

What happened to people who left the benefit system



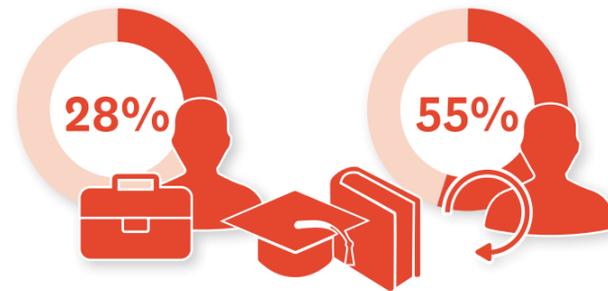
Most people exited for good reasons (employment, education) – but close to 1 in 2 returned to benefit within 18 months



Most exits to employment were to industries like manufacturing and agriculture where clients didn't tend to have sustainable outcomes



Only 1 in 3 people exiting to employment maintained earnings of at least \$1,180 per month, but those that did had good earnings progression



Of the people who went to education or training only 28% were in employment 18 months later, 55% had returned to benefit



While Māori are exiting benefit, their outcomes are not as sustained as other groups.



While young people exited a benefit, their outcomes were not as sustained and they often had multiple spells on benefit

Our methodology



The focus was on 133,000 people who stopped receiving a main benefit in 2013/2014, who:

- had received benefits in each of the three months prior to them exiting
- had been off benefit for at least a calendar month.

We looked at selected outcomes over 18 months:

- reasons for exit
- earnings following exit into employment
- sustainability of exit and, where relevant, earnings

Future steps

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

We will investigate further what causes different outcomes for different people.

Growing evidence will inform decisions about how to best support people off a benefit into sustainable employment and so they don't return to benefit.

Wider outcomes will be looked at as part of social wellbeing modelling.

Definitions

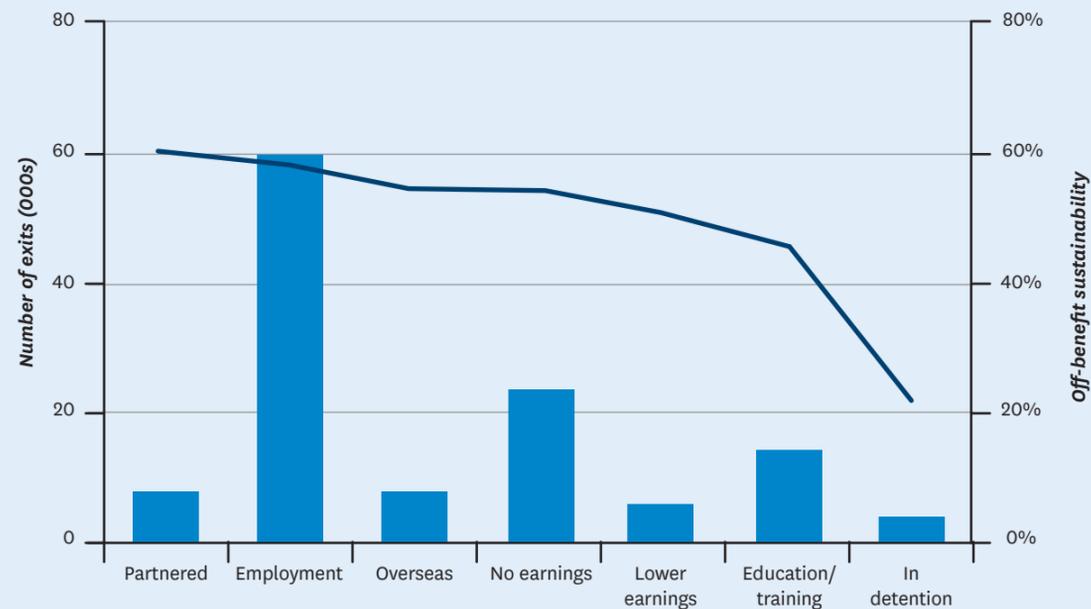
In looking at incomes, we assumed \$1,180 per month to approximate 20 hours per week at minimum wage – 20 hours is minimum for sole parent to get In-WorkTax Credit

A **sustained employment outcome** means a person remained off benefit for 18 months and they maintained earnings of at least \$1,180 per month.



