



# Monthly Benefits Update - Commentary

June 2024

## Purpose

The purpose of this commentary is to highlight key points and insights from the *Monthly Benefits Update* for June 2024. It was published as part of our monthly reporting on our Ministry of Social Development (MSD) website on Friday, 12 July 2024.<sup>1</sup>

## Key points

- 1 Around 380,900 people were receiving a main benefit in June 2024, an increase of about 4,800 people or 1.3 percent from the previous month, and an increase of about 10,600 people or 2.9 percent from the previous quarter. This rise was largely driven by Jobseeker Support.
- 2 There were around 196,400 people receiving Jobseeker Support, an increase of about 4,000 people or 2.1 percent from the previous month, and an increase of almost 8,500 people or 4.5 percent from the previous quarter. Two sub-benefits make up Jobseeker Support:
  - Jobseeker Support – Work Ready (JS – WR) rose by around 2,500 people or 2.2 percent from the previous month and rose by around 5,600 people or 5.2 percent from the previous quarter. The growth in JS – WR likely reflects a weaker economy. As well as this, jobs in some seasonal industries tend to become scarcer around winter.
  - Jobseeker Support – Health Condition or Disability (JS – HCD) rose by around 1,500 people or 1.9 percent and rose by around 2,800 people or 3.5 percent from the previous quarter. The growth in JS – HCD largely came from people moving from JS – WR to JS – HCD. For more information, read paragraph 14.

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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/).



- 3 A weaker economy has caused demand for labour to fall, making it harder for people to find and keep jobs. The rise in benefit recipient numbers reflects this. This year, the rate at which clients leave benefits to go into work has been lower than normal for winter.
- 4 The Matariki public holiday affected month-end benefit numbers for June 2024. Public holidays affect benefit trends because payments are processed earlier so that clients are paid on time the following week. This means that the number of benefit recipients in June might be lower than what we would usually see.

## Main benefits

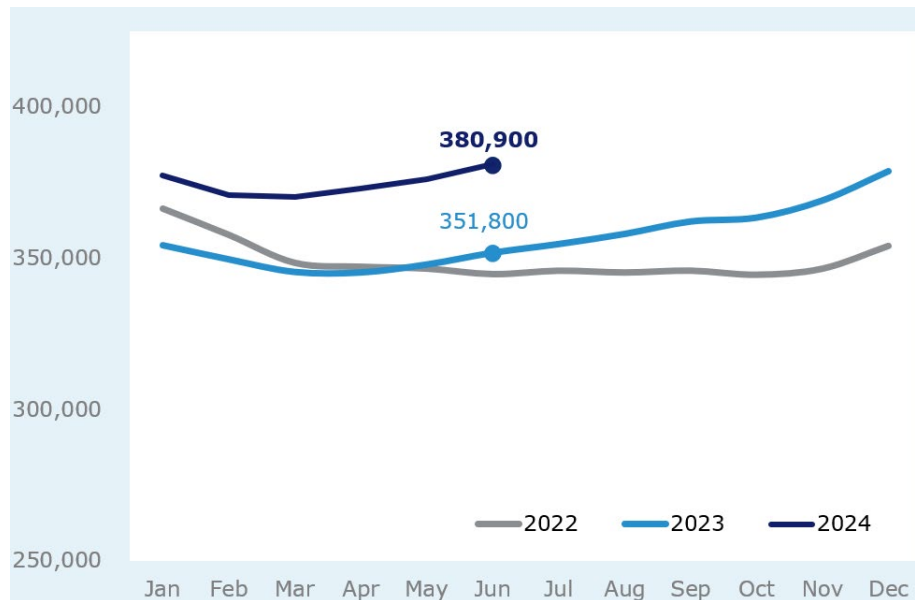
### The number of main benefit recipients rose in June

- 5 Around 380,900 people were receiving a main benefit in June. This was a rise of about 4,800 people or 1.3 percent from the previous month and a rise of about 10,600 people or 2.9 percent from the previous quarter (see Figure 1, overleaf).
- 6 This overall growth was largely caused by more people receiving Jobseeker Support (JS), which reflected a slowing economy. Rises in main benefit numbers are forecast to carry on until the start of 2025.<sup>2</sup>
- 7 Seasonal trends also drove the rise in main benefit numbers as jobs in some seasonal industries become scarcer in winter.
- 8 There were around 29,100 more people receiving a main benefit in June than one year earlier, which is a rise of 8.3 percent.

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<sup>2</sup> Our latest Budget Economic and Fiscal Update (BEFU) includes forecasts of selected main benefits. To read more, please go to [www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/befu/budget-economic-and-fiscal-update-2024.html](http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/befu/budget-economic-and-fiscal-update-2024.html). Please note that these working-age benefit forecasts differ from MSD's official reporting definition of main benefits. For example, forecasts exclude Jobseeker Support Student Hardship recipients.

**Figure 1: The number of people receiving a main benefit in June was higher than in recent years**



### **There were almost 2,500 (2.2 percent) more people on Jobseeker Support – Work Ready than in the previous month**

- 9 The number of Jobseeker Support – Work Ready (JS – WR) recipients has grown, reflecting a slowing economy which has made it harder for people to find and keep work. Recent indicators point to a weaker economy:
- In May 2024, electronic card spending in retail industries was 1.1 percent lower than in the previous month, a reliable sign that people are spending less.<sup>3</sup>
  - The Quarterly Survey of Business Opinion for the June 2024 quarter reported that businesses were feeling much more cautious about hiring and investment. Moreover, one in four firms cut staff numbers in the June quarter in the face of weak consumer demand.<sup>4</sup>

<sup>3</sup> For more information on electronic card transactions data for May 2024, please go to [www.stats.govt.nz/information-releases/electronic-card-transactions-may-2024](http://www.stats.govt.nz/information-releases/electronic-card-transactions-may-2024).

