



# Monthly Benefits Update - Commentary

## September 2023

### Purpose

- 1 The purpose of this commentary is to highlight key points and insights from the Monthly Benefits Update for September 2023. It was published as part of our monthly reporting on the website of the Ministry of Social Development (MSD) on Monday, 30 October 2023.<sup>1</sup>

### Key points

- 2 The number of people receiving a main benefit rose by about 4,100 (up 1.2 percent) to around 362,100 in September 2023, in line with PREFU 2023 forecasts<sup>2</sup>. Since May 2023, the number of people receiving a main benefit has grown steadily, which may reflect subdued labour market conditions.
- 3 In September 2023, the increase in main benefit recipients was driven by Jobseeker Support – Work Ready, which rose by around 1,600 people (up 1.5 percent), and Jobseeker Support – Health Condition or Disability, which rose by around 1,400 people (up 1.9 percent).
- 4 The work exit rate from main benefits was 1.5 percent, the lowest that it has been in September since records began. This continues a similar trend of lower year-on-year work exit rates which began in June 2023.
- 5 The number of Special Needs Grants fell by about 8,700 (down 5.7 percent) from August to September 2023, mainly because September had fewer processing days than August.

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<sup>1</sup> For the full set of data and supporting information, please see: [Monthly Reporting - Ministry of Social Development \(msd.govt.nz\)](https://www.msd.govt.nz/updates/monthly-reporting).

<sup>2</sup> Benefits were forecast for five years at the Pre-election Economic and Fiscal Update (PREFU) on 12 September 2023. For more information, please see: [Benefit Forecasts for the Pre-election Economic and Fiscal Update 2023 - Ministry of Social Development \(msd.govt.nz\)](https://www.msd.govt.nz/updates/benefit-forecasts).

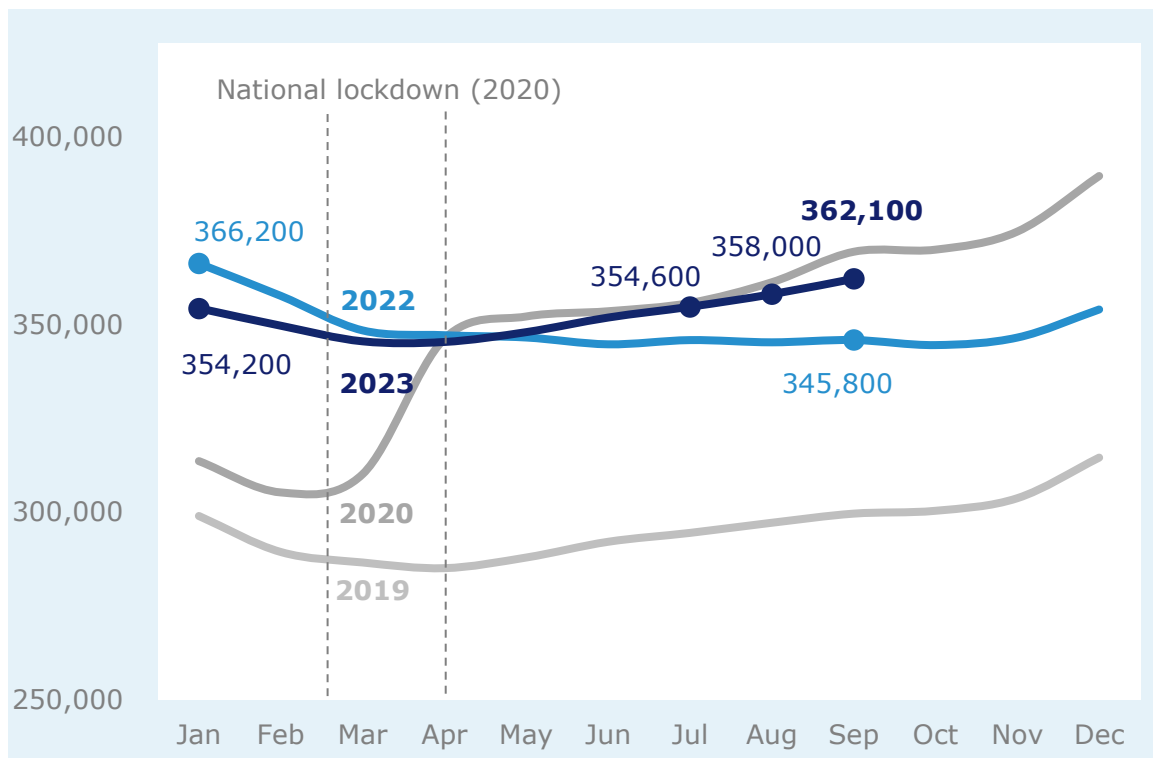


## Main benefits

### The number of people receiving a main benefit rose by about 4,100 (1.2 percent) to around 362,100

- 6 The rise in people on a main benefit continues the trend of steady growth in main benefit recipients since May 2023 (Figure 1). This growth is in line with our forecasts, which expect benefit numbers to rise in 2023 and throughout 2024.
- 7 The rise in benefit numbers has come mainly from Jobseeker Support (JS) and could be a result of low economic growth, especially where there may be less demand for labour or more competition for lower-skilled jobs.

