



24 October 2025

Tēnā koe

### **Official Information Act request**

Thank you for your email of 12 September 2025 requesting information relating to forecasts for future jobseeker or unemployment numbers.

I have considered your request under the Official Information Act 1982 (the Act). Please find my decision on each part of your request set out separately below.

1. *Does MSD update forecasts for future jobseeker numbers internally? If so, I also request:*
  - a. *How often?*

The Ministry updates the Jobseeker Forecasts typically twice a year at Budget Economic and Fiscal Update (BEFU) and Half Year Economic and Fiscal Update (HYEFU), except in an election year when there is potentially a Pre-Election Economic and Fiscal Update (PREFU) as well.

- b. *Is the Minister's office informed about changes to the forecast?*
      - i. *If so, a copy of the last time the Minister's office was informed.*

Yes – the Ministry does update the Minister on changes to the forecast. Please find attached the following report and appendix of the most recent time that the Minister was informed of changes to the forecast.

- REP/25/5/351 – *Report - 2025 Budget Economic and Fiscal Update of Benefit Forecasts for Vote Social Development*
- Appendix One – *BEFU 2025 Benefit Forecasts slide pack*

A small amount of information is withheld under section 9(2)(f)(iv) of the Act to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served.

Please note, in REP/25/5/351, that the implementation of the policy listed at para 28.2 has since been brought forward from July 2027 to November 2026 by Cabinet. Additionally, some numbers in REP/25/5/351 (sections 28, 29, 33, 37 and figures 3-5) and appendix 1 (slide 6, 10 and 11) are different to numbers that reflect updated policy decisions made since the report was provided by the Ministry of Social Development.

*c. A copy of the most recent forecast.*

The Ministry has published the most recent forecast on our website, here: [www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/befu/budget-economic-and-fiscal-update-2025.html](http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/befu/budget-economic-and-fiscal-update-2025.html).

*2. Does MSD update forecasts for future total unemployment numbers internally? If so, I also request:*

*d. How often?*

*e. Is the Minister's office informed about changes to the forecast? If so, a copy of the last time the Minister's office was informed.*

*f. A copy of the most recent forecast.*

No, the unemployment rate is forecasted by The Treasury.

You will note that the BEFU 2025 forecast slide pack includes the Treasury's forecast peak in the unemployment rate.

I will be publishing this decision letter, with your personal details deleted, on the Ministry's website in due course.

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).

If you are not satisfied with my decision on your request, 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](http://www.ombudsman.parliament.nz) or 0800 802 602.

Ngā mihi nui

A handwritten signature in black ink, appearing to be 'Anna Graham', with a stylized, flowing script.

Anna Graham  
**General Manager**  
**Ministerial and Executive Services**

# Report



MINISTRY OF SOCIAL  
DEVELOPMENT  
TE MANATŪ WHAKAHIATO ORA

**Date:** 8 May 2025 **Security Level:** BUDGET - SENSITIVE

**To:** Hon Nicola Willis, Minister of Finance  
Hon Chris Bishop, Minister of Housing  
Hon Louise Upston, Minister for Social Development and  
Employment  
Hon Simon Watts, Minister of Revenue  
Hon Chris Penk, Minister for Veterans

**Reference:** REP/25/5/351

## 2025 Budget Economic and Fiscal Update of Benefit Forecasts for Vote Social Development

### Purpose of the report

- 1 The purpose of this report is to:
  - 1.1 explain key changes since the Half Year Economic and Fiscal Update (HYEFU) 2024, and
  - 1.2 obtain legal authority, through Ministerial approval, for changes to the expected level of spending for demand driven appropriations (excluding policy changes) as part of the Budget Economic and Fiscal Update (BEFU) 2025. Policy changes included in the forecasts were approved separately to forecast expenditure revisions. The Treasury will publish BEFU 2025 on 22 May 2025.

### Executive summary

- 2 **At BEFU 2025, expenditure over the five years to June 2029 excluding policy changes for Benefits or Related Expenses (BoREs) was revised up by \$1,202 million (0.6 percent) from HYEFU 2024.** Including policy changes, BoRE expenditure was revised down by \$316 million (0.2 percent). Revisions in expenditure from policy changes have been approved separately.

- 3 **The main driver of the upward revision is changes to the Treasury's wage and inflation forecasts.** Higher wage and inflation forecasts than what was expected at HYEFU 2024, result in higher annual adjustments to benefit and New Zealand Superannuation payment rates. This increases forecast expenditure by \$1,310 million over the five years to June 2029 from HYEFU 2024.
- 4 **Expenditure for Jobseeker Support (JS) has been revised up by \$231 million, excluding policy changes.** This is driven by more people expected to receive Jobseeker Support – Work Ready as the growth in economic activity recovers slower over 2025 than expected at HYEFU 2024.
- 5 **Expenditure for Sole Parent Support (SPS) has been revised up by \$207 million, excluding policy changes.** The number of people receiving SPS is expected to be slightly higher than forecast at HYEFU 2024. This is driven by a lower sole parent employment rate than forecast at HYEFU 2024.

## Recommended actions

It is recommended that you:

- 1 **note** that the forecasts are mid-point estimates of what actual expenditure is expected to be
- 2 **note** that the forecasts in this report use the Treasury's macroeconomic forecasts as finalised on 4 April 2025 and benefit information available as at 8 April 2025
- 3 **note** that under the current fiscal management approach, the impact of changes to these forecasts are not managed against Budget allowances (as they are a result of factors largely outside Ministers' control), and instead they have a corresponding impact on the operating balance and net core Crown debt
- 4 **note** that the forecast number of people on a working-age benefit<sup>1</sup> and the Jobseeker Support forecast will be published on the Ministry of Social Development (MSD) website on the same day that the Treasury publish the BEFU 2025 forecasts (22 May 2025)
- 5 **note** that a technical adjustment was made to reflect the revised estimates of the Automated Decision-Making policy

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<sup>1</sup> For the purposes of this report, the number of people on a working-age benefit, is the total number of people for any age who are receiving JS (excluding Jobseeker Support Student Hardship), SPS, and Supported Living Payment. This differs from the definition of working-age benefits used in official MSD reporting.



- 6 **note** that Appendix 1 shows the amounts requiring approval by joint Ministers by appropriation, Appendix 2 shows the total change in expenditure from HYEFU 2024, and Appendix 3 shows the annual forecast expenditure for BEFU 2025
- 7 **note** that Appendix 1 includes a 'supplementary estimates add-on' amount for 2024/25. This is an addition to the mid-point estimate to minimise risk of unappropriated expenditure
- 8 **agree** to update scope statement and title wordings for two appropriations. The adjustments are grammatical only and arose through a review of appropriation wordings as part of a proofreaders review of MSD's annual report<sup>2</sup>

**Agree / Disagree**

Hon Nicola Willis  
Minister of Finance

**Agree / Disagree**

Hon Chris Penk  
Minister for Veterans

- 9 **approve** the changes to appropriations set out in Appendix 1 to give effect to the BEFU 2025 forecast update for changes in demand driven appropriations within Vote Social Development

**Yes / No**

Hon Nicola Willis  
Minister of Finance

**Yes / No**

Hon Chris Bishop  
Minister of Housing

**Yes / No**

Hon Louise Upston  
Minister for Social Development and Employment

**Yes / No**

Hon Simon Watts  
Minister of Revenue

**Yes / No**

Hon Chris Penk  
Minister for Veterans

- 10 **agree** to send a copy of the report to the Associate Minister for Social Development and Employment

**Agree / Disagree**

Hon Louise Upston  
Minister for Social Development and Employment

<sup>2</sup> A summary of the changes MSD recommend you agree to are set out in Appendix 7.

- 11 **agree** that the proposed changes to appropriations in Appendix 1 for 2024/25 be included in the 2024/25 Supplementary Estimates and that, in the interim, any increases be met from Imprest Supply.

<b>Agree / Disagree</b>	<b>Agree / Disagree</b>	<b>Agree / Disagree</b>	<b>Agree / Disagree</b>	<b>Agree / Disagree</b>
Hon Nicola Willis Minister of Finance	Hon Chris Bishop Minister of Housing	Hon Louise Upston Minister for Social Development and Employment	Hon Simon Watts Minister of Revenue	Hon Chris Penk Minister for Veterans
				
Sacha O'Dea Deputy Chief Executive, Strategy & Insights Ministry of Social Development			Hon Nicola Willis Minister of Finance Approval for all appropriations	
8/5/25			12/5/25	
Date			Date	
				
Hon Chris Bishop Minister of Housing Approval for Emergency Housing Assistance and Housing Support Assistance		Hon Louise Upston Minister for Social Development and Employment Approval for all appropriations except Emergency Housing Assistance, Housing Support Assistance, Veteran's Pension and Student Loans		
Date			Date	
Hon Simon Watts Minister of Revenue Approval for Student Loans			Hon Chris Penk Minister for Veterans Approval for Veteran's Pension	
Date			Date	

## Background

- 6 The Treasury provides the Ministry of Social Development (MSD) with a macroeconomic forecast, which is incorporated directly into MSD's benefit forecasts. This is then fed into the Economic and Fiscal Updates.
- 7 The benefit forecasts are updated twice a year at the Budget Economic and Fiscal Update (BEFU) and the Half Year Economic and Fiscal Update (HYEFU), except for election years when they may be updated three times, with the addition of the Pre-election Economic and Fiscal Update (PREFU).
- 8 The Joint Ministers' Report approves spending for three appropriation types in Vote Social Development that include forecast appropriations for:
  - 8.1 Benefits or Related Expenses (BoREs)
  - 8.2 Capital Expenditure, and
  - 8.3 Non-departmental Other Expenses.
- 9 BoREs are a type of appropriation that cover transfers of resources from the Crown, usually to individuals, where nothing is expected directly in return. There are 19 BoRE appropriations in Vote Social Development, which includes main benefits, supplementary assistance, and third-tier payments.
- 10 Capital Expenditure covers forms of assistance that must be paid back, which includes Student Loans, Recoverable Assistance, and the recoverable part of the Housing Support Assistance multi-category appropriation.
- 11 Non-departmental Other Expenses covers the Reimbursement of Income Related Rent Overpayments, Debt Write-downs, and the non-recoverable part of the Housing Support Assistance multi-category appropriation. Note that there are several other Capital Expenditure and Non-departmental Other Expense appropriations in Vote Social Development that are not forecast appropriations.
- 12 The expenditure revision outlined in this report is the total change excluding policy from HYEFU 2024 to BEFU 2025, unless explicitly stated. Policy changes that are included in the forecasts are approved separately to forecast expenditure revisions.
- 13 Consistent with the established fiscal management approach, the fiscal impact of policy decisions is managed against Budget allowances unless Ministers agree otherwise. By contrast, changes to forecast expenditure in the appropriations discussed in this report are not managed against Budget allowances (unless otherwise agreed), as they are a result of factors largely outside Ministers' control.
- 14 The Government targets for Jobseeker Support (JS) and Emergency Housing (EH) represent a goal to work towards. The Budget forecasts require MSD to allocate a sufficient level of funding over the next five years. As MSD shows progress towards the target, any new benefit trends will be included in future forecast rounds as we update for the latest information available.



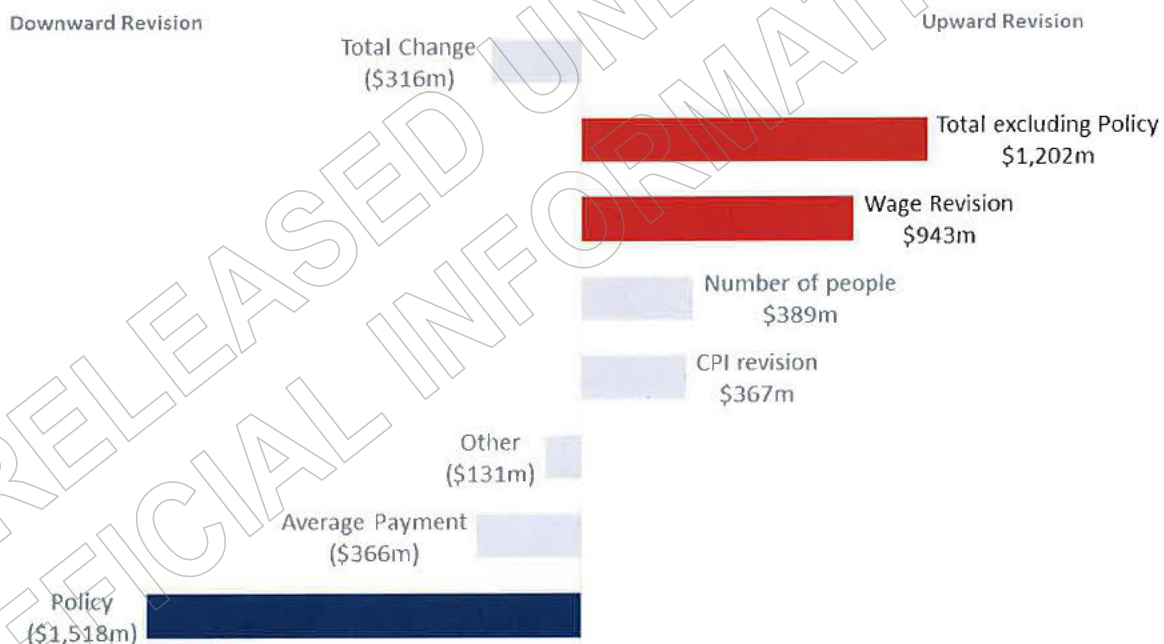
## Benefit expenditure has been revised up by \$1,202 million (0.6 percent) excluding policy changes from HYEFU 2024 over the five years to June 2029

- 15 Including policy changes, benefit expenditure has been revised down by \$316 million (0.2 percent) from HYEFU 2024 over the five years to June 2029.
- 16 Revisions to the Treasury's wage and Consumer Price Index (CPI) forecasts account for \$1,310 million (\$943 million for wage, and \$367 million for CPI) of the upward expenditure revision (Figure 1). Of this, \$1,108 million (84.6 percent) is from the revision to New Zealand Superannuation (NZS)<sup>3</sup>.
- 17 The number of people receiving a working-age benefit<sup>4</sup> has been revised up slightly. This is largely due to the economic recovery being slower throughout 2025 than what was expected at HYEFU 2024.

