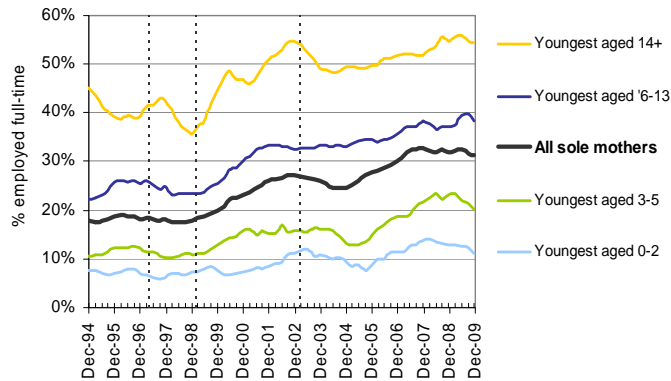


SOLE PARENTS RECEIVING DPB*

Prepared for the Welfare Working Group by the Ministry of Social Development, April 2010

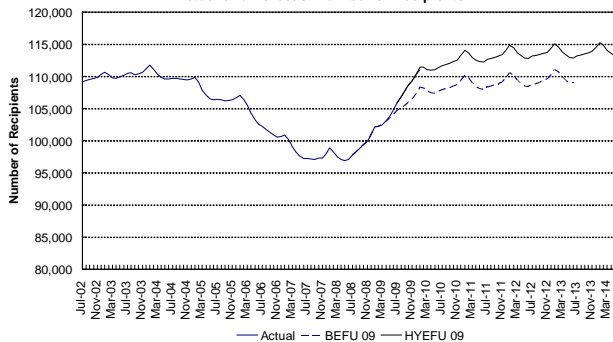
The number of sole mothers who work full-time has been increasing over time



- The number of sole mothers who work full time has increased significantly in the last 15 years
- Prior to the recession, the number of sole mothers working full-time was increasing, reflecting:
 - changing attitudes to combining work and parenting
 - improved financial incentives for sole parents to work from Working for Families
 - increased availability of childcare and ECE, particularly for children aged 3-5
- Sole mother full-time employment rates increased rapidly when work tests were introduced for the DPB (1997-2003, with extension in 1999)

What are the main drivers of DPB receipt?

DOMESTIC PURPOSES BENEFIT
Actual and Forecast Number of Recipients



Numbers of sole parents receiving DPB are a reflection of:

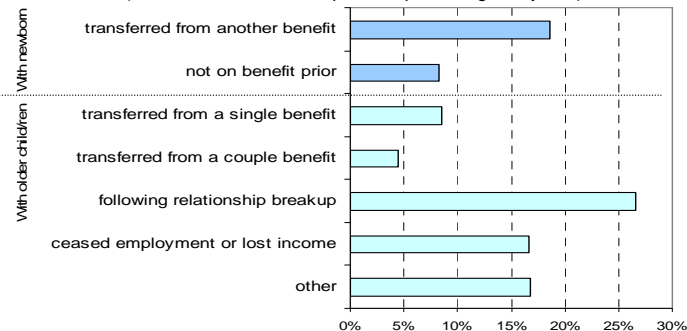
- women in the population who are of child bearing age
- fertility rates, which have increased substantially
- the proportion of parents who are partnered – which may be impacted by economic conditions
- availability of suitable employment – the recession has reduced the availability of part-time and full-time employment
- policy changes – e.g. introducing Working for Families in 2004

Who is receiving DPB?

- At the end of December 2009 there were 97,416 sole parents on DPB
 - 89% were female
 - 42% Maori, 38% European, 10% Pacific
 - 51% had one child, 30% had two children
 - 44% had no formal school qualifications
 - 11% had declared earnings of more than \$80 a week
 - 44% (43,303) had a youngest child aged 6+ and will face a part-time work-test obligation – 70,000 children will be affected
 - 170,000 children are cared for by sole parents on DPB
- In 2008, around 3,500 DPB sole parents were receiving Training Incentive Allowance to study at Level 4 or above

How do sole parents come onto DPB?

