



21 January 2026

Tēnā koe

Official Information Act request

Thank you for your email of 17 December 2025, requesting a copy of REP-25-11-880 – Half Year Economic and Fiscal Update.

I have considered your request under the Official Information Act 1982 (the Act). Please see attached REP-25-11-880 - Joint Ministers' Report - 2025 Half Year Economic and Fiscal Update of Benefit Forecasts for Vote Social Development.

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.

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 or 0800 802 602.

Ngā mihi nui

pp. 

Anna Graham
General Manager
Ministerial and Executive Services

Report



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

Date: 27 November 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

File Reference: REP/25/11/880

2025 Half Year Economic and Fiscal Update of Benefit Forecasts for Vote Social Development

Purpose of the report

- 1 The purpose of the report is to:
 - 1.1 Explain key changes to the benefit forecasts since the Budget Economic and Fiscal Update (BEFU) 2025, 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 Half Year Economic and Fiscal Update (HYEFU) 2025. The Treasury will publish HYEFU 2025 on 16 December 2025, which means Ministerial approval will be required by 15 December 2025.

Executive summary

- 2 **At HYEFU 2025, expenditure over the four years to June 2029 for Benefits or Related Expenses (BoREs) excluding policy changes was revised up by \$2,963 million (1.7 percent) since BEFU 2025.** Including policy changes, BoRE expenditure was revised up by \$3,031 million. Revisions in expenditure from policy changes have been approved separately.

- 3 **The main driver of the upward revision in BoRE expenditure is a higher number of people expected to receive a benefit, increasing expenditure by \$1,662 million over the four years to June 2029.** Jobseeker Support and Supported Living Payment are the main drivers of the increase in the number of people expected to receive a benefit.
- 4 **Higher growth in the Consumer Price Index (CPI) forecast has caused an upward revision in expenditure of \$1,165 million over the four years to June 2029.** Of this upward revision from higher growth in the CPI forecast, \$807 million is because of increases to New Zealand Superannuation (NZS).
- 5 **Expenditure for Jobseeker Support has been revised up by \$603 million, excluding policy changes.** This is driven by more people expected to receive Jobseeker Support – Work Ready due to a slower pickup in economic conditions than forecast at BEFU 2025.
- 6 **Expenditure for Supported Living Payment has been revised up by \$576 million.** This is because more people are expected to receive Jobseeker Support – Health Condition or Disability and the net rate of people transferring from Jobseeker Support – Health Condition or Disability has increased to be in line with the pre-COVID-19 average.

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 28 October 2025 and benefit information available as at 3 November 2025¹
- 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 benefit² and the Jobseeker Support forecast will be published on the Ministry of Social Development (MSD) website on the same day that the Treasury publishes the HYEFU 2025 forecasts (16 December 2025)
- 5 **note** that Appendix 1 shows the amounts requiring approval by Joint Ministers by appropriation, Appendix 2 shows the total change in expenditure from BEFU 2025, and Appendix 3 shows the annual forecast expenditure for HYEFU 2025
- 6 **approve** the changes to appropriations set out in Appendix 1 to give effect to the HYEFU 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

- 7 **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

¹ Benefit forecasts incorporate September monthly actuals.

² 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), Sole Parent Support, and Supported Living Payment. This differs from the definition of working-age benefits used in official MSD reporting.

8 **agree** to the proposed changes to appropriations in Appendix 1 for 2025/26 Supplementary Estimates and that, in the interim, any increases be met from Imprest Supply

Agree / Disagree	Agree / Disagree	Agree / Disagree	Agree / Disagree	Agree / Disagree
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

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

- 7 The Treasury provides the Ministry of Social Development (MSD) with macroeconomic forecasts, which are incorporated directly into MSD's benefit forecasts. These are then fed into the Economic and Fiscal Updates.
- 8 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).
- 9 The Joint Ministers' Report obtains approval for spending for three appropriation types in Vote Social Development that include forecast appropriations for:
 - 9.1 Benefits or Related Expenses (BoREs)
 - 9.2 Capital Expenditure, and
 - 9.3 Non-departmental Other Expenses.
- 10 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.
- 11 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.
- 12 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.
- 13 The expenditure revision outlined in this report is the total change excluding policy from BEFU 2025 to HYEFU 2025, unless explicitly stated. Policy changes that are included in the forecasts are approved separately to forecast expenditure revisions.
- 14 Consistent with the established fiscal management approach, 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. The fiscal impact of policy decisions is managed against Budget allowances unless Ministers agree otherwise.
- 15 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.