**Figure 1: BEFU 2025 Components of Forecast Change - 2024/25 to 2028/29**

### BEFU 2025 Components of Forecast Change - 2024/25 to 2028/29

Vote Social Development - BoREs



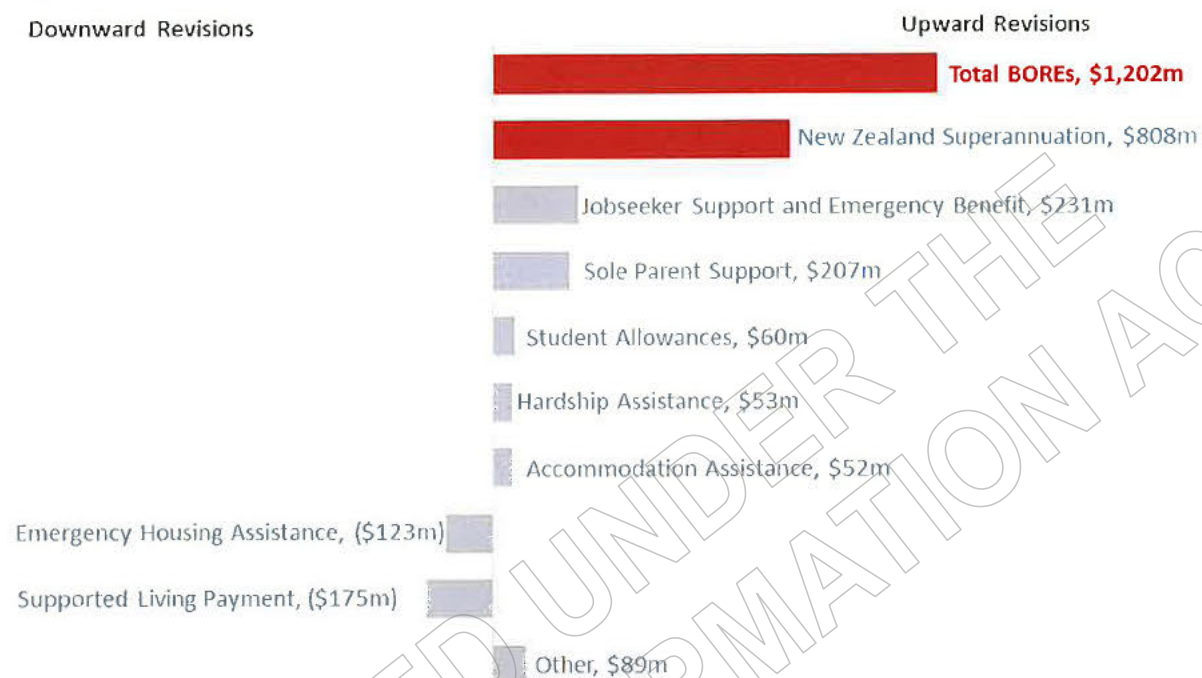
- 18 As shown in Figure 2, the appropriations with the largest upward expenditure revisions are NZS, Jobseeker Support and Emergency Benefit, and Sole Parent Support (SPS).

<sup>3</sup> Expenditure for NZS has been revised up by \$808 million (see Figure 2). Of this, \$1,108 million is due to the Treasury's wage and CPI forecast, with offsetting downward revisions to the expected average payment rate, number of people and the impact of increasing the ACC Earners' Levy.

<sup>4</sup> For the purposes of this report, the number of people on a working-age benefit is the total number of people for any age who are receiving Jobseeker Support (excluding Jobseeker Support Student Hardship), Sole Parent Support, and Supported Living Payment. This differs from the definition of working-age benefits used in official MSD reporting.

- 19 Student Allowances, Hardship Assistance, Accommodation Assistance, and Supported Living Payment have been revised slightly (less than 2 percent) over the five years to June 2029. These revisions relate to recent trends.

**Figure 2: New Zealand Superannuation is the largest revision by appropriation**  
**Significant Revisions excluding Policy - Five Years to June 2029**



### Further reductions in interest rates are expected to support a pick-up in economic conditions from mid-2025

- 20 A period of high interest rates has contributed to weak economic conditions. The unemployment rate has been rising and is expected to peak at 5.4 percent over the March and June 2025 quarters.

- 21 The Treasury expects that growth in economic activity, as measured by Gross Domestic Product (GDP), will improve over the rest of 2025, however, at a slower rate than expected at HYEPU 2024.

- 22 Inflation fell to 2.5 percent in the March 2025 quarter<sup>5</sup> and is within the Reserve Bank of New Zealand's (RBNZ) 1-3 percent target band. In response to lower levels of inflation, the RBNZ has continued to lower interest rates with the Official Cash Rate (OCR) now at 3.5 percent as at 9 April 2025<sup>6</sup>.

- 23 Falling interest rates are expected to support increasing growth in economic activity over the rest of 2025. However, on an annual average basis, GDP growth is expected to remain lower than HYEPU 2024 through to 2027.

<sup>5</sup> The CPI for the March 2025 quarter was released after the Treasury's forecasts were finalised.

<sup>6</sup> The OCR was reduced from 3.75 percent after the Treasury's forecasts were finalised.

- 24 In periods of higher economic growth, it is easier to find and retain work, so the number of people receiving Jobseeker Support – Work Ready (JS – WR), and SPS, is expected to begin decreasing from early 2026.

**More people are expected to receive Jobseeker Support (JS) which is the main driver of the \$231 million upward revision to JS over the five years to June 2029 from HYEFU 2024**

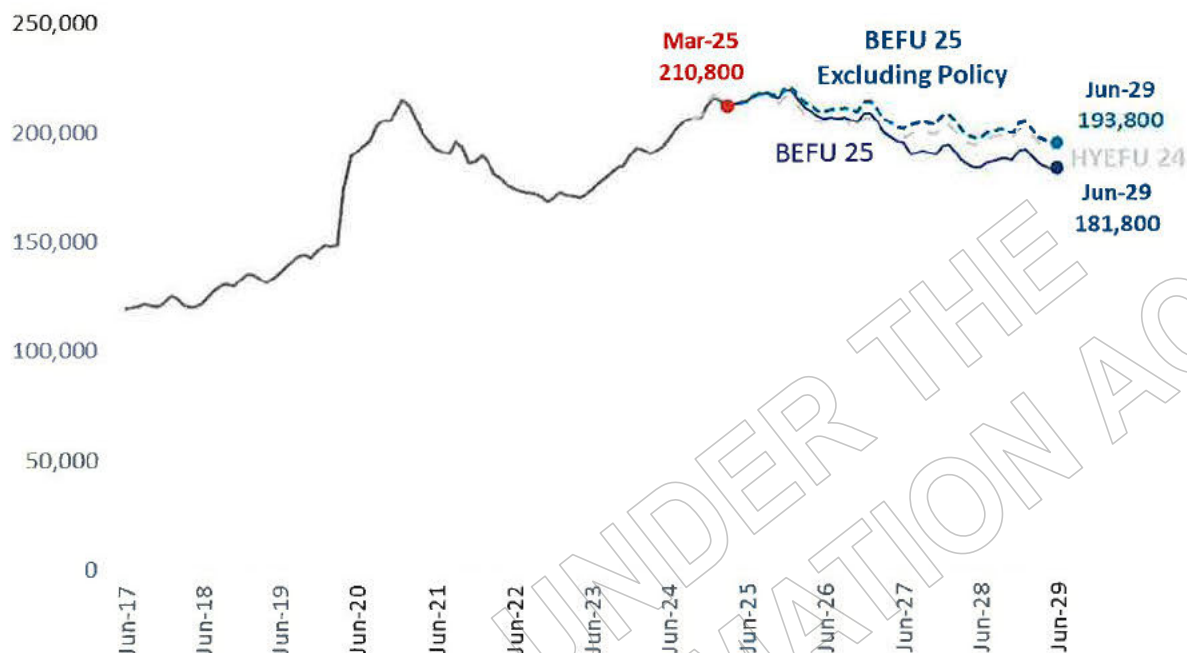
- 25 The number of people receiving JS is expected to be higher than forecast at HYEFU 2024 (Figure 3). This is in line with the Treasury's forecast of a slower economic recovery throughout 2025 than expected at HYEFU 2024.
- 26 The number of people receiving JS is expected to increase slightly throughout 2025, and peak at around 217,900 people in December 2025. The growth in JS numbers over 2025 is expected to be slower than the growth in 2023 and 2024.
- 27 The upward revision in the number of people receiving JS is expected to become smaller from early 2027 as growth in economic activity is expected to become stronger than at HYEFU 2024.
- 27.1 The revision in the number of people receiving JS is expected to increase until December 2026 when JS will be around 7,600 people higher than at HYEFU 2024.
- 27.2 By June 2029, excluding policy changes, JS is expected to be around 2,200 people higher than forecast at HYEFU 2024.
- 28 Including policy, the number of people expected to receive JS falls below HYEFU 2024 from around mid-2027. This is due to the implementation of:
- 28.1 *Employment Services - Investing in Frontline Staff and Employment Programmes* (starting in July 2025), and
- 28.2 *Jobseeker Support – Tightening Eligibility for 18-19-Year-Olds* (starting in July 2027).
- 29 In June 2029, the number of people expected to be receiving JS is around 193,800, excluding policy changes. When including policy changes, it is expected that there will be 12,000 fewer people on JS at around 181,800.



**Figure 3: The number of people expected to receive JS is higher than HYEFU 2024**

### Jobseeker Support

Number of People



### The upward revision in the number of people expected to receive JS is driven by more people expected to receive Jobseeker Support – Work Ready (JS – WR)

30 Throughout 2025, growth in economic activity is expected to recover slower than expected at HYEFU 2024. This leads to more people receiving JS – WR than expected at HYEFU 2024, as people continue to find it difficult to find and retain work.

31 The number of people receiving JS – WR is expected to remain elevated throughout 2025 before it starts to fall in early 2026.

32 The upward revision in the number of people receiving JS – WR is expected to become smaller from early 2027 as growth in economic activity is expected to become stronger than at HYEFU 2024.

32.1 The revision in the number of people expected to receive JS – WR is expected to increase until February 2027 when JS – WR will be around 9,500 people higher than at HYEFU 2024.

32.2 By June 2029, excluding policy changes, JS – WR is expected to be around 4,900 people higher than forecast at HYEFU 2024.

33 In June 2029, the number of people expected to be receiving JS – WR is around 94,800 excluding policy changes. When including policy changes, it is expected that there will be 10,000 fewer people on JS at around 84,800 (see Figure 4).

**Figure 4: A slower than expected economic recovery means the number of people expected to receive JS - WR is higher than at HYEFU 2024**

### Jobseeker Support - Work Ready

Number of people

160,000

140,000

120,000

100,000

80,000

60,000

40,000

20,000

0

Jun-17

Jun-18

Jun-19

Jun-20

Jun-21

Jun-22

Jun-23

Jun-24

Jun-25

Jun-26

Jun-27

Jun-28

Jun-29

Mar-25  
118,700

BEFU 25  
Excluding Policy

BEFU 25

Jun-29  
94,800

HYEFU 24  
Jun-29  
84,800

### The number of people expected to receive Jobseeker Support – Health Condition or Disability (JS – HCD) is lower than forecast at HYEFU 2024

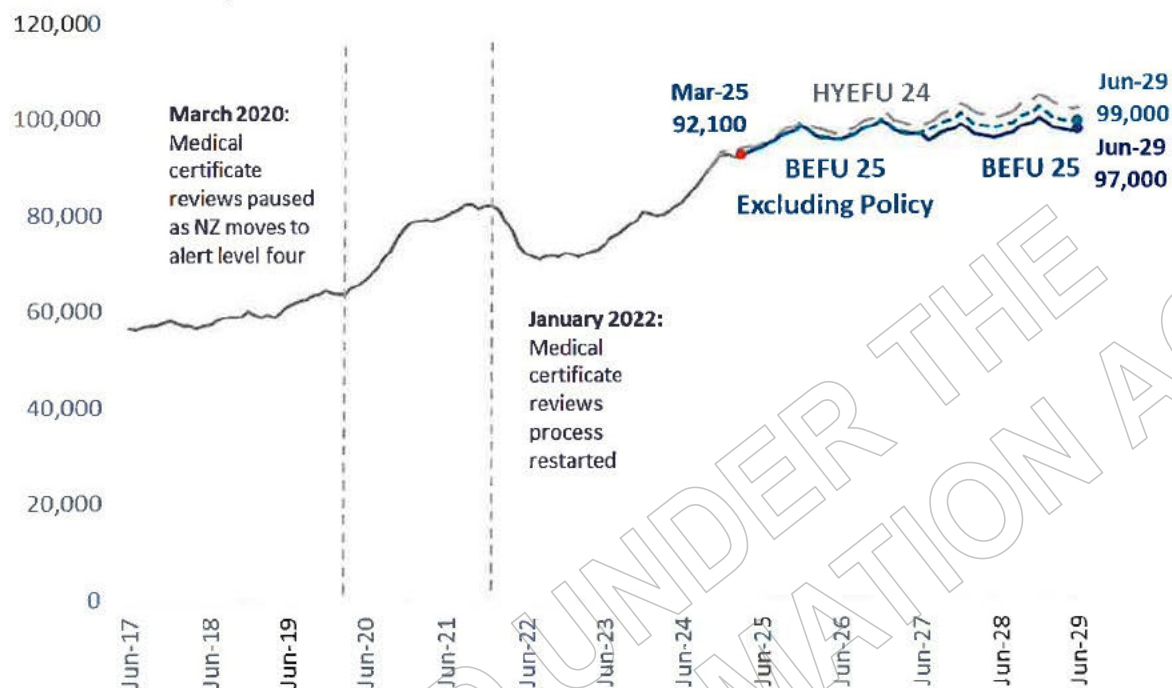
- 34 Fewer people than expected at HYEFU 2024 have transferred from JS – WR to JS – HCD. The number of people transferring remains above pre-2020 levels.
- 35 From July to November 2024, around 2.1 percent of people on JS – WR were transferring to JS – HCD on average per month. As at March 2025, this was around 1.8 percent.
- 36 The BEFU 2025 forecast accounts for the lower transfers, driven by a lower-than-expected transfer rate, which has led to a downward revision in the number of people expected to receive JS – HCD.
- 37 In June 2029, the number of people expected to receive JS – HCD is around 99,000, excluding policy changes. When including policy changes, it is expected that there will be 2,000 fewer people on JS – HCD at around 97,000.



