MINISTRY OF
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Te Manatū Whakahiato Ora

Who uses the benefit system and for how long?

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Executive Summary

This report provides an updated overview of the prevalence and duration of benefit receipt in New Zealand.

Time on benefit for people who newly take up benefit

When the amount of time spent on benefit is calculated for the flow of people newly taking up benefit, most are found to receive benefit for only a relatively brief period.

Of people aged 16-64 who newly entered the benefit system in 1999 having had no benefit receipt in the preceding four years, half spent less than 1.4 years out of the following ten on benefit. Most received unemployment and training-related benefits in the period.

One in five received benefit for five years or more in the following decade. Longer-term benefit receipt was often characterised by multiple spells on more than one benefit type, rather than a single spell on a single benefit type.

New benefit entrants most likely to go on to have longer-term benefit receipt included women, those entering at very young and older working-ages, and Māori, particularly Māori women.

Time already on benefit for people receiving benefit on a date

When the amount of time spent on benefit is calculated for people in receipt of benefit at a point in time, the average duration is considerable because the people who have the longest stays in the benefit system are highly represented.

Of people aged 28-64 receiving benefit at June 2009 (for whom there is a full ten years since they turned 18), half had spent at least three-quarters of the preceding decade on benefit. Just under a quarter had received benefit for all of the decade.

Between 2003 and 2009, the number of people aged 28-64 who had spent larger shares of their time on benefit fell as a proportion of the total population in this age group.

Benefit receipt over the lifecourse

A large proportion of all New Zealanders use the benefit system at some time.

Based on data for selected birth cohorts over the 17 years from 1993 to 2009, it is estimated that at least two in five people in the population received benefit in their middle and older working-age years, and one in two received benefit in young adulthood.

An estimated one in ten people in the population received benefit for at least half the time in their middle and older working-age years.

One in fifteen received benefit for at least half the time in their young adult years.

The relatively small proportion of the population who spent at least half their time on benefit accounted for a significant share of the total weeks of benefit receipt.

Whether these proportions also hold for more recent cohorts passing through these ages is not yet able to be determined.

Purpose

This report provides an updated overview of the prevalence and duration of benefit receipt in New Zealand, building on previous research.[1]

It describes the differing views of how long people use the benefit system that are obtained depending on whether time on benefit is calculated looking forwards for those newly entering the benefit system, or calculated looking backwards for those receiving benefit on a particular date.

It also estimates the size of the population that has had some contact with the benefit system over different parts of the lifecourse, and the proportion that were shorter- versus longer-term benefit recipients.

Data and definitions

Data used in the analysis come from the Benefit Dynamics Dataset. This is a longitudinal research data set assembled from benefit administration data. It currently covers the period 1993 to 2009.

The analysis examines the total length of time people use the benefit system over that period. Often people move on and off benefit and receive different benefit types. In this analysis, all their spells on all benefit types are counted, including time spent receiving benefit as the partner of a primary benefit recipient.

Benefits included in the analysis are main, working-age benefits (see Box 1). Time spent receiving only supplementary payments or tax credits is not counted.

People included in the analysis are all those aged 16-64 who received benefit either as a primary benefit recipient or as the partner of a primary benefit recipient.

Box 1

Total time on benefit includes spells on:

- Unemployment and training-related benefits, including their hardship equivalents (UB/TB related benefits)
- Domestic Purposes Benefit for sole parents, including Emergency Maintenance Allowance (DPB-SP)
- Sickness Benefit, including the hardship equivalent (SB)
- Invalid's Benefit (IB)
- Other benefits, which include
    - Independent Youth Benefit (IYB) for 16 and 17 year olds
    - Emergency Benefit (EB)
    - Domestic Purposes Benefit for carers of the sick or infirm (DPB-CSI)
    - Domestic Purposes Benefit for women alone (DPB-WA)
    - Widow's Benefit (WB)
    - Transitional Retirement Benefit (TRB) -this benefit was for 60-64 year olds and was phased out in 2004
- Benefit as a partner (all main benefits with the exception of DPB-SP, DPB-WA and WB can be apportioned between a primary benefit recipient and their partner).

[1] See, for example, Bane and Ellwood (1994); Dalgety *et al.*. (2010); McLeod and Beynon (2006); Dixon and Crichton (2007); Gregory and Klug (2002); Welch and Wilson (unpublished); Wilson (1999).

Key findings - Time on benefit for people who newly take up benefit

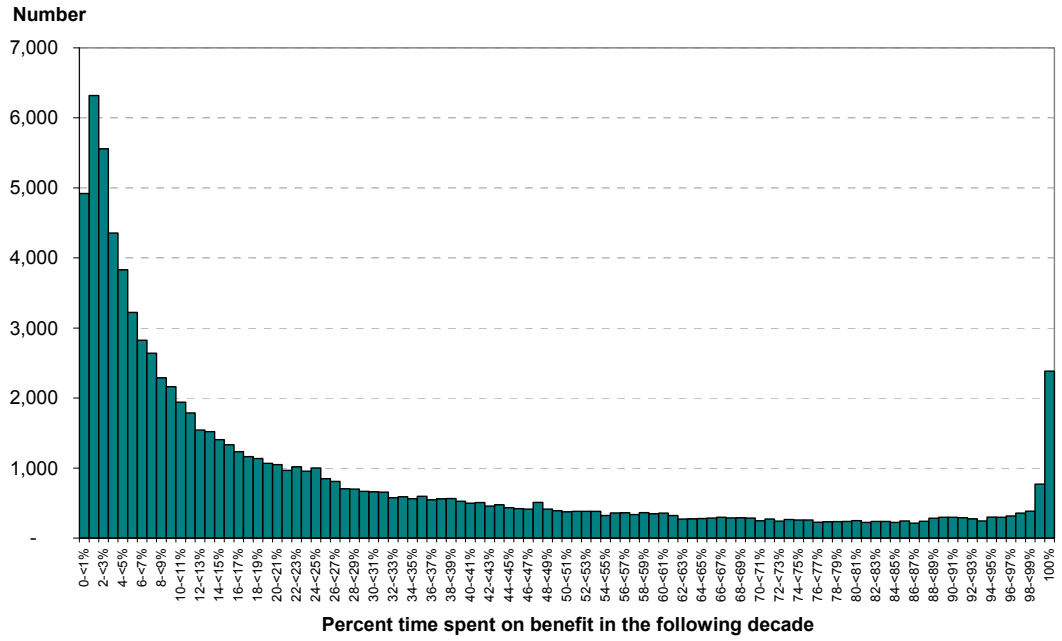
When the amount of time spent on benefit is calculated for the flow of people newly taking up benefit, most are found to receive benefit for only a relatively brief period

In 1999, 88,700 people aged 16-64 (3.6 percent of the population in that age group) newly entered the benefit system as a primary benefit recipient or a partner, having had no benefit receipt in the preceding four years.