Pathways onto DPB for "new" entrants in year to June 2009
(those with no DPB receipt in the preceding four years)



- Most people who move onto DPB from another benefit transfer from Sickness Benefit, which women who are pregnant can receive in certain circumstances

How long do clients remain on DPB and how many have additional children?

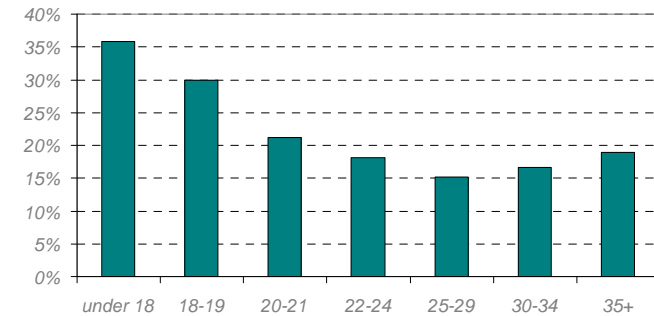
Pathway onto DPB - new entrants in year to June 1999:	In following 10 years:	
	average years on benefit	% with additional newborn included in DPB
With newborn, transferred from another benefit	6.7	31%
With older child/children, not on benefit prior:		
- following relationship breakup	4.1	4%
- ceased employment or lost income	3.3	2%
All women new entrants	5.2	15%
All new entrants	5.1	12%

- Approximately 1 in 4 women receiving DPB at the end of June 2009 had had an additional newborn child included in DPB in the past
- Some newborn children may be included in DPB as a result of adoption, fostering or a whāngai arrangement

How many teenage parents receive DPB?

- At the end of December 2009 there were 4,169 teenagers (16-19 years) receiving DPB
- 52% Maori, 30% European, 9% Pacific
- Teenage parenthood is associated with disadvantage, for teenagers and their children
- Teenage parents receiving benefits stay longer on benefits than those who become parents at an older age
- It is estimated that at least a third of current DPB clients became parents in their teenage years

Likelihood of being on benefit 10 years later by age at first birth
Percent new entrants to DPB in year to June 1999 on benefit at June 2009 by age when oldest child born



What else do we know about sole parents receiving DPB?

- Clients receiving DPB are the most frequent users of hardship assistance – in the year to December 2009
 - 27% received 3 or more food grants
 - 17% received Temporary Additional Support and 4% received Special Benefit
- Most (82.5%) meet their obligation to declare the name of the other parent of their child/children, while 14.3% are penalised for not meeting this obligation
- Compared to partnered parents, sole parents are more likely to have a diagnosable mental disorder - mainly anxiety and depression

* DPB includes Emergency Maintenance Allowance.

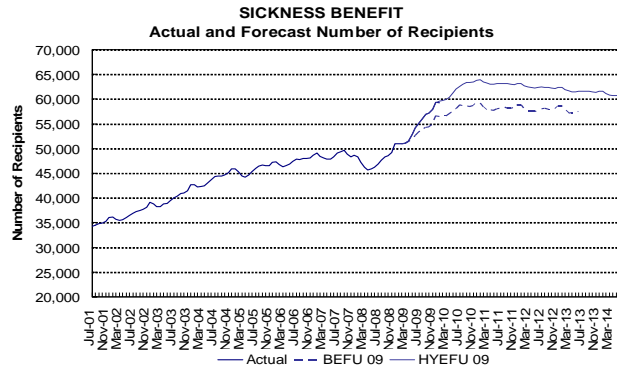
Data is to the end of December 2009 where available.

Data on longer-term trends will not have changed significantly since analysis was done.