Most people exited for good reasons (employment, education) - but close to 1 in 2 returned to benefit within 18 months

Off-benefit sustainability by exit reason

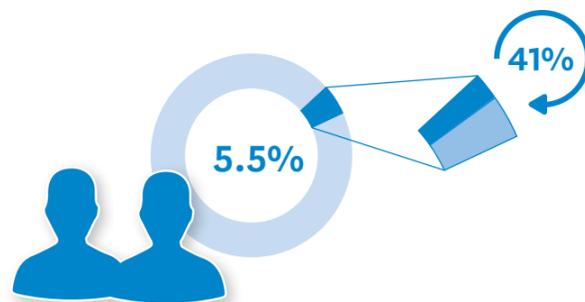


People were more likely to remain off benefit if they:

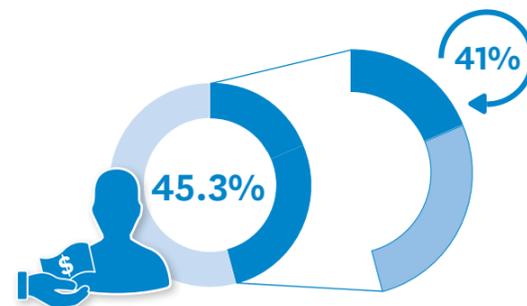
- were in a region with a large city centre (Auckland, Canterbury, Wellington)
- did not have a history of multiple prior benefit spells
- exited to employment or due to partnering
- were over 30 years of age
- were female
- were employed into public administration and safety, healthcare and social assistance or financial/insurance services

Those most likely to return to benefit:

- were in regions with high rates of seasonal work (Southern, East Coast)
- went into detention or study
- had a history of multiple prior spells on benefit
- were Māori
- were younger
- were male
- were employed into agriculture, forestry and fishing, manufacturing or administrative and support services



5.5% left benefit due to partnering, of which 41% returned to benefit



45.3% went into employment with earnings of at least \$1,180 per month, of which 41% returned to benefit

