



07 JUL 2021

Tēnā koe

On 29 May 2021, you emailed the Treasury requesting, under the Official Information Act 1982 (the Act), the following information:

- *The three most recent forecasts Treasury has produced (in its final form) regarding numbers of people who will be in receipt of Jobseeker Support and all main benefit types over future years (that is not publicly available).*
- *Associated commentary and analysis, especially where it identifies the assumptions the forecasts are based on and any factors that'd alter the forecasts.*
- *The most detailed breakdown of the forecasts by benefit type-eg if specific forecasts are available for Jobseeker "Work Ready" and "Health Condition and Disability", then please provide such breakdowns.*

On 9 June 2021, your request was transferred to the Ministry of Social Development (the Ministry), as the information requested is held by the Ministry.

The requested reports outline the expected trends in benefit payments at the Half Year Economic and Fiscal Update (HYEFU) 2020 and the key changes since the Pre-Election Economic and Fiscal Update (PREFU) 2020.

The key trends shown in the reports include:

- Fewer working-age beneficiaries than forecast at PREFU 2020, mostly due to fewer people on Jobseeker Support.
- Fewer people taking up the COVID-19 Income Relief Payment than previously expected.
- An expected rise in the number of people receiving Sole Parent Support over the next two years
- An increase in spending on New Zealand Superannuation, mostly due to the upward revision to Treasury's wage forecast.

The three most recent forecast reports produced by the Ministry are publicly available online as the following links:

- Budget Economic and Fiscal Update (BEFU) – 2021: www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/befu/budget-economic-and-fiscal-update-2021.html

- Half Year Economic and Fiscal Update (HYEFU) – December 2020: www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/hyefu/december-2020.html
- Benefit number forecasts and scenarios (PREFU) – 2020: www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/covid-19/forecasts-and-scenarios-sep-2020.html

Commentary and analysis of the expected forecasts can be found in the following Joint Ministers' Reports, which are attached to this response:

- Report: *Joint Ministers' Report: 2020 Pre-Election Economic and Fiscal Update of Benefit Forecasts for Vote Social Development*, dated 12 August 2020
- Report: *Joint Ministers' Report: 2020 Half Year Economic and Fiscal Update of Benefit Forecasts for Vote Social Development*, dated 10 December 2021
- Report: *Joint Ministers' Report: 2021 Budget Economic and Fiscal Update of Benefit Forecasts for Vote Social Development*, dated 7 May 2021

As you have advised you do not require the names of Ministry staff, this information has been marked as out of scope.

Please find a spreadsheet attached to this response showing a breakdown of forecasts for Main Benefits. The Ministry has interpreted main benefits as Jobseeker Support, Supported Living Payment, Sole Parent Support, and the Youth Pay and Young Parent benefit.

The breakdown shows the forecasts for the PREFU, HYEFU and BEFU and the figures represent the number of distinct clients.

Please note, the benefit numbers shown are on a month-average basis and will differ slightly from the reported benefit numbers contained in the Benefit Fact Sheet reports. This is because these numbers include all age-groups, whereas Benefit Factsheet data is limited to those aged 18-64 years.

Furthermore, the forecasts use month-average numbers because expenditure forecasts for Treasury's Budget depends on the numbers during the month and not as at the end of the month.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public. The Ministry will do this by publishing this letter on the Ministry of Social Development's website. Your personal details will be deleted, and

the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with this response to your request for forecasting reports regarding Main Benefits, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Ngā mihi nui

A handwritten signature in blue ink, appearing to be 'Fleur McLaren', written over a faint circular stamp.

Fleur McLaren
General Manager
System Performance



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Report

Date: 12 August 2020

Security Level: BUDGET – SENSITIVE
REP/20/7/795

To: Hon Grant Robertson, Minister of Finance
Hon Dr Megan Woods, Minister of Housing
Hon Carmel Sepuloni, Minister for Social Development
Hon Stuart Nash, Minister of Revenue
Hon Ron Mark, Minister for Veterans

Joint Ministers' Report: 2020 Pre-Election Economic and Fiscal Update of Benefit Forecasts for Vote Social Development

Purpose of the report

- 1 The purpose of this report is to:
 - obtain Ministerial approval for changes to the expected level of spending for demand-driven Benefit or Related Expenses and Capital Expenditure appropriations within Vote Social Development as part of the Pre-Election Economic and Fiscal Update (PREFU) 2020.
 - explain expected trends in benefit payments for PREFU 2020 and the key changes since the Budget Economic and Fiscal Update (BEFU) 2020.
- 2 We do not usually seek approval at a PREFU. We are seeking Joint Ministers' approval for changes at PREFU 2020 from BEFU 2020 because the COVID-19 pandemic means that the near-term outlook is changing faster than usual.

Executive summary

- 3 Our forecasts were finalised on 21 July 2020 and remain highly uncertain because of the COVID-19 pandemic.
- 4 At PREFU 2020, expenditure is expected to be \$1,004 million higher over the next four years (to 2023/24) than forecast at BEFU 2020, excluding all policy decisions made since BEFU 2020¹.
- 5 Although the economic outlook has improved slightly to September 2020, the longer-term recovery is expected to be slower.
- 6 The peak in the number of people receiving Jobseeker Support is lower than we forecast at BEFU 2020 but declines more gradually from January 2021.
- 7 The number of people receiving the COVID-19 Income Relief Payment is lower than originally estimated at BEFU 2020.
- 8 While growth in the number of people receiving a main benefit is mostly driven by Jobseeker Support, we also expect there to be more people receiving Sole Parent Support.
- 9 The risks at PREFU 2020 are related to the economic uncertainties around moving between alert levels any subsequent policy actions.
- 10 Our next forecast update will be at the Half-year Economic and Fiscal Update 2020, which will likely be finalised around mid-November 2020.

¹ Including approved policy (as at 21 July 2020), the total increase in expenditure at PREFU 2020 from BEFU 2020 is around \$1,346 million. BEFU 2020 was finalised on 3 April 2020 and published on 14 May 2020.

Recommended actions

11 It is recommended that joint Ministers:

- a) **note** that the forecasts are mid-point estimates of what we expect actual expenditure to be;
- b) **note** that the forecasts in this report use benefit information available as at 21 July 2020 and Treasury's macroeconomic forecasts finalised on 13 July 2020;
- c) **note** that Appendix 1 shows the demand-driven changes requiring approval by joint Ministers since BEFU 2020 by appropriation, Appendix 2 shows the annual forecast expenditure at PREFU 2020, and Appendix 3 the total change (policy and forecast change) in expenditure compared to BEFU 2020;
- d) **note** that the change to Debt Write-downs is a decrease of \$12.864 million over the next four years because of movement in social benefit receivables and changes in interest rates;
- e) **note** that under the current fiscal management approach the net impact of changes to forecasts has a corresponding impact on the budget operating balance through the in-year revisions process;
- f) **Note** that the forecast will be published on the Ministry of Social Development website on 20 August 2020 (the same day as Treasury publish their PREFU 2020 forecast) for easy accessibility;
- g) **agree** to send a copy of the report to the Associate Minister for Social Development;

Yes / No

- h) **approve** the changes to appropriations set out in Appendix 1 to give effect to the PREFU 2020 forecast update for change in demand-driven appropriations within Vote Social Development;
- i) **agree** that the proposed changes to appropriations in Appendix 1 for 2020/21 be included in the 2020/21 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply.

Fleur McLaren
General Manager System Performance
Ministry of Social Development

Date

Hon Grant Robertson
Minister of Finance
Approval for all appropriations

Date

Hon Dr Megan Woods
Minister of Housing
Approval for Accommodation Assistance

Date

Hon Carmel Sepuloni
Minister for Social Development
Approval for all appropriations except
Accommodation Assistance, Veteran's
Pension and Student Loans

Date

Hon Stuart Nash
Minister of Revenue
Approval for Student Loans

Date

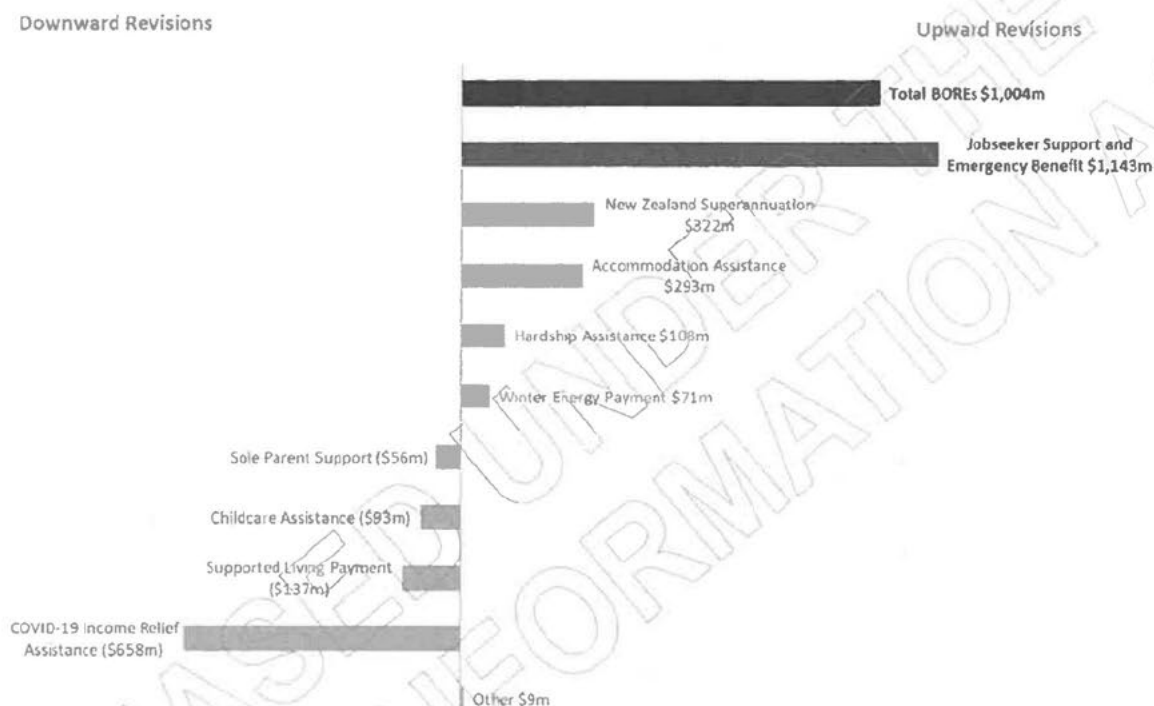
Hon Ron Mark
Minister for Veterans
Approval for Veteran's Pension

Date

Although the economic outlook has improved slightly to September 2020, the post-COVID-19 recovery is expected to be slower

- 12 Expenditure before policy changes is expected to be \$1,004 million (0.8 percent) higher than forecast at the BEFU 2020 (see Figure 1), mostly driven by a more gradual fall in the number of people receiving Jobseeker Support (JS).

Figure 1 – Changes to expected spending ranked by appropriation (excluding policy) to June 2024



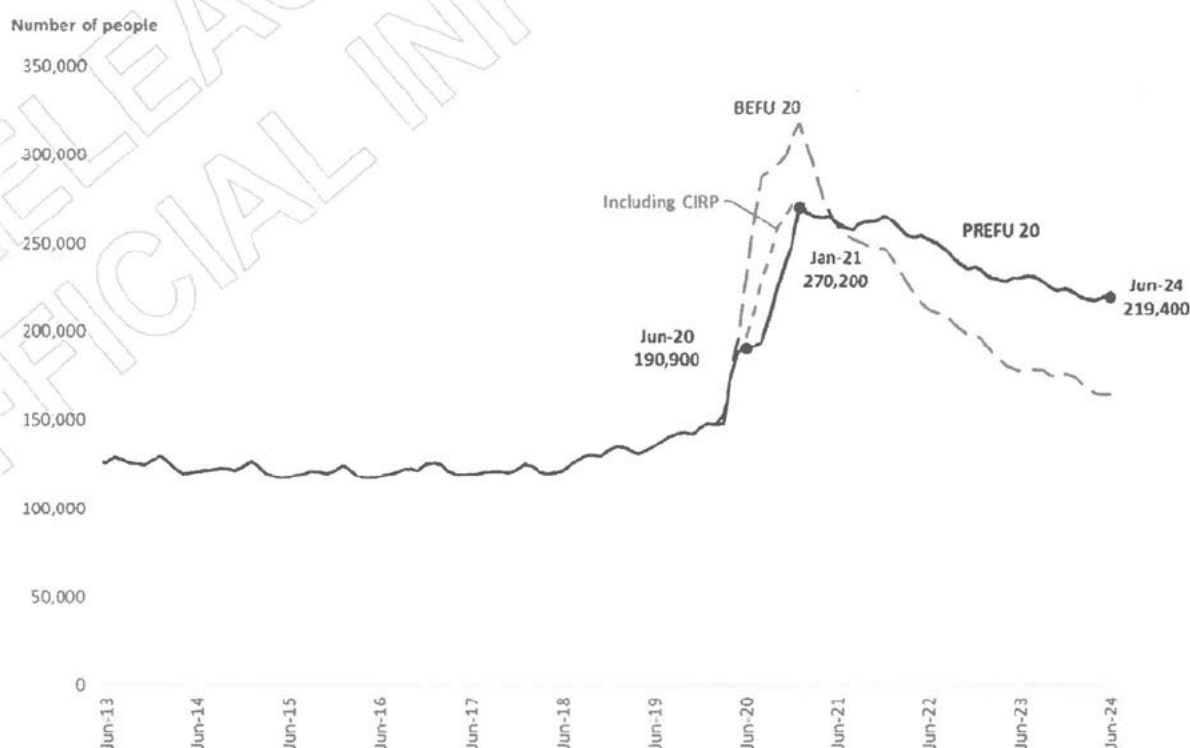
- 13 We use Treasury's macroeconomic outlook to directly inform our forecasts as economic and labour market conditions provide an indication of how easily people can find work.
- 14 At PREFU 2020, the Treasury have assumed:
- slight improvements over the June and September 2020 quarters, based on the fast transitions to lower alert levels and leading indicators bouncing back quicker than expected
 - a softer recovery from December 2020 quarter, as the disruptions of the COVID-19 pandemic is expected to have more permanent impacts to international and domestic economic conditions than expected at BEFU 2020.

- 15 Although economic activity in New Zealand generally rises over time, the impact of COVID-19 means that total output (as measured by the total amount of goods and services produced in New Zealand— Gross Domestic Product) is expected to fall in the June 2020 quarter.
- 16 Lower output levels are expected to be sustained over the forecast horizon and not recover to levels expected at BEFU 2020. Although, the fall in output is not initially as big as Treasury expected at BEFU 2020.
- 17 As a result of the expected fall in output, the unemployment rate is expected to rise.

The peak in the number of people receiving Jobseeker Support is lower than forecast at BEFU 2020 but declines more gradually from January 2021

- 18 JS has the largest increase to expected spending from BEFU 2020. Expenditure is \$1,143 million (8.0 percent) higher at PREFU 2020.
- 19 Expenditure is higher mostly because the slower economic recovery means more people will receive JS Work Ready over time.
- 20 Although, the peak in January 2021 is expected to be lower (see Figure 2) because:
 - PREFU 2020 incorporates judgements around the Wage Subsidy Extension and the COVID-19 Income Relief Payment (CIRP) impacts
 - the near-term economic outlook has improved slightly since the forecast at BEFU 2020.

Figure 2 - Number of people receiving Jobseeker Support (Work Ready and Health Condition or Disability) forecast at PREFU 2020



- 21 We expect around 270,200 people to receive JS at the peak in January 2021, which is 47,100 (14.8 percent) fewer people than forecast at BEFU 2020.

