

- MSD uses Treasury's macroeconomic forecasts as an input into the benefit numbers forecast. The Treasury forecasts overall employment levels and does not specifically separate the impact of vaccine mandates.
- The impact of vaccine mandates on overall employment over time is likely to be small, although there may be a shift in the composition of those employed from the unvaccinated to the vaccinated.
- In addition, given current labour market tightness, it is likely that there may be a shift in employment of unvaccinated people towards industries where there is not a mandate. However, as with COVID-19 developments in general, there remains a high degree of uncertainty associated with any outlook.
- MSD considers the impact of the vaccine mandate on benefit takeup is highly uncertain, especially in relation to how firms and employees will respond to the mandate requirements. Some of the possible results are:
  - some people may find other work
  - or vaccinated beneficiaries may replace those unvaccinated
  - or a person may lose their job but are with a working partner who earns too much income for the couple to be eligible for benefit (the couple rate of JS cuts to zero if the combined earnings of the couple is more than \$809 pw or \$42,068 per annum as at July 2021).
- Note that MSDs Employment team is currently monitoring the impact of the recent changes to the vaccine mandate (pg 5 'Impact of the vaccine mandate changes for MSD clients REP/21/11/1201)
- For the above reasons, MSD have not separately identified any possible vaccine mandate impacts on benefit numbers because it is highly uncertain what the magnitude vaccine mandates will have. We can only assume an effect on the forecast if we have a reasonably reliable estimate of how many will lose their jobs and go onto benefit. At this stage, we only note that it adds to the uncertainties around the benefit forecasts.