

What happened to people who left the benefit system in 2015/16

What happened to people who exited a benefit in 2015/16 has not materially changed since 2010/11



Just over half of all people who exited in 2015/16 remained off benefit for the next 18 months



1 in 3 people who exited to employment in 2015/16, stayed in employment for the next 18 months, and had good earning progression

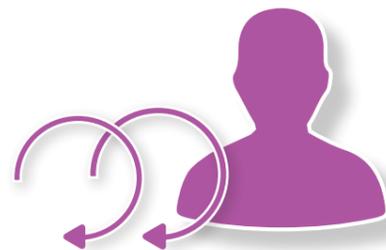


Almost 1 in 2 people who exited to education or training in 2015/16 remained off benefit for the next 18 months

We undertook a deeper analysis of people exiting a benefit in 2015/16



1 in 4 people who exit to employment went into a seasonal industry; these people were less likely to sustain employment for 18 months after exit



People who accessed a mental health and addiction service were less likely to come off a benefit, and were more likely to return to a benefit after exit



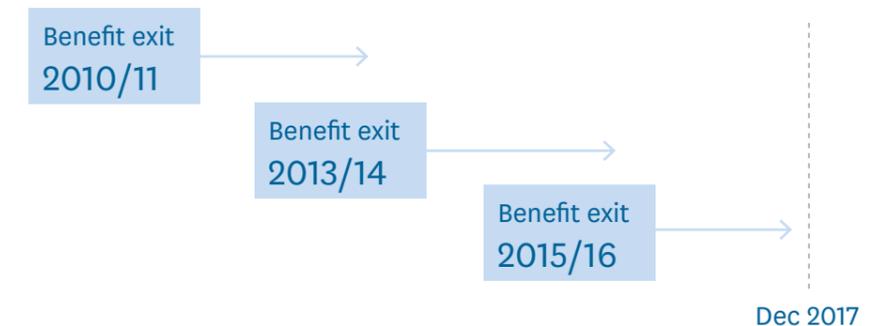
Education or training course type affects the likelihood of returning to a benefit within 18 months eg between 29% and 62% for tertiary education courses

What we did

We have investigated the progression of three cohorts. We looked at people who stopped receiving a main benefit in 2015/16 and compared them to those who left in 2013/14 and 2010/11, who were receiving a benefit in the month previous to exiting and were off benefit for at least a full calendar month.

We looked at selected outcomes over 18 months following exit :

- reasons for exit
- earnings following exit into employment
- sustainability of exit from benefit and how long they stayed in employment.



Future steps

We will continue to deepen and widen the scope of our knowledge of people's outcomes after they exit a benefit.

We will investigate further what causes different outcomes for different people. Wider outcomes will be looked at as part of social wellbeing modelling.

Where appropriate, this work will inform understanding of how to respond to the employment outcomes measures in Recommendation 5 of the Welfare Expert Advisory Group report.

Definitions

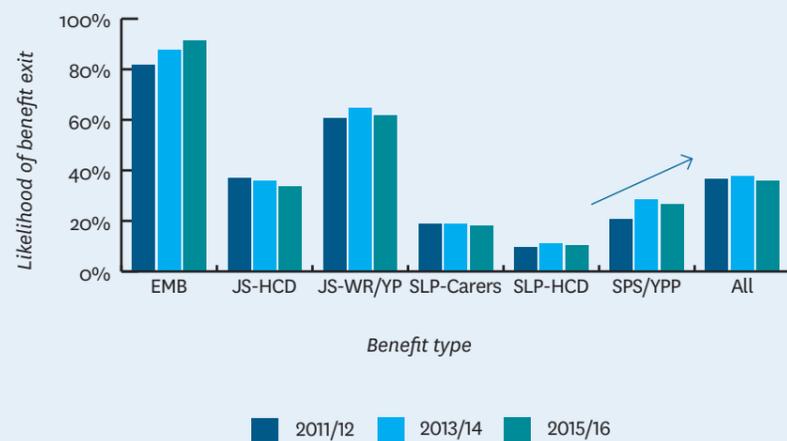
In looking at incomes, we assumed \$1,260 per month to approximate 20 hours per week at minimum wage – 20 hours is minimum for sole parent to get In-Work Tax Credit.

Sustained employment means a person remained off benefit for 18 months and they maintained earnings higher than 20 hours per week at minimum wage.



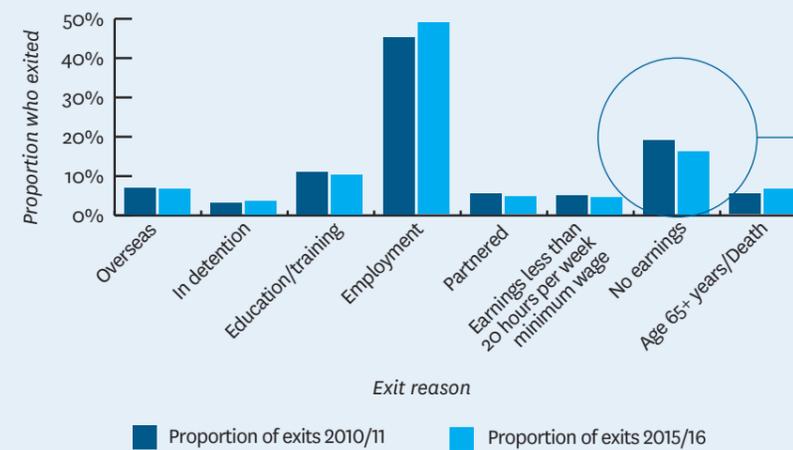
Just over half of all people who left benefit in 2015/16 remained off benefit for all 18 months. This hasn't changed materially since 2010/11 but a higher proportion are now going to employment.

