



Monthly Benefits Update - Commentary

April 2024

Purpose

- 1 The purpose of this commentary is to highlight key points and insights from the *Monthly Benefits Update* for April 2024. It was published as part of our monthly reporting on the Ministry of Social Development's (MSD) website on Friday, 10 May 2024.¹

Key points

- 1 There were around 372,800 people receiving a main benefit in April 2024, which was an increase of about 2,600 people or 0.7 percent from the previous month. This increase was largely driven by Jobseeker Support.
- 2 There were around 190,000 people receiving Jobseeker Support, an increase of about 2,000 people or 1.1 percent from the previous month. Of these:
 - Jobseeker Support – Work Ready (JS – WR) increased by around 1,100 people or 1.0 percent. This was mostly due to a higher number of people entering JS – WR from outside the benefit system and fewer people leaving.
 - Jobseeker Support – Health Condition or Disability (JS – HCD) increased by around 900 people or 1.1 percent. This partially reflects higher JS – WR numbers, which means more people are transferring to JS – HCD when it better reflects their circumstances.
- 3 The increase in overall benefit recipients reflect current weak economic conditions and a lower demand for labour, making it harder for people to find and retain work. This has seen more people coming onto benefit, and a low rate of exits into work.

¹ For the full set of data and supporting information, please see: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/monthly-reporting/>

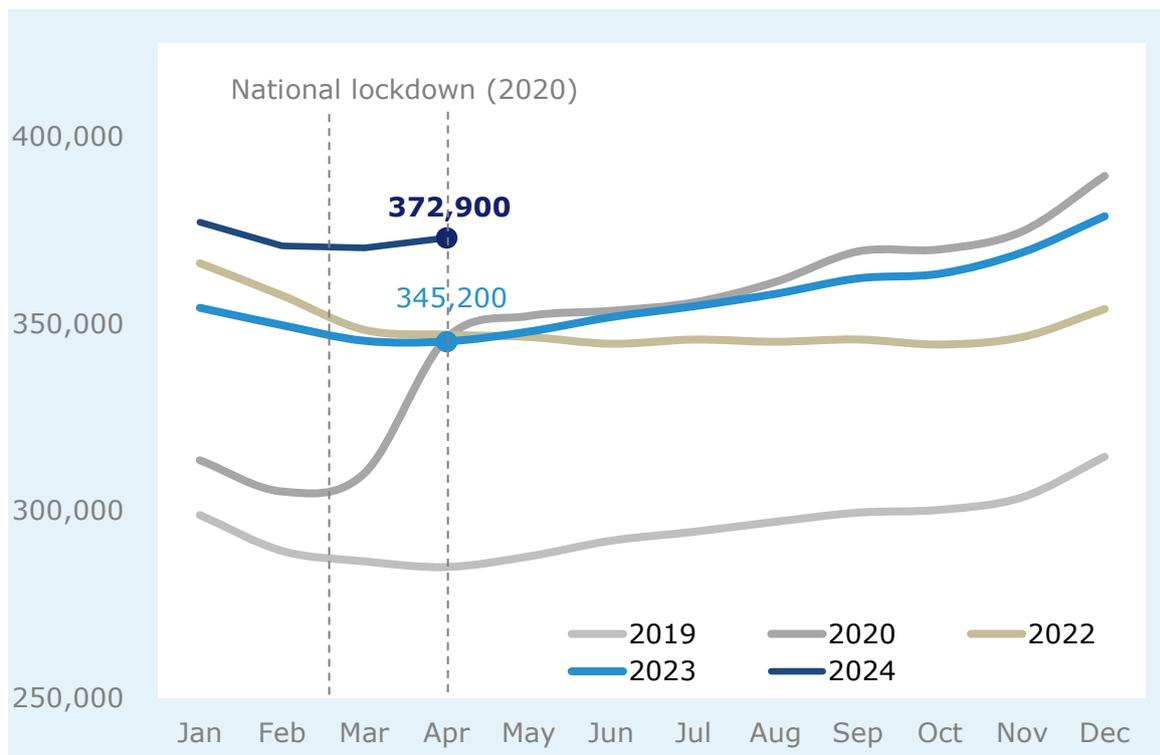


Main benefits

There was a larger-than-usual increase in main benefit recipients in April

- 4 In April 2024, there were around 372,800 people receiving a main benefit. This was an increase of about 2,600 people or 0.7 percent from the previous month.
- 5 The increase in April follows smaller-than-usual decreases in the previous two months, and was largely driven by more people receiving Jobseeker Support (JS). Increases in JS are expected to continue until the start of 2025.
- 6 There are now 27,600 more people on a main benefit compared to the same time a year prior, an increase of 8.0 percent.

Figure 1: The number of people receiving a main benefit in April was higher than previous years.