Figure 1 shows the distribution of the proportion of time these new entrants spent receiving benefit over the following decade:

- the median proportion of time spent on benefit was 14 percent (ie half of new entrants spent less than 1.4 years out of the ten on benefit, and half spent at least this amount of time on benefit)
- 20 percent of new entrants spent at least half of the next 10 years on benefit
- 9 percent of new entrants spent at least 80 percent of the next 10 years on benefit
- 15 percent of new entrants were on benefit at 30 June 2009 (although most of these people had not received benefit for all of the ten year period).

Figure 1: Distribution of total time new entrants to the benefit system in 1999 spent on benefit over the following decade



Source: MSD: Benefit Dynamics Dataset.

Duration varies across groups of new entrants

Table 1 compares durations across groups.

- There was little difference in the proportion of men and women who newly entered the benefit system in 1999, but women who entered had longer average durations.
- Across age groups, the proportion of the population who newly entered the benefit system in 1999 was by far the highest for young people aged 18 or 19 – 18.3 percent of young people in this age group newly entered benefit in 1999, including 4.2 percent who entered within a month of their 18th birthday.
- Very young new entrants (who entered aged 16 or 17, or within a month of their 18th birthday) and older new entrants (who entered aged 50-59) had the longest average durations on benefit. Of all 16 and 17 year olds who entered the benefit system in 1999, 42 percent were on benefit at 30 June 2009 (although most of these people had not received benefit for all of the ten year period).
- 16-17 year olds who newly enter the benefit system comprise three main groups: those coming on to Invalids Benefit, many of whom have long-term intellectual or congenital disabilities; young mothers coming on to Emergency Maintenance Allowance because they are unable to be supported financially by their families; and young people taking up Independent Youth Benefit because they have lost the support of their families. These circumstances at a young age are associated with an increased likelihood of longer-term benefit receipt.
- The benefit durations of those who newly entered aged 60-64 were shorter than those of other older entrants because they qualified for New Zealand Superannuation within a short period.
- Māori were more likely than non-Māori to newly enter the benefit system in 1999, and Māori new entrants (particularly Māori women) had longer average durations than non-Māori.
- Pacific people and people from Other ethnic groups who newly entered the benefit system had, on average, longer stays than European new entrants, but had slightly shorter stays than Māori new entrants.[2]
- Those whose benefit at entry was an unemployment or training-related benefit or Transitional Retirement Benefit had the shortest durations.
- Those whose benefit at entry was the Invalid's Benefit had the longest durations.

Note that the calculations of duration by benefit at entry shown are for new entrants to the benefit system as a whole, and cannot be taken as representative of the duration for all people taking up a particular benefit type for the first time.

For example, from Table 1, the median length of stay for those whose first benefit at entry was DPB-SP was 30% (three years) of the ten year follow-up. This figure relates to new entrants to DPB-SP *excluding* those who were new to DPB-SP but received other benefit types in the preceding four years. The median length of stay for those taking up DPB-SP for the first time[3] *including* those who received other benefits within the previous four years was around five years.

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[2] Numbers entering cannot be expressed as a percentage of the population for Pacific peoples and the Other ethnicity group because we lack comparable population estimates.

[3] Having not received DPB-SP in the preceding four years.

Table 1: Total time new entrants to the benefit system in 1999 spent on benefit over the following decade

	Number of new entrants	% population	Proportion of time on benefit in the following decade: Mean	Median	% <5%	% 50%+	% 80%+
All 16-64	88,700	3.6%	26%	14%	28%	20%	9%
Men	43,100	3.6%	23%	12%	30%	15%	6%
Women	45,600	3.7%	30%	16%	27%	24%	12%
Entered at age:							
16-17	5,700	5.2%	53%	51%	4%	51%	28%
on 18th birthday*	4,600	4.2%	34%	24%	13%	26%	11%
18-19, after 18th	15,400	14.1%	20%	10%	28%	12%	5%
20-24	10,900	4.2%	14%	6%	46%	7%	3%
25-29	9,800	3.5%	18%	7%	43%	11%	4%
30-34	8,300	2.8%	22%	10%	33%	15%	7%
35-39	7,600	2.4%	25%	12%	30%	17%	8%
40-44	6,000	2.1%	26%	13%	29%	19%	10%
45-49	5,000	2.0%	30%	15%	28%	24%	15%
50-54	5,200	2.3%	40%	25%	22%	36%	23%
55-59	5,500	3.0%	42%	40%	14%	43%	14%
60-64	4,700	3.2%	27%	23%	11%	8%	6%
Ethnic group**							
European	54,900	-	23%	11%	33%	16%	7%
Mäori	15,300	4.7%	35%	24%	16%	29%	13%
Pacific peoples	6,700	-	32%	20%	18%	24%	12%
Other	10,100	-	31%	17%	22%	25%	15%
Unspecified	1,700	-	7%	3%	66%	2%	1%
Total non-Mäori	73,400	3.4%	25%	12%	31%	18%	9%
Ethnicity and sex							
Mäori Men	7,800	5.0%	28%	19%	19%	19%	6%
Mäori Women	7,500	4.4%	42%	35%	13%	39%	21%
Non-Mäori Men	35,200	3.3%	22%	10%	32%	14%	6%
Non-Mäori Women	38,200	3.5%	27%	14%	29%	21%	11%
Benefit at entry							
IYB	3,800	0.2%	47%	42%	4%	43%	19%
UB/TB related	51,100	2.1%	20%	9%	34%	13%	5%
SB	8,400	0.3%	36%	23%	24%	31%	17%
IB	1,400	0.1%	59%	62%	12%	55%	43%
DPB-SP	5,700	0.2%	38%	30%	13%	32%	15%
DPB-CSI/WA	500	0.0%	38%	31%	16%	33%	14%
WB	700	0.0%	47%	43%	5%	42%	18%
EB	1,600	0.1%	42%	30%	16%	37%	25%
TRB	1,400	0.1%	15%	16%	11%	0%	0%
Bft as a partner	14,100	0.6%	28%	16%	27%	22%	11%

Source: MSD: Benefit Dynamics Dataset.
* Those entering on their 18th birthday include those who entered either on their birthday or within the following month. Population proportions for those who entered on their 18th birthday or within the following month are calculated as a proportion of those aged 18-19 in 1999.
** Ethnic group is based on prioritised data ie if a person reports both Maori and Pacific ethnic affiliation they appear as Maori. European includes both NZ European and Other European.

