



# Monthly Benefits Update - Commentary

## June 2022

### Purpose

- 1 The purpose of this commentary is to highlight key points from the *Monthly Benefits Update* for June 2022. It was published on the Ministry of Social Development's (MSD) website on Friday 15 July 2022.<sup>1</sup> The commentary focuses on month-on-month comparisons and for greater context it also makes year-on-year comparisons.

### Key points

- 2 There were fewer people receiving a main benefit in June when compared to May 2022 (down 0.5 percent, to around 344,600), which continued a decrease seen since the beginning of the year. We also saw a decrease between May and June last year (down 0.8 percent). Prior to 2021, we usually saw increases each June. This changing trend likely reflects the impact of the pandemic.
- 3 Between May and June, there were around 3,000 fewer people receiving Jobseeker Support, mainly driven by 2,000 fewer Jobseeker Support – Health Condition or Disability (JS – HCD) recipients. This was partially offset by an increase of nearly 1,100 people receiving Supported Living Payment<sup>2</sup>.
- 4 There were a similar number of grants and exits in June, which partially reflects the impact of Work Capacity Medical Certificate reassessments since their resumption from beginning of the year.
- 5 The number of Special Needs Grants (SNGs) decreased by 7.4 percent, mainly driven by a decrease in food SNGs. This decrease is likely due to fewer processing days in June because of Queen's Birthday and the new Matariki public holiday.

### Main benefits

#### Main benefit numbers decreased in June, contrary to what we have usually seen prior to 2021

- 6 There were around 1,800 fewer people receiving a main benefit at the end of June 2022 (344,600), compared with the previous month (down 0.5 percent). Main benefit numbers have been decreasing through the June 2022 quarter.
- 7 The usual increase of benefit numbers during May/June has not occurred this year. Although the medical certificate reassessments have largely contributed to the decreasing trend from January 2022, we are continuing to see people exit into

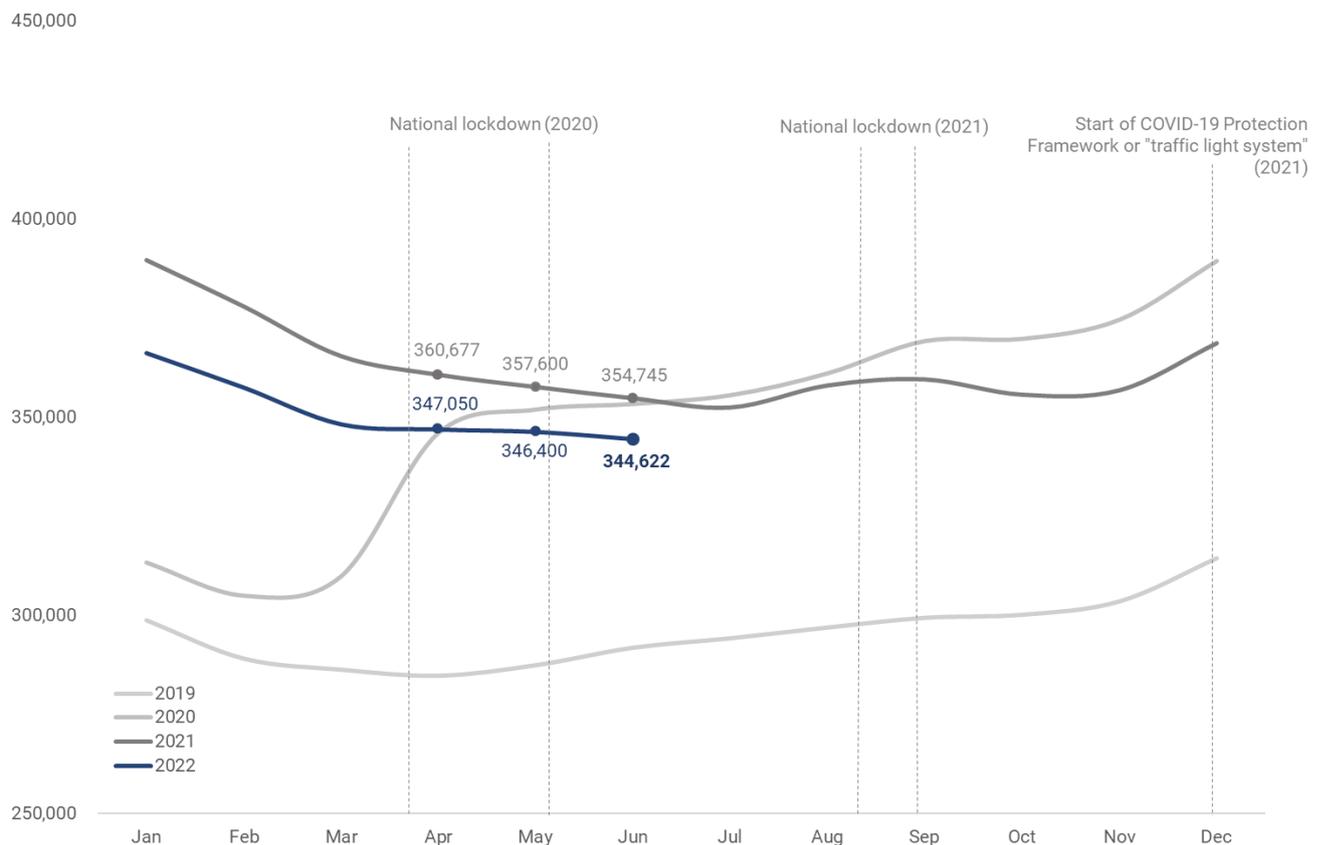
<sup>1</sup> For the full set of data and supporting information, see: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/monthly-reporting/>