Likelihood of exit from benefit by benefit type at exit



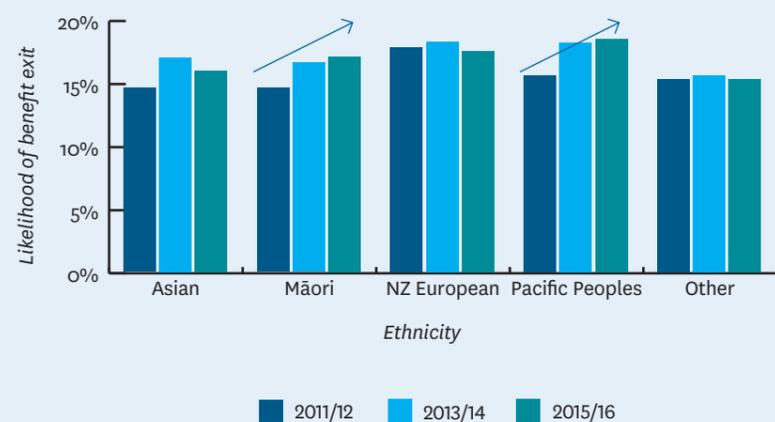
The likelihood of exiting increased for Sole Parent Support clients (SPS/YPP) after the 2012/13 welfare reform.

Proportion of exits by reason



These people could not be identified in the IDI, but around half were identified using MSD reason for exit data.

Likelihood of exit from benefit by ethnicity



The likelihood of Māori and Pacific people exiting increased between 2010/11 and 2015/16.

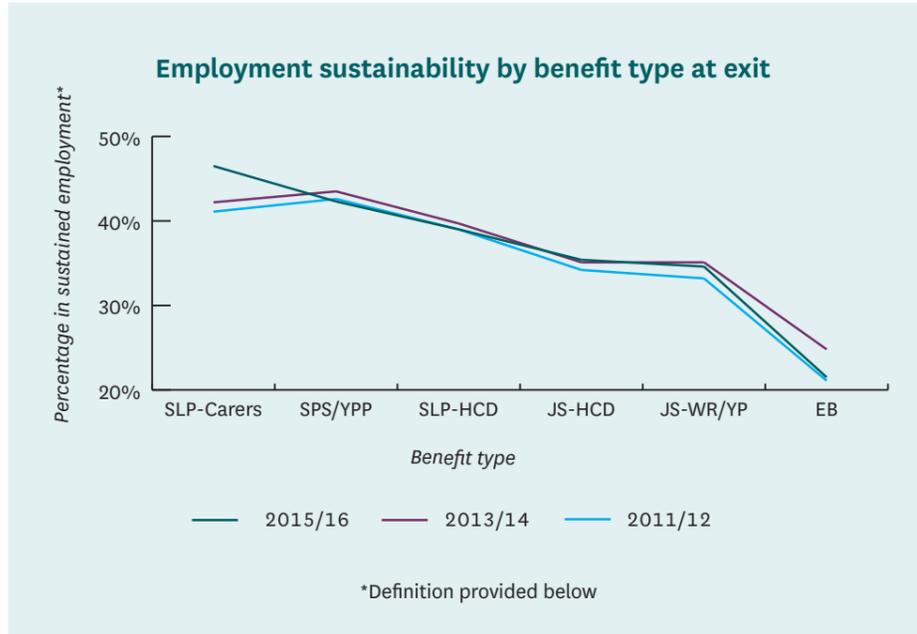
The increases in Sole Parent Support exits impact Māori and Pacific People more because more of them receive this benefit.

Fewer people exited benefits in 2015/16 than did in 2010/11 as the size of the benefit population has decreased.

The sustainability of exits from main benefits (for at least 18 months) hasn't changed over time. Māori continue to have much lower sustainability of exits than other ethnicities, despite exiting at similar rates.

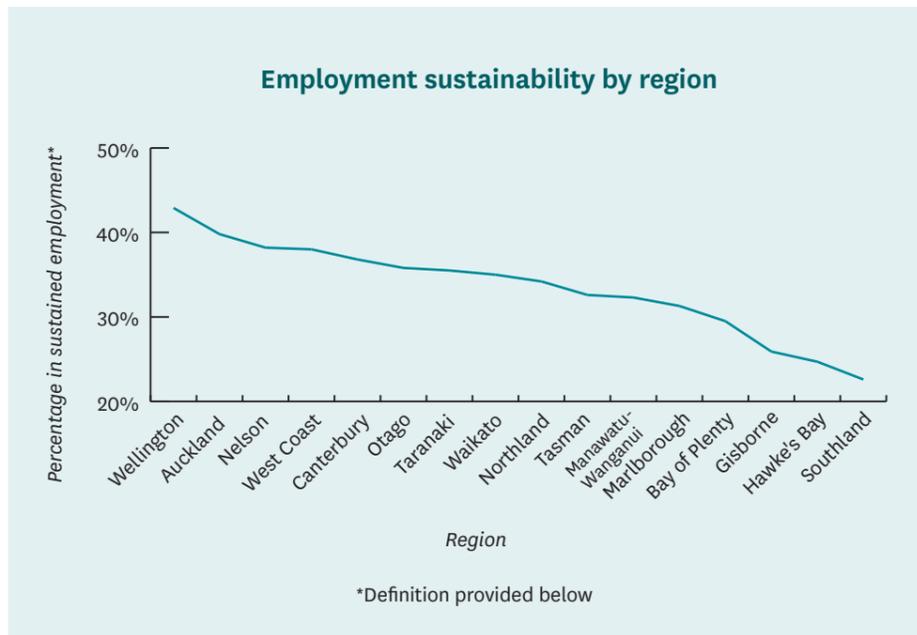


Close to one third of people who left a benefit for employment in 2015/16 remained employed for all 18 months. This hasn't changed materially since 2010/11.



Most people exited from a benefit to employment were on a Jobseeker Work Ready benefit (JS-WR). However, people who exited having been on JS-WR benefit, were less likely to remain in employment than people exiting from other main benefit categories.