SICKNESS BENEFIT

Prepared for the Welfare Working Group by the Ministry of Social Development, April 2010

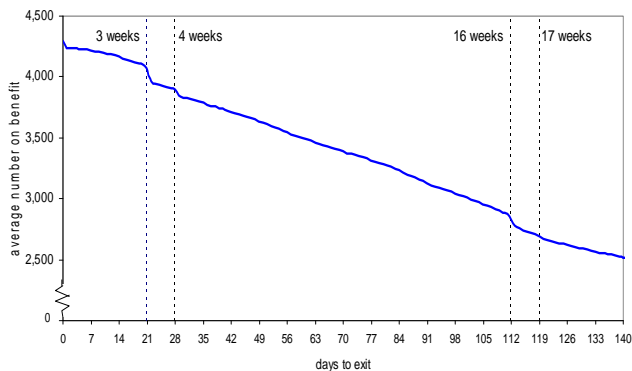
Trends in SB recipients



- There are three main drivers of the current and forecast trends for rapidly increasing Sickness Benefit numbers:
 - fewer people exiting SB to work because of the current economic climate
 - an increasing number of non-beneficiaries being granted a SB
 - fewer people transferring from SB to IB
- Growth in SB and IB numbers is part of a trend for the past 30 years and in most OECD countries
- NZ has a lower proportion of working-age people on incapacity related benefits (5.0% of all 15 - 64 year olds at end of Sep 09) than comparable countries such as:
 - Australia - 5.2% at the beginning of January 2009
 - UK - 5.8% in May 2009
 - Ireland - 8.0% in December 2008

Impact of medical reassessments

Average duration to exit for SB grants
October 2007 and October 2008



- This chart shows the tendency for people to move off SB when they face a medical reassessment

Who is receiving SB?

- At the end of December 2009 there were 59,158 working-age people (aged 18–64) receiving a Sickness Benefit.
- over half (55 percent) were aged over 40, while 17 per cent were aged 18-24.
- 14,200 children are cared for by people receiving SB
- 88% of people on SB have no children, 6% have 1 child, and 6% have 2 or more children
- 59% were male and 41% were female
- 27% were Maori, 6% Pacific people

Work capacity

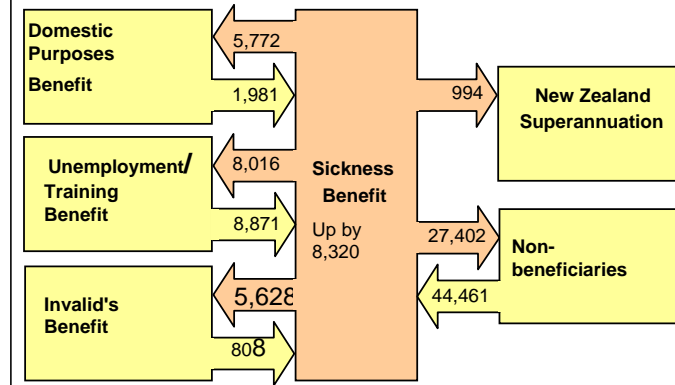
- 8.7% of people on SB had some declared earnings
- According to their medical certificates, about 9,000 people on SB can do some part-time work or light duties now

What incapacities do people on SB have?

Incapacity Group	Number
Accident *	4,788
Blood and blood forming organs	249
Cancer	777
Cardio-vascular disorders	3,193
Congenital conditions	250
Digestive system disorders	1,266
Genito-urinary disorders	633
Immune system disorders	55
Infectious/parasitic diseases	867
Intellectual disability	110
Metabolic & endocrine disorders	2,995
Musculo-skeletal system disorder	8,444
Nervous system disorders	1,692
Other	672
Pregnancy related	1,351
Psychological or psychiatric conditions	24,315
Respiratory disorders	1,620
Sensory disorders	698
Skin disorders	399
Substance abuse	4,784
Total	59,158

* Non-earners who are unable to work following an accident and do not receive ACC weekly compensation can receive Sickness Benefit (e.g. someone who was unemployed at the time of their accident).