Benefit types received varies by gender and age at new entry. Most new entrants receive unemployment and training-related benefits

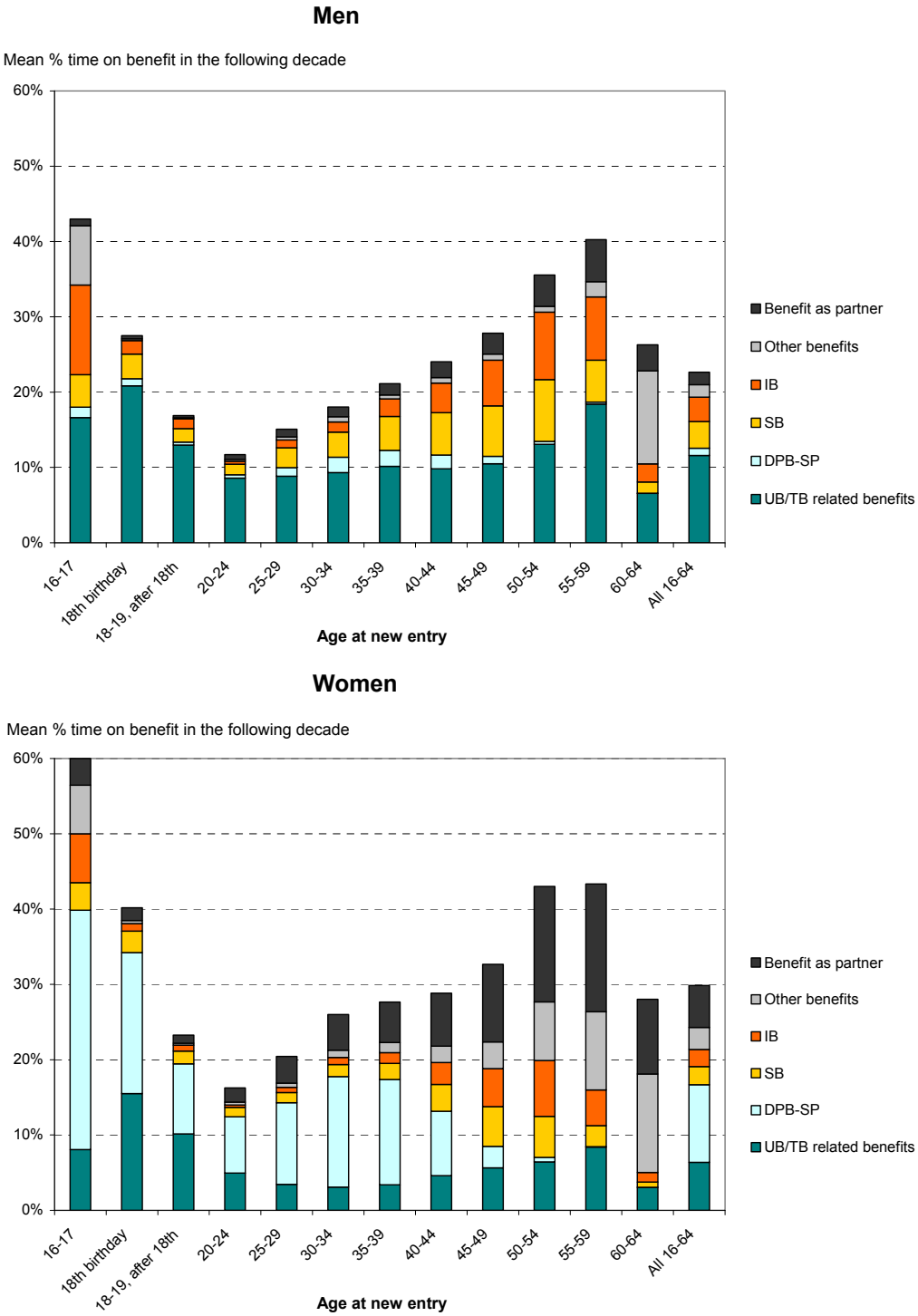
Figure 2 examines the mean share of time new entrants in different age groups spent on different types of benefits:

- men newly entering the benefit system in all age groups spent longer, on average, than women receiving unemployment and training-related benefits, the Sickness Benefit and the Invalid's Benefit
- women newly entering the benefit system in all age groups spent longer, on average, than men receiving DPB-Sole Parent, "other benefits" and receiving benefit as a partner
- on average, around half the total time spent on benefit by women aged under 40 who newly entered the benefit system in 1999 was spent receiving DPB-Sole Parent
- for both men and women, the average share of time spent on Sickness and Invalid's Benefits was highest for those who newly entered the benefit system at ages 16 or 17, or at older ages.

Appendix 1 supplies the mean values presented in Figure 2 (Table A1.1). It also provides the median duration on different benefit types (Table A1.2).

Median duration figures indicate that, while the majority of the men and women who newly entered the benefit system in 1999 spent some time receiving unemployment or training-related benefits over the following decade, less than half received DPB-Sole Parent, the Sickness Benefit and the Invalid's Benefit. While Figure 2 provides mean shares of time spent on different benefit types, it cannot be taken as representing the benefit receipt of a "typical" new entrant.

Figure 2: Mean proportion of time new entrants to the benefit system in 1999 spent on different benefit types over the following decade, by gender and age at entry



Source: MSD: Benefit Dynamics Dataset.
* Those entering on their 18th birthday include those who entered either on their birthday or within the following month.
Benefits include their hardship equivalents.

It is possible to identify sub-groups within the flow of people newly taking up benefit

A high level clustering analysis was used to identify sub-groups within the population who newly entered benefit in 1999.[4] Clustering techniques can be used to help identify natural groupings within an otherwise diverse population. The analysis looked for sub-groups based on each person's age at the date of their new entry (which, from Figure 2, is strongly associated with patterns of benefit use), and three measures of their benefit trajectories over the following 10 years:

- total duration on benefit
- total number of spells on different benefit types[5]
- total number of different benefit types received.[6]

For this high level analysis, time on benefit as a partner was excluded from the duration calculation, and spells on benefit as a partner were excluded from the spell and benefit type counts.

The sub-groups identified are summarised in Tables 2 and 3.

The results confirm that for large sub-groups of new entrants, benefit receipt was fairly short-term and largely confined to unemployment and training-related benefits (sub-group 2 for women; and sub-groups 1, 2 and 4 for men).

- In most cases, people in these sub-groups were young, but the sub-groups include one group of older men with short-medium duration (sub-group 4 for men).
- Most in these sub-groups had more than a single spell of benefit receipt. In some cases, this may reflect repeated receipt of benefit by tertiary students in summer vacations, or seasonal or temporary employment.

The results also point to groups of new entrants who spent longer periods on benefit over the ten years. These included sub-group 1 for women (who entered at very young ages and received unemployment and training-related benefits, DPB-SP, and SB – which would, in most cases, be for pregnancy); sub-group 3 for women (who entered at older ages, most received DPB-SP only); and sub-group 5 for both men and women (older entrants, most of whom received unemployment and training-related benefits and SB, and some of whom received IB).