The likelihood of Māori exiting to employment has also increased since 2010/11. However, the proportion of Māori who remained employed over 18 months after leaving benefit remains lower than for other ethnicities.

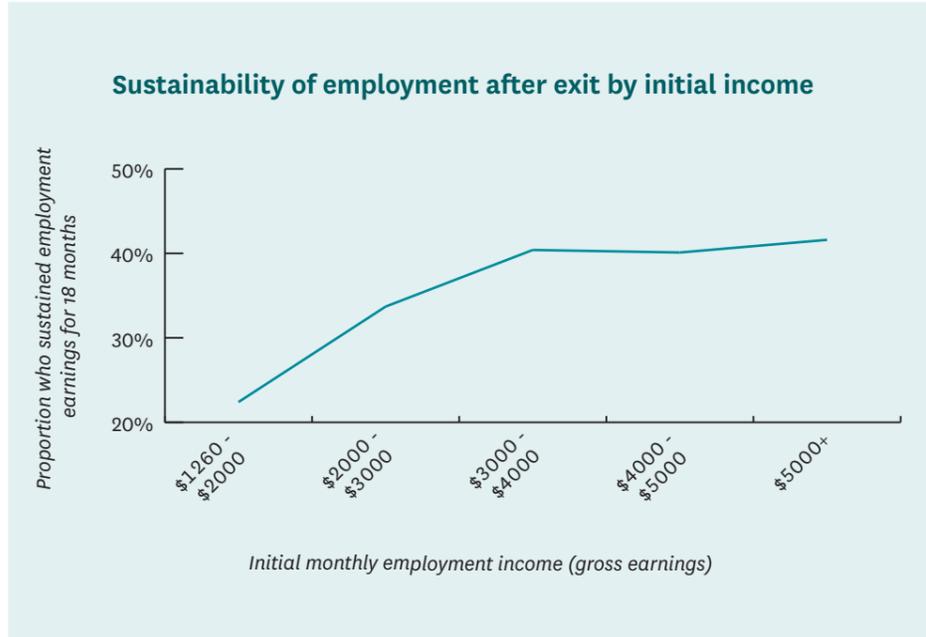


The proportion of people who remain employed over 18 months after exiting a benefit varies considerably across regions. Māori make up more of the exits in regions with low sustainability of employment and more seasonal employment.

Sustained employment means a person remained off benefit for 18 months and they maintained earnings of at least 20 hours per week at minimum wage.

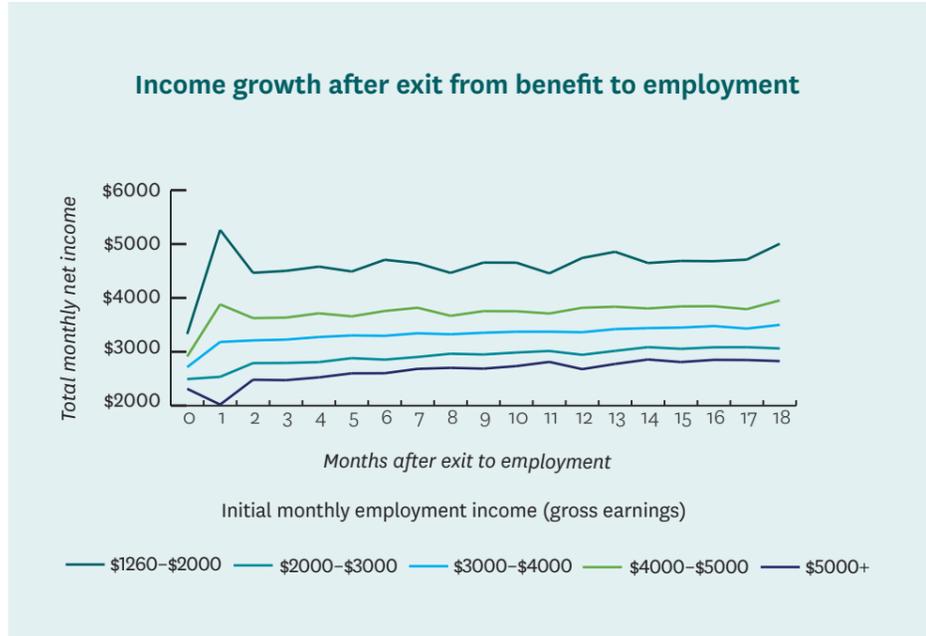
Supporting people into employment: MSD secured funding in Budget 2019 for 170 FTE in 2019/20 to increase the number of clients receiving employment focused services, increasing to 263 by 2020/21. Through the Operational Excellence change programme MSD will deliver an additional 18,000 employment related engagements with clients per month.

Of the people who exited a benefit to employment and initially earned more than \$3,000 per month, 40% remained employed for 18 months



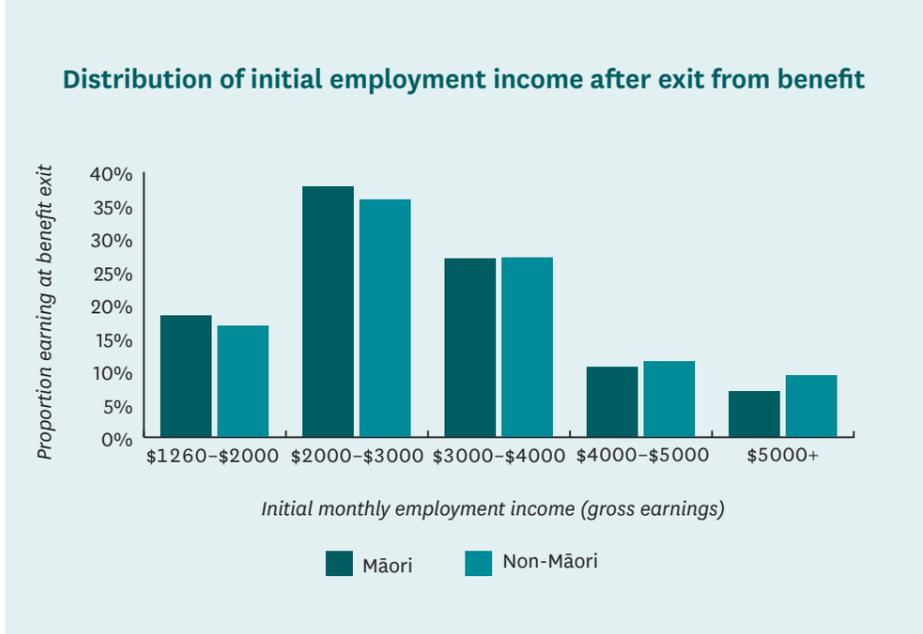
The probability of remaining in employment for all 18 months increases as initial employment income increases.

