



Monthly Benefits Update - Commentary

November 2022

Purpose

- 1 The purpose of this commentary is to highlight key points from the *Monthly Benefits Update* for November 2022. It was published as part of our monthly reporting on the Ministry of Social Development's (MSD) website on Friday, 16 December 2022.¹

Key points

- 2 The number of people receiving a main benefit increased by around 2,000 people (up 0.6 percent) to around 346,400 between October and November 2022, driven by an increase in Jobseeker Support Student Hardship (JSSH) recipients. Apart from JSSH, most of the other main benefits reduced in November.
- 3 The seasonal increase in JSSH recipients (from around 1,000 in October to 4,300 in November 2022) made up most of the 4,000 increase in benefit grants (up 28.6 percent) in November 2022. However, the number of JSSH recipients in November 2022 was lower than the same month in previous years.
- 4 There were almost 1,400 fewer people supported by Jobseeker Support – Work Ready (JS – WR), reflecting a strong labour market, the increase in seasonal work that is usually available between September and October, and MSD's continued focus on supporting people into work.
- 5 There were around 300 fewer Jobseeker Support – Health Condition or Disability (JS – HCD) recipients. Numbers have started to stabilise since the resumption of the Work Capacity Medical Certificate (WCMC) reviews. Most of those receiving JS – HCD during the pandemic have now completed their medical certificate reviews.
- 6 The work exit rate increased to 2.4 percent in November 2022, up from 2.2 percent in October 2022. The work exit rate has been following pre-pandemic trends since July this year, which typically ranged between two and three percent.
- 7 The number of Special Needs Grants (SNGs) increased slightly by around 1,700 (up 1.4 percent) to over 127,200. This was mainly driven by small increases in SNGs for food and Student Allowance Transfer Grants², as the summer break starts and students transfer from Student Allowance to a main benefit.

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

² The Student Allowance Transfer Grant is paid the week after the last Student Allowance payment to help pay living expenses during that week, before receiving their first benefit payment. They must have a dependent child or dependant partner to qualify.

