



Monthly Benefits Update - Commentary

August 2023

Purpose

- 1 The purpose of this commentary is to highlight key points and insights from the Monthly Benefits Update for August 2023. It was published as part of our monthly reporting on the Ministry of Social Development's (MSD) website on Friday, 15 September 2023. Additional insights have been included for further context¹.

Key points

- 2 The number of people receiving a main benefit increased by around 3,300 (0.9 percent) to around 358,000 in August 2023, which was in line with expectations. Since May 2023 the number of people receiving a main benefit has grown steadily, which may reflect current conditions of subdued economic growth.
- 3 The increase in main benefit recipients was driven by Jobseeker Support – Work Ready (JS – WR) which increased by around 2,000 people (up 2.0 percent), and Jobseeker Support – Health Condition or Disability (JS – HCD) which increased by around 800 people (up 1.0 percent).
- 4 The gap between main benefit grants and exits has continued to widen since May 2023, with a low number of exits, rather than a high number of grants, being the reason for the gap.
- 5 The exit rate into work from main benefits was relatively low in August 2023. Since June 2023 the work exit rate has been relatively low when compared with the same months in prior years.
- 6 The number of Special Needs Grants (SNGs) increased by around 8,900 (6.2 percent) from July to August 2023, which was due to there being three more working days in August.
- 7 The number of people receiving Temporary Additional Support (TAS) decreased by around 1,000 (1.1 percent) in August 2023 mainly due to the implementation of the Child Support Pass On policy in late August.