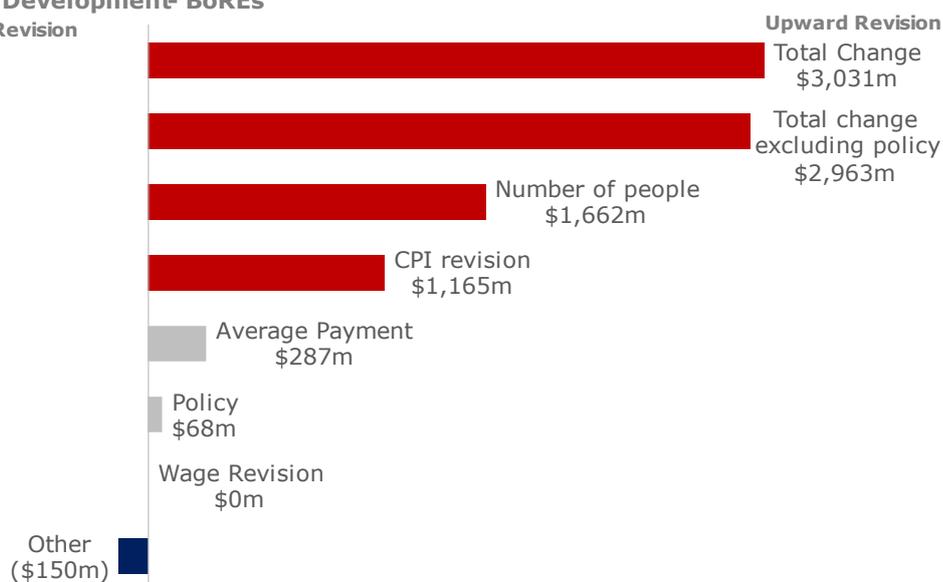
Benefit expenditure has been revised up by \$2,963 million (1.7 percent) excluding policy changes since BEFU 2025 over the four years to June 2029

16 The number of people expected to receive a benefit increases expenditure by \$1,662 million over the four years to June 2029 (Figure 1).

HYEFU 2025 Components of Forecast Change - 2025/26 to 2028/29

Vote Social Development- BoREs

Downward Revision



17 An upward revision to the Treasury's Consumer Price Index (CPI) forecast accounts for \$1,165 million of the total revision.

17.1 A higher CPI forecast permanently raises the level of benefit expenditure. In cases where inflation is revised up near the beginning of the forecast period, there are long-term effects for benefit expenditure as the higher-than-expected inflation will compound with future CPI increases.

17.2 Of the upward revision to the CPI forecast, \$807 million (69.3 percent) is from the revision to New Zealand Superannuation.³

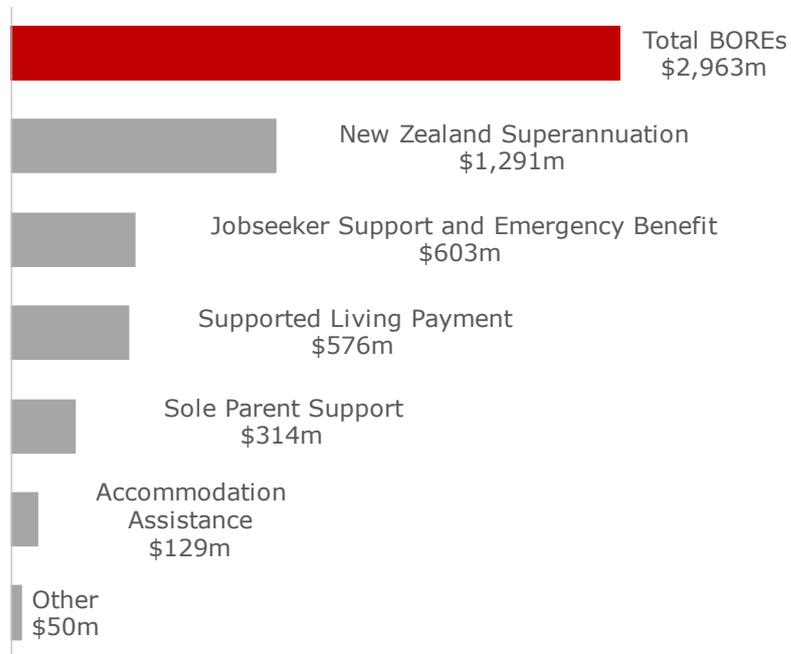
18 As shown in Figure 2, NZS, Jobseeker Support and Emergency Benefit and Supported Living Payment have the largest upward expenditure revisions when compared to BEFU 2025.⁴

³ Total expenditure for NZS has been revised up by \$1,291 million. Of this, \$807 million is due to the Treasury's CPI forecast. The remaining revision is due to a small upward revision to the number of people expected to be on NZS and a slightly higher forecast average payment rate.

⁴ Accommodation Assistance has been revised up slightly (less than 2 percent) over the four years to June 2029. This is driven by more people expected to receive a main benefit, leading to more people expected to receive Accommodation Supplement. For HYEFU 2025, Accommodation Supplement accounts for all of this expenditure for this appropriation.

