What happened to people who left the benefit system
during the year ended 30 June 2014
5. Exits from benefit into education or training

5.1 Summary

5.2 What people who exit benefit into education or training look like

5.3 Activities over time for education and training triggers

5.4 How long people who transition off benefit to education or training remain off benefit

6. Clients with mental health conditions

6.1 Summary

6.2 Profiles

6.3 Off-benefit and substantial earnings sustainability

7. Sole Parent Support clients

7.1 Summary

7.2 Profiles

7.3 Off-benefit sustainability

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8.1 Summary

8.2 Definition

8.3 What people with multiple benefit spells look like

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Appendix 1: Data and method

1.1 Data sources used

1.2 Calendar months as the base unit of analysis

1.3 Definitions

1.3.1 Exits

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1.3.2.2 Effect of changing priority for assigning to education and employment triggers

1.3.3 Activities

1.4 Impact of data refresh on 2010–2011 results

1.5 Impact of changes to trigger on 2010–2011 results

Appendix 2: Glossary
1. Executive summary

We looked at what happened to a group of 133,000 people who stopped receiving a benefit during the year ended 30 June 2014.

This was a subset of those people who exited benefits in that period. We looked at those who had received a benefit in each of the three months before exit and who stayed off benefit for at least one full calendar month. This repeats an investigation on a similar group of people who left benefit during the year ended 30 June 2011.

The proportion of people who left a benefit to go into employment with substantial earnings increased by approximately 2.5 percent compared to the 2010–2011 pre–Welfare Reform cohort of people.

The increased rate of movements into employment occurred from the Emergency, Jobseeker Support — Work Ready, and Sole Parent Support benefits. At least some of this increase is due to slightly improved economic conditions (lower unemployment).

There was a significant increase in the rate of sole parents moving from the benefit into work over and above the likely effect from economic conditions. This is consistent with the welfare reform changes to work obligations for some sole parents introduced from 15 October 2012 and the increased case management support provided post-1 July 2013.

The proportion of people who remain off benefit for 18 months has increased for those who exited from a Sole Parent Support benefit into employment, but has not changed materially for other benefit types.

The likelihood of a sole parent remaining off-benefit for at least 18 months has increased by three percent. Sixty-six percent of the 2013–2014 sole parents who exited into employment remained off benefit for the 18-month observation period, compared to 63 percent of the 2010–2011 cohort.

The rate of return to benefit for those who leave to enter tertiary study is relatively high, with 57 percent returning to benefit within 18 months.

Only those who leave a benefit to go into detention have a higher rate of return to benefit (78 percent have returned within 18 months).

Further work is needed to understand why the likelihood of staying off-benefit is so low for these education exits. Bearing in mind that any payment of benefit during a month triggers a designation of returned to benefit, there could be a subgroup of these people who require short-term benefit support during the transition from education to employment. We have not investigated further at this stage, but this should be considered before any conclusions are made as to the impact transitions into education have.

Those who have exited benefit into a training course have better outcomes, with 55 percent remaining off benefit for the full 18 months.

Other points to note are:
- The higher the level of qualification a person is enrolled in, the more likely they are to remain off benefit (for at least 18 months)
- If a person has enrolled in a higher level of qualification than they have previously engaged in the more likely they are to remain off benefit (for at least 18 months)

People exiting into employment from a Sole Parent Support or Supported Living Payment benefit are more likely to continue substantial earnings than those from other benefit types.

Only one in three of those exiting from a Jobseekers benefit maintain substantial earnings throughout the 18 months.

1 Welfare Reforms commenced in 2010 with the Future Focus work, involving extended obligations for Sickness Benefit and Domestic Purposes Benefit recipients and the earlier cohort will have been partly affected by this initial wave of reform
2 Substantial earnings are defined as earnings in excess of $1,180 per month
More than half of the people who exited to employment went into the five industries where one in three or less people are able to maintain substantial earnings. A significant portion of this is due to seasonal work. More than half of those who are employed in public administration and safety, health care and social services and financial and insurance services are able to maintain substantial earnings, however, only 13% of people exiting to employment went into these industries. Younger people are much less likely to maintain substantial earnings.

Māori have a lower share of those who exited from Sole Parent Support benefit than their share of the SPS population. New Zealand Europeans have a higher share of those who exited than their share of the SPS population. Their likelihood of remaining off-benefit varies by age of youngest child. The younger the child, the more likely a person is to return to a benefit.

People who exited from SPS benefit to employment are more likely to stay off benefit than those who exited for non-employment reasons.

People with mental health condition who moved off a JS-HCD benefit into employment had a lower chance of maintaining substantial earnings and a higher chance of returning to benefit than those with other health conditions or disability. This implies that higher levels of off-benefit support may be needed to help those with mental health conditions sustain long-term employment.

Clients with multiple benefit spells
People who exited benefit with a history of multiple benefit spells:

- are more likely to be a man, under age 30 and Māori
- make up a higher proportion of people who exited benefit from MSD’s Southern, Bay of Plenty or East Coast regions
- have a significantly higher likelihood of returning to benefit than those without.

It is likely that spells in seasonal work are impacting this.

2. Introduction

2.1 Purpose

This report is to help understand what happens to people when they leave the benefit system, and whether and how their outcomes have changed over time.

In February 2017, the Social Policy Evaluation and Research Unit (Superu) released the report Off-benefit transitions: Where do people go? (the 'Superu report')3. That report examined the characteristics of people who exited benefits and their outcomes over the next two years. It was prepared by Taylor Fry Pty Limited, Consulting Actuaries and Analytics Professionals, using linked administrative data in Statistics New Zealand’s Integrated Data Infrastructure (IDI).

Our analysis:

- Repeats some of the analysis for a group of people exiting benefits after the 2012–2013 Welfare Reforms
- Examines what happens to peoples’ earnings after exiting benefits
- Looks at how many of those exiting benefits are able to remain off benefits, and whether they are able to sustain employment
- Examines how people’s outcomes differ depending on why they exited benefits

This is expected to improve understanding of what is happening to people after they leave the benefit system, which could help the Ministry of Social Development (‘the Ministry’) and the wider social sector improve supports provided to these people.

The analysis in this report is purely descriptive and no work has been done to attribute cause of or to understand reasons for any differences in outcomes between the two cohorts examined. In particular, no attempts have yet been made to control for differences in the characteristics or histories of the two cohorts. Any comments in the report on reasons for differences between cohorts are speculative in nature and further work would be needed to confirm.

2.2 Scope of this report

The Superu report analysed what happened to a group of about 142,000 people who exited benefits during the year ended 30 June 2011.

We have repeated this analysis for a similar group of about 133,000 people who exited benefits during the year ended 30 June 2014. What happened to them is compared to what happened to the group of people from the earlier analysis.

These groups were chosen to be respectively before and after the Welfare Reforms of 2012–2013 so we can see what, if any, changes to outcomes have occurred.

Due to data limitations, the observation period is 18 months, rather than the two years used in the earlier research. So we have restated the 2010–2011 cohort results using an 18-month post-exit period to enable comparisons to be made.

We also examine how long people who have exited from benefit have remained off benefit support and have maintained substantial earnings and how earnings have developed over time. Substantial earnings are defined as earnings in excess of $1,180 per month. This amount was chosen as it is approximately equivalent to 20 hours per week at minimum wage. Twenty hours work per week is the minimum hours of work required for a sole parent to qualify for the in-work tax credit.

Section 3

Discusses the reasons why people exit benefits and the likelihood of exiting from a benefit. It also looks at what happens to them in the 18 months after exiting from a benefit, and how outcomes differ by people’s characteristics.

2.4 Welfare system

The welfare system provides financial supports to help people while not in paid employment and to support people to find or retain employment. Reforms were made to the welfare system commencing from the latter half of 2012. These reforms included introducing work obligations for a wider range of people receiving benefits. Note that some welfare reforms commenced in 2010 with the Future Focus work, involving extended obligations for Sickness Benefit and Domestic Purposes Benefit recipients and that the earlier cohort examined in the Superen report will have been partly affected by this initial wave of reform.

The benefit structure also changed from July 2013. So where results are shown by benefit type, the 2010–2011 cohort has been split using the criteria for eligibility that would have applied under the post-reform benefit structure, to enable like-for-like comparisons to be made to the extent possible.

The current benefit structure is summarised in Table 2.1 below. The equivalent benefit types under the previous structure are given in the descriptions.

Table 2.1: Benefit descriptions

<table>
<thead>
<tr>
<th>Benefit code</th>
<th>Benefit Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>JS-WR</td>
<td>Jobseeker Support — Work Ready</td>
</tr>
<tr>
<td>JS-HCD</td>
<td>Jobseeker Support — Health Conditions &amp; Disabilities</td>
</tr>
<tr>
<td>EB</td>
<td>Emergency Benefit</td>
</tr>
<tr>
<td>SPS</td>
<td>Sole Parent Support &amp; Emergency Maintenance Allowance</td>
</tr>
<tr>
<td>SLP-Carers</td>
<td>Supported Living Payment — Carer</td>
</tr>
<tr>
<td>SLP-HCD</td>
<td>Supported Living Payment — Health Conditions &amp; Disabilities</td>
</tr>
<tr>
<td>VY</td>
<td>Youth Payment</td>
</tr>
<tr>
<td>VPP</td>
<td>Young Parent Payment</td>
</tr>
</tbody>
</table>

* 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. This means that the movement for those who have exited from or returned to these benefits will not be captured in this report.