With the exception of sub-group 3 for women, benefit receipt in the longer-term sub-groups was characterised by multiple spells and more than one benefit type, rather than a single spell on a single benefit type.

The 10 year period examined is too short to track benefit trajectories throughout the whole of the clients' adult lives. With a longer follow-up, the trajectories of receipt and the high level groupings that emerge may change.

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4 The method used was the k-means method which divides the whole client base into k disjoint clusters, where the separation between clusters is as large as possible while the clients within each cluster are as similar to each other as possible (Duda et al., 2001; Berry and Linhoff, 2004).

5 Where the benefit types are grouped into the high level groupings listed in Box 1, and an uninterrupted period of receipt within a grouping is treated as one spell. A new spell on benefit is counted if there is a shift to another benefit type, or a period off benefit sustained for more than 14 days.

6 Where the benefit types are grouped into the high level groupings listed in Box 1.

Table 2: Sub-groups of women who newly entered the benefit system in 1999

1 Very young, longer duration clients with multiple spells and multiple benefits
2 Young, shorter duration clients with a few spells on UB/TB related benefits
3 Young/early middle age, longer duration clients with spells on DPB-SP
4 Older clients with one short-medium duration spell on UB/TB, DPB-SP or SB
5 Older, longer duration clients with multiple spells and multiple benefits

Sub-groups of women	1	2	3	4	5
Percent all 1999 women new entrants	21%	42%	9%	17%	11%
Age at entry*	17-20	18-27	26-44	39-56	40-55
Duration in 10 years*	3-8 yrs	0.2-1.2yrs	5-10yrs	0.3-2yrs	2-7yrs
Number of benefit types*	2-3	1	1	1	2
Number of spells*	3-6	1-3	1-2	1	2-4
% who received DPB-SP	73%	15%	60%	21%	26%
% who received UB/TB related benefits	83%	82%	12%	38%	66%
% who received IB	6%	0%	13%	5%	29%
% who received SB	73%	10%	8%	15%	62%
% who received Other benefits	32%	5%	14%	26%	36%
Ethnic group over-represented**	Mäori	European	-	European	Other
Ethnic group under-represented**	European	Mäori	-	Mäori	Mäori, Eur

*Inter-quartile range
**Relative to the ethnic composition of the 1999 new entry population for women overall.
Source: MSD: Benefit Dynamics Dataset.

Table 3: Sub-groups of men who newly entered the benefit system in 1999

1 Young, shorter duration clients with 1-2 periods on UB/TB related benefits
2 Young, short-medium duration clients with multiple spells on UB/TB related benefits
3 Young, medium duration clients with multiple spells and multiple benefits
4 Older, short-medium duration clients with 1-2 spells on UB/TB related benefits
5 Older, longer duration clients with multiple spells and multiple benefits

Sub-groups of men	1	2	3	4	5
Percent all 1999 men new entrants	32%	17%	20%	19%	12%
Age at entry*	19-30	18-26	18-30	44-59	45-58
Duration in 10 years*	0.2-0.8yrs	0.8-3yrs	1.3-5yrs	0.3-2yrs	3-9yrs
Number of benefit types*	1	1	2	1	2
Number of spells*	1-2	3-5	3-7	1-2	2-4
% who received DPB-SP	1%	1%	16%	2%	7%
% who received UB/TB related benefits	90%	93%	97%	64%	71%
% who received IB	0%	4%	10%	5%	40%
% who received SB	5%	2%	70%	14%	71%
% who received Other benefits	2%	0%	35%	15%	24%
Ethnic group over-represented**	European	Maori	Mäori	European	European
Ethnic group under-represented**	Mäori	European	European	Mäori	Mäori

*Inter-quartile range
**Relative to the ethnic composition of the 1999 new entry population for men overall.
Source: MSD: Benefit Dynamics Dataset.

Key findings - Time already on benefit for people in receipt on a date

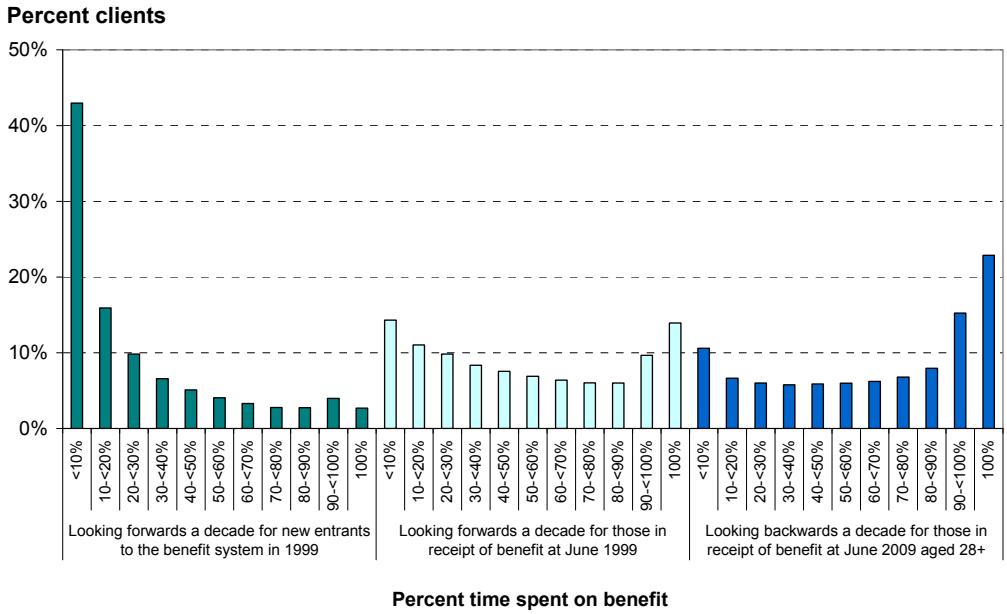
When the amount of time spent on benefit is calculated for people in receipt of benefit at a point in time, the average duration is considerable

Figure 3 compares the distribution of time on benefit over a decade:

- looking forwards for new entrants to the benefit system in the 1999 calendar year[7]
- looking forwards for those in receipt of benefit at 30 June 1999
- looking backwards for those in receipt of benefit at 30 June 2009 (including only those aged 28 or over for whom there is a full ten years when they could previously have received benefit).

While most people who newly enter the benefit system receive benefit for only a relatively brief period, a large proportion of those in receipt of benefit on a given date receive benefit for large shares of time. This occurs because the people who stay on benefit the longest are highly represented among those in receipt on any given date.[8]

Figure 3: Total proportion of time spent on benefit over a decade



Source: MSD: Benefit Dynamics Dataset.

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7 'New entrants' is defined as those entering benefit having had no receipt in the preceding four years.