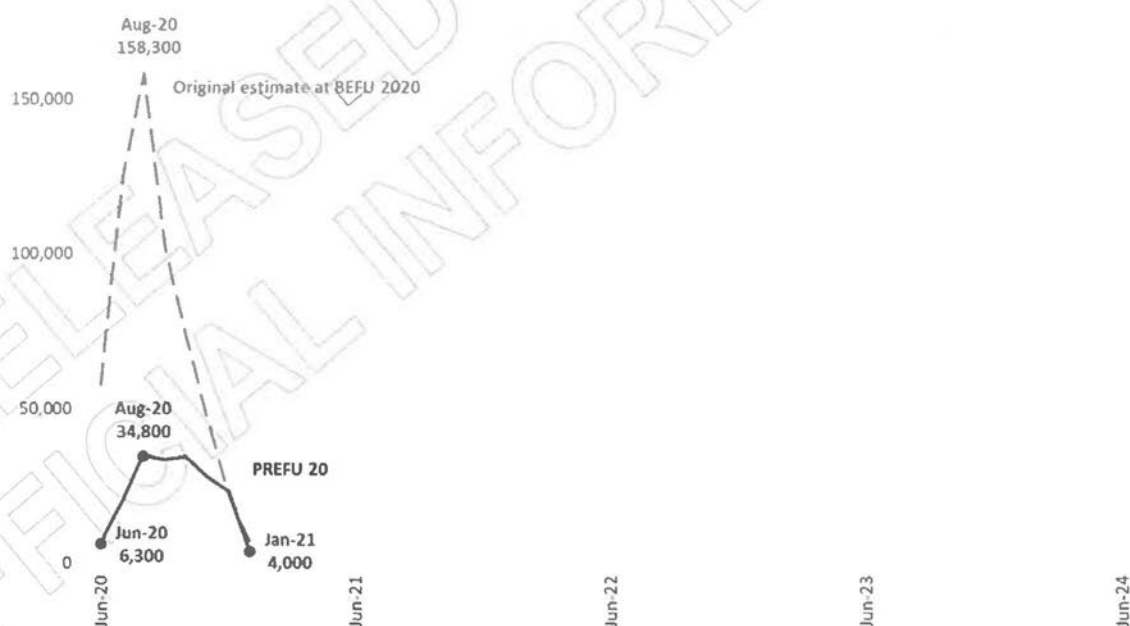
- 22 The interaction of the Wage Subsidy Extension and CIRP will delay growth in the number of people receiving JS until the support of the payments ends, around September and October 2020. People will begin to transition onto JS Work Ready as they finish their 12 weeks on CIRP.
- 23 At the peak, the number of people receiving:
- JS Work Ready will be 195,700 people in January 2021, compared to 241,800 people forecast at BEFU 2020
 - JS Health Condition or Disability will be 81,300 people in December 2021, compared to 84,300 people forecast at BEFU 2020

The number of people receiving the COVID-19 Income Relief Payment is lower than originally estimated

- 24 At PREFU 2020, spending is forecast to be \$658 million (60.9 percent) less than originally estimated for 2020/21. In June 2020, there were around 51,000 fewer people than originally estimated (see Figure 3).

Figure 3 - Number of people receiving COVID-19 Income Relief Payment

Number of people
200,000



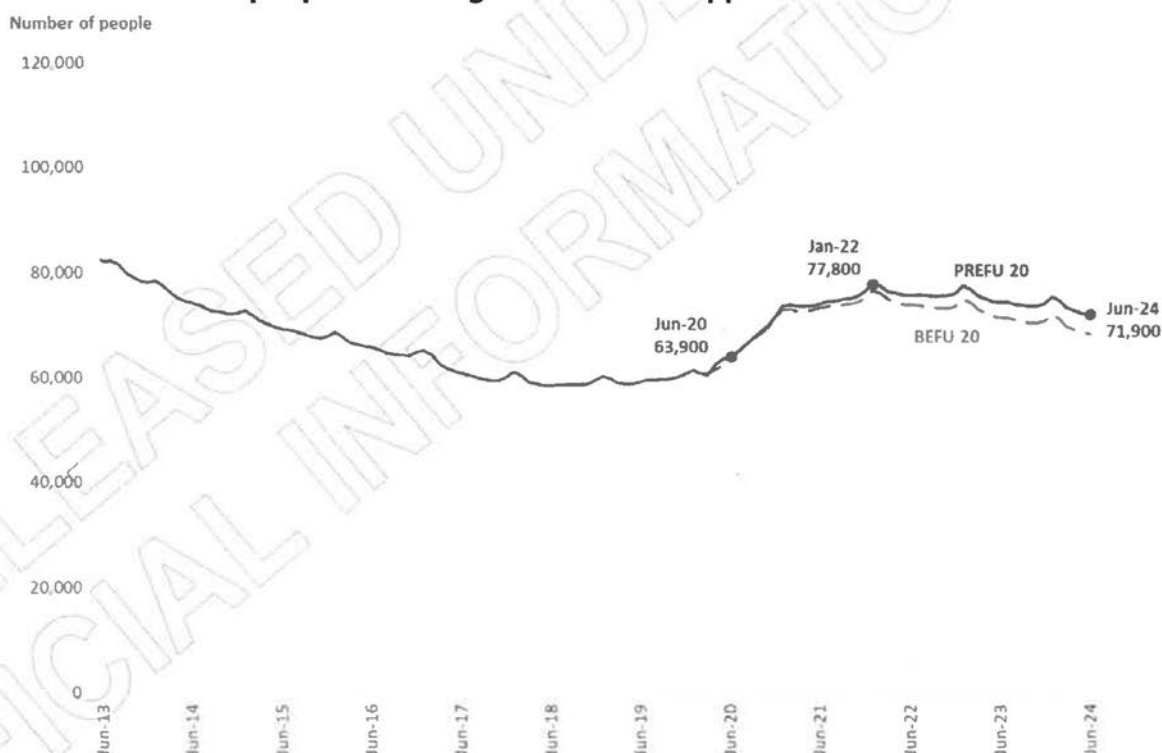
- 25 The payment was introduced from 8 June 2020, but the initial costings were finalised in May 2020.
- 26 The original costing was based on the BEFU 2020 macro-economic and JS Work Ready forecast. As the Wage Subsidy Extension was announced after BEFU 2020 was finalised, the CIRP costing did not incorporate the effect of the Wage Subsidy Extension.
- 27 The number of people receiving CIRP has been lower than originally estimated. Slower take-up than originally estimated is mostly because more people than expected have retained employment.

- 28 At PREFU 2020, we have assumed that there will be no further changes to the CIRP eligibility criteria.
- 29 MSD produced an early analysis of the demand for CIRP, that went to the offices of the Minister of Finance and the Minister for Social Development on 30 July 2020 [refers: COVID-19 Income Relief Payment – Characteristics and Uptake REP/20/07/854].

While growth in the number of people receiving a main benefit is mostly driven by JS, we also expect there to be more people receiving Sole Parent Support

- 30 Growth in the number of people receiving Sole Parent Support (SPS) will be driven by the reduction to the sole parent employment rate and family breakdown.
- 31 The number of people receiving SPS will peak around 77,800 people in January 2022, before falling gradually as the labour market slowly recovers (see Figure 4).

Figure 4 - Number of people receiving Sole Parent Support



- 32 The number of people receiving SPS will peak later than JS because of the impacts of the COVID-19 pandemic to family breakdowns over time.
- 33 Changes to SPS spending from BEFU 2020 are relatively small, as our forecast has been relatively in-line with recent trends.
- 34 However, changes to SPS spending from BEFU 2020 have slightly decreased overall as the SPS average payment rate was lowered to align with recent trends at PREFU 2020. The impact of policies introduced at April 2020 has been lower than expected.

Small changes can have large impacts to New Zealand Superannuation spending because of the large number of people

- 35 The second largest increase in spending at PREFU 2020 is for New Zealand Superannuation (NZS). Expenditure is \$322 million higher (0.5 percent) than BEFU 2020 because of a slightly:
- higher average wage level than forecast at BEFU 2020, contributing around \$187 million to the total change in spending
 - more people (growth of 0.3 percent), contributing around \$158 million of the total change in spending.
- 36 The number of people receiving NZS is slightly higher than at BEFU 2020 as:
- growth in the number of non-qualified partners has been higher in recent months, which may be related to the impacts of COVID-19 to loss of incomes
 - slightly more NZS people based overseas, which is not related to the COVID-19 impacts and instead relates to the pre-COVID-19 change in trends.

Spending for Emergency Housing Special Needs Grants is higher than at BEFU 2020 as there have been a higher number of grants at a higher average cost per week

- 37 Accommodation Assistance (AA) expenditure has increased from BEFU 2020 by \$293 million (3.0 percent), mostly driven by Emergency Housing Special Needs Grants (EH SNG).
- 38 There has been growth in the number of EH SNGs as more motels have become available for EH SNG accommodation in recent months. The increase in supply is likely related to the New Zealand border restrictions impacting tourism.
- 39 The average cost per week has also increased since BEFU 2020, as grant numbers in high cost regions (such as Auckland) are growing faster than expected.
- 40 Co-payment for EH SNG will be introduced in October 2020 and there are uncertainties about how overall demand will be affected. Although, we expect the composition of people receiving EH SNG will change once the co-payment is introduced and may lead to higher overall average costs².
- 41 Otherwise, the co-payment will not affect the average cost per week because the co-payment is recovered elsewhere in the Crown accounts.
- 42 Reductions to Accommodation Supplement (AS) slightly offset the overall increase to AA. AS has decreased from BEFU 2020 to account for recent trends in the average payment rate. The impact of the policies introduced at BEFU 2020 has been lower than expected.
- 43 The number of people expected to receive AS is higher than BEFU 2020 on average, as growth aligns with the number of people receiving a main benefit payment.

1 ² Around 40 percent of EH SNG are granted to single people without children, whom are most likely to find alternative accommodation.

The risks at PREFU 2020 are related to the economic uncertainties around moving between alert levels and any subsequent policy actions

- 44 There are still large uncertainties around the COVID-19 pandemic and related disruptions. Specifically, the likelihood of community transmission and any subsequent impacts of shifting between alert levels on the economy and policy actions.
- 45 Subsequent policy and fiscal stimulus in response to the COVID-19 pandemic can significantly affect the number of people receiving main benefits (as seen by the introduction of the Wage Subsidy Extension and CIRP after BEFU 2020 forecasts were finalised).
- 46 Economic and fiscal forecasts include the COVID-19 Recovery Relief Fund being spent over the forecast period, which incorporates the currently unallocated \$14 billion. A large proportion of this fiscal support is allocated in the in the 2019/20 and 2020/21 fiscal years.
- 47 The take-up of the Wage Subsidy Extension and CIRP to September and October 2020 remains uncertain and will affect the short-term outlook of the number of people receiving a main benefit (particularly JS Work Ready). The fiscal stimulus from doubling the Winter Energy Payment also ends from 2 October 2020, which may put further pressure on household budgets.
- 48 Economic shocks are inherently difficult to forecast as there is little historical precedent to rely upon. Our forecast at PREFU 2020 has higher levels of judgement than usual to capture anticipated impacts of the COVID-19 pandemic on benefit payments.
- 49 Facing the largest risk are the JS, CIRP and SPS forecasts, as they are the main benefit payments directly impacted by weakening economic and labour market conditions. The New Zealand economic recovery will depend on both domestic and international conditions and policy decisions.

Appendix 1: Changes to appropriations requiring approval

All changes to Vote Social Development Benefits or Related Expenses require approval.

(a) Vote Social Development - Changes in Benefits or Related Expenses	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 and Outyears (\$000)	Four Year Total to 2023/24
Accommodation Assistance ¹	(165,275)	64,552	163,672	230,040	292,989
Childcare Assistance	(23,694)	(22,664)	(23,092)	(23,539)	(92,989)
COVID-19 Income Relief Assistance	(657,875)	-	-	-	(657,875)
Disability Assistance ²	(9,521)	278	2,196	425	(6,622)
Hardship Assistance ³	(60,708)	32,498	62,269	73,886	107,945
Jobseeker Support and Emergency Benefit	(393,491)	255,829	574,176	706,691	1,143,205
New Zealand Superannuation	66,732	153,246	95,301	7,117	322,396
NZ Beneficiaries Stranded Overseas	6,950	-	-	-	6,950
Orphan's/Unsupported Child's Benefit	(1,721)	1,691	2,608	1,492	4,070
Sole Parent Support	(23,003)	(31,611)	(7,549)	6,633	(55,530)
Special Circumstance Assistance	(404)	(346)	(361)	(384)	(1,495)
Student Allowances	(17,093)	435	19,656	9,910	12,908
Supported Living Payment	(15,717)	(24,066)	(40,705)	(56,104)	(136,592)
Veteran's Pension	525	1,007	490	(114)	1,908
Work Assistance	(105)	(178)	(183)	(194)	(660)
Youth Payment and Young Parent Payment	(3,367)	(1,462)	(1,342)	(1,566)	(7,737)
Winter Energy Payment	10,199	9,629	23,013	28,550	71,391
TOTAL BENEFITS	(1,287,568)	438,838	870,149	982,843	1,004,262
SUB-TOTAL excluding NZS and VP	(1,354,825)	284,585	774,358	975,840	679,958

Note:

1. This consists of Accommodation Supplement, Emergency Housing Special Needs Grants, and Special Transfer Allowance
2. This consists of Child Disability Allowance and Disability Allowance
3. This consists of Special Benefit, Special Needs Grants, Temporary Additional Support, Temporary Accommodation Assistance, and Christchurch Response Payments

(b) Vote Social Development - Changes in Capital Expenditure	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 and Outyears (\$000)	Four Year Total to 2023/24
Recoverable Assistance	(50,625)	12,773	36,722	48,933	47,803
Student Loans	23,181	72,716	101,187	77,316	274,400
TOTAL CAPITAL EXPENDITURE	(27,444)	85,489	137,909	126,249	322,203

(c) Vote Social Development: Non-departmental Other Expenses	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 and Outyears (\$000)	Four Year Total to 2023/24
Reimbursement of Income Related Rent Overpayments	262	262	262	262	1,048
Total	262	262	262	262	1,048

(d) Vote Social Development - Changes in Non-departmental other expense - Debt Write off Provision for Social Benefit Debt	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 and Outyears (\$000)	Four Year Total to 2023/24
Debt Write-downs	(3,216)	(3,216)	(3,216)	(3,216)	(12,864)
Total Forecast Change	(3,216)	(3,216)	(3,216)	(3,216)	(12,864)

Appendix 2: Total expenditure

Vote Social Development - Benefits or Related Expenses	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 and Outyears (\$000)	Four Year Total to 2023/24
Accommodation Assistance ¹	2,438,081	2,584,309	2,574,085	2,596,979	10,193,454
Childcare Assistance	143,593	144,881	146,624	148,355	583,453
COVID-19 Income Relief Assistance	422,835	0	0	0	422,835
Disability Assistance ²	409,739	413,939	412,806	414,306	1,650,790
Family Start/NGO Awards	705	705	705	705	2,820
Hardship Assistance ³	559,568	641,785	663,321	683,242	2,547,916
Jobseeker Support and Emergency Benefit	3,751,754	4,004,622	3,747,930	3,656,903	15,161,209
New Zealand Superannuation	16,413,341	17,109,852	17,966,806	19,000,372	70,490,371
NZ Beneficiaries Stranded Overseas	17,081	0	0	0	17,081
Orphan's/Unsupported Child's Benefit	295,263	328,208	358,060	379,788	1,361,319
Sole Parent Support	1,528,942	1,651,479	1,681,615	1,683,133	6,545,169
Special Circumstance Assistance	11,152	11,394	11,564	11,771	45,881
Student Allowances	623,735	682,904	677,210	652,263	2,636,112
Study Scholarships and Awards ⁴	25,667	23,167	20,426	20,426	89,686
Supported Living Payment	1,790,607	1,824,060	1,894,061	1,973,612	7,482,340
Transitional Assistance	650	500	500	500	2,150
Veteran's Pension	134,972	123,632	114,489	107,166	480,259
Work Assistance	2,463	2,476	2,503	2,545	9,987
Youth Payment and Young Parent Payment	60,611	59,601	60,462	63,535	244,209
Winter Energy Payment	826,498	552,637	555,127	557,920	2,492,182
TOTAL BENEFITS	29,457,257	30,160,151	30,888,294	31,953,521	122,459,223
SUB-TOTAL excluding NZS and VP	12,908,944	12,926,667	12,806,999	12,845,983	51,488,593

Note:

1. This consists of Accommodation Supplement, Emergency Housing Emergency Housing Special Needs Grants, and Special Transfer Allowance
2. This consists of Child Disability Allowance and Disability Allowance
3. This consists of Special Benefit, Special Needs Grants, Temporary Additional Support, Temporary Accommodation Assistance, and Christchurch Response Payments
4. This consists of Scholarship and NQF/NCEA Awards, and TeachNZ Scholarships

Vote Social Development - Capital Expenditure	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 and Outyears (\$000)	Four Year Total to 2023/24
Recoverable Assistance	421,749	490,930	493,047	494,335	1,900,061
Student Loans	1,690,119	1,753,823	1,749,432	1,681,407	6,874,781
TOTAL CAPITAL EXPENDITURE	2,111,868	2,244,753	2,242,479	2,175,742	8,774,842

Vote Social Development: Non-departmental Other Expenses	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 and Outyears (\$000)	Four Year Total to 2023/24
Reimbursement of Income Related Rent Overpayments	4,262	4,262	4,262	4,262	17,048
Total	4,262	4,262	4,262	4,262	17,048

Appendix 3: Total changes to appropriations, including policy and other technical changes

