



Cabinet

CAB Min (08) 14/1(46)

Minute of Decision

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2008 Budget Package: Vote Social Development

On 14 April 2008, and following further consideration on 21 April 2008, Cabinet:

1. **approved** the Budget initiatives for the above Vote for inclusion in the 2008 Budget package, as listed in the summary below and detailed in the attached initiative documents;

Summary of initiatives included in the attached initiative documents:

Operating Initiatives (Impact on Operating Balance)

| Initiative ID | Initiative Name | \$m - increase/(decrease) | | | | |
|---------------|--|---------------------------|---------|---------|---------|-------------------|
| | | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12& Outyears |
| 4776 | Alignment of UCB/OB weekly rates with the FCA weekly board rates | - | 1.781 | 7.314 | 7.580 | 7.898 |
| 4877 | Longitudinal Study of New Zealand Children and Families | - | - | 4.750 | 3.100 | - |
| 4907 | KiwiSaver financial education programme | - | 1.900 | 1.900 | 2.000 | 2.000 |
| 4908 | Student Loans Redesign | - | 0.800 | - | - | - |
| 4930 | Expansion of Bonded Merit Scholarship Scheme | - | 1.444 | 2.817 | 4.201 | 4.783 |
| 4931 | Increasing the student allowance parental income threshold by 10 percent | - | 4.314 | 8.395 | 8.742 | 9.072 |
| 4932 | Increasing the Student Loan Scheme living cost component to \$155 per week | - | 2.774 | 5.451 | 6.777 | 7.480 |
| 5195 | Student Achievement Component: Access in priority areas | - | 4.274 | 6.715 | 4.635 | (2.682) |
| 5236 | Lowering the age limit for student allowance parental income testing by one year | - | 9.140 | 17.719 | 18.774 | 19.844 |
| 5303 | Citizens' Support | - | - | - | - | - |
| 5304 | Reinstatement of Care & Protection Baseline | - | 6.800 | - | - | - |
| 5305 | Historical Claims | - | 5.283 | 6.783 | - | - |
| 5314 | Skills Investment Subsidy Expenditure Reduction | - | (1.781) | (7.314) | (7.580) | (7.898) |
| 5315 | TIA Reprioritisation - Correction of Error in CAB Min (08) 7/3 | - | - | - | - | - |

| | | | | | | |
|------------------------|---|----------------|---------------|---------------|---------------|---------------|
| 5318 | Reduced Departmental outputs to partially fund the Community Partnership Fund | (1.100) | - | - | - | - |
| N/A | Operating Funding for Additional Beds at Youth Justice Central | - | - | 1.309 | 2.617 | 2.617 |
| Total Operating | | (1.100) | 36.729 | 55.839 | 50.846 | 43.114 |

Capital Initiatives (Impact on Debt)

| Initiative ID | Initiative Name | \$m - increase/(decrease) | | | | |
|----------------------|--|---------------------------|--------------|---------------|---------------|--------------------|
| | | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| 4930 | Expansion of Bonded Merit Scholarship Scheme | - | (0.399) | (0.799) | (1.198) | (1.358) |
| 4931 | Increasing the student allowance parental income threshold by 10 per cent | - | (1.008) | (2.185) | (2.253) | (2.323) |
| 4932 | Increasing the Student Loan Scheme living cost component to \$155 per week | - | 6.139 | 13.918 | 17.304 | 19.099 |
| 5195 | Student Achievement Component: Access in priority areas | - | 6.726 | 8.866 | 6.921 | (4.474) |
| 5236 | Lowering the age limit for student allowance parental income testing by one year | - | (2.437) | (5.228) | (5.546) | (5.868) |
| Total Capital | | - | 9.021 | 14.572 | 15.228 | 5.076 |

2. **agreed** to establish new appropriations where required to implement these initiatives, as described in the attached initiative documents;
3. **approved** the changes to appropriations and/or projected balances of net assets of the administering department (where applicable) to implement the initiatives, as set out in the attached initiative documents;
4. **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;
5. **agreed** that the proposed changes to appropriations and/or projected balances of net assets for 2007/08 above be included in the 2007/08 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
6. **authorised** the Minister of Finance and the Vote Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2007/08 Supplementary Estimates, the 2008/09 Estimates and the fiscal forecasts;
7. **noted** that all communications relating to the 2008 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office.