Figure 2: New Zealand Superannuation has the largest upward revision by appropriation, followed by Jobseeker Support and Emergency Benefit and the Supported Living Payment

Key Revisions excluding Policy - Four Years to June 2029



The Treasury is forecasting a slower pickup in economic activity, however there are early signs of improving labour demand

- 19 The unemployment rate has been rising with weak economic conditions and is expected to peak at 5.5 percent in the December 2025 and March 2026 quarters. The peak is later and slightly higher than was expected at BEFU 2025 (5.4 percent in the March and June 2025 quarters).
- 20 The Treasury expects that growth in economic activity, as measured by Gross Domestic Product (GDP), will initially improve at a slower rate than expected at BEFU 2025. Together with a weaker than forecast GDP result for the June 2025 quarter, this means total economic activity will be lower throughout the forecast period.
- 21 Inflation pressures remain persistent, at 3.0 percent in the September 2025 quarter. This was 0.5 percentage points higher than expected at BEFU 2025. However, inflation is still expected to fall towards the mid-point of the Reserve Bank of New Zealand's (RBNZ) target inflation band, reaching 2 percent in 2028.
- 22 The RBNZ has continued to lower interest rates with the Official Cash Rate (OCR) now at 2.5 percent in October 2025. This is more stimulatory than expected at BEFU 2025.
- 23 However, there are early signs of improved labour demand as the number of hours worked increased in the September 2025 quarter (as measured in the Household Labour Force Survey).
- 24 High economic growth makes it is easier to find and retain work. This generally impacts the number of people receiving JS and SPS.

A slower pickup in economic conditions compared to BEFU 2025 is contributing to an upward revision to Jobseeker Support

25 The upward revision to Jobseeker Support (JS) is \$603 million or 3.3 percent over the four years to June 2029.

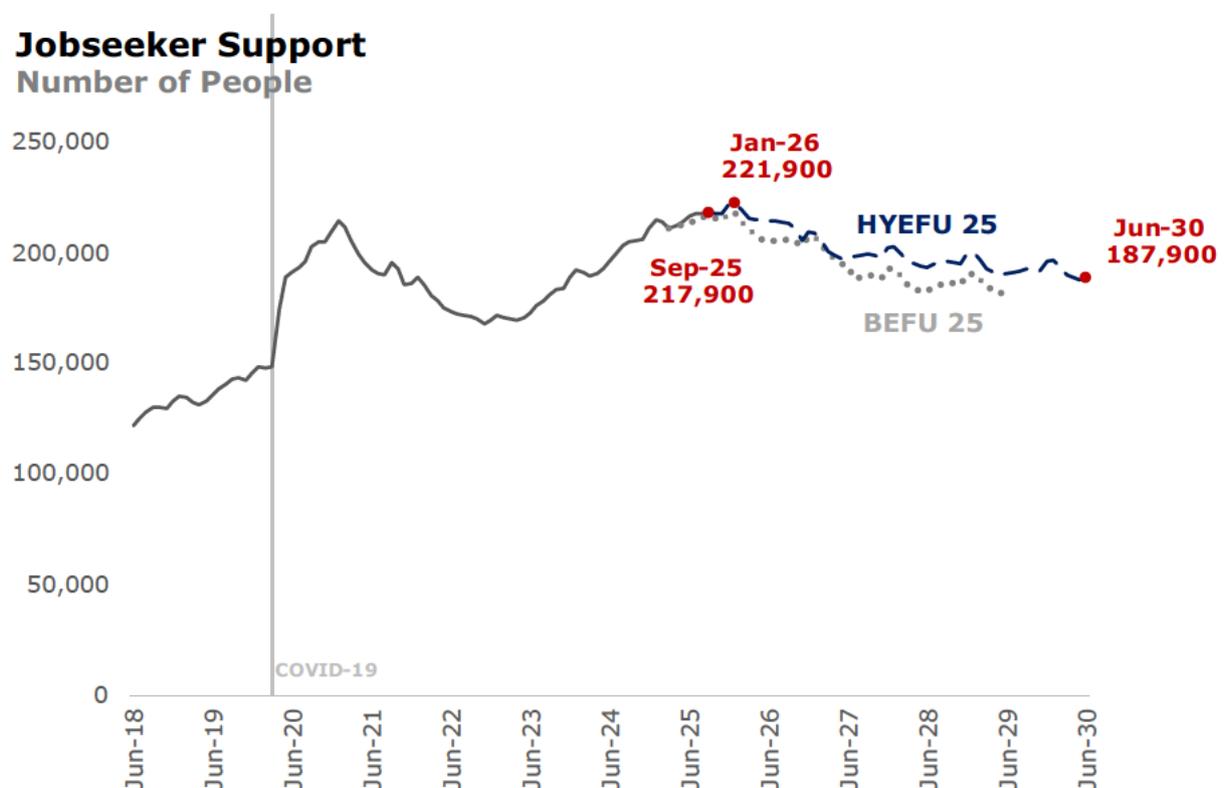
25.1 This upward revision to JS is driven by an increase in people expected to receive Jobseeker Support – Work Ready (JS-WR).

25.2 Jobseeker Support – Health Condition or Disability (JS-HCD) remains relatively unchanged as although there are more people transferring from JS-WR to JS-HCD, there are also more people transferring from JS- HCD to SLP.

26 JS is forecast to peak in January 2026 at 221,900 people and then decrease in line with an expected pickup in economic conditions, although at a slower rate than what was forecast at BEFU 2025.

