



# Monthly Benefits Update - Commentary

## October 2022

### Purpose

- 1 The purpose of this commentary is to highlight key points from the *Monthly Benefits Update* for October 2022. It was published as part of our monthly reporting on the Ministry of Social Development's (MSD) website on Friday, 11 November 2022.<sup>1</sup>

### Key points

- 2 The number of people receiving a main benefit decreased slightly by around 1,300 people (down 0.4 percent, to around 344,400) between September and October 2022. This relatively flat trend is in line with what we usually saw around this time of the year, prior to the pandemic.
- 3 The month-on-month decrease was driven by around 1,900 fewer people (down 2.0 percent) receiving Jobseeker Support – Work Ready, which may reflect a strong labour market and more seasonal work available.
- 4 There were around 300 fewer Jobseeker Support – Health Condition or Disability (JS – HCD) recipients, reflecting the return to what we would normally see prior to the Work Capacity Medical Certificate (WCMC) review process being suspended in 2020. Most current JS – HCD recipients would have completed their WCMC review process by the end of September 2022.
- 5 Seasonal trends in the number of Jobseeker Support Student Hardship (JSSH) recipients impact main benefit numbers from around October to April each year. Around 800 more students received JSSH in October 2022, reflecting students requiring financial support as training and tertiary education institutions head into the summer break. However, this month-on-month change is lower than what we have usually seen in previous years.
- 6 The work exit rate increased slightly from 2.1 percent in September to 2.2 percent in October. The work exit rate has been following pre-pandemic trends since July this year.
- 7 The number of Special Needs Grants (SNGs) increased by nearly 1,000 (up 0.8 percent). This was mainly driven by an increase of nearly 3,400 SNGs for food (up 3.3 percent) which coincides with the end of the Winter Energy Payment (WEP) in October. There is usually a temporary increase in demand for SNGs after the WEP ends while people adjust back to their regular weekly benefit income levels.

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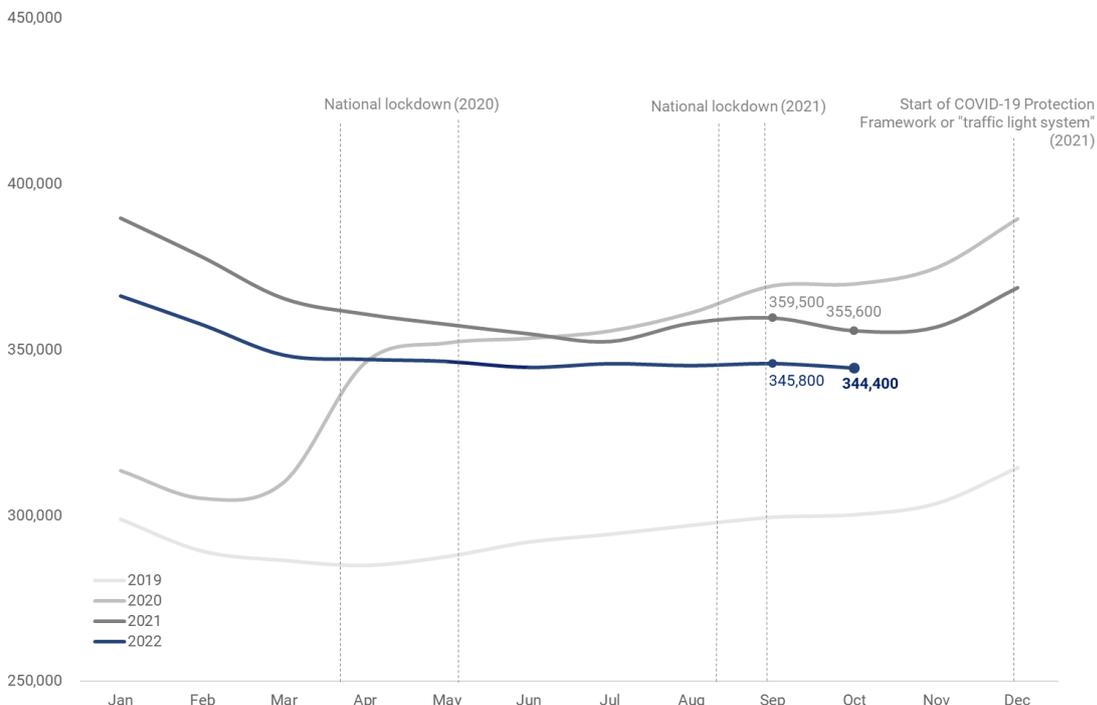
<sup>1</sup> For the full set of data and supporting information, please see: [www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/monthly-reporting/](http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/monthly-reporting/)