Secretary of the Cabinet

Reference: 2008 Budget package tabled
by the Minister of Finance**Distribution:** (see over)

Distribution:

Prime Minister

Chief Executive, DPMC

Director PAG, DPMC

Minister of Finance

Secretary to the Treasury

Hon Jim Anderton

Associate Minister of Finance (Hon Trevor Mallard)

Minister for Social Development and Employment

Chief Executive, MSD

Chief Parliamentary Counsel

Controller and Auditor-General

Vote: Social Development

Title: Alignment of UCB/OB weekly rates with the FCA weekly board rates

Description: Align weekly base rates of the Unsupported Child's Benefit and Orphan's Benefit (UCB/OB) to match the Foster Care Allowance (FCA) weekly board rates from 1 April 2009.

Theme: Families - Young and Old

Theme Objective: Key business and service delivery failures

Performance Information

Performance Text

This proposal targets financial barriers currently faced by most UCB/OB caregivers. It provides payments equivalent to the weekly payment under the FCA (excluding supplementary allowances eg medical, education, clothing, birthday and Christmas allowances) to all UCB/OB caregivers, from 1 April 2009.

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|--------------|--------------|--------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Operating Balance Impact | - | 1.781 | 7.314 | 7.580 | 7.898 |
| Debt Impact | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | - | 1.781 | 7.314 | 7.580 | 7.898 |

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|--------------|--------------|--------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Benefits and Other Unrequited Expenses: | | | | | |
| Orphan's/Unsupported Child's Benefit | - | 1.781 | 7.314 | 7.580 | 7.898 |
| Total Operating | - | 1.781 | 7.314 | 7.580 | 7.898 |
| Total Capital | - | - | - | - | - |

Additional Recommendations

agreed to equalise the Unsupported Child's Benefit/Orphan's Benefit weekly rates with the Foster Care Allowance weekly board rates for all Unsupported Child's Benefit/Orphan's Benefit caregivers, from 1 April 2009, at a cost of \$24.573 million over four years;

invited the Minister for Social Development and Employment to include these changes to the payment rates of Unsupported Child's Benefit/Orphan's Benefit in the draft Order in Council to give effect to the Annual General Adjustment from 1 April 2009;

noted that the changes in rates agreed above excludes providing Unsupported Child's Benefit/Orphan's Benefit caregivers with the supplementary allowances (medical, education, clothing, birthday and Christmas allowances) currently available to Foster Care Allowance recipients.

Initiative No: 4877

Vote: Social Development**Title:** Longitudinal Study of New Zealand Children and Families**Description:** A new study following a sample of 7,600 children born in the Auckland/Waikato region, for successive years, indefinitely into the future. The study will provide information on multiple aspects of, and influences on, child development to inform policy.**Theme:** Families - Young and Old**Theme Objective:** Other

Performance Information

Performance Text

The study will track the development of 7,600 children in Auckland/Waikato, with significant sub-samples of Maori, Pacific and Asian children, collecting information on multiple domains of child development and multiple dimensions of influence on children's development. The study will have wide application across a range of areas of policy importance, including child maltreatment, educational failure, mental health, antisocial behaviour, juvenile crime, substance abuse and family violence.

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|---------|--------------|--------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Operating Balance Impact | - | - | 4.750 | 3.100 | - |
| Debt Impact | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | - | - | 4.750 | 3.100 | - |

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|---------|--------------|--------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Departmental Output Expenses (General): Policy Advice and Support to Ministers | | | | | |
| Social Policy Advice (funded by Revenue Crown) | - | - | 4.750 | 3.100 | - |
| Total Operating | - | - | 4.750 | 3.100 | - |
| Total Capital | - | - | - | - | - |

Additional Recommendations

noted that Vote Health has loaded savings of \$1.500 million in 2007/08 to partially fund the Longitudinal Study of New Zealand Families and Children;

noted that Vote Justice has loaded savings of \$0.050 million in 2007/08, \$0.100 million in 2008/09 and \$0.100 million in 2009/10 to partially fund the Longitudinal Study of New Zealand Families and Children;

noted that Vote Police has loaded savings of \$0.100 million in 2007/08 to partially fund the Longitudinal Study of New Zealand Families and Children.