**Figure 5: Fewer people transferring from JS - WR to JS - HCD has led to a downward revision to the number of people expected to receive JS - HCD**

### Jobseeker Support – Health Condition or Disability

Number of People



**Expenditure for Sole Parent Support (SPS) has been revised up by \$207 million over the five years to June 2029 from HYEFU 2024**

38 The upward revision to SPS is driven by more people expected to receive SPS than at HYEFU 2024 over the five years to June 2029.

39 The number of people receiving SPS is expected to increase over 2025 before beginning to decrease after January 2026.

40 This change has been driven by a downward revision in the sole parent employment rate at BEFU 2025. This has been caused by:

40.1 a downward revision in the Treasury's employment rate forecast at BEFU 2025

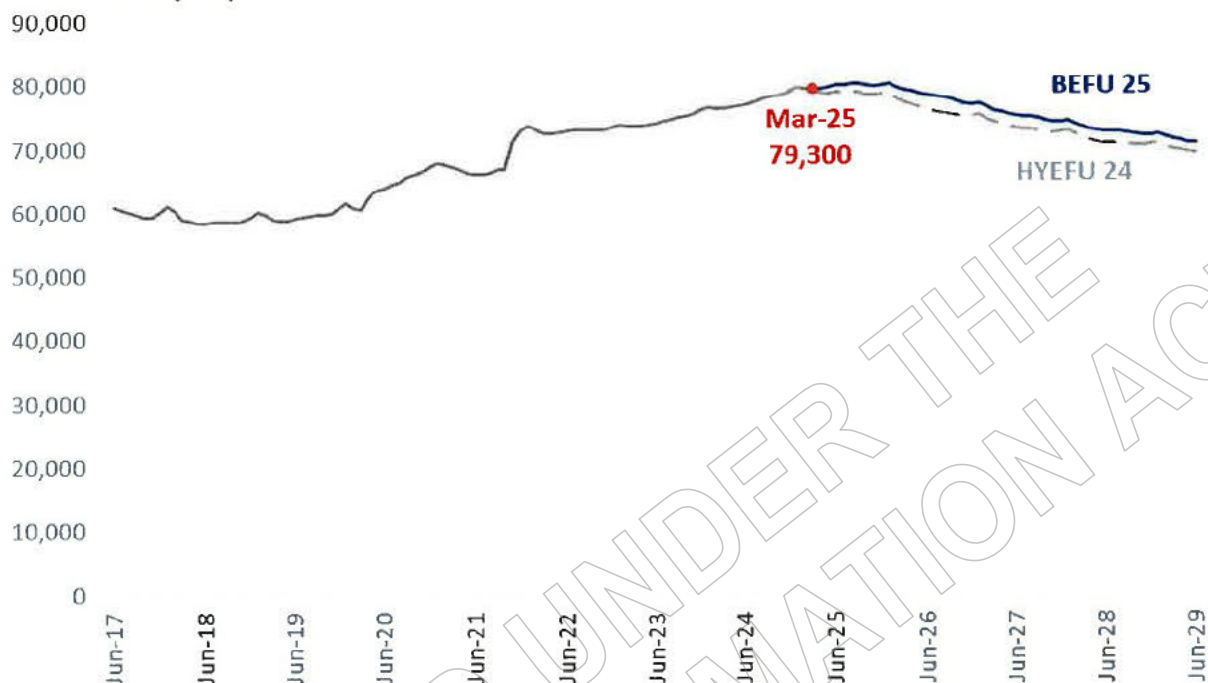
40.2 a lower-than-expected sole parent employment rate since HYEFU 2024.

In December 2024, the sole parent employment rate fell to 57.1 percent (from 59.5 percent in September 2024), which was lower than the forecast of 58.6 percent from HYEFU 2024.

**Figure 6: The number of people expected to receive SPS is higher than forecast at HYEFU 2024, as employment rates have been lower than forecast**

### Sole Parent Support

Number of people



### Emergency Housing Assistance has been revised down by \$123 million over the 5 years to June 2029 from HYEFU 2024

- 41 Fewer households in Emergency Housing (EH) contributes around 56 percent to the downward revision in expenditure.
- 42 The number of households in EH has been lower than forecast since HYEFU 2024. However, the difference between the number of households and the HYEFU 2024 forecast has narrowed as the number of households has remained steady in recent months.
- 43 The remaining 44 percent of the EH revision is due to a lower average payment rate. As the number of EH households with children (who tend to have a higher average payment rate) has fallen faster than other groups due to the Priority One gateway<sup>7</sup>, therefore the average payment rate has fallen.

<sup>7</sup> The Priority One gateway gives a higher priority on the Social Housing waitlist to families with children who have been in EH for twelve weeks or more.

## Key uncertainties at BEFU 2025

- 44 Globally, economies are facing multiple challenges and New Zealand businesses are expected to remain cautious. This is due to the uncertainty around the potential impacts of US tariffs and slower global demand growth.
- 45 The main uncertainties at BEFU 2025 include the possibility of:
  - 45.1 changes in global trade relationships
  - 45.2 economic growth being lower than the Treasury expect
  - 45.3 the labour market being weaker than expected.
- 46 The uncertainties in the Treasury's economic forecast will also affect the benefit forecasts. This is particularly true for the JS and NZS forecasts. JS is impacted by changes in economic conditions more than other benefits. NZS can be significantly impacted by inflation and wage outlooks.

## Next Steps

- 47 Benefit forecasts will be updated for HYEPU 2025, which will be followed by another Joint Ministers' report seeking approval for demand driven appropriation changes. The report is usually sent in December.

## Appendix 1: Changes to appropriations requiring approval

Vote Social Development - Changes in Benefits or Related Expenses	Supplementary Estimates add-on for 2024/25 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 and Outyears (\$'000)	Five Year Total to 2028/29 (\$'000s)	Five Year Total to 2028/29 including Add-on (\$'000s)
Accommodation Assistance <sup>1</sup>	49,500	(8,347)	11,018	20,331	15,771	13,584	52,357	101,857
Childcare Assistance	12,600	(1,627)	4,452	9,759	15,276	20,638	48,498	61,098
Disability Assistance <sup>2</sup>	7,000	(1,435)	(3,062)	(7,452)	(10,647)	(12,151)	(34,747)	(27,747)
Emergency Housing Assistance	3,000	(19,485)	(31,063)	(24,686)	(24,083)	(23,968)	(123,285)	(120,285)
Hardship Assistance <sup>3</sup>	27,000	(2,693)	18,781	25,346	9,369	2,395	53,198	80,198
Jobseeker Support and Emergency Benefit	67,000	(50,939)	41,643	110,080	79,650	50,619	231,053	298,053
New Zealand Superannuation	47,000	19,336	169,045	161,805	268,672	189,387	808,245	855,245
Orphan's/Unsupported Child's Benefit	8,300	(2,484)	529	2,274	3,370	4,317	8,006	16,306
Sole Parent Support	28,300	(4,401)	41,537	59,551	55,353	54,708	206,748	235,048
Special Circumstance Assistance	900	(395)	(169)	(33)	(55)	(40)	(692)	208
Student Allowances	30,000	(9,127)	10,446	16,955	22,173	19,675	60,122	90,122
Study Scholarships and Awards <sup>4</sup>	-	-	-	-	-	-	-	-
Supported Living Payment	22,000	(31,580)	(41,612)	(36,890)	(35,292)	(29,584)	(174,963)	(152,963)
Training Incentive Allowance	1,800	(3,463)	2,953	2,741	2,739	2,712	7,682	9,482
Transitional Assistance	-	(206)	-	-	-	-	(206)	(206)
Veteran's Pension	1,300	2,190	6,058	7,959	9,678	11,821	37,706	39,006
Winter Energy Payment	18,000	832	6,595	8,315	4,368	5,788	25,898	43,898
Work Assistance	300	(674)	(274)	(276)	(284)	(290)	(1,798)	(1,498)
Youth Payment and Young Parent Payment	1,800	(94)	(1,197)	(1,130)	(1,140)	814	(1,747)	53
<b>Total Forecast Change</b>	<b>325,800</b>	<b>(114,592)</b>	<b>235,680</b>	<b>354,644</b>	<b>415,918</b>	<b>310,425</b>	<b>1,202,075</b>	<b>1,527,875</b>
<b>Forecast Change excluding NZS and VP</b>	<b>277,500</b>	<b>(136,118)</b>	<b>60,577</b>	<b>184,880</b>	<b>137,568</b>	<b>109,217</b>	<b>356,124</b>	<b>633,624</b>
1 This consists of Accommodation Supplement 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 and Temporary Accommodation Assistance								
4 This consists of Scholarship and NQF/NCEA Awards, and TeachNZ Scholarships								

Vote Social Development - Changes in Capital Expenditure	Supplementary Estimates add-on for 2024/25 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 and Outyears (\$'000)	Five Year Total to 2028/29 (\$'000s)	Five Year Total to 2028/29 including Add-on (\$'000s)
Recoverable Assistance	12,000	(21,709)	(29,106)	(30,289)	(36,566)	(36,643)	(154,313)	(142,313)
Student Loans	47,100	(60,442)	70,893	3,642	(46,111)	(64,790)	(97,006)	(49,906)
<b>Total Forecast Change</b>	<b>59,100</b>	<b>(82,151)</b>	<b>41,787</b>	<b>(26,647)</b>	<b>(82,677)</b>	<b>(101,433)</b>	<b>(251,319)</b>	<b>(192,219)</b>

Vote Social Development: Changes in Non-Departmental Other Expenses	Supplementary Estimates add-on for 2024/25 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 and Outyears (\$'000)	Five Year Total to 2028/29 (\$'000s)	Five Year Total to 2028/29 including Add-on (\$'000s)
Reimbursement of Income Related Rent Overpayments	-	(1,091)	-	-	-	-	(1,091)	(1,091)
Debt Write-downs	20,000	6,407	6,262	6,350	6,429	6,529	31,977	51,977
<b>Total Forecast Change</b>	<b>20,000</b>	<b>5,316</b>	<b>6,262</b>	<b>6,350</b>	<b>6,429</b>	<b>6,529</b>	<b>30,886</b>	<b>50,886</b>

Changes Expenses, Revenue and Capital Expenditure (MCA)	Supplementary Estimates add-on for 2024/25 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)	2028/29 and Outyears (\$'000)	Five Year Total to 2028/29 (\$'000s)	Five Year Total to 2028/29 including Add-on (\$'000s)
Non Departmental Output Expenses	-	-	-	-	-	-	-	-
Provision to better prepare people to access and sustain private rentals	-	-	-	-	-	-	-	-
Non-Departmental Other Expenses	-	-	-	-	-	-	-	-
Non-Recoverable Housing Support Assistance	-	(26)	(65)	(28)	(25)	(28)	(172)	(172)
Non-Departmental Capital Expenditure	-	-	-	-	-	-	-	-
Recoverable Housing Support Assistance	9,000	(3,741)	(10,585)	(9,752)	(11,869)	(14,495)	(50,442)	(41,442)
<b>Total Forecast Change</b>	<b>9,000</b>	<b>(3,767)</b>	<b>(10,650)</b>	<b>(9,780)</b>	<b>(11,894)</b>	<b>(14,523)</b>	<b>(50,614)</b>	<b>(41,614)</b>

48 All changes to Vote Social Development appropriations that require approval and any increases for 2024/25 at BEFU 2024 will be met from Imprest Supply until the approval of the Supplementary Estimates.

49 The \$51.977 million increase in debt write-downs over the five years to June 2029 is mainly because of an expected change in the level of outstanding debt, interest rates, supplementary estimates add-on 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.

## Appendix 2: Total change in expenditure

50 This table shows all changes since HYEPU 2024 and includes those decisions already made by Ministers or Cabinet.

Vote Social Development - Changes in Benefits or Related Expenses	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	Five Year Total to 2028/29 (\$000s)
Accommodation Assistance <sup>1</sup>	(8,347)	4,551	(3,237)	(25,456)	(163,976)	(196,465)
Childcare Assistance	(1,627)	4,452	9,759	15,276	20,638	48,498
Disability Assistance <sup>2</sup>	(1,435)	(3,894)	(18,946)	(36,004)	(54,911)	(115,190)
Emergency Housing Assistance	(19,485)	(31,063)	(24,686)	(24,083)	(23,968)	(123,285)
Hardship Assistance <sup>3</sup>	(6,557)	16,551	16,486	23,722	(14,861)	35,341
Jobseeker Support and Emergency Benefit	(50,939)	(5,503)	(27,076)	(273,433)	(399,193)	(756,144)
New Zealand Superannuation	19,336	169,045	161,805	268,672	188,387	807,245
Orphan's/Unsupported Child's Benefit	(2,484)	529	2,274	3,370	4,317	8,006
Sole Parent Support	(4,401)	41,537	59,551	55,353	(25,292)	126,748
Special Circumstance Assistance	(395)	(169)	(33)	(55)	(40)	(692)
Student Allowances	(9,127)	10,446	16,955	22,173	19,748	60,195
Study Scholarships and Awards <sup>4</sup>	-	-	-	-	-	-
Supported Living Payment	(31,580)	(42,324)	(46,065)	(55,058)	(87,993)	(263,020)
Training Incentive Allowance	(3,463)	2,953	2,741	2,739	2,712	7,682
Transitional Assistance	(206)	-	-	-	-	(206)
Veteran's Pension	2,190	6,058	7,959	9,678	11,821	37,706
Winter Energy Payment	832	5,867	5,744	765	600	13,808
Work Assistance	(674)	(274)	(276)	(284)	(290)	(1,798)
Youth Payment and Young Parent Payment	(94)	(1,197)	(1,130)	(140)	(2,186)	(4,747)
<b>Total Change</b>	<b>(118,456)</b>	<b>177,565</b>	<b>161,825</b>	<b>(12,765)</b>	<b>(524,487)</b>	<b>(316,318)</b>
<b>SUB-TOTAL excluding NZS and VP</b>	<b>(139,982)</b>	<b>2,462</b>	<b>(7,939)</b>	<b>(291,115)</b>	<b>(724,695)</b>	<b>(1,161,269)</b>

1 This consists of Accommodation Supplement 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 and Temporary Accommodation Assistance

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

Vote Social Development - Changes in Capital Expenditure	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	Five Year Total to 2028/29 (\$000s)
Recoverable Assistance	(21,709)	(29,106)	(24,693)	(14,342)	(15,020)	(104,870)
Student Loans	(60,442)	107,296	49,311	813	(16,153)	80,825
<b>Total Change</b>	<b>(82,151)</b>	<b>78,190</b>	<b>24,618</b>	<b>(13,529)</b>	<b>(31,173)</b>	<b>(24,045)</b>