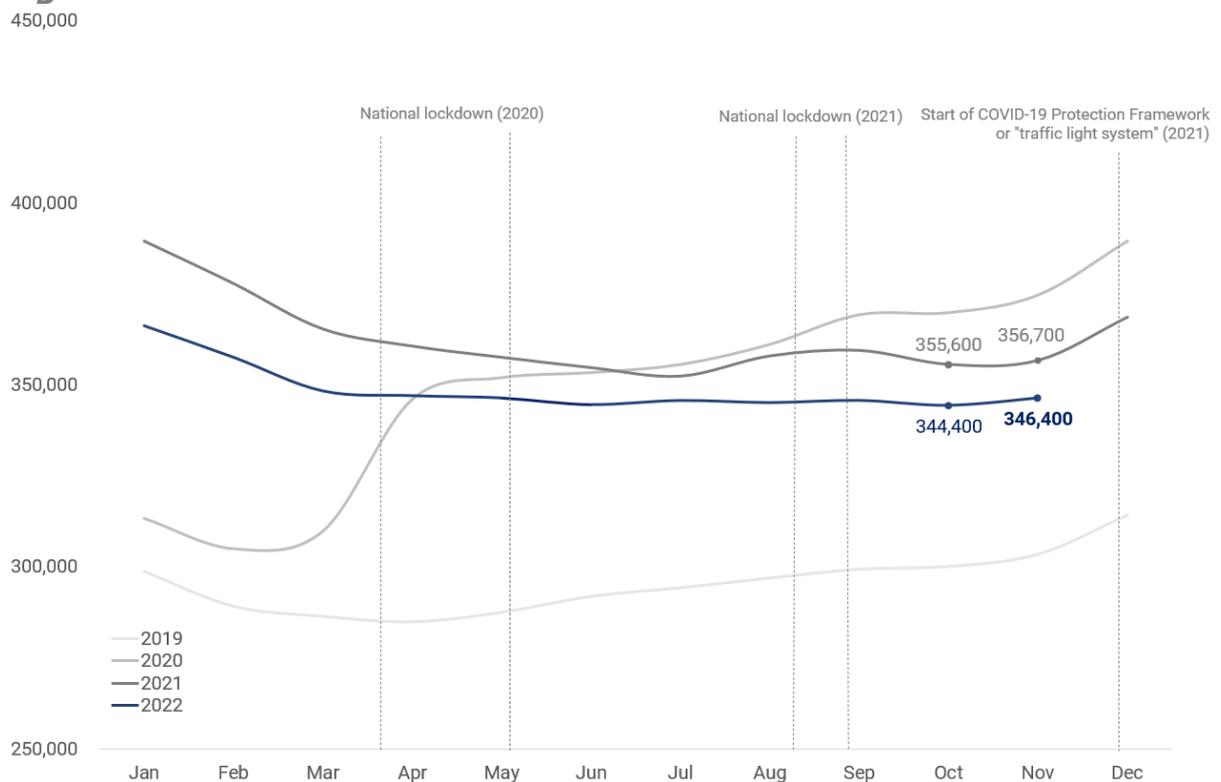


Main benefits

Main benefit numbers increased slightly in November

- 8 There were around 2,000 more people receiving a main benefit at the end of November 2022 (346,400) compared to the previous month (up 0.6 percent). This has continued the relatively flat trend that we have seen since March 2022.
- 9 There were around 10,300 fewer people receiving a main benefit when compared to November 2021 (down 2.9 percent). Year-on-year decreases have continued to slow from the peak in January 2022. This could partially reflect the number of benefit recipients that have been on a benefit for a longer duration, who often have more barriers to employment (such as health issues) and may require more time and support to exit a benefit into work.

Figure 1: Main benefit numbers have remained flat since March





Seasonal trends in the number of JSSH recipients impact main benefit numbers at this time of the year

- 10 The number of Jobseeker Support Student Hardship (JSSH) recipients quadrupled from nearly 1,000 at the end of October 2022 to almost 4,300 in November (up by around 3,300). This increase was the main reason why the number of main benefit grants increased by just over 4,000 (up 28.6 percent) between October and November 2022.³
- 11 JSSH numbers usually increase from October each year, as the academic year comes to an end, and tend to peak in December, before decreasing from late February as the academic year commences.
- 12 However, JSSH numbers for November 2022 were lower than the same month in previous years. The number of JSSH recipients have, in general, declined in line with the long-term decline in Student Allowance (SA) recipients. This is because eligibility for SA is generally a requirement for JSSH.⁴
- 13 In addition, the current tight labour market may have contributed to a more recent decrease in the number of JSSH and SA recipients. The increase in young people (aged 15-24) in employment may mean that fewer students need support or are eligible for JSSH.
- 14 Excluding JSSH, there were nearly 1,300 fewer people (0.4 percent) receiving a main benefit between October (around 343,500) and November 2022 (around 342,200).

The overall increase in main benefit numbers was partially offset by fewer people receiving JS

- 15 The number of exits increased by almost 1,100 (up 7.8 percent), which was driven by around 1,600 fewer people (down 1.0 percent) receiving Jobseeker Support (JS) compared to October 2022. Specifically, around 1,400 fewer people received JS - Work Ready (JS - WR). This may have been due to a strong labour market, the increased availability of seasonal work usually observed in the lead up to December, and MSD's continued focus on supporting people into work.
- 16 Nearly 300 fewer people (down 0.4 percent) received JS - Health Condition or Disability (JS - HCD) compared to October 2022. JS - HCD numbers have started to stabilise since the resumption of the Work Capacity Medical Certificate (WCMC) reviews.⁵ Most of those receiving JS - HCD during the pandemic have now completed their medical certificate reviews. We are expecting to see gradual

⁴ For more information on SA recipient trends please see: www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/studylink/new-student-allowance/1-number-and-amounts-paid-out-for-student-allowance-and-accommodation-benefit-payments.html

⁵ This is a process to assess eligibility for JS - HCD recipients based on case-by-case recommendations from their health professionals. Some recipients may exit this benefit because of this process or transfer to other benefits which better reflect their current circumstances. The appropriate time between each medical review is determined by the person's health practitioner, rather than at a set review period. For more information, see: www.workandincome.govt.nz/providers/health-and-disability-practitioners/medical-certificates.html



increases in JS – HCD recipients from now on, following trends usually seen prior to the pandemic.

Overall, benefit numbers in November were lower than forecast at HYEFU

- 17 Overall, November 2022 month-average numbers⁶ were lower than forecast with around 342,800 people receiving a main benefit in November 2022. This was around 2,000 (0.6 percent) fewer people than forecast in the Half Year Economic and Fiscal Update 2022 (HYEFU 2022).
- 18 The number of people on JS was around 2,100 (1.3 percent) lower than forecast at HYEFU 2022. The number of people receiving Sole Parent Support and Supported Living Payment was close to forecast (within 0.1 percent of the forecast).

Main benefit numbers are still expected to begin increasing from around mid-2023

- 19 Forecasts have been revised for the Half Year Economic and Fiscal Update (HYEFU) 2022. HYEFU 2022 forecasts still expect that the number of people receiving a main benefit will increase from around mid-2023, reaching 387,200 people in January 2025 before starting to decrease. The number of people receiving JS is forecast to follow a similar trend, reaching 205,100 people by January 2025.
- 20 Historically, what has driven benefit numbers to rise after sustained decreases has often been an increase in the number of people coming onto benefit, rather than fewer people leaving benefit.