People who remain employed for 18 months had good earnings progression

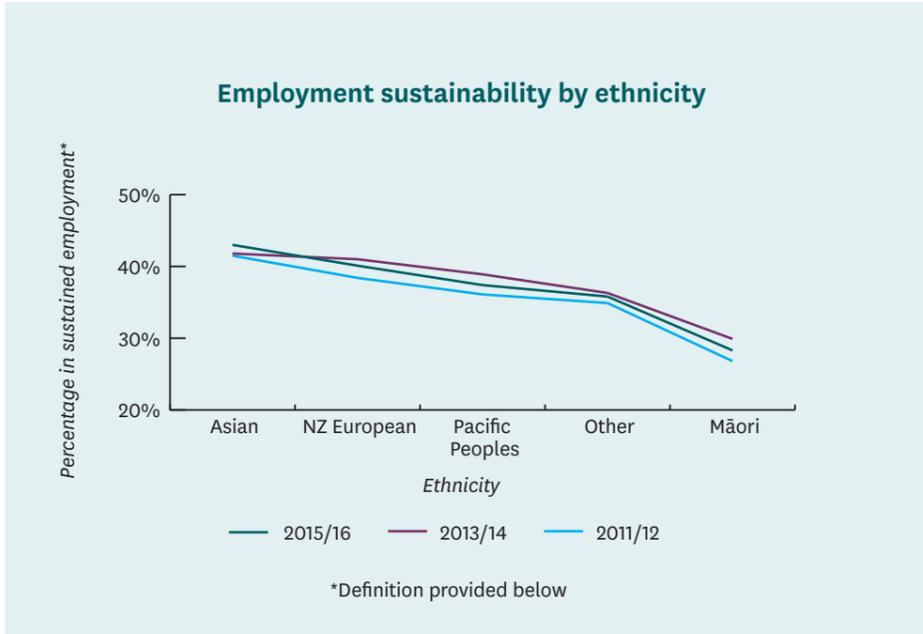


For initial incomes of \$1260 to \$2000, incomes grow by 14% between month two and month 18 after exit. For higher initial incomes the rate of income growth is around 9% to 12%.

While Māori who leave benefit to employment have similar initial earnings to other New Zealanders, and Māori who remain employed for 18 months have good earnings progression, employment sustainability is not as high as non-Maori



Initial employment incomes after exit are similar for Māori to non-Māori. For those who sustain their employment, Māori total incomes after exiting also grow at a similar rate to non-Māori. Again they grow quickest for lower initial incomes.

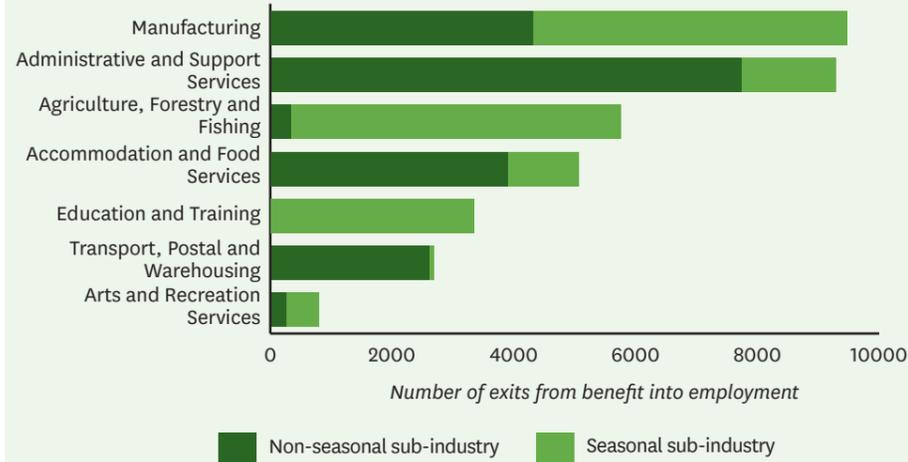


28% of Māori remain in employment after 18 months, compared to 40% for non-Māori. This is partially due to Māori making up more of the exits in regions with more seasonal employment and lower sustainability of employment.



Around a quarter of people who leave to employment go to a seasonal industry

**Exits from benefit to employment by industry
(limited to those industries with a seasonal component)**

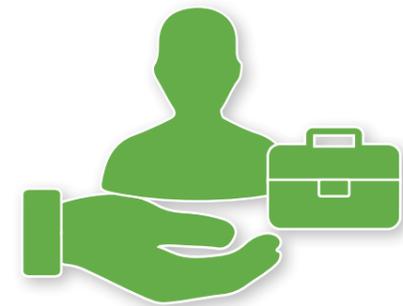


Industries have a number of sub-industries. Some sub-industries have a seasonal pattern with regular repeating patterns of peaks and troughs in employment numbers, and some do not.

Note: the Education and Training industry showed a seasonal pattern; we believe this is due to fixed term contracts being more likely to start at the beginning of the year and end before the summer holiday.

We can now see that many of the industries with low employment sustainability do contain seasonal sub-industries.

Given the nature of the work, people who exit to seasonal industries are less likely to be in employment at any given time.