Vote Social Development: Non-departmental Other Expenses	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	Five Year Total to 2028/29 (\$000s)
Reimbursement of Income Related Rent Overpayments	(1,091)	-	-	-	-	(1,091)
Debt Write-downs	6,407	6,262	6,350	13,165	13,089	45,273
<b>Total Change</b>	<b>5,316</b>	<b>6,262</b>	<b>6,350</b>	<b>13,165</b>	<b>13,089</b>	<b>44,182</b>

Expenses, Revenue and Capital Expenditure (MCA)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	Five Year Total to 2028/29 (\$000s)
<b>Non Departmental Output Expenses</b>						
Provision to better prepare people to access and sustain private rentals	-	-	-	-	-	-
<b>Non-Departmental Other Expenses</b>						
Non-Recoverable Housing Support Assistance	(26)	(65)	(28)	(25)	(28)	(172)
<b>Non-Departmental Capital Expenditure</b>						
Recoverable Housing Support Assistance	(3,741)	(10,585)	(9,752)	(11,869)	(14,495)	(50,442)
<b>Total Forecast Change</b>	<b>(3,767)</b>	<b>(10,650)</b>	<b>(9,780)</b>	<b>(11,894)</b>	<b>(14,523)</b>	<b>(50,614)</b>

## Appendix 3: Total Annual Forecast Expenditure by Appropriation for BEFU 2025

Vote Social Development - Benefits or Related Expenses	Supplementary Estimates 2024/25 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 and Outyears (\$000)	Five Year Total to 2028/29
Accommodation Assistance <sup>1</sup>	2,277,408	2,227,908	2,289,453	2,243,760	2,232,573	2,106,978	11,100,672
Childcare Assistance	183,046	170,446	178,009	187,365	199,314	204,918	940,052
Disability Assistance <sup>2</sup>	499,120	492,120	510,529	512,147	512,400	505,803	2,532,999
Emergency Housing Assistance	78,849	75,849	60,048	73,752	77,979	79,087	366,715
Hardship Assistance <sup>3</sup>	785,330	758,330	837,074	852,548	897,308	890,641	4,235,901
Jobseeker Support and Emergency Benefit	4,711,258	4,644,258	4,838,669	4,715,403	4,496,691	4,419,972	23,114,993
New Zealand Superannuation	23,226,700	23,179,700	24,690,940	26,116,079	27,604,618	28,957,231	130,548,568
Orphan's/Unsupported Child's Benefit	410,499	402,199	416,772	429,014	439,873	447,080	2,134,938
Sole Parent Support	2,285,475	2,257,175	2,331,471	2,302,578	2,270,412	2,169,461	11,331,097
Special Circumstance Assistance	12,073	11,173	11,859	12,291	12,932	13,383	61,638
Student Allowances	607,734	577,734	635,207	640,093	637,369	627,826	3,118,229
Study Scholarships and Awards <sup>4</sup>	22,546	22,546	20,426	20,426	20,426	20,426	104,250
Supported Living Payment	2,691,452	2,669,452	2,781,849	2,881,180	2,975,252	3,023,191	14,330,924
Training Incentive Allowance	18,155	16,355	23,781	23,569	23,565	23,382	110,652
Transitional Assistance	126	126	500	500	500	500	2,126
Veteran's Pension	132,543	131,243	132,278	130,066	128,445	126,816	648,848
Winter Energy Payment	578,335	560,335	576,688	582,623	586,156	595,736	2,901,538
Work Assistance	3,351	3,051	3,916	4,002	4,095	4,161	19,225
Youth Payment and Young Parent Payment	78,981	77,181	80,202	84,282	88,746	88,573	418,984
<b>TOTAL BENEFITS</b>	<b>38,602,981</b>	<b>38,277,181</b>	<b>40,419,671</b>	<b>41,811,678</b>	<b>43,208,654</b>	<b>44,305,165</b>	<b>208,022,349</b>
<b>SUB-TOTAL excluding NZS and VP</b>	<b>15,243,738</b>	<b>14,966,238</b>	<b>15,596,453</b>	<b>15,565,533</b>	<b>15,475,591</b>	<b>15,221,118</b>	<b>76,824,933</b>
1 This consists of Accommodation Supplement 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 and Temporary Accommodation Assistance							
4 This consists of Scholarship and NQF/NCEA Awards, and TeachNZ Scholarships							
Vote Social Development - Capital Expenditure	Supplementary Estimates 2024/25 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 and Outyears (\$000)	Five Year Total to 2028/29
Recoverable Assistance	288,545	276,545	297,475	302,820	319,565	316,754	1,513,159
Student Loans	1,772,811	1,725,711	1,990,094	1,968,564	1,975,906	2,020,224	9,680,499
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>2,061,356</b>	<b>2,002,256</b>	<b>2,287,569</b>	<b>2,271,384</b>	<b>2,295,471</b>	<b>2,336,978</b>	<b>11,193,658</b>
Vote Social Development: Non-departmental Other Expenses	Supplementary Estimates 2024/25 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 and Outyears (\$000)	Five Year Total to 2028/29
Reimbursement of Income Related Rent Overpayments	4,908	4,908	6,811	6,811	6,811	6,811	32,152
Debt Write-downs	157,867	137,867	141,870	144,301	153,455	155,775	733,268
<b>Total</b>	<b>162,775</b>	<b>142,775</b>	<b>148,681</b>	<b>151,112</b>	<b>160,266</b>	<b>162,586</b>	<b>765,420</b>
Expenses, Revenue and Capital Expenditure (MCA)	Supplementary Estimates 2024/25 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 and Outyears (\$000)	Five Year Total to 2028/29
Non Departmental Output Expenses							
Provision to better prepare people to access and sustain private rentals	2,063	2,063	1,613	563	563	563	5,365
Non-Departmental Other Expenses							
Non-Recoverable Housing Support Assistance	1,601	1,601	2,396	2,597	2,733	2,750	12,077
Non-Departmental Capital Expenditure							
Recoverable Housing Support Assistance	153,950	144,950	166,802	177,286	187,346	191,783	868,167
<b>Total</b>	<b>157,614</b>	<b>148,614</b>	<b>170,811</b>	<b>180,446</b>	<b>190,642</b>	<b>195,096</b>	<b>885,609</b>



## Appendix 4: Why do we forecast

- 51 The Treasury provides MSD with a macroeconomic forecast, which is incorporated directly into MSD's benefit forecasts. This is then fed into the Economic and Fiscal Updates. Forecasts are produced twice a year at the Budget Economic and Fiscal Update (BEFU), which is published in May, and the Half Year Economic and Fiscal Update (HYEFU), which is published in December. There is also an additional forecast round in election years for the Pre-election Economic and Fiscal Update (PREFU), which is published prior to the election.
- 52 Benefit payments are demand-driven and are classed as a Benefit or Related Expense (BoRE). BoREs are an appropriation type that cover transfers of resources from the Crown, usually to individuals, where nothing is expected directly in return.
- 53 We also forecast some Non-Departmental Capital Expenditure payments and Non-Departmental Other Expenses. The Capital Expenditure covers forms of assistance that must be paid back to the Crown such as Student Loans and Recoverable Assistance, while the Other Expenses is a default category covering items not part of Benefits, Capital Expenditure or Output Expenses. Our forecasts relate to housing support in this category.
- 54 We forecast across 24 appropriations in Vote Social Development (of which 19 are BoRE appropriations), which includes main benefits (Jobseeker Support (JS), Sole Parent Support (SPS), Supported Living Payment (SLP), and New Zealand Superannuation (NZS)/Veteran's Pension (VP). Additionally, MSD forecasts several types of supplementary assistance payments such as the Accommodation Supplement (AS), Special Needs Grants (SNGs), Disability Allowance (DA) and Temporary Additional Support (TAS). The forecasts of these appropriations consist of the:
  - 54.1 number of people on a main benefit
  - 54.2 number of people receiving supplementary payments including AS, DA and TAS
  - 54.3 number of grants for hardship payments such as SNGs
  - 54.4 demand driven expenditure for five years.
- 55 Data that is monitored by MSD but not included in these forecasts are the:
  - 55.1 number of children in a benefit dependent family
  - 55.2 number of hardship grants by category
  - 55.3 benefit numbers by demographic group including gender, ethnicity, or age
  - 55.4 non-demand driven expenditure, including employment programmes, such as Flexi-wage or wage subsidies.

- 56 Key factors that can influence benefit expenditure include:
- 56.1 historic trends in the number of people receiving support and the payment rates received
  - 56.2 demographic factors including population trends
  - 56.3 macroeconomic forecasts from the Treasury, including expected rates of employment, economic growth, Consumers Price Index (CPI) and wage forecasts
  - 56.4 policy changes that impact demand driven payments
  - 56.5 operational changes implemented by MSD
  - 56.6 our own professional judgement when we believe past trends may not repeat in the future or there is limited data.
- 57 Our forecasts are produced on a mid-point basis which means they are not best-or-worst-case scenarios.
- 58 Some of the key products we form using our forecasts include:
- 58.1 a Joint Ministers' Report to appropriation Ministers which obtains legal authority for MSD to spend up to new level of benefit expenditure
  - 58.2 publishing our forecasts on MSD's website where we explain expected trends in important main benefit payments
  - 58.3 presentations about our forecasts within MSD to receive feedback and support workforce planning
  - 58.4 contributing to the Treasury's Estimates of Appropriations documents which are released as part of the Budget.



## Appendix 5: The forecasting process

- 59 This section provides information on the process which the Forecasting and Costing team follow to ensure that forecasts for the Budget, Half Year, and Pre-election Updates are robust.
- 60 We provide sound reasoning for our forecasts based on expertise and experience in the welfare system and our understanding of economic concepts. We provide a sensibility check by cross-checking with others in the business who specialise in specific areas.
- 61 We undertake internal and external quality assurance; each forecast is assigned a checker at both the preliminary and final forecasting rounds before the forecasts are agreed to.
- 62 The Forecasting and Costing team works closely with MSD's Policy, Service Delivery, and Housing teams to incorporate any potential upcoming impacts on benefit trends into the forecasts.
- 63 The modelled impact of major policy changes are discussed and agreed to by both the Ministry of Social Development, and the Treasury's policy analysts.
- 64 Any variance in the forecasts compared to actual spending will be taken into account at the next forecast update.
  - 64.1 The BoRE forecasts will be revised at the next forecast round to take into account the latest actual data and any new policy decisions made.

## Appendix 6: Forecast revisions

- 65 Forecasts are updated twice a year at BEFU and HYEPU, except for election years where there is the addition of PREFU. There is an upward revision to expenditure of approximately \$1,202 million (0.6 percent) over the five years to June 2029 excluding policy changes (Figure 2).
- 66 Quality assurance of our forecasts is ensured by robust internal and external reviews and assessments as part of our due diligence processes. The Forecasting and Costing team work closely with MSD's Policy teams, Service Delivery teams, and the Treasury to incorporate any potential impacts on benefit trends as well as macroeconomic assumptions into the expenditure calculations.
- 67 In 2021, MSD underwent an external review of the forecasting process and models.<sup>8</sup> The key findings from this review are that the forecasting methods and tools adopted, while relatively simple, are fit for purpose for key internal and external stakeholder requirements. The models' level of forecasting accuracy is appropriate. While improvements in process and controls are possible, they are also incremental and are being implemented through a staged approach.

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<sup>8</sup> Report title: *Ministry of Social Development Forecast Methodology and Process Review* (2021)

## Appendix 7: Changes to Appropriation labelling

Current appropriation title	New appropriation title	Current scope statement	New scope statement	Rationale
Processing of Veterans' Pensions	Processing of Veteran's Pensions	This appropriation is limited to the processing and administrative aspects of payment of Veterans' Pensions and related allowances.	This appropriation is limited to the processing and administrative aspects of payment of Veteran's Pensions and related allowances.	Minor grammar changes to move apostrophe placement to align with how MSD refers to Veteran's Pension entitlements.
Veterans' Pension	Veteran's Pension	This appropriation is limited to the provision of the Veterans' Pension, and lump sum payments upon the death of a qualifying veteran or a veteran's qualifying spouse or partner, to eligible veterans and their spouses, partners and dependent children, as set out in the Veterans' Support Act 2014 and delegated legislation made under that Act.	This appropriation is limited to the provision of the Veteran's Pension, and lump sum payments upon the death of a qualifying veteran or a veteran's qualifying spouse or partner, to eligible veterans and their spouses, partners and dependent children, as set out in the Veterans' Support Act 2014 and delegated legislation made under that Act.	

File ref: A16881865

Authors: Jenna Fellowes, Analyst, Forecasting and Costing – Performance and Reporting

Responsible manager: Maria Guerra, Manager, Forecasting and Costing – Performance and Reporting



# BEFU 2025 Forecast briefing

**BUDGET SENSITIVE – embargoed until 22 May 2025**



## Background

The Treasury provides MSD with a macroeconomic forecast, which is incorporated directly into MSD's benefit forecasts. This is then fed into the Economic and Fiscal Updates.

Forecasts are produced twice a year at the Budget Economic and Fiscal Update (BEFU) published in May and the Half Year Economic and Fiscal Update (HYEFU) published in December. There is an additional forecast round in election years for the Pre-election Economic and Fiscal Update (PREFU) published prior to the election.

MSD's benefit forecasts are used to obtain legal authority for changes in demand-driven appropriations (excluding policy) from HYEFU 2024 to BEFU 2025. Policy changes included in the BEFU 2025 forecasts are approved separately through Budget 25.

The BEFU 2025 benefit forecasts use the Treasury's macroeconomic forecasts as finalised on 4 April 2025 and benefit information available as at 8 April 2025.

The next forecast update will be HYEFU 2025 which will include data up to around October 2025.

Key factors that can influence benefit expenditure include:

- > historical trends in the number of people receiving support and the payment rates received
- > demographic factors, including population trends
- > macroeconomic forecasts from the Treasury including expected rates of employment, economic growth, CPI, and wage forecasts
- > policy changes that impact demand driven payments
- > operational changes implemented by MSD
- > our own professional judgement when MSD believes past trends may not repeat in the future or when there is limited data available.



