



# Monthly Benefits Update - Commentary

## December 2023

### Purpose

- 1 The purpose of this commentary is to highlight key points and insights from the *Monthly Benefits Update* for December 2023. It was published as part of our monthly reporting on the Ministry of Social Development's (MSD's) website on Friday, 19 January 2024.<sup>1</sup>

### Key points

- 1 There were around 378,700 people receiving a main benefit in December 2023, an increase of almost 9,700 people or 2.6 percent from the previous month. This increase reflected seasonal trends as well as current economic conditions.
- 2 In December, the number of people receiving a main benefit was in line with the Half Year Economic and Fiscal Update 2023 (HYEFU 23) benefit forecast.<sup>2</sup>
- 3 Jobseeker Support – Work Ready (JS – WR) increased by 4,300 people or 4.1 percent. This increase reflected economic conditions when people may find it harder to find and retain work, as well as more people coming onto JS – WR as seasonal work slows down at the end of the year.
- 4 The number of people receiving Jobseeker Support Student Hardship (JSSH) increased by about 2,300 people or 51.9 percent. This increase was usual for this time of the year. JSSH numbers usually peak around December or January each year.

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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/).

<sup>2</sup> Please note that benefit forecasts differ from MSD's official reporting definition of main benefits. For example, forecasts exclude Jobseeker Support Student Hardship recipients. For more information on the Half Year Economic and Fiscal Update 2023 (HYEFU 23), please see [www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/prefu/pre-election-economic-and-fiscal-update-2023.html](http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/prefu/pre-election-economic-and-fiscal-update-2023.html).



## Main benefits

### Rising main benefit numbers reflect usual seasonal trends and current economic conditions

- 5 The number of main benefit recipients increased to around 378,700, an increase of almost 9,700 people (2.6 percent) from the previous month.
  - This increase was higher than the month-to-month increase seen in December 2022 (around 7,500 or 2.2 percent). The difference between this year and last year reflect the different economic conditions.
  - The December increase was in line with the Half Year Economic and Fiscal Update 2023 (HYEFU 23) benefit forecast, which forecast the number of people on a working-age benefit to continue rising and to peak in January 2025.
- 6 Since this time last year, main benefit numbers have increased by about 24,000 people or 7.0 percent.
- 7 Increases in main benefit numbers each December usually reflect:
  - seasonal work slowing down, with some seasonal workers reaching the end of their contracts and hiring in these industries beginning to reduce
  - more students receiving JSSH, as they transfer from receiving Student Loan Living Costs or the Student Allowance to a main benefit during the summer months (see paragraph 14 for more information).
- 8 Additionally, current benefit trends may indicate that people are finding it harder to find and retain work and are remaining on benefit for longer. There are more people coming onto a benefit and fewer people leaving as reflected in higher grants and fewer exits (see Figure 1).
  - Slow economic conditions<sup>3</sup> have likely reduced the demand for labour in the economy. This was reflected in MBIE's Jobs Online All

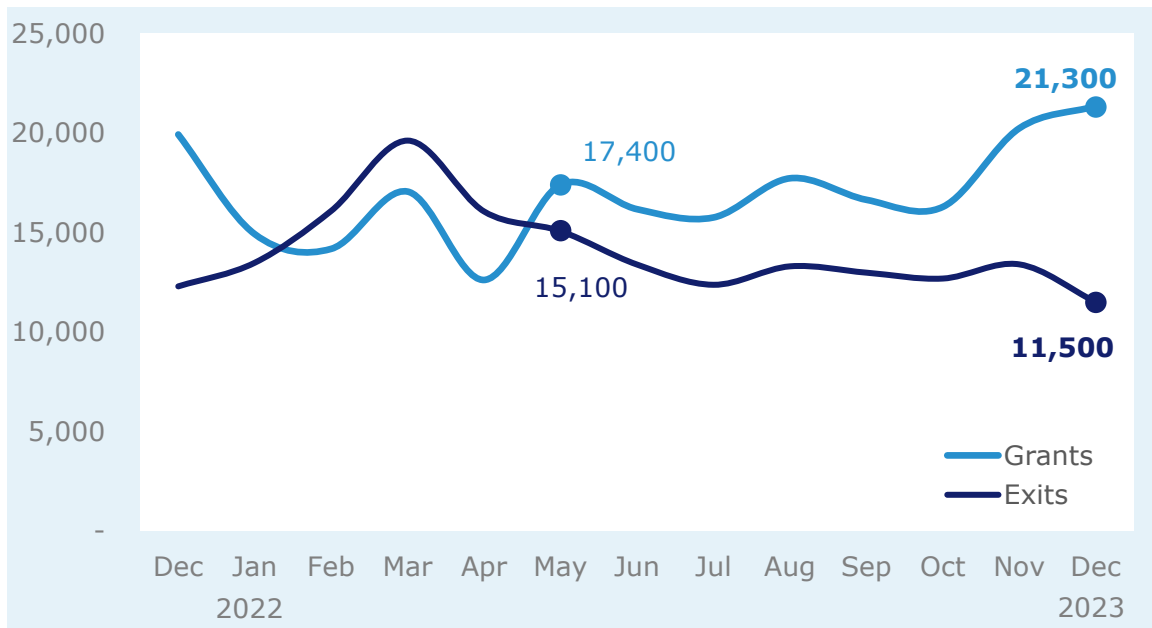
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<sup>3</sup> For more information on Treasury's fortnightly economic updates, please see: [www.treasury.govt.nz/publications/research-and-commentary/fortnightly-economic-updates](http://www.treasury.govt.nz/publications/research-and-commentary/fortnightly-economic-updates).