We have not been able to create a perfect match between benefit categories before and after the 2012 reforms, as there will have been some exceptions to the mapping shown in Table 2.1. For example, some sole parents with older children who were on the Domestic Purposes benefit prior to the benefit changes may have had a health condition that meant they were eligible for a Jobseeker Support – Health Conditions & Disabilities or Supported Living Payment rather than the work ready status of Jobseeker Support benefit.

Section 4

Looks at what happens to the sub-group of people who exited from a benefit into employment in the 18 months after exiting from benefit and how outcomes differ by people’s characteristics. It also compares characteristics of people who have sustained earnings in excess of $1,180 per month over the full 18 months to those who did not and looks at earnings growth over the investigation period.

Section 5

Looks at the characteristics of the sub-group of people who exited from a benefit into education or training and examines their outcomes over the following 18 months.

Section 6

Looks at the characteristics of the sub-group of people with mental health conditions who exited from a benefit and examines their likelihood of remaining off benefit or sustaining substantial earnings.

Section 7

Looks at the characteristics of the sub-group of sole parents who exited from a benefit and examines their likelihood of remaining off benefit.

Section 8

Compares the characteristics of people who exited from a benefit who had a history of multiple benefit spells with those who did not, and compares their likelihood of remaining off benefit.

2.3 Prior related analysis

A number of previous studies have looked at off-benefit transitions in New Zealand. We provide a brief summary of that work.

Using the Linked Employer-Employee Database (LEED), Hyslop, Stillman and Crichton (2004) examined labour market outcomes for people who had been receiving welfare benefits and Dixon and Crichton (2006) looked at sustained employment after transitioning into employment from a benefit. The results are not directly comparable due to some definitional differences, but are generally consistent. Stillman and Hyslop (2006) also examined employment and benefit receipt patterns for a variety of demographics and benefit spells.

Using the IDI, Crichton (2013) examined the impact of undertaking further education on beneficiaries’ labour market outcomes. The focus was on people who had received a benefit for at least six months prior to enrolling at a tertiary institution and looked at outcomes 5 years later. The overall benefits of further study were relatively small. The results are not directly comparable due to differences in subject group and observation period.

* LEED was a longitudinal dataset providing taxable income payments from April 1999 and separately identifying employee earnings and income from social welfare benefits.


8 WHAT HAPPENED TO PEOPLE WHO LEFT THE BENEFIT SYSTEM

9 WHAT HAPPENED TO PEOPLE WHO LEFT THE BENEFIT SYSTEM
2.5 Approach

There is no one methodology to define the study population and assign reasons for exit or people's statuses over time. We have broadly adopted the methodology used for the Superu report, to enable meaningful comparisons to be made. The whole list of exit reasons (interchangeably known as triggers) is defined in Table 1.1 in appendix 1. Changes to the methodology are explained and their impacts quantified in appendix 1. Section 2.7 outlines some of the limitations of the methodology adopted.

Due to the way data is structured in the IDI, a calendar month view has been used — in particular, earnings data in Employer Monthly Schedules is only available by calendar month. This means that a person has to have been off benefits for a full calendar month before being included in the study population. People who exit and return to benefits in a shorter period are excluded as a consequence. Readers should keep this in mind when considering the results in this report.

2.6 Study population

The population of people used for this study includes anyone exiting benefits during the year ended 30 June 2014 and who had received benefit payments at any point during each of the previous three months.

The population included some people who were over the age of 65 at the time of leaving benefit. Their reason for leaving benefit has been treated as 'Age > 65' irrespective of employment status (except in the case of death). This is consistent with the approach taken for the 2010–2011 cohort, to enable comparison. In future, we recommend restricting the population to those under (say) age 60. This would remove the impact of benefit exits due to reaching retirement age.

2.7 Reliances and limitations

While the Ministry’s Benefit Dynamics Dataset provides data on individual benefit spells and would enable more precise determination of benefit exit dates, a calendar month approach has been used. This is because many other data tables in the IDI (including the Inland Revenue Department (IRD) Employer Monthly Schedule table from which earnings information is extracted) are reported by calendar month. Some of the limitations of this approach are:

- A person has to have been off benefits for at least a full calendar month before being included in the subject population. This means people who only spend short spells off benefits that do not span a complete calendar month are excluded from the analysis. Depending on when a person leaves a benefit this could exclude people who are off benefit for short periods up to almost two months, while including others who have been off benefit for just on one full month.
- A person is deemed to have been ‘employed with substantial earnings’ for a calendar month if their earnings exceed $1,180 for that month. This is because we only have earnings data for calendar months. Thus a person who works for one week of the month earning an annual salary of $60,000 would be deemed to have monthly earnings for that month the same as someone who worked a full four weeks on annual earnings of $15,000.
- Self-employed earnings are not allowed for. Self-employed earnings declarations in the data relate to years ending 31 March, which we could not reliably allocate across months. This means that some of those deemed to not be earning or to be earning less than $1,180 per month may in fact have earnings from self-employment in excess of $1,180 per month. However, the proportion of the study population reporting self-employed earnings is small, so this is unlikely to materially impact our broad findings.
- Need to be cautious in drawing conclusions from the comparative analyses in this report. We have performed many comparative analyses between various groups throughout this report. However, we have not controlled for any multivariate factors between any two groups, so we recommend readers not draw immediate conclusions from them. Future iterations of this work should have this multivariate control incorporated.
- The earlier 2010-2011 cohort will have been at least partly affected by the initial wave of welfare reform which commenced in 2010 with Future Focus. This may have the effect of understating any differences pre and post welfare reform;
- As stated in section 2.4, it has not been possible to create a perfect match between benefit categories before and after the 2012 reforms. We have not quantified what, if any, impact this may have had on differences between cohorts.
- Differences in exit rates between the two cohorts could have been partly due to differences in the characteristics and histories of the cohorts. No attempts have yet been made to control for these differences, and, for this reason, it is not possible to come to any firm conclusions about what might give rise to differences in exit rates and other outcomes between the two cohorts.
3. Why people exit welfare and what happens to them

In this chapter, we examine:

- the reasons why people exit benefits and the likelihood of exiting from a benefit
- what happens to them in the 18 months after exiting from a benefit
- how outcomes differ by people’s characteristics.

Later chapters explore similar questions for subsets of the group being analysed.

3.1 Summary

The proportion of people who left a benefit to go into employment increased by approximately 2.5% compared to the 2010–2011 pre-Welfare Reform cohort of benefit leavers. The increased employment outcomes occurred from the Emergency, Jobseeker Support — Work Ready, and Sole Parent Support benefits.

The proportion continuing to receive substantial earnings was approximately three percent higher than for 2010–2011 cohort across most months.

At least some of this improvement is due to slightly better economic conditions (ie lower unemployment). There was a significant increase in the rate of sole parents exiting the Sole Parent Support benefit for work. This was over and above the change likely to be due to better economic conditions.

A high portion (55%) of people who exit benefits for education or training reasons return to benefits within 18 months (57% for those who enter tertiary study, 45% for those who leave into training).

3.2 Reasons for people exiting benefits

We have modified the definitions of reasons for exiting benefits from those used in the Superu report to include:

- a wider source of earnings data in determining the employment trigger (withholding payments from Employer Monthly Schedule table)
- the use of Working For Family Tax information and Ministry reason codes to identify partnering as a reason for exit
- used pension earnings data to identify additional retirement exits
- have split the other ≥ $100 category into a ≥ $1,180 and between $100 and $1,180.

<table>
<thead>
<tr>
<th>Trigger for exit</th>
<th>Abbreviation</th>
<th>Assigned if a person:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Death</td>
<td>Death</td>
<td>Dies during months -2 through to 1</td>
</tr>
<tr>
<td>Reached age 65+</td>
<td>Age &gt; 65</td>
<td>is aged greater than or equal to 64.917 at the end of month 0</td>
</tr>
<tr>
<td>Overseas</td>
<td>Overseas</td>
<td>Departs on an overseas trip during months -1 through to 1, and spends at least 14 days overseas during this time</td>
</tr>
<tr>
<td>In detention</td>
<td>In detention</td>
<td>Spends 14 days or more in remand or prison during months -1 through to 1</td>
</tr>
<tr>
<td>Started a targeted/industry training course</td>
<td>Training course</td>
<td>Begins a targeted or industry training education course in any month during months -2 through to 1</td>
</tr>
<tr>
<td>Started a full-time tertiary course</td>
<td>Full-time student</td>
<td>Begins a formal tertiary education course for which they are studying full-time in any month during months -2 through to 1</td>
</tr>
<tr>
<td>Started a part-time tertiary course</td>
<td>Part-time student</td>
<td>Begins a formal tertiary education course for which they are studying part-time in any month during months -2 through to 1</td>
</tr>
<tr>
<td>Employment</td>
<td>Employment</td>
<td>Has a gross earnings of $1,180 or more during month 1, and their gross earnings during month 1 is greater than the average gross earnings during months -2 and -1</td>
</tr>
<tr>
<td>Other with earnings &gt; $1,180</td>
<td>Other: Earn &gt; $1,180</td>
<td>Has a gross earnings of $1,180 or more during month 1, but do not meet the increase in earnings test for the employment trigger</td>
</tr>
<tr>
<td>Partnered</td>
<td>Other: Partner</td>
<td>Identified as having a partner from Working for Families tax data or from Ministry exit reason code</td>
</tr>
<tr>
<td>Other with earnings ≥ $100 but less than $1,180</td>
<td>Other: Earn ≥ $100 - $1,180</td>
<td>Does not fall into any of the above trigger groups, and has gross earnings of $100 or more during month 1</td>
</tr>
<tr>
<td>Other with earnings &lt; $100</td>
<td>Other: Earn &lt; $100</td>
<td>Does not fall into any of the above trigger groups, and has gross earnings of less than $100 during month 1</td>
</tr>
</tbody>
</table>

Figure 3.1 below shows the people who exited benefits during the year ended 30 June 2014, split by the reasons they are deemed to have exited.