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/>

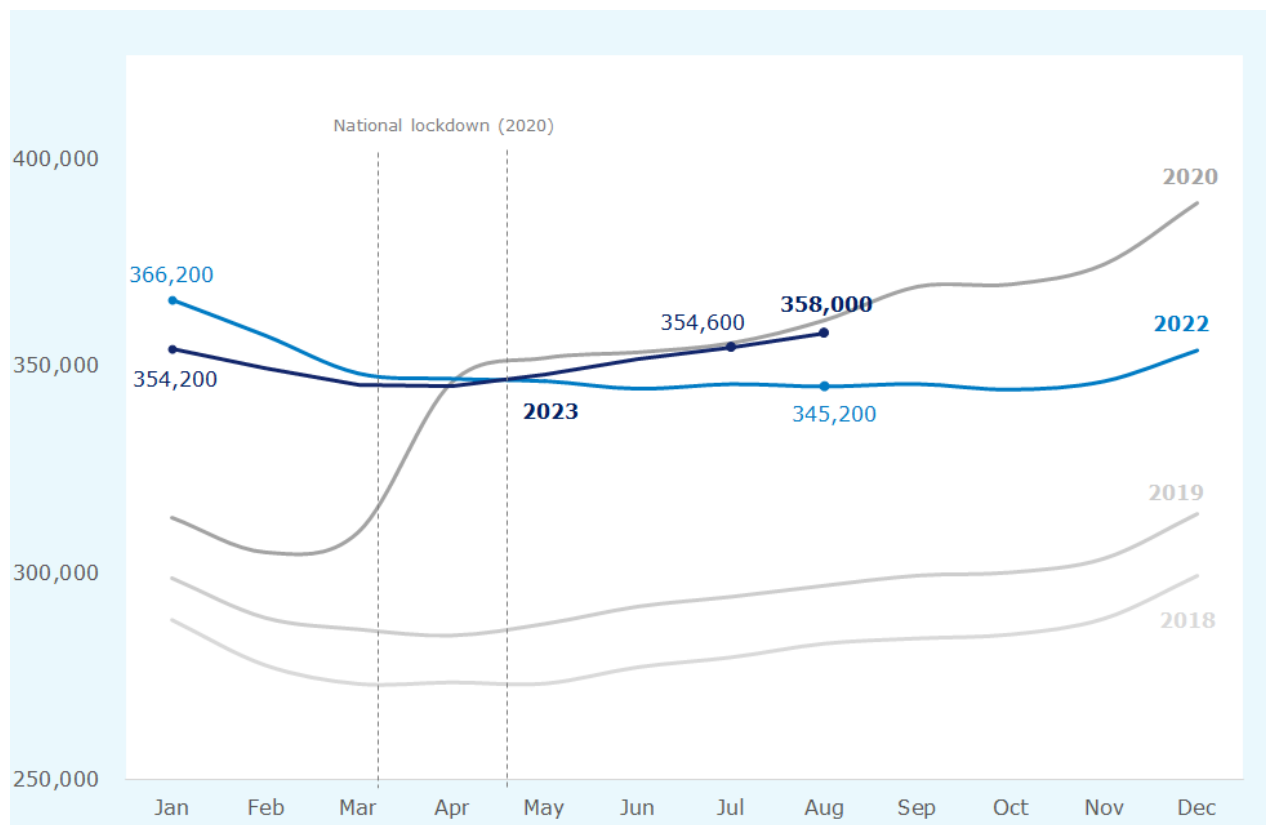


Main benefits

The number of people receiving a main benefit increased by around 3,300 (0.9 percent) to around 358,000 in August 2023

- 8 The increase in people on a main benefit in August 2023 continues a trend of steady growth in main benefit recipients since May 2023 (Figure 1). This growth was largely expected, as benefit numbers are forecast to increase in 2023 and 2024.²
- 9 The rising trend in benefit numbers, which is mainly driven by Jobseeker Support (JS), could reflect economic conditions of subdued economic growth, particularly where there may be reduced demand for labour or increased competition in the labour market.