(a) Vote Social Development - Changes in Benefits or Related Expenses	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	Four Year Total to 2023/24
Accommodation Assistance (1)	(169,166)	66,526	163,672	230,040	291,072
Childcare Assistance	(23,694)	(22,664)	(23,092)	(23,539)	(92,989)
COVID-19 Income Relief Assistance	422,835	-	-	-	422,835
Disability Assistance (2)	(9,551)	278	2,196	425	(6,652)
Hardship Assistance (3)	(63,005)	32,648	62,269	73,886	105,798
Jobseeker Support and Emergency Benefit	(769,419)	273,215	572,651	705,480	781,927
New Zealand Superannuation	67,301	169,351	107,863	17,240	361,755
NZ Beneficiaries Stranded Overseas	17,081	-	-	-	17,081
Orphan's/Unsupported Child's Benefit	27,456	43,185	54,494	56,783	181,918
Sole Parent Support	(48,205)	(27,475)	(7,549)	6,633	(76,596)
Special Circumstance Assistance	(404)	(346)	(361)	(384)	(1,495)
Student Allowances	(17,093)	435	19,656	9,910	12,908
Supported Living Payment	(16,212)	(26,438)	(42,611)	(57,618)	(142,879)
Veteran's Pension	542	1,097	561	(57)	2,143
Work Assistance	(105)	(178)	(183)	(194)	(660)
Youth Payment and Young Parent Payment	(3,022)	(1,408)	(1,342)	(1,566)	(7,338)
Winter Energy Payment	(53,109)	9,629	23,013	28,550	8,083
TOTAL BENEFITS	(637,770)	517,855	931,237	1,045,589	1,856,911
SUB-TOTAL excluding NZS and VP	(705,613)	347,407	822,813	1,028,406	1,493,013

Note:

1. This consists of Accommodation Supplement, Emergency Housing Special Needs Grants, and Special Transfer Allowance
2. This consists of Child Disability Allowance and Disability Allowance
3. This consists of Special Benefit, Special Needs Grants, Temporary Additional Support, Temporary Accommodation Assistance, and Christchurch Response Payments

(b) Vote Social Development - Changes in Capital Expenditure	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	Four Year Total to 2023/24
Recoverable Assistance	(79,298)	12,448	36,722	48,933	18,805
Student Loans	41,934	73,110	101,587	77,722	294,353
TOTAL CAPITAL EXPENDITURE	(37,364)	85,558	138,309	126,655	313,158

(c) Vote Social Development: Changes in Non-departmental Other Expenses	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	Four Year Total to 2023/24
Reimbursement of Income Related Rent Overpayments	(3,738)	(3,738)	(3,738)	(3,738)	(14,952)
Total	(3,738)	(3,738)	(3,738)	(3,738)	(14,952)

Appendix 4: Supplementary figures

Figure 5 - Number of people receiving working-age main benefit

Growth in the number of people receiving main benefit is mostly driven by the slower decline in the number of people receiving JS



Figure 6 - Proportion of the working population a main benefit

Despite the lower peak, the proportion of people receiving a main benefit is expected to be higher than at the Global Financial Crisis

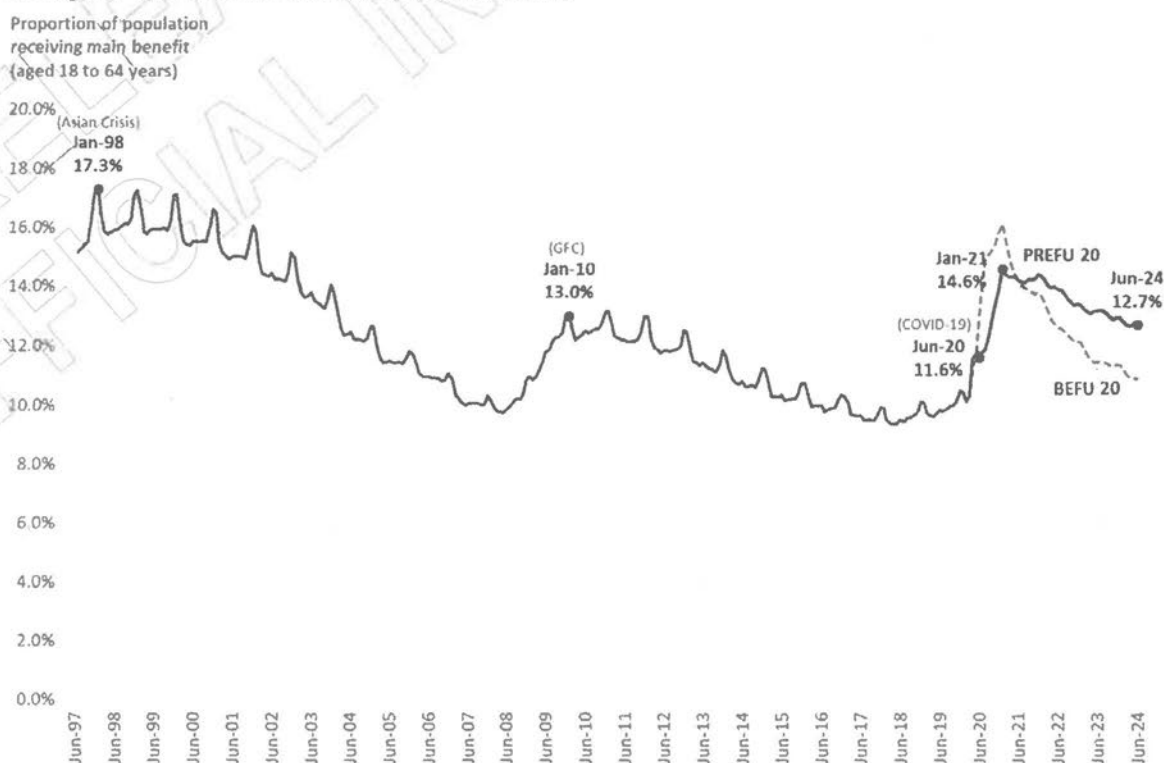


Figure 7 – Ranked changes to expenditure compared to previous forecast

We are seeking approval for \$1,004 million from BEFU 2020, excluding policy

(Excludes Supplementary Estimates Add-ons, includes policy)

HYEFUs Four Year Total, BEFUs Five Year Total and PREFU 2020 as four year total

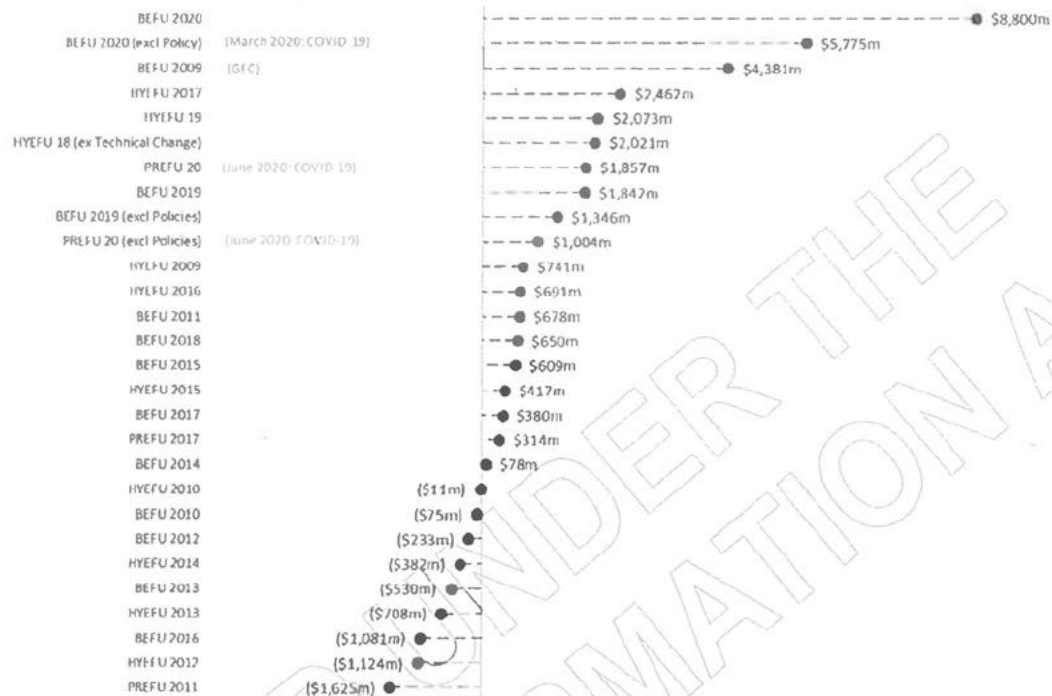


Figure 8 – Number of people receiving Accommodation Supplement

The number of people is expected to receive AS is higher than BEFU 2020 on average, as growth aligns with the number of people receiving a main benefit payment.

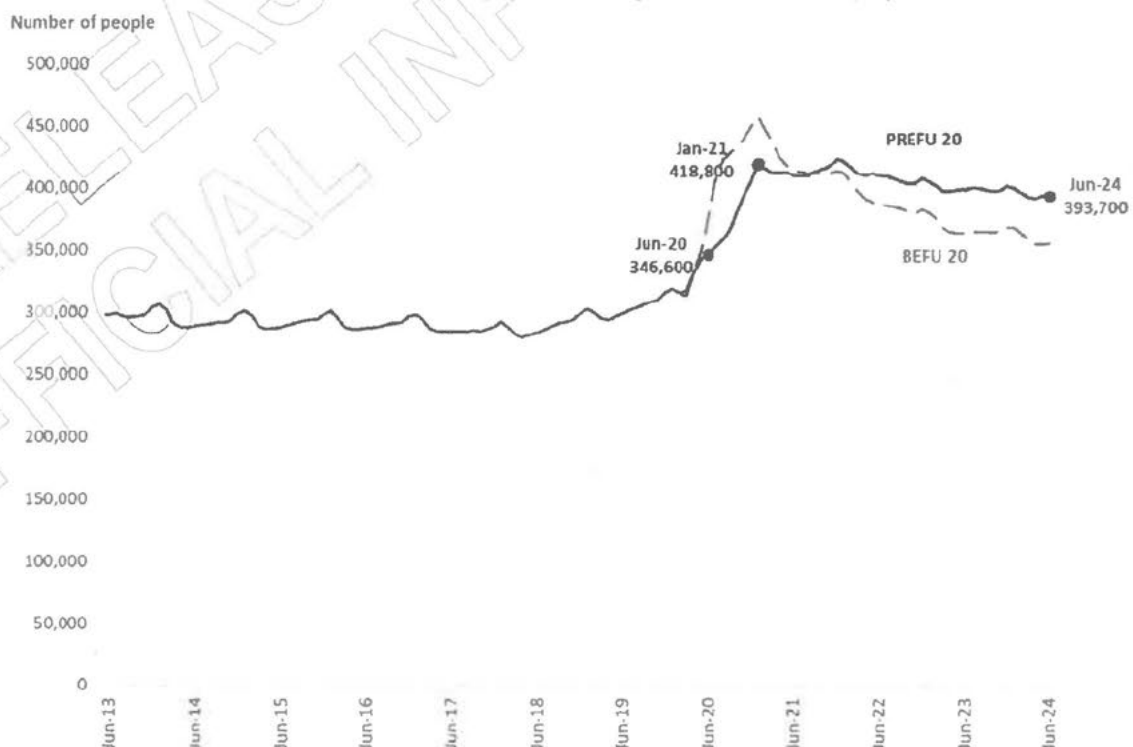


Figure 9 - Number of people receiving New Zealand Superannuation

Small changes can have large impacts to New Zealand Superannuation (NZS) spending because of the large number of people receiving NZS

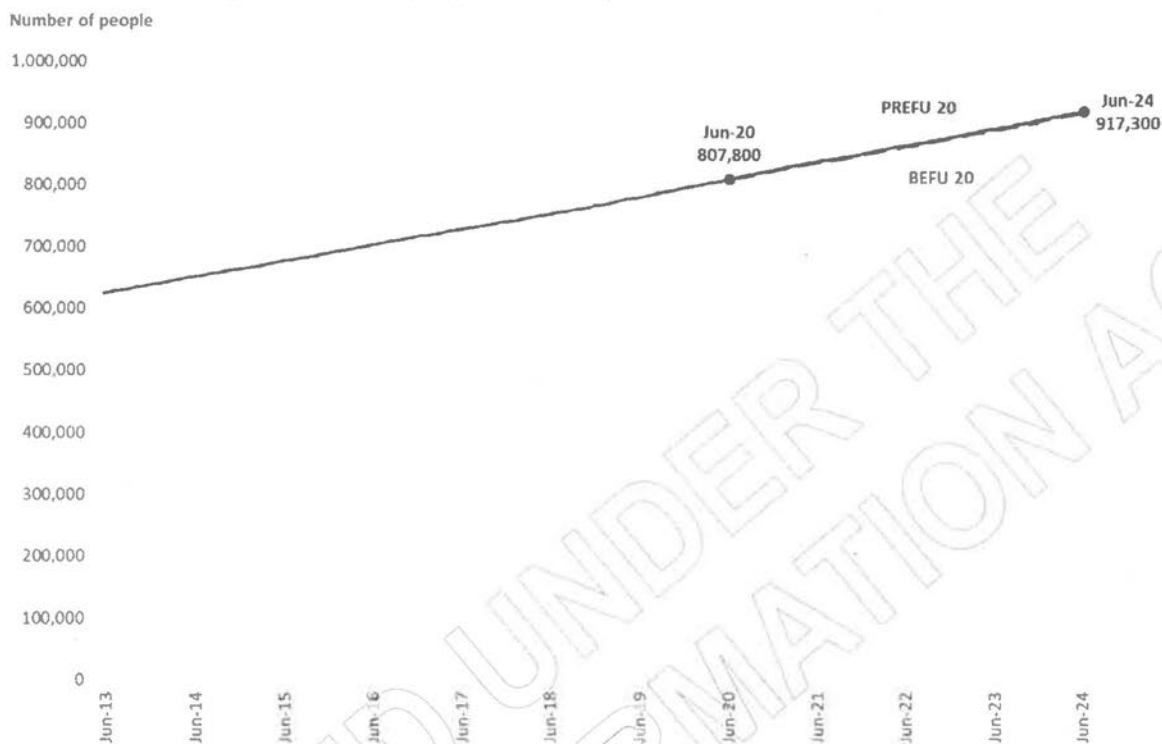


Table 1 - Annual average number of people

Treasury report the forecast number of people as annual averages in the Pre-Election Economic and Fiscal Update (PREFU) 2020 report (Table 6.2). The PREFU 2020 report will be published on Treasury website on the 20 August 2020.

PREFU 20	2018/19 (actual)	2019/20 (forecast)	2020/21 (forecast)	2021/22 (forecast)	2022/23 (forecast)	2023/24 (forecast)
Annual average number of recipients	Thousands					
Accommodation Assistance (1)	295	318	395	414	403	397
Childcare Assistance	33	27	27	28	28	28
Disability Assistance	272	274	286	287	283	279
Hardship Assistance (2)	63	75	105	117	118	118
New Zealand Superannuation	767	795	824	850	877	903
Sole Parent Support	59	61	71	76	76	74
Student Allowances	35	33	36	40	39	36
Supported Living Payment	95	96	97	98	100	101
Youth Payment and Young Parent Payment	3	3	3	3	3	3
Veterans Pension	7	7	6	6	5	5
Orphan's/Unsupported Child's Benefit	11	12	13	14	15	15
Jobseeker Support and Emergency Benefit (3)	139	162	250	267	244	231
Jobseeker Support and Emergency Benefit (4)	131	155	250	267	244	231
Winter Energy Payment (5)	333	355	399	423	424	370
COVID-19 Income Relief Assistance	0	1	15	0	0	0

Note:

1. Excludes Emergency Housing Special Needs Grants
2. Includes Temporary Additional Support and Special Benefit. Does not include one-off Special Needs Grants
3. Includes Jobseeker Support, Emergency Benefit, Jobseeker Support Hardship Student, Emergency Maintenance Allowance, Widow's Benefit Overseas
4. Excludes Emergency Benefit, Jobseeker Support Hardship Student, Emergency Maintenance Allowance, Widow's Benefit Overseas
5. The number of people receiving the Winter Energy Payment is averaged across the 5 months for which it is payable

REP/20/7/795

File ref: A12653884

Author: Out of scope, Analyst, Forecasting and Costing-System Performance

Responsible manager: Maria Guerra, Manager, Forecasting and Costing-System Performance



Report

Date: 10 December 2020

Security Level: BUDGET – SENSITIVE

REP/20/11/1154

To: Hon Grant Robertson, Minister of Finance
Hon Dr Megan Woods, Minister of Housing
Hon Carmel Sepuloni, Minister for Social Development and Employment
Hon David Parker, Minister of Revenue
Hon Meka Whaitiri, Minister for Veterans

Joint Ministers' Report: 2020 Half Year Economic and Fiscal Update of Benefit Forecasts for Vote Social Development

Purpose of the report

- 1 The purpose of this report is to:
 - obtain legal authority, through Ministerial approval, for changes to the expected level of spending for demand driven Benefits or Related Expenses and Capital Expenditure appropriations within Vote Social Development, as part of the Half Year Economic and Fiscal Update (HYEFU) 2020
 - explain expected trends in benefit payments for HYEFU 2020 and the key changes since the Pre-Election Economic and Fiscal Update (PREFU) 2020.
- 2 This report compares the changes in forecasts from PREFU 2020 approved by joint Ministers on 12 August 2020¹. However, because the general election for 2020 was delayed, there was a later finalised update to the approved PREFU 2020 forecast. This was to ensure MSD forecasts remain consistent with Treasury's forecast and publication date.