27 The total number of people on JS is forecast to decline to 187,900 at June 2030. This decrease in the number of people on JS is due to an expected reduction in the number of people on JS-WR.

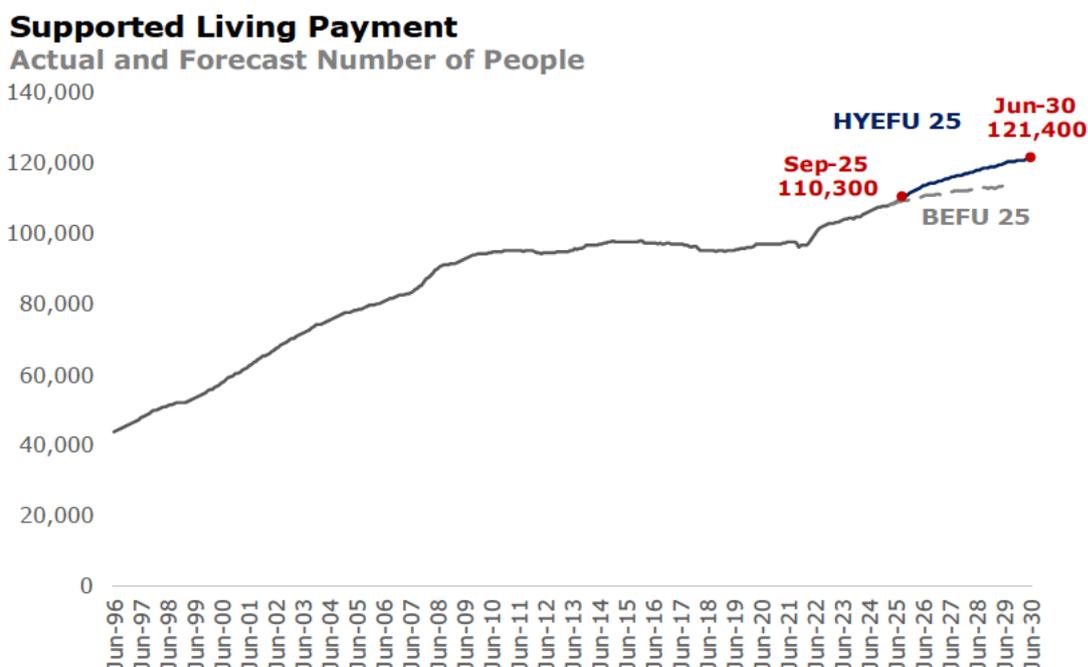
Figure 3: The forecast number of people on Jobseeker Support has been revised up since BEFU 2025



More people are expected to receive SLP as the number of people receiving JS - HCD has increased compared to March 2020 and the net transfer rate from JS-HCD to SLP has increased to the 2014-2019 average

- 28 Expenditure for SLP has been revised up by \$576 million or 4.9 percent over the four years to June 2029 because more people are expected to be on SLP.
- 29 At BEFU 25, the transfer rate from JS-HCD to SLP was below the longer-run trend and appeared stable.
- 30 Since BEFU 25, the rate of transfer from JS-HCD to SLP has been increasing to be in line with the longer-run trend.
- 31 HYEFU 2025 shows an increasing trend in SLP, driven by both a high number of JS-HCD recipients, expected to remain high throughout the forecast period, and the rate of transfer from JS-HCD to SLP increasing to the longer-run average⁵.
- 32 Annual growth in SLP was 3,100 at September 2025 and is expected to rise to around 4,500 in 2026 (2,800 higher than expected at BEFU 25) before falling to 1,900 by June 2029 (1,200 higher than expected at BEFU 25).
 - 32.1 The fall in annual growth in SLP from 2026 to 2029 is because the number of people transferring from SLP onto NZS is expected to continue increasing over the forecast period.

Figure 4: The forecast number of people receiving Supported Living Payment has been revised up at HYEFU 2025



⁵ The longer-run trend/pre-COVID-19 average is defined as the period from 2014-2019.