## Forecast Summary

- > **At BEFU 2025 the Treasury have forecast a slower recovery in economic growth over 2025 compared to HYEPU 2024.**
- > **As a result, the number of people receiving Jobseeker Support (JS) is expected to increase slightly throughout 2025 and peak at around 217,900 people in December 2025.**
- > **After December 2025, the number of people receiving JS is expected to decrease.** The number of people receiving JS is expected to be lower than forecast at HYEPU 2024 from mid-2027 as growth in economic activity is expected to recover.
- > **Including policy changes, the expected decrease in the number of people receiving JS at BEFU 2025 is larger than the decrease seen after the Global Financial Crisis (GFC).**
- > **Including policy changes, expenditure has been revised down by \$316 million over the five years to June 2029.** This revision is mainly driven by policy changes at BEFU 2025. The downward revision in expenditure is partly offset by an upward revision in the Treasury's wage and inflation forecasts which mainly affects New Zealand Superannuation (NZS) and an upward revision in the number of people expected to receive a benefit.
- > **Excluding policy changes, expenditure has been revised up by around \$1,202 million over the five years to June 2029.**
- > The Treasury have allowed for some impact in their forecasts from US tariffs. The Treasury will be communicating the uncertainty of the tariff impacts via their scenario modelling to be published in the Budget.



Including policy changes, expenditure has been revised down by around \$316 million (0.2 percent) over the five years to June 2029

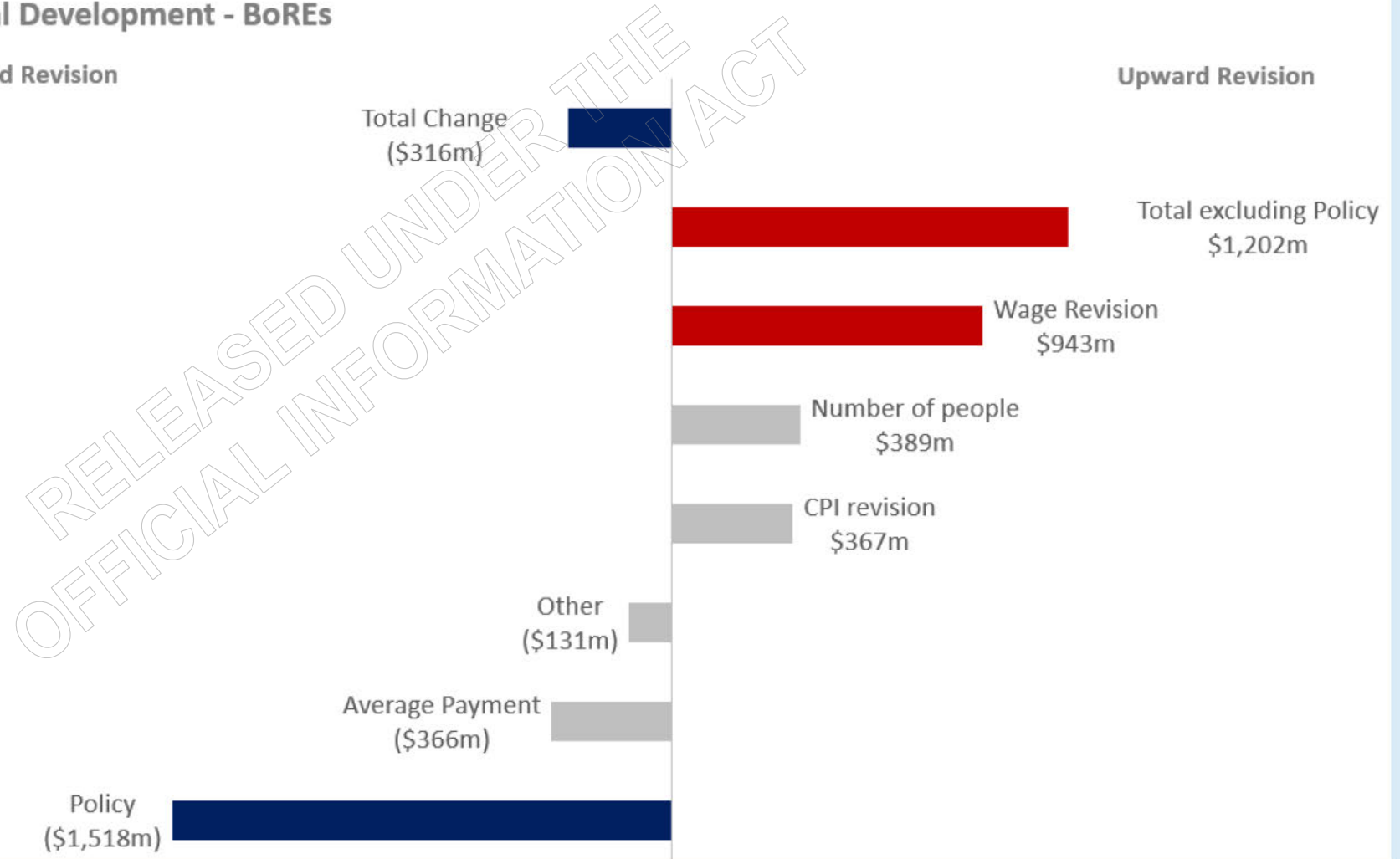
- > This revision is mainly driven by policy changes at BEFU 2025 which reduces expenditure by \$1,518 million over the five years to June 2029.
- > This is partially offset by:
  - > An upward revision in the Treasury's wage and inflation forecasts which mainly affects NZS.
  - > An upward revision in the number of people expected to receive a benefit which increases expenditure by \$389 million over the five years to June 2029.

### BEFU 25 Components of Forecast Change - 2024/25 to 2028/29

#### Vote Social Development - BoREs

Downward Revision

Upward Revision







Further reductions in interest rates are expected to support a pick-up in economic conditions from mid-2025

- > A period of high interest rates has contributed to weak economic conditions. The unemployment rate has been rising and is expected to peak at 5.4 percent in the June 2025 quarter.
- > The Treasury expect that growth in economic activity, as measured by Gross Domestic Product (GDP), will improve from mid-2025, although at a slower rate than expected at HYEPU 2024.
- > Inflation reached 2.5 percent in the March 2025 quarter<sup>1</sup> and is within the Reserve Bank's 1-3 percent target band. In response to lower levels of inflation, the RBNZ has continued to lower interest rates with the Official Cash Rate (OCR) now at 3.5 percent in April 2025<sup>2</sup>.
- > Falling interest rates are expected to support a pick-up in economic activity from mid-2025. However, on an annual basis, GDP growth is expected to remain lower than expected at HYEPU 2024 until 2027.
- > In periods of higher economic growth, it is easier to find and retain work, so the number of people receiving Jobseeker Support – Work Ready (JS – WR) and Sole Parent Support (SPS) is expected to begin decreasing from early 2026.

<sup>1</sup> The CPI for the March 2025 quarter was released after the Treasury's BEFU 2025 forecasts were finalised.

<sup>2</sup> The OCR was reduced from 3.75 percent after the Treasury's BEFU 2025 forecasts were finalised.



# BEFU 2025 | Forecasting and Costing | May 2025

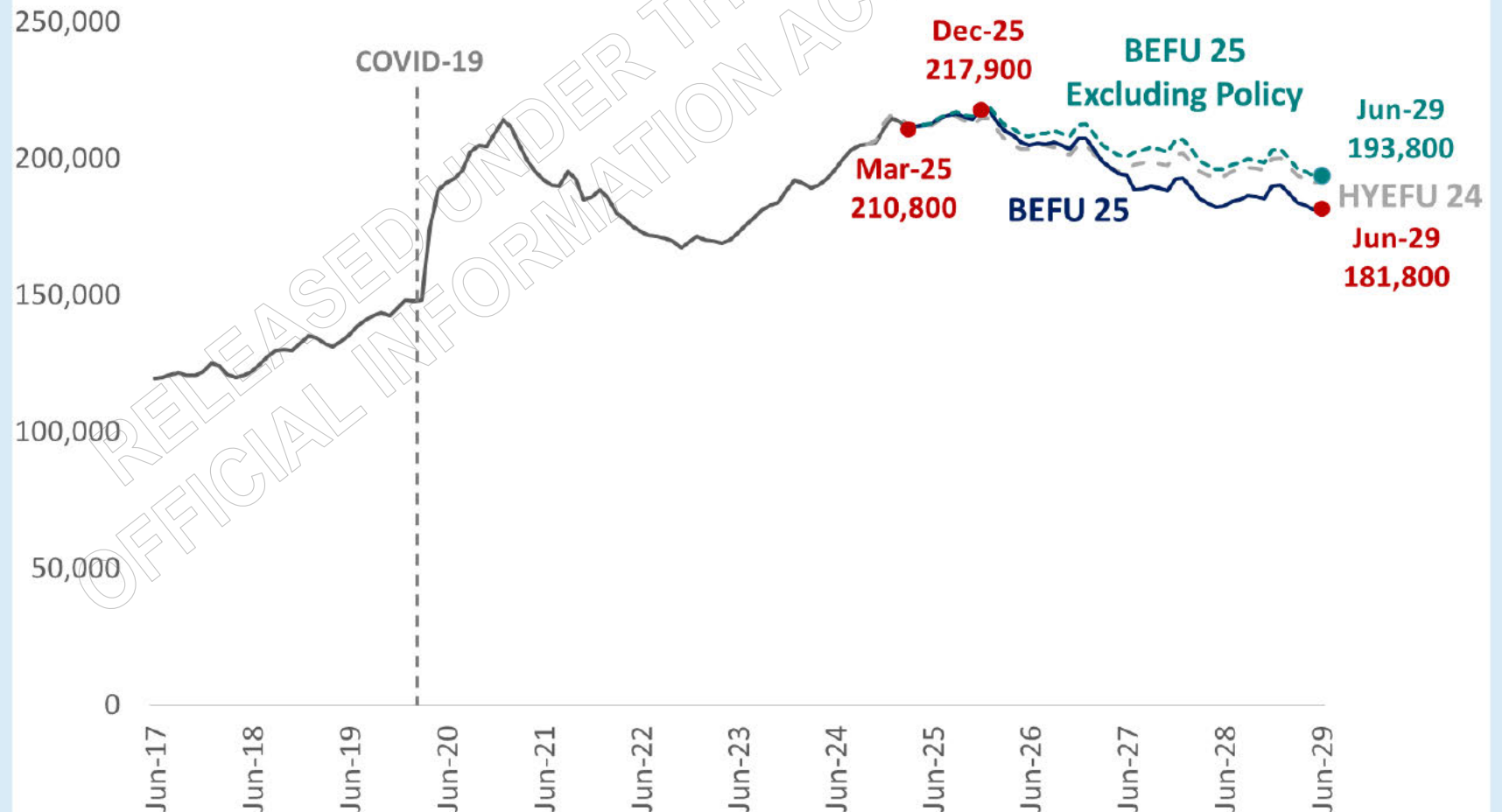


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The number of people receiving Jobseeker Support is expected to peak in December 2025 before decreasing

- > At HYEPU 2024, the number of people receiving JS was expected to peak at around 215,900 people in January 2025.
- > At BEFU 2025, the Treasury have forecast a slower recovery in economic activity over 2025 compared to HYEPU 2024.
- > As a result, the number of people receiving JS is now expected to increase slightly throughout 2025 and peak at around 217,900 people in December 2025.
- > After December 2025, the number of people receiving JS is expected to decrease as economic conditions improve.
- > When including policy changes, it is expected that there will be 12,000 fewer people on JS in June 2029, compared to JS numbers excluding policy changes.

## Jobseeker Support Number of People



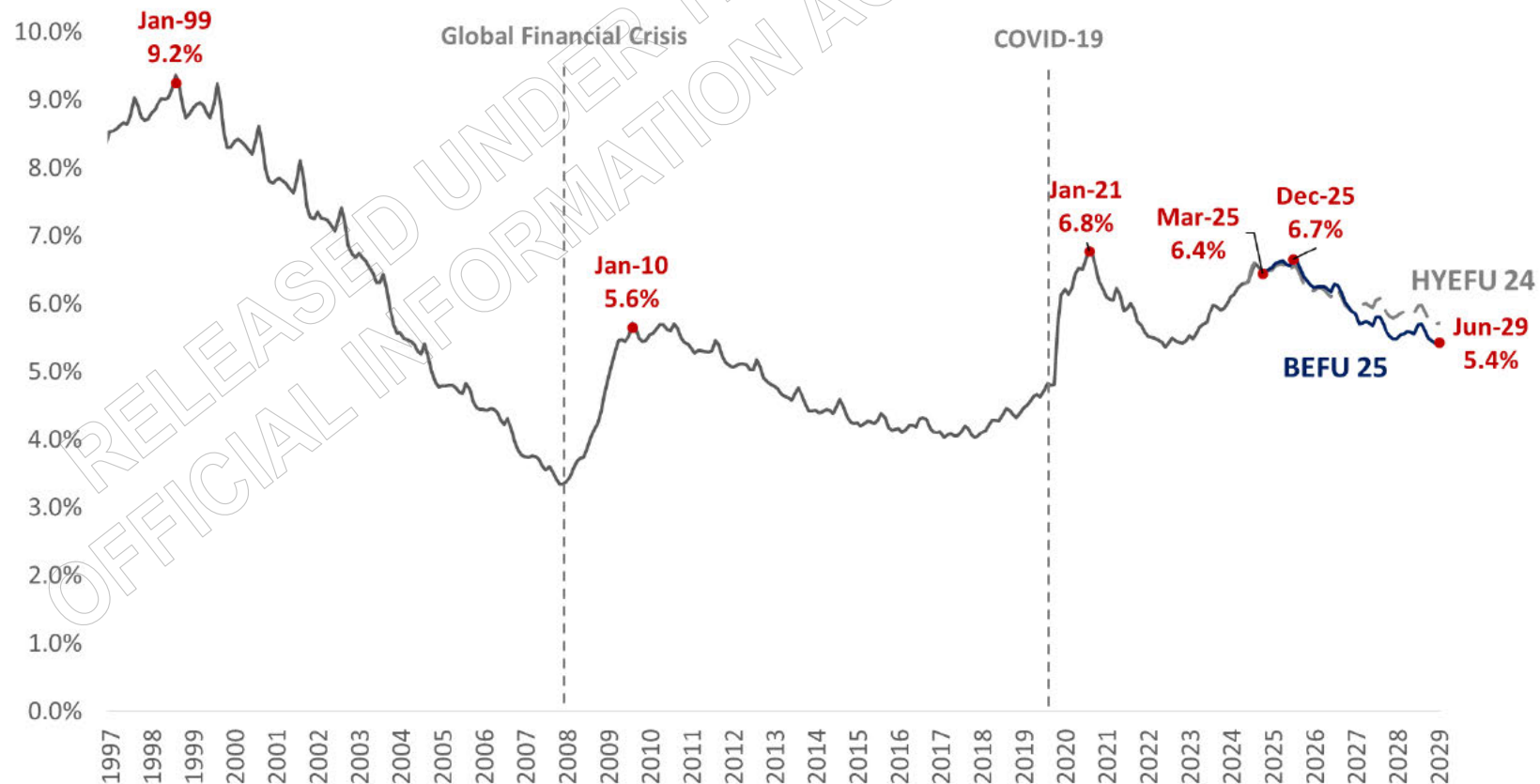


The proportion of people receiving Jobseeker Support is expected to peak at around 6.7 percent in December 2025

- > As a proportion of the working-age population, JS is expected to rise from around 6.4 percent in March 2025 to around 6.7 percent in December 2025.
- > The expected peak in JS numbers as a proportion of the working-age population is:
  - > Lower than the peak following COVID-19 (6.8 percent in January 2021)
  - > Higher than the peak following the GFC (5.6 percent in January 2010)
- > After December 2025, JS numbers as a proportion of the working-age population is expected to decrease to around 5.4 percent in June 2029.