¹ Joint Ministers' Report 2020 Pre-Election Economic and Fiscal Update of Benefit Forecasts for Vote Social Development
REP/20/7/795.

Executive summary

- 3 We expect fewer working-age beneficiaries than forecast at PREFU 2020. This is mostly because we expect fewer people on Jobseeker Support (JS) at HYEPU 2020.
- 4 The number of people on JS has been lower than expected at PREFU 2020 because:
 - the number of people who received the COVID-19 Income Relief Payment (CIRP) was much lower
 - of the people that received CIRP, a smaller proportion than expected moved from CIRP to JS
 - we did not have the expected number of people come onto JS or CIRP when the Wage Subsidies ended, likely reflecting better labour market conditions.
- 5 At HYEPU 2020, expenditure is expected to be \$390 million (0.3 percent) higher over the next four years (to 2023/24) than forecast at PREFU 2020.
- 6 The increase in expenditure has mostly been driven by an increase in spending for New Zealand Superannuation (NZS), which is largely offset by a downward revision to JS.
- 7 Wages are now expected to be higher than previously forecast, resulting in a large upward revision to NZS expenditure.
- 8 The risks at HYEPU 2020 relate to the economic uncertainties around moving between alert levels, any subsequent policy actions and international economic trends.
- 9 Our next forecast update will be at the Budget Economic and Fiscal Update 2021 (BEFU), which will likely be finalised around April 2021 and published in May 2021.

Recommended actions

10 It is recommended that you:

- a) **note** that the forecasts are mid-point estimates of what we expect actual expenditure to be;
- b) **note** that the forecasts in this report use benefit information available as at 19 November 2020 and Treasury's macroeconomic forecasts finalised on 13 November 2020;
- c) **note** that PREFU 2020 refers to the spending approved by joint Ministers on 12 August 2020. The PREFU 2020 spending that was approved is different to the update that was finalised because further updates were made once the election date was deferred (for more detail see Appendix 2);
- d) **note** that Appendix 1 shows the demand-driven changes requiring approval by joint Ministers since PREFU 2020 by appropriation and Appendix 3 shows the annual forecast expenditure at HYEPU 2020;
- e) **note** that under the current fiscal management approach the net impact of changes to forecasts has a corresponding impact on the budget operating balance through the in-year revisions process;
- f) **note** that MSD and Treasury have agreed to include a technical change that incorporates some of the expected impact of a new survey methodology for the Quarterly Employment Survey from April 2022 used for the calculation of New Zealand Superannuation of \$586m;
- g) **note** that the forecast will be published on the Ministry of Social Development website on 16 December 2020 (the same day as Treasury publish their HYEPU 2020 forecast) for easy accessibility;

- h) **approve** the changes to appropriations set out in Appendix 1 to give effect to the HYEPU 2020 forecast update for changes in demand-driven appropriations within Vote Social Development;
- i) **agree** to send a copy of the report to the Associate Minister for Social Development and Employment;

Yes / No

Minister for Social Development and Employment

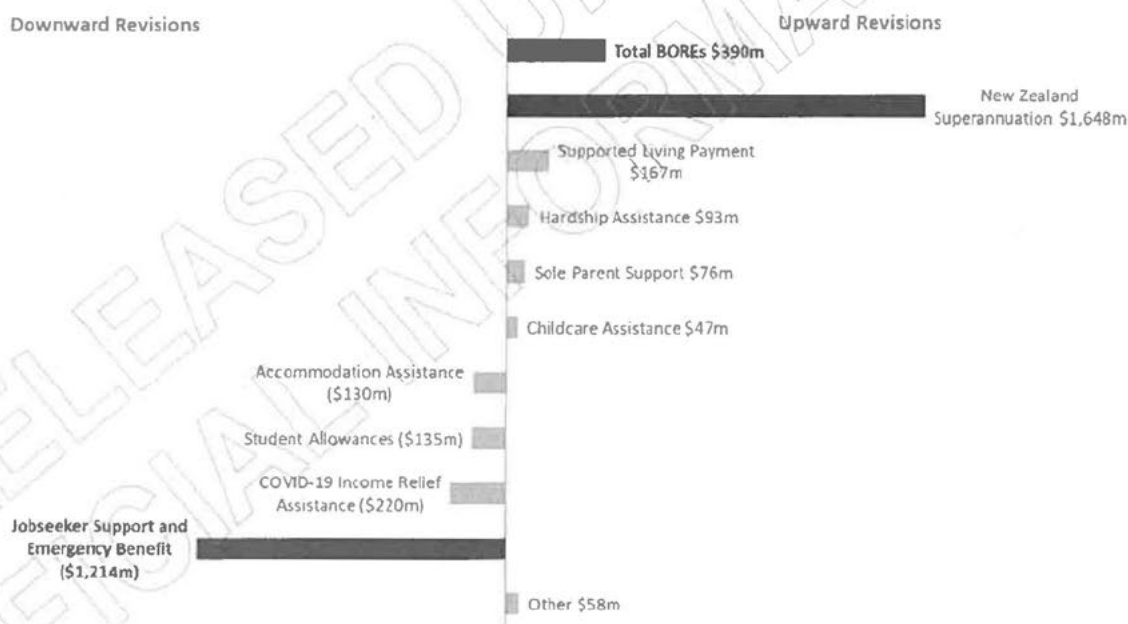
- j) **agree** that the proposed changes to appropriations in Appendix 1 for 2020/21 be included in the 2020/21 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply.

Yes / No	Yes / No	Yes / No	Yes / No	Yes / No
Hon Carmel Sepuloni Minister for Social Development and Employment	Hon Grant Robertson Minister of Finance	Hon Dr Megan Woods Minister of Housing	Hon David Parker Minister of Revenue	Hon Meka Whaitiri Minister for Veterans
<hr/> Fleur McLaren General Manager System Performance Ministry of Social Development		<hr/> Hon Grant Robertson Minister of Finance Approval for all appropriations		
<hr/> Date		<hr/> Date		
<hr/> Hon Dr Megan Woods Minister of Housing Approval for Accommodation Assistance		<hr/> Hon Carmel Sepuloni Minister for Social Development and Employment Approval for all appropriations except Accommodation Assistance, Veteran's Pension and Student Loans		
<hr/> Date		<hr/> Date		
<hr/> Hon David Parker Minister of Revenue Approval for Student Loans		<hr/> Hon Meka Whaitiri Minister for Veterans Approval for Veteran's Pension		
<hr/> Date		<hr/> Date		

We expect fewer working-age beneficiaries but this is offset by stronger wage growth which contributes to higher spending, mainly for New Zealand Superannuation

- 11 Mostly, the largest changes in spending since PREFU 2020 are (see Figure 1):
- an upward revision to NZS because of higher wages
 - a fall in the number of people receiving JS because there have been fewer people than expected and economic conditions are expected to be better than at PREFU 2020.
- 12 Stronger wage growth also increases expenditure on all main benefits such as the Supported Living Payment.
- 13 Expenditure including policy changes over the next four years is expected to be \$390 million (0.3 percent) higher than previously forecast at PREFU 2020.
- 14 Recent economic indicators have put the New Zealand economy in a stronger position than forecast at PREFU 2020, particularly for wage growth and economic activity.

Figure 1 – At HYEPU 2020 there has been an upward revision to the expected level of spending over four years (including policy) to June 2024

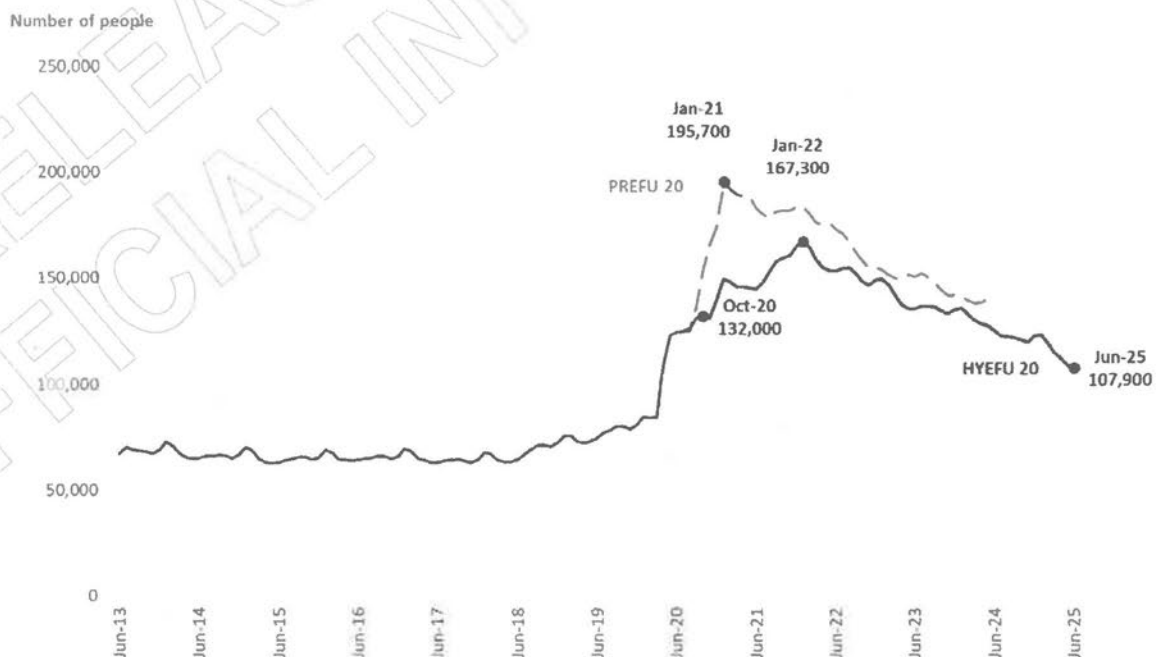


- 15 We use Treasury's macroeconomic outlook to directly inform our forecasts as economic and labour market conditions provide an indication of how easily people can find work.
- 16 Since PREFU 2020, both economic growth and labour market data were better than expected. This means the short-term outlook for HYEPU 2020 is better than at PREFU 2020. However, border restrictions are still assumed to remain in place, constraining economic activity and employment throughout 2021 before a further recovery occurs in 2022 and beyond.

The peak in the number of people receiving Jobseeker Support is expected to be lower and later than at PREFU 2020

- 17 At the peak, the number of people receiving JS Work Ready is expected to be around 167,300 people in January 2022, compared to around 195,700 people in January 2021 forecast at PREFU 2020.
- 18 JS has the largest decrease in expected spending from PREFU 2020. Expenditure is \$1,214 million (8.0 percent) lower at HYEFU 2020 over the next four years.
- 19 Lower expenditure is mostly because there are fewer people expected to come on JS Work Ready than previously expected (see Figure 2).
 - The number of people going onto the CIRP has been much lower than expected at PREFU 2020.
 - Of the people that did receive CIRP, a substantially lower proportion moved from CIRP to JS when their 12-week CIRP entitlement ended than was expected.
 - When Wage Subsidy support was completed, we anticipated that there would be a large number of people coming onto JS. This did not happen and likely reflects better labour market conditions.
 - Economic activity has been better than anticipated since PREFU 2020.
 - About \$232 million (19 percent) of the total four-year reduction is a policy impact where some JS recipients will move to Sole Parent Support following the removal of the subsequent child policy. There will be an equivalent increase in expenditure for Sole Parent Support.

Figure 2: The number of people receiving Jobseeker Support Work Ready is lower than forecast at PREFU 2020



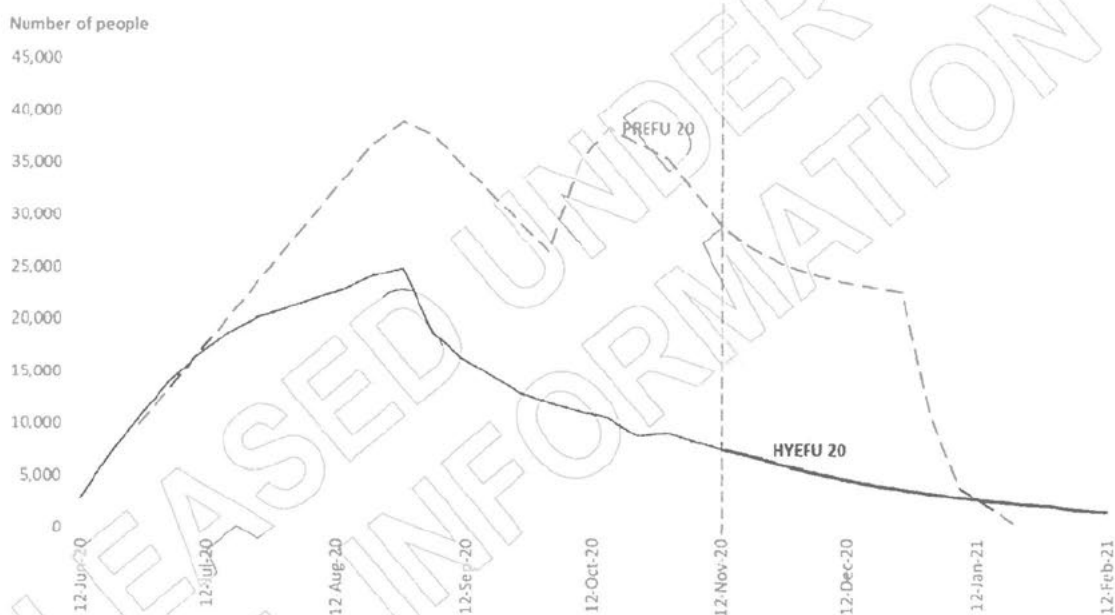
- 20 The number of people on JS is expected to rise from October 2020 to January 2022 (See Appendix 4). This is because consumer spending is expected to be lower, and some firms will find that demand will not return to pre-COVID levels. Economic and labour market conditions drive the ease at which people are able to live and work, which can indicate the level of income support people may need.

- 21 MSD has maintained a strong focus on supporting people into employment. Proactive employment engagements have been steadily increasing since July 2019, and since April 2020, exits into employment have been increasing despite challenging circumstances.

The number of people receiving the COVID-19 Income Relief Payment has been lower than previously anticipated

- 22 At PREFU 2020, a second period of growth in the number of people coming onto the CIRP was expected from October 2020 as the Wage Subsidies were completed. Instead, the number of CIRP recipients continued falling in October 2020 (see Figure 3).

Figure 3 – The weekly number of people receiving the COVID-19 Income Relief Payment has been falling



- 23 The number of people transferring from CIRP to JS after the 12-week payment ended has also been much lower than expected.
- 24 There will be no more applications for CIRP. The last day to apply was on 13 November 2020 and so the number of people on CIRP is now expected to decrease gradually until February 2021.
- 25 As part of MSD's current work programme, we will be investigating the outcomes of former CIRP clients. This analysis requires the use of Statistics New Zealand's Integrated Data Infrastructure (IDI).