Vacancies index, where there was a 28.6 percent fall in online job advertisements in the year to November 2023.<sup>4</sup>

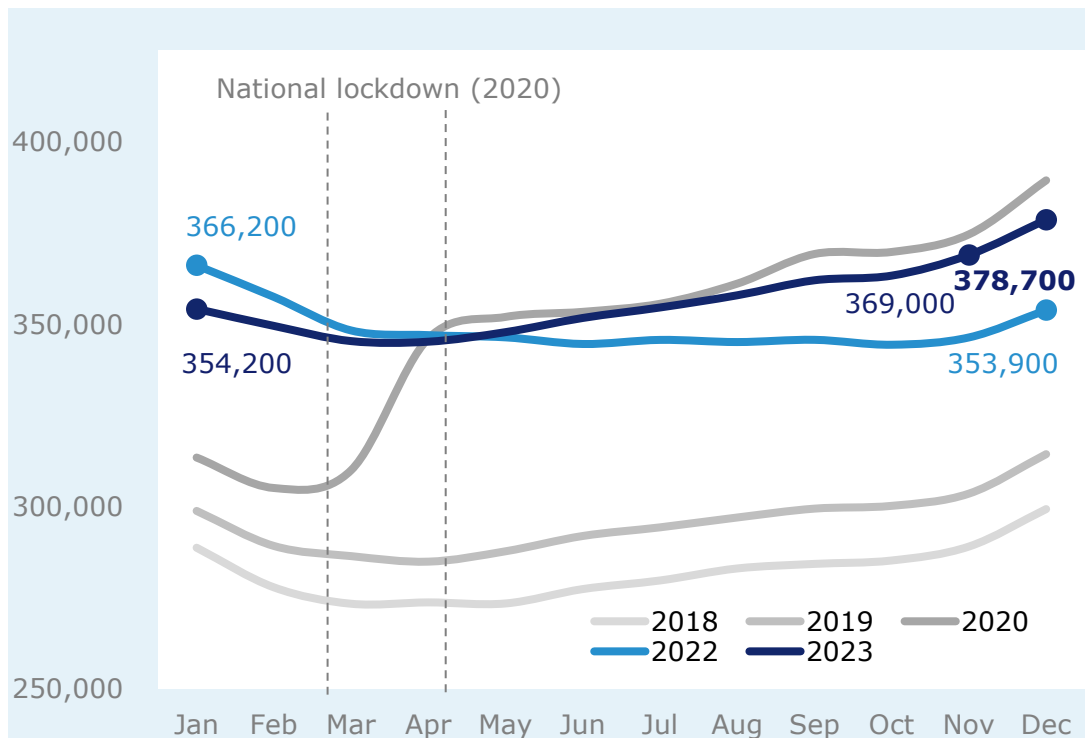
**Figure 1: Since July, we have seen more people come onto a main benefit and fewer people leave**



- 9 Since December 2022, the number of people receiving a main benefit has increased by about 24,800 people or 7.0 percent. This reflected month-on-month increases since May 2023 (see Figure 2), particularly in Jobseeker Support recipients.