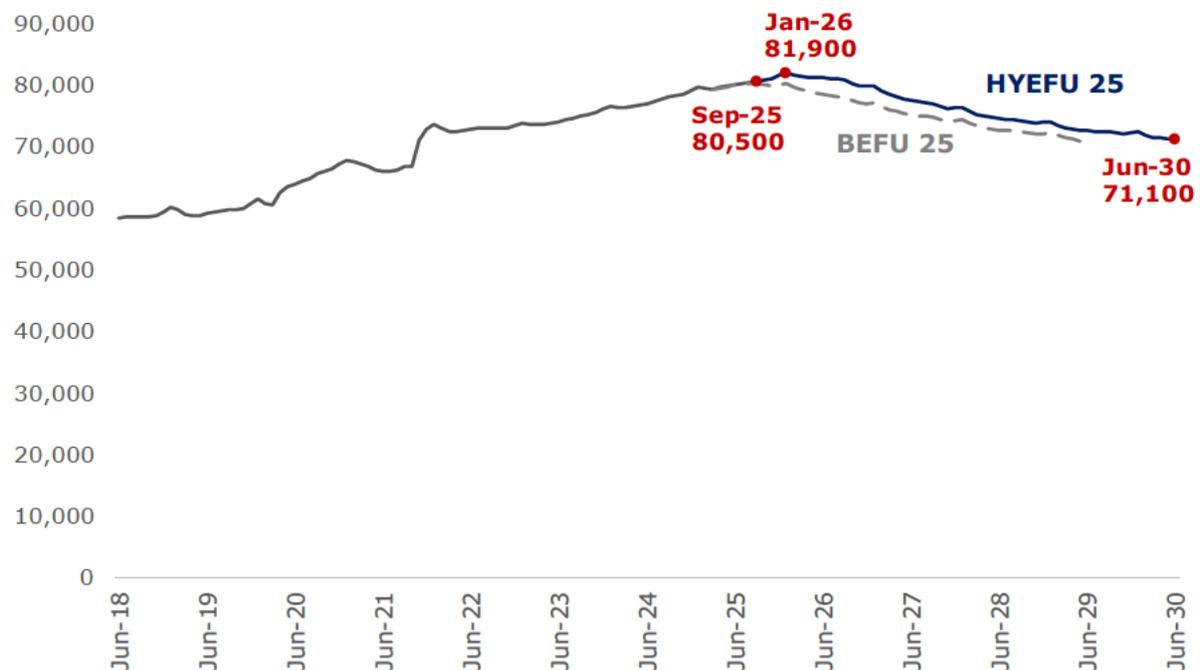
A slower pickup in economic conditions compared to BEFU 2025 is contributing to an upward revision in Sole Parent Support

- 33 Sole Parent Support (SPS) has been revised up by \$314 million or 3.5 percent since BEFU 2025 over the four years to June 2029.
- 34 SPS is forecast to peak at 81,900 people in January 2026 and then decrease in line with an anticipated pickup in economic conditions.

Figure 5: The forecast number of people receiving Sole Parent Support has been revised up at HYEFU 2025

Sole Parent Support

Number of people



A rising Student Loan uptake is driving an upward revision to expenditure since BEFU 2025

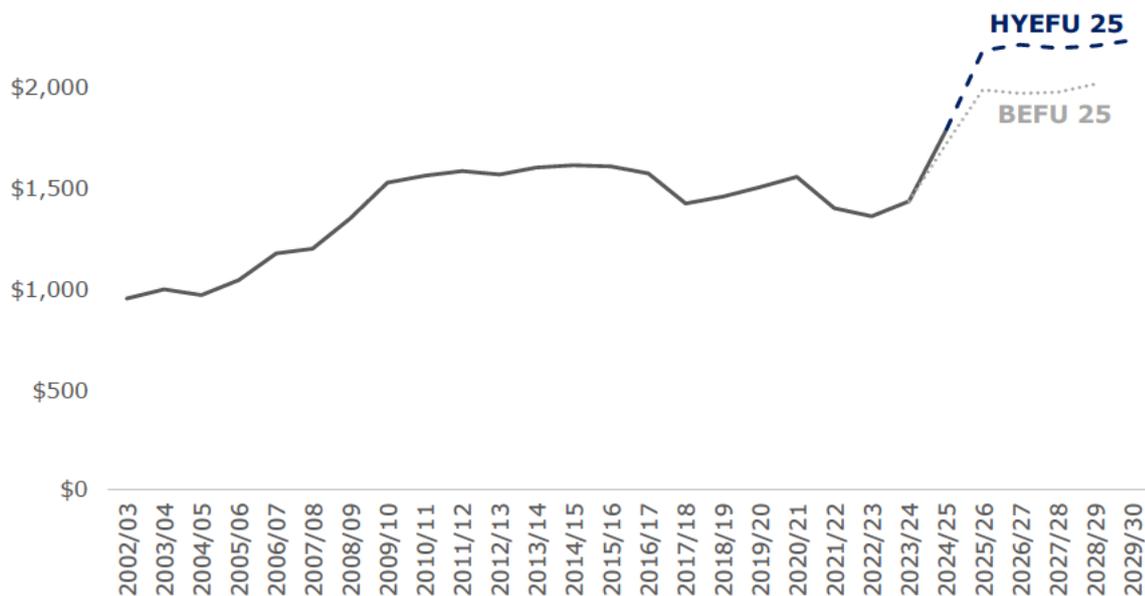
- 35 Over the four years to June 2029, expenditure for Student Loans⁶ has been revised up by \$850 million or 10.7 percent compared to BEFU 2025.
- 36 Weaker labour market conditions have made it more difficult for people to find and retain work. This is likely to lead to a greater proportion of students requiring a Student Loan. This is a similar trend to what happened during the Global Financial Crisis.
- 37 There has been an increase of around 20 percent in the number of Student Loan applications compared to the same time last year.
- 38 The number of Student Loans is forecast to peak in 2026, before decreasing as labour market conditions improve.
- 39 The decreasing trend in the number of Student Loans after 2026 is slightly offset by a rising average payment due to the Annual Maximum Fee Movement policy, which results in expenditure remaining relatively flat (as seen in Figure 6).