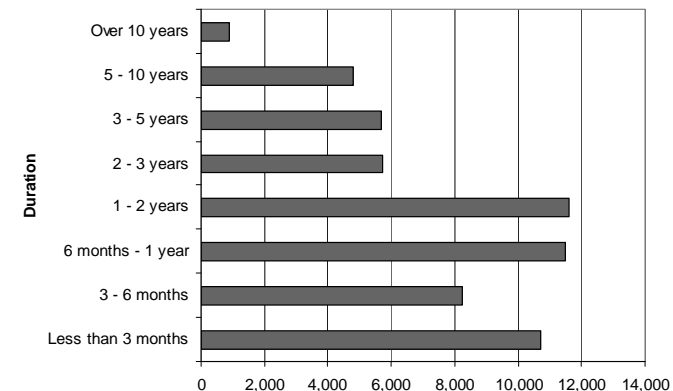
Transfers to and from SB



- The arrows show the direction of movement, the number of people, where they came from and where they went – e.g the arrow from non-beneficiaries to SB shows that 44,461 non beneficiaries moved onto SB during the year ended January 2010
- This demonstrates the high churn nature of SB. Throughout a year, a large number of people only access the benefit for very short periods and return to the full-time workforce (either leaving benefit altogether, or transferring to UB).

Duration on SB

Duration on Sickness Benefit at the end of December 2009



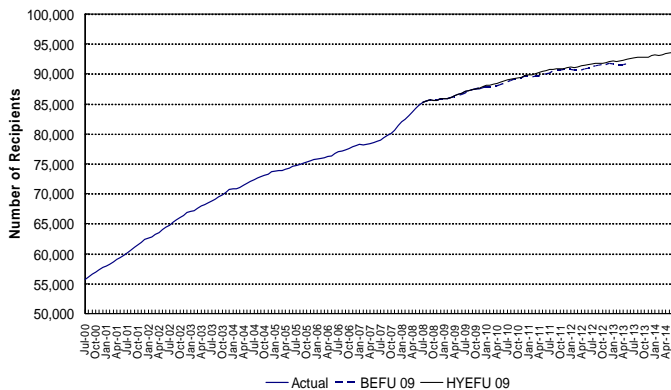
- This shows the high proportion of Sickness Beneficiaries who have short durations on benefit

INVALID'S BENEFIT

Prepared for the Welfare Working Group by the Ministry of Social Development, April 2010

Trends in IB recipients

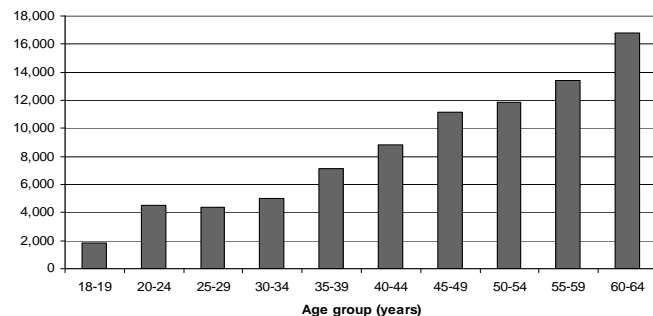
INVALID'S BENEFIT
Actual and Forecast Number of Recipients



- The ongoing slow growth in Invalid's Benefit is a result of underlying demographic trends, in particular the ageing population. Older people have contributed heavily to the increase in Invalid's Benefit receipt over time, reflecting the fact that disability prevalence increases with age.
- Nearly three in four (73 percent) were aged 40 years or over, including over one in three (35 percent) who were aged 55 years or over (see age graph below)
- Past growth in SB and IB numbers is part of a trend that has been underway for the past three decades and is occurring in most OECD countries
- NZ has a lower proportion of working-age people on incapacity related benefits (5.0% of all 15 - 64 year olds at end of Sep 09) than comparable countries such as:
 - Australia - 5.2% at the beginning of January 2009
 - UK - 5.8% in May 2009
 - Ireland - 8.0% in December 2008.

