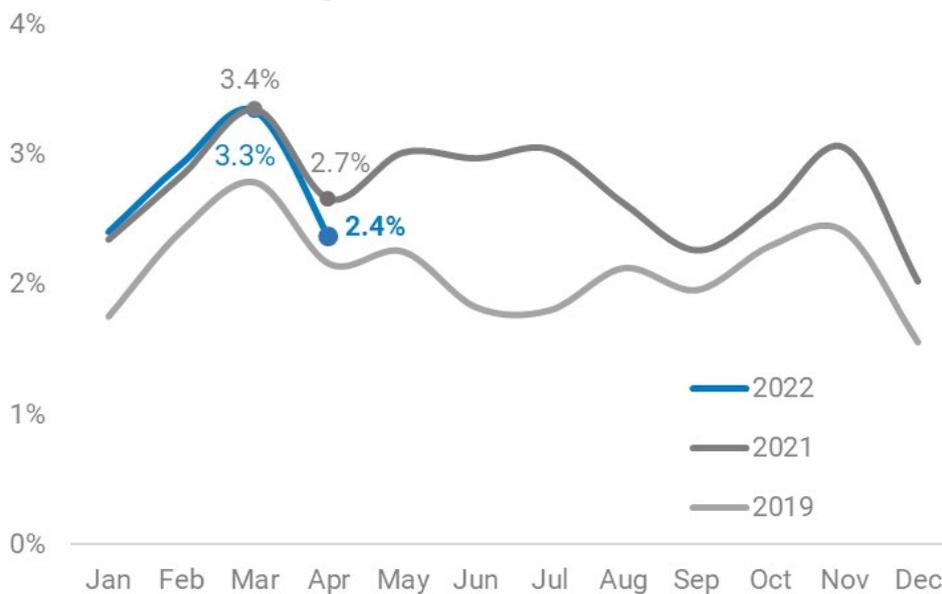
Figure 2: More people exited than entered benefit in April, continuing the trend we have seen so far this year



The work exit rate in April follows similar trends seen pre-2020

- 18 After increasing throughout the March quarter, the work exit rate⁵ decreased to 2.4 percent in April 2022 (see Figure 3, below). This was closer to what we saw at the same time in 2019 (2.2 percent) than in 2021 (2.7 percent), indicating a return to pre-pandemic levels.
- 19 We usually see the work exit rate decreasing from April as hiring tends to slow down once seasonal work becomes less available in autumn and winter.

Figure 3: The work exit rate in April was in line with 2019 trends and lower than last year



⁵ The work exit rate has been calculated as the proportion of people leaving benefit due to having obtained work over the month, in relation to the total number of people receiving a main benefit as at the end of the previous month.



Hardship assistance

The number of SNGs provided in April was the lowest so far in 2022

- 20 There was a decrease in the level of all hardship assistance provided in April overall. This likely reflected a number of factors:
- fewer people requiring support while self-isolating compared with March
 - lower take-up during months containing public holidays as they have fewer processing days
 - the recent increases in main benefit rates.
- 21 After the sharp increase seen in March, the number of SNGs decreased by 51,100 in April (down 31.3 percent), to a total of 112,200.
- 22 Almost all types of SNGs saw a decrease. In particular, there were 46,500 fewer SNGs for food than in the previous month (down 33.8 percent).
- 23 The level of hardship assistance⁶ provided to non-beneficiaries (those not receiving a main benefit) also decreased from March to April, by 35.2 percent, after two consecutive months of increases. A temporary lift of income thresholds, enabling more New Zealanders to receive this type of support, ends on 30 June 2022⁷.

Upcoming benefit system changes

- 24 The Government will provide an additional \$58.1 million of funding for ongoing Care in the Community support⁸ to food banks and community connectors to keep supporting people in self-isolation and assisting with broader COVID-19-related issues.
- 25 The Government has also announced \$86.5 million of funding for up to 64,000 people to get their driver licences over the next four years. The funding will be managed between MSD and Waka Kotahi⁹.
- 26 Additionally, the Government is allocating \$230 million into its apprenticeship boost scheme¹⁰, which subsidises employers for taking apprentices.

⁶ Hardship assistance includes: SNGs, Recoverable Assistance Payments, and Advance Payments. For more information, see: <https://www.workandincome.govt.nz/about-work-and-income/news/2021/more-new-zealanders-to-get-hardship-support.html>

⁷ Income thresholds were temporarily lifted to enable more New Zealanders to receive hardship assistance. This ends on 30 June 2022. For more information, see: <https://www.beehive.govt.nz/release/government-further-extends-hardship-assistance-low-income-workers>

⁸ Extension to funding for Care in the Community welfare support: <https://www.rnz.co.nz/news/political/466482/self-isolation-supports-scheme-changing-tack-after-omicron-peak>

⁹ Government clears road for 64,000 people to get driver licenses: <https://www.beehive.govt.nz/release/budget-2022-government-clears-road-64000-people-get-driver-licenses>

¹⁰ \$230 million for trade apprenticeships training in the Budget: <https://www.stuff.co.nz/national/politics/128587185/230-million-for-trade-apprenticeships-training-in-the-budget>



Other releases¹¹

- 27 The report *Who received the COVID-19 wage subsidies?*, which looks at how the 2021 COVID-19 wage subsidies were distributed across the population and the kinds of jobs that were supported, was published in early May¹².
- 28 Trends in Emergency Housing will be reported in the April *Monthly Housing Update*, published in May¹³.
- 29 The next Budget Economic and Fiscal Update (BEFU) will be released on 19 May 2022¹⁴.

¹¹ For other releases and regular reporting, see the MSD statistics page: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/index.html>

¹² Who received the COVID-19 wage subsidies? – May 2022: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/covid-19/who-received-the-covid-19-wage-subsidies-may-2022.html>

¹³ For more information on trends in Emergency Housing, see: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/housing/monthly-housing-reporting.html>

¹⁴ For the latest benefit forecasts, see: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/index.html>