## Main benefits

### Main benefit numbers decreased slightly in October

- 8 There were over 1,300 fewer people (down 0.4 percent) receiving a main benefit at the end of October 2022 (around 344,400) when compared to the previous month (nearly 345,800). This slight decrease continued the relatively flat trend we have seen since June 2022 and was similar to what we have usually seen around this time of year, prior to the pandemic.
- 9 There were around 11,200 fewer people receiving a main benefit when compared to October 2021 (down 3.2 percent). Year-on-year reductions in main benefit numbers were slowing since the beginning of 2022 (see Figure 1). This could reflect:
  - The number of benefit recipients with longer durations who often have more barriers to employment (such as health issues) and may require more time and support to exit a benefit into work
  - The record-high numbers of work exits in 2021, which drove overall decreases in main benefit numbers into July 2021, due to several factors including a tight labour market and MSD's sustained focus on supporting people into work.<sup>2</sup> Many who came onto benefit over 2020 had no previous benefit history and were able to find work more easily than those who had been on benefit longer-term.

**Figure 1: Main benefit numbers have remained relatively flat since March**



<sup>2</sup> Operational processes, including the resumption of the 52-week application process, were also contributing to a high number of exits. For more information about 52-week reapplication, see: [www.workandincome.govt.nz/on-a-benefit/re-apply/index.html](http://www.workandincome.govt.nz/on-a-benefit/re-apply/index.html)



## Seasonal trends in the number of JSSH recipients impact main benefit numbers from around October to April each year

- 10 The number of Jobseeker Support Student Hardship (JSSH) recipients increased from around 150 in September 2022 to nearly 1,000 in October (up around 800). JSSH numbers usually increase from October each year as students' semesters come to an end, and start to rapidly decrease between each January to April as students return to their studies or training.
- 11 Excluding JSSH, there were nearly 2,200 fewer people receiving a main benefit (down 0.6 percent) between September (around 345,600) and October 2022 (around 343,500).
- 12 JSSH numbers are currently tracking lower at this time compared to recent years and will be monitored going forward.

## The decrease in main benefit numbers was driven by fewer people receiving JS – WR

- 13 There were around 2,200 fewer people (down 1.3 percent) receiving Jobseeker Support (JS) compared to September 2022. This was driven by around 1,900 fewer people (down 2.0 percent) receiving JS – Work Ready (JS – WR), which may have been supported by a strong labour market and availability of seasonal work heading into October.
- 14 Nearly 300 fewer people (down 0.4 percent) received JS – Health Condition or Disability (JS – HCD) compared to September 2022. JS – HCD numbers have started to stabilise since the resumption of the Work Capacity Medical Certificate (WCMC) reviews.<sup>3</sup> This process should have a smaller impact going forward as most recipients would have completed their medical certificate reviews by the end of September 2022. We are expecting to see gradual increases in JS – HCD recipients from now, following trends usually seen prior to the pandemic.

## Overall, benefit numbers in October were slightly higher than forecast at BEFU 22

- 15 Overall, month-average<sup>4</sup> benefit numbers were slightly higher than forecast, with around 344,800 people receiving a main benefit in October 2022 (see Figure 2 in the Monthly Benefits Update A3). This was around 4,200 (or 1.2 percent) more people than forecast at Budget Economic and Fiscal Update (BEFU 22).

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<sup>3</sup> 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#null](http://www.workandincome.govt.nz/providers/health-and-disability-practitioners/medical-certificates.html#null)

<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).

16 Similar to previous months, there were offsets within main benefit numbers. While the number of people on JS was lower than forecast at BEFU 22, the number of people on Supported Living Payment (SLP) and Sole Parent Support (SPS) was higher than forecast.<sup>5</sup>

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

17 At BEFU 2022, we forecast that benefit numbers would increase from around mid-2023. The Treasury forecast a period of low economic and employment growth from around this time, which may lead to more people accessing income support, particularly JS – WR.

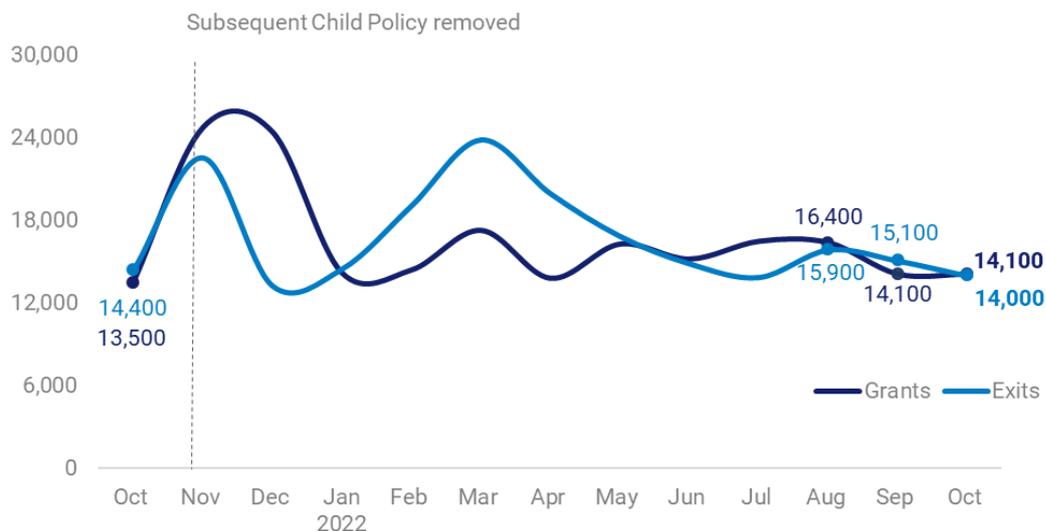
18 Historically, what has driven benefit numbers to rise after sustained decreases has often been an increase in the number of people coming on to benefit, rather than fewer people leaving it.