Figure 1: The number of people on a main benefit has grown steadily in recent months



- 10 The increase in benefit numbers in August 2023 was largely driven by:
 - Jobseeker Support – Work Ready (JS – WR) which increased by around 2,000 (2.0 percent).

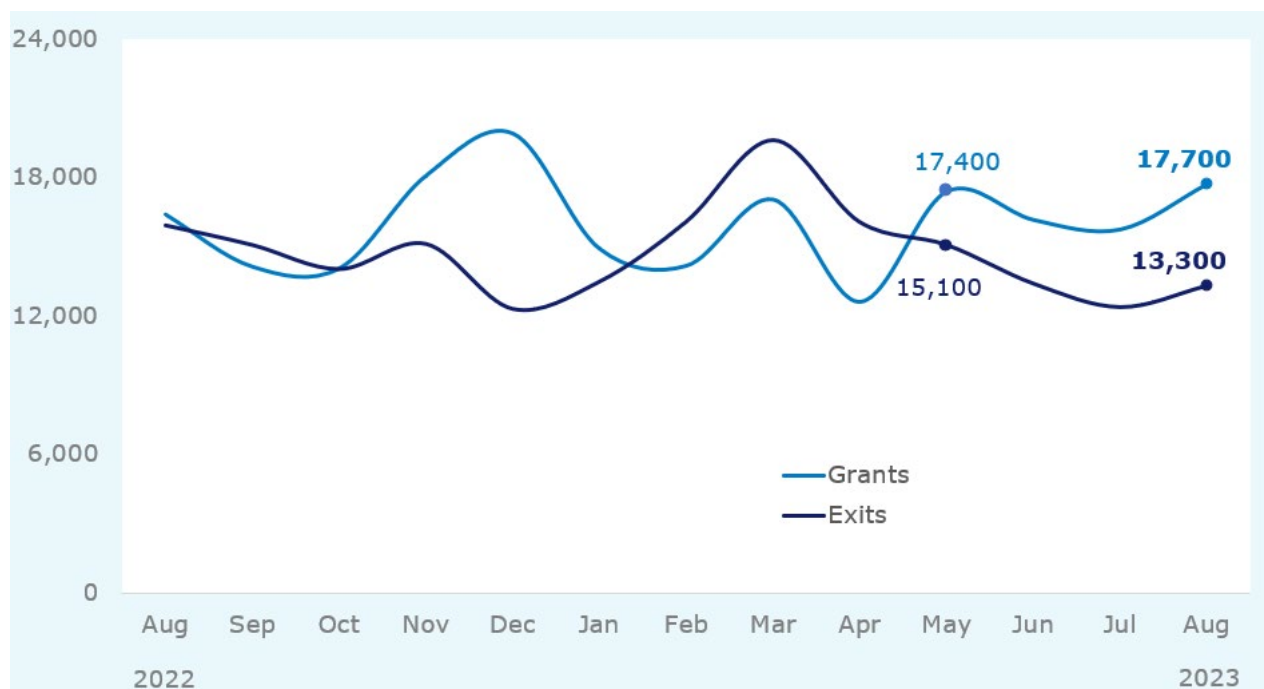
² Benefits were forecasted for a five-year period at the Budget Economic and Fiscal Update (BEFU) on 18 May 2023. For more information, see: [Benefit Forecasts for the Economic and Fiscal Update 2023 - Ministry of Social Development \(msd.govt.nz\)](https://www.msd.govt.nz/budget-economic-and-fiscal-update-2023/)