64,000 people left a benefit to employment in 2015/16

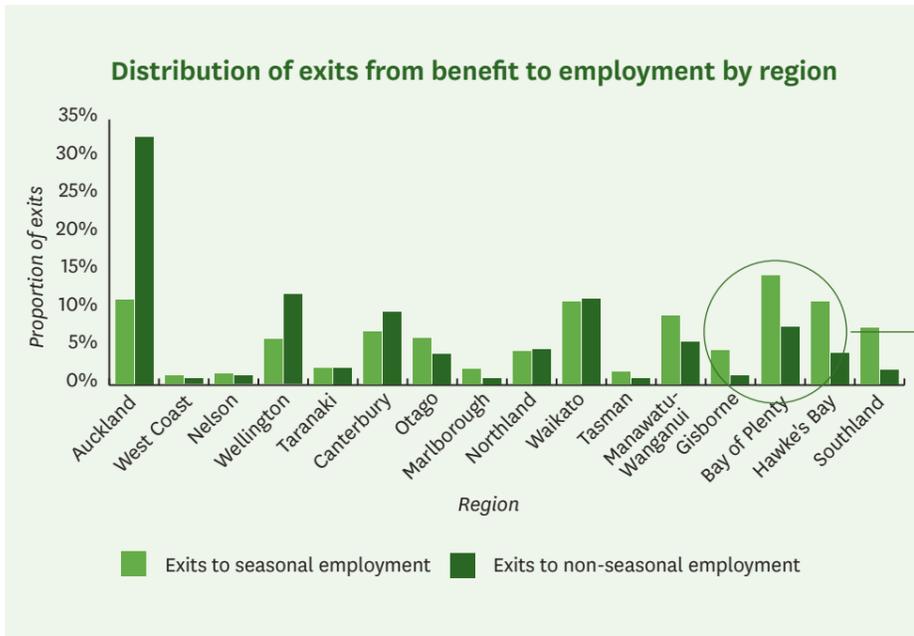


27% of people exited to work in a seasonal sub-industry

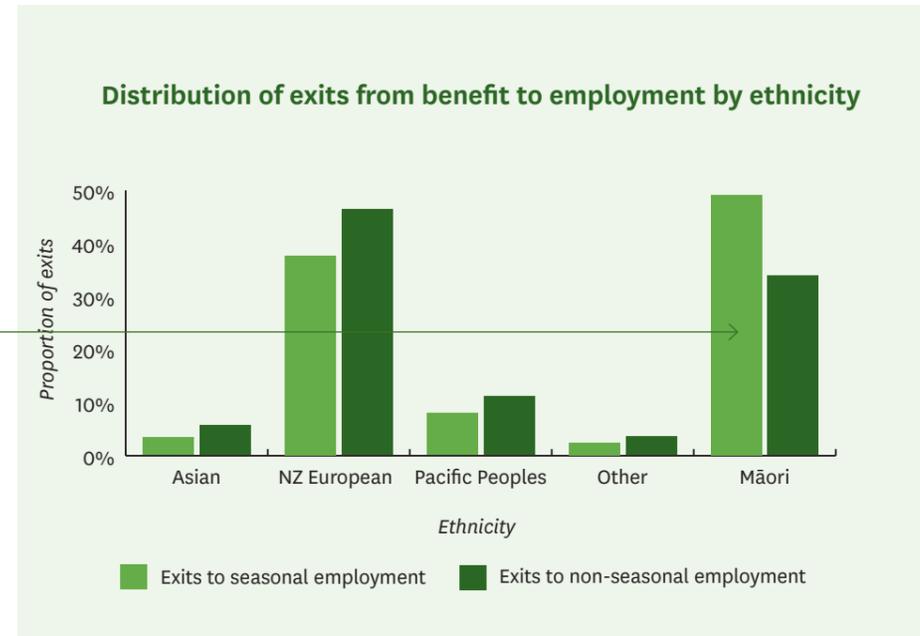
Proportion of people employed each month after exiting from benefit to employment



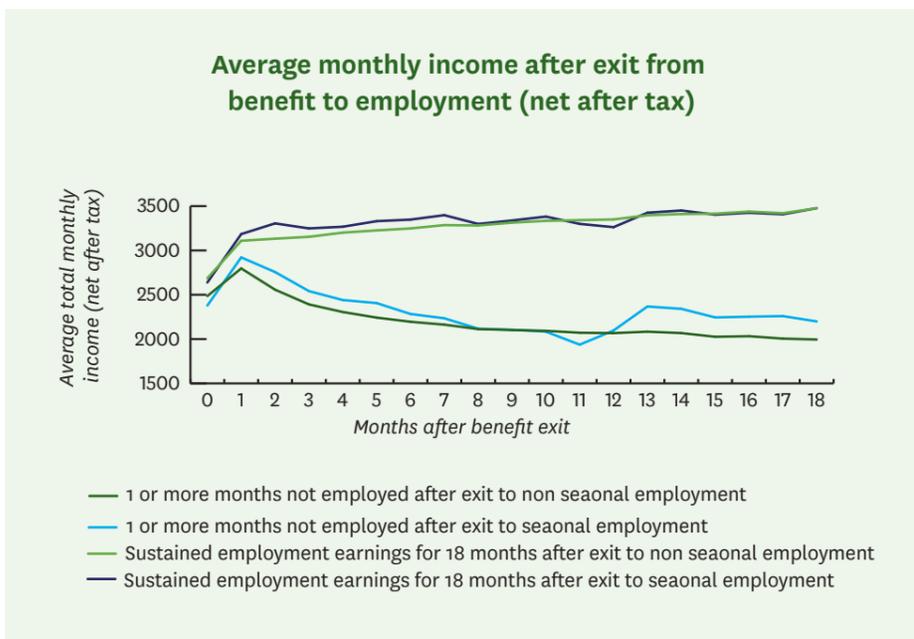
Fewer people who exited into seasonal employment are in employment at each month, compared to exits to non-seasonal employment. The proportion of people employed jumps up at around 12 months after exit. This suggests the start of a new season.