<sup>2</sup> Decreases in JS – HCD and increases in SLP as a result of Work Capacity Medical Certificate reassessments are forecast to continue until February 2023, a full year from when they were resumed.

work. This could be due to factors such as MSD’s sustained focus on supporting people into work, including several employment initiatives such as Flexi-Wage, Mana in Mahi, and other services like work brokerage, case management, or contracted services, as well as a tight labour market.

- 8 While month-on-month decreases have continued since the beginning of the year, a second Omicron wave could have an impact on benefit numbers, with COVID-19 cases expected to continue rising over the coming weeks.
- 9 There were around 10,100 fewer people receiving a main benefit in June 2022 than in June 2021 (down 2.9 percent year-on-year, compared to a 3.1 percent year-on-year reduction the previous month). Year-on-year reductions have been slowing down since the beginning of the year (see Figure 1 below). This may reflect the ongoing uncertainty associated with changing economic conditions and the impacts of COVID-19.

**Figure 1: The fall in main benefit numbers in June continued the decreasing trend since January 2022**





## Month-average benefit numbers for June<sup>3</sup> were close to BEFU 22 forecasts

- 10 In June 2022, the month-average<sup>4</sup> number of people on benefit continued to be close to forecast (see Figure 2 in the Monthly Benefits Update A3).
- 11 There were around 345,900 people receiving a benefit in June 2022, which is around 500 fewer people (0.1 percent below) than forecast in the Budget Economic and Fiscal Update (BEFU 22)<sup>5</sup>.
- 12 BEFU 22 forecasts the number of people receiving a main benefit to decrease to around 331,200 by May 2023. From around mid-2023, The Treasury is forecasting a period of low economic and employment growth, which is expected to increase the number of people receiving a main benefit.

## Changes in the number of JS – HCD and SLP recipients continued to be driven by medical certificate reassessments

- 13 The number of people receiving Jobseeker Support (JS) decreased by nearly 3,000 people (down 1.7 percent), to 170,800. This was mainly driven by 2,000 fewer Jobseeker Support – Health Condition or Disability (JS – HCD) recipients (down 2.7 percent), to 70,700. There were also nearly 1,000 fewer people receiving Jobseeker Support – Work Ready (JS – WR).
- 14 The decreasing number of JS – HCD recipients largely reflects people exiting the benefit system or transferring to another benefit, following the resumption of Work Capacity medical certificate reassessments in January 2022. This is a process to assess eligibility for JS – HCD recipients based on case-by-case recommendations by their health professional.
- 15 The decrease in overall JS recipients was partially offset by an increase of around 1,100 more Supported Living Payment – Health Condition or Disability (SLP – HCD) recipients, a larger than usual increase. Seventy five percent of SLP – HCD grants in June had transferred from JS – HCD previously, which is a higher proportion than what we usually see around this time of the year.
- 16 There was also an increase in the number of students receiving JSSH (up around 100 people or nearly double), which is to be expected around this time of the year due to the mid-year semester break.

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<sup>3</sup> **20/07/2022 Update:** Month-average benefit numbers for June have been revised after an error was uncovered in the figure that was previously provided at time of publication. Figure 2 in the Monthly Benefits Update A3 has also been revised accordingly.