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

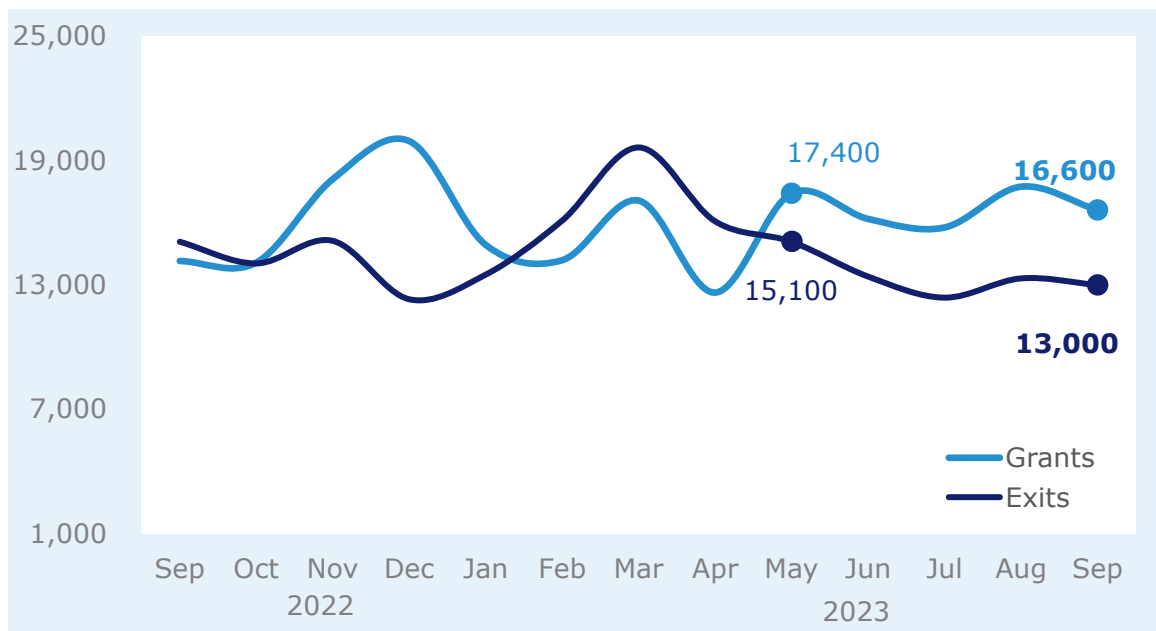


- 8 The increase in benefit numbers in September 2023 was largely driven by:
  - Jobseeker Support – Work Ready (JS – WR), which rose by around 1,600 (up 1.5 percent)
  - Jobseeker Support – Health Condition or Disability (JS – HCD), which rose by around 1,400 (up 1.9 percent).
- 9 The number of JS – WR recipients rose mainly because more people previously outside the benefit system started to receive JS – WR than left this benefit.

- 10 The rise in JS – HCD was made up of a nearly even split between people who came from outside the benefit system, and existing recipients moving from JS – WR onto JS – HCD to better reflect their circumstances.