### Grants, exits, and exits into work

#### The difference between grants and cancels narrowed last month

19 As shown in Figure 2, the number of main benefit grants remained stable, decreasing by less than 100 (down 0.6 percent) between September and October 2022. The number of exits decreased by over 1,000 (down 6.9 percent).

**Figure 2: The number of grants remained stable, while the number of exits continued to decrease**



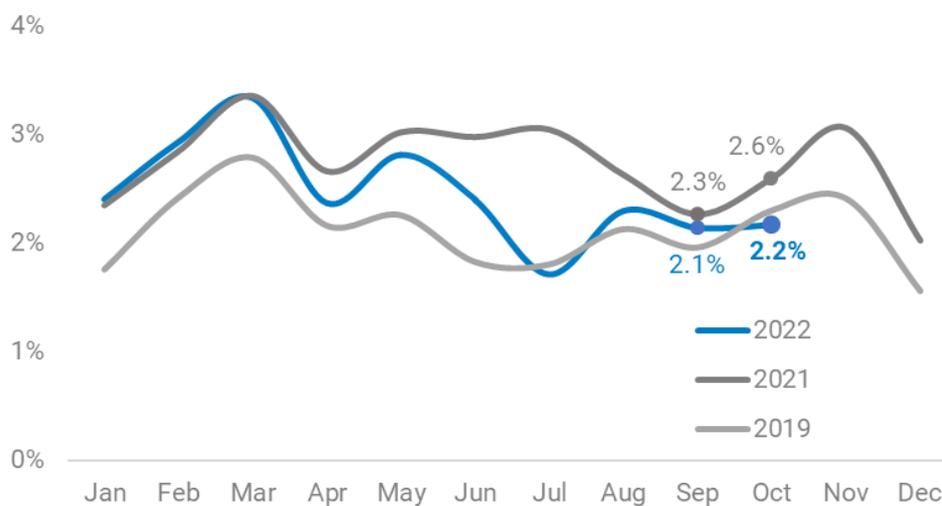
<sup>5</sup> Jobseeker Support was around 6,200 people lower than forecast at BEFU 22. Sole Parent Support and Supported Living Payment were around 2,000 people higher and 3,100 people higher than forecast at BEFU 22, respectively.



## The work exit rate has remained close to the 2019 trend

- 20 Around 7,500 (53.5 percent) of exits in October 2022 were due to obtaining work, which is slightly higher than what we have seen around this time of year prior to the pandemic.
- 21 The work exit rate has followed pre-pandemic trends since around July this year. The work exit rate (2.2 percent) in October 2022 was lower than the work exit rates in both 2019 (2.3 percent) and 2021 (2.6 percent).

**Figure 3: The overall work exit rate continued to follow 2019 trends**



## Hardship assistance

### The level of SNGs slightly increased in October

- 22 From September 2022 to October 2022, the number of Special Needs Grants (SNGs) increased slightly by nearly 1,000 (up 0.8 percent) to over 125,500. This was mainly driven by an increase of 3,300 SNGs for food (up 3.3 percent). There is usually a temporary increase in demand for SNGs after the Winter Energy Payment (WEP) ends while people adjust back to their regular weekly benefit income levels<sup>6</sup>.
- 23 The number of hardship grants has decreased by around 800 (down 2.9 percent) for people not receiving a main benefit. This decrease may partially reflect lower demand for this assistance from people who received the third instalment of the Cost of Living Payment in October.<sup>7</sup>

<sup>6</sup> The Winter Energy Payment is a non-taxable benefit paid with the client's main benefit, New Zealand Superannuation, or Veteran's Pension to support eligible clients to meet their household heating costs during the winter period.

<sup>7</sup> For more information, see: [www.ird.govt.nz/cost-of-living-payment](http://www.ird.govt.nz/cost-of-living-payment)



## Other releases<sup>8</sup>

24 Trends in Emergency Housing will be reported in the *October Monthly Housing Update*, published in November.

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<sup>8</sup>For other releases and regular reporting, see the MSD statistics page: [www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/index.html](http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/index.html)