10.6 percent of people exiting benefits went into education or training. A further 45.3 percent had earnings in excess of $1,180 per month immediately after exit.

For most reasons for leaving a benefit, the proportion of benefit exits is similar for the people who exited benefits during the year ended 30 June 2011 (within 0.5 percent). The exceptions are for the employment reason, which has increased by 2.1 percent (from 39.5 percent to 41.6 percent of people who exited benefit), and exits classified as other with little or no earnings, which have decreased by 2.1 percent.
The remaining 50 percent (or nine percent of total exits) exited benefit for various reasons that are unrecorded. For example, many of these people had not reapplied for a benefit as required at 52 weeks after first receiving benefit, and no reason was provided as to why they no longer needed benefits.

Note that:
- $1,180 per month was chosen as the threshold above which earnings are considered substantial, as it represents 20 hours’ work per week at the minimum wage for the usual four weekly pay periods in a month. Twenty hours’ work per week is the requirement for a sole parent to be eligible for in-work tax credits.
- Due to the hierarchical nature of our exit reason assignment, some of the people who are designated as having left benefits for reasons other than employment may also have earnings in excess of $1,180 per month.
- We have only identified earnings declared from PAYE and withholding payments. Declarations for the self-employed through IR3 filings have not been captured as these are only filed annually and we cannot reliably allocate these amounts to monthly earnings immediately after exiting benefit. So it is possible that some of the people assigned to Other earning categories for less than $1,180 per month may in fact have substantial earnings.

3.3 Benefit exit rates

While the number of people who exited benefit for the 2013–2014 cohort is approximately six percent lower than for the 2010–2011 cohort (133,000 vs. 142,000), the average number of people on benefits was 10 percent lower which gives a higher rate of people exiting a benefit for the 2013–2014 cohort.

When considering whether there has been any change in off-benefit outcomes before and after the Welfare Reforms of 2012, it is important to consider more than just the overall exit rate. The change in the overall exit rate is small, with a slight increase in the proportion who exit to employment. The change in the overall exit rate is small, with a slight increase in the proportion who exit to employment. However, the makeup of the benefit population has changed.

The change in the proportion in each benefit category is particularly important because, for example, Jobseeker Support clients having work obligations (JS-WR) will typically have different off-benefit outcomes to Supported Living Payment (SLP) clients. We expect higher rates of entry into employment for some benefit categories.

We now examine exits in more detail and compare between the cohorts the rate at which people exit from benefit.

We calculated the average monthly exit rate by benefit type and used this to determine the likelihood of exiting from benefits over a 12-month period. Figure 3.3 below shows exit rates by benefit type for the two cohorts analysed.

The method adopted to determine these annualised probabilities of exit differs from that used in the earlier report. The report on the 2010–2011 cohort expressed the probability of exit as the number of exits over the 12-month period divided by the average number of clients on benefit per month. We have expressed the probability as the likelihood of exiting the benefit within a 12-month period as we believe this more accurately reflects the prospects for an individual. We have restated the 2010–2011 exit rates to make them comparable.
As noted above, while the number of people who exited from benefit is lower for the 2013–2014 cohort, the average rate at which people are expected to exit benefits within a 12-month period has increased slightly from 34.6 percent to 35.6 percent.

There has been no material change in the probability of exiting benefit for the health and disability benefits (ie, Jobsseeker Support — Health Conditions & Disabilities or Supported Living Payment — Health Conditions & Disabilities) or for Carers. The probability of exiting within 12 months has increased for Jobsseekers who are work ready and those on Emergency Benefit by five percent and for Sole Parent Support clients by eight percent.

Youth Payment and Young Parent Payment client numbers and the number of people exiting from these benefits are small, so these have been included with Jobsseeker Support and Sole Parent Support respectively for these comparisons.

Note that, due to the methodology used for this analysis, these probabilities relate only to people who have received benefits in three consecutive calendar months. The probabilities give the likelihoods of staying off benefits for at least one full calendar month.

### 3.4 Exit rates into employment

Table 3.2 below shows the probabilities of exit into employment with substantial earnings (ie earning over $1,180 per month) within 12 months for each cohort of people for each benefit type.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SPS/YPP</td>
<td>8.4%</td>
<td>13.9%</td>
<td>64.2%</td>
</tr>
<tr>
<td>EB</td>
<td>20.4%</td>
<td>26.7%</td>
<td>30.8%</td>
</tr>
<tr>
<td>JS-WR/YP</td>
<td>30.5%</td>
<td>35.0%</td>
<td>14.7%</td>
</tr>
<tr>
<td>SLP-HCD</td>
<td>0.9%</td>
<td>0.9%</td>
<td>6.4%</td>
</tr>
<tr>
<td>JS-HCD</td>
<td>12.6%</td>
<td>12.5%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>SLP-Carers</td>
<td>5.6%</td>
<td>5.2%</td>
<td>-6.2%</td>
</tr>
<tr>
<td>All</td>
<td>14.8%</td>
<td>16.1%</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

There was a significant increase in the likelihood of exiting into employment for clients who received JS-WR/YP (14.7 percent higher), EB (30.8 percent higher) and SPS/YPP (64.2 percent higher). There was no material change in the likelihood of exiting into employment for clients on JS-HCD or SLP.

Table 3.3 below shows the probabilities of exit into employment with substantial earnings within 12 months for each cohort of people for each ethnic group.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian</td>
<td>11.2%</td>
<td>13.7%</td>
<td>22.6%</td>
</tr>
<tr>
<td>Pacific Peoples</td>
<td>14.8%</td>
<td>17.2%</td>
<td>16.5%</td>
</tr>
<tr>
<td>Māori</td>
<td>14.0%</td>
<td>16.3%</td>
<td>14.9%</td>
</tr>
<tr>
<td>New Zealand European</td>
<td>16.5%</td>
<td>16.9%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Other</td>
<td>13.1%</td>
<td>14.1%</td>
<td>8.0%</td>
</tr>
<tr>
<td>All</td>
<td>14.8%</td>
<td>16.1%</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

There was an increase in the likelihood of exiting into employment for all ethnic groups, although the difference for New Zealand Europeans was not significant.

Note that these differences in exit rates between the two cohorts could be at least partly due to differences in the characteristics and histories of the cohorts. In other words, the changes in exit rates between periods could reflect differences in the underlying outcome drivers for the two populations, and changes in the economic environment between investigations. Further work is needed to control for these factors.

### 3.5 Why exit rates have increased

When comparing the differences in likelihood of exit into employment, it is important to consider the labour market conditions during each period. Figure 3.4 below shows the number of persons unemployed in the labour market as a percentage of the working age population during the periods to which each cohort relates.

This shows that the 2010–2011 cohort investigation period was during a time when the labour market was fairly flat, while the 2013–2014 cohort investigation period was during a time when the labour market was gradually improving.

Exit rates into employment for Jobsseeker Support clients are highly correlated to changing labour market conditions. We used the relationship between the rate at which people exited from benefit and the percentage of unemployed in the working-age population during the pre-reform period January 2006 – June 2013 to estimate the contribution to exit rate increase due to labour market improvements compared to welfare reform. We estimate that the increase in employment-related exits between cohorts for Jobsseeker Support was mostly due to the improved labour market.

The increased exit rates and increased work outcomes seen for Sole Parent Support clients are less strongly correlated with labour market conditions, but are consistent with the finding of the Actuarial Valuation of the Benefit System for working age adults as at 30 June 2014 that Sole Parent Support exits from benefit have been influenced by changes to work obligations and case management services introduced as part of welfare reforms.

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10 Statistics New Zealand Infoshare — NZILS, Labour Force Status by Sex: Seasonally Adjusted
We used the relationship between the rate at which people exited from SPS benefit and the percentage of unemployed in the working-age population during the pre-reform period January 2006 – June 2012 to estimate the contribution to exit rate increase due to welfare reform. Based on this, we estimate that most of the increase in the rate at which people exited from SPS is attributable to these reforms and associated changes in case management services.

Note that this was only a single dimensioned regression controlling for labour market and that other factors that may have contributed to changes to the profile of the benefit population between cohorts have not been adjusted for. Further work is needed to more confidently assess likely impacts from welfare reforms.

3.6 What happens to people after they have transitioned off benefit

Figure 3.5 below traces what proportion of the people who transitioned off a benefit are in each activity over the 18 months following their exit from a benefit. This shows what state people are in at any point in time over the 18 months following exit from a benefit. People can move from state to state over the period shown.

This differs from the approach used later in sections 3.7 and 3.8 to determine sustainability (or survival) curves, which only counts people as being off benefit until they first return to benefit.

Figure 3.5: Activity chart over 18 months for the 2013–2014 exit cohort

About 25 percent of people have returned to benefit within 10 months and this percentage stays fairly constant thereafter. This is similar to the 2010–2011 cohort outcomes.

The proportion of people receiving substantially earnings decreases from about 44 percent to 35 percent over six months then remains fairly constant — this includes just under one percent who are either on paid parental leave (PPL) or Accident Compensation Corporation (ACC) claim at 18 months. The proportion remaining in employment with substantial earnings was approximately three percent higher than the equivalent 2010–2011 cohort across most months.

