



30 SEP 2016

Dear

On 31 August 2016 you emailed the Ministry requesting, under the Official Information Act 1982, information regarding the Consumer Price Index and benefit adjustments in 2016.

- *What CPI data was used to calculate the adjustment?*
- *At what date was this adjustment calculated?*
- *Were the corrections to the March data included when formulating the adjustment?*
- *Is there a spread sheet used to calculate this adjustment and what is its formula?*
- *Can I have a copy of that spread sheet/document and its formula?*

The majority of benefits administered by the Ministry of Social Development are adjusted on 1 April each year, based on the percentage movement in the Consumer Price Index (CPI) over the previous year ending 31 December. The erroneous March and June 2015 quarter CPI figures therefore had no impact on this year's adjustments to these benefits as Statistics New Zealand had made the revisions to the CPI prior to the adjustment calculation being made.

For the sake of clarity, I have responded to each of your questions in turn.

*What CPI data was used to calculate the adjustment?*

For the April 2016 adjustment, the Ministry used the CPI (excluding cigarettes and tobacco subgroup) for the calendar year ending 31 December 2015. As the percentage movement was negative, no change was applied to the benefit rates other than to apply increases to benefit payments as part of the Child Material Hardship Package.

*At what date was this adjustment calculated?*

I can confirm that the adjustment was calculated at 20 January 2016, the day the CPI was published by Statistics New Zealand.

*Was the corrections to the March data included when formulating the adjustment?*

Yes, as the revisions to the CPI were made prior to this release date. The revision to the CPI on 8 September 2015 was published on the Statistics New Zealand, and is available on their website at:

[http://www.stats.govt.nz/browse\\_for\\_stats/economic\\_indicators/CPI\\_inflation/ConsumersPriceIndex\\_HOTPJun15qtr.aspx](http://www.stats.govt.nz/browse_for_stats/economic_indicators/CPI_inflation/ConsumersPriceIndex_HOTPJun15qtr.aspx)

*Is there a spreadsheet used to calculate this adjustment and what is its formula?  
Can I have a copy of that spreadsheet/document and its formula?*

The 0.25 per cent decrease in the CPI that Minister Tolley referred to is the year to December 2015 index movement. The calculation for that adjustment is as follows:

1. December 2015 index (excluding Cigarettes and Tobacco) = 1179
2. December 2014 index (excluding Cigarettes and Tobacco) = 1182
3. Percentage change =  $1179/1182 - 1 = -0.25\%$
4. As this value is negative, no movement was applied

The spread sheet used to calculate benefit adjustments due to CPI movement is extensive and much of the information contained in the document is not relevant to your request. I believe the formula provided above meets the public interest in this information.

If you wish to discuss this response with us, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz).

You have the right to seek an investigation and review by the Ombudsman of this response. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or 0800 802 602.

Yours sincerely



Sacha O'Dea  
**General Manager, Working Age**