8 A number of other factors influence the distribution of duration that is obtained for a population. These include:

- the date at which a population of recipients is drawn eg an as at December population generates a greater number of shorter-term recipients who receive benefit in the summer vacations
- whether a population of recipients includes all individuals who received benefit on a particular date, or all individuals who received benefit over the course of a year – the latter generates a greater number of shorter-term benefit recipients
- whether a population of entrants includes all granted benefit in a year (as in Wilson,1999) or includes only those who can be considered "new" entrants to the benefit system (as in the present analysis) – a population of new entrants generates a greater number of shorter-term benefit recipients.

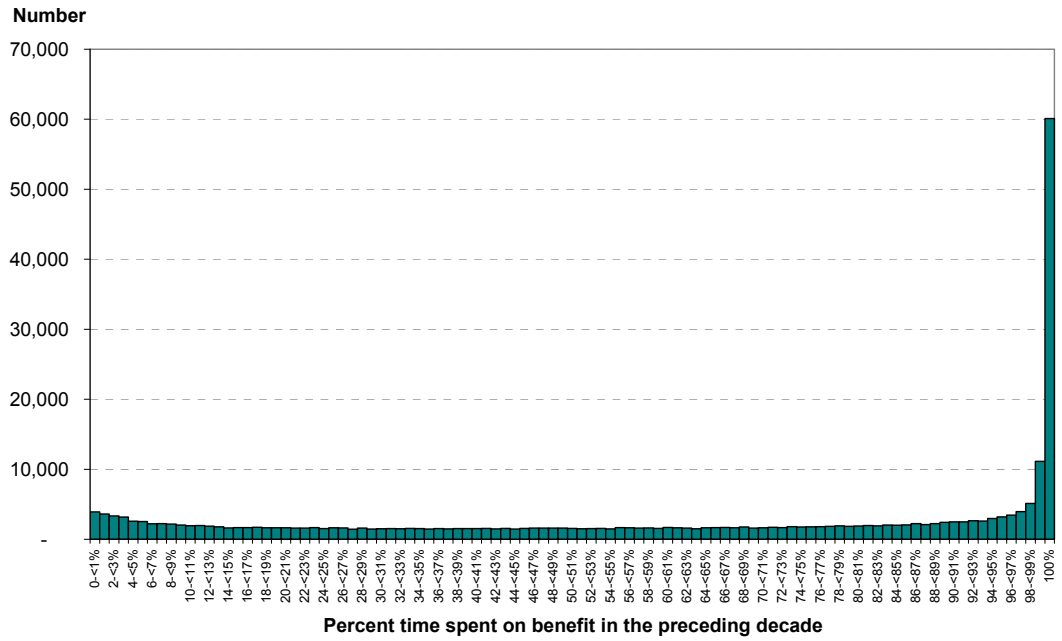
Of people aged 28 or over receiving benefit at June 2009, half had spent at least three-quarters of the preceding decade on benefit

At 30 June 2009, 262,900 people aged 28-64 (12.7 percent of the population in that age group) received benefit, either as the primary recipient of a benefit or as a partner.[9]

Figure 4 provides a detailed distribution of the proportion of time these people spent on benefit over the preceding decade (see Table 4 for summary statistics):

- the median proportion of time spent on benefit in the preceding decade was 74%
- 23% had spent all of the preceding decade on benefit.

Figure 4: Distribution of time people aged 28-64 receiving benefit at June 2009 had spent on benefit over the preceding decade



Source: MSD: Benefit Dynamics Dataset.

At 30 June 2009, 91,000 people aged 16-27 (12.4 percent of the population in that age group) received benefit (see Table 4). Examining the proportion of time they had spent on benefit since turning 18 (or since the age they first received benefit for those under 26 who received benefit as a 16 or 17 year old):

- the median proportion of time spent on benefit was 59%
- 35% had spent at least 80% of the time on benefit
- 14% had spent all of the time on benefit.

[9] This total differs slightly from official counts of numbers of primary benefit recipients and partners drawn from the MSD Information and Analysis Platform (IAP). This reflects differences in the definition of spells on benefit between the IAP data and the Benefit Dynamics Dataset. The total excludes people granted benefit on 30 June 2009, and as a result it also differs slightly from counts for this date drawn from the Benefit Dynamics Dataset reported elsewhere.

Table 4: Total time people receiving benefit at June 2009 spent on benefit over the preceding decade*

	Number of recipients	% population	Proportion of time on benefit in the preceding decade*: Mean	Median	<5%	50%+	80%+
All 16-27	91,000	12.4%	57%	59%	6%	56%	35%
All 28-64	262,900	12.7%	64%	74%	6%	65%	46%
All by age group:							
16-17	4,400	3.4%	97%	100%	0%	98%	95%
18-19	18,600	14.0%	59%	61%	4%	57%	37%
20-24	45,000	14.8%	52%	51%	7%	51%	28%
25-27	23,100	13.5%	57%	60%	6%	58%	33%
28-29	14,600	13.4%	60%	64%	5%	61%	37%
30-34	35,000	13.0%	62%	68%	6%	63%	40%
35-39	39,500	12.8%	63%	71%	6%	64%	43%
40-44	38,600	12.4%	65%	75%	6%	66%	47%
45-49	36,900	11.4%	67%	79%	6%	67%	49%
50-54	31,900	11.2%	66%	80%	7%	67%	50%
55-59	31,100	12.6%	66%	79%	7%	65%	49%
60-64	35,200	15.9%	65%	77%	6%	65%	48%

Source: MSD: Benefit Dynamics Dataset; Statistics New Zealand: Estimated Resident Population by Age as at June.
* For those aged 16-27, the analysis calculates the share of time looking back to age 18 (or, for those aged under 26, back to the age of their first receipt if they received benefit as a 16 or 17 year old). For very young recipients this means the window of time examined is very short.
Note: counts of numbers of recipients based on Benefit Dynamics data differ slightly from official counts of numbers of primary benefit recipients and partners drawn from the IAP.

Duration varies across groups of benefit recipients

Among those aged 28-64, the median share of time spent on benefit was higher at older working-ages.

Among those aged 16-27, the median share of time spent on benefit over the relevant window was highest at the youngest ages (16-17 years – note that the window of time examined for this group was very short), and was also high among those aged 18-19 and 25-27.

Tables 5 and 6 compare across groups within the 16-27 and 28-64 age ranges.

- Women were more likely than men to be in receipt of benefit and had spent larger shares of time in receipt of benefit, on average, than men.
- Māori were much more likely than non-Māori to be in receipt of benefit and had spent larger shares of time in receipt of benefit, on average, than non-Māori.
- Pacific people and people from "Other" ethnic groups in receipt of benefit had, on average, spent smaller shares of time in receipt of benefit than both Māori and European benefit recipients.[10,11]

[10] Numbers entering cannot be expressed as a percentage of the population for Pacific and the Other ethnicity grouping because we lack comparable population estimates.