Some regions have higher rates of people leaving benefit for employment in seasonal sub-industries eg Bay of Plenty, Gisborne and Hawke's Bay.



Māori clients are much more likely to exit to seasonal work than other ethnicities. This is at least partly because Māori make up more than half of all exits to employment in regions with high levels of seasonal work.



Clients who exit to seasonal employment have, on average, slightly higher incomes after exit than those who exit to non-seasonal work, although the difference reduces over time.

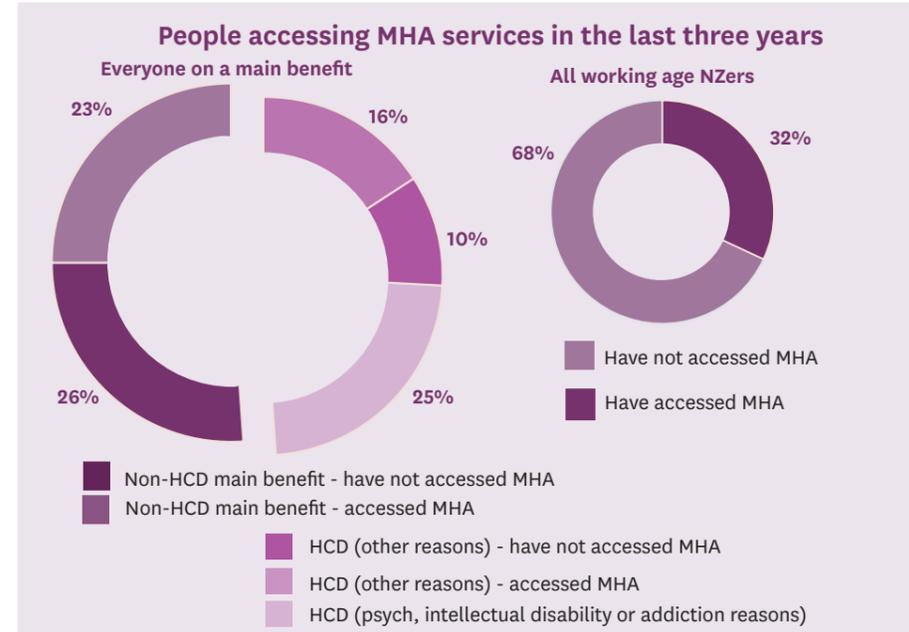
Clients who cycle on and off benefit exit are more likely to exit to seasonal work, although seasonal work is not the only factor leading to cycling on and off benefit.



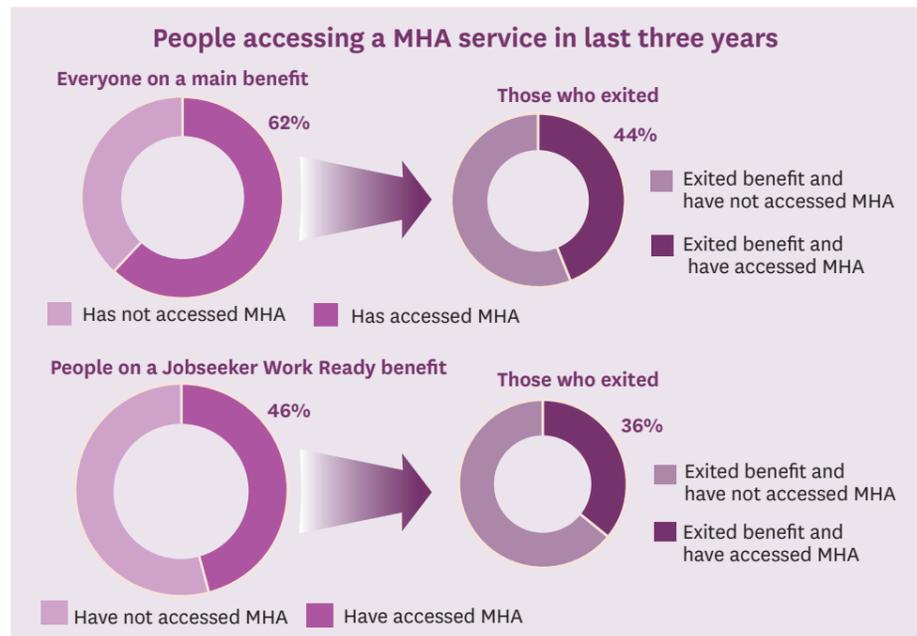
People who have accessed a Mental Health and Addiction (MHA) service within three years are less likely to exit benefit and less likely to stay off benefit

We've used wider government data to understand how prevalent access to mental health and addictions (MHA) services is. We included people who have:

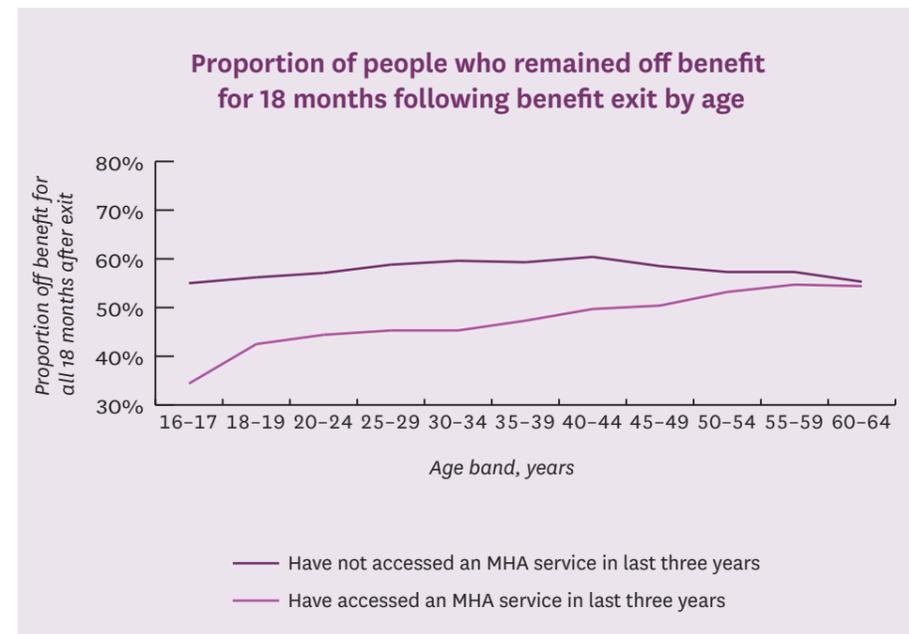
- accessed specialist mental health or addiction services
- were discharged from hospital with a mental health diagnosis recorded
- dispensed pharmaceuticals deemed to be for mental health conditions or addiction-related
- had a mental health condition, intellectual disability, or addictions reason coded as their main reason for reduced capacity to work on their medical certificate for benefit support.