Vote: Social Development

Title: KiwiSaver financial education programme

Description: To continue and further develop the Retirement Commission's Workplace Financial Education Programme, designed to inform KiwiSaver decision-making.

Theme: Other

Theme Objective: Other

Performance Information

Performance Text

Key deliverables will be new information on contribution continuation; fund portability; and investment education for new and existing members. Measures of effectiveness are uptake of KiwiSaver decision-making resources, and improvement in financial knowledge. A key target is to increase the percentage of New Zealanders who use Sorted resources from 19 per cent to 30 per cent by 2010 with over half the interaction being through the workplace.

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|--------------|--------------|--------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Operating Balance Impact | - | 1.900 | 1.900 | 2.000 | 2.000 |
| Debt Impact | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | - | 1.900 | 1.900 | 2.000 | 2.000 |

| | \$m - increase/(decrease) | | | | |
|--|---------------------------|--------------|--------------|--------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Non-Departmental Output Expenses: Retirement Commissioner | - | 1.900 | 1.900 | 2.000 | 2.000 |
| Total Operating | - | 1.900 | 1.900 | 2.000 | 2.000 |
| Total Capital | - | - | - | - | - |

Initiative No: 4908

Vote: Social Development**Title:** Student Loans Redesign**Description:** This initiative is for phase one of a new Inland Revenue Department (IRD)/Ministry of Social Development (MSD) Student Loan system. This will develop a detailed design of a new system to enable a Request for Proposal (RFP) process.**Theme:** Other**Theme Objective:** Other**Performance Information****Performance Text**

Phase one of a new IRD/MSD Student Loan system will deliver a design proposal detailed enough to proceed to market with an RFP. This will be delivered by March 2009 and will allow Ministers to make a final full funding decision as part of Budget 2009. A new Student Loan system will deliver increased alignment of services between agencies, seamless provision of services for students/borrowers across agencies, timely sharing of information between agencies and enhanced loan management capabilities.

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|--------------|---------|---------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Operating Balance Impact | - | 0.800 | - | - | - |
| Debt Impact | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | - | 0.800 | - | - | - |

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|--------------|---------|---------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Departmental Output Expenses (General): | | | | | |
| Management of Student Support (funded by Revenue Crown) | - | 0.800 | - | - | - |
| Total Operating | - | 0.800 | - | - | - |
| Total Capital | - | - | - | - | - |

Additional Recommendation

noted that funding is also appropriated in Vote Revenue for this initiative.

Initiative No: 4930

Vote: Social Development

Title: Expansion of Bonded Merit Scholarship Scheme

Description: This bid seeks funding to expand the Bonded Merit Scholarship scheme by increasing the number of new scholarships offered annually by 50 per cent (from 1,000 to 1,500) from 2009. Additional administration funding is also sought.

Theme: Economic Transformation

Theme Objective: Innovative and productive workplaces: innovation

Performance Information

Performance Table

| | Unit of Measurement | Performance Specification | | | | |
|-----------------------|---------------------|---------------------------|---------|---------|---------|---------|
| | | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Quantity | | | | | | |
| Additional recipients | People | 0 | 500 | 500 | 500 | 500 |

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|--------------|--------------|--------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Operating Balance Impact | - | 1.444 | 2.817 | 4.201 | 4.783 |
| Debt Impact | - | (0.399) | (0.799) | (1.198) | (1.358) |
| No Impact | - | - | - | - | - |
| Total | - | 1.045 | 2.018 | 3.003 | 3.425 |