[11] In other research, these groups have been found to have the highest likelihood of cancelling benefit as a result of going overseas (Wilson *et al.*, 2005). Higher shares of time spent overseas may partly account for the lower average benefit durations.

- Those receiving Invalid's Benefit, followed by those receiving DPB-Sole Parent, had spent the largest shares of time on benefit, on average. (Among those aged 16-27, those receiving IYB had spent large shares of time on benefit - note that the window of time examined for this group was very short).

Table 5: Total time people receiving benefit at June 2009 spent on benefit over the preceding decade, those aged 28-64

	Number of recipients	% population	Proportion of time on benefit in the preceding decade: Mean	Median	<5%	50%+	80%+
All 28-64	262,900	12.7%	64%	74%	6%	65%	46%
Men	111,100	11.1%	60%	65%	8%	59%	40%
Women	151,800	14.2%	68%	81%	5%	69%	51%
Ethnic group**							
European	132,100	-	64%	74%	7%	64%	46%
Mäori	72,900	28.9%	72%	83%	2%	75%	53%
Pacific peoples	21,200	-	60%	64%	7%	60%	39%
Other	31,000	-	59%	64%	9%	58%	42%
Unspecified	5,800	-	26%	18%	24%	19%	3%
Total non-Mäori	190,000	10.4%	62%	69%	8%	61%	43%
Ethnicity and gender							
Mäori Men	30,200	25.4%	63%	68%	4%	65%	39%
Mäori Women	42,700	32.0%	78%	91%	2%	82%	63%
Non-Mäori Men	80,900	9.1%	58%	63%	10%	57%	40%
Non-Mäori Women	109,100	11.7%	64%	73%	6%	64%	46%
Benefit at June 2009							
UB/TB related	34,300	1.7%	38%	31%	19%	35%	15%
SB	43,900	2.1%	54%	56%	7%	55%	31%
IB	76,900	3.7%	83%	100%	1%	85%	72%
DPB-SP	65,800	3.2%	69%	79%	3%	71%	49%
DPB-CSI/WA	8,500	0.4%	63%	72%	5%	64%	44%
WB	5,800	0.3%	60%	63%	5%	59%	40%
EB	2,100	0.1%	45%	39%	12%	43%	24%
Bft as a partner	25,600	1.2%	52%	52%	13%	51%	33%

Source: MSD: Benefit Dynamics Dataset; Statistics New Zealand: Estimated Resident Population by Age as at June.
** Ethnic group is based on prioritised data ie if a person reports both Maori and Pacific ethnic affiliation they appear as Maori. European includes both NZ European and Other European.
Note: counts of numbers of recipients based on Benefit Dynamics data differ slightly from official counts of numbers of primary benefit recipients and partners drawn from the IAP.

Table 6: Total time people receiving benefit at June 2009 spent on benefit over the preceding decade*, those aged 16-27

	Number of recipients	% population	Proportion of time on benefit in the preceding decade*: Mean	Median	<5%	50%+	80%+
All 16-27	91,000	12.4%	57%	59%	6%	56%	35%
Men	35,600	9.5%	47%	41%	9%	43%	24%
Women	55,500	15.3%	63%	70%	4%	65%	41%
Ethnic group**							
European	38,300	-	56%	58%	7%	55%	35%
Mäori	36,700	27.4%	62%	67%	3%	64%	39%
Pacific peoples	8,600	-	48%	43%	8%	45%	25%
Other	4,600	-	41%	31%	14%	36%	21%
Unspecified	2,900	-	43%	32%	15%	39%	23%
Total non-Mäori	54,400	9.0%	53%	51%	8%	51%	32%
Ethnicity and gender							
Mäori Men	12,900	19.4%	49%	46%	6%	46%	22%
Mäori Women	23,800	35.2%	70%	78%	2%	74%	48%
Non-Mäori Men	22,700	7.4%	46%	38%	11%	41%	25%
Non-Mäori Women	31,700	10.7%	58%	61%	6%	58%	36%
Benefit at June 2009							
IYB	2,100	0.3%	96%	100%	0%	97%	93%
UB/TB related	28,800	3.9%	35%	27%	13%	29%	10%
SB	13,300	1.8%	48%	46%	6%	46%	20%
IB	10,200	1.4%	91%	100%	0%	94%	83%
DPB-SP	30,800	4.2%	69%	76%	1%	73%	45%
DPB-CSI/WA	900	0.1%	56%	56%	3%	56%	28%
WB	-	0.0%	-	-	-	-	-
EB	800	0.1%	40%	30%	14%	33%	18%
Bft as a partner	4,100	0.6%	49%	46%	10%	47%	26%

Source: MSD: Benefit Dynamics Dataset; Statistics New Zealand: Estimated Resident Population by Age as at June.
* For those aged 16-27, the analysis calculates the share of time looking back to age 18 (or, for those aged under 26, back to the age of their first receipt if they received benefit as a 16 or 17 year old).
** Ethnic group is based on prioritised data ie if a person reports both Maori and Pacific ethnic affiliation they appear as Maori. European includes both NZ European and Other European.
Note: counts of numbers of recipients based on Benefit Dynamics data differ slightly from official counts of numbers of primary benefit recipients and partners drawn from the IAP.

Between 2003 and 2009, the number of people aged 28-64 who had spent larger shares of their time on benefit fell as a proportion of the total population in this age group

Table 7 looks at changes over time in longer-term benefit receipt at ages 28-64.

Benefit recipients aged 28-64 who had received benefit for at least half the preceding decade:

- fell in number between 2003 and 2007 before increasing slightly between 2007 and 2009
- increased as a proportion of benefit recipients in this age group between 2003 and 2007 before falling between 2007 and 2009
- fell as a proportion of the population aged 28-64 throughout the 2003-2009 period (this occurred in spite of the slight increase in numbers between 2007 and 2009 because the population aged 28-64 grew at a more rapid rate).

Benefit recipients aged 28-64 who had received benefit for at least 80 percent of the preceding decade:

- fell in number between 2003 and 2009
- increased as a proportion of benefit recipients in this age group between 2003 and 2007 before falling between 2007 and 2009
- fell as a proportion of the population aged 28-64 throughout the 2003-2009 period.

Table 7: Longer-term benefit recipients aged 28-64 over time

	Number aged 28-64	% benefit recipients aged 28-64	% total population aged 28-64
Benefit recipients who had spent 50% or more of last 10 years on benefit as at:			
30 June 2003	194,800	67.0%	10.0%
30 June 2005	183,300	71.1%	9.2%
30 June 2007	170,300	72.9%	8.4%
30 June 2009	171,100	65.1%	8.3%
Benefit recipients who had spent 80% or more of last 10 years on benefit as at:			
30 June 2003	133,900	46.1%	6.9%
30 June 2005	128,900	50.0%	6.4%
30 June 2007	123,000	52.6%	6.0%
30 June 2009	121,100	46.1%	5.8%

Source: MSD: Benefit Dynamics Dataset; Statistics New Zealand: Estimated Resident Population by Age as at June.