Exits into work

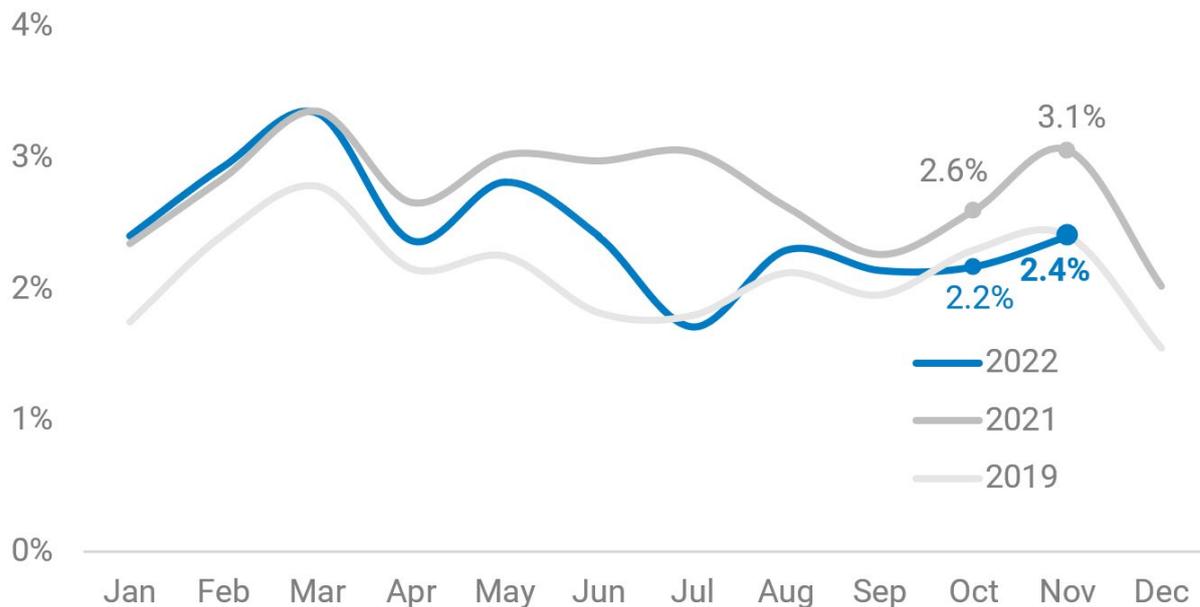
The work exit rate has remained similar to 2019 levels

- 21 Around 8,300 (54.7 percent) of the main benefit exits in November 2022 were due to people obtaining work, which was more than in October 2022 (7,500).
- 22 The work exit rate has been similar to 2019 levels since around July this year. The 2.4 percent work exit rate in November 2022 was the same as in November 2019, but lower than in November 2021 (3.1 percent).

⁶ 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).



Figure 2: The overall work exit rate continued to be similar to 2019 trends



Hardship Assistance

The number of SNGs slightly increased during November 2022

- 23 The number of Special Needs Grants (SNGs) increased by around 1,700 (up 1.4 percent) to over 127,200 compared to October 2022. This was mainly driven by an increase of almost 500 SNGs for food (up 0.4 percent) and an increase of almost 400 Student Allowance Transfer Grants as the summer break starts.
- 24 The number of benefit advances increased by almost 5,700 (up 9.9 percent) for people receiving a main benefit who have an essential or emergency cost they cannot pay for. This followed a decrease of over 4,900 in October 2022.

Upcoming benefit system impacts

- 25 If typical seasonal trends occur, we will see benefit numbers rise in December. JS – WR numbers usually increase as hiring slows down towards the end of the year. This occurs as many seasonal workers reach the end of their contracts, and young people enter the system as the academic year ends. JSSH numbers are likely to continue increasing until January next year.
- 26 MSD has increased the support available for dental treatment through the Special Needs Grant from 1 December 2022. This change will allow more people to receive needed dental care without getting into debt. Changes include:
- increasing the maximum available from \$300 to \$1,000 within a 52-week period
 - making it available for all MSD clients and low-income people



- allowing it to be used for any immediate and essential treatment.

Upcoming releases⁷

- 27 Half Year Economic and Fiscal update (HYEFU) 2022 was published on 14 December 2022.⁸
- 28 Trends in Emergency Housing will be reported in the *November Monthly Housing Update*, published in December.
- 29 The StudyLink Statistics on student data for the September 2022 quarter will be published during the week beginning 19 December.⁹
- 30 The latest *Benefit System Update* will be published on 19 December.
- 31 The next *Monthly Benefits Update - Commentary* for December 2022 will be published on 20 January 2023.

⁷ For these releases and other regular reporting see the MSD statistics page: www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/index.html

⁸ For the latest benefit forecasts, see: www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/hyefu/december-2022.html

⁹ StudyLink Statistics: www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/studylink/index.html