## Jobseeker Support

### Proportion of Working Age Population





# BEFU 2025 | Forecasting and Costing | May 2025



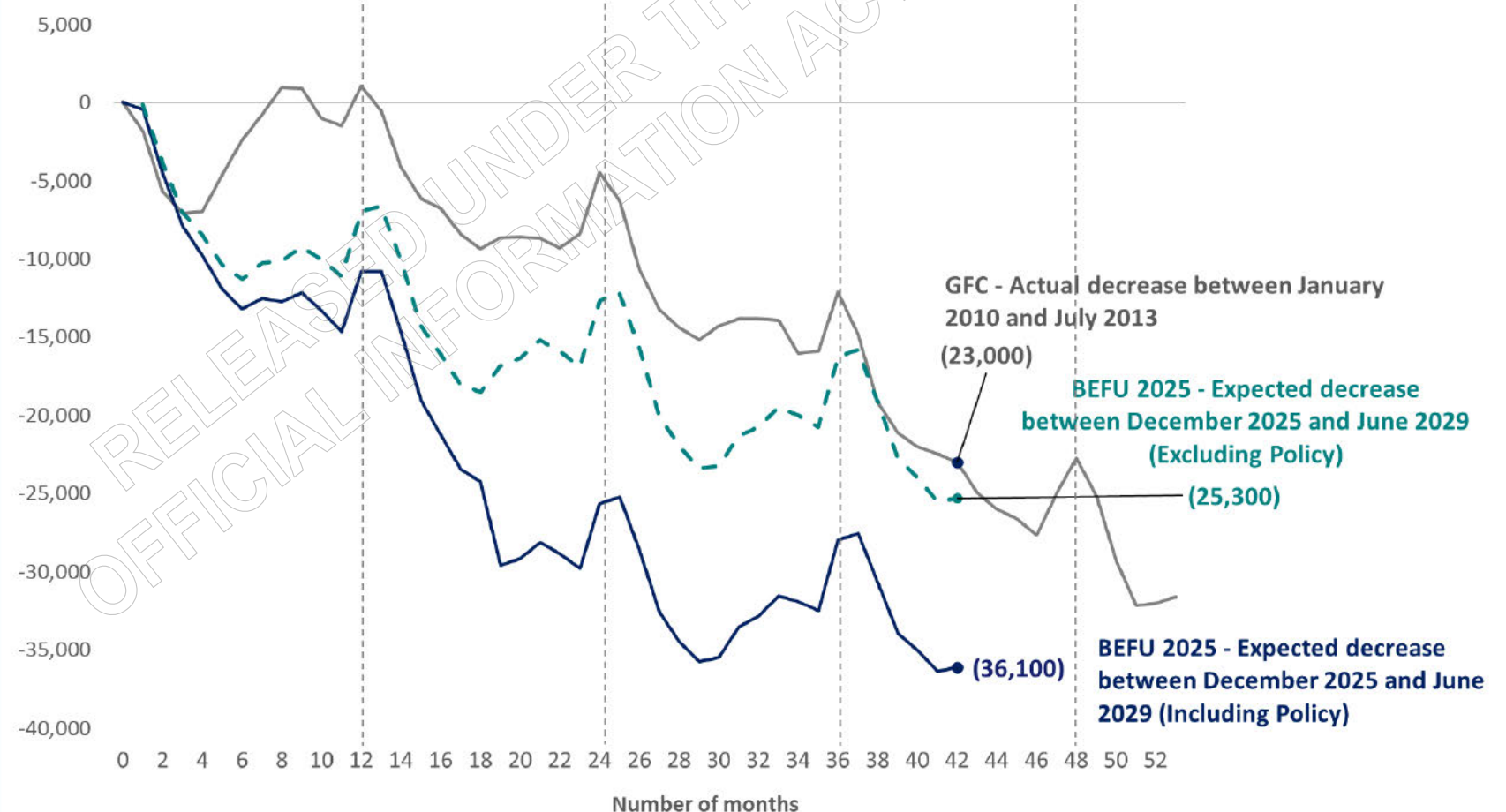
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Including policy changes, the expected decrease in Jobseeker Support numbers at BEFU 2025 is larger than the decrease seen after the GFC

- > Including policy changes, JS numbers are expected to decrease by around 36,100 people between December 2025 and June 2029.
- > When policy changes are excluded, the expected reduction in JS numbers at BEFU 2025 is similar to the decrease seen after the GFC.
- > The reduction in JS numbers post-GFC was supported by the rebuild effort following the 2010 and 2011 Christchurch Earthquakes, which created additional demand for labour in Canterbury.

## Cumulative decrease in Jobseeker Support

Comparison of BEFU 2025 forecast with post-Global Financial Crisis impacts



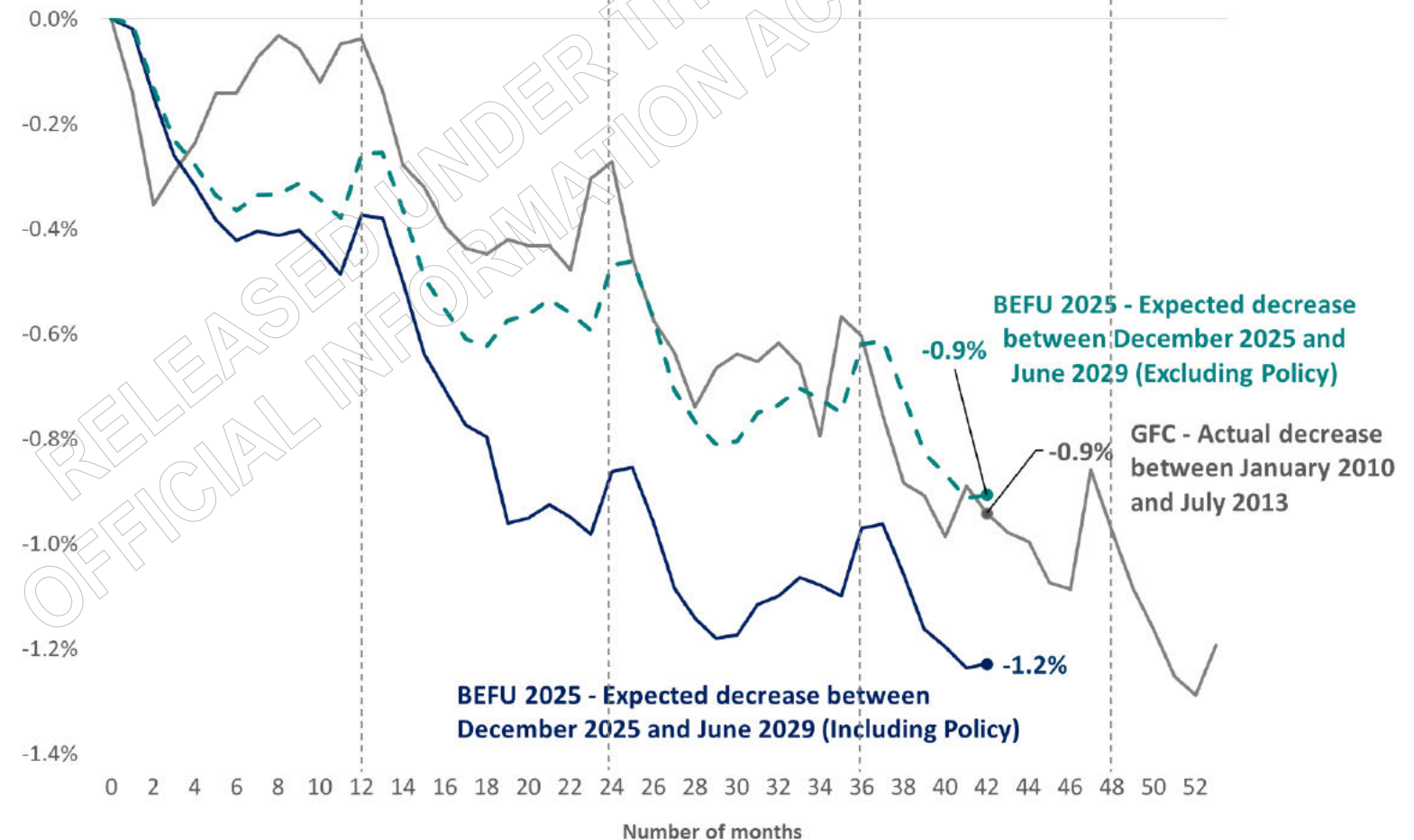
# BEFU 2025 | Forecasting and Costing | May 2025



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As a proportion of the working-age population, JS numbers are expected to decrease by around 1.2 percentage points between December 2025 and June 2029

**Cumulative decrease in Jobseeker Support - Proportion of Working Age Population**  
**Comparison of BEFU 2025 forecast with post-Global Financial Crisis impacts**



# BEFU 2025 | Forecasting and Costing | May 2025



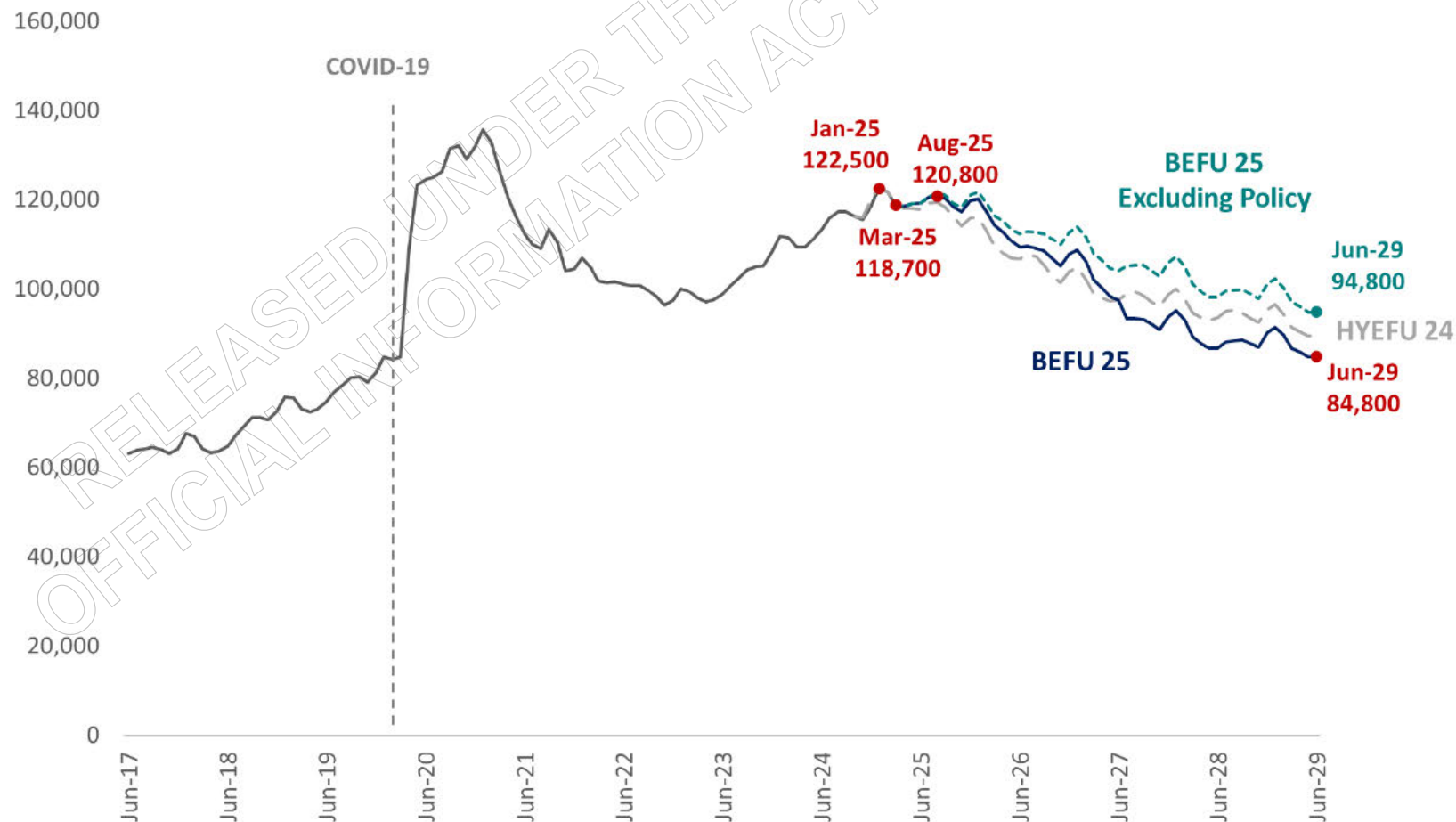
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The number of people receiving Jobseeker Support – Work Ready is expected to remain elevated throughout 2025

- > A higher number of people are expected to receive JS – WR throughout 2025 compared to HYEUFU 2024.
- > This is in line with the Treasury's expectation of a slower recovery in economic activity over 2025 compared to HYEUFU 2024.
- > The number of people receiving JS – WR is expected to decrease from January 2026 onwards as economic conditions improve.
- > After June 2027, JS – WR numbers are expected to be lower than forecast at HYEUFU 2024 and reach 84,800 people in June 2029.
- > When including policy changes, it is expected that there will be 10,000 fewer people on JS – WR in June 2029, compared to JS – WR numbers excluding policy changes.