<sup>4</sup> For more information about the Jobs Online All Vacancies Index, please see: [www.mbie.govt.nz/business-and-employment/employment-and-skills/labour-market-reports-data-and-analysis/jobs-online/](http://www.mbie.govt.nz/business-and-employment/employment-and-skills/labour-market-reports-data-and-analysis/jobs-online/).

**Figure 2: Main benefit numbers are increasing, likely due to a combination of seasonal trends and economic factors**



### **Overall main benefit trends reflected increases in Jobseeker Support and Jobseeker Support Student Hardship**

*Following the trends seen in main benefits, there were more people receiving Jobseeker Support – Work Ready in December*

- 10 The number of JS – WR recipients increased in December by around 4,300 people or 4.1 percent.
- 11 Towards the end of the year, the number of people on JS – WR tends to rise as some seasonal workers (e.g. in viticulture) reach the end of their contracts, and hiring slows down over the holiday period.
- 12 On top of seasonal trends, we are seeing increases in JS – WR that likely reflect current economic conditions which may be making it more difficult for people to find and retain work.
- 13 Since December 2022, the number of JS – WR recipients have increased by around 10,900 people or 11.1 percent. This follows trends



seen in main benefits, with the number of people receiving JS – WR increasing in most months of 2023.

*JSSH numbers usually peak around the end of December to the start of January*

- 14 The number of people receiving JSSH increased by about 2,300 or 51.9 percent, which is usual for this time of the year.
- 15 Over the longer term, the number of JSSH recipients has, in general, declined in line with trends in Student Allowance numbers. This year, JSSH numbers were higher than last year, which may reflect slowing economic conditions.
- 16 Only students who intend to study the following year are able to receive JSSH. For students who have either finished studies or do not intend to continue study, they would enter other benefits, such as JS – WR.
- 17 From mid-October each year, as academic years for training and tertiary institutions come to an end, the number of students who receive JSSH tends to rise sharply. Generally, students require financial support as they head into the summer break and temporarily stop receiving Student Loan Living Costs or a Student Allowance.
- 18 We usually see the number of JSSH recipients peak around late December to early January. As students resume their studies in February or March, the number of JSSH recipients will fall to around 100 people until the following summer break.

*Increasing benefit recipients, transfers, and clients staying on for longer saw Jobseeker Support – Health Condition and Disability continue to rise*

- 19 In December, JS – HCD increased by around 1,500 people or 1.9 percent from the previous month. This continues the rising trend since April 2023. The number of people receiving JS – HCD has been increasing for the following reasons:
  - Overall main benefit numbers have been rising.
  - More people have been moving from JS – WR to JS – HCD to better reflect their circumstances. While the proportion of people moving to JS – HCD is similar to pre-COVID levels, more people are now receiving JS – WR.



- The exit rate off JS – HCD has been lower, partly because of the changes in the Work Capacity Medical Certificates (WCMC) process that MSD introduced in January 2022.<sup>5</sup>

## Hardship Assistance

### In December, the number of Special Needs Grants (SNGs) decreased from the previous month

- 20 The number of SNGs decreased by almost 6,300 or 4.4 percent from the previous month. This decrease is likely due to December having fewer working days compared to November.
- 21 The number of working days within a month can affect the number of SNGs granted. Due to the number of SNG applications that can be processed within a day, months with more working days tend to see more SNGs grants.
- 22 SNGs for food made up 79.4 percent of all SNGs granted in December. This is a normal proportion; in most months, between 75 and 85 percent of SNGs are for food. Compared to November, SNGs for food decreased by over 1,500 or 1.4 percent to almost 109,200 grants. This is likely due to the fewer number of working days in December.

## Upcoming releases<sup>6</sup>

- 23 The December 2023 Quarter Benefit Facts Sheets will be published on 18 January 2024.
- 24 The December 2023 Monthly Housing Update will be published on 19 January 2024.

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<sup>5</sup>This process assesses whether people are eligible to take up and continue to receive JS – HCD. It is based on case-by-case recommendations by health professionals. The time between each person's medical reviews is now decided by their health practitioner; previously, all recipients had to return their medical certificates at the same intervals. For more information, please see: [www.workandincome.govt.nz/providers/health-and-disability-practitioners/guides/work-capacity-med-cert-health-practitioners.html](http://www.workandincome.govt.nz/providers/health-and-disability-practitioners/guides/work-capacity-med-cert-health-practitioners.html).

<sup>6</sup> All releases are available at [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).