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|----------------|----------------|----------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Departmental Output Expenses (General): | | | | | |
| Management of Student Support (funded by Revenue Crown) | - | 0.100 | 0.130 | 0.170 | 0.215 |
| Benefits and Other Unrequited Expenses: | | | | | |
| Study Scholarships and Awards | - | 1.500 | 3.000 | 4.500 | 5.100 |
| Other Expenses to be Incurred by the Crown: | | | | | |
| Debt Write-downs | - | (0.164) | (0.328) | (0.493) | (0.558) |
| Capital Expenditure: | | | | | |
| Student Loans | - | (0.405) | (0.810) | (1.215) | (1.377) |
| Total Operating | - | 1.436 | 2.802 | 4.177 | 4.757 |
| Total Capital | - | (0.405) | (0.810) | (1.215) | (1.377) |

Additional Recommendation

noted that funding is also appropriated in Vote Revenue for this initiative.

Vote: Social Development

Title: Increasing the student allowance parental income threshold by 10 per cent

Description: Funding to increase the student allowance parental income threshold by 10 per cent to approximately \$50,318 from 1 January 2009 to widen eligibility to student allowances to more full-time students.

Theme: Economic Transformation

Theme Objective: Innovative and productive workplaces: innovation

Performance Information

Performance Table

| | Unit of Measurement | Performance Specification | | | | |
|---------------------------------|---------------------|---------------------------|---------|---------|---------|---------|
| | | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Quantity | | | | | | |
| Total beneficiaries | Recipients | 0 | 11,700 | 11,800 | 11,880 | 11,960 |
| Existing recipients | Recipients | 64,300 | 64,730 | 65,060 | 65,340 | 65,490 |
| Total recipients (New+Existing) | Recipients | 64,300 | 66,830 | 67,260 | 67,640 | 67,890 |
| New Student Allowance (SA) | Recipients | 0 | 2,100 | 2,200 | 2,300 | 2,400 |
| Higher abated SA | Recipients | 0 | 8,110 | 8,110 | 8,080 | 8,050 |
| Full SA (previously abated SA) | Recipients | 0 | 1,480 | 1,490 | 1,500 | 1,510 |

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|--------------|--------------|--------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Operating Balance Impact | - | 4.314 | 8.395 | 8.742 | 9.072 |
| Debt Impact | - | (1.008) | (2.185) | (2.253) | (2.323) |
| No Impact | - | 0.581 | 1.250 | 1.297 | 1.347 |
| Total | - | 3.887 | 7.460 | 7.786 | 8.096 |

Initiative No: 4931

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|----------------|----------------|----------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Departmental Output Expenses (General): | | | | | |
| Management of Student Support (funded by Revenue Crown) | - | 0.730 | 0.690 | 0.745 | 0.775 |
| Benefits and Other Unrequited Expenses: | | | | | |
| Accommodation Assistance | - | 0.115 | 0.237 | 0.249 | 0.262 |
| Student Allowances | - | 3.785 | 8.207 | 8.464 | 8.727 |
| Unemployment Benefit and Emergency Benefit | - | 0.660 | 1.367 | 1.463 | 1.565 |
| Other Expenses to be Incurred by the Crown: | | | | | |
| Debt Write-downs | - | (0.414) | (0.899) | (0.927) | (0.956) |
| Capital Expenditure: | | | | | |
| Student Loans | - | (1.022) | (2.216) | (2.285) | (2.356) |
| Total Operating | - | 4.876 | 9.602 | 9.994 | 10.373 |
| Total Capital | - | (1.022) | (2.216) | (2.285) | (2.356) |

Additional Recommendations

noted that funding is also appropriated in Vote Revenue for this initiative;

invited the Minister for Social Development and Employment to instruct the Parliamentary Counsel Office to draft an amendment to the Student Allowance Regulations 1998 to increase funding, so that from 1 January 2009 the parental income thresholds for student allowances will be increased by 10 per cent (over and above an assumed 3.18 per cent annual general adjustment increase on 1 April 2008) to approximately \$50,318.

