



Monthly Benefits Update - Commentary

March 2024

Purpose

- 1 The purpose of this commentary is to highlight key points and insights from the *Monthly Benefits Update* for March 2024. It was published as part of our monthly reporting on the website of the Ministry of Social Development (MSD) on Friday, 12 April 2024.¹

Key points

- 2 Around 370,300 people were receiving a main benefit in March 2024, a decrease of about 580 (0.2 percent) from the previous month. We usually see a decrease in main benefit numbers around March. However, this year the decrease was smaller than usual.
- 3 The smaller-than-usual decrease was mainly due to most Jobseeker Support Student Hardship recipients exiting this benefit being accounted for in February, instead of March. For more information, see paragraph 8.
- 4 Jobseeker Support – Work Ready (JS – WR) drove the overall decrease in main benefit numbers, with a decrease of around 1,500 (1.4 percent). JS – WR usually decreases in March, however this year the decrease was smaller than usual. We have seen similar changes in previous periods of slower economic conditions.
- 5 Overall, the decrease in the number of people on a main benefit was partly offset by increases in Jobseeker Support – Health Condition or Disability and Supported Living Payment. The combined increase in these benefits was just over 1,200 people (1.4 percent).
- 6 We would typically see a decrease in the number of people on Sole Parent Support (SPS) in February and March each year. However, this did not happen in 2024 as the number of SPS clients remained relatively unchanged instead. This may reflect the currently slow economic conditions.

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

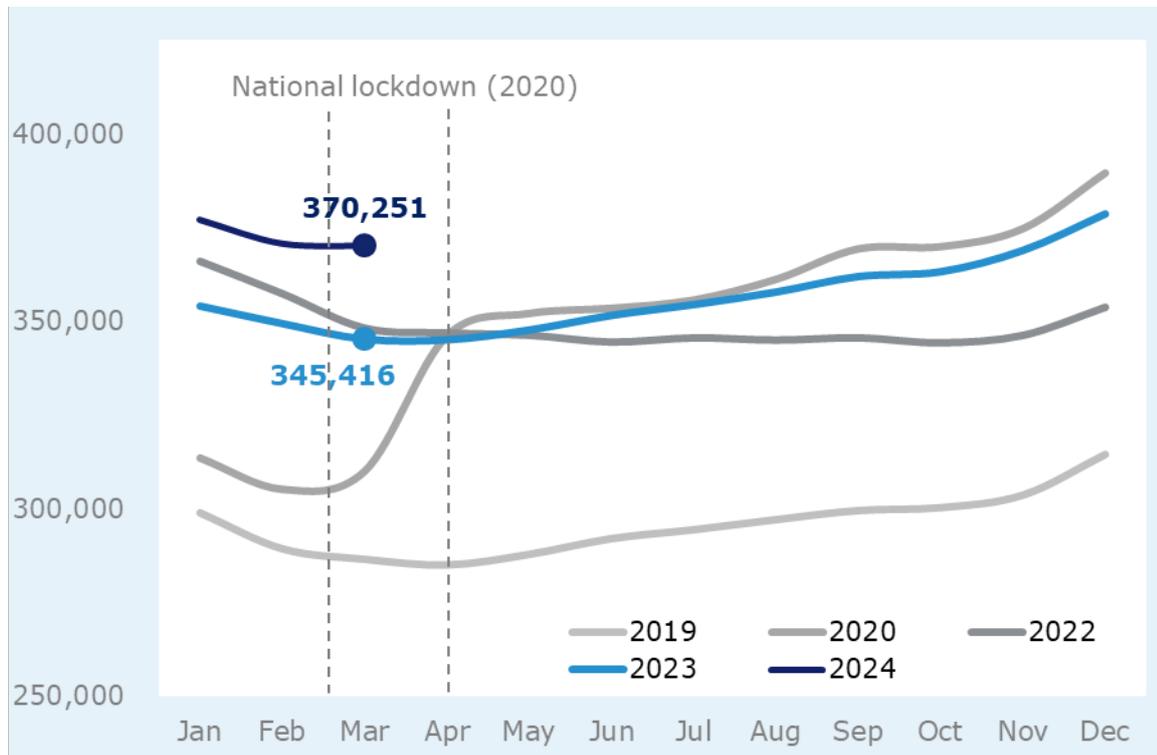
The number of people on a main benefit decreased in March, but by less than usual