Figure 6: Student Loans appropriation has been revised up since BEFU 2025

Student Loans Annual Expenditure

Actual and Forecast Expenditure

Millions
\$2,500



⁶ Student Loans is a Capital Expenditure appropriation. These are forms of assistance that must be paid back and are separate to BoREs. The revision to Student Loans is not part of the headline \$2,963 million revision figure.

Key Uncertainties at HYEFU 2025

- 40 Globally, economies are facing multiple challenges and New Zealand businesses are expected to remain cautious. This is due to the uncertainty around slower global demand growth.
- 41 The main uncertainties at HYEFU 2025 include the possibility of:
 - 41.1 changes in global trade relationships
 - 41.2 economic growth being lower or higher than the Treasury expects
 - 41.3 the labour market being weaker or stronger than the Treasury expects.
- 42 The uncertainties in the Treasury's economic forecast will also affect the benefit forecasts. This is particularly true for the JS, SPS and NZS forecasts. JS and SPS are impacted by changes in economic conditions more than other benefits. NZS can be significantly impacted by inflation and wage outlooks.

Next steps

- 43 Benefit forecasts will be updated for BEFU 2026, which will be followed by another Joint Ministers' report seeking approval for any demand driven appropriation changes for MSD. The report is usually sent in May.

Appendix 1: Changes to appropriations requiring approval

Vote Social Development - Changes in Benefits or Related Expenses	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	2029/30 and Outyears (\$000)	Four Year Total to 2028/29 (\$000)	Five Year Total to 2029/30 (\$000s)
					(see footnote 5)		
Accommodation Assistance ¹	17,810	35,219	33,209	42,831	61,545	129,069	190,614
Childcare Assistance	(12,089)	(13,671)	(13,631)	(16,470)	(10,969)	(55,861)	(66,830)
Disability Assistance ²	7,441	14,713	18,115	18,935	21,903	59,204	81,107
Emergency Housing Assistance	(19,076)	(16,789)	(12,927)	(12,887)	(11,136)	(61,679)	(72,815)
Hardship Assistance ³	(18,003)	(9,880)	5,251	11,173	52,661	(11,459)	41,202
Jobseeker Support and Emergency Benefit	95,711	165,446	185,377	156,513	196,024	603,047	799,071
New Zealand Superannuation	87,224	307,545	413,914	482,632	1,935,538	1,291,315	3,226,853
Orphan's/Unsupported Child's Benefit	(1,319)	(3,103)	(5,200)	(7,637)	(3,101)	(17,259)	(20,360)
Sole Parent Support	45,283	96,751	86,998	85,202	88,581	314,234	402,815
Special Circumstance Assistance	(644)	(259)	(378)	(346)	357	(1,627)	(1,270)
Student Allowances	14,886	38,124	22,423	19,215	7,018	94,648	101,666
Study Scholarships and Awards ⁴	-	-	-	-	-	-	-
Supported Living Payment	60,196	128,270	171,898	215,546	337,329	575,910	913,239
Training Incentive Allowance	(4,759)	(974)	505	1,861	3,290	(3,367)	(77)
Transitional Assistance	(126)	-	-	-	-	(126)	(126)
Veteran's Pension	(1,156)	(488)	89	510	(493)	(1,045)	(1,538)
Winter Energy Payment	3,902	7,691	10,278	10,267	19,624	32,138	51,762
Work Assistance	(478)	(10)	1,644	911	1,266	2,067	3,333
Youth Payment and Young Parent Payment	1,906	2,936	3,936	5,294	9,563	14,072	23,635
Total Forecast Change	276,709	751,521	921,501	1,013,550	2,709,000	2,963,281	5,672,281
Forecast Change excluding NZS and VP	190,641	444,464	507,498	530,408	773,955	1,673,011	2,446,966
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 and Temporary Additional Support							
4 This consists of Scholarship and NQF/NCEA Awards, and TeachNZ Scholarships							
5 This is 2029/30 HYEUFU less 2028/29 BEFU							
Vote Social Development - Non-departmental Changes in Capital Expenditure	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	2029/30 and Outyears (\$000)	Four Year Total to 2028/29 (\$000)	Five Year Total to 2029/30 (\$000s)
Recoverable Assistance	(18,126)	(10,193)	(5,921)	(5,445)	(5,617)	(39,685)	(45,302)
Student Loans	196,844	244,874	218,018	189,974	212,398	849,710	1,062,108
Total Forecast Change	178,718	234,681	212,097	184,529	206,781	810,025	1,016,806
Vote Social Development: Changes in Non-Departmental Other Expenses	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	2029/30 and Outyears (\$000)	Four Year Total to 2028/29 (\$000)	Five Year Total to 2029/30 (\$000s)
Reimbursement of Income Related Rent Overpayments	961	1,463	1,463	1,463	1,463	5,350	6,813
Debt Write-downs	6,999	7,462	956	1,232	3,828	16,649	20,477
Total Forecast Change	7,960	8,925	2,419	2,695	5,291	21,999	27,290
Changes Expenses, Revenue and Capital Expenditure (MCA)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	2029/30 and Outyears (\$000)	Four Year Total to 2028/29 (\$000)	Five Year Total to 2029/30 (\$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	75	141	81	37	26	334	360
Non-Departmental Capital Expenditure							
Recoverable Housing Support Assistance	(230)	7,231	9,707	10,577	16,606	27,285	43,891
Total Forecast Change	(155)	7,372	9,788	10,614	16,632	27,619	44,251