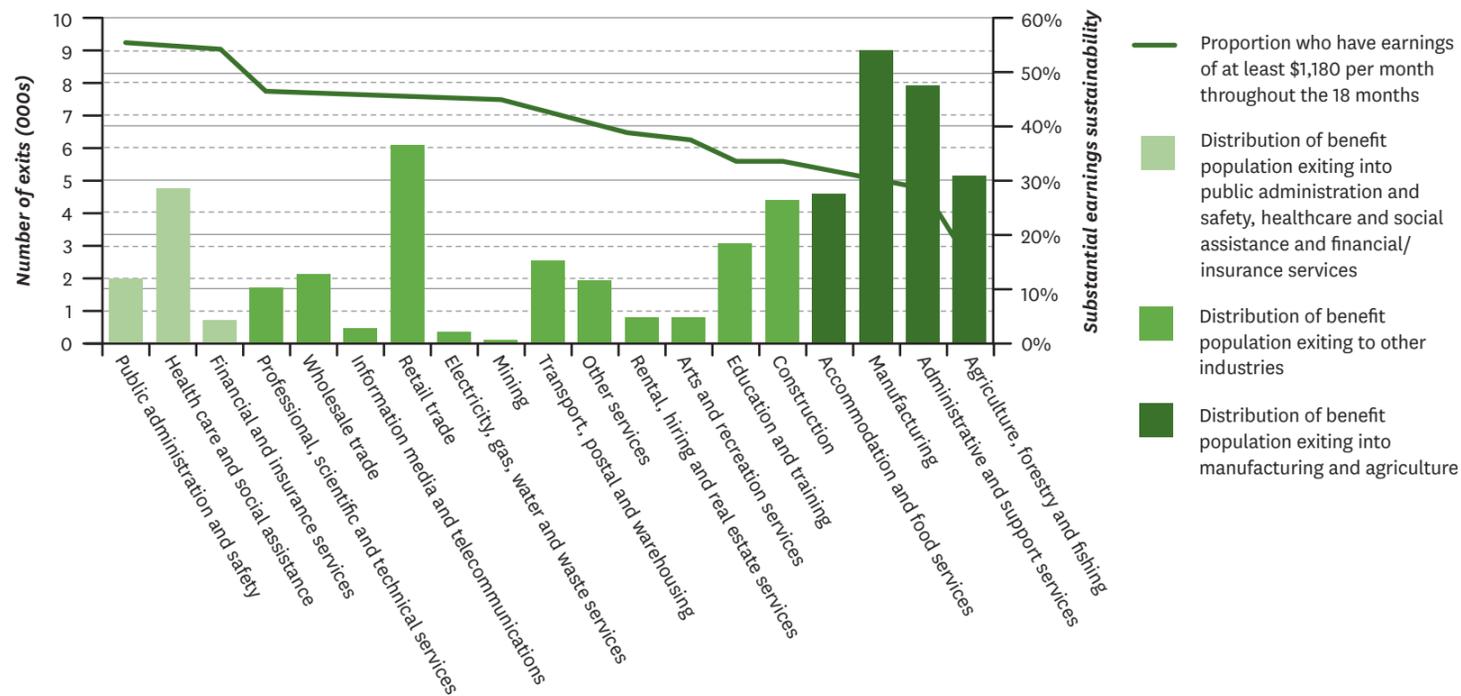


While only 2.5% went to detention, almost 80% of them returned to benefit



Most exits to employment were to industries like manufacturing and agriculture where clients didn't tend to have sustainable outcomes

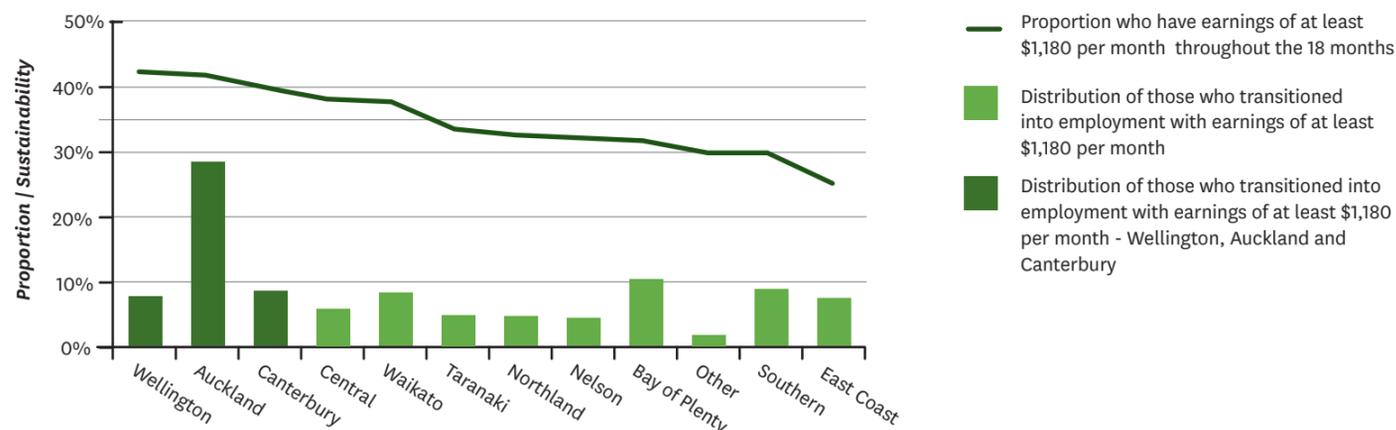
Number of clients exiting into employment and sustainability of earnings of at least \$1,180 per month by initial industry



13% of placements were into public administration and safety, healthcare and social assistance or financial/ insurance services, where people were more likely to sustain earnings and exits from benefit.

More than half of our employment placements were into industries where less than 1 in 3 people maintained substantial earnings throughout 18 months.

Region at the time of exit



Wellington, Auckland and Canterbury regions had higher sustainable employment outcomes.

Influence of seasonal employment felt in lower population regions.