We expect the number of people receiving Sole Parent Support to rise over the next two years

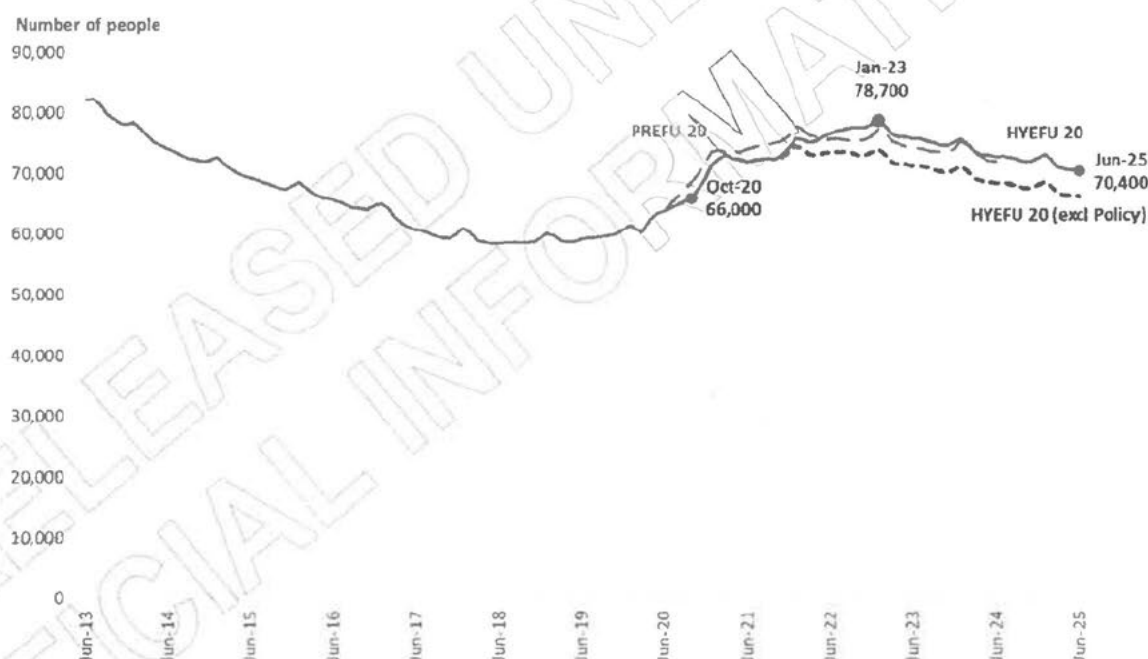
- 26 Excluding the policy change, the number of people on Sole Parent Support (SPS) is expected to be slightly lower than PREFU 2020, reflecting a slightly stronger labour market over the next year than expected at PREFU 2020.
- 27 However, the number of people on SPS is expected to grow because:
- the proportion of sole parents in employment is expected to fall in the next two quarters as the labour market softens

- there may be a greater chance of relationship breakdowns during and after an economic downturn, leading to growth in the number of sole parent families².

Policy change means the number people on Sole Parent Support is expected to be higher than PREFU 2020 from November 2020

- 28 HYEFU 2020 incorporates the Welfare Overhaul: Removing the Subsequent Child policy, which increases eligibility for SPS. Some sole parents receiving JS Work Ready will become eligible for SPS from November 2021 (see Figure 1).
- 29 It is estimated that around 4,500 people will transfer to SPS from JS Work Ready by November 2022.
- 30 The policy impact adds \$232 million over four years to total spending and results in a total upward change of \$76 million from an initial downward revision of \$156 million. There will also be an equivalent decrease in expenditure to JS Work Ready.

Figure 4 – The removal of the Subsequent Child policy will mean the number of people receiving Sole Parent Support is expected to be higher at HYEFU 2020 from around the middle of 2022

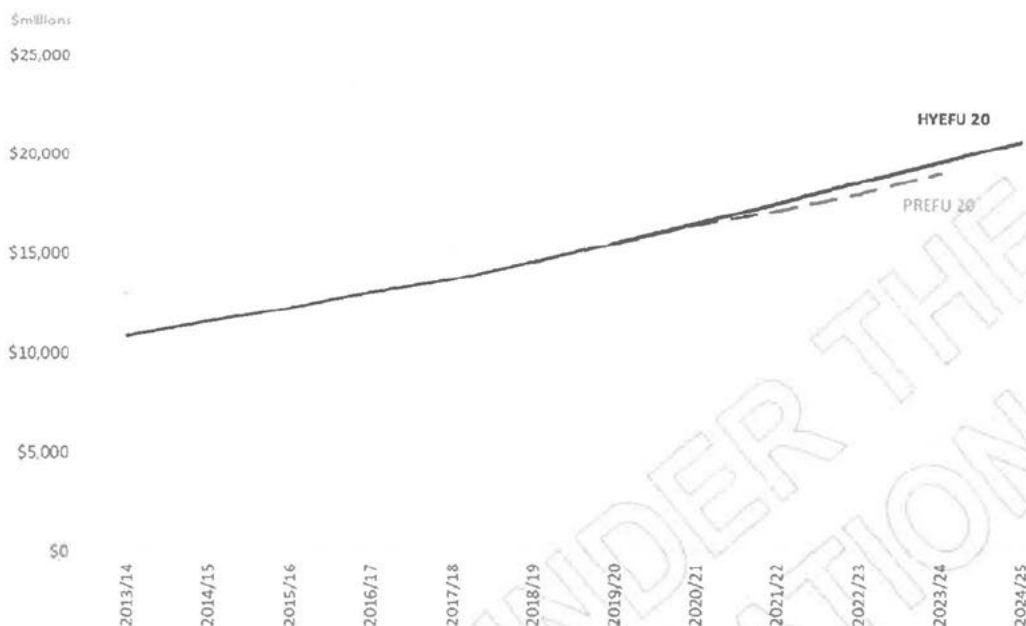


Small changes in wages have large effects on New Zealand Superannuation spending because of the large number of people who receive it

- 31 NZS expenditure is expected to be \$1.648 billion (2.3 percent) higher than PREFU 2020 over the next four years (see Figure 5).

² Following the impacts of the Global Financial Crisis, we saw growth in the number of sole parent families.

Figure 5 – The New Zealand Superannuation annual expenditure forecast has been revised up at HYEFU 2020



32 The increase in NZS expenditure is because:

- of an upward revision to Treasury's average wage forecast resulting in an increase of \$771 million over four years
- MSD and Treasury agreed to incorporate some of the expected impact of a technical change to the Quarterly Employment Survey methodology³ used in the calculation of the NZS payment rates of \$586 million.

33 There has also been an upward revision to the expected number of people on NZS, which increases expenditure by \$321 million over four years, because of:

- growth in the number of people over recent months being higher than usual
- the impact of Statistics New Zealand revisions to population estimates.

The risks at HYEFU 2020 relate to the economic uncertainties within New Zealand and internationally

- 34 There are still uncertainties around the COVID-19 pandemic and related disruptions. Specifically, the likelihood of community transmission and any subsequent effects of shifting between alert levels on the economy and policy actions.
- 35 Subsequent policy and fiscal stimulus in response to the COVID-19 pandemic can significantly affect the number of people receiving main benefits.
- 36 Facing the largest risk are the JS and SPS forecasts, as they are the main benefit payments directly impacted by weakening economic and labour market conditions. The New Zealand economic recovery will depend on both domestic and international conditions, and policy decisions.

³ Produced by Statistics New Zealand

-
- 37 Changes to supplementary assistance, such as Accommodation Assistance and Hardship Assistance, also carry significant risk. This is because costs such as rents and the need for urgent assistance can change rapidly.
 - 38 There are still uncertainties around when the border restrictions will be lifted, and assumptions about this are key to Treasury's macroeconomic forecast.

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OFFICIAL INFORMATION ACT

Appendix 1: Changes to appropriations requiring approval

All changes to Vote Social Development Benefit or Related Expenses require approval.

Vote Social Development - Changes in Benefits or Related Expenses	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	Four Year Total to 2023/24
(see footnote 5)						
Accommodation Assistance ¹	(83,949)	(54,784)	1,646	7,314	14,507	(129,773)
Childcare Assistance	11,127	12,830	11,984	11,207	14,192	47,148
COVID-19 Income Relief Assistance	(220,337)	-	-	-	-	(220,337)
Disability Assistance ²	(2,244)	779	4,133	4,653	4,667	7,321
Family Start/NGO Awards	-	-	-	-	-	-
Hardship Assistance ³	(27,521)	15,163	48,342	57,121	80,519	93,105
Jobseeker Support and Emergency Benefit	(396,693)	(327,964)	(234,268)	(254,645)	(407,010)	(1,213,570)
New Zealand Superannuation	76,512	374,179	616,862	580,217	1,624,193	1,647,770
NZ Beneficiaries Stranded Overseas	30,916	-	-	-	-	30,916
Orphan's/Unsupported Child's Benefit	(1,309)	68	743	736	20,217	238
Sole Parent Support	(22,195)	(7,054)	63,573	41,296	17,791	75,620
Special Circumstance Assistance	500	368	359	336	574	1,563
Student Allowances	(20,123)	(52,155)	(41,861)	(21,065)	(24,694)	(135,204)
Study Scholarships and Awards ⁴	-	-	-	-	-	-
Supported Living Payment	15,349	59,343	55,064	37,678	91,141	167,434
Transitional Assistance	(202)	-	-	-	-	(202)
Veteran's Pension	3,761	7,765	9,923	10,099	3,660	31,548
Work Assistance	160	(26)	(23)	(23)	10	88
Youth Payment and Young Parent Payment	1,658	3,047	3,017	2,750	5,680	10,472
Winter Energy Payment	(6,875)	(10,057)	(3,627)	(3,733)	(1,441)	(24,292)
TOTAL BENEFITS	(641,465)	21,502	535,867	473,941	1,444,006	389,845
SUB-TOTAL excluding NZS and VP	(721,738)	(360,442)	(90,918)	(116,375)	(183,847)	(1,289,473)

1 This consists of Accommodation Supplement, Emergency Housing SNGs and Special Transfer Allowance

2 This consists of Child Disability Allowance and Disability Allowance

3 This consists of Special Benefit, Special Needs Grants, Temporary Additional Support, Temporary Accommodation Assistance, and Christchurch Response payment

4 This consists of Scholarship and NQF/NCEA Awards, and TeachNZ Scholarships

5 The additional year is the change from 2024/25 HYEPU less 2023/24 BEFU

Vote Social Development - Changes in Capital Expenditure	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	Four Year Total to 2023/24
(see footnote 5)						
Recoverable Assistance	(38,045)	(14,299)	12,058	14,786	15,726	(25,500)
Student Loans	(95,268)	(143,181)	(118,975)	(56,792)	(59,445)	(414,216)
TOTAL CAPITAL EXPENDITURE	(133,313)	(157,480)	(106,917)	(42,006)	(43,719)	(439,716)

Vote Social Development: Non-departmental Other Expenses	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	Four Year Total to 2023/24
Reimbursement of Income Related Rent Overpayments	(92)	(92)	(92)	(92)	(92)	(368)
Total	(92)	(92)	(92)	(92)	(92)	(368)

Vote Social Development - Changes in Non-departmental other expense - Debt Write off Provision for Social Benefit Debt	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	Four Year Total to 2023/24
(see footnote 5)						
Debt Write-downs	17,857	17,928	17,928	17,928	17,927	71,641
Total Change	17,857	17,928	17,928	17,928	17,927	71,641

Appendix 2: Forecast reconciliation from PREFU 2020 as approved by Ministers to HYEFU 2020

40 The HYEFU 2020 incorporates the additional change to the PREFU 2020 along with new information since then. This is summarised below and shows the following:

- the additional change to PREFU 2020 that had previously been approved by joint Ministers
- the change from the final PREFU 2020 to the HYEFU 2020
- the combined change that equates to the total revision in HYEFU 2020.

41 Table A shows the additional change to the PREFU 2020 that had been approved by joint Ministers on 12 August 2020.

42 Table B shows the change from the final PREFU 2020 to the HYEFU 2020.

43 The combined change in tables A and B equals the total revision as summarised in Appendix 1.

Late adjustment from Approved PREFU 20 to Final PREFU 20						Change from the Final PREFU 20 to HYEFU 20					
Table A						Table B					
Vote Social Development - Changes in Benefits or Related Expenses	2020/21	2021/22	2022/23	2023/24	Four Year Total Change	2020/21	2021/22	2022/23	2023/24	Four Year Total Change	Four Year Total Change
	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)		(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)
Accommodation Assistance	(14,142)	12,318	26,135	27,933	52,244	(69,807)	(67,102)	(24,489)	(20,619)	(182,017)	(129,773)
Childcare Assistance	6,238	6,856	7,209	7,365	27,668	4,889	5,974	4,775	3,842	19,480	47,148
COVID-19 Income Relief Assistance	(2,473)	-	-	-	(2,473)	(217,864)	-	-	-	(217,864)	(220,337)
Disability Assistance	921	2,889	3,563	3,477	10,850	(3,165)	(2,110)	570	1,176	(3,529)	7,321
Employment Related Training Assistance	-	-	-	-	-	-	-	-	-	-	-
Family Start/NGO Awards	-	-	-	-	-	-	-	-	-	-	-
Hardship Assistance	1,162	14,681	21,921	24,087	61,871	(28,703)	482	26,421	33,034	31,234	93,105
Jobseeker Support and Emergency Benefit	20,212	171,469	221,624	224,605	637,910	(416,905)	(499,433)	(455,892)	(479,250)	(1,851,480)	(1,213,570)
New Zealand Superannuation	12,639	(2,653)	(9,481)	(7,246)	(6,741)	63,873	376,832	626,343	587,463	1,654,511	1,647,770
NZ Beneficiaries Stranded Overseas	(1,589)	-	-	-	(1,589)	32,505	-	-	-	32,505	30,916
Orphan's/Unsupported Child's Benefit	348	1,074	1,666	1,768	4,856	(1,657)	(1,006)	(923)	(1,032)	(4,618)	238
Sole Parent Support	(24,839)	(23,916)	(4,999)	7,071	(46,683)	2,644	16,862	68,572	34,225	122,303	75,620
Special Circumstance Assistance	59	21	21	20	121	441	347	338	316	1,442	1,563
Student Allowances	-	(1)	(1)	(1)	(3)	(20,123)	(52,154)	(41,860)	(21,064)	(135,201)	(135,204)
Study Scholarships and Awards	-	-	-	-	-	-	-	-	-	-	-
Supported Living Payment	(995)	(7,140)	(7,925)	(7,616)	(23,676)	16,344	66,483	62,989	45,294	191,110	167,434
Transition to Work	-	-	-	-	-	-	-	-	-	-	-
Transitional Assistance	(51)	-	-	-	(51)	(151)	-	-	-	(151)	(202)
Veteran's Pension	281	1,216	1,999	2,845	6,341	3,480	6,549	7,924	7,254	25,207	31,548
Winter Energy Payment	1,544	5,307	8,660	8,188	23,699	(8,419)	(15,364)	(12,287)	(11,921)	(47,991)	(24,292)
Work Assistance	(73)	9	12	12	(40)	233	(35)	(35)	(35)	128	88
Youth Payment and Young Parent Payment	(37)	(65)	(85)	(72)	(259)	1,695	3,112	3,102	2,822	10,731	10,472
Total	(775)	182,065	270,319	292,436	744,045	(640,690)	(160,563)	265,548	181,505	(354,200)	389,845

Vote Social Development - Changes in Capital Expenditure	2020/21	2021/22	2022/23	2023/24	Four Year Total Change	2020/21	2021/22	2022/23	2023/24	Four Year Total Change	Four Year Total Change
	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)		(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)
Recoverable Assistance	(934)	8,256	13,371	14,324	35,017	(37,111)	(22,555)	(1,313)	462	(60,517)	(25,500)
Student Loans	-	-	-	-	-	(95,268)	(143,181)	(118,975)	(56,792)	(414,216)	(414,216)
Total	(934)	8,256	13,371	14,324	35,017	(132,379)	(165,736)	(120,288)	(56,330)	(474,733)	(439,716)

Appendix 3: Total expenditure

Vote Social Development - Benefits or Related Expenses	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 and Outyears (\$000)	Five Year Total to 2024/25
Accommodation Assistance ¹	2,354,132	2,529,525	2,575,731	2,604,293	2,611,486	12,675,167
Childcare Assistance	154,720	157,711	158,608	159,562	162,547	793,148
COVID-19 Income Relief Assistance	202,498	0	0	0	0	202,498
Disability Assistance ²	407,495	414,718	416,939	418,959	418,973	2,077,084
Family Start/NGO Awards	705	705	705	705	705	3,525
Hardship Assistance ³	532,047	656,948	711,663	740,363	763,761	3,404,782
Jobseeker Support and Emergency Benefit	3,355,061	3,676,658	3,513,662	3,402,258	3,249,893	17,197,532
New Zealand Superannuation	16,489,853	17,484,031	18,583,668	19,580,589	20,624,565	92,762,706
NZ Beneficiaries Stranded Overseas	47,997	0	0	0	0	47,997
Orphan's/Unsupported Child's Benefit	293,954	328,276	358,803	380,524	400,005	1,761,562
Sole Parent Support	1,506,747	1,644,425	1,745,188	1,724,429	1,700,924	8,321,713
Special Circumstance Assistance	11,652	11,762	11,923	12,107	12,345	59,789
Student Allowances	603,612	630,749	635,349	631,198	627,569	3,128,477
Study Scholarships and Awards ⁴	25,667	23,167	20,426	20,426	20,426	110,112
Supported Living Payment	1,805,956	1,883,403	1,949,125	2,011,290	2,064,753	9,714,527
Transitional Assistance	448	500	500	500	500	2,448
Veteran's Pension	138,733	131,397	124,412	117,265	110,826	622,633
Work Assistance	2,623	2,450	2,480	2,522	2,555	12,630
Youth Payment and Young Parent Payment	62,269	62,648	63,479	66,285	69,215	323,896
Winter Energy Payment	819,623	542,580	551,500	554,187	556,479	3,024,369
TOTAL BENEFITS	28,815,792	30,181,653	31,424,161	32,427,462	33,397,527	156,246,595
SUB-TOTAL excluding NZS and VP	12,187,206	12,566,225	12,716,081	12,729,608	12,662,136	62,861,256

