



25 AUG 2020

Tēnā koe

On 28 July 2020, the Ministry of Social Development (the Ministry) received your request, under the Official Information Act 1982, for the following information:

1. *The actual cost of the Jobseeker subsidy.*
2. *The actual cost of administering the Jobseeker subsidy, including a share of all administrative costs.*
3. *The administration cost to remove a person from the Jobseeker subsidy, if their original employment again becomes available.*
4. *The cost of re-training [tourism industry staff to enter into a new field of work].*

The Ministry has interpreted your request to be in relation to the Jobseeker Support Benefit. More information about Jobseeker Support is available on the Ministry's website here: www.workandincome.govt.nz/products/a-z-benefits/jobseeker-support.html.

The actual cost of the Jobseeker Support and Emergency Benefit in 2019, as well as the Budget 2020 forecast for Jobseeker Support and Emergency Benefit, can be found at the following link, under Table 6.2: www.treasury.govt.nz/sites/default/files/2020-05/befu20-data-expensetables.xlsx.

The Ministry has also released a description of the Budget 2020 benefit forecasts which you might be interested in. This is available on the Ministry's website here: www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/covid-19/forecasts-and-scenarios.html.

The following report is attached in relation to Part Two and Three of your request:

- *Estimated cost of administering Jobseeker Support Work Ready benefit applications and cancellations, 10 August 2019.*

In relation to Part Four of your request, information about the training and work experience provided by the Ministry is available on the Ministry's website here: www.workandincome.govt.nz/work/training-and-work-experience/index.html.

While the Ministry offers some training programmes, people looking to move into a new industry that requires further training are likely to undertake tertiary study funded by the Tertiary Education Commission, with support through student loans and allowances. As costs are likely to vary between individuals, based on their previous study experience, and what field they are choosing to study in the future, this information is not available in a way that can be reported on. Therefore, this part of your request is refused under section 18(g) of the Act, as the information you have requested is not held by the Ministry.

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

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

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public. The Ministry will do this by publishing this letter and attachments on the Ministry of Social Development's website. Your personal details will be deleted, and the Ministry will not publish any information that would identify you as the person who requested the information.

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

If you are not satisfied with this response, 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



Rachel Skeates-Millar
General Manager, Research and Evaluation



Report

Date: 10 August 2020

Security Level: IN CONFIDENCE

Estimated cost of administering Jobseeker Support Work Ready benefit applications and cancellations

Purpose of the report

- 1 This report summarises the estimated cost of administering Jobseeker Support Work Ready benefit applications and cancellations in response to an OIA request from Chair of the Travel Industry Suppliers Group (OIA/07/20-15183)

Estimating the cost of income support administration

- 2 The cost of administering income support benefits such as Jobseeker Support Work Ready are based on the individual Cost Allocation Model (iCAM) that uses several information sources to try and estimate the cost of MSD programmes and services. The iCAM is updated on a regular basis in response to new data and improvements in the underlying methodology, therefore the results presented here are current as at 10 August 2020. The values reported here may change in subsequent updates to the model.
- 3 Specific information for the OIA request:
 - 3.1 we try and align with official reported benefit applications and cancellations, but because of differences in how the iCAM treats individual events, minor differences do exist, these are described below
 - 3.2 these costs only include the cost to MSD of administering benefit applications and cancellations and does not include costs incurred by recipients or other parties involved in the application or cancellation for benefit
 - 3.3 values are nominal and have not been adjusted for inflation.

Cost of Jobseeker Support applications and cancellations

- 4 Table 1 summarises the estimated cost to MSD of Jobseeker Support Work Ready application and cancellations for the previous two financial years. The total cost is split between direct (front line staff time) and indirect costs (property, ICT, support staff etc). Note, applications include those that are declined as well as granted and is why the number of applications is higher than cancellations. An additional reason for the high applications is that many people change status from Jobseeker Support Work Ready to Jobseeker Support Health Condition and Disability (a non-benefit transfer) and therefore do not show up in Jobseeker Support Work Ready cancellations series.
- 5 Table 2 summarises the difference between the count of applications and cancellations between official and iCAM. The counts of cancellations are very close, with iCAM undercounting applications by around 1%.

Table 1: Estimated cost of Jobseeker Support Work Ready benefit applications and cancellations

| Financial Year | Output | Component | Total | Average |
|----------------|--------------------------|--------------|---------------------|-----------------|
| 2018/2019 | Application (160,262) | Direct | \$6,423,330 | \$40.08 |
| | | Indirect | \$7,850,740 | \$48.99 |
| | | Total | \$14,274,070 | \$89.07 |
| | Cancellation (77,019) | Direct | \$786,299 | \$10.21 |
| | | Indirect | \$961,033 | \$12.48 |
| | | Total | \$1,747,333 | \$22.69 |
| 2019/2020 | Application (204,579) | Direct | \$11,843,033 | \$57.89 |
| | | Indirect | \$10,311,036 | \$50.40 |
| | | Total | \$22,154,069 | \$108.29 |
| | Cancellation (85,311) | Direct | \$1,207,995 | \$14.16 |
| | | Indirect | \$1,108,202 | \$12.99 |
| | | Total | \$2,316,196 | \$27.15 |

Table 2: Variance in Jobseeker Work Ready cancellations between official and iCAM counts

| Financial Year | Event | Counts | | Variance | |
|----------------|--------------|----------|---------|----------|------|
| | | Official | iCAM | N | % |
| 2018/2019 | Application | 162,194 | 160,262 | 1,932 | 1.2% |
| | Cancellation | 77,014 | 77,019 | -5 | 0.0% |
| 2019/2020 | Application | 207,233 | 204,579 | 2,654 | 1.3% |
| | Cancellation | 85,307 | 85,311 | -4 | 0.0% |

File ref: A12697103

Author: s 9(2)(a) (Principal Analyst, Research and Evaluation, Insights MSD)

Reviewed by: s 9(2)(a) (Senior Analyst, Research and Evaluation, Insights MSD)

Responsible manager: (Rachel Skeates-Millar, General Manager, Research and Evaluation, Insights MSD)