Initiative No: 4932

Vote: Social Development**Title:** Increasing the Student Loan Scheme living cost component to \$155 per week**Description:** The bid is to increase the \$150 per week student loan living cost entitlement to \$155 per week from 1 January 2009. The entitlement would also be adjusted annually for inflation on 1 April each year as part of the Annual General Adjustment process (with the first CPI adjustment on 1 April 2009).**Theme:** Economic Transformation**Theme Objective:** Innovative and productive workplaces: innovation**Performance Information****Performance Table**

| | Unit of Measurement | Performance Specification | | | | |
|---|---------------------|---------------------------|---------|---------|---------|---------|
| | | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Quantity Beneficiaries of the increased living cost entitlement | Borrowers | 0 | 45,965 | 93,046 | 95,262 | 97,384 |

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|--------------|---------------|---------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Operating Balance Impact | - | 2.774 | 5.451 | 6.777 | 7.480 |
| Debt Impact | - | 6.139 | 13.918 | 17.304 | 19.099 |
| No Impact | - | - | - | - | - |
| Total | - | 8.913 | 19.369 | 24.081 | 26.579 |

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|--------------|---------------|---------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Departmental Output Expenses (General): | | | | | |
| Management of Student Support (funded by Revenue Crown) | - | 0.370 | - | - | - |
| Other Expenses to be Incurred by the Crown: | | | | | |
| Debt Write-downs | - | 2.525 | 5.724 | 7.117 | 7.855 |
| Capital Expenditure: | | | | | |
| Student Loans | - | 6.226 | 14.115 | 17.550 | 19.370 |
| Total Operating | - | 2.895 | 5.724 | 7.117 | 7.855 |
| Total Capital | - | 6.226 | 14.115 | 17.550 | 19.370 |

Additional Recommendation**noted** that funding is also appropriated in Vote Revenue for this initiative.

Initiative No: 5195

Vote: Social Development

Title: Student Achievement Component: Access in priority areas

Description: This new initiative allows increased enrolments at universities and Institutes of Technology and Polytechnics in priority areas: young people enrolling in degrees, and higher participation in trade and technical qualifications.

Theme: Economic Transformation

Theme Objective: Innovative and productive workplaces: innovation

Performance Information

Performance Table

| | Unit of Measurement | Performance Specification | | | | |
|--|-------------------------------------|---------------------------|---------|---------|---------|---------|
| | | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Quantity | | | | | | |
| Additional Institutes of Technology and Polytechnic enrolments | Equivalent Fulltime Students (EFTS) | 0 | 200 | 400 | 400 | 400 |
| Courses with appropriate quality assurance | Percentage | 0 | 100 | 100 | 100 | 100 |
| Level of enrolments currently funded | Equivalent Full-Time | 0 | 229,700 | 232,300 | 234,300 | 235,900 |
| Additional university enrolments | EFTS | 0 | 600 | 1200 | 600 | -600 |

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|---------------|---------------|---------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Operating Balance Impact | - | 4.274 | 6.715 | 4.635 | (2.682) |
| Debt Impact | - | 6.726 | 8.866 | 6.921 | (4.474) |
| No Impact | - | 0.286 | 0.565 | 0.337 | (0.161) |
| Total | - | 11.286 | 16.146 | 11.893 | (7.317) |

Initiative No: 5195

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|--------------|--------------|--------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Benefits and Other Unrequited Expenses: | | | | | |
| Accommodation Assistance | - | 0.030 | 0.056 | 0.029 | (0.025) |
| Student Allowances | - | 1.738 | 3.444 | 2.073 | (0.921) |
| Unemployment Benefit and Emergency Benefit | - | 0.170 | 0.324 | 0.171 | (0.152) |
| Other Expenses to be Incurred by the Crown: | | | | | |
| Debt Write-downs | - | 2.766 | 3.646 | 2.846 | (1.840) |
| Capital Expenditure: | | | | | |
| Student Loans | - | 6.821 | 8.991 | 7.019 | (4.538) |
| Total Operating | - | 4.704 | 7.470 | 5.119 | (2.938) |
| Total Capital | - | 6.821 | 8.991 | 7.019 | (4.538) |

Additional Recommendation

noted that funding is also appropriated in Vote Education and Vote Revenue for this initiative.