- 7 In March 2024, there were around 370,300 people receiving a main benefit, a decrease of around 580 people, or 0.2 percent, from the previous month.
- 8 We usually see decreases in the number of people receiving a main benefit throughout February and March, driven by decreases in Jobseeker Support Student Hardship (JSSH), as students return to their studies after the summer break. The number of people on JSSH usually peaks by around 8,000 to 10,000 in January each year, before decreasing rapidly afterwards, particularly in March.
- 9 This year, the number of people receiving JSSH peaked at around 7,000, most of whom exited in February (around 6,200 people). Therefore, the overall fall in numbers in March was lower than it usually would be.²
- 10 In addition to most JSSH decreases being reported on earlier than usual, main benefit numbers in March were also affected by the Easter public holidays.³
- 11 Overall, the decrease in main benefits was partly offset by Jobseeker Support – Health Condition or Disability (JS – HCD) and Supported Living Payment (SLP). JS – HCD increased by around 870 (1.1 percent) and SLP by almost 350 (0.3 percent), a combined total of just over 1,200 people.
- 12 The number of people receiving SPS remained relatively similar to February. This is not in line with what is usually seen around March, when we would normally see a decrease. This was the second month in a row when an expected decrease did not occur, which could indicate that sole parents are finding it more difficult to find or remain in work.

² The number of people receiving JSSH usually decreases significantly in the first few days of March each year, which also happened in 2024. Normally, this means the decrease is reported on in the month of March. However, this year it was reported on in February instead, partly due to 2024 being a leap year.

³ Payments are processed earlier in weeks preceding a public holiday to ensure that clients are paid their benefits on time the following week. The impact of public holidays usually affects some main benefit types more than others, as occurred with March month-end numbers.

Figure 1: The number of people receiving a main benefit has been decreasing in 2024, though at a lower pace than in previous years