3.7 Off-benefit sustainability

We have also looked at off-benefit sustainability, which we use in the next few chapters looking at specific cohorts. We measure off-benefit sustainability (or survival) as the proportion of beneficiaries remaining off benefit at each month. People are only considered to be remaining off benefit until their first return to a benefit.

Figure 3.6 below shows the proportion of people we expect will stay off benefit (until first return to benefit) in the months following their exiting from a benefit. For this exercise, we only looked at those who left benefit for a reason other than death and were still under age 65 at the end of the 18-month observation period.

Figure 3.6: Survival curve until first return to benefit

Of those who exited benefit, 54.3 percent remained off benefit for the full 18 months. This has not materially changed since 2010–2011 cohort (53.7 percent).

Not all reasons for leaving a benefit gave similar likelihood of returning to benefit within the 18-month period. Figure 3.7 below shows how a person’s expectation of remaining off benefit for the full 18 months differs by reason for leaving the benefit.
WHAT HAPPENED TO PEOPLE WHO LEFT THE BENEFIT SYSTEM

Figure 3.7: Off-benefit sustainability by exit reason

People who cease receiving a benefit due to entering a partnership or for employment have the highest likelihood of staying off a benefit while those who leave to go into detention have a high chance of returning to a benefit within the 18 months.

There is a high portion (55 percent) of people who exit benefit for education or training reasons that return to benefit within 18 months. Further investigations would be useful to understand what are the reasons for poor off-benefit sustainability for these people.

Almost 80 percent of those who left a benefit to go into detention have returned to a benefit within 18 months.

3.8 How outcomes differ by people’s characteristics

We have analysed off-benefit sustainability by several different characteristics. Figure 3.8 – Figure 3.12 below compare the profile of those people who stopped receiving a benefit during the 2013–2014 period with the overall benefit population and shows their likelihood of still being off benefit after 18 months.

Half of the people who exited a benefit were receiving JS-WR/YP at the time, whereas they only make up 21 percent of the benefit population. Twenty-one percent were on SPS (28 percent of population) and 18 percent were JS-HCD (19 percent of population).

Only eight percent of people who exited from a benefit were from SLP clients, whereas they make up 30 percent of the benefit population.

For the earlier 2010–2011 cohort, 57 percent of people who exited from a benefit were from JS-WR/YP and 14 percent were from SPS. Other benefit types were broadly similar to the prior cohort. This change likely reflects the change in focus from primarily on people on the unemployment benefit to changed work obligations and more case management support provided to sole parents following the 2012 Welfare Reforms.

If we look at how long people remain off benefit, people exiting from SLP-Carers benefits are the least likely to return to a benefit within 18 months. Also, when sole parents no longer require a benefit they have a high likelihood of remaining off benefit with 62 percent of them still being off of benefit after 18 months.

At the other end of the spectrum, those who exit from EB (Emergency Benefit) have almost a 60 percent chance of returning to a benefit within 18 months indicating that the reasons that they needed an emergency benefit for may not have been well resolved.

Almost half of those exiting from JS benefits return within 18 months. This is likely to be influenced by the proportion of people who exited a benefit into seasonal work.
**Figure 3.9: Ethnic group**

<table>
<thead>
<tr>
<th>Ethnic Group</th>
<th>Distribution of benefit population</th>
<th>Distribution of those who exited benefits</th>
<th>Proportion who remained off-benefit throughout the 18 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian</td>
<td>80%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>60%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NZ European</td>
<td>40%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pacific</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Māori</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Exits from benefit by ethnic groups were broadly similar to their share of the benefit population — New Zealand European were slightly under their share of the population while Pacific Peoples were slightly above. This is likely influenced by the proportions of each ethnic group in the benefit types. New Zealand European make up a higher proportion of SLP benefit (53 percent) compared to their 41 percent share of all benefits and exit rates from this benefit are lower than from other benefit types. They are also under-represented in JS-WR (35 percent compared to 41 percent of all benefits).

Off-benefit sustainability varies by ethnic group, with Māori having the highest likelihood of returning to a benefit. Possible reasons may be the spread of Māori within regions of high seasonal work or weaker job markets. Further work is needed to understand this effect.

People exiting benefit were split evenly between men and women, while 58 percent of the whole benefit population are women.

While the number of women who have exited a benefit is similar to men, there is a greater chance that a woman will remain off benefit than for a man. Fifty-eight percent of women are still off benefit after 18 months compared to 50 percent of men. This is consistent with the higher proportion of people leaving a SPS benefit remaining off of benefit compared to those exiting a JS benefit.

**Figure 3.10: Gender**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Distribution of benefit population</th>
<th>Distribution of those who exited benefits</th>
<th>Proportion who remained off-benefit throughout the 18 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>80%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>60%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 3.11: Age band at the time of exit**

<table>
<thead>
<tr>
<th>Age band</th>
<th>Distribution of benefit population</th>
<th>Distribution of those who exited benefits</th>
<th>Proportion who remained off-benefit throughout the 18 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-19</td>
<td>80%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-24</td>
<td>60%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25-29</td>
<td>40%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30-34</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35-39</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Persons exiting benefit were split evenly between men and women, while 58 percent of the whole benefit population are women.

While the number of women who have exited a benefit is similar to men, there is a greater chance that a woman will remain off benefit than for a man. Fifty-eight percent of women are still off benefit after 18 months compared to 50 percent of men. This is consistent with the higher proportion of people leaving a SPS benefit remaining off of benefit compared to those exiting a JS benefit.

On average, people exiting benefit were younger than the general benefit population (37 compared to 41).

Those who are under age 30 in general have a higher chance of returning to a benefit than people of older ages. This is more pronounced at the youngest ages. Age of entry to the benefit system is strongly predictive of future benefit receipt.
In this chapter, we look at the sub-group of people who exited from a benefit into employment and were earnings in excess of $1,180 per month, in particular:

- what happens in the 18 months after exiting from benefit
- how outcomes differ by people’s characteristics
- characteristics of people who have sustained earnings in excess of $1,180 per month over the full 18 months compared to those who did not, and
- earnings growth over the investigation period.

4.1 Summary

People exiting into employment from a Sole Parent Support or Supported Living Payment benefit are more likely to continue substantial earnings throughout the 18 months following their exit from benefit than those from other benefit types.

Only one in three of those exiting from a Jobseekers benefit maintain substantial earnings throughout the 18 months. More than half of those exits are into the five industries where one in three or less people are able to maintain substantial earnings. A significant portion of this is due to seasonal work. More than half of those who are employed in public administration and safety, health care and social services and financial and insurance services are able to maintain substantial earnings, however, only 13 percent of people who exited from benefit to employment are into these industries.

Younger people are much less likely to maintain substantial earnings.

4.2 What happens to people over the 18 months after entering employment

Figure 4.1 below shows how people who earn more than $1,180 (ie 'Employment' and 'Other: Earn ≥ $1,180') move between activities over the 18 months following transitioning off benefit. This shows what state people are in at any point in time over the 18 months. People can move from state to state over the period shown.
The number of people designated as in employment with substantial earnings decreases to about 58 percent by month 10 then remains fairly constant (there is a small increase at the 13-month mark — possibly due to pay rise impacts on the fringes of who is classified as earning over the $1,180 per month mark). This includes just under one percent who are either on paid parental leave (PPL) or Accident Compensation Corporation (ACC) claim at 18 months. The proportion remaining in employment with substantial earnings was approximately three percent higher than the equivalent 2010–2011 cohort across most months.

By nine months about 23 percent have returned to benefit and the number fluctuates around that mark from then on. A further 8–10 percent have moved off benefit with low or no earnings. We do not have the data to understand what has happened to these people. This has not changed materially from the 2010–2011 cohort experience.

### 4.3 Sustaining substantial earnings

This section looks at substantial earnings sustainability specifically for people who exit benefit into employment (this differs from off-benefit sustainability as defined in section 3.7).

The concept for substantial earnings sustainability measures the proportion of beneficiaries who are able to sustain earnings of more than $1,180 a month. This is independent of the activity status we assigned to them, as we expect a change of activity may not change the fact the person is still in employment (eg taking up a training course on top of ongoing employment). Also, under this measure we cease to count people in the first month they have earnings below $1,180 per month.

Thirty-seven percent of those people in employment are able to maintain earnings in excess of $1,180 per month throughout the 18 months.
For people who didn’t sustain substantial earnings for the full 18 months, we can see 41 percent of them went back on benefit straight after their employment ceased. Twenty-nine percent had reduced earnings below $1,180 per month and another 18 percent had no earnings recorded.

**Figure 4.3: Where people go when their earnings fall below $1,180 per month**

50% 40% 30% 20% 10% 0%
Benefit Lower earnings No earnings Education/training Overseas Paid parental leave, ACC claim Detention

50% 40% 30% 20% 10% 0%
Benefit Lower earnings No earnings Education/training Overseas Paid parental leave, ACC claim Detention

4.4  What people who transition off benefit into employment with substantial earnings look like

The following figures give a profile of the 58,560 people who earned more than $1,180 (i.e. ‘Employment’ and ‘Other: Earn ≥ $1,180’) per month in the first month following transition off benefit. We have analysed substantial earnings sustainability by several different characteristics.

**Figure 4.4: Benefit type before the time of exit**

Fifty-seven percent of people exiting into employment with substantial earnings are from JS-WR/YP benefit compared to 21 percent of the benefit population, 23 percent are from SPS clients (28 percent of benefit population), and 14 percent are from JS-HCD (19 percent of benefit population).

While people on a Supported Living Payment benefit make up nearly 30 percent of the benefit population, very few exit a benefit into employment. This is not surprising given the eligibility criteria for this benefit.