1 This consists of Accommodation Supplement, Emergency Housing SNGs and Special Transfer Allowance

2 This consists of Child Disability Allowance and Disability Allowance

3 This consists of Special Benefit, Special Needs Grants, Temporary Additional Support, Temporary Accommodation Assistance, and Christchurch Response payment

4 This consists of Scholarship and NQF/NCEA Awards, and TeachNZ Scholarships

Vote Social Development - Capital Expenditure	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 and Outyears (\$000)	Five Year Total to 2024/25
Recoverable Assistance	383,704	476,631	505,105	509,121	510,061	2,384,622
Student Loans	1,594,851	1,610,642	1,630,457	1,624,615	1,621,962	8,082,527
TOTAL CAPITAL EXPENDITURE	1,978,555	2,087,273	2,135,562	2,133,736	2,132,023	10,467,149

Vote Social Development: Non-departmental Other Expenses	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 and Outyears (\$000)	Five Year Total to 2024/25
Reimbursement of Income Related Rent Overpayments	4,170	4,170	4,170	4,170	4,170	20,850
Total	4,170	4,170	4,170	4,170	4,170	20,850

Appendix 4: Supplementary Figures

Figure 6 – The number of people receiving Jobseeker Support (Work Ready and Health Condition or Disability) is lower than forecast at PREFU 2020

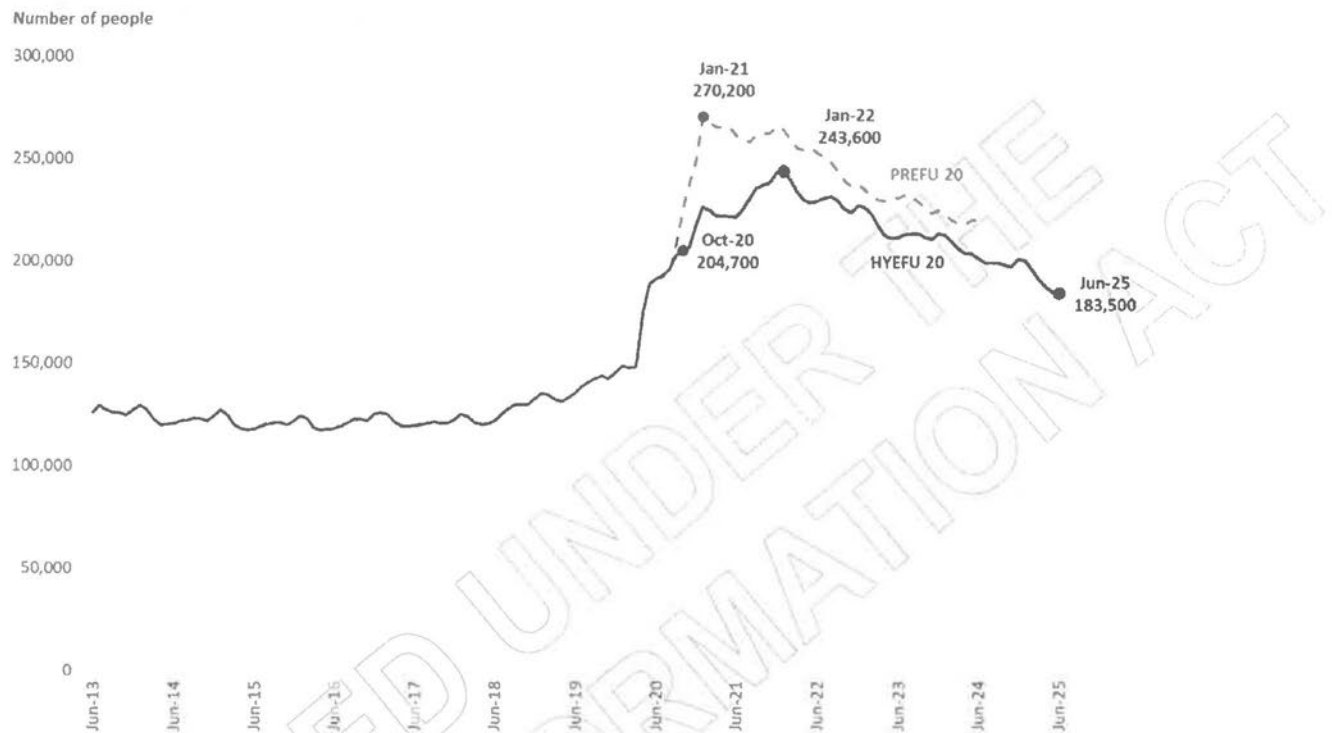
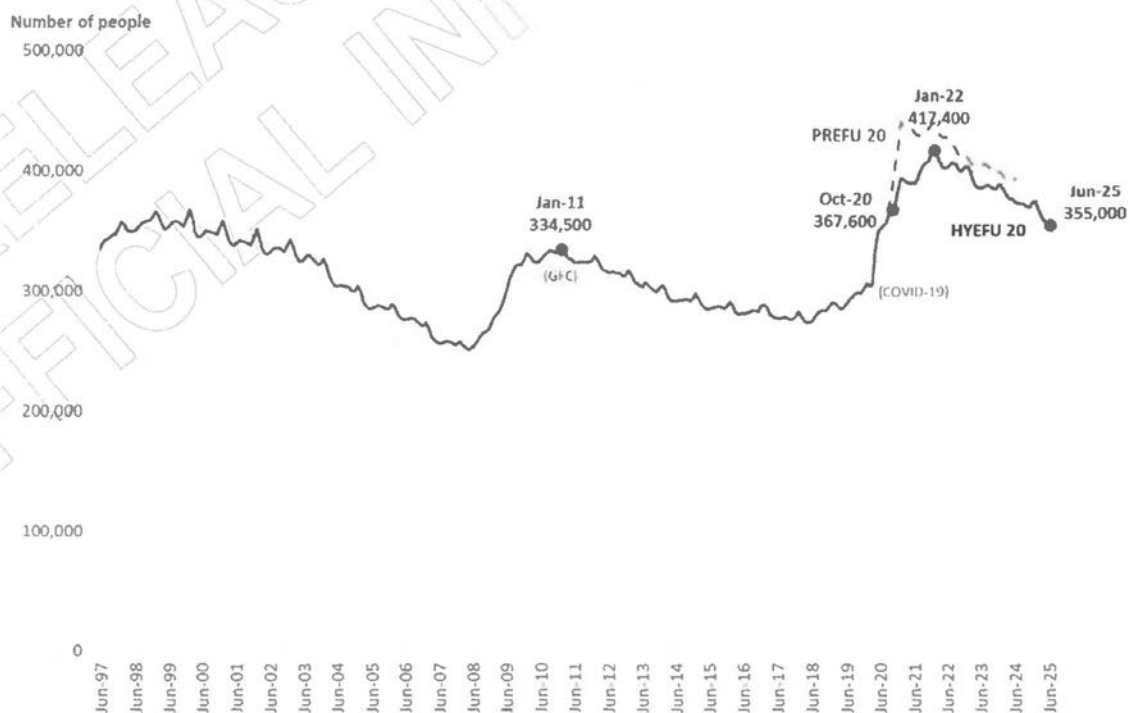


Figure 7 – The number of people on working-age benefits is expected to peak in January 2022, which is lower and later than the peak at PREFU 2020



REP/20/11/1154

File ref: A12880857

Author: Out of scope, Graduate Analyst, Forecasting and Costing-System Performance

Responsible manager: Maria Guerra, Manager, Forecasting and Costing-System Performance

RELEASED UNDER THE
OFFICIAL INFORMATION ACT



Report

Date: 7 May 2021

Security Level: BUDGET – SENSITIVE

REP/21/4/419

To: Hon Grant Robertson, Minister of Finance
Hon Dr Megan Woods, Minister of Housing
Hon Carmel Sepuloni, Minister for Social Development and Employment
Hon David Parker, Minister of Revenue
Hon Meka Whaitiri, Minister for Veterans

Joint Ministers' Report: 2021 Budget Economic and Fiscal Update of Benefit Forecasts for Vote Social Development

Purpose of the report

- 1 The purpose of the report is to:
 - obtain legal authority, through Ministerial approval, for changes to the expected level of spending for demand driven Benefits or Related Expenses (BoREs) and Capital Expenditure appropriations within Vote Social Development, as part of the Budget Economic and Fiscal Update (BEFU) 2021
 - explain expected trends in benefit payments for BEFU 2021 and the key changes since the Half Year Economic and Fiscal Update (HYEFU) 2020.

Executive summary

- 2 At BEFU 2021, before policy adjustments, **expenditure has been revised down by \$1,474 million** (0.9 percent) over the next five years (to 2024/25) (see Appendix 4).
- 3 **The total change in expenditure for Vote Social Development: BoRE requiring approval is a reduction of \$755 million** over the next five years (see Appendix 1).
- 4 **We expect fewer working-age beneficiaries (WAB)** than forecast at HYEFU 2020. This is because the economy has been slightly stronger than expected, MSD has maintained a strong focus on supporting people into work, and more people have exited benefit into study.
- 5 **The number of people on Jobseeker Support (JS) is expected to be lower** at BEFU 2021 than previously forecast. This mostly reflects the lower starting point due to the 16,500 (7.5 percent) fewer people in March than forecast at HYEFU 2020.
- 6 **The number of people on Sole Parent Support (SPS) is expected to increase** over the next two years, however, in a historical context the number of SPS recipients remains low.
- 7 The number of people taking up **Accommodation Supplement (AS) has been revised down** since HYEFU 2020. This decrease mostly reflects the lower number of people on main benefits.

- 8 **We expect fewer people taking up Temporary Additional Support (TAS)** than previously forecast. This is because there has been a lower proportion of people on main benefits, leading to fewer people taking up TAS. Additionally, since the 13-week reapplication process was reactivated in October 2020 the number of people on TAS has fallen.
- 9 **Changes to Treasury's wage forecast can have large effects on New Zealand Superannuation (NZS) spending** because of the large number of people who receive it. Expenditure for NZS is expected to be \$1,404 million higher than previously forecast over the next five years (see Appendix 4).

Recommended actions

- 10 It is recommended that you:
 - a. **note** that the forecasts are mid-point estimates of what we expect actual expenditure to be;
 - b. **note** that the forecasts in this report use benefit information available as at 9 April 2021 and Treasury's macroeconomic forecasts finalised on 1 April 2021;
 - c. **note** that Appendix 1 shows the amounts requiring approval by joint Ministers since HYEPU 2020 by appropriation, Appendix 2 shows the annual forecast expenditure at BEPU 2021, Appendix 3 shows the total change (policy and forecast demand) in expenditure compared to HYEPU 2020, and Appendix 4 shows the total change before policy;
 - d. **note** that Appendix 1 includes a 'supplementary estimates add-on' amount for 2020/21. This is an adjustment to the mid-point estimate to minimise the risk of unappropriated expenditure;
 - e. **note** that the change in Debt Write-downs is an increase of \$99.361 million (see Appendix 1) over the next five years because of movement in social benefit receivables and changes in interest rates;
 - f. **note** under the current fiscal management approach the net impact of changes to forecasts has a corresponding impact on the budget operating balance through the in-year revisions process;
 - g. **note** that the forecast will be published on the Ministry of Social Development website on 20 May 2021 (the same day as Treasury publish their BEPU 2021 forecast) for easy accessibility;

- h. **approve** the changes to appropriations set out in Appendix 1 to give effect to the BEFU 2021 forecast update for changes in demand-driven appropriations within Vote Social Development;
- i. **agree** to send a copy of the report to the Associate Minister for Social Development and Employment;

Yes / No

Minister for Social Development and Employment

- j. **agree** that the proposed changes to appropriations in Appendix 1 for 2020/21 be included in the 2020/21 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply.

Yes / No	Yes / No	Yes / No	Yes / No	Yes / No
Hon Grant Robertson	Hon Dr Megan Woods	Hon Carmel Sepuloni	Hon David Parker	Hon Meka Whaitiri
Minister of Finance	Minister of Housing	Minister for Social Development and Employment	Minister of Revenue	Minister for Veterans

 Fleur McLaren
 General Manager System Performance
 Ministry of Social Development

 Hon Grant Robertson
 Minister of Finance
 Approval for all appropriations

 Date

 Date

 Hon Dr Megan Woods
 Minister of Housing
 Approval for Accommodation Assistance

 Hon Carmel Sepuloni
 Minister for Social Development and Employment
 Approval for all appropriations except Accommodation Assistance, Veteran's Pension and Student Loans

 Date

 Date

 Hon David Parker
 Minister of Revenue
 Approval for Student Loans

 Hon Meka Whaitiri
 Minister for Veterans
 Approval for Veteran's Pension

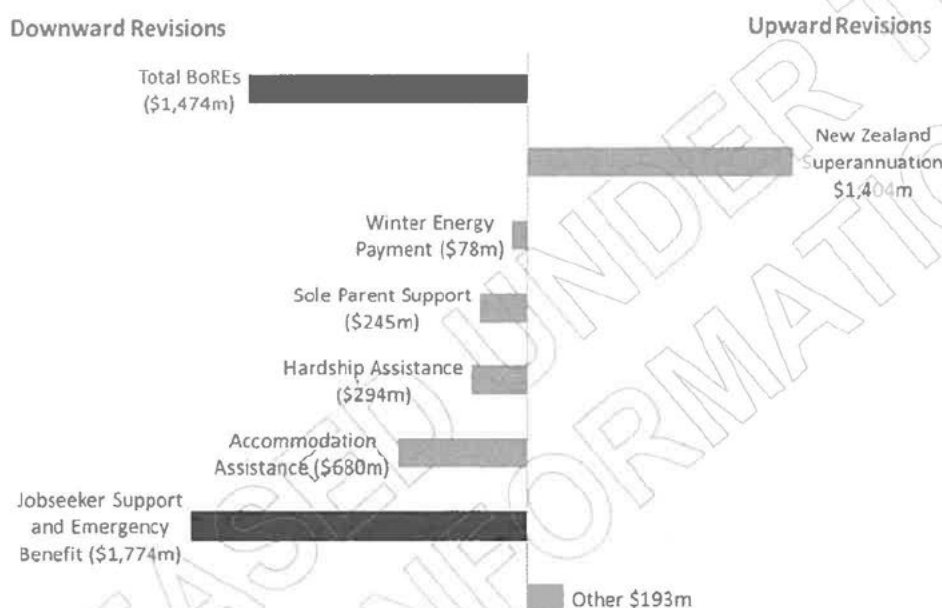
 Date

 Date

Before policy adjustments, total spending has been revised down by \$1,474 million over the next five years

- 11 Before policy adjustments, the BEFU 2021 forecasts would have reduced expenditure by \$1,474 million (0.9 percent)(see Appendix 4) compared with HYEFU 2020 (see Figure 1). However, when including the \$4,849 million from policy changes, this has caused the forecasts to be revised upward by \$3,374 million (2.2 percent)(see Appendix 3).

Figure 1 – At BEFU 2021 there has a been downward revision to the expected level of spending over the next five years (before policy adjustments) to June 2025



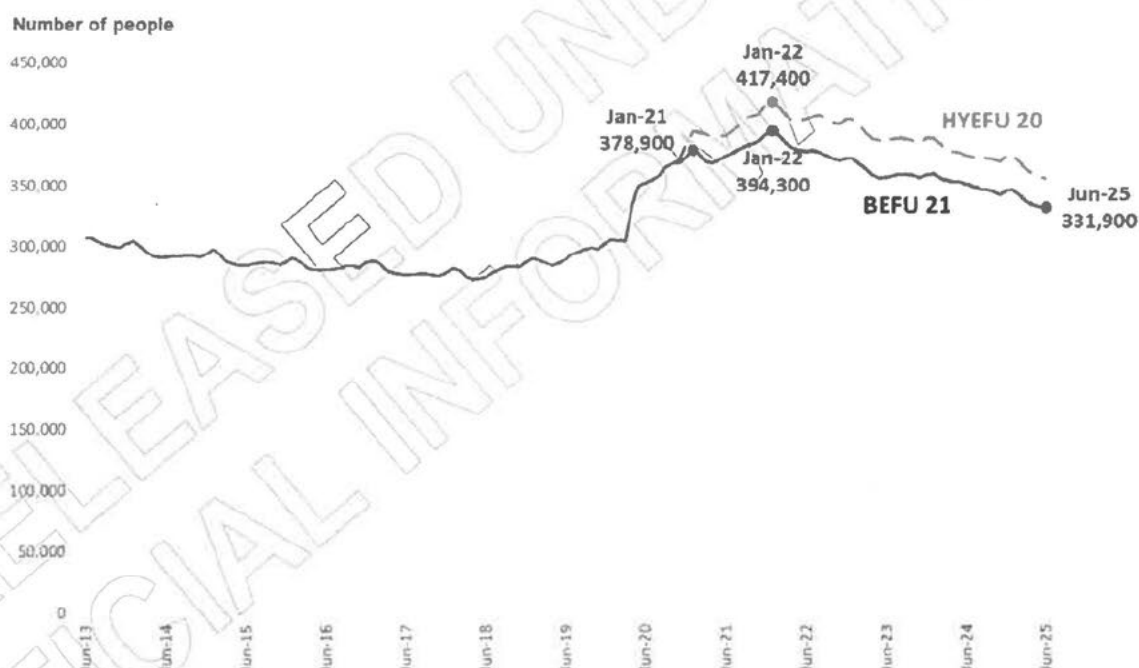
- 12 The total change in expenditure for Vote Social Development: BoRE requiring approval is a reduction of \$755 million over the next five years (see Appendix 1). This figure represents the effective amount that requires Ministerial approval after accounting for policies that have already been approved.
- 13 The rest of this report will focus on the forecasts before policy, unless the policy change specifically affects the number of people.