<sup>4</sup> 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).

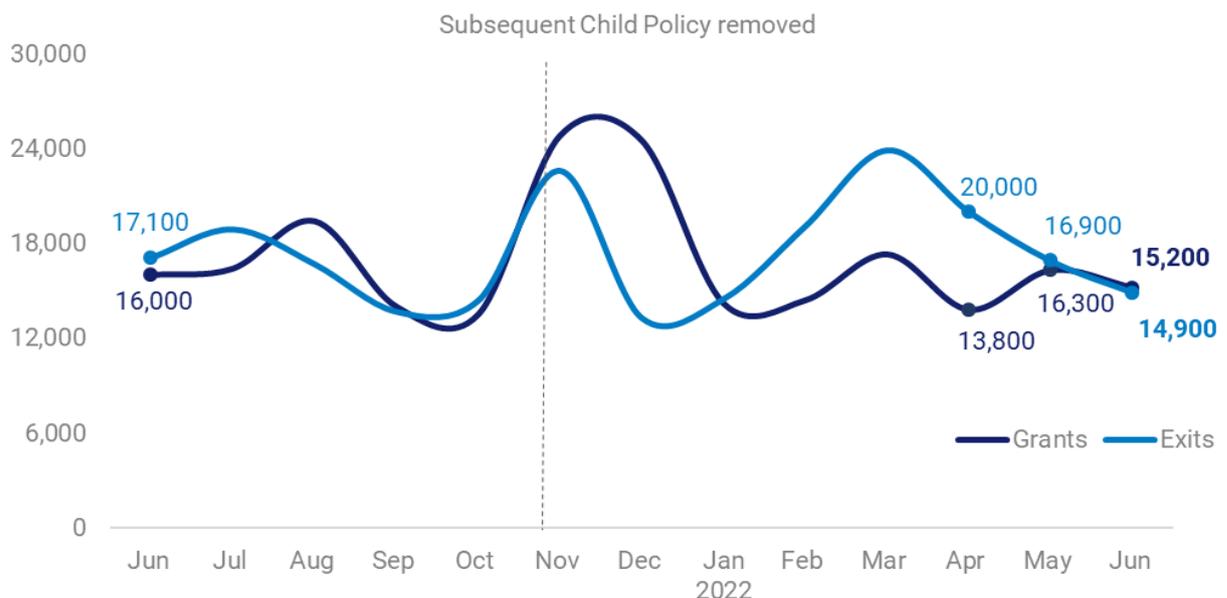
<sup>5</sup> For the Budget Economic and Fiscal Update 2022 see: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/befu/budget-economic-and-fiscal-update-2022.html>

## Grants, exits, and exits into work

### There was a similar number of grants and exits in June

- 17 As shown in Figure 2, there were fewer main benefit grants (down nearly 1,100 or 6.5 percent) and main benefit exits (down about 2,000 or 11.8 percent), compared with May.
- 18 Throughout the June quarter, both the number of grants and exits have been impacted by medical certificate reassessments. To transfer between two benefit types, the recipient must exit their current benefit to be granted another in most cases.
- 19 Around 17.9 percent of exits were due to people transferring to another benefit (16.7 percent in May), also reflecting the resumption of medical certificate reassessments.