- 7 The increase in April likely reflects a weakening economy where people may be finding it harder to find and retain work. Recent indicators are showing a weaker labour market:
- In the March 2024 quarter, the unemployment rate increased to 4.3 percent, up from 4.0 percent in the previous quarter. This increase reflects a slowing trend in the broader economy.²
 - Electronic card spending data for March 2024 was lower than a year prior and indicates that people are currently spending less. This may translate into lower demand for labour, as businesses may reduce their staff in order to reduce costs and remain profitable.³
 - Businesses have been experiencing weaker demand and will be lowering current headcounts and growing caution around investments and hiring over the coming months, as reported in the Quarterly survey of Business Opinions (QSBO) for the March quarter.⁴

There were around 1,100 (1.0 percent) more people on Jobseeker Support – Work Ready

- 8 This increase in JS – WR was mostly due to a higher number of people entering JS – WR from outside the benefit system and fewer people leaving.
- 9 Compared with the previous year, JS – WR has increased by around 12,800 people or 13.3 percent. The increase in overall main benefit numbers reflect the upward trend in JS – WR since 2023, likely due to a lower demand for labour.
- 10 In the year to March 2024, MBIE’s Jobs Online All Vacancies index shows a 34.8 percent fall in the number of job advertisements.⁵

² While unemployment figures and benefit numbers are related, they should not be directly compared as they do not measure the same thing. The overlap between Jobseeker Support numbers and Household Labour Force Survey (HLFS) unemployment figures is limited.

³ For more information on electronic card transactions data for March 2024, please see: <https://www.stats.govt.nz/information-releases/electronic-card-transactions-march-2024/>

⁴ For more information about the March 2024 Quarterly Survey of Business Opinion, please see: <https://www.nzier.org.nz/publications/qsbo-shows-business-confidence-waning-in-the-face-of-weak-demand>

⁵ For more information about the Jobs Online All Vacancies Index, please see: <https://www.mbie.govt.nz/business-and-employment/employment-and-skills/labour-market-reports-data-and-analysis/jobs-online/#jobs-online-monthly-data-releasenline> | Ministry of Business, Innovation & Employment (mbie.govt.nz)



- 11 In April 2024, 4.3 percent of clients left JS – WR due to finding work. This was a low proportion compared to what we usually see at this time of the year and continues a trend of low work exits since mid-2023.

Around 900 (1.1 percent) more people were receiving Jobseeker Support – Health Condition or Disability

- 12 The increase in JS – HCD was mostly due to people transferring from JS – WR to this benefit. The increase in transfers from JS – WR is mostly due to increasing numbers of JS – WR recipients, so there are now more people who may transfer.
- 13 Additionally, the Easter public holiday had an impact on benefit numbers in March 2024. Payments are processed earlier in weeks preceding a public holiday to ensure that clients are paid their benefits on time the following week.
- 14 The impact of public holidays usually affects some main benefit types more than others, such as JS – HCD and SLP. This resulted in the number of recipients appearing lower than we would usually see, making the increase in April appear larger.

Around 300 (0.3 percent) more people received Supported Living Payment

- 15 The increase in Supported Living Payment (SLP) was mostly due to:
 - Clients transferring from JS – HCD to SLP
 - JS – HCD clients' health conditions becoming long term, which would make them qualify for SLP.
- 16 Similar to JS – HCD, the change in SLP partly reflects the impact of the public holiday at the end of March. For more information, see paragraph 14.



Sole Parent Support has been increasing over time, due to fewer people leaving this benefit

- 17 The number of people receiving Sole Parent Support (SPS) increased by about 100 people or 0.1 percent. The increase in April was mostly due to new clients entering SPS from outside the benefit system.
- 18 This continues an increasing trend in SPS numbers since around June 2023, mostly due to fewer SPS clients leaving the benefit system. Increases in SPS are expected to continue until the start of 2025.

Hardship Assistance

The number of Special Needs Grants (SNGs) decreased from the previous month

- 19 The number of SNGs granted in April decreased by around 2,400 or 2.1 percent from the previous month.
- 20 SNGs for food made up 77.4 percent of all SNGs in April. This is a normal proportion; in most months, between 70 and 80 percent of SNGs are for food.

Recent and upcoming benefit system impacts

- 21 On 18 April, the Government announced a target of reducing the number of people receiving Jobseeker Support by 50,000 to 140,000 by the end of 2029.⁶
- 22 The Winter Energy Payment, an extra payment to help with the cost of heating over winter months, started on 1 May and will end on 1 October.⁷
- 23 From 30 April 2024, an emergency housing fast-track was introduced for the Social Housing Register. This is for clients with dependent children in emergency housing.⁸

⁶ For more information, please see: <https://www.beehive.govt.nz/release/government-focused-getting-people-work>

⁷ For more information, please see: <https://www.workandincome.govt.nz/products/a-z-benefits/winter-energy-payment.html>

⁸ For more information, please see: <https://www.workandincome.govt.nz/map/social-housing/assessment-of-eligibility/fast-track-provision.html>



Upcoming releases⁹

- 24 The April 2024 Monthly Housing Update will be published on 10 May 2024.
- 25 The Social Housing Register for the March 2024 quarter will be published on 10 May 2024.
- 26 The Budget Economic and Fiscal Update 2024 (BEFU 24) will be published on 30 May.

⁹ All releases are available at: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/index.html>