## The gap between main benefit grants and exits has grown in recent months

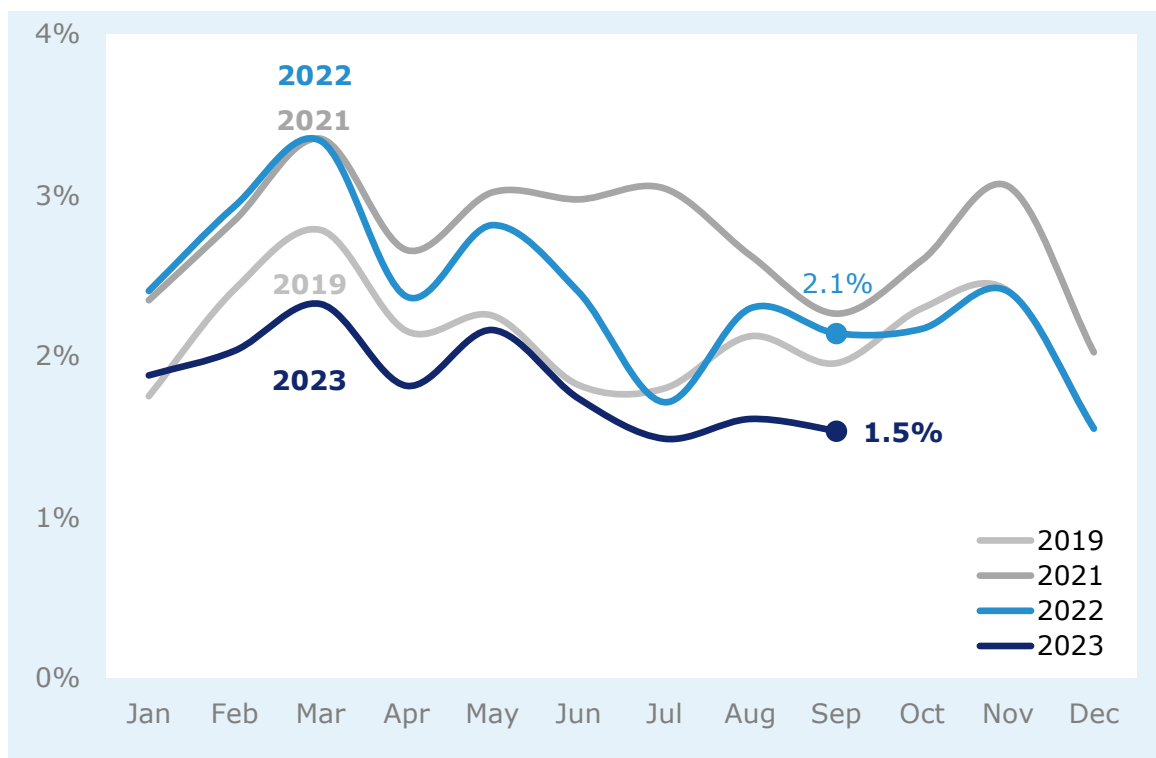
**Figure 2: Since May 2023, main benefit grants have outnumbered exits**



- 11 There were around 16,600 main benefit grants and around 13,000 exits in September 2023. While the number of exits was around average compared with recent years, the number of grants was the second highest in a September month in recent years.
- 12 Since May 2023, main benefits grants have outnumbered exits, and the gap between them has grown from about 2,300 in May 2023 to about 3,700 in September 2023.

## The work exit rate from main benefits was lower in September 2023 than in the same month in recent years

*Figure 3: The work exit rate from main benefits was historically low in September 2023*



- 13 At 1.5 percent, the work exit rate was the lowest that it had ever been in a September since records began. The work exit rate has been consistently low since June 2023.
- 14 There were around 5,500 work exits from main benefits in September 2023, around 200 fewer than the previous month. This follows usual trends as work exits from main benefits have fallen between August and September in most recent years. Even so, the number of work exits was the second lowest out of all September months in recent years.
- 15 High competition for lower-skilled jobs may explain the low work exit rate from main benefits, especially from Jobseeker Support – Work Ready (JS – WR). MBIE’s Jobs Online data shows that the labour market may be beginning to slow down.<sup>3</sup>

<sup>3</sup> For more information, please see: [Jobs Online | Ministry of Business, Innovation & Employment \(mbie.govt.nz\)](https://www.mbie.govt.nz)



## Hardship Assistance

### The number of Special Needs Grants (SNGs) fell in September 2023, mainly due to fewer processing days

- 16 There were around 143,800 SNGs in September 2023, which was a drop of about 8,700 (5.7 percent) from August 2023. This fall was largely because September had two fewer processing days than August.
- 17 SNGs for food made up 77.5 percent of all SNGs granted in September 2023, which follows normal trends. From August to September, SNGs for food fell by around 5,000 (4.3 percent) to about 111,400.

### Upcoming benefit system impacts

- 18 From 4 September, the Temporary Accommodation Assistance (TAA) (Severe Weather Events) was made available to homeowners who have been displaced because of yellow or red placard level damage to the property they usually occupy as a home.
- 19 The Winter Energy Payment ended on 1 October 2023 and will begin again on 1 May 2024. There is usually a temporary rise in demand for SNGs after the Winter Energy Payment<sup>4</sup> (WEP) ends while people adjust back to their regular weekly benefit income levels.
- 20 The COVID-19 Leave Support Scheme has ended. Applications closed on 10 October.<sup>5</sup>

### Recent and upcoming releases<sup>6</sup>

- 21 The Benefit Fact Sheets for the September 2023 quarter were published on 20 October 2023.
- 22 The Social Housing Register for the September 2023 quarter will be published on 3 November 2023.
- 23 The next Monthly Benefits Update and Monthly Housing Reporting, both for October 2023, will be published on 10 November 2023.
- 24 The StudyLink Statistics for the September 2023 quarter will be published on 23 November 2023.

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<sup>4</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 winter.

<sup>5</sup> For more information, please see: [COVID-19 Leave Support Scheme ending - Work and Income](#).

<sup>6</sup> All releases are available at [Statistics - Ministry of Social Development \(msd.govt.nz\)](#).