Key findings - Benefit receipt over the lifecourse

A large proportion of New Zealanders have used the benefit system at some time

Table 8 provides estimates of the proportion of the population who used benefits for different shares of time over the 17 years from 1993 to 2009.

It focuses on three birth cohorts passing through different stages of their lifecourse over that period.

- a “young adult” cohort - born in 1977 who turned 16 in 1993 and 32 in 2009
- a “middle working-age” cohort - born in 1961 who turned 32 in 1993 and 48 in 2009
- an “older working-age” cohort - born in 1945 who turned 48 in 1993 and 64 in 2009.

The figures in Table 8 are estimates because there is no definitive count of the total number of distinct individuals in the population who could potentially have received benefit over the period (for the estimation approach used, see Welch and Wilson, unpublished).

Table 8: Estimated proportions* of people in three birth cohorts who spent different shares of time on benefit between 1993 and 2009

Share of time 1993-2009 spent on benefit	**Young adult** turned 16 in 1993 and 32 in 2009	**Middle working-age** turned 32 in 1993 and 48 in 2009	**Older working-age** turned 48 in 1993 and 64 in 2009
		Percent cohort members	
0% of the time	49%	56%	59%
More than 0% of the time	51%	44%	41%
1% or more of the time	46%	40%	38%
2% or more of the time	40%	37%	36%
3% or more of the time	36%	35%	34%
4% or more of the time	33%	33%	33%
5% or more of the time	31%	31%	31%
10% or more of the time	23%	25%	27%
20% or more of the time	16%	19%	21%
30% or more of the time	12%	15%	18%
40% or more of the time	9%	12%	15%
50% or more of the time	7%	10%	12%
60% or more of the time	5%	8%	10%
70% or more of the time	4%	6%	7%
80% or more of the time	2%	5%	6%
90% or more of the time	1%	3%	4%

Sources: MSD: Benefit Dynamics Dataset; Statistics New Zealand, Estimated Resident Population by Age; Permanent and Long-term Arrivals by Age.
* The total number of individuals in each birth cohort who could potentially have received benefit is estimated by summing the estimated resident population in the birth cohort in 1993 and the number of permanent and long-term migration arrivals in the birth cohort each year 1994-2009.

Based on the benefit experiences of these cohorts over the 17 year period:

- an estimated one in two people in the population received benefit in young adulthood
- at least two in five received benefit in their middle and older working-age years

Based on an earlier analysis of children's contact with the benefit system over the period 1993-2007, an estimated one in two children spent some time in a family in receipt of main benefits (Wilson and Soughtton, 2009).

Whether these proportions also hold for more recent cohorts passing through these ages is not yet able to be determined. While contact with the benefit system in childhood and young adulthood was declining until 2007 (Wilson and Soughtton, 2009; Welch and Wilson, unpublished), the recent recession will have had the effect of increasing the proportion of the population with some benefit receipt.

An estimated one in ten people in the population received benefit for at least half the time in their middle and older working-age years

In middle and older working-age years, an estimated one in twenty received benefit for least 80 percent of the time, and one in ten received benefit for at least 50 percent of the time (Table 8).[12]

The proportions of those in their young adult years who had longer durations of receipt were lower. An estimated one in fifty received benefit for least 80 percent of the time, and an estimated one in fifteen receive benefit for at least half their young adult years (Table 8).

The higher overall prevalence of benefit receipt in young adulthood reflected a greater proportion having shorter-term receipt.

Appendix 2 provides further estimates broken down by gender. In all three cohorts, women were more likely than men to receive benefits over the 1993-2009 period, and more likely to receive benefits for longer periods.

[12] For reasons such as migration into and out of New Zealand, overseas travel, incarceration and mortality, not all of the population who could have received benefit at some time in the 17 year period would have been eligible for all of the time. No attempt is made to adjust for this.

The relatively small proportion of the population who spent at least half their time on benefit accounted for a significant share of the total weeks of benefit receipt

Table 9 considers the share of the total weeks of benefit receipt by each of the three cohorts that were accounted for by cohort members who spent different shares of time on benefit.

Based on these figures:

- the relatively small proportion who spend at least half their time on benefit are estimated to account for close to two-thirds of the total weeks people spend on benefit in middle and older working-age years
- they are also estimated to account for half the total weeks people spend on benefit in young adulthood. This proportion is lower because the proportion who receive benefits for shorter periods is higher in young adulthood than in middle and older working ages.

Table 9: Share of total weeks three birth cohorts spent on benefit 1993-2009 accounted for by those spending different shares of time on benefit

	Young adult	Middle working-age	Older working-age
Share of time 1993-2009 spent on benefit	turned 16 in 1993 and 32 in 2009	turned 32 in 1993 and 48 in 2009	turned 48 in 1993 and 64 in 2009
	Percent total benefit weeks accounted for		
0% of the time	0%	0%	0%
More than 0% of the time	100%	100%	100%
1% or more of the time	100%	100%	100%
2% or more of the time	99%	99%	100%
3% or more of the time	98%	99%	99%
4% or more of the time	97%	98%	99%
5% or more of the time	96%	98%	99%
10% or more of the time	90%	94%	96%
20% or more of the time	80%	87%	90%
30% or more of the time	70%	79%	84%
40% or more of the time	59%	71%	76%
50% or more of the time	49%	62%	67%
60% or more of the time	40%	53%	58%
70% or more of the time	30%	44%	48%
80% or more of the time	20%	35%	40%
90% or more of the time	8%	26%	31%

Source: MSD: Benefit Dynamics Dataset.