Vote: Social Development

Title: Lowering the age limit for student allowance parental income testing by one year

Description: Lowering the age limit for student allowance parental income testing from 25 to 24 years to widen eligibility to student allowances and increase the rate of entitlement for 24-year-olds from 1 January 2009.

Theme: Economic Transformation

Theme Objective: Innovative and productive workplaces: innovation

Performance Information

Performance Table

| | Unit of Measurement | Performance Specification | | | | |
|---|---------------------|---------------------------|---------|---------|---------|---------|
| | | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Quantity | | | | | | |
| Total beneficiaries | Recipients | 0 | 4,860 | 5,030 | 5,200 | 5,370 |
| Existing recipients | Recipients | 64,300 | 64,730 | 65,060 | 65,340 | 65,490 |
| Total recipients (New + Existing) | Recipients | 64,300 | 67,630 | 68,060 | 68,440 | 68,690 |
| New Student Allowance (SA) | Recipients | 0 | 2,900 | 3,000 | 3,100 | 3,200 |
| New full SA (previously would have received an abated SA) | Recipients | 0 | 700 | 720 | 740 | 760 |
| Current <25 full PIB moving to a higher single 25+ rate | Recipients | 0 | 1,260 | 1,310 | 1,360 | 1,410 |

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|--------------|---------------|---------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Operating Balance Impact | - | 9.140 | 17.719 | 18.774 | 19.844 |
| Debt Impact | - | (2.437) | (5.228) | (5.546) | (5.868) |
| No Impact | - | 1.414 | 3.022 | 3.204 | 3.393 |
| Total | - | 8.117 | 15.513 | 16.432 | 17.369 |

Initiative No: 5236

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|----------------|----------------|----------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Departmental Output Expenses (General): | | | | | |
| Management of Student Support (funded by Revenue Crown) | - | 1.285 | 0.950 | 0.995 | 1.045 |
| Benefits and Other Unrequited Expenses: | | | | | |
| Accommodation Assistance | - | 0.159 | 0.325 | 0.338 | 0.352 |
| Student Allowances | - | 9.153 | 19.638 | 20.833 | 22.041 |
| Unemployment Benefit and Emergency Benefit | - | 0.911 | 1.876 | 1.984 | 2.097 |
| Other Expenses to be Incurred by the Crown: | | | | | |
| Debt Write-downs | - | (1.002) | (2.150) | (2.281) | (2.413) |
| Capital Expenditure: | | | | | |
| Student Loans | - | (2.471) | (5.302) | (5.625) | (5.951) |
| Total Operating | - | 10.506 | 20.639 | 21.869 | 23.122 |
| Total Capital | - | (2.471) | (5.302) | (5.625) | (5.951) |

Additional Recommendations

noted that funding is also appropriated in Vote Revenue for this initiative;

invited the Minister for Social Development and Employment to instruct the Parliamentary Counsel Office to draft an amendment to the Student Allowances Regulations 1998 to increase funding so that from 1 January 2009 the age at which parents' incomes are tested for student allowances purposes will apply to those under 24 years of age;

agreed that the age at which students become eligible for the higher rates of student allowances also be reduced from 25 to 24 years of age and invite the Minister for Social Development and Employment to instruct the Parliamentary Counsel Office to draft the amendment to the Student Allowances Regulations 1998;

authorised the Minister for Social Development and Employment and the Minister for Tertiary Education to approve any consequential amendments to the Student Allowances Regulations 1998 arising from lowering the age at which parental incomes are tested for student allowance purposes by one year.

Initiative No: 5303

Vote: Social Development

Title: Citizens' Support

Description: Citizens' Support provides funding to support advocacy groups to help New Zealanders access social assistance entitlements. Funding is required to continue this service.

Theme: Families - Young and Old

Theme Objective: Other

Performance Information

Performance Text

To provide advocacy services in each of the 12 Work and Income regions.