Appendix 2: Total change in expenditure

Vote Social Development - Changes in Benefits or Related Expenses	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	Four Year Total to 2028/29 (\$000s)
Accommodation Assistance ¹	17,810	35,219	33,209	42,831	129,069
Childcare Assistance	(12,089)	(13,671)	(13,631)	(16,470)	(55,861)
Disability Assistance ²	7,441	14,713	18,115	18,935	59,204
Emergency Housing Assistance	(19,076)	(16,789)	(12,927)	(12,887)	(61,679)
Hardship Assistance ³	(18,003)	(594)	(20,463)	(13,815)	(52,875)
Jobseeker Support and Emergency Benefit	95,711	109,999	267,237	239,357	712,304
New Zealand Superannuation	87,224	307,545	413,914	482,632	1,291,315
Orphan's/Unsupported Child's Benefit	(1,319)	(3,103)	(5,200)	(7,637)	(17,259)
Sole Parent Support	45,283	96,751	86,998	85,202	314,234
Special Circumstance Assistance	(644)	(259)	(378)	(346)	(1,627)
Student Allowances	14,886	38,124	22,423	19,215	94,648
Study Scholarships and Awards ⁴	-	-	-	-	-
Supported Living Payment	60,196	128,270	171,898	215,546	575,910
Training Incentive Allowance	(4,759)	(974)	505	1,861	(3,367)
Transitional Assistance	(126)	-	-	-	(126)
Veteran's Pension	(1,156)	(488)	89	510	(1,045)
Winter Energy Payment	3,902	7,691	10,278	10,267	32,138
Work Assistance	(478)	(10)	1,644	911	2,067
Youth Payment and Young Parent Payment	1,906	2,936	3,936	5,294	14,072
Total Change	276,709	705,360	977,647	1,071,406	3,031,122
SUB-TOTAL excluding NZS and VP	190,641	398,303	563,644	588,264	1,740,852
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 and Temporary Additional Support					
4 This consists of Scholarship and NQF/NCEA Awards, and TeachNZ Scholarships					
Vote Social Development - Non-departmental Changes in Capital Expenditure	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	Four Year Total to 2028/29 (\$000s)
Recoverable Assistance	(18,126)	(10,467)	(20,659)	(19,767)	(69,019)
Student Loans	196,844	244,874	218,018	189,974	849,710
Total Change	178,718	234,407	197,359	170,207	780,691
Vote Social Development: Non-departmental Other Expenses	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	Four Year Total to 2028/29 (\$000s)
Reimbursement of Income Related Rent Overpayments	961	1,463	1,463	1,463	5,350
Debt Write-downs	6,999	7,380	(3,465)	(3,065)	7,849
Total Change	7,960	8,843	(2,002)	(1,602)	13,199
Expenses, Revenue and Capital Expenditure (MCA)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	Four Year Total to 2028/29 (\$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	75	141	81	37	334
Non-Departmental Capital Expenditure					
Recoverable Housing Support Assistance	(230)	7,231	9,707	10,577	27,285
Total Forecast Change	(155)	7,372	9,788	10,614	27,619

Appendix 3: Total Annual Forecast Expenditure by Appropriation for HYEUFU 2025

Vote Social Development - Benefits or Related Expenses	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	2029/30 and Outyears (\$000)	Five Year Total to 2029/30
Accommodation Assistance ¹	2,307,263	2,278,979	2,265,782	2,149,809	2,168,523	11,170,356
Childcare Assistance	165,920	173,694	185,683	188,448	193,949	907,694
Disability Assistance ²	517,970	526,860	530,515	524,738	527,706	2,627,789
Emergency Housing Assistance	40,972	56,963	65,052	66,200	67,951	297,138
Hardship Assistance ³	819,071	851,954	876,845	876,826	918,314	4,343,010
Jobseeker Support and Emergency Benefit	4,934,380	4,825,402	4,763,928	4,659,329	4,698,840	23,881,879
New Zealand Superannuation	24,778,164	26,423,624	28,018,532	29,439,863	30,892,769	139,552,952
Orphan's/Unsupported Child's Benefit	415,453	425,911	434,673	439,443	443,979	2,159,459
Sole Parent Support	2,376,754	2,399,329	2,357,410	2,254,663	2,258,042	11,646,198
Special Circumstance Assistance	11,215	12,032	12,554	13,037	13,740	62,578
Student Allowances	650,093	678,217	659,792	647,041	634,978	3,270,121
Study Scholarships and Awards ⁴	20,426	20,426	20,426	20,426	20,426	102,130
Supported Living Payment	2,842,045	3,009,450	3,147,150	3,238,737	3,360,520	15,597,902
Training Incentive Allowance	19,022	22,595	24,070	25,243	26,672	117,602
Transitional Assistance	374	500	500	500	500	2,374
Veteran's Pension	131,122	129,578	128,534	127,326	126,323	642,883
Winter Energy Payment	580,590	590,314	596,434	606,003	615,360	2,988,701
Work Assistance	3,438	3,992	5,739	5,072	5,427	23,668
Youth Payment and Young Parent Payment	82,108	87,218	92,682	93,867	98,136	454,011
TOTAL BENEFITS	40,696,380	42,517,038	44,186,301	45,376,571	47,072,155	219,848,445
SUB-TOTAL excluding NZS and VP	15,787,094	15,963,836	16,039,235	15,809,382	16,053,063	79,652,610
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 and Temporary Additional Support						
4 This consists of Scholarship and NQF/NCEA Awards, and TeachNZ Scholarships						