Access to MHA services is much more prevalent among people receiving main benefits than the general population.



People who have accessed an MHA service are less likely to exit benefit. For example, 46% of people on JS-WR have accessed a MHA service. However, among those that exit a JS-WR benefit, only 36% had accessed a MHA service.



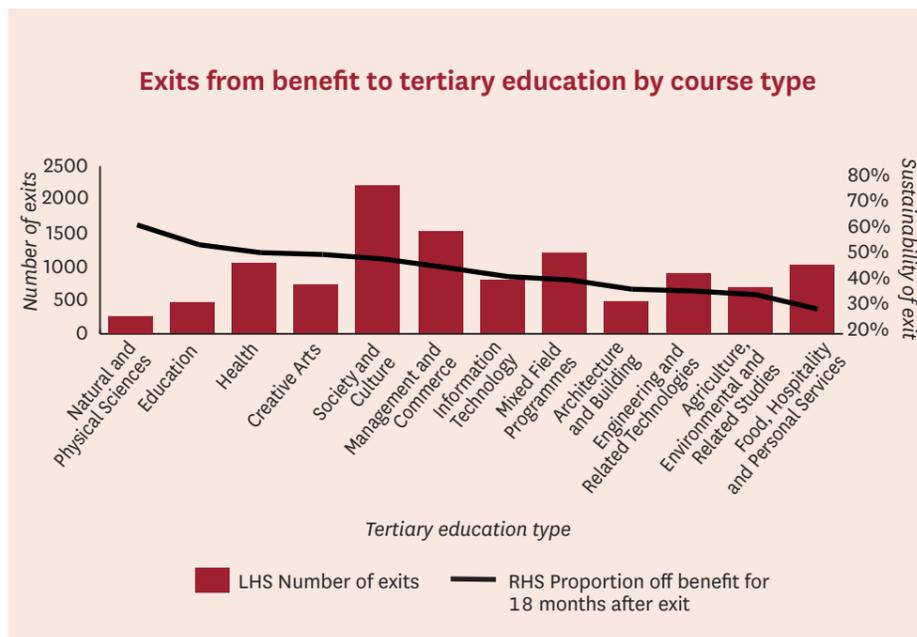
People who access an MHA service are less likely to remain off benefit after exit. Around **47%** of people who accessed an MHA service in the last three years remained off benefit continuously for 18 months, compared to **58%** of those who didn't access an MHA service. Younger people who've accessed an MHA service have much lower sustainability of exits than those who have not; the gap closes as age increases.



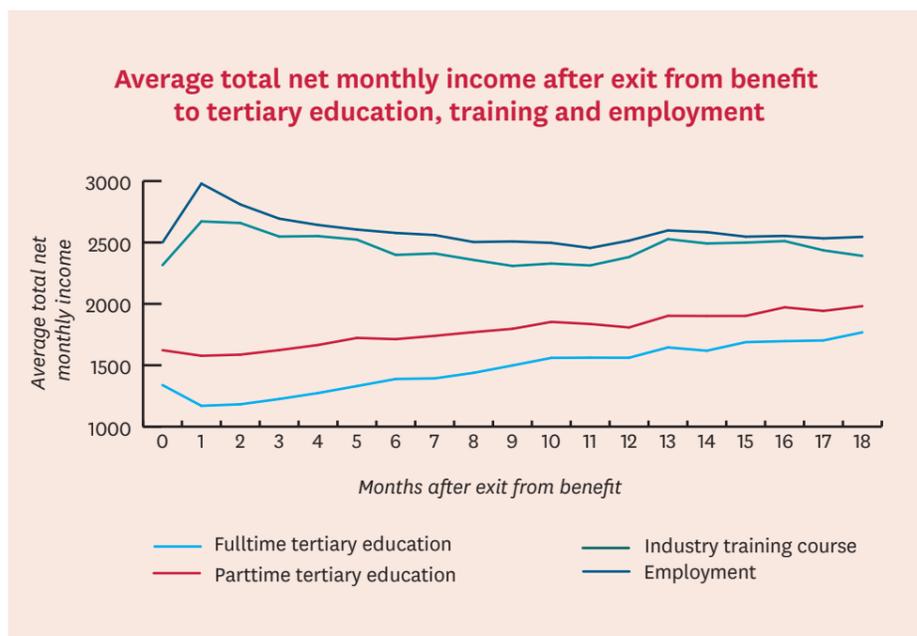
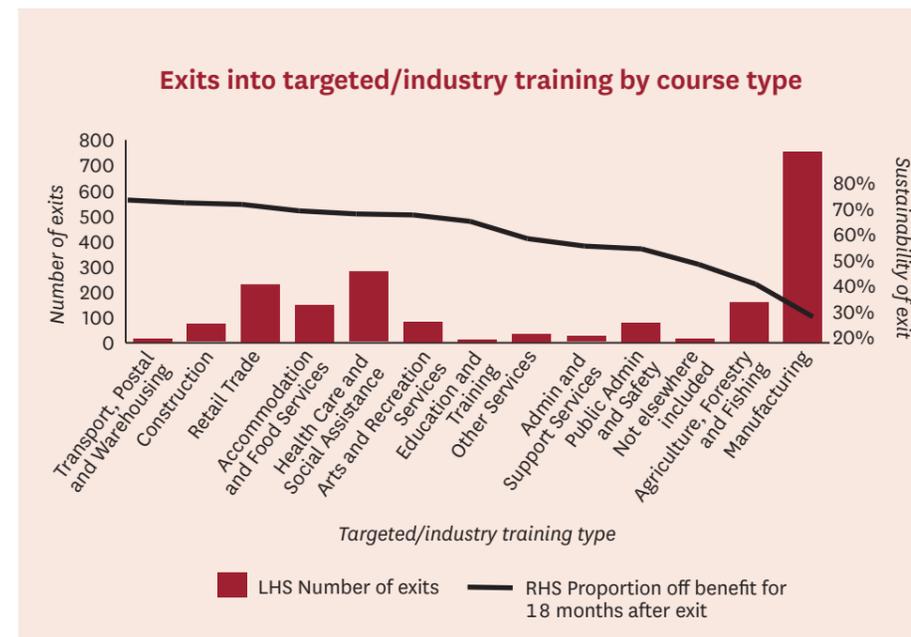
Supporting people who access Mental Health and Addiction services: MSD secured funding in Budget 2019 to continue and build on the cross agency Oranga Mahi trials. This funding will continue to support people with mental health needs to find and stay in employment and with their wider wellbeing, as well as explore opportunities to partner with health organisations to support people to remain in employment.