Those people exiting from a Sole Parent Support or Supported Living Payment benefit into employment have the highest likelihood of continuing to earn in excess of $1,180 per month throughout the 18 months following exit.

Only 35 percent of those exiting from a Jobseekers benefit maintain substantial earnings throughout the 18 months. This may reflect a higher proportion of jobseekers entering seasonal work, but more investigation would be needed to confirm this.
WHAT HAPPENED TO PEOPLE WHO LEFT THE BENEFIT SYSTEM

![Figure 4.5: Age band at the time of exit](image)

The average age of those leaving a benefit into employment with substantial earnings was 35 with those aged 20–24 being the largest group. The average age of the benefit population is closer to 41.

People at younger ages are much less likely to maintain substantial earnings throughout the 18 months.

![Figure 4.6: Gender](image)

Fifty-two percent of those leaving benefit to employment with substantial earnings are men, while they only make up 42 percent of the benefit population.

Women are more likely to continue earning in excess of $1,180 per month than men.

More investigation is needed to understand what contributes to this (such as impacts of seasonal work).

![Figure 4.7: Ethnic group](image)

New Zealand Europeans make up the largest group of people exiting from benefit (41 percent), followed by Māori (34 percent).

Exits from benefit to employment with substantial earnings by ethnic group are split approximately equal to the groups share of the benefit population (all within one percent).

Māori have a significantly lower likelihood of sustaining earnings in excess of $1,180 per month than other ethnic groups.

More investigation is needed to understand what contributes to this (such as greater exposure in regions impacted by seasonal work).
Most people who exited from benefit into employment came from Auckland (28 percent).

Exits to employment for each region were broadly in line with their share of the benefit population (within one percent).

The regions that are most likely to have people sustain earnings are those centred around the major cities of Auckland, Wellington and Christchurch.

At the other end of the spectrum are the regions with higher rates of seasonal work.

The average monthly earnings for those exiting from benefit into employment with substantial earnings is approximately $2,900.

Sixty-two percent are earning less than $3,000 per month immediately after leaving the benefit. The higher the initial earnings, the more likely it is that people will sustain substantial earnings.
While the highest number of placements into employment occurred into ‘Manufacturing’ and ‘Administrative and support services’, they also had the lowest likelihood of sustaining substantial earnings apart from the highly seasonal ‘Agriculture, forestry and fishing’. The industries that had a high number of placements and still a reasonable rate of sustaining earnings were ‘Health care and social assistance’ (4,788 people with 55 percent sustaining substantial earnings) and ‘Retail trade’ (6,072 people with 46 percent sustaining substantial earnings).

4.5 How has off-benefit sustainability changed between cohorts

Figure 4.11 below shows the proportion of people who remain off benefit after exiting a benefit into employment with substantial earnings. We only look at spells off benefit until people first return to a benefit. For this figure, JS-WR, JS-HCD and SLP have similar experience and have been grouped together.

Sole Parents who transition off benefit into employment (earning more than $1,180 per month), have a higher chance of remaining off benefit than other benefit types. While off-benefit sustainability has not materially changed for most benefit types between cohorts, there has been a small increase for the 2013–2014 cohort of Sole Parent clients.

Figure 4.12 below shows the proportion of people who remain off benefit after exiting a benefit into work by gender.
Off-benefit sustainability varies by gender. Men are more likely to return to benefit with 45 percent of men and 36 percent of women having returned to benefit within 18 months. This is consistent with the higher off-benefit sustainability of ex-Sole Parent Support clients.

### 4.6 Characteristics of those who sustain substantial earnings versus those who do not

In Section 4.2, we introduced the concept of substantial earnings sustainability. Now we are going to look at the proportion who have sustained substantial earnings (i.e., in excess of $1,180 per month) throughout the whole 18 months, and compare them to those who have at least one month where they have not earned more than $1,180. We have termed these groups ‘sustained’ and ‘not sustained’ respectively.

Figure 4.13 – Figure 4.18 below show how the distribution of people who exited benefit into employment differ for those who manage to sustain substantial earnings compared to those that do not.

#### Distribution of those who exited to employment and were able to maintain earnings above $1,180 per month for the full 18 months

People who moved into employment from Sole Parent Support (28 percent) made up a higher proportion of those that sustained substantial earnings than those that did not (21 percent). For Jobseeker – work ready the effect was reversed (54 percent compared to 59 percent).

The mean age of those who sustained substantial earnings, is 37, which is two years older than those who did not. Overall age distribution for the sustained group is older than those that didn’t.

#### Distribution of those who exited to employment but could not maintain earnings above $1,180 per month for the full 18 months

A higher proportion of those that sustained substantial earnings were women (53 percent) than those who did not (45 percent).

#### Figure 4.14: Age band at the time of exit

<table>
<thead>
<tr>
<th>Age band</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-17</td>
<td>10%</td>
</tr>
<tr>
<td>18-19</td>
<td>20%</td>
</tr>
<tr>
<td>20-24</td>
<td>30%</td>
</tr>
<tr>
<td>25-29</td>
<td>40%</td>
</tr>
<tr>
<td>30-34</td>
<td>50%</td>
</tr>
<tr>
<td>35-39</td>
<td>60%</td>
</tr>
<tr>
<td>40-44</td>
<td>70%</td>
</tr>
<tr>
<td>45-49</td>
<td>80%</td>
</tr>
<tr>
<td>50-54</td>
<td>90%</td>
</tr>
<tr>
<td>55-59</td>
<td>100%</td>
</tr>
<tr>
<td>60-64</td>
<td>110%</td>
</tr>
</tbody>
</table>

#### Figure 4.15: Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>53%</td>
</tr>
<tr>
<td>Men</td>
<td>47%</td>
</tr>
</tbody>
</table>

#### Figure 4.13: Benefit type before exit

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>JSP-WR/YP</td>
<td>10%</td>
</tr>
<tr>
<td>JSP-HCD</td>
<td>20%</td>
</tr>
<tr>
<td>EB</td>
<td>30%</td>
</tr>
<tr>
<td>SLP-HCD</td>
<td>40%</td>
</tr>
<tr>
<td>SLP-Carers</td>
<td>50%</td>
</tr>
</tbody>
</table>
New Zealand Europeans (46 percent) make up a higher proportion of those that are able to sustain substantial earnings than of those who cannot (39 percent). For Māori the opposite is true making up 28 percent of those that sustain earnings compared to 38 percent of those that do not.

A higher proportion of those who sustained substantial earnings are in Auckland (33 percent) than those that didn’t (26 percent). East Coast, Southern and Bay of Plenty regions have higher portions of those that do not sustain substantial earnings by about 2–3 percent. These are areas with high seasonal work.

The ‘Agriculture, forestry and fishing’ industry has a high proportion of people that do not sustain substantial earnings compared to those that do. This is not surprising given the high rate of seasonal work in these industries. Other industries that have a lower share of sustained substantial earnings compared to non-sustained are ‘Manufacturing’ and ‘Administrative and support services’.

Better substantial earnings sustainability outcomes are found in ‘Retail trade’, ‘Health care and social assistance’ and ‘Public administration and safety’.
4.7 Earnings of those who exit benefit into employment

We have looked at the earnings in the month following exit from benefit of those people who moved off a benefit into employment with substantial earnings (more than $1,180 per month).

Figure 4.19: Proportion of people working in each industry and average earnings over 18 months (in descending order of proportion employed)

The top five industries that people worked in over the 18-month investigation period were:

1. Manufacturing
2. Retail trade
3. Administrative and support services
4. Health care and social assistance
5. Accommodation and food services

These correspond to 54 percent of the beneficiaries and their associated average earnings ranged from $2,200 to $3,400 per month.

This differs slightly from the top five industries into which people initially went on entering employment. Comparing to Figure 4.10 above, we see that the main difference is that 'Agriculture, forestry and fishing' is one of the top five industries that people initially entered, while 'Accommodation and food services' is one of the top five industries that people worked in over the 18 months after entering employment. This may reflect a higher proportion of 'Agriculture, forestry and fishing' work being of a seasonal and/or temporary nature.

Figure 4.20: Proportion of people working in each industry and average earnings over 18 months (in descending order of the average earnings)

The top five industries with the highest average earnings are:

1. Mining
2. Financial and insurance services
3. Public administration and safety
4. Information media and telecommunications
5. Professional, scientific and technical services

The average earnings in these five industries ranged from $3,500 to $4,300 per month. This could be due to a combination of higher average rate of pay and/or higher average hours worked. The data available do not allow us to differentiate between these factors. Of note is that the industries with the highest average earnings make up a small percentage (ten percent) of employment transitions. These are industries that on average are likely to require a higher level of skills.
4.8 Earnings growth for people who remain in employment for 18 months

In this section, we look at a subgroup of people who sustained earnings in excess of $1,180 per month for the full 18 months.

There are possible fluctuations in earnings in the Employer Monthly Schedule data due to (for example):
- additional numbers of weekly or fortnightly pays in each month
- incomplete months worked particularly in the first or last month of the period observed
- additional accrued leave payments in the final month of employment.

We examined the increases in earnings for a variety of periods from either the first month or second month observed, to the penultimate or last month observed to compare the pattern of increases in earnings. We chose the movements from month two to month 17 as the most likely to compensate for these issues.

Figure 4.21 below shows that the distribution of earnings growth between month two and 17 agree broadly amongst the other options (ie between month one & 18, two & 18 and one & 17).

**Figure 4.21: Earnings growth in excess of inflation for those who maintained substantial earnings**

![Graph showing earnings growth](image)

In all cases, almost half of the people who sustained substantial earnings had earnings growth in excess of 10 percent over inflation over the observation period.