Vote Social Development - Non-departmental Capital Expenditure	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	2029/30 and Outyears (\$000)	Five Year Total to 2029/30
Recoverable Assistance	279,349	292,353	298,906	296,987	296,815	1,464,410
Student Loans	2,186,938	2,213,438	2,193,924	2,210,198	2,234,275	11,038,773
TOTAL CAPITAL EXPENDITURE	2,466,287	2,505,791	2,492,830	2,507,185	2,531,090	12,503,183

Vote Social Development: Non-departmental Other Expenses	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	2029/30 and Outyears (\$000)	Five Year Total to 2029/30
Reimbursement of Income Related Rent Overpayments	7,772	8,274	8,274	8,274	8,274	40,868
Debt Write-downs	148,869	151,681	149,990	152,710	155,306	758,556
Total	156,641	159,955	158,264	160,984	163,580	799,424

Expenses, Revenue and Capital Expenditure (MCA)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	2029/30 and Outyears (\$000)	Five Year Total to 2029/30
Non Departmental Output Expenses						
Provision to better prepare people to access and sustain private rentals	1,613	563	563	563	563	3,865
Non-Departmental Other Expenses						
Non-Recoverable Housing Support Assistance	2,471	2,738	2,814	2,787	2,776	13,586
Non-Departmental Capital Expenditure						
Recoverable Housing Support Assistance	166,572	184,517	197,053	202,360	208,389	958,891
Total	170,656	187,818	200,430	205,710	211,728	976,342

Appendix 4: About MSD's Benefit forecasts

Why do we forecast

- 44 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.
- 45 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.
- 46 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.
- 47 We forecast across 23 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:
 - 47.1 number of people on a main benefit
 - 47.2 number of people receiving supplementary payments including AS, DA and TAS
 - 47.3 number of grants for hardship payments such as SNGs
 - 47.4 demand driven expenditure for five years.
- 48 Data that is monitored by MSD but not included in these forecasts are the:
 - 48.1 number of children in a benefit dependent family
 - 48.2 number of hardship grants by category
 - 48.3 benefit numbers by demographic group including gender, ethnicity, or age
 - 48.4 non-demand driven expenditure, including employment programmes, such as Flexi-wage or wage subsidies.
- 49 Key factors that can influence benefit expenditure include:

- 49.1 historic trends in the number of people receiving support and the payment rates received
 - 49.2 demographic factors including population trends
 - 49.3 macroeconomic forecasts from the Treasury, including expected rates of employment, economic growth, Consumers Price Index (CPI) and wage forecasts
 - 49.4 policy changes that impact demand driven payments
 - 49.5 operational changes implemented by MSD
 - 49.6 our own professional judgement when we believe past trends may not repeat in the future or there is limited data.
- 50 Our forecasts are produced on a mid-point basis which means they are not best-or-worst-case scenarios.
- 51 Some of the key products that use our forecasts include:
- 51.1 a Joint Ministers' Report to appropriation Ministers which obtains legal authority for MSD to spend up to new level of benefit expenditure
 - 51.2 publishing our forecasts on MSD's website where we explain expected trends in important main benefit payments
 - 51.3 presentations about our forecasts within MSD to receive feedback and support workforce planning
 - 51.4 Treasury's Estimates of Appropriations documents which are released as part of the Budget.

The forecasting process

- 52 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.
- 53 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 at MSD who specialise in specific areas.
- 53.1 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 as well as macroeconomic assumptions into the forecasts.
- 54 Quality assurance of our forecasts is ensured by robust internal and external reviews and assessments as part of our due diligence processes.
- 55 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.
- 56 Any variance in the forecasts compared to actual spending will be taken into account at the next forecast update.

56.1 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.

57 In 2021, MSD underwent an external review of the forecasting process and models.⁷ 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.

File ref: A17337573

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⁷ Report title: *Ministry of Social Development Forecast Methodology and Process Review (2021)*