We expect fewer people receiving working-age benefits at BEFU 2021, mainly driven by a lower number of people on Jobseeker Support

- 14 Recently the number of people on JS and SPS has been lower than previously expected at HYEFU 2020, resulting in the forecasts starting from a lower point. This is because:
- MSD has maintained and will continue to maintain a strong focus on supporting people into work
 - the economy has been slightly stronger than expected (although is still relatively soft over most of this year)
 - more people than what we would normally see have exited benefit into study.

- 15 Treasury's broad assumptions around border settings have not fundamentally changed from HYEFU 2020, the near-term growth outlook has improved slightly given better than expected GDP results for the September 2020 and December 2020 quarters. Treasury still expect:
- the economy to be relatively soft over most of this year whilst border controls are in place
 - the border to reopen to international tourists in January 2022¹
 - once border controls are lifted, Treasury expect to see economic conditions improve.
- 16 We use Treasury's macroeconomic outlook to directly inform our forecasts as economic and labour market conditions provide an indication of how easily people can find work.
- 17 Overall, we expect there to be fewer people on a WAB over the next five years (see Figure 2).

Figure 2 – The number of Working-age beneficiaries is expected to fall over the next five years



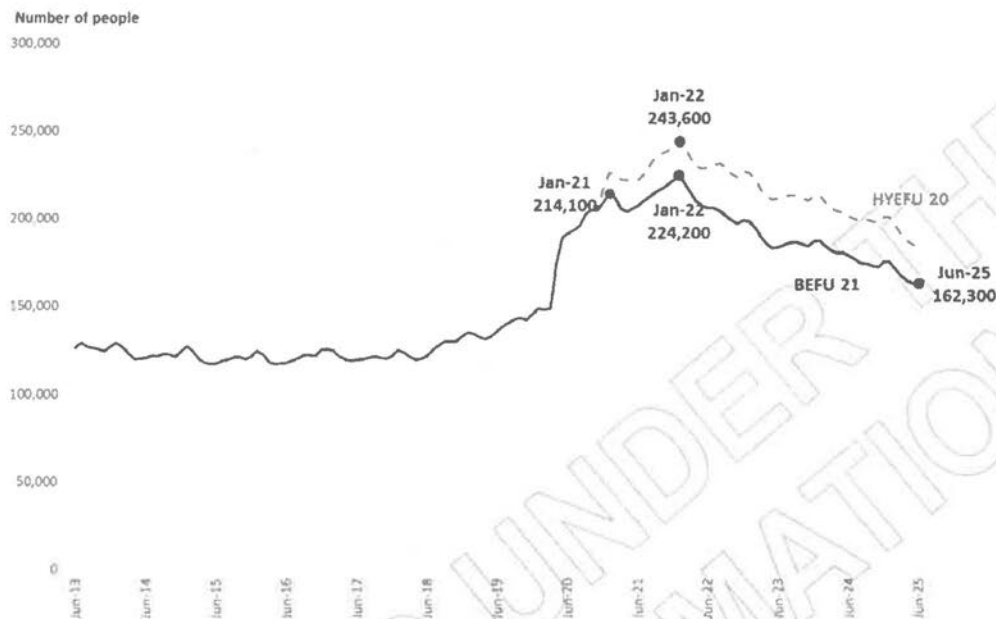
We expect the number of people on Jobseeker Support to be lower than previously forecast mostly due to the lower starting point

- 18 We expect fewer people on JS than previously forecast at HYEFU 2020 (see Figure 3). This is mostly because we have seen a fall in the number of people receiving JS in

¹ Any effects of the recent travel bubble with Australia is uncertain. As more data is collected in the coming months any effects of the travel bubble will be incorporated in the next forecast update at HYEFU 2021.

recent months. There were about 16,500 (7.5 percent) fewer people on JS in March 2021 than forecast at HYEFU 2020.

Figure 3 – The number of people on Jobseeker Support is expected to be lower than at HYEFU 2020

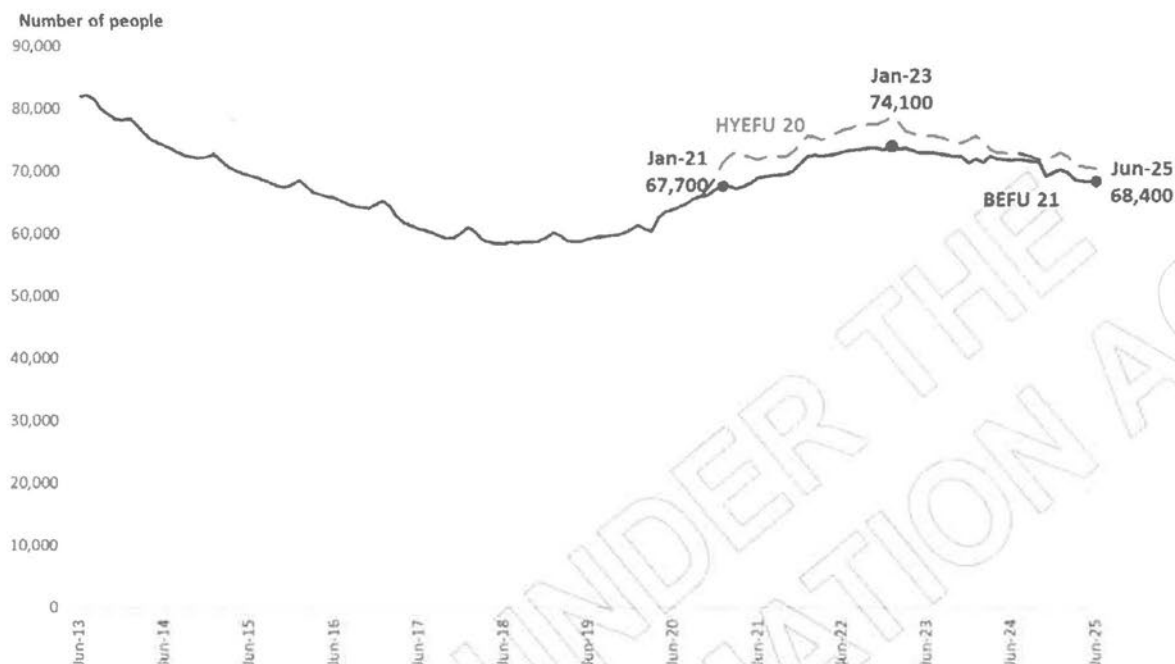


- 19 There are a number of factors contributing to the recent drop in JS, such as:
 - the number of people exiting into work has been increasing
 - MSD continuing to increase proactive engagement with clients through active case management
 - the 52-week reapplication process recently being reactivated.
- 20 Over most of 2021 we expect the number of people on JS to increase. This is because border restrictions are still assumed to remain in place throughout 2021, constraining economic activity and employment especially in the tourism and hospitality sector.
- 21 JS is expected to peak in January 2022 before border restrictions are eased. Following this, the number of people on JS is expected to fall as the economy recovers.

The number of people on Sole Parent Support has been rising and is expected to peak in January 2023

- 22 The number of people on SPS is expected to grow until January 2023. This is due to:
 - an increase in the number of sole parent families, of which family breakdowns is a contributing factor (as seen during the GFC)
 - relatively soft job growth over 2021
 - the previous policy effect (at HYEFU 2020) of the removal of the Subsequent Child rule, which will cause a fiscally neutral transfer of sole parents on JS to SPS from November 2021.
- 23 Overall, we expect fewer people to receive SPS than previously forecast (see Figure 4). However, the number of people on SPS is expected to continue increasing until January 2023.

Figure 4 - The number of people on Sole Parent Support is expected to increase until January 2023



When viewed in a historical context, the number of people on SPS remains historically low

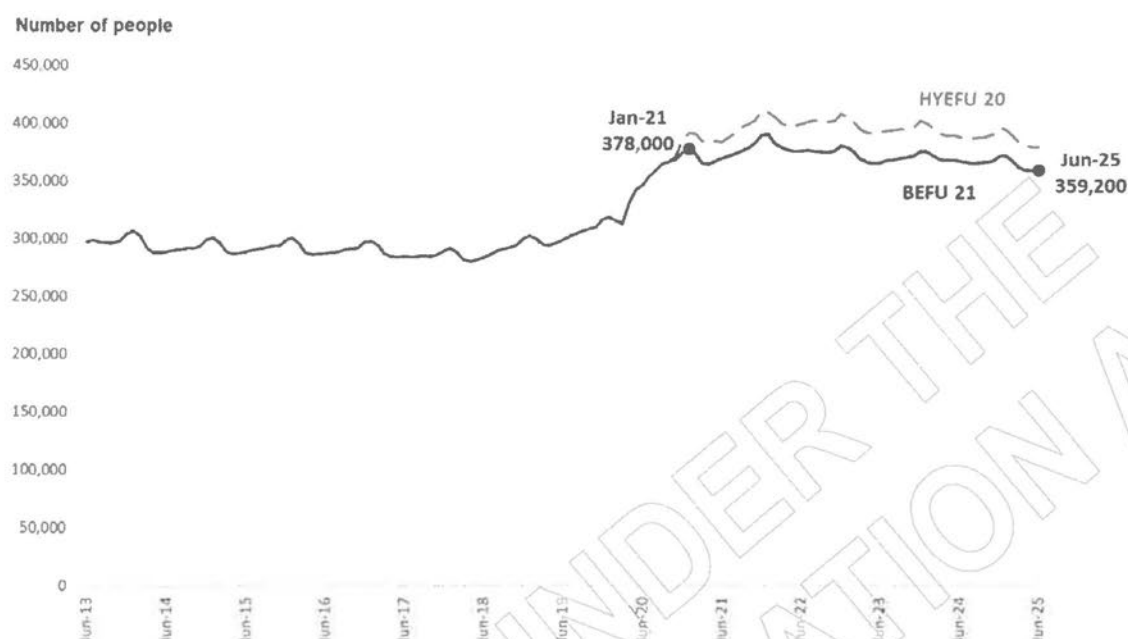
24 There are three longer term factors that affect sole parents on benefit. These factors are not likely to change quickly and have led to the historically low number of people on SPS. These factors are:

- the proportion of sole parents who are employed, which is historically high and has been converging with the overall employment rate (and since 2013 at a similar level to female employment rate)
- the sole parent population, which has been relatively stable since the 1990s
- the number of teen births, which is currently at a historic low.

The number of people taking up Accommodation Supplement has been revised down, reflecting the lower number of people on main benefits than previously forecast

25 The number of people on AS has been revised down over the next five years (see Figure 5), and mostly reflects the lower number of people on a main benefit.

Figure 5 – The number of people receiving Accommodation Supplement has been revised down since HYEFU 2020

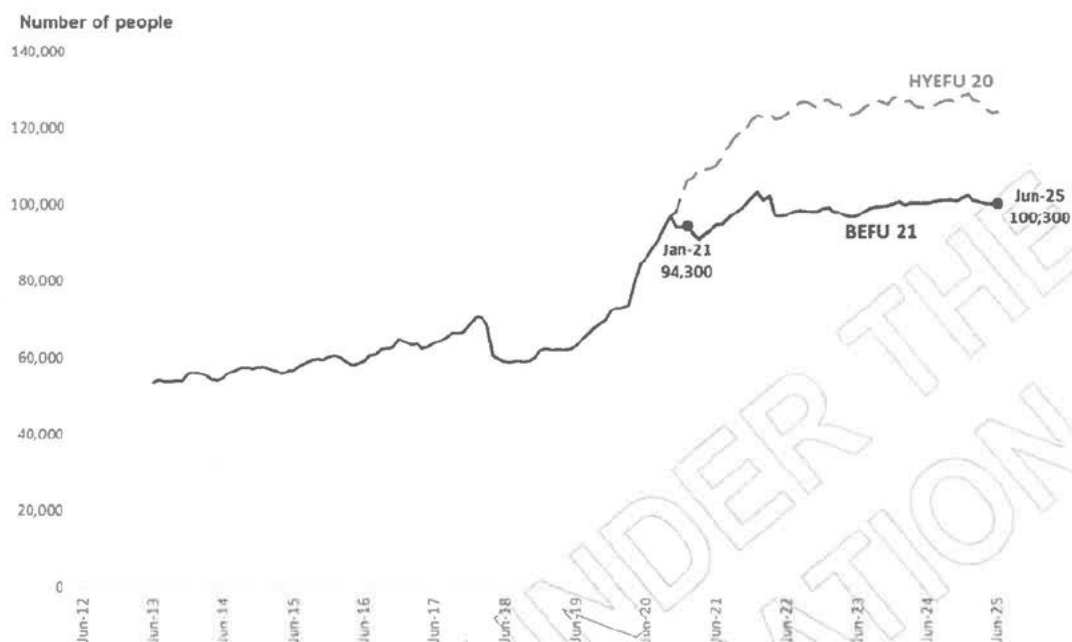


- 26 The new housing package that was announced in March 2021 may affect AS. However, the effect of the housing package on AS is uncertain. Any effect on the number of AS recipients or the AS payment will be incorporated in the next forecast update at HYEFU 2021.

The number of people taking up Temporary Additional Support has been revised down, reflecting the lower number of people expected to be on a main benefit

- 27 We expect fewer people taking up TAS than previously forecast (see Figure 6). This is because:
- there has recently been a lower proportion of people on main benefit, leading to fewer people taking up TAS
 - the 13-week reapplication was reactivated in October 2020 and since then the number of people on TAS has fallen, giving a lower starting point to the forecast.

Figure 6 – Temporary Additional Support has been revised down over the next five years



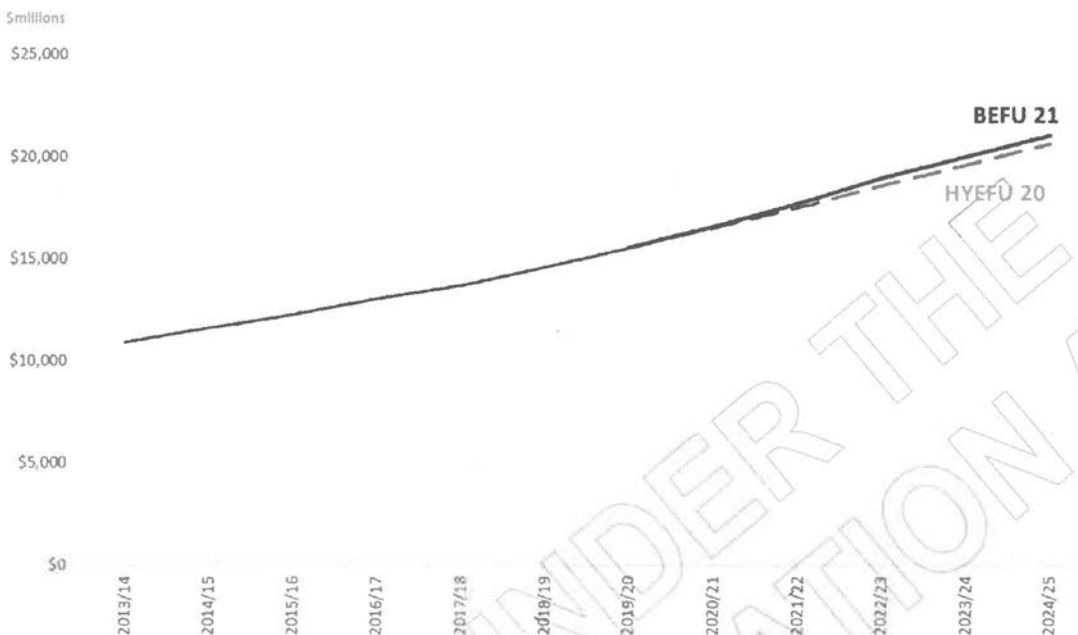
- 28 Despite the recent fall in numbers, we still expect the number of people on TAS to increase over the next year as the number of people on a main benefit increases.
- 29 High living costs, especially from ongoing growth in housing costs², is expected to result in demand for TAS remaining high over the rest of the forecast period.
- 30 The increases to main benefit payment rates in July 2021 and April 2022 are expected to cause a one-off decrease in the number of people on TAS (particularly in April 2022). This decrease is because people will be receiving more from their main benefit payment so some people will no longer be eligible for TAS.