IB by age group to end of Dec 2009

IB by age group in 2009



Who is receiving IB?

- At the end of December 2009, 85,000 working-age people (aged 18-64 years) were receiving an Invalid's Benefit
- 15,800 children are cared for by people on IB
- 89% of people on IB have no dependent children, 6% have 1 child, and 5% have 2 or more children
- 53% were male, 47% female
- 22% were Maori, 5% Pacific people
- 9% were in residential care
- 30% had an agent to help them manage their affairs and finance
- 64% received Disability Allowance
- 40% had a reassessment due in 2 years, 15% in 5 years, and 45% never need their medical condition reassessed

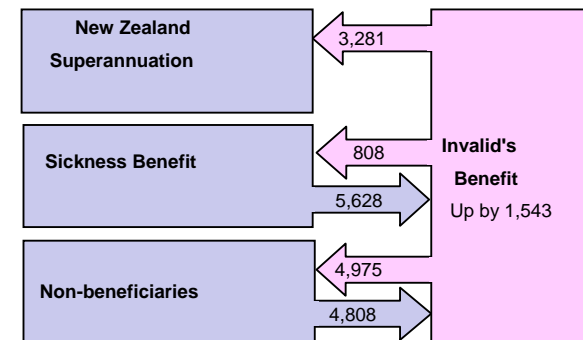
What incapacities do people on IB have?

Incapacity	Number
Accident	4,101
Blood and blood forming organs	502
Cancer	2,201
Cardio-vascular disorders	6,504
Congenital conditions	3,737
Digestive system disorders	1,174
Genito-urinary disorders	1,090
Immune system disorders	359
Infectious/parasitic diseases	776
Intellectual disability	11,079
Metabolic & endocrine disorders	3,373
Musculo-skeletal system disorder	10,244
Nervous system disorders	6,441
Other	1,221
Psychological or psychiatric conditions	24,724
Respiratory disorders	3,053
Sensory disorders	2,381
Skin disorders	337
Substance abuse	1,741
Total	85,038

*Accidents - Non-earners who are unable to work following an accident and do not receive ACC weekly compensation can receive Sickness Benefit (e.g. someone who was unemployed at the time of their accident).

Transfer to and from IB

The Diagram below shows the number of people who moved on and off IB over the year ended January 2010



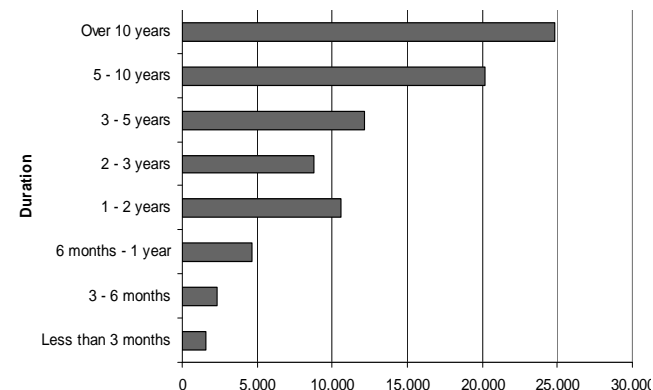
- Movement from IB to not in receipt of any benefit (4,975) includes 2,087 IB recipients who died.

What checks are there on eligibility for IB?

- Work and Income's Regional Health and Disability Advisors can assist case managers to make decisions about medical eligibility for IB
- Between 40 and 50% of granted IB applications are reviewed by a Regional Health or Disability Advisor
- Some of these will also have been referred to a designated doctor for a second opinion

Duration on IB

Current Invalid's Beneficiaries by duration at the end of December 2009



- IB recipients tend to have long average durations on the benefit.