Just under half of people who leave a benefit for industry training or tertiary education remain off benefit for 18 months. This hasn't changed materially since 2010/11.



People who exit some types of tertiary education or industry training are much more likely to remain off benefit. For example, 62% of those who exit to Natural and Physical Science remain off benefit for 18 months compared to 29% of those who exit to Food, Hospitality and Personal Services.



Income is highest for people who exit to training courses, and lowest for those who exit to full time study. This higher level of income is because industry training courses are linked to paid apprenticeships or other entry level employment.

We plan to expand this analysis to look at outcomes over the 36 to 48 months after exit to training and education. We expect this will show a clearer picture around how further study impacts people over the longer term.

Supporting education and training: Mana in Mahi is a work programme designed to provide employment and an industry training qualification pathway to young people (18-24) on a benefit. Participants receive in-work support and incentives to encourage them enter industry training and stay in work. MSD secured additional funding in Budget 2019 to extend the places available for participants, from 150 to almost 2,000 places by 2023.

Disclaimer

The results in this presentation pack are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI), managed by Statistics New Zealand.

The opinions, findings, recommendations and conclusions expressed in this presentation pack and during the verbal presentation thereof are those of the author, not Statistics New Zealand or the Ministry of Social Development, or the Accident Compensation Corporation.

Access to the anonymised data used in this study was provided by Statistics New Zealand under the security and confidentiality provisions of the Statistics Act 1975. Only people authorised by the Statistics Act 1975 are allowed to see data about a particular person, household, business or organisation, and the results in this report have been confidentialised to protect these groups from identification and to keep their data safe.

Careful consideration has been given to the privacy, security and confidentiality issues associated with using administrative and survey data in the IDI. Further detail can be found in the privacy impact assessment for the Integrated Data Infrastructure available from www.stats.govt.nz.

The results are based in part on tax data supplied by Inland Revenue to Statistics New Zealand under the Tax Administration Act 1994. This tax data must be used only for statistical purposes, and no individual information may be published or disclosed in any other form, or provided to Inland Revenue for administrative or regulatory purposes.

Any person who has had access to the unit record data has certified that they have been shown, have read, and have understood section 81 of the Tax Administration Act 1994, which relates to secrecy. Any discussion of data limitations or weaknesses is in the context of using the IDI for statistical purposes, and is not related to the data's ability to support Inland Revenue's core operational requirements.

Glossary

Jobseeker Support — Work Ready (JS-WR)	Not in, but available for, full-time employment (formerly Unemployment Benefit or Domestic Purposes Benefit with youngest child aged 14 years or older).
Jobseeker Support — Health Conditions & Disabilities (JS-HCD)	Jobseeker Support beneficiaries having deferred or reduced work obligations due to a health condition or disability (formerly Sickness Benefit).
Emergency Benefit (EB)	Not eligible for another benefit and in hardship.
Sole Parent Support & Emergency Maintenance Allowance (SPS)	Sole parent with youngest child aged under 14 years (formerly Domestic Purposes Benefit with youngest child aged 13 years or younger).
Supported Living Payment — Carer (SLP-Carers)	Payment paid to the carers (excluding partners) that look after those who require full time care and attention (formerly DPB — Caregivers of the Sick and Infirm).
Supported Living Payment — Health Conditions & Disabilities (SLP-HCD)	Permanently and severely restricted in capacity to work due to health condition or disability (formerly Invalids Benefit).
Youth Payment (YP) ¹	Unsupported youth aged 16–17 years (formerly independent youth benefit or Unemployment Benefit for those aged 18 years).
Young Parent Payment (YPP) ²	Young parents aged 16–19 years (formerly Domestic Purposes Benefit or Emergency Maintenance Allowance beneficiaries aged 16–19 years with youngest child aged 13 years or younger – also includes 16-19-year olds parents who may have been receiving other types of benefit).

¹ Note that YP and YPP clients have education, training and work-based learning obligations rather than employment obligations.

² Note that beneficiary records of those who receive Jobseeker Support — Student Hardship (JSSH), New Zealand Super (NZS), or Veteran's Payments (VP) at any point have been excluded from the scope of the analyses. These are excluded as they are temporary support between planned periods of study (JSSH) or are permanent payments (NZS and VP). This means that the movement for those who have exited from or returned to these benefits will not be captured in this report.