<sup>4</sup> For more information, please see [www.nzier.org.nz/publications/qsbo-shows-a-continued-deterioration-in-business-confidence](http://www.nzier.org.nz/publications/qsbo-shows-a-continued-deterioration-in-business-confidence).



- The number of job listings in May 2024 fell 5 percent from the previous month and was 30 percent lower than at the same time a year earlier.<sup>5</sup>
- 10 As in recent months, many people entered Jobseeker Support – Work Ready (JS – WR) from outside the benefit system, driving the rise in JS – WR numbers. In nearly every month over the past year, grants of JS – WR have outnumbered exits.
- 11 There were about 5,600 (5.2 percent) more people on Jobseeker Support – Work Ready than in the previous quarter.
- 12 Since June 2023, the number of JS – WR recipients has gone up by around 14,700 people or 14.8 percent. The upward trend in JS – WR was brought about largely by lower demand for labour, and it has been the largest cause behind the rise in overall main benefit numbers since 2023 (please see Figure 1).
- 13 In June 2024, the JS – WR work exit rate was 3.6 percent.<sup>6</sup> This was lower than usual for June, and it continues a trend of lower work exits since mid-2023. For context, the average JS – WR exit rate in June from 2014 to 2024 was 5.7 percent.

### **In June, about 1,500 (1.9 percent) more people were receiving Jobseeker Support – Health Condition or Disability than in the previous month**

- 14 The number of people receiving Jobseeker Support – Health Condition or Disability (JS – HCD) rose, largely because more people moved from JS – WR to JS – HCD. The ratio of people moving from JS – WR to JS – HCD has stayed the same, but higher numbers of JS – WR recipients have led to more transfers.
- 15 About 2,800 (3.5 percent) more people were receiving Jobseeker Support – Health Condition or Disability than in the previous quarter.
- 16 The Matariki public holiday also affected month-end JS – HCD numbers for June 2024. Public holidays usually make JS – HCD and SLP numbers lower

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<sup>5</sup> For more information, please see [www.seek.co.nz/about/news/employment-report-may-24](http://www.seek.co.nz/about/news/employment-report-may-24).

<sup>6</sup> We calculate the work exit rate by dividing the number of people who left main benefits and entered work in the relevant month by the number of people who were recorded as receiving main benefits as at the end of the previous month.



than they would otherwise be, while other benefit types are less affected. For more information, read paragraph 4.

### **In June, over 400 (0.4 percent) more people received Supported Living Payment than in the previous month**

- 17 Most of this rise came from people moving from JS – HCD to Supported Living Payment (SLP). There have been more people on JS – HCD overall, which has driven this increase.<sup>7</sup> People normally shift from JS – HCD to SLP if their health conditions become long-term.
- 18 As with JS – HCD, the number of SLP recipients was affected by the Matariki public holiday. For more information, read paragraphs 4 and 14.
- 19 Almost 1,100 (1.0 percent) more people received Supported Living Payment than in the previous quarter.

### **The number of people on Sole Parent Support has been rising since February**

- 20 The number of Sole Parent Support (SPS) recipients rose by over 100 people or 0.2 percent from the previous month. The largest driver of this was people coming onto SPS from outside the benefit system.
- 21 The number of Sole Parent Support (SPS) recipients rose by over 600 people or 0.8 percent from the previous quarter.
- 22 The May-to-June rise carries on the upward trend in SPS numbers that began around mid-2023. This has mainly been caused by fewer SPS clients leaving the benefit system.

## **Hardship Assistance**

### **Fewer Special Needs Grants were granted throughout June**

- 23 About 116,200 SNGs were granted, a fall of about 17,200 (12.9 percent) from the previous month. This fall was largely because there were five fewer working days in June than in the previous month.

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<sup>7</sup> Since more people are on JS – HCD, more people are undergoing assessments to verify how much their health conditions and disabilities limit their ability to work. With more medical assessments being undertaken, there are more people on JS – HCD who could be found to qualify for SLP instead, which is increasing the number of transfers from JS – HCD to SLP.



- 24 Special Needs Grants (SNGs) for food made up 77.4 percent of all SNGs in June. This is a normal proportion; in most months, between 70 and 80 percent of SNGs are for food.

## Recent and upcoming releases<sup>8</sup>

- 25 The June 2024 Monthly Housing Update was published on 12 July 2024.
- 26 The Benefit Fact Sheets for the June 2024 quarter will be published on 18 July 2024.

## Recent and upcoming changes to the benefit system

- 27 On 1 July, Housing Support Products (HSP) were extended to some situations and homes to which the Residential Tenancies Act 1986 (RTA) does not apply, such as boarding/flatting arrangements, cabins and relocatable homes.<sup>9</sup>

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<sup>8</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).

<sup>9</sup> For more information, please see [www.workandincome.govt.nz/map/income-support/extra-help/housing-support-products/index.html](http://www.workandincome.govt.nz/map/income-support/extra-help/housing-support-products/index.html).