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|---------|---------|---------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Operating Balance Impact | - | - | - | - | - |
| Debt Impact | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | - | - | - | - | - |

| | \$m - increase/(decrease) | | | | |
|--|---------------------------|---------|---------|---------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Non-Departmental Output Expenses: Assistance to Disadvantaged Persons | - | 0.260 | 0.260 | 0.260 | 0.260 |
| Other Expenses to be Incurred by the Crown: Employment Assistance | - | (0.260) | (0.260) | (0.260) | (0.260) |
| Total Operating | - | - | - | - | - |
| Total Capital | - | - | - | - | - |

Vote: Social Development

Title: Reinstatement of Care & Protection Baseline

Description: To establish the level of funding for the output expense class Care and Protection Services for 2008/09 at the same level as funded for 2007/08 as there has been no lessening of demand volumes for Care and Protection services

Theme: Families - Young and Old

Theme Objective: Key business and service delivery failures

Performance Information

Performance Text

Supports the response to between 4,900 and 5,400 Care and Protection placements together with the provision of services, both statutory and informal, that protect and assist children and young people who are in need of care and protection.

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|--------------|---------|---------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Operating Balance Impact | - | 6.800 | - | - | - |
| Debt Impact | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | - | 6.800 | - | - | - |

| | \$m - increase/(decrease) | | | | |
|--|---------------------------|--------------|---------|---------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Departmental Output Expenses (General): | | | | | |
| Care and Protection Services (funded by Revenue Crown) | - | 6.800 | - | - | - |
| Total Operating | - | 6.800 | - | - | - |
| Total Capital | - | - | - | - | - |

Additional Recommendation

noted that the Ministry of Social Development will include a report on the sustainability of the Care and Protection baseline in the Value for Money review due to be reported to the Minister for Social Development and Employment and the Minister of Finance by 30 September 2008.

Vote: Social Development

Title: Historical Claims

Description: This allows the Ministry of Social Development to proactively respond to the increasing number of historical child welfare claims which represent a significant fiscal risk to the Crown. Funding to date has been managed from identified underspends. An expense transfer from 2006/07 funded the 2007/08 year.

Theme: Families - Young and Old

Theme Objective: Key business and service delivery failures

Performance Information

Performance Text

The success and quality of this initiative will be evidenced by the early settlement of claims and litigation of claims where agreement cannot be reached. The Ministry of Social Development must respond to these claims or complaints on demand and it is difficult to predict the quantity that must be responded to in any one year. Each claim is based on individual circumstances and will take differing amounts of time to investigate and respond to.

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|--------------|--------------|---------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Operating Balance Impact | - | 5.283 | 6.783 | - | - |
| Debt Impact | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | - | 5.283 | 6.783 | - | - |

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|--------------|--------------|---------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Departmental Output Expenses (General): Policy Advice and Support to Ministers | | | | | |
| Social Policy Advice (funded by Revenue Crown) | - | 5.283 | 6.783 | - | - |
| Total Operating | - | 5.283 | 6.783 | - | - |
| Total Capital | - | - | - | - | - |

Vote: Social Development

Title: Skills Investment Subsidy Expenditure Reduction

Description: Reductions to the Skills Investment Subsidy component of the Employment Assistance appropriation to offset increases in Unsupported Child's Benefit/Orphan's Benefit. The reductions can be made without compromising those most in need.

Theme: Families - Young and Old

Theme Objective: Other

Performance Information

Performance Text

A reduction of \$8.000 million per annum means that approximately 1,910 fewer clients receive a subsidy.

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|----------------|----------------|----------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Operating Balance Impact | - | (1.781) | (7.314) | (7.580) | (7.898) |
| Debt Impact | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | - | (1.781) | (7.314) | (7.580) | (7.898) |

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|----------------|----------------|----------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Other Expenses to be Incurred by the Crown: | | | | | |
| Employment Assistance | - | (1.781) | (7.314) | (7.580) | (7.898) |
| Total Operating | - | (1.781) | (7.314) | (7.580) | (7.898) |
| Total Capital | - | - | - | - | - |

Additional Recommendations

agreed to reduce the Skills Investment Subsidy component of Employment Assistance at a cost of \$24.573 million over four years;

noted that this reduction will be used to fund the equalisation of the Unsupported Child's Benefit/Orphan's Benefit weekly rates with the Foster Care Allowance weekly board rates for all Unsupported Child's Benefit/Orphan's Benefit caregivers, from 1 April 2009.