**Figure 2: The difference between grants and exits has been decreasing through the June 2022 quarter**



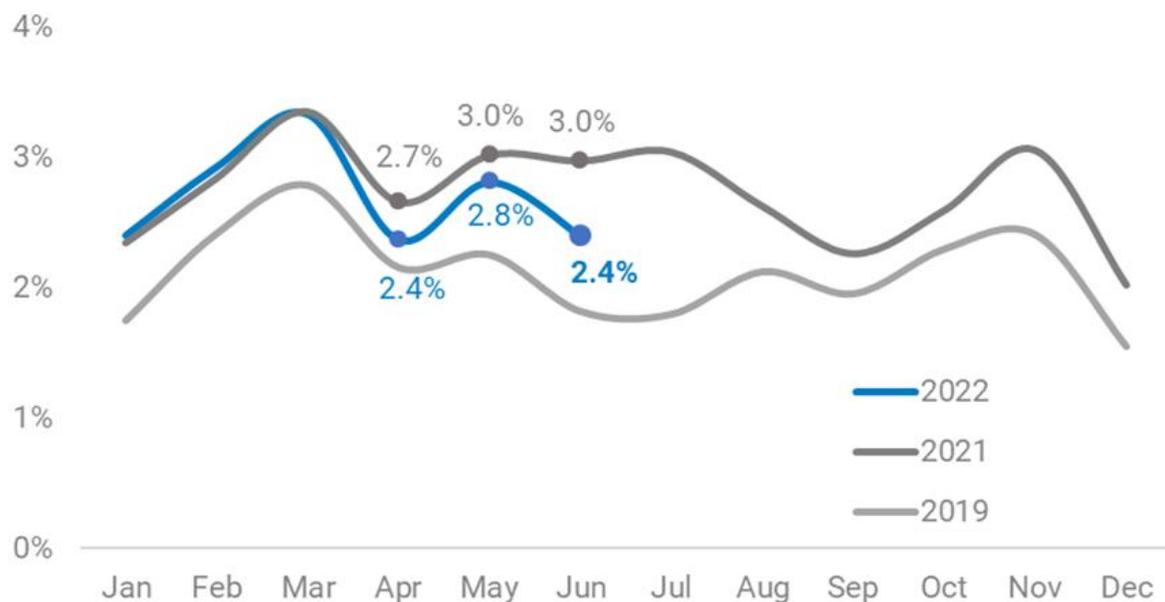
### The work exit rate decreased, as we usually see each June

- 20 The work exit rate<sup>6</sup> decreased to 2.4 percent in June 2022 (see Figure 3), lower than what we saw at the same time in 2021 (3.0 percent), but higher than in 2019 (1.8 percent). The work exit rate remained below 2021 and above 2019 through the June 2022 quarter.

<sup>6</sup> 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.

- 21 Around 55.8 percent of exits in June were due to people obtaining work (57.8 percent in May). This decrease was reflected in the small decrease seen in the work exit rate, while the overall number of work exits (around 8,300) remained relatively high for this time of the year.
- 22 We usually see the work exit rate decreasing leading into the winter months, as seasonal work becomes less available and hiring tends to slow down.

**Figure 3: The work exit has remained higher than 2019, but lower than 2021 levels, through the June quarter**



## Hardship assistance

### There were fewer SNGs provided in June, driven by a decrease in SNGs for food

- 23 The number of Special Needs Grants (SNGs) decreased by around 8,500 in June (down 7.4 percent), to a total of 107,100, a larger decrease than seen at the same time in previous years.
- 24 The decrease in SNGs was mainly driven by 6,900 fewer SNGs for food (down 7.5 percent) and nearly 900 fewer Emergency Housing SNGs (down 7.7 percent).
- 25 The overall level of hardship assistance<sup>7</sup> provided decreased by 9.2 percent (down 9.3 percent for those not receiving a main benefit), driven by decreases in SNGs and benefit advances. These decreases are linked to having fewer processing

<sup>7</sup> 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>



days and therefore less opportunity to access assistance during June, because of Queen's birthday and the new Matariki public holiday.

## Upcoming benefit system changes

- 26 The Government permanently increased the income limits for some hardship assistance from 1 July 2022. These limits were temporarily increased from 1 November 2021 as a response to the effects of COVID-19.
- 27 The increases mean more people, including those working on a low income, will be eligible for one-off immediate and/or essential needs through Special Needs Grants, Benefit Advances and Recoverable Assistance Payments<sup>8</sup>.

## Other releases<sup>9</sup>

- 28 The quarterly Benefit Fact Sheets for the June 2022 quarter will be published on MSD's website on Thursday 21 July<sup>10</sup>.
- 29 Trends in Emergency Housing will be reported in the June *Monthly Housing Update*, published in July<sup>11</sup>.
- 30 The *Why are benefit numbers still high, relative to the low unemployment rate?* report was published on Thursday 23 June<sup>12</sup>.

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<sup>8</sup> For more information, see: <https://www.workandincome.govt.nz/about-work-and-income/news/2022/changes-announced-in-budget-2022.html>

<sup>9</sup> 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>

<sup>10</sup> For more information on the Benefit Fact Sheets, see: [Benefit Fact Sheets - Ministry of Social Development \(msd.govt.nz\)](https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit-fact-sheets)

<sup>11</sup> 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>

<sup>12</sup> For the full report, see: [Why are benefit numbers still high, relative to the low unemployment rate? - Ministry of Social Development \(msd.govt.nz\)](https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/why-are-benefit-numbers-still-high-relative-to-the-low-unemployment-rate)