Changes to Treasury's wage forecast have large effects on New Zealand Superannuation spending because of the large number of people who receive the payment

- 31 The largest revision in terms of expenditure comes from NZS expenditure. NZS is expected to be \$1,404 million (1.5 percent) higher over the next five years than at HYEFU 2020 (see Appendix 4).
- 32 The increase in NZS expenditure is mostly because the average wage was higher than previously forecast. This contributes \$1,794 million to the rise in NZS expenditure over the next five years (see Figure 7).

² It is currently uncertain what effect the recent housing announcement in March 2021 may have. However, our underlying assumption is that the housing costs will continue rising.

Figure 7 – The New Zealand Superannuation annual expenditure forecast has been revised up at BEFU 2021



The risks at BEFU 2021 relate to COVID-19 and economic uncertainties within New Zealand

33 COVID-19 related uncertainties remain a risk to our forecasts at BEFU 2021. These risks include:

- the possibility of **community transmission of COVID-19**. This remains a risk to our forecasts. This risk depends on how high up the alert levels New Zealand moves to, and the effect this can have on the New Zealand economy.
- **uncertainties around when the border restrictions will be lifted**. The current border assumptions are key to Treasury's macroeconomic forecast.

34 The **effect of the new travel bubble with Australia**, is uncertain. As more data is collected any effects of the travel bubble will be reflected in the next forecast update (HYEFD 2021).

35 The forecast number of people on JS and SPS face the most variability, as these benefits are directly affected by economic and labour market conditions.

36 Changes to supplementary assistance, such as Accommodation Assistance and Hardship Assistance, also carry significant risk. This is because costs such as rents and the need for urgent assistance can change rapidly.

37 The new housing package that was announced in March 2021, might have an effect on payments such as Accommodation Assistance. However, the effect this might have is currently uncertain.

Appendix 1: Changes to appropriations requiring approval

All changes to Vote Social Development appropriations that require approval and any increases for 2020/21 at BEFU 2021 will be met from Imprest Supply until the approval of the Supplementary Estimates.

The \$99.361 million change in debt write downs is mainly because of an expected increase from changes to the level of outstanding debt, interest rates and other factors. These factors are used to calculate the debt write-down provision for social benefit receivables and are in accordance with generally accepted accounting standards.

Vote Social Development - Changes in Benefits or Related Expenses	Supplementary Estimates add-on for 2020/21 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 and Outyears (\$000)	Five Year Total to 2024/25
Accommodation Assistance ¹	60,000	(16,934)	(1,475)	(133,159)	(187,830)	(194,525)	(473,923)
Childcare Assistance	18,200	(3,759)	1,367	4,372	1,177	898	22,255
COVID-19 Income Relief Assistance	-	(18,014)	-	-	-	-	(18,014)
Disability Assistance ²	4,000	669	2,340	4,615	7,447	9,860	28,931
Family Start/NGO Awards	-	(605)	(605)	(705)	(705)	(705)	(3,325)
Hardship Assistance ³	40,000	(37,262)	(62,042)	(69,700)	(66,941)	(66,559)	(262,504)
Jobseeker Support and Emergency Benefit	57,600	(82,033)	(284,906)	(407,917)	(400,959)	(395,051)	(1,513,266)
New Zealand Superannuation	26,000	64,189	207,045	348,196	397,906	401,888	1,445,224
NZ Beneficiaries Stranded Overseas	-	(13,039)	-	-	-	-	(13,039)
Orphan's/Unsupported Child's Benefit	4,200	(33)	306	2,424	3,043	3,087	13,027
Sole Parent Support	17,800	(36,575)	(41,873)	(57,594)	(41,516)	(24,678)	(184,436)
Special Circumstance Assistance	1,100	(308)	(995)	(849)	(785)	(726)	(2,563)
Student Allowances	24,900	6,112	16,488	1,266	(6,365)	8,124	50,525
Study Scholarships and Awards ⁴	-	-	-	-	-	-	-
Supported Living Payment	16,000	24,811	19,162	48,834	44,300	42,194	195,301
Training Incentive Allowance	-	-	-	-	-	-	-
Transitional Assistance	-	(124)	-	-	-	-	(124)
Veteran's Pension	2,100	327	2,162	3,727	4,420	4,792	17,528
Work Assistance	440	(181)	717	192	206	216	1,590
Youth Payment and Young Parent Payment	2,400	(4,240)	(4,010)	(3,077)	(2,726)	(2,380)	(14,033)
Winter Energy Payment	20,000	(3,392)	(12,612)	(17,213)	(16,415)	(14,733)	(44,365)
TOTAL BENEFITS	294,740	(120,391)	(158,931)	(276,588)	(265,743)	(228,298)	(755,211)
SUB-TOTAL excluding NZS and VP	266,640	(184,907)	(368,138)	(628,511)	(668,069)	(634,978)	(2,217,963)
1 This consists of Accommodation Supplement, Emergency Housing SNGs and Special Transfer Allowance							
2 This consists of Child Disability Allowance and Disability Allowance							
3 This consists of Special Benefit, Special Needs Grants, Temporary Additional Support, Temporary Accommodation Assistance, and Christchurch Response Payment							
4 This consists of Scholarship and NQF/NCEA Awards, and TeachNZ Scholarships							
Vote Social Development - Changes in Capital Expenditure	Supplementary Estimates add-on for 2020/21 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 and Outyears (\$000)	Five Year Total to 2024/25
Recoverable Assistance	28,000	(25,648)	(35,310)	(36,740)	(30,455)	(27,359)	(127,512)
Student Loans	45,000	(31,572)	26,629	14,522	14,850	48,465	117,894
TOTAL CAPITAL EXPENDITURE	73,000	(57,220)	(8,681)	(22,218)	(15,605)	21,106	(9,618)
Vote Social Development: Non-departmental Other Expenses	Supplementary Estimates add-on for 2020/21 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 and Outyears (\$000)	Five Year Total to 2024/25
Reimbursement of Income Related Rent Overpayments	-	(861)	(968)	(968)	(968)	(968)	(4,733)
Total	-	(861)	(968)	(968)	(968)	(968)	(4,733)
Vote Social Development - Changes in Non-departmental other expense - Debt Write off Provision for Social Benefit Debt	Supplementary Estimates add-on for 2020/21 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 and Outyears (\$000)	Five Year Total to 2024/25
Debt Write-downs	-	99,361	-	-	-	-	99,361
Total Forecast Change	-	99,361	-	-	-	-	99,361

Appendix 2: Total expenditure by appropriation

Vote Social Development - Benefits or Related Expenses	Supplementary Estimates 2020/21 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 and Outyears (\$000)	Five Year Total to 2024/25
Accommodation Assistance ¹	2,397,198	2,337,198	2,497,515	2,398,213	2,377,798	2,386,459	11,997,183
Childcare Assistance	169,161	150,961	162,872	168,632	168,433	173,830	824,728
COVID-19 Income Relief Assistance	184,484	184,484	0	0	0	0	184,484
Disability Assistance ²	412,164	408,164	417,170	421,816	426,669	429,097	2,102,916
FamilyStart/NGO Awards	100	100	100	0	0	0	200
Hardship Assistance ³	534,792	494,792	590,943	632,593	666,354	693,129	3,077,811
Jobseeker Support and Emergency Benefit	3,330,628	3,273,028	3,856,975	3,867,546	3,742,137	3,558,859	18,298,545
New Zealand Superannuation	16,580,042	16,554,042	17,691,076	18,930,910	19,976,523	21,022,222	94,174,773
NZ Beneficiaries Stranded Overseas	41,874	41,874	7,032	0	0	0	48,906
Orphan's/Unsupported Child's Benefit	298,121	293,921	332,479	377,504	400,697	421,071	1,825,672
Sole Parent Support	1,487,972	1,470,172	1,719,888	1,878,097	1,887,759	1,867,591	8,823,507
Special Circumstance Assistance	12,444	11,344	10,767	11,074	11,322	11,619	56,126
Student Allowances	634,624	609,724	656,374	666,741	636,087	666,555	3,235,581
Study Scholarships and Awards ⁴	25,667	25,667	23,167	20,426	20,426	20,426	110,112
Supported Living Payment	1,846,767	1,830,767	2,060,647	2,231,298	2,296,571	2,355,303	10,774,586
Training Incentive Allowance		0	34,848	37,893	37,659	13,566	123,966
Transitional Assistance	324	324	500	500	500	500	2,324
Veteran's Pension	141,007	138,907	133,583	128,157	121,691	115,613	637,951
Work Assistance	2,882	2,442	3,167	2,672	2,728	2,771	13,780
Youth Payment and Young Parent Payment	60,429	58,029	64,136	70,072	73,815	77,727	343,779
Winter Energy Payment	836,231	816,231	530,242	535,125	539,273	543,061	2,963,932
TOTAL BENEFITS	28,996,911	28,702,171	30,793,481	32,379,269	33,386,442	34,359,499	159,620,862
SUB-TOTAL excluding NZS and VP	12,275,862	12,009,222	12,968,822	13,320,202	13,288,228	13,221,664	64,808,138

1 This consists of Accommodation Supplement, Emergency Housing SNGs and Special Transfer Allowance

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3 This consists of Special Benefit, Special Needs Grants, Temporary Additional Support, Temporary Accommodation Assistance, and Christchurch Response Payment

4 This consists of Scholarship and NQF/NCEA Awards, and TeachNZ Scholarships

Vote Social Development - Capital Expenditure	Supplementary Estimates 2020/21 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 and Outyears (\$000)	Five Year Total to 2024/25
Recoverable Assistance	386,056	358,056	441,260	468,315	478,625	482,668	2,228,924
Student Loans	1,608,279	1,563,279	1,673,953	1,706,718	1,695,816	1,724,231	8,363,997
TOTAL CAPITAL EXPENDITURE	1,994,335	1,921,335	2,115,213	2,175,033	2,174,441	2,206,899	10,592,921

Vote Social Development: Non-departmental Other Expenses	Supplementary	2020/21	2021/22	2022/23	2023/24	2024/25 and	Five Year Total
Reimbursement of Income Related Rent Overpayments	3,309	3,309	3,202	3,202	3,202	3,202	16,117
Total	3,309	3,309	3,202	3,202	3,202	3,202	16,117

Appendix 3: Total changes to appropriations, including policy and other technical changes

Vote Social Development - Changes in Benefits or Related Expenses	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	Five Year Total to 2024/25
Accommodation Assistance ¹	(16,934)	(32,010)	(177,518)	(226,495)	(225,027)	(677,984)
Childcare Assistance	(3,759)	5,161	10,024	8,871	11,283	31,580
COVID-19 Income Relief Assistance	(18,014)	-	-	-	-	(18,014)
Disability Assistance ²	669	2,452	4,877	7,710	10,124	25,832
Family Start/NGO Awards	(605)	(605)	(705)	(705)	(705)	(3,325)
Hardship Assistance ³	(37,255)	(66,005)	(79,070)	(74,009)	(70,632)	(326,971)
Jobseeker Support and Emergency Benefit	(82,033)	180,317	353,884	339,879	308,966	1,101,013
New Zealand Superannuation	64,189	207,045	347,242	395,934	397,657	1,412,067
NZ Beneficiaries Stranded Overseas	(6,123)	7,032	-	-	-	909
Orphan's/Unsupported Child's Benefit	(33)	4,203	18,701	20,173	21,066	64,110
Sole Parent Support	(36,575)	75,463	132,909	163,330	166,667	501,794
Special Circumstance Assistance	(308)	(995)	(849)	(785)	(726)	(3,663)
Student Allowances	6,112	25,625	31,392	4,889	39,086	107,104
Study Scholarships and Awards ⁴	-	-	-	-	-	-
Supported Living Payment	24,811	177,244	282,173	285,281	290,550	1,060,059
Training Incentive Allowance	-	34,848	37,893	37,659	13,566	123,966
Transitional Assistance	(124)	-	-	-	-	(124)
Veteran's Pension	174	2,186	3,745	4,426	4,787	15,318
Work Assistance	(181)	717	192	206	216	1,150
Youth Payment and Young Parent Payment	(4,240)	1,488	6,593	7,530	8,512	19,883
Winter Energy Payment	(3,392)	(12,338)	(16,375)	(14,914)	(13,418)	(60,437)
TOTAL BENEFITS	(113,621)	611,828	955,108	958,980	961,972	3,374,267
SUB-TOTAL excluding NZS and VP	(177,984)	402,597	604,121	558,620	559,528	1,946,882

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4 This consists of Scholarship and NQF/NCEA Awards, and TeachNZ Scholarships

Vote Social Development - Changes in Capital Expenditure	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	Five Year Total to 2024/25
Recoverable Assistance	(25,648)	(35,371)	(36,790)	(30,496)	(27,393)	(155,698)
Student Loans	(31,572)	63,311	76,261	71,201	102,269	281,470
TOTAL CAPITAL EXPENDITURE	(57,220)	27,940	39,471	40,705	74,876	125,772

Vote Social Development: Non-departmental Other Expenses	2020/21	2021/22	2022/23	2023/24	2024/25	Five Year Total
Reimbursement of Income Related Rent Overpayments	(861)	(968)	(968)	(968)	(968)	(4,733)
Total	(861)	(968)	(968)	(968)	(968)	(4,733)

Vote Social Development - Changes in Non-departmental other expense - Debt Write off Provision for Social Benefit Debt	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	Five Year Total to 2024/25
Debt Write-downs	99,361	-	-	-	-	99,361
Total Change	99,361	-	-	-	-	99,361

Appendix 4: Total change excluding policy

Vote Social Development - Changes in Benefits or Related Expenses	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	Five Year Total to 2024/25
Accommodation Assistance ¹	(25,432)	(37,681)	(167,700)	(221,035)	(227,729)	(679,577)
Childcare Assistance	(3,600)	1,958	4,959	1,827	1,549	6,693
COVID-19 Income Relief Assistance	(18,014)	-	-	-	-	(18,014)
Disability Assistance ²	669	2,340	4,615	7,447	9,860	24,931
Family Start/NGO Awards	(605)	(605)	(705)	(705)	(705)	(3,325)
Hardship Assistance ³	(36,721)	(59,787)	(67,650)	(65,081)	(64,699)	(293,938)
Jobseeker Support and Emergency Benefit	(93,396)	(338,426)	(456,901)	(445,814)	(439,906)	(1,774,443)
New Zealand Superannuation	63,174	203,027	344,609	394,609	398,591	1,404,010
NZ Beneficiaries Stranded Overseas	(13,039)	-	-	-	-	(13,039)
Orphan's/Unsupported Child's Benefit	(33)	306	2,424	3,043	3,087	8,827
Sole Parent Support	(39,123)	(53,396)	(68,029)	(50,793)	(33,955)	(245,296)
Special Circumstance Assistance	(308)	(995)	(849)	(785)	(726)	(3,663)
Student Allowances	6,112	16,488	1,266	(6,365)	8,124	25,625
Study Scholarships and Awards ⁴	-	-	-	-	-	-
Supported Living Payment	23,621	18,695	44,826	40,699	38,633	166,474
Training Incentive Allowance	-	-	-	-	-	-
Transitional Assistance	(204)	-	-	-	-	(204)
Veteran's Pension	168	2,162	3,727	4,420	4,792	15,269
Work Assistance	(527)	74	192	206	216	161
Youth Payment and Young Parent Payment	(4,240)	(4,010)	(3,077)	(2,726)	(2,380)	(16,433)
Winter Energy Payment	(4,044)	(15,089)	(20,889)	(20,035)	(18,353)	(78,410)
TOTAL BENEFITS	(145,542)	(264,939)	(379,182)	(361,088)	(323,601)	(1,474,352)
SUB-TOTAL excluding NZS and VP	(208,884)	(470,128)	(727,518)	(760,117)	(726,984)	(2,893,631)

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4 This consists of Scholarship and NQF/NCEA Awards, and TeachNZ Scholarships

Vote Social Development - Changes in Capital Expenditure	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	Five Year Total to 2024/25
Recoverable Assistance	(25,648)	(35,310)	(36,740)	(30,455)	(27,359)	(155,512)
Student Loans	(31,572)	26,629	14,522	14,850	48,465	72,894
TOTAL CAPITAL EXPENDITURE	(57,220)	(8,681)	(22,218)	(15,605)	21,106	(82,618)

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Author: Out of scope, Graduate Analyst, Forecasting and Costing-System Performance

Responsible manager: Maria Guerra, Forecasting and Costing-System Performance