## Jobseeker Support - Work Ready

Number of people





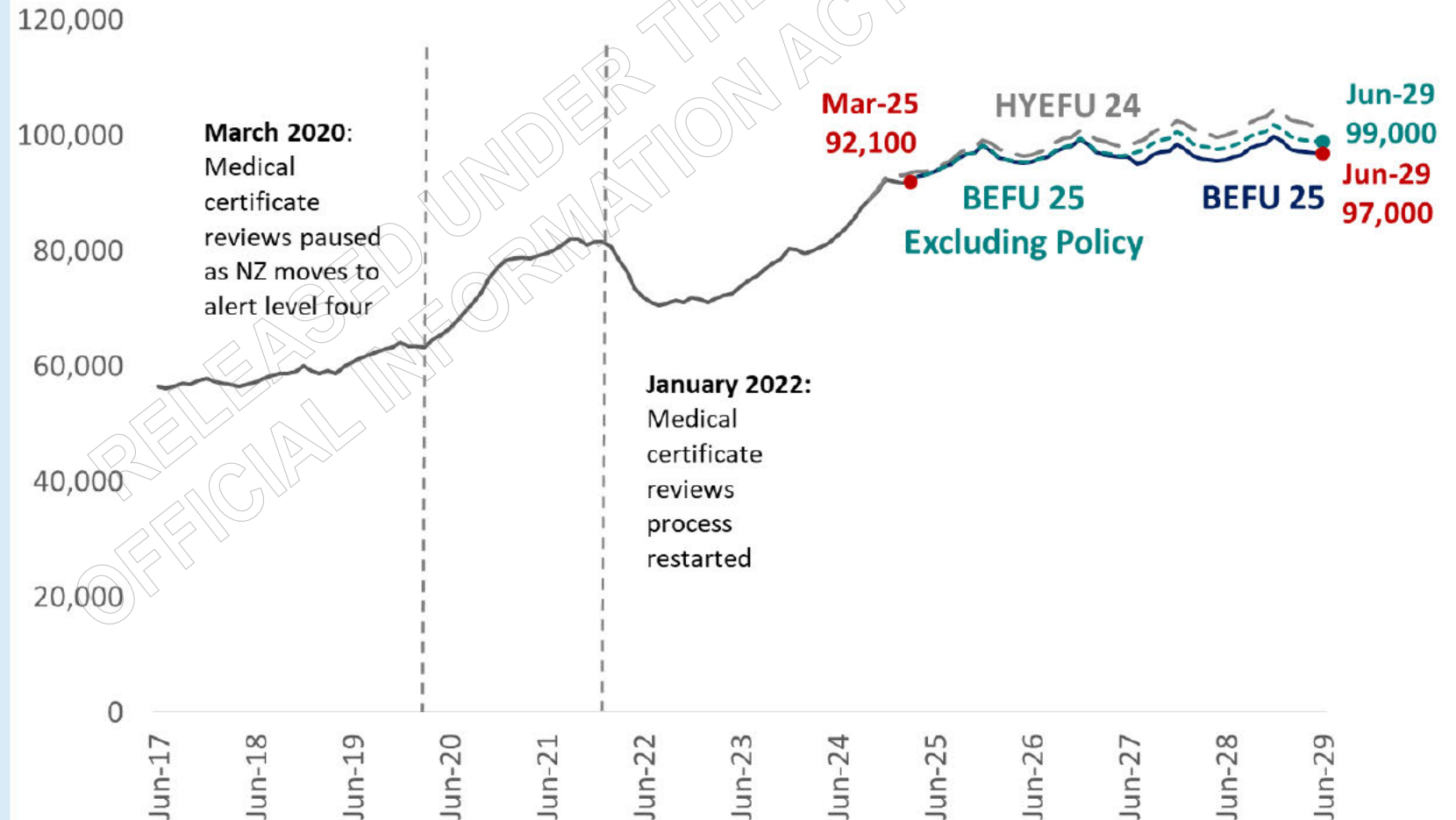
# BEFU 2025 | Forecasting and Costing | May 2025

The number of people expected to receive Jobseeker Support – Health Condition or Disability has been revised down at BEFU 2025

- > The number of people receiving JS – HCD has been rising and reached around 92,100 people in March 2025.
- > There have been fewer people transferring from JS – WR to JS – HCD than expected at HYEUFU 2024.
- > The BEFU 2025 forecast accounts for the lower transfers, which has led to a downward revision in the number of people expected to receive JS – HCD.
- > When including policy changes, it is expected that there will be 2,000 fewer people on JS – HCD in June 2029, compared to JS – HCD numbers excluding policy changes.

## Jobseeker Support – Health Condition or Disability

### Number of People



# BEFU 2025 | Forecasting and Costing | May 2025

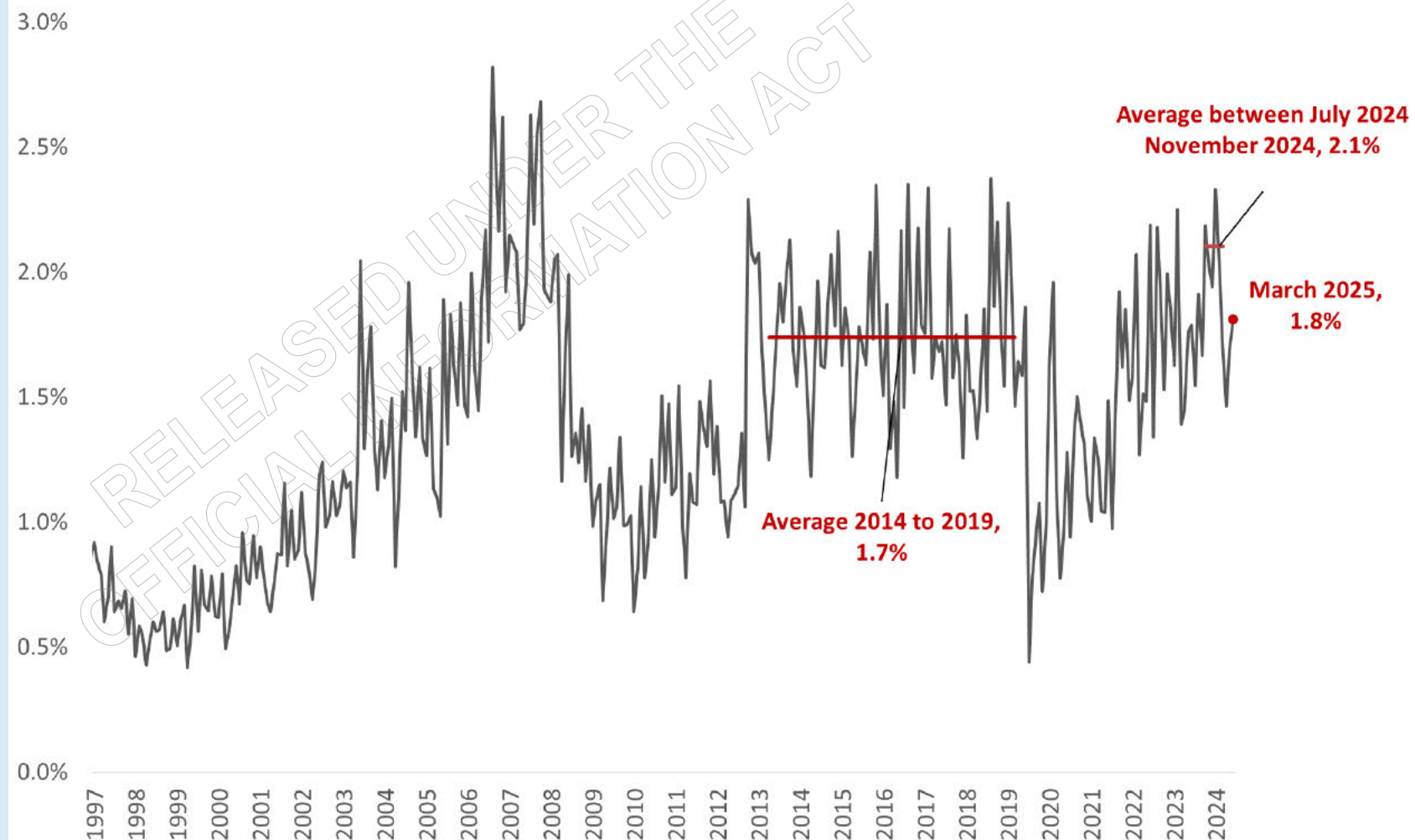


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The percentage of people transferring from JS – WR to JS – HCD has decreased from levels seen over the second half of 2024

- > The monthly flow rate reached 1.8 percent in March 2025.
- > The flow rate may have reached lower levels over early 2025 due to seasonal impacts.
- > The monthly net flow rate has been revised down since HYEUFU 2024 but is expected to remain slightly higher than pre-COVID-19 trends.
- > In addition, with more people receiving JS – WR, the number of people transferring from JS – WR to JS – HCD is expected to be higher than pre-COVID-19 levels.

Monthly flow rate from JS – WR to JS – HCD



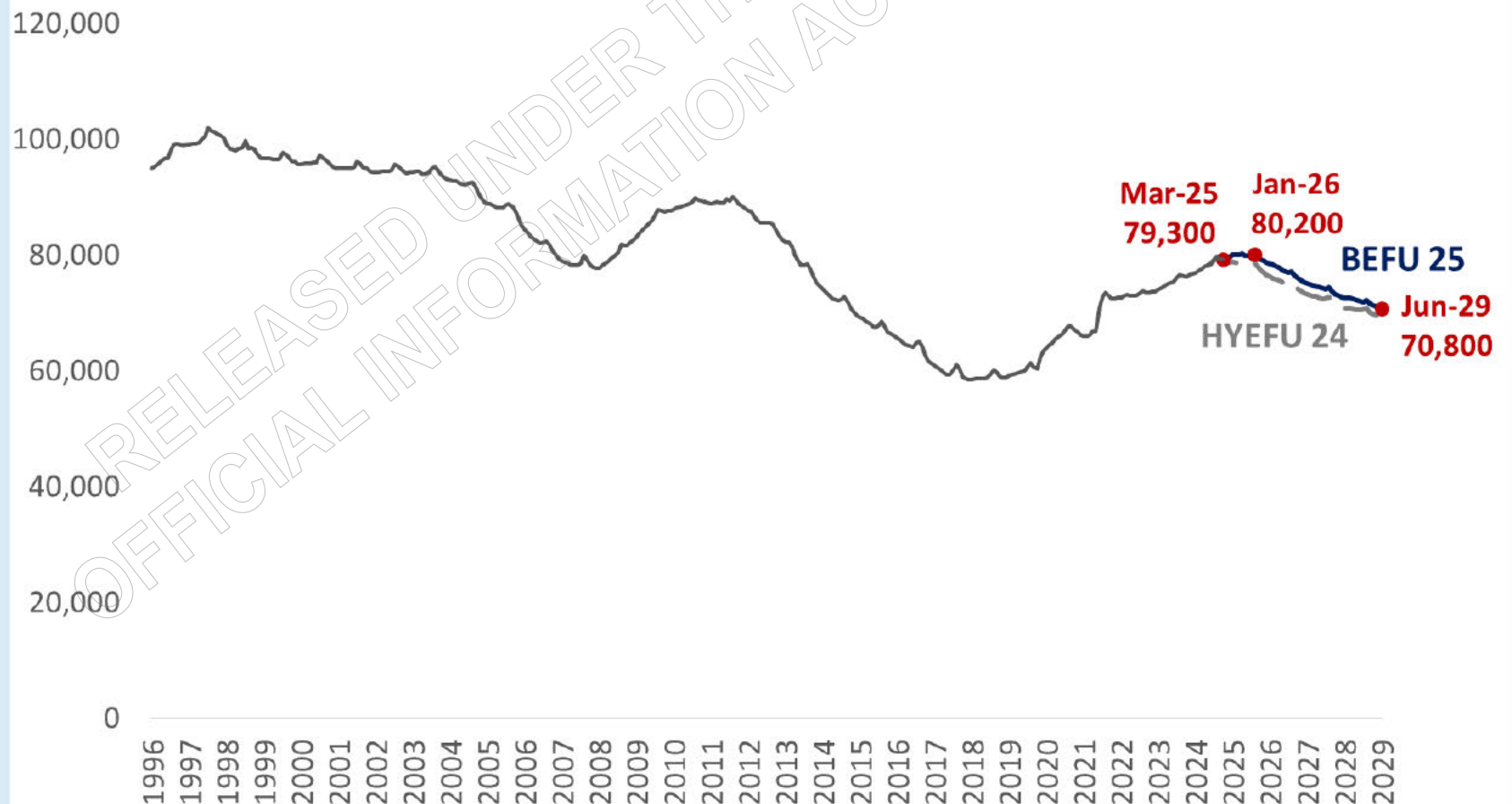




The number of people expected to receive Sole Parent Support has been revised up at BEFU 2025

- > The number of people receiving SPS is expected to continue rising over 2025 and peak at 80,200 people in January 2026.
- > SPS numbers are expected to rise over 2025 due to a downward revision in the sole parent employment rate at BEFU 2025. This has been caused by:
  - > a downward revision in the Treasury's employment rate forecast at BEFU 2025
  - > a lower-than-expected sole parent employment rate since HYEUFU 2024.
- > After January 2026, the number of people receiving SPS is expected to decrease to around 70,800 people in June 2029 as economic conditions improve.