4.8.1 By initial earnings

Figure 4.22 below shows, for the 2013-2014 cohort, how earnings has grown in excess of inflation for the about 22,000 people who sustained substantial earnings from the start to the end of the 18-month observation period.

![Graph showing earnings growth by initial earnings](image)

A significant portion of those exiting benefit to part-time or low wage employment who sustained earnings in excess of $1,180 per month, have experienced earnings growth well in excess of price inflation. For example, 35 percent of those who transitioned to employment and initially earned between $1,500 and $2,000 per month had earnings growth of more than 25 percent per annum in excess of price inflation. While a portion of this could be as a result of increasing rates of pay, the more likely reason is more hours of work. The data available did not allow us to quantify these impacts.
4.8.2 By initial industry

Figure 4.23 below shows, for the 2013-2014 cohort, how earnings have grown in excess of inflation for the about 22,000 people who sustained employment from the start to the end of the 18-month observation period depending on their initial industry placement. These are ordered by highest to lowest number of people who sustained substantial earnings (as in Figure 4.18).

Two of the large numbers of transitions into employment occurred into ‘Manufacturing’ and ‘Administration and support services’. More than 60 percent of both groups of people enjoyed earnings growth above inflation, while one in three people enjoying earnings growth in excess of 25 percent per annum if they exit into ‘Administrative and support services’ compared to one in four if they exit into ‘Manufacturing’.

Overall, there were 64 percent of people who sustained earnings in excess of $1,180 per month that also experienced an increase in earnings above inflation.

Aside from ‘Mining’, we see that ‘Education and training’ had the lowest proportion of those experiencing earnings growth, but still had 59 percent of them with earnings increasing at least one percent above inflation.
5. Exits from benefit into education or training

In this chapter, we look at the sub-group of people who exited from a benefit into education or training, in particular:

- their characteristics
- how outcomes develop over the 18 months following exit from benefit, and
- how long they are able to remain off benefit.

5.1 Summary

Thirty-five percent of people who left a benefit for education or training have returned to benefit at the 18-month mark. This is significantly higher than those who exit into employment and for most other reasons of exit. Note that returning to a Jobseeker-Student Hardship benefit is not considered a return to benefit for this analysis.

After 18 months, only eight percent of those who exited from benefit are still in education or training and 28 percent are in employment with substantial earnings (50 percent for those who were in a training course).

People who left a benefit to go into tertiary study were more likely to return to benefit than those who exit into a training course.

The higher the level of tertiary study a person enters into the more likely they are to remain off benefit.

A person who enrolled in a higher level of qualification than they have previously engaged in has a higher chance of remaining off benefit.

5.2 What people who exit benefit into education or training look like

The following figures give a profile of the people who left a benefit to go into education or training.

Most of those who exited to education or training come from JS-WR/YP. Of the 9,100 people who left to go to full-time education, 66 percent were from JS-WR/YP, 18 percent from JS-HCD and 14 percent from SPS.

For the 2,600 who went into part-time education, the splits were 59 percent, 18 percent, and 20 percent respectively.

For the 1,900 who went into training, the splits were 68 percent, nine percent, and 19 percent respectively.

So most of those who went into education or training were also available for work.
People who exited benefit into education are on average younger than those who exited for all other reasons. This is not unexpected, however, there are still a significant number of older people leaving a benefit for education or training.

More men went onto a training course (55 percent) than women (45 percent). The reverse is true for those who went onto tertiary study with 47 percent men and 53 percent women.

Industry training courses were mostly represented by people from Auckland and Southern Regions, although the Auckland exits are a lot lower than that regions share of all exits.
We looked at the highest qualification the education exits had completed prior to their exit from a benefit. It’s apparent that we don’t have all of the qualification information collected for all clients as a significant proportion for the two groups had missing qualification recorded.

For qualifications that we have available, we can see most of them are New Zealand Qualifications Framework (NZQF) levels 1–3, followed by levels 4–6.

We looked at the qualification level that people who exited a benefit into education were enrolled in one month after exiting. These are identified from the Ministry of Education data available to us.

We can see that most people enrolled in courses at level 1–3 of the NZQF.

5.3 Activities over time for education and training triggers

The following figure shows what activities that people who exited benefit into an education or training course were engaged in for the 18 months following exit from benefit. This shows what state people are in at any point in time over the 18 months. People can move from state to state over the period shown.
5.4 How long people who transition off benefit to education or training remain off benefit

The following figures show how long people who left a benefit to go into education or training are likely to remain off benefit.

**Figure 5.10: Activity chart over 18 months for the 2013–2014 exit cohort**

- About 35 percent of people who exited a benefit into an education or training course back onto a benefit at the 18-month mark. This is significantly higher than those who exit into employment (22 percent were back on benefit at 18 months) and the average number of all exits who return to benefit (25 percent are back on benefit at 18 months). After 18 months, only eight percent of people designated as exiting benefit into education or training are remaining in that activity and 28 percent are in employment with substantial earnings.

- Further work is needed to understand why off benefit sustainability is so low for these education exits. Bearing in mind that any payment of benefit during a month triggers a designation of returned to benefit there could be a component of these people who are requiring short-term benefit support during the transition from education to employment.

**Figure 5.11: Off-benefit sustainability for those who went into education or training**

- The off-benefit sustainability is similar for all three groups for the first eight months. However, as time flows we can see those who were placed in training have the lowest likelihood of returning to benefit. Fifty-five percent remain off benefit after 18 months compared to 42 percent for full-time study and 48 percent for part-time study.
6. Clients with mental health conditions

This section looks at the characteristics of the sub-group of people with mental health conditions who exited from a benefit and examines their likelihood of remaining off benefit or sustaining substantial earnings.

We analysed those who exited JS-HCD benefits by comparing outcomes for four subgroups:
- Those exiting JS-HCD into employment and identified as having a mental health condition as their main health condition or disability. We refer to this subgroup as ‘mental health conditions, employment exits’.
- Those exiting JS-HCD into employment and identified as having a condition other than a mental health condition as their main health condition or disability. We refer to this subgroup as ‘other health conditions, employment exits’.
- Those exiting JS-HCD for reasons other than employment and identified as having a mental health condition as their main health condition or disability. We refer to this subgroup as ‘mental health conditions, other exits’.
- Those exiting JS-HCD for reasons other than employment and identified as having a condition other than a mental health condition as their main health condition or disability. We refer to this subgroup as ‘other health conditions, other exits’.

Note our mental health definition is consistent with the definition used in the report Valuation of the Benefit System for Working-age Adults As at 30 June 2016, and comprises both psychological conditions and intellectual disability conditions.

6.1 Summary

People with mental health condition who moved off a JS-HCD benefit into employment had a lower chance of maintaining substantial earnings and a higher chance of returning to benefit than those with other health conditions or disability. This implies that higher levels of off-benefit support may be needed to help those with mental health conditions sustain long-term employment.

6.2 Profiles

The following figures give a profile of the people who exited from JS-HCD benefits.

---

12 Based on having their Ministry primary incapacity recorded as one of ‘stress’, ‘depression’, ‘bipolar disorder’, ‘schizophrenia’, ‘intellectual disability’, or ‘other psychological/psychiatric condition’.
Generally there are more men than women in all four JS-HCD groups.

Those with mental health conditions are younger than the other groups. We can see that for the two mental health groups, about 45 percent are over age 35, whereas the other two non-mental health groups had about 65 percent.

The age distribution for people with a mental health condition who exited benefit is similar to the age profile of other non-JS-HCD exits. JS-HCD exits for conditions other than mental health are weighted towards older ages — this is not surprising since these conditions are more prevalent at older ages.

The whole JS-HCD group is more represented by the New Zealand European group, and this is more so for the mental health (employed) group which is 60 percent New Zealand European.
Nearly half of the people who exited from JS-HCD came from Auckland and Canterbury regions. There was a higher proportion of exits from JS-HCD (both from mental health and not-mental health groups), particularly into employment, than there were from other types of benefit in the Canterbury region.

6.3 Off-benefit and substantial earnings sustainability

The following figures show how likely people leaving a JS-HCD benefit are to remain off benefit or in employment.

People who moved off a JS-HCD benefit into employment and had a condition other than mental health had the highest chance of remaining off benefit for the full 18 months observed (60 percent) compared to those who left a benefit for other reasons who had a 51 percent chance of remaining off benefit.

Those who exited from JS-HCD benefit and had a mental health condition had lower chance of staying off benefit — 54 percent for those who left for employment and 45 percent for other reasons. This implies that higher levels of off-benefit support may be needed to help those with mental health conditions sustain long-term employment.
7. **Sole Parent Support clients**

In this section, we study sole parents who exited benefit during the 2013–2014 year and compare their likelihood of remaining off benefit.

We have split this cohort into four groups, namely those who exited from a sole parent benefit:
- into employment and had youngest child aged 0–4 years old (‘SPS, 0–4, employment exits’)
- for a reason other than employment and had youngest child aged 0 to 4 years old (‘SPS, 0–4, other exits’)
- into employment and had youngest child 5–13 years old (‘SPS, 5–13, employment exits’)
- for a reason other than employment and had youngest child aged 5–13 years old (‘SPS, 5–13, other exits’).

For some figures a further category, ‘Non-SPS exits’, is shown. This comprises all people who exited from benefit types other than SPS.

The split by age of youngest child reflects the different level of work obligations post the 2012 welfare reforms for sole parents. If the sole parent had youngest child aged four or younger, then they had no work obligation, whereas part-time work obligations applied once the youngest child turned five years old.