Only 1 in 3 people who exited to employment maintained earnings of at least \$1,180 per month, but those that did had good earnings progression

Region at the time of exit

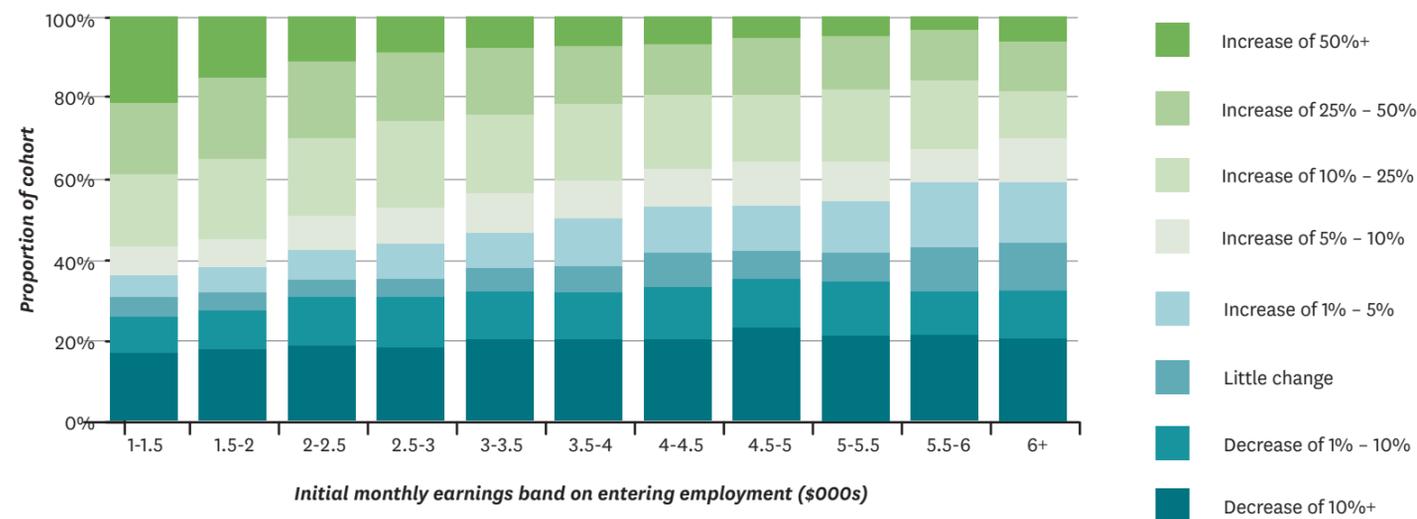


When people exited benefit into employment with earnings of at least \$1,180 per month, their average monthly earnings were approximately \$2,900.



62% of people who exited to employment earned less than \$3,000 per month immediately after leaving the benefit.

Annualised earnings growth over the 18 months by initial earnings

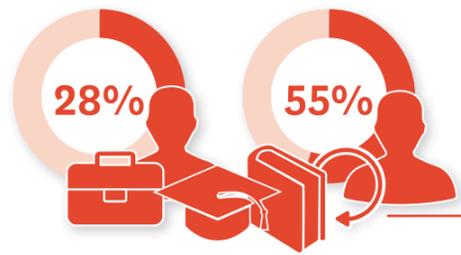


The higher the initial earnings, the more likely it is that people will sustain earnings of at least \$1,180 per month.

While only 37% (22,000 out of 59,000) were able to maintain earnings of at least \$1,180 per month for the full 18 months, of those that did:

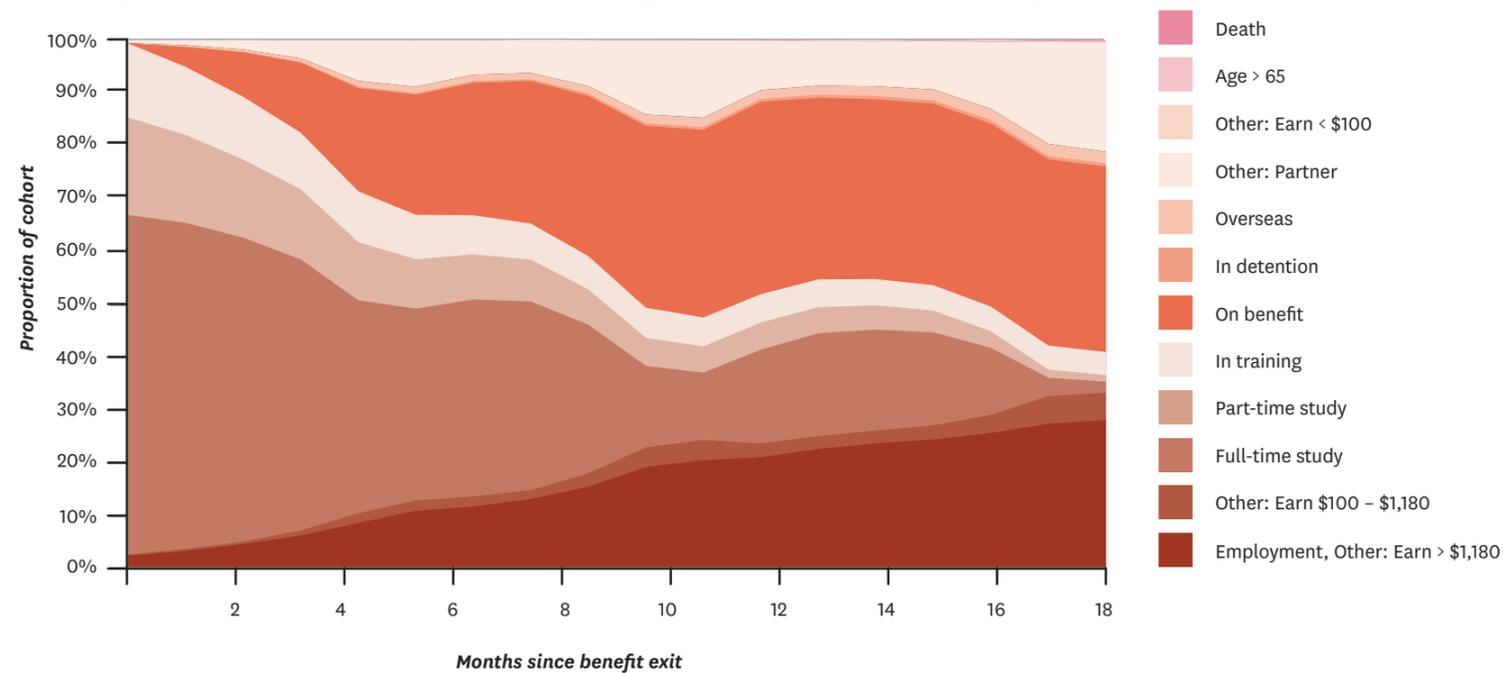
- 64% had earnings growth more than 1% per annum above inflation
- lower starting earnings tended to have higher earnings growth.

Part time work can be a positive stepping stone to better income.



Of the people who went to education or training only 28% were in employment 18 months later, 55% had returned to benefit