**Sole Parent Support**  
Actual and Forecast Number of People





# BEFU 2025 | Forecasting and Costing | May 2025

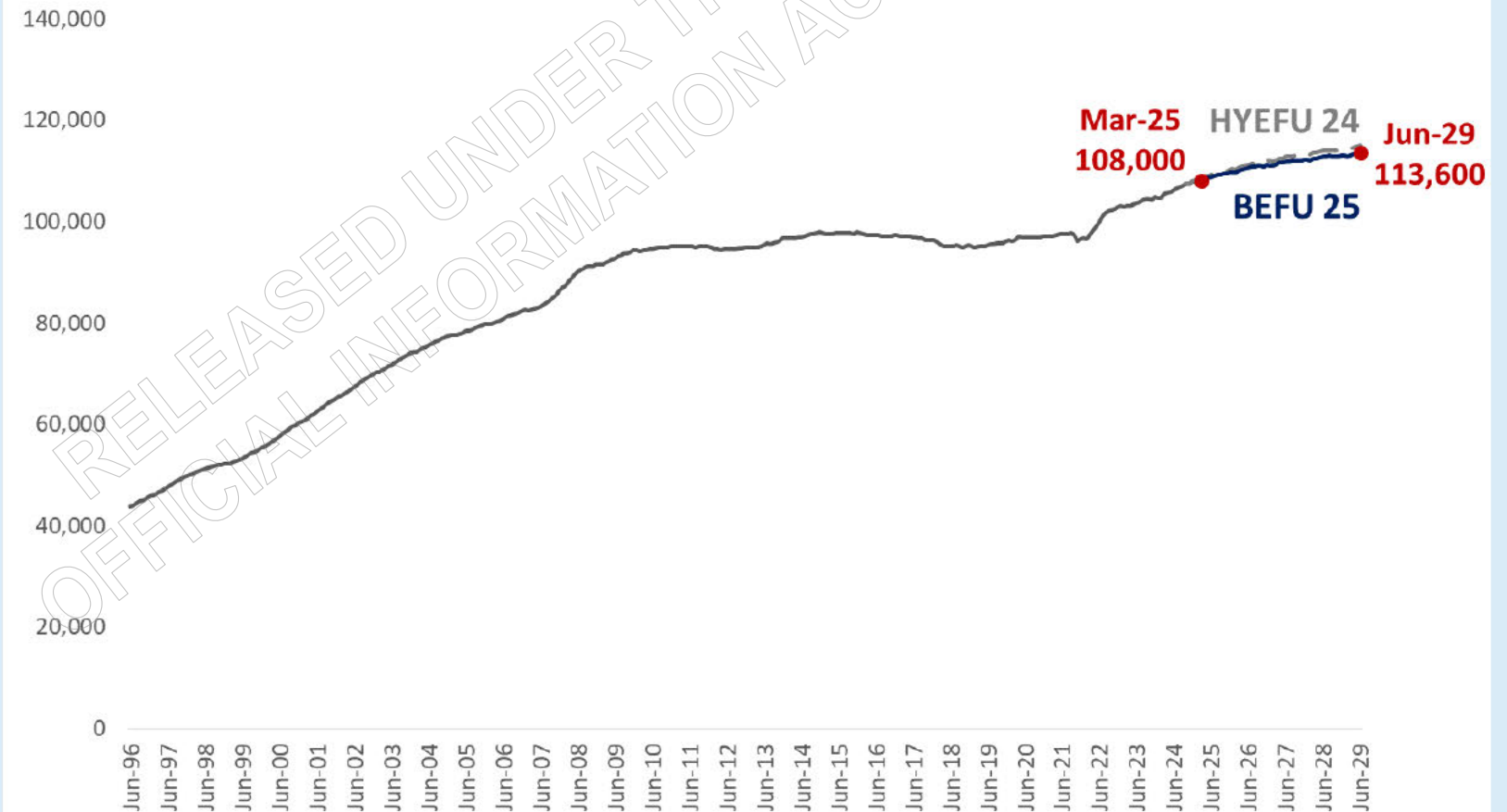


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The number of people expected to receive Supported Living Payment is largely unchanged from HYEPU 2024

- > Since HYEPU 2024, the number of people transferring from JS – HCD to SLP has been lower than expected.
- > This has led to a slight downward revision in the number of people expected to receive SLP at BEFU 2025.
- > The number of people receiving SLP is expected to rise over the forecast period and reach around 113,600 people in June 2029.
- > The main contributor to the expected growth in SLP is the flow of people from JS – HCD to SLP.

## Supported Living Payment Actual and Forecast Number of People



# BEFU 2025 | Forecasting and Costing | May 2025

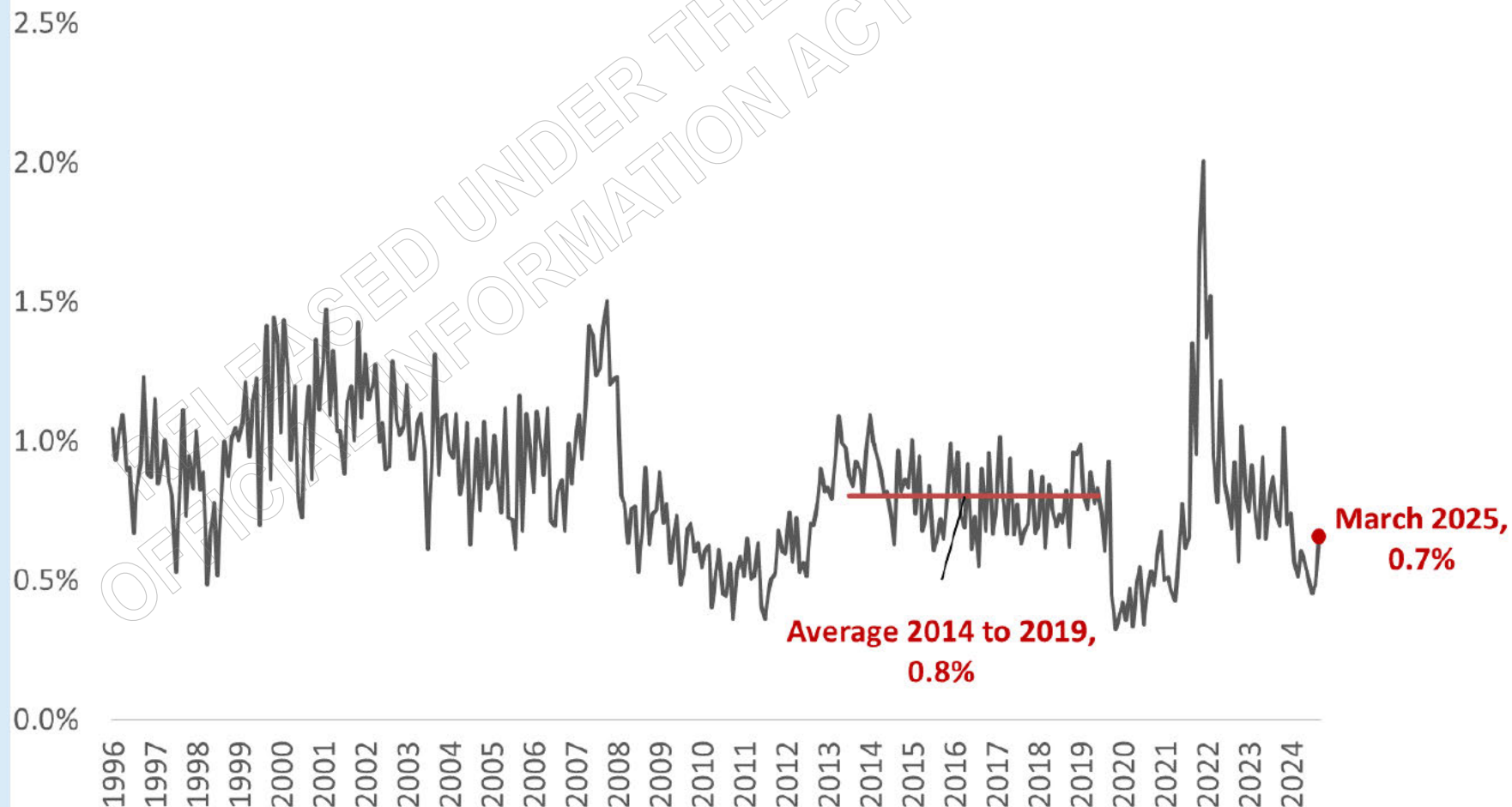


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The percentage of people transferring from JS – HCD to SLP is below pre-COVID-19 levels

- > The monthly flow rate has been below pre-COVID-19 levels since June 2024 and reached 0.7 percent in March 2025.
- > The monthly net flow rate has been revised down since HYEUFU 2024 and is forecast to remain slightly lower than pre-COVID-19 trends over the forecast period.
- > However, with more people receiving JS – HCD, the number of people transferring onto SLP is expected to be slightly higher than pre-COVID-19.

Monthly flow rate from JS - HCD to SLP





# BEFU 2025 | Forecasting and Costing | May 2025



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The number of people receiving a working-age benefit is expected to peak in December 2025 before decreasing

- People on a working-age benefit is defined here as the total number of people receiving JS (excluding Jobseeker Support Student Hardship), SPS, and SLP for all age groups.<sup>3</sup>
- The number of people receiving a working-age benefit is expected to continue rising and peak at around 407,500 people in December 2025.
- Working-age benefit numbers are expected to rise throughout 2025 mainly due to increases in the number of people receiving incapacity-related benefits.
- After December 2025, the number of people receiving a working-age benefit is expected to decrease to around 366,100 in June 2029 as economic conditions improve.

## Working-Age Benefits

Actual and Forecast number of people



<sup>3</sup> This differs from the definition of working-age benefits used in official MSD reporting.

# BEFU 2025 | Forecasting and Costing | May 2025



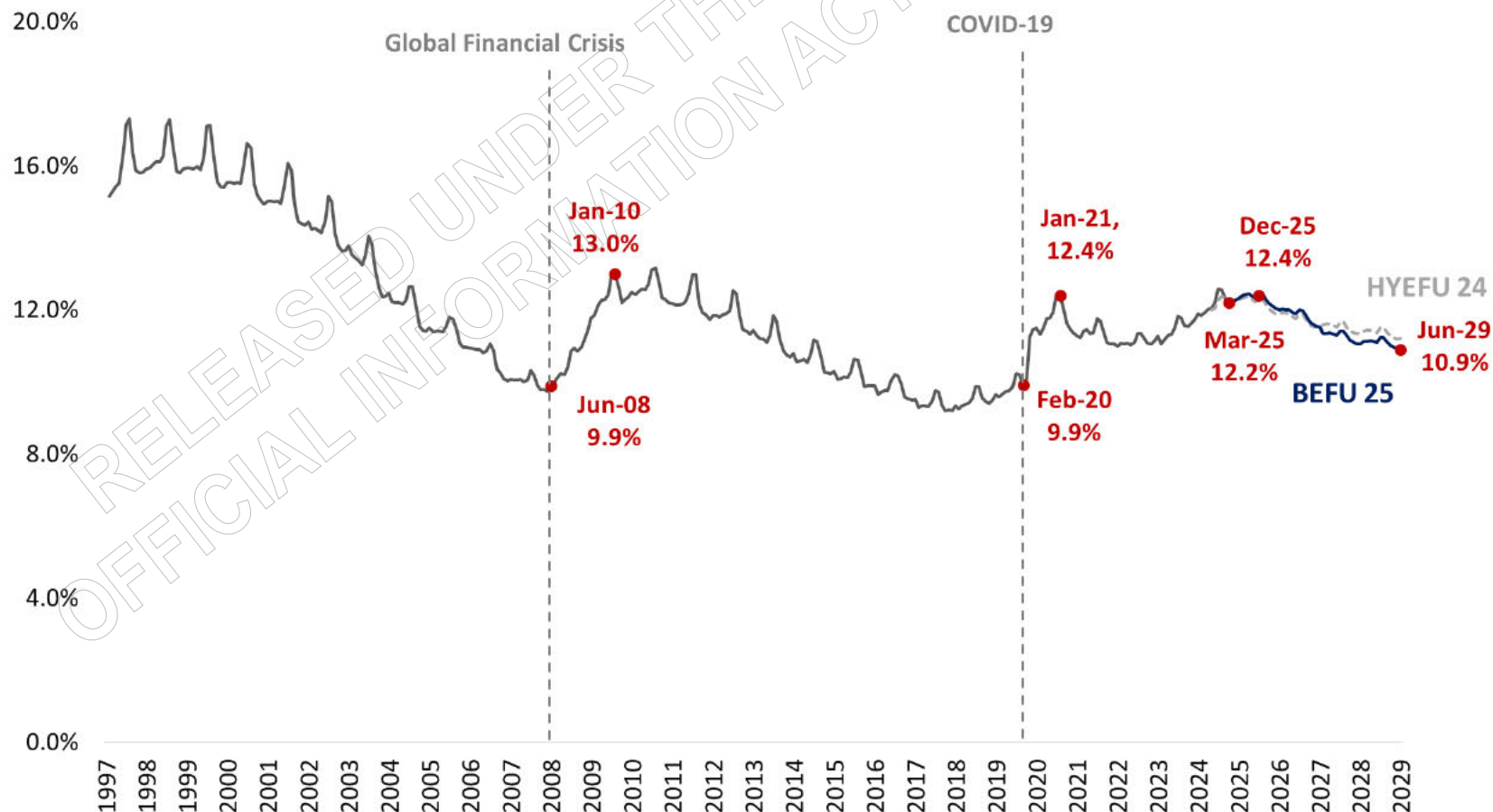
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The proportion of people receiving a working-age benefit is expected to peak at around 12.4 percent between December 2025 and January 2026.

- > As a proportion of the working-age population, working-age benefit numbers are expected to rise from around 12.2 percent in March 2025 to around 12.4 percent between December 2025 and January 2026.
- > The expected peak in working-age benefit numbers as a proportion of the working-age population is:
  - > the same as the peak following COVID-19 (12.4 percent in January 2021)
  - > lower than the peak following the GFC (13.0 percent in January 2010).
- > After January 2026, the proportion of people on a working-age benefit is expected to decrease to around 10.9 percent in June 2029.

## Working-Age Benefits

Proportion of Working-Age (18-64 years) Population







s9(2)(f)(iv)

- > MSD expects that the number of Special Needs Grants (SNGs) will remain relatively flat over the first two years of the forecast at BEFU 2025.

s9(2)(f)(iv)

&gt;

&gt;

- > This forecast will require revision following detailed policy decisions.

s9(2)(f)(iv)

&gt;

s9(2)(f)(iv)

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Expenditure on the Accommodation Supplement has been revised down over the last year of the forecast

- > Phase 2 of the Income Charging policy at Budget 25 will enable Inland Revenue to share income data with MSD to improve the accuracy of client's benefit payments from July 2028.
- > This policy is expected to decrease the amount of AS payments received by clients that are not on a main benefit.

## Accommodation Supplement

Actual and Forecast expenditure per annum