### 7.1 Summary

Māori have a lower share of exits from SPS benefit than their share of the SPS population. New Zealand Europeans have a higher share than their share of the SPS population.

Off-benefit sustainability varies by age of youngest child. The younger the child, the more likely a person is to return to a benefit.

SPS exits into employment are more likely to stay off-benefit than the non-employment exits.

### 7.2 Profiles

The following figures give a view of the characteristics of people who moved off benefit from a sole parent benefit.

![Figure 6.6: Substantial earnings sustainability for JS-HCD](image)

For those who left JS-HCD benefit to move into employment there’s a similar difference (five percent) between those with mental health and those with other health conditions in sustaining earnings over $1,180 per month for the full 18 months (32 percent for those with mental health compared to 37 percent for others).
SPS is made up mostly by women. The proportion of men in the sole parent groups ranges between seven percent for younger aged children and 16 percent for the SPS 5–13 groups.

People who exit benefit from the other non-SPS benefit types are predominately (59 percent) men.

The proportion of people who exited from SPS benefit from Asian, Pacific Peoples and Other ethnic groups are broadly similar to their share of the total SPS benefit population (within one percent).

Forty-one percent of people who exited from an SPS benefit were Māori compared to their 46 percent share of the population. While the proportion of Māori who exited SPS benefit is under their share of SPS population for all categories, this is more pronounced in the exits to employment.

For New Zealand European the comparison is 35 percent of SPS exits compared to 32 percent share of the total SPS population. The higher share of people who exited benefit compared to population is due to higher share of movements into employment.

The age profile of those who have moved off an SPS benefit is broadly similar to age profile of the SPS population. Those who exited to employment have a slightly older profile than people who exited for other reasons.
Apart from Auckland, each region’s share of exits from SPS benefit was broadly at or slightly above their share of the SPS benefit population.

Auckland share of people who exited from SPS was about four percent below its share of the population. This applies for both employment and other reasons for exit.

People who have moved off benefit into work from SPS benefit have a higher proportion going into the health care and social assistance, the accommodation and food services, and the education and training industries than exits from other types of benefit.

About one-third of employment exits from SPS go into these three industry groups compared to 19 percent for other benefit types.
7.3 Off-benefit sustainability

We have looked at how a sole parent’s likelihood of returning to a benefit differs according to how old their youngest child is at the time they leave a benefit and whether they left a benefit to go into employment or for some other reason. Figure 7.6 below shows the proportion of ex-SPS beneficiaries who remain off benefit after exiting a benefit into work split by age of youngest child.

Figure 7.6: Off-benefit sustainability curves for SPS clients by age of youngest child

Off-benefit sustainability varies by age of youngest child. The younger the child, the more likely a person is to return to a benefit. For example, we expect nine percent more sole parents exiting benefit whose youngest child is at least of school age to still be off benefit after 18 months compared to those whose youngest child is aged two or younger (65 percent compared to 56 percent).

Also, people who exited to employment from SPS are more likely to stay off-benefit than the non-employment exits.

8. Clients with multiple spells on benefit

In this section, we compare the characteristics of people who exited from a benefit who had a history of multiple benefit spells with those who did not, and look at their likelihood of remaining off benefit

8.1 Summary

People who exited benefit with a history of multiple benefit spells:
- are more likely to be a man, under age 30, and Māori
- make up a higher proportion of people who exited from benefit from Southern, Bay of Plenty or East Coast.
- have a significantly higher likelihood of returning to benefit than those without.

It is likely that spells in seasonal work are impacting this.

8.2 Definition

We have identified people who have transitioned either on or off benefit multiple times over a given period.

We have only considered those people who had received a benefit at some time prior to the observation period. Transitioning on or off benefit are counted separately. For example, to qualify under the definition of four transitions over the previous two-year period, a person would have to have had a history of benefit receipt that started at least two years prior and to have exited from a benefit and re-started receiving a benefit at least twice over the previous two years.

We have used the monthly snapshot benefit history. This means we have not used intra-monthly activity, and will therefore, for some people, understate the actual number of on or off-benefit transitions as an exit is only counted if a person remains off benefit for a full calendar month.

We do not count the benefit exit in the 2013–2014 period that qualifies the person to be in the original pool of people analysed for this report.
As we would expect, the greater the number of transitions a person has had, the higher the likelihood that they will return to benefit after transitioning off benefit.

We have picked a threshold that is large enough that we would see a stable difference in the two off-benefit sustainability curves yet have sufficient transitions to indicate a history of multiple benefit spells. We have chosen four or more transitions over the period to qualify for our definition of multiple spells.

Note that we have performed this analysis out of the people who have exited during 2013–2014 year. The threshold may change if we’re extending this to everyone who is still on benefit in the same period, or even looking at a different time period.

8.3 What people with multiple benefit spells look like

Figure 8.2 – Figure 8.7 below show how the distribution of people who have had multiple benefit spells over the last two years differs from those who have had fewer spells.

People who have exited from a JS-WR or an emergency benefit make up a higher proportion of those who have had multiple benefit spells than they do of those who have not. The reverse is true for other benefit types. Part of this could be influenced by seasonal work but we are not able to quantify this on the data available.
The mix of men and women who have exited a benefit and are not deemed to be in the multiple spell category is fairly even. Those who have had multiple spells are more than twice as likely to be a man (70 percent) than a woman (30 percent).

Māori make up a higher portion of the multiple spell group (47 percent) than for other exits (34 percent), while for other ethnic groups the reverse is true.

A higher proportion of people experience multiple spells in the Southern, Bay of Plenty, and East Coast regions in relation to the other exits. These are areas with high exposure to seasonal work. Auckland has a significantly lower share of the multiple-spell group than its overall share of the benefit population.
A significantly higher proportion of people with a history of multiple benefit spells exited to employment in the manufacturing and agriculture, forestry and fishing industries. It is not surprising that agriculture, forestry and fishing (which have high rates of seasonal work) attract people with multiple past benefit spells and is likely to be a key reason why these beneficiaries tend to have multiple spells.

On the other hand a higher proportion of people who did not have multiple transitions on and off benefit over the last two years were placed into retail trade, health care and social assistance services and accommodation and food services. Those people placed into the first two of these industry groups also have higher proportion of people who were able to sustain substantial earnings over the 18-month post exit period.

As expected, the likelihood of return to benefit within 18 months is significantly higher for those with a history of multiple benefit spells than for those without. It is likely that spells in seasonal work are impacting this, but we have not been able to quantify that with the data available.
9. Next steps

This report has been largely descriptive in nature looking at two fundamental outcomes:
1. the probability that clients exit benefits; and
2. what happens to those who exit for a period after they have left the benefit.

To date the work has been performed on two cohorts: those who left a benefit during the year ended 30 June 2011, and those who left a benefit during the year ended 30 June 2014.

9.1 Widen the scope of the population analysed

The analysis to date has focused on people who had more than a short-term spell on benefit. This was done by excluding any people exiting benefit that had not received benefit payments in each of the three months prior to exit.

To allow for matching with monthly earnings data from IRD anyone who did not remain off benefit for a full calendar month was also excluded.

Future analysis will be performed on all people leaving benefit for a period greater than 14 days (to match the Ministry’s definition for continuous duration for official reporting). Thought will need to be given to how to allocate reasons for exit where the period off benefit does not span a full calendar month.

9.2 Assess the impacts of labour market conditions

Further analysis could be performed:
1. Repeat the analysis for all years for which data is available to create a time series of exit outcomes and survival rates. This could be done in quarterly periods to enable effects of seasonal impacts on the employment market to be more apparent.
2. Perform regression analysis to attempt to assess the impact of labour market conditions on these outcomes (both exit and survival rates).

Some of the questions to consider would include:
- how sensitive are overall exit and survival rates to local labour market conditions?
- which measures of labour market conditions are particularly important for these outcomes (eg overall unemployment vs. vacancies or relevant sector employment growth)?
- how does the importance of labour market conditions for these outcomes vary across benefit types?
- how does the importance of labour market conditions for these outcomes vary across individuals (eg groups based on age, gender, ethnicity or existing educational qualifications)?
- is there any empirical evidence that local area characteristics affect these same outcomes beyond our measures of labour market conditions (ie do geographic differences in these outcomes persist even after we’ve controlled for our local labour market measures)?

Appendix 1: Data and method

The analysis for this report was undertaken using data from Statistics New Zealand’s Integrated Data Infrastructure (IDI). The IDI integrates together longitudinal data from a variety of government ministries, departments and agencies.

Statistics New Zealand ‘matches’ the data provided and generates unique identifiers which are added to all data tables. This allows us to link (de-identified) individuals data across all datasets.

Statistics New Zealand regularly updates these data-sets with new data provided by agencies to provide longitudinal views of individuals’ interactions with multiple government services. When these updates are generated, new matched data-sets are created which mean it is difficult to make exact comparisons with prior investigations. To allow for this, we have re-run whatever aspects of the 2010–2011 analysis we needed for comparisons on the new data-sets.

We have followed a similar methodology to that outlined in the Superu report.

The following sections outline the data and methodology used and identifies where we have made changes to the method adopted.

1.1 Data sources used

The IDI datasets used were:
- Benefit Dynamics Datasets: this provided details of benefit receipt for all people who received a benefit.
- Employer Monthly Schedule: earnings and tax details from all employers.
- Deaths data from Department of Internal Affairs.
- Departure and arrivals data from Ministry of Business, Innovation and Employment for arrivals and departures to and from New Zealand.
- Major management data from Department of Corrections.
- Tertiary education and targeted training data from Ministry of Education.
- Working for Families data from IRD for partnering information.