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Appendix 1

Table A1.1: Mean time new entrants to the benefit system in 1999 spent on different benefit types over the following decade by gender and age at entry

	Number of new entrants	Mean proportion of time on different benefit types in the following decade: UB/TB related benefits	DPB-SP	SB	IB	Other Benefits	Benefit as primary - total	Benefit as partner	Total
All 16-64	88,700	9%	6%	3%	3%	2%	23%	4%	26%
Men	43,100	12%	1%	4%	3%	2%	21%	2%	23%
Women	45,600	6%	10%	2%	2%	3%	24%	6%	30%
Men - age at entry									
16-17	2,300	17%	1%	4%	12%	8%	42%	1%	43%
on 18th birthday*	2,400	21%	1%	3%	2%	0%	27%	0%	27%
18-19, after 18th	7,400	13%	0%	2%	1%	0%	17%	0%	17%
20-24	5,400	9%	0%	1%	0%	0%	11%	1%	12%
25-29	4,800	9%	1%	3%	1%	0%	14%	1%	15%
30-34	4,000	9%	2%	3%	1%	1%	17%	1%	18%
35-39	3,700	10%	2%	5%	2%	1%	20%	2%	21%
40-44	3,000	10%	2%	6%	4%	1%	22%	2%	24%
45-49	2,500	10%	1%	7%	6%	1%	25%	3%	28%
50-54	2,400	13%	0%	8%	9%	1%	31%	4%	36%
55-59	2,500	18%	0%	6%	8%	2%	35%	6%	40%
60-64	2,600	7%	0%	1%	2%	12%	23%	3%	26%
Women - age at entry									
16-17	3,300	8%	32%	4%	7%	6%	56%	4%	60%
on 18th birthday*	2,200	15%	19%	3%	1%	0%	38%	2%	40%
18-19, after 18th	7,900	10%	9%	2%	1%	0%	22%	1%	23%
20-24	5,600	5%	7%	1%	0%	0%	14%	2%	16%
25-29	5,000	3%	11%	1%	1%	1%	17%	4%	20%
30-34	4,300	3%	15%	2%	1%	1%	21%	5%	26%
35-39	3,900	3%	14%	2%	1%	1%	22%	5%	28%
40-44	3,000	5%	9%	4%	3%	2%	22%	7%	29%
45-49	2,500	6%	3%	5%	5%	4%	22%	10%	33%
50-54	2,800	6%	1%	5%	7%	8%	28%	15%	43%
55-59	3,000	8%	0%	3%	5%	10%	26%	17%	43%
60-64	2,000	3%	0%	1%	1%	13%	18%	10%	28%

Source: MSD Benefit Dynamics Dataset.
* Those entering on their 18th birthday include those who entered either on their birthday or within the following month.

Table A1.2: Median time new entrants to the benefit system in 1999 spent on different benefit types over the following decade by gender and age at entry

(Note a value of 0% indicates that more than 50 percent of new entrants in a given age or gender grouping spent no time on a given benefit type)

	Number of new entrants	Median proportion of time on different benefit types in the following decade: UB/TB related benefits	DPB-SP	SB	IB	Other Benefits	Benefit as primary - total	Benefit as partner	Total
All 16-64	88,700	3%	0%	0%	0%	0%	10%	0%	14%
Men	43,100	5%	0%	0%	0%	0%	10%	0%	12%
Women	45,600	1%	0%	0%	0%	0%	10%	0%	16%
Men - age at entry									
16-17	2,300	12%	0%	0%	0%	7%	35%	0%	36%
on 18th birthday*	2,400	16%	0%	0%	0%	0%	19%	0%	19%
18-19, after 18th	7,400	9%	0%	0%	0%	0%	10%	0%	10%
20-24	5,400	5%	0%	0%	0%	0%	5%	0%	6%
25-29	4,800	4%	0%	0%	0%	0%	6%	0%	7%
30-34	4,000	4%	0%	0%	0%	0%	8%	0%	8%
35-39	3,700	4%	0%	0%	0%	0%	9%	0%	10%
40-44	3,000	4%	0%	0%	0%	0%	10%	0%	11%
45-49	2,500	4%	0%	0%	0%	0%	11%	0%	13%
50-54	2,400	3%	0%	0%	0%	0%	15%	0%	19%
55-59	2,500	4%	0%	0%	0%	0%	28%	0%	40%
60-64	2,600	0%	0%	0%	0%	9%	21%	0%	23%
Women - age at entry									
16-17	3,300	3%	23%	0%	0%	5%	60%	0%	65%
on 18th birthday*	2,200	12%	0%	0%	0%	0%	30%	0%	32%
18-19, after 18th	7,900	7%	0%	0%	0%	0%	11%	0%	11%
20-24	5,600	2%	0%	0%	0%	0%	5%	0%	6%
25-29	5,000	1%	0%	0%	0%	0%	5%	0%	8%
30-34	4,300	0%	0%	0%	0%	0%	8%	0%	13%
35-39	3,900	0%	0%	0%	0%	0%	8%	0%	15%
40-44	3,000	0%	0%	0%	0%	0%	7%	0%	15%
45-49	2,500	0%	0%	0%	0%	0%	6%	0%	17%
50-54	2,800	0%	0%	0%	0%	0%	7%	0%	31%
55-59	3,000	0%	0%	0%	0%	0%	7%	3%	41%
60-64	2,000	0%	0%	0%	0%	6%	12%	0%	23%

Source: MSD Benefit Dynamics Dataset.
* Those entering on their 18th birthday include those who entered either on their birthday or within the following month.

Appendix 2

Table A2.1: Estimated proportions* of men and women in three birth cohorts who spent different shares of time on benefit between 1993 and 2009

Share of time 1993-2009 spent on benefit	Young adult turned 16 in 1993 and 32 in 2009	Middle working-age turned 32 in 1993 and 48 in 2009	Older working-age turned 48 in 1993 and 64 in 2009
	Percent men cohort members		
0% of the time	51%	59%	62%
More than 0% of the time	49%	41%	38%
1% or more of the time	44%	37%	35%
2% or more of the time	39%	34%	32%
3% or more of the time	35%	31%	30%
4% or more of the time	32%	29%	29%
5% or more of the time	29%	27%	27%
10% or more of the time	22%	21%	23%
20% or more of the time	14%	15%	18%
30% or more of the time	9%	12%	15%
40% or more of the time	6%	9%	12%
50% or more of the time	4%	7%	10%
60% or more of the time	3%	6%	8%
70% or more of the time	2%	5%	6%
80% or more of the time	1%	3%	5%
90% or more of the time	0%	2%	4%
	Percent women cohort members		
0% of the time	48%	53%	56%
More than 0% of the time	52%	47%	44%
1% or more of the time	47%	44%	42%
2% or more of the time	42%	40%	40%
3% or more of the time	38%	38%	38%
4% or more of the time	35%	36%	37%
5% or more of the time	32%	35%	36%
10% or more of the time	25%	30%	31%
20% or more of the time	19%	23%	25%
30% or more of the time	15%	19%	21%
40% or more of the time	12%	15%	17%
50% or more of the time	9%	12%	14%
60% or more of the time	7%	10%	11%
70% or more of the time	5%	8%	9%
80% or more of the time	3%	6%	7%
90% or more of the time	1%	4%	5%

Sources: MSD: Benefit Dynamics Dataset; Statistics New Zealand, Estimated Resident Population by Age; Permanent and Long-term Arrivals by Age.

* The total number of individuals in each birth cohort who could potentially have received benefit is estimated by summing the estimated resident population in the birth cohort in 1993 and the number of permanent and long-term migration arrivals in the birth cohort each year 1994-2009.