Activity over 18 months for those exiting to education or training



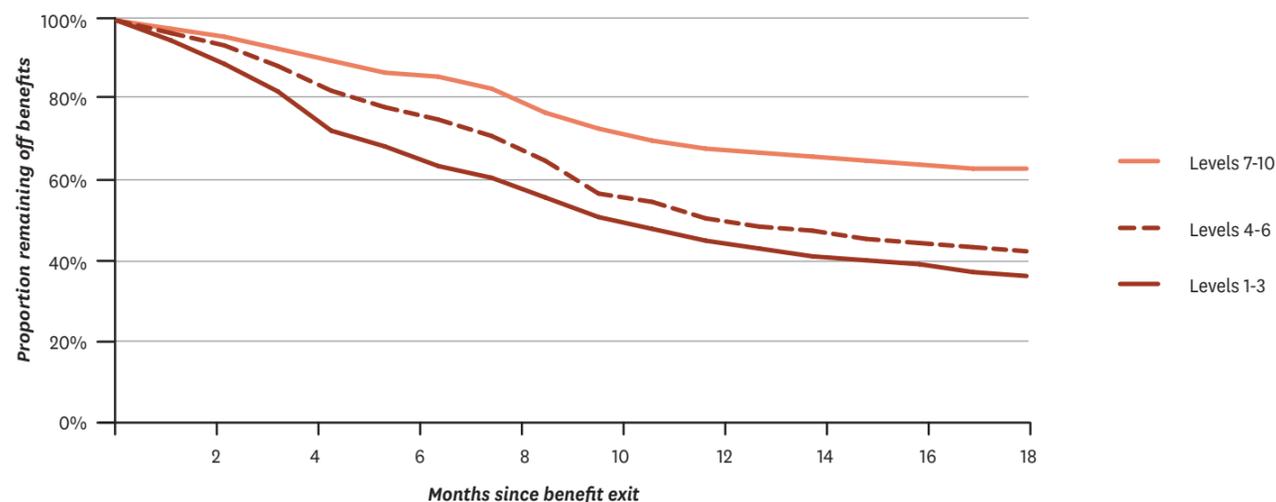
For those who went into education or training:

- 55% came back on benefit at some point during the 18 months (45% for those who went into training)
- 8% were in education or training at 18 months
- 35% were on benefit at 18 months
- 28% were in employment at 18 months

Off-benefit sustainability varied across the qualification levels enrolled in.

Māori returned to benefit after exiting to education at higher rates than other groups.

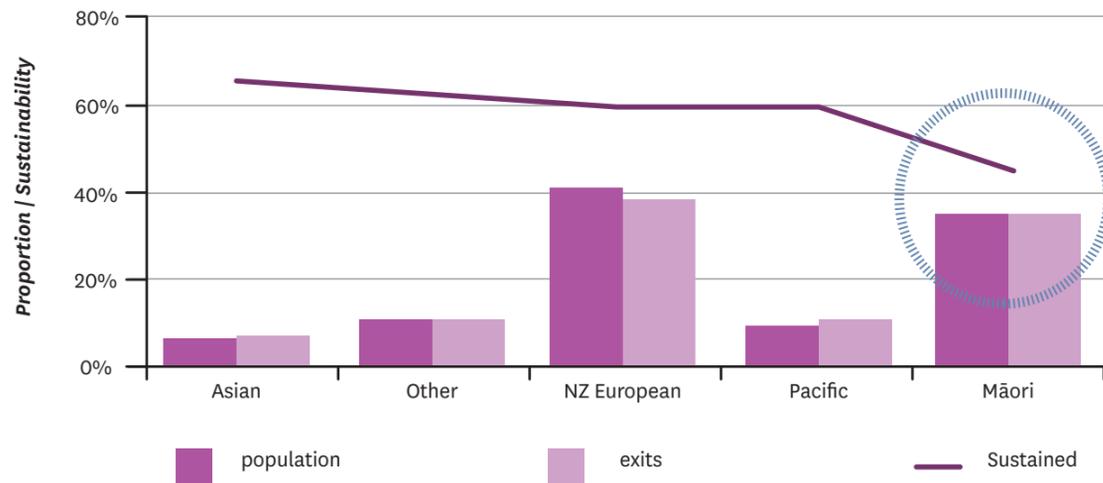
Off-benefit sustainability by qualification levels enrolled