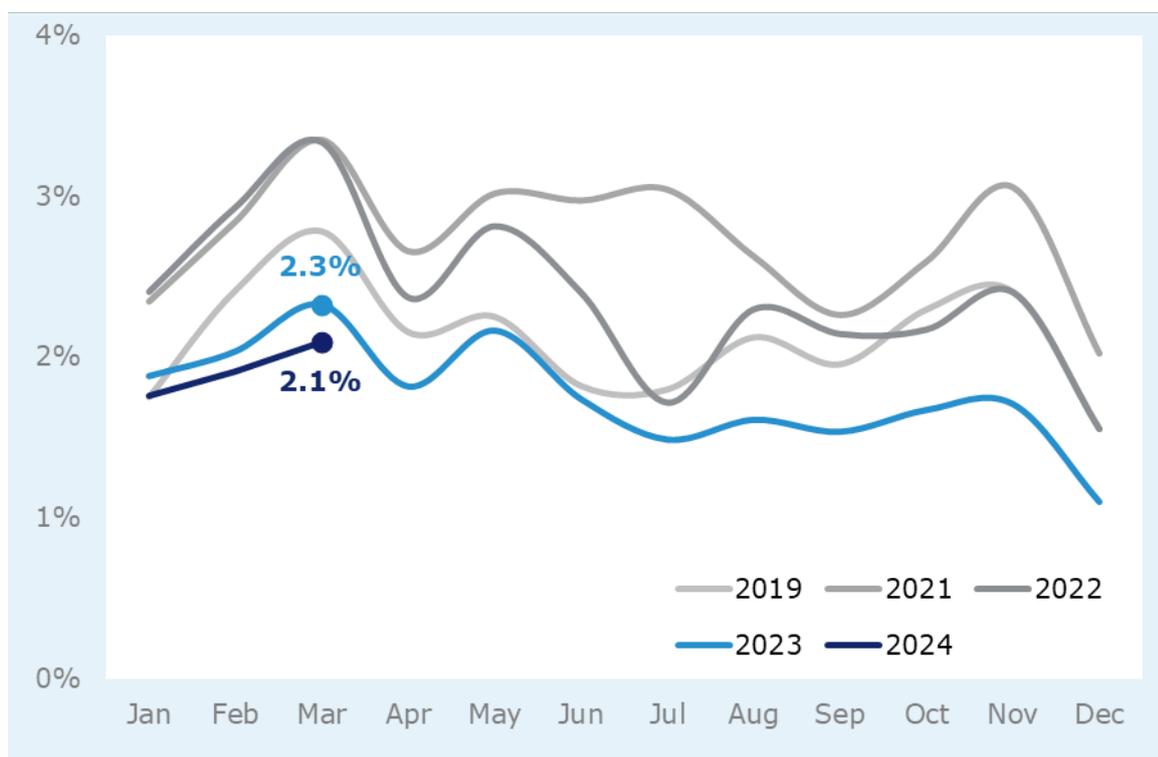


- 13 There is usually a decrease in main benefit numbers between the December and March quarters. However, this year it was smaller than usual.
- 14 For example, this year the number of people on a main benefit decreased by 8,500 (2.2 percent) between the December 2023 and March 2024 quarter. This is similar to the decrease in the March 2023 quarter, where numbers fell by 8,500 people (2.4 percent). In previous years we usually see a decrease of around 15,000 between December and March quarters.
- 15 The lower quarterly decrease is consistent with the increasing trend in main benefit numbers since mid-2023. Increases in benefit numbers likely reflect weaker economic conditions and labour market, which can make it more difficult for people to find and retain work.
- 16 The work exit rate for people on main benefits in March 2024 was 2.1 percent, which is lower than in previous years (see Figure 2). This means a lower proportion of clients are leaving the benefit system because they found work. This continues the trend of low work exit rates that began in mid-2023.



17 Currently New Zealand is experiencing slow economic growth, as seen in the Gross Domestic Product (GDP) growth figures for the December 2023 quarter where it fell by 0.1 percent from the previous quarter.⁴

Figure 2: The work exit rate shows that fewer people are leaving the benefit system for work, when compared to previous years.



Current JS – WR trends are similar to previous trends during times of subdued economic growth

18 Jobseeker Support – Work Ready (JS – WR) decreased by around 1,560 people, or 1.4 percent, from the previous month. We usually see a decrease in JS – WR in March. However, this year the decrease was smaller than usual.

⁴ For more information on gross domestic product (GDP) for the December 2023 quarter please see NZ Stats' latest update: [Gross domestic product: December 2023 quarter | Stats NZ](#)



- 19 We've seen similar changes in JS – WR during periods of subdued economic growth in previous years. Therefore, this smaller decrease most likely reflects slowing economic conditions and a weakening labour market, which may be making it more difficult for people to find and retain work.
- 20 Over the last 12 months, the number of people on JS – WR has increased by around 11,400 people, or 11.8 percent.

SPS remained relatively unchanged in March, unlike previous years

- 21 We usually see a decrease in the number of people on Sole Parent Support (SPS) around February and March each year. However, this did not occur in 2024 as the number of SPS recipients remained relatively unchanged in March, and had increased slightly in February.
- 22 There are fewer people leaving SPS than usual for this time of year. This trend may reflect slowing economic conditions and a weakening labour market.

The decrease in main benefits was offset by an increase in JS – HCD and SLP

- 23 Jobseeker Support – Health Condition or Disability (JS – HCD) increased by almost 870 people (1.1 percent) from the previous month, while SLP increased by 340 people (0.3 percent).
- 24 Compared to this time last year, the number of people receiving JS – HCD has increased by around 8,100 people, or 11.3 percent.

Hardship Assistance

The number of Special Needs Grants (SNGs) increased in March

- 25 The number of Special Needs Grants (SNGs) increased by around 1,010 (0.8 percent) in March 2024 from the previous month.
- 26 The number of working days within a month can affect the number of SNGs granted. Due to the number of SNG applications that are processed within a day, months with more working days tend to see more SNGs granted.
- 27 SNGs for food made up 77.5 percent of all SNGs in March. This is a normal proportion; in most months, between 70 and 80 percent of SNGs are for food.
- 28 Compared to February, SNGs for food increased by around 1,390 grants, or 1.4 percent, to about 104,340 grants.



Upcoming benefit system impacts

29 On 1 April, main benefit payment rates increased in line with The Annual General Adjustment (AGA). This is a yearly increase to most of MSD's financial support to keep up with increases in the net average wage, or the cost of goods and services (CPI).⁵

Upcoming releases⁶

30 The March Monthly Housing Update will be published on 12 April 2024.

⁵ For more information on changes to benefit rates from 1 April 2024, please see: [Changes to benefit rates from 1 April 2024 - Work and Income](#)

⁶ All releases are available at www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/index.html