1.2 Calendar months as the base unit of analysis

Calendar months are the base unit of analysis for the work underlining this report. The criteria for being ‘on benefit’ in any particular month is receipt of any benefit for any period during that month. The method adopted has some shortfalls, but is consistent with the method adopted for the analysis underlying the prior report, enabling comparisons of results to be made. While Ministry data would allow for more exact transition dates to be used, many other data tables used are recorded in calendar months which make this approach appropriate. In particular, earnings data from IRD Employer Monthly Schedule table is available on a calendar month basis.
1.3 Definitions

1.3.1 Exits

A person is only deemed to have transitioned off benefit in the first calendar month where no benefit is received. This means on average a beneficiary will have been off benefit for six weeks before being defined as an exit, it also means:

- if a beneficiary spell ends on the first of the month, this beneficiary will not be classed as an exit until eight weeks later (ie after a full calendar month off benefit)
- if a beneficiary spell ends on first of the month, and a new spell starts on the last day of the following month, this beneficiary is never classed as an exit, despite being off benefit for almost as long as the person above
- if a beneficiary exits from benefit at the end of the month, say the 29th, they would not be classified as an exit until the following month, assuming they remain off benefit

1.3.2 Triggers

We have modified the trigger definition from that used in the Superu report to include:

- a wider source of earnings data in determining the employment trigger (withholding payments from Employer Monthly Schedule table)
- the use of Working For Family Tax information and Ministry reason codes to identify partnering as a reason for exit
- used pension earnings data to identify additional retirement exits
- have split the other > $100 category into a > $1,180 and between $100 and $1,180.

Trigger definitions are shown in Table 3.1 in section 3.2 of the report.

Previously in 2016, the employment trigger was defined by those who have earned a substantial amount on the first month and also had experienced increase earnings over the average of the two months prior to them exiting.

This is still the definition used for the employment trigger, however, we have included ‘Other: Earn ≥ $1,180’ in analysis of people who exited benefit into employment. Earnings have been inflated to December 2015 dollars for calculating the trigger.
Changing the allocation order by testing for employment before the education triggers adds an additional 3,500 people to the employment reason for exit.

It is worth bearing in mind that the allocation order only impacts how we define the sub-cohorts of ‘employment’ and ‘education/training’. It doesn’t have any impact on how we measure substantial earnings sustainability in this report. This is because we have carefully defined substantial earnings sustainability solely on whether one continuously earns substantial earnings over time, regardless of their activities over time.

### 1.3.3 Activities

The ‘activity’ concept appears several times in this report, for instance in Figure 3.5, Figure 4.1 and Figure 5.10. Activities are defined similarly to triggers, with the main distinction being that we could track activities over time (subject to data availability). There are also some slight technical differences in how we identified which people were receiving substantial levels of paid parental leave or ACC claim income. As these activities only make up very small proportions of our study population, we included them in the ‘Employment’ activity (as noted in section 3.6).

### 1.4 Impact of data refresh on 2010–2011 results

IDI refreshes regularly and this can cause small changes to the outcomes of prior analysis due to small differences in results from the matching algorithm or backdated changes to the datasets provided.

To be able to have valid comparisons with the original results for the 2010–2011 cohort, we have re-run the analysis for 2010–2011 on the refreshed datasets. Table 1.4 below compares the number of off-benefit transitions from the earlier report to the results from the refreshed dataset.

<table>
<thead>
<tr>
<th>Exit reason</th>
<th>Original</th>
<th>Refreshed</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Death</td>
<td>2,400</td>
<td>2,475</td>
<td>75</td>
</tr>
<tr>
<td>Age &gt; 65</td>
<td>7,239</td>
<td>7,305</td>
<td>66</td>
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<td>Overseas</td>
<td>8,040</td>
<td>8,922</td>
<td>-18</td>
</tr>
<tr>
<td>In detention</td>
<td>4,287</td>
<td>4,110</td>
<td>-177</td>
</tr>
<tr>
<td>Training course</td>
<td>2,823</td>
<td>2,805</td>
<td>-18</td>
</tr>
<tr>
<td>Full-time study</td>
<td>9,369</td>
<td>9,342</td>
<td>-24</td>
</tr>
<tr>
<td>Part-time study</td>
<td>3,324</td>
<td>3,315</td>
<td>-9</td>
</tr>
<tr>
<td>Employment</td>
<td>34,213</td>
<td>34,039</td>
<td>-174</td>
</tr>
<tr>
<td>Other: Earn $100 – $1,180</td>
<td>11,776</td>
<td>11,979</td>
<td>203</td>
</tr>
<tr>
<td>Other: Earn &gt; $1,180</td>
<td>37,689</td>
<td>37,500</td>
<td>-189</td>
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<tr>
<td>Total</td>
<td>65,112</td>
<td>65,218</td>
<td>106</td>
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</table>

The differences are small and do not have any material impact on the results from the prior report. Overall there were 273 fewer off-benefit transitions identified from the refreshed dataset.
1.5 Impact of changes to trigger on 2010–2011 results

The 2010–2011 cohort has been re-analysed using the modified triggers to compare how these changes have changed the distribution of reasons for off-benefit transition. This is shown in Table 1.4.

Table 1.4: Effect of change to employment and ‘Other’ triggers

<table>
<thead>
<tr>
<th>Exit Reasons (pre-modified)</th>
<th>Death</th>
<th>Age &gt; 65</th>
<th>Overseas</th>
<th>In detention</th>
<th>Training course</th>
<th>FT Study</th>
<th>PT Study</th>
<th>Employment</th>
<th>Oth earn &gt;=1180</th>
<th>Oth earn 100-1180</th>
<th>Oth earn &lt;100</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Death</td>
<td>2,472</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,472</td>
</tr>
<tr>
<td>Age &gt; 65</td>
<td></td>
<td>7,308</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>7,308</td>
</tr>
<tr>
<td>Overseas</td>
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<td>8,919</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8,919</td>
</tr>
<tr>
<td>In detention</td>
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<td></td>
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<td></td>
<td></td>
<td>4,110</td>
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<td></td>
<td></td>
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<td>Training course</td>
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<td></td>
<td></td>
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<td>2,805</td>
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<tr>
<td>FT Study</td>
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<td></td>
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<td>9,340</td>
<td></td>
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<td></td>
<td>9,340</td>
</tr>
<tr>
<td>PT Study</td>
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<td></td>
<td></td>
<td></td>
<td>3,318</td>
<td></td>
<td></td>
<td></td>
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<td>3,318</td>
</tr>
<tr>
<td>Employment</td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>59,988</td>
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<td>Oth earn &gt;=100</td>
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<td></td>
<td>53,988</td>
<td>48</td>
<td>54,036</td>
</tr>
<tr>
<td>Oth earn 100-100</td>
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<td></td>
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<td></td>
<td></td>
<td>493</td>
<td>4,668</td>
<td>5,161</td>
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<td></td>
<td></td>
<td>1,509</td>
<td>678</td>
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<tr>
<td>Total</td>
<td>2,472</td>
<td>7,488</td>
<td>8,919</td>
<td>4,110</td>
<td>2,805</td>
<td>9,342</td>
<td>3,318</td>
<td>55,989</td>
<td>4,899</td>
<td>7,740</td>
<td>28,536</td>
<td>141,795</td>
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The main impacts from the changes to the trigger are:

1. the number of people assigned to employment exit has increased by approximately 2,000 people previously assigned to other
2. an additional 180 people are assigned to ageing over 65 (retirement)
3. 7,700 people previously allocated to other have been identified with an exit reason of entering partnership
4. 4,900 people in the other category earning more than $1,180 per month have been separately identified and treated as meeting employment trigger for some of the later analysis in this report.
5. there remain a significant number (28,500 or 20 percent of all exits) that are assigned an unknown reason.
6. Section 3.1.1 gives some further insight to these benefit exits using Ministry-recorded reason codes.
7. All further analysis and comparisons in the report are based on the refreshed data and the modified Trigger and activity.
## Appendix 2: Glossary

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>ACC</td>
<td>Accident Compensation Corporation</td>
</tr>
<tr>
<td>EB</td>
<td>Emergency Benefit</td>
</tr>
<tr>
<td>FIAA</td>
<td>Fellow of the Institute of Actuaries of Australia</td>
</tr>
<tr>
<td>FNZSA</td>
<td>Fellow of the New Zealand Society of Actuaries</td>
</tr>
<tr>
<td>IDI</td>
<td>Integrated Data Infrastructure</td>
</tr>
<tr>
<td>IRD</td>
<td>Inland Revenue Department</td>
</tr>
<tr>
<td>JS-WR</td>
<td>Jobseeker Support — Work Ready</td>
</tr>
<tr>
<td>JS-HCD</td>
<td>Jobseeker Support — Health Conditions &amp; Disabilities</td>
</tr>
<tr>
<td>NZQF</td>
<td>New Zealand Qualifications Framework</td>
</tr>
<tr>
<td>PPL</td>
<td>Paid parental leave</td>
</tr>
<tr>
<td>SLP-Carers</td>
<td>Supported Living Payment — Carer</td>
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<tr>
<td>SLP-HCD</td>
<td>Supported Living Payment — Health Conditions &amp; Disabilities</td>
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<td>SPS</td>
<td>Sole Parent Support</td>
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<td>Superu</td>
<td>Social Policy Evaluation and Research Unit</td>
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<td>YP</td>
<td>Youth Payment</td>
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<td>Young Parent Payment</td>
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