While Māori exited benefit, their outcomes were not as sustained as other groups

Number of clients exiting benefits by ethnic groups

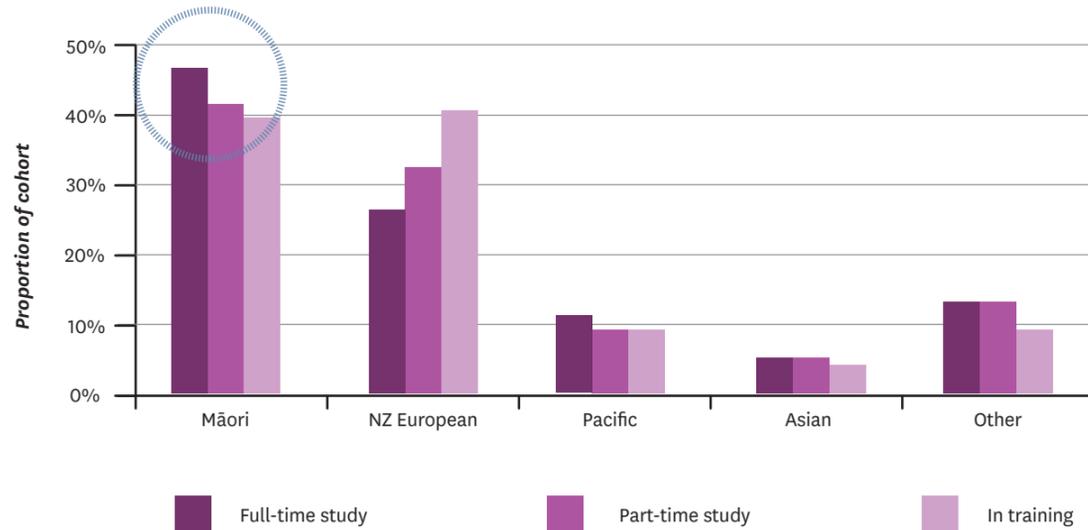


Māori exits were proportional to the proportion of Māori in the benefit population.

However, they were:

- less likely to stay off benefit than other groups (55% return to benefit compared to 40% for others)
- less likely to sustain earnings of at least \$1,180 per month
- more likely to exit into education than other groups and more likely to return to benefit from education (2 out of 3 returned to benefit compared to 1 in 2 for others)
- more likely to have had multiple benefit spells in the past.

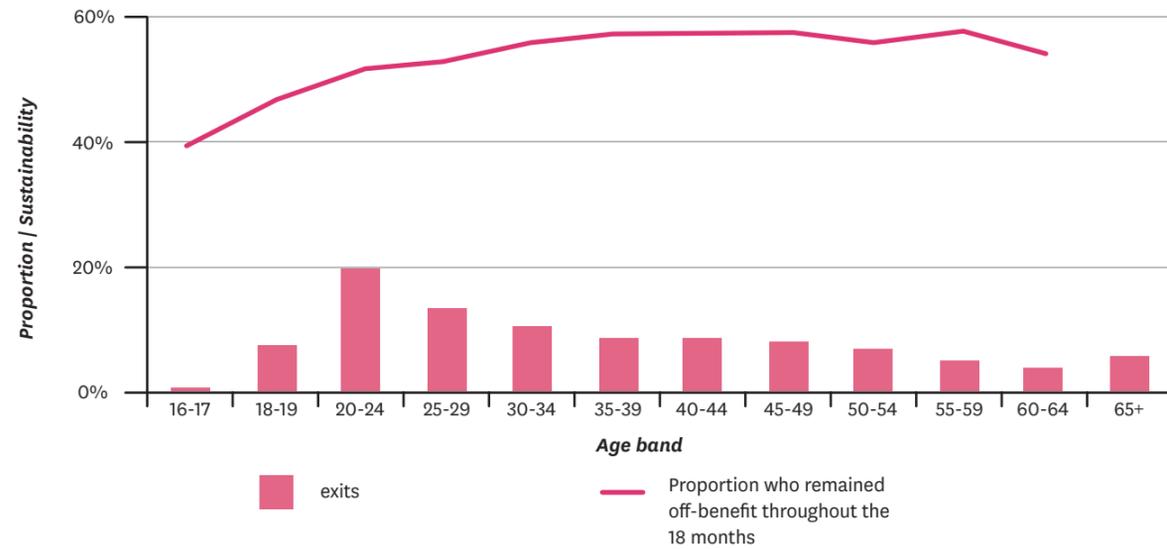
Education exits by ethnic group





While young people exited benefit, their outcomes were not as sustained and they often have multiple spells on benefit

Off-benefit sustainability by age bands



Younger people under 30 years old:

- were more likely to return to benefit than older people
- were less likely to sustain earnings of at least \$1,180 per month for all of the 18 months
- were more likely to exit into education than those over 30
- were more likely to have had multiple benefit spells in the past.

Multiple benefit history groups by age bands