- Jobseeker Support – Health Condition or Disability (JS – HCD) which increased by around 800 (1.0 percent).
- 11 The increase JS – WR was primarily due to fewer people leaving JS – WR than entering. From January to August 2023, we have seen fewer people on JS - WR exit to outside the benefit system, compared with the same months in 2021 and 2022.
 - 12 The increase in JS – HCD was evenly split between transfers to JS – HCD from other benefits and people entering JS – HCD from outside the benefit system.

The gap between main benefit grants and exits has continued to widen in recent months

Figure 2: The gap between the number of main benefit grants and exits has been widening since May 2023

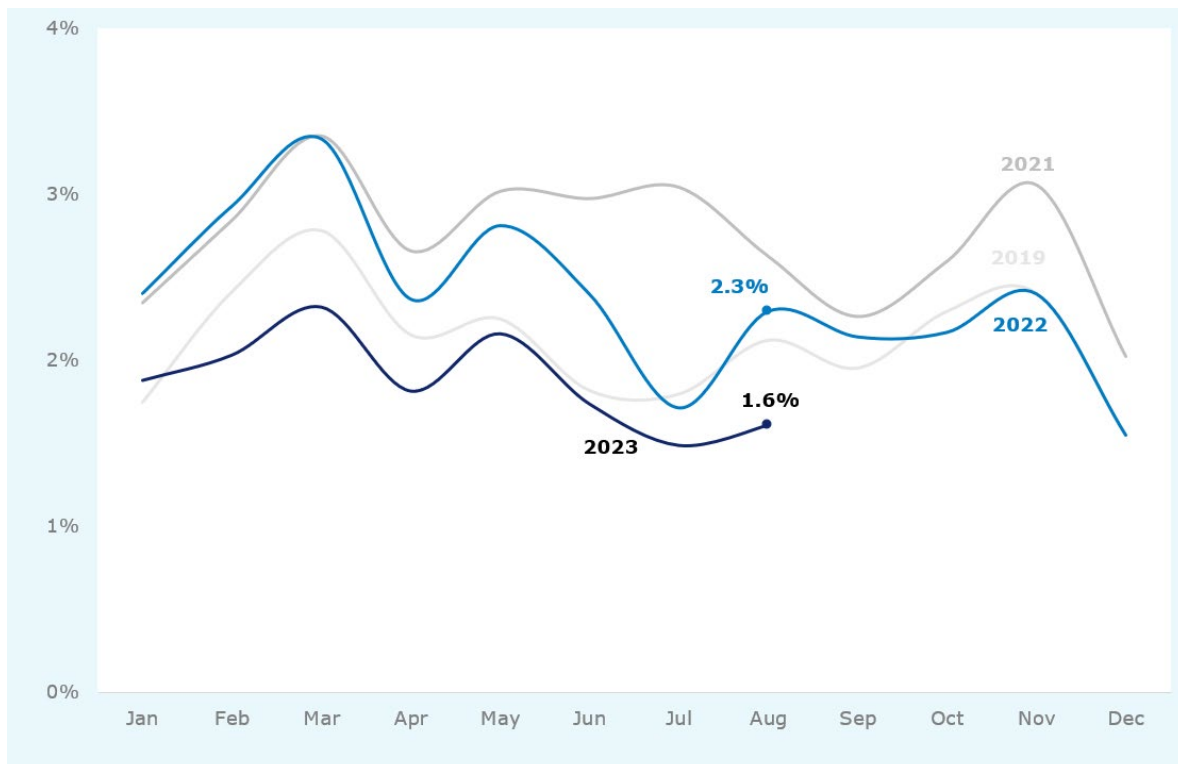


- 13 There were around 17,700 main benefit grants and around 13,300 main benefit exits, which is a difference of around 4,400. This difference has been steadily growing since May 2023 when it was around 2,300 (Figure 2).
- 14 The increasing difference between grants and exits in recent months is mainly due to a low number of exits from main benefits as a proportion of the working age population.



The exit rate into work from main benefits was relatively low in August 2023 compared with previous years

Figure 3: The exit rate into work from main benefits was 1.6 percent in August 2023



- 15 The exit rate into work from main benefits in August 2023 (1.6 percent) was relatively low compared with August months in prior years.³ This continues a trend of relatively low work exit rates since June 2023.
- 16 The low rate of exits into work in August may reflect reduced demand for labour in recent months. Online job advertisements continued to decline in July 2023⁴ (falling 28.4 percent on an annual basis) with this being the ninth consecutive month with an annual decline.⁵
- 17 There were around 5,700 exits into work from main benefits in August 2023, which was around 500 more people than last month. While exits into work increased from last month, the number of exits into work remains lower than expected for this time of year.

³ August months in prior years includes every year from 2016 to 2022.

⁴ Note that data on online job advertisements for the month of August 2023 was not available for the publication of this document. July 2023 is the latest monthly data point.

⁵ For trends in labour market statistics see: [Jobs Online | Ministry of Business, Innovation & Employment \(mbie.govt.nz\)](https://www.mbie.govt.nz)



Hardship Assistance

Special Needs Grants (SNGs) increased in August 2023, mainly due to there being more working days in August

- 18 There were around 152,500 SNGs in August 2023, which was around 8,900 (6.2 percent) more than in July 2023. This increase in SNGs was due to there being three more working days in August 2023 than in July 2023.
- 19 SNGs for food made up 76.4 percent of all SNGs granted in August 2023, which is consistent with past trends. SNGs for food increased by around 5,200 (4.7 percent) from July 2023 to nearly 116,500 grants in August 2023.

The number of people receiving Temporary Additional Support (TAS) decreased slightly in August 2023 due to the impacts of the Child Support Pass On policy

- 20 The Child Support Pass On (CSPO) policy started on 1 July 2023. This policy meant that child support payments for sole parent beneficiaries collected by Inland Revenue would be passed on to those parents, and not held by the Crown.⁶
- 21 On 22 August information sharing with Inland Revenue began with regards to CSPO. This resulted in a drop of around 1,000 sole parent recipients of TAS in August 2023, as the income received from child support payments meant that some sole parents were no longer eligible for TAS.
- 22 The number of people on TAS decreased by around 1,000 (1.1 percent) to around 90,100 in August 2023. This decrease was in line with expectations.

Upcoming benefit system impacts

- 23 From 21 August people were able to book appointments to check their eligibility for North Island Weather Event (NIWE) – Temporary Accommodation Assistance. Payments for successful applications will start from 4 September 2023.
- 24 The Winter Energy Payment is ending on 1 October 2023 and will restart on 1 May 2024.

Upcoming releases

- 25 The next Monthly Benefits Update for September 2023 will be published on 13 October 2023.

⁶ For more information on the CSPO policy, see: [Welfare overhaul: Passing on Child Support to sole parent beneficiaries – Budget 2022 - Ministry of Social Development \(msd.govt.nz\)](https://www.msd.govt.nz/updates/2022/07/welfare-overhaul-passing-on-child-support-to-sole-parent-beneficiaries)