Vote: Social Development

Title: Training Incentive Allowance (TIA) Reprioritisation - Correction of Error in CAB Min (08) 7/3

Description: Vote Social Development Savings were used to partially fund the Pathway to Partnership package. In 2010/11 the amount of TIA saving was understated by \$10.000 million.

Theme: Families - Young and Old

Theme Objective: Other

Performance Information

Performance Text

Not required.

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|---------|---------|-----------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Operating Balance Impact | - | - | - | - | - |
| Debt Impact | - | - | - | - | - |
| No Impact | - | - | - | (10.000) | - |
| Total | - | - | - | (10.000) | - |

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|---------|---------|-----------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Benefits and Other Unrequited Expenses: | | | | | |
| Employment Related Training Assistance | - | - | - | (10.000) | - |
| Total Operating | - | - | - | (10.000) | - |
| Total Capital | - | - | - | - | - |

Additional Recommendation

agreed to an additional reduction of \$10.000 million in 2010/11 only, in Employment Related Training Assistance, previously the Training Incentive Allowance, to reflect the Cabinet's intention to partially fund the Pathway to Partnership Package.

Initiative No: 5318

Vote: Social Development

Title: Reduced Departmental outputs to partially fund the Community Partnership Fund

Description: A one off reduction to the Services to Minimise the Duration of Unemployment and Move People into Work appropriation in 2007/08 to partially fund the Community Partnerships initiative in Vote Community and Voluntary Sector.

Theme: Economic Transformation

Theme Objective: Innovative and productive workplaces: other action

Performance Information

Performance Text

The \$1.100 million reduction in Services to Minimise the Duration of Unemployment and Move People into Work in 2007/08 is a forecast underspend.

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|----------|----------|----------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Operating Balance Impact | (1.100) | - | - | - | - |
| Debt Impact | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | (1.100) | - | - | - | - |

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|----------|----------|----------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Departmental Output Expenses (General): | | | | | |
| Services to Minimise the Duration of Unemployment and Move People into Work (funded by Revenue Crown) | (1.100) | - | - | - | - |
| Total Operating | (1.100) | - | - | - | - |
| Total Capital | - | - | - | - | - |

Additional Recommendations

agreed to reduce Services to Minimise the Duration of Unemployment and Move People into Work by \$1.100 million in 2007/08 only;

noted that this reduction and a similar initiative in Vote Child, Youth and Family Services will partially fund the Community Partnership Fund initiative in Vote Community and Voluntary Sector.

Initiative No: N/A

Vote: Social Development**Title:** Operating Funding for Additional Beds at Youth Justice Central**Description:** Operating funding for 6 additional beds and 4 additional self care programme units in the Youth Justice Central residence.**Theme:** Families – Young and Old**Theme Objective:** Other**Performance Information****Performance Table**

| | Unit of Measurement | Performance Specification | | | | |
|--|---------------------|---------------------------|---------|---------|---------|---------|
| | | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Quantity | | | | | | |
| Total increased standard bed capacity | People | 0 | 0 | 6 | 6 | 6 |
| Total number of young people utilising the Self Care programme at any one time | People | 0 | 0 | 4 | 4 | 4 |

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|---------|--------------|--------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Operating Balance Impact | - | - | 1.309 | 2.617 | 2.617 |
| Debt Impact | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | - | - | 1.309 | 2.617 | 2.617 |

| | \$m - increase/(decrease) | | | | |
|--|---------------------------|---------|--------------|--------------|--------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 & Outyears |
| Departmental Output Expenses (General): | | | | | |
| Youth Justice Services (funded by Revenue Crown) | - | - | 1.309 | 2.617 | 2.617 |
| Total Operating | - | - | 1.309 | 2.617 | 2.617 |